
Corporate Overtime Review

February 19, 2003

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Introduction

The Office of the City Auditor (OCA) 2002 work plan identified a project titled “*Use of Overtime.*” The planned scope of work was to focus on operational areas in the City that make significant use of overtime and analyze the rationale for using overtime rather than increasing the size of the workforce or identifying and implementing operational efficiencies that would reduce dependence on overtime.

The City of Edmonton expends substantial sums of money every year on overtime. Corporate overtime costs from 1999 through 2002 were \$15.5M, \$17.6M, \$21.0, and \$20.9M respectively.

Review Objectives

The objectives of this Corporate Overtime Review were as follows:

1. To present the scope of overtime costs incurred by the various departments and branches, and identify opportunities for more effective management of overtime.
2. To gain some insight into management information requirements in the Emergency Medical Services Branch. (Scope Limitation - resources assigned to this overtime review by the OCA did not permit a review of management overtime information in other operational areas of the City.)

Review Methodology

To accomplish the review objectives, the OCA completed the following steps:

1. Department and Branch historical overtime data were extracted from the corporate SAP financial system. This included data not only for City Departments, but also Edmonton Police Service and the Edmonton Public Library System.
2. Emergency Medical Services (EMS) Branch overtime data was further analyzed to extract data for Life Support Operations (ambulance component). The magnitude of the overtime hours incurred in each of the seven operational overtime subcategories were identified from operational records (i.e., office meetings, shift change, replacement/scheduled vacation, sick, additional unscheduled work, training, and court time).

Corporate Overtime Patterns

The following table summarizes the City's total payroll costs (actual/budget) for the components of overtime, salary, and benefits during the period 1999 to 2002. Overall, total payroll costs are managed within approved budget amounts.

	1999		2000		2001		2002	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Overtime	13.3	8.8	15.1	9.9	18.3	11.7	18.5	11.7
Salary	378.2	362.5	381.2	383.5	404.1	413.2	425.8	439.3
Benefits	74.0	92.1	94.8	97.4	95.7	104.2	107.0	110.7
TOTAL	465.5	463.4	491.1	490.8	518.1	529.1	551.3	561.7

The following table summarizes overtime costs incurred from 1999 – 2001 at a Department level and the approved overtime budget for 2001.

Departmental Overtime Costs	1999	2000	2001	2001 Budget
Asset Management & Public Works	2,336,847	2,952,373	3,468,093	2,073,820
City Council	430	322	3,005	4,000
Community Services	298,967	625,581	710,944	430,076
Corporate Services	847,874	822,542	832,726	446,000
Emergency Response	2,763,211	3,692,609	3,678,244	1,357,047
Library	9,158	32,409	20,391	12,500
Office of the City Auditor	0	23	20	0
Office of the City Manager	51,094	45,840	86,239	49,000
Miscellaneous	776	7	631	0
Planning & Development	329,915	360,493	516,425	360,416
Police Service	1,894,788	1,830,910	2,704,806	1,922,005
Transportation & Streets	4,793,197	4,743,210	6,324,515	5,087,613
TOTAL OVERTIME (Dollars)	\$13,326,257	\$15,106,319	\$18,346,039	\$11,742,477

The Transportation & Streets, Asset Management & Public Works, and Emergency Response departments and Edmonton Police Service incur the majority of the overtime costs. One general observation from the above tables is that overtime expenditures generally exceed the approved budget by significant amounts. Appendix 1 (Corporate Overtime Patterns – Branch Level Details) provides a further breakdown of this overtime data for all branches within each department.

Overtime is classified as either non-discretionary or discretionary. Organizational units that provide 7x24 service levels will necessarily incur overtime (regular hours that happen to be paid at premium rates) when service is provided during statutory holidays and at other times as required by collective agreements. Corporate overtime costs cannot be eliminated, but those related to discretionary overtime may be minimized through more effective management.

Observation – Management Information Reports

The analysis conducted in EMS identified a limitation within current corporate management information system reports on overtime. Neither the corporate financial system (SAP) nor the corporate payroll system (HRIS) provide EMS's managers with adequate levels of detail to allow automatic, accurate, and timely reporting of overtime information (hours and dollars). Although current overtime dollar data is available at department, branch, and functional area levels, it is not reported at a level of detail that supports effective management of overtime by line managers.

For example, EMS Life Support Operations (Ambulance) has identified seven subcategories required for effective management of their overtime. These include off-shift attendance at office meetings, overtime during a shift change, coverage during scheduled vacation breaks, unscheduled time for absenteeism, additional or unscheduled work, required training, and attendance in court. Effective management of these subcategories would contribute to effective management of EMS overtime as a whole. Given the limited scope of this corporate overtime review, additional analysis of management information requirements in other business units is being considered by the administration.

Since overtime subcategories vary significantly from one operational area to another, individual operational areas should be evaluated in the context of the corporate HRIS and SAP systems. Better information can assist managers in more effectively managing and controlling their overtime costs. Even a five-percent reduction in corporate overtime would equate to significant budget savings.

Opportunity for Improvement

The OCA recommends that the Office of the City Manager (OCM) undertake a corporate-wide review of the management and control of overtime expenditures. Key components should include:

- *Directing Measures:* Revisit and update if appropriate, existing policy and supporting procedures to ensure that overtime is effectively managed.
- *Segregation of Duties:* Re-evaluate and update if appropriate, the process for assignment, prior approval, and payment authorization for appropriate segregation of duties.
- *Management Information:* Evaluate the need for better management information reports on overtime usage by ensuring that they are appropriate, reasonable and consistent, with corporate requirements.
- *Evaluate Alternative Approaches:* Conduct a systematic and documented analysis of alternative approaches to minimize the amount of overtime incurred (e.g., hire additional resources, adjust current hours of work, utilization of part-time or temporary staff, better planning, scheduling of staffing levels, etc.).

The City Manager and Senior Management Team (SMT) have agreed to this opportunity for improvement and have initiated a review of the use of corporate overtime. This review¹ is being coordinated by Human Resources Branch with support from the Human Resources Business Partner Representatives and the Financial Business Partner Representatives. The City's review will also include participation by Edmonton Police Service and the Edmonton Public Library. This review is also designed to meet the requirements of the following motion passed at a Special City Council Budget Meeting on December 2002:

1. That the City Manager be instructed to undertake a corporate review of the use of overtime to provide services to Edmontonians; and
2. That a review indicating ways to reduce the cost of overtime within the Corporation be returned to City Council through the Executive Committee.

Implementation of the opportunity for improvement is planned to be complete in 2004.

Conclusion

Given the magnitude of overtime costs in the corporation, the review by the City Manager and SMT of directing measures, segregation of duties, management information, and evaluating alternate approaches to minimize overtime expenditures is timely.

The OCA appreciates the cooperation and assistance received from members of the Administration during the conduct of this review.

¹ "For the purpose of this review, Human Resources has defined "overtime" as those situations where a full time employee works beyond his/her normal daily hours or where a full time employee works on his/her off-day. Scheduled weekly hours that happen to occur on a statutory holiday to provide basic coverage such as Fire and Transit should not be included as these situations are not additional hours to the work week. However, if employees are scheduled to work on statutory holidays beyond "basic" coverage (i.e., where they would otherwise have the day off as a statutory holiday) in order to compete work or respond for other reasons, these situations should be considered in departmental responses."

Appendix 1: Corporate Overtime Patterns (Branch Level Details)

Department/Branch	1999	2000	2001	2001 Budget
Asset Management and Public Works				
Drainage-Sanitary Sewer	1,206,711	1,759,380	2,064,051	1,004,509
Drainage Capital	13,537	11,814	2,872	
Drainage - Storm Sewer	20,799	46,660	234,252	90,308
Mobile Equipment Services	537,998	572,493	512,387	398,000
Waste Management	252,268	222,713	231,398	249,418
Civic Buildings	305,535	339,313	423,133	331,585
	2,336,847	2,952,373	3,468,093	2,073,820
City Council	430	322	3,005	4,000
Community Services				
Recreation Facilities	121,420	322,554	443,467	212,072
City Wide Services	19,893	12,731	20,230	6,200
Strategic Services	1,845	2,143	1,868	1,300
Parkland Services	119,144	206,229	189,206	203,104
Parks Capital	18,944	61,121	33,243	
Neighbourhood Social and Recreational Services	17,722	20,803	22,930	7,400
	298,967	625,581	710,944	430,076
Corporate Services				
Office of the General Manager		28		2,000
Personnel	186,151	133,797	86,301	42,000
Finance	186,813	92,240	107,346	87,000
Strategic Services				1,000
Law	926	73	331	2,000
Communications	13,488	10,817	20,167	6,000
Information Technology	460,496	585,586	618,582	306,000
	847,874	822,542	832,726	446,000
Edmonton Public Library	9,158	32,409	20,391	12,500
Emergency Response Department				
Office of the General Manager	285	110,888	165	1,500
Strategic Services	23,109	23,398		
Integrated Services	32,103	28,978	32,386	27,700
Emergency Medical Services	808,272	1,125,681	1,624,320	463,847
Fire Rescue Services	1,899,442	2,403,664	2,015,995	864,000
ERD Capital			5,378	
	2,763,211	3,692,609	3,678,244	1,357,047
Office of the City Auditor		23	20	0

Department/Branch	1999	2000	2001	2001 Budget
Office of the City Manager	51,094	45,840	86,239	49,000
Planning and Development				
Development Compliance Branch	22,092	41,100	228,719	88,957
Assessment and Taxation Branch	256,885	244,801	219,086	230,000
Planning & Policy Services Branch	50,938	74,593	68,620	41,459
	329,915	360,493	516,425	360,416
Police Service (See Note 1)				
Office of the Chief of Police	8,796	60,635	53,356	79,042
Corporate Services Bureau	416,254	229,102	386,007	221,097
Investigative Services Bureau	720,211	734,030	845,294	543,215
Bylaw Services	82,390	124,627	1,468	2,000
Patrol Services Bureau	667,138	682,410	1,145,040	652,652
Police Service Capital		105		
World Games 2001			273,642	424,000
	1,894,788	1,830,910	2,704,806	1,922,005
Transportation and Streets				
Streets Engineering	2,060,013	1,728,917	1,795,341	862,909
Traffic Operations	223,649	316,004	421,387	144,338
Transit	2,486,036	2,664,956	4,015,657	3,972,056
Disabled Adult Transport	22,453	31,009	71,745	108,310
Planning/General Management	1,045	2,323	20,385	
	4,793,197	4,743,210	6,324,515	5,087,613
Boards and Authorities				
		7	631	
Self Insurance Fund				
	776			
Corporate Totals				
	\$13,326,257	\$15,106,319	\$18,346,039	\$11,742,477

Note 1 The above table does not include EPS Court time incurred after regular shift hours. EPS records this time as regular salaries. The OCA's understanding of EPS Court time incurred after regular shift hours is that it is comprised of overtime and premium time (rates at straight time), EPS Court time incurred after regular shift hours is a result of scheduled court cases that members must attend at times that can not be accommodated during their regular shifts. The accumulated EPS Court time incurred after regular shift hours for the years 1999-2002 is as follows:

Year	Actual	Budget	Year	Actual	Budget
1999	2.2	2.2	2001	2.8	2.3
2000	2.6	2.2	2002	2.4	3.0