



*Office of the Auditor General / Bureau du vérificateur général*

**FOLLOW-UP TO THE 2005 AUDIT OF OVERTIME**

**2009**

**SUIVI DE LA VÉRIFICATION DES HEURES**

**SUPPLÉMENTAIRES DE 2005**



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## EXECUTIVE SUMMARY

### *Introduction*

The Follow-up to the 2005 Audit of Overtime was included in the Auditor General's 2009 Audit Plan.

The 2005 Audit of Overtime was presented to Council in May 2006. The original audit found that improvement in the following areas was required. Specifically,

- Controlling and monitoring of overtime expenditures against budgets;
- Submission of timesheets, approval of overtime by non-authorized staff, and, employees authorizing their own overtime;
- Reducing overtime by better management practices in work scheduling;
- Better usage of the corporate financial system; and,
- Management of absenteeism.

Subsequent to this audit, management retained the services of Deloitte Consulting to undertake an additional review. The findings from the Deloitte study mirrored the OAG's findings with some of the main issues identified as:

- Develop and/or adjust overtime base budgets;
- Improve overtime tracking (including its causes);
- Restructure shift schedules;
- Track overtime to costs recovered;
- Reduce absenteeism and improve process to fill vacancies; and,
- Develop overtime policies and procedures.

### *Summary of the Level of Completion*

This follow-up audit was to determine if recommendations relating to overtime have been implemented and had achieved their objectives. The table below outlines our assessment of the level of completion of each recommendation contained in the 2005 Audit of Overtime as of the fall of 2009. Implementation of recommendations made by Deloitte Consulting was not assessed.

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	1c, 1d, 1e, 2a, 2b, 2d, 5i, 8c	8	17%
ACTION INITIATED	25 – 49	2c, 4c, 4g, 5h	4	8%
PARTIALLY COMPLETE	50 – 74	3h, 4b, 5d, 8b, 11	5	11%
SUBSTANTIALLY COMPLETE	75 – 99	3b, 3c, 3i, 4a 5b, 5e, 6a, 8a, 9, 10	10	21%
COMPLETE	100	1a, 1b, 3a, 3d, 3e, 3f, 3g, 3j, 4d, 4e, 4f, 4h, 5a, 5c, 5f, 5g, 6b, 7a, 7b, 12	20	43%
TOTAL			47	100%

Overall, the City successfully implemented various undertakings in relation to overtime. Efforts during 2006 and 2007 to decrease overtime yield positive results reflected by stabilization and noticeable lower overtime dollars. Higher levels were however observed for fiscal 2008.

We recognize that the establishment and adjustments to overtime budget envelopes represent a continued effort for the City. Following the audit, a major adjustment of the City's overtime budget cost centre (e.g., 501150) occurred in 2006 when an increase of \$7.6 million was made to better reflect the City's level of spending.

The City also developed an Overtime Corporate Policy that took effect June 2007. Per this corporate policy, the branches we surveyed had also issued complementary guidelines/procedures and protocols to better reflect their individual business needs.

In addition, the corporation improved its SAP monitoring of overtime - by requiring employees to populate the new "Overtime Reason Codes" using a legend on the reverse side of the absence/attendance form. Although the information captured is at a high level, it nonetheless provides an indicator of cause.

At the time of our review, the City was implementing the automation of attendance and absences for a number of employees. Starting with Phase I in November 2009, a pilot project was directed at Human Resources and ITS branches, with the anticipation of completion in March 2010. As of January 26, 2010, approximately 4,600 City employees (predominantly office personnel) started using the City's Timesheet Solution to electronically enter their absences and attendance. These timesheets are then electronically submitted to their supervisor for authorization. One system hard control, where overtime cannot be entered without a reason, was developed within the Solution. It is anticipated that the automation will alleviate incomplete forms for "inside employees" and reduce lapse time in capturing both absences and attendances.

In the three years since our review, management has placed a high priority to fully implement recommendation and bolster the control and oversight of overtime. In total management has fully and substantially completed the implementation of 30 of the 47 proposed recommendations.

For the present follow-up, we focussed on the primary overtime-cost centre, e.g., 501150 only (e.g., excludes court overtime, special overtime, overtime to cover statutory holidays, etc.). As indicated in the table below, the City stabilized its overtime expenditures in 2006 and decreased it in 2007. However an increase was noted in 2008. Efforts to decrease overtime will inevitably be an ongoing and continued activity for the City.

## CITY OF OTTAWA 2008 OVERTIME AND COMPENSATION BUDGETS

		2006	2007	2008
<b>City of Ottawa Departmental (incl. Ottawa Police Service)</b>				
<b>Overtime</b>	Total Annual Budget	29,796,511	28,556,348	29,343,559
	Actual	33,206,178	31,992,026	36,720,175
	Variance	111%	112%	125%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	1,009,105,930	1,045,959,804	1,121,434,557
	<b>Envelope</b> Actual	978,220,321	1,044,607,849	1,120,076,813
	Variance	97%	100%	100%

(1) Overtime is included in the compensation envelope.

We observed the following remaining weaknesses in the areas we reviewed:

- **Lack of employee training at Fire Services** - Management has not made the training and the monitoring of training a priority in order to ensure specific employees at Fire Services do not work inordinate amounts of overtime.
- **Budgeting / Continuity** - The Manager, Wastewater and Drainage Operations could not provide insight as to why his predecessor had requested a decrease to the overtime budget, which in part caused the branch to overspend its 2008 overtime envelope.
- **Overtime review in conjunction with FTE and service levels** - Management in Wastewater and Drainage Operations, Customer Services and Solid Waste review the overtime budget envelopes however does not conduct in-depth analysis of the cost benefit of using overtime versus employees.
- **Oversight of employee's overtime** - In Wastewater and Drainage Operations and Fire Services, more than one supervisor authorized some employees' timesheets rendering the controlling of overtime more difficult.
- A Fire Services employee submitted an overtime timesheet in May 2009; 5.5 months after the overtime had been worked (timesheet represents overtime worked on five different days in Oct-Nov 2008). The overtime was accepted and authorized.

Some managers were unaware as to the level (hours and dollars) of overtime worked by individual employees. In order to determine if this was a concern for the City, we reviewed the City's top 25 overtime earners for 2008. In addition to their regular salary, these employees earned additional overtime remuneration ranging from \$82,200 to \$34,700 in 2008.

**TOP 25 CITY OF OTTAWA 2008 OVERTIME EARNERS <sup>(1)</sup>**

	Portfolio	Position	2008 Overtime Dollars	2008 Overtime Total Actual Hours Worked	Average <sup>(2)</sup> Additional Hours Per Week
1	ISCS <sup>(3)</sup>	Licensed Mechanics	82,222.43	1,892.50	36.39
2	CITY_OPS <sup>(4)</sup>	Firefighter	56,600.96	1,017.00	19.56
3	ISCS	Licensed Mechanics	54,060.93	1,345.50	25.88
4	ISCS	Garage Supervisor	51,589.52	1,041.50	20.03
5	ISCS	Bus Operator	48,238.03	1,299.56	24.99
6	ISCS	Garage Supervisor	45,907.77	1,047.75	20.15
7	ISCS	Transit Supervisor	45,736.37	1,167.00	22.44
8	ISCS	Garage Supervisor	45,105.10	919.25	17.68
9	CITY_OPS	Advanced Care Paramedic	45,005.02	918.25	17.66
10	ISCS	Bus Operator	44,394.43	1,194.41	22.97
11	CITY_OPS	W-Zone Supervisor	43,101.99	765.50	14.72
12	CITY_OPS	Advanced Care Paramedic	42,753.97	849.16	16.33
13	ISCS	GA - Tire Changer	41,065.75	1,108.08	21.31
14	ISCS	Bus Operator	39,816.14	1,070.45	20.59
15	ISCS	Bus Operator	38,858.63	1,047.30	20.14
16	ISCS	GA – Misc. Relief	38,439.39	1,060.00	20.38
17	CITY_OPS	Paramedic Supt. - Team Leader	38,059.46	630.30	12.12
18	ISCS	Bus Operator	37,724.10	1,016.12	19.54
19	ISCS	Licensed Mechanics	37,683.39	866.00	16.65
20	ISCS	Licensed Mechanics	36,767.39	894.00	17.19
21	ISCS	Fare Box Changer - TOSS	36,495.41	882.25	16.97
22	ISCS	Bus Operator	35,689.22	958.38	18.43
23	ISCS	Bus Operator	35,180.36	945.85	18.19
24	ISCS	Garage Attendant - STL	34,797.86	1,024.00	19.69
25	CITY_OPS	W-Zone Supervisor	34,716.18	724.50	13.93

(1) Excludes overtime of Ottawa Police Service, Ottawa Public Library, Committee of Adjustment.

(2) Average based on a 52-week year (does not account for absences such as vacation and sick leave or for strike lock out).

(3) Infrastructure Services & Community Sustainability Portfolio.

(4) City Operations Portfolio.

If earners worked a full 52 weeks each year (which does not account for any additional types of regular absences such as vacation leave, sick leave, strike lock-out, etc.) the highest overtime earner would have needed to work each week at least an additional 36 hours and the 25<sup>th</sup> earner, at least 14 hours.

- **Lack of approvals** – Payroll accepted a timesheet from a Wastewater and Drainage Operations' employee that had been submitted with 4.5 hours of overtime without any supervisory authorization (i.e., signature).
- **Retention and availability of source documentation** – Some timesheets for 3 of the 20 employees we sampled (two in Fire Services and one in Solid Waste) could not be provided at the time of request. They were subsequently provided.

- ***Incongruence*** - Observed variances on Fire Services, Solid Waste and Customer Services timesheets between the number of hours, the dates or the absence type indicated on timesheets submitted and the information entered in SAP.
- ***Data entry*** - For a Fire Services employee, we observed instances where overtime worked on a timesheet (e.g., four dates) was summed and entered as one date. Therefore our sample demonstrated that SAP information did not show that overtime was worked on 19 separate days and incorrectly displayed five dates.
- ***Circumvention of controls*** - Hard controls include system-imposed limitations. SAP disallows the payment of an attendance (e.g., on-call) to an employee who has a full-day absence (e.g., annual leave, sick leave, etc.). It is Payroll Services' position that it is necessary to do "work-around" in order to allow payment of on-call to employees on leave. We observed that two of the five employees we sampled in Wastewater and Drainage were either on annual leave or took sick leave on the same day they worked overtime.
- ***Lapse Time*** - Moreover, only once lapse time (between overtime being worked, the employee submitting a timesheet, its authorization at an appropriate level and the information being entered to SAP) is addressed will SAP, the City's information system hold accurate and timely information.

Management's attention is now required to address the remaining recommendations where implementation has not progressed to expected levels.

## ***Conclusion***

The City's improvements to its controlling and monitoring of overtime yielded positive results in terms of a decrease in overtime expenditures, particularly in fiscal 2006 and 2007. The City was prompt to react to the audit and to develop and issue a corporate policy to address overtime. This is an indication that the City can work more efficiently and that lower level of overtime can be achieved.

Except for Fire Services, where we have concerns over the overtime practices, good progress in the areas reviewed was observed.

The City's accomplishments in terms of the decrease in overtime observed in both 2006 and 2007 started to falter in 2008. In light of the progress noted, overtime needs to be returned to the forefront of management's priorities.

## ***Acknowledgement***

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.



## RÉSUMÉ

### ***Introduction***

Le Suivi de la vérification des heures supplémentaires de 2005 était prévu dans le Plan de vérification du Bureau du vérificateur général (BVG) de 2009.

Le rapport de vérification des heures supplémentaires de 2005 a été présenté au Conseil en mai 2006. La vérification originale avait établi que des améliorations étaient nécessaires dans les domaines suivants, en particulier :

- Contrôle et surveillance des dépenses en heures supplémentaires par rapport aux budgets alloués;
- Soumission des feuilles de temps, approbation des heures supplémentaires par du personnel non autorisé et approbation par des employés de leurs propres heures supplémentaires;
- Réduction des heures supplémentaires grâce à l'adoption de meilleures pratiques de gestion dans l'établissement des horaires de travail;
- Une meilleure utilisation du système financier de la Ville; et
- Gestion de l'absentéisme.

À la suite de cette vérification, la direction a retenu les services de Deloitte Consulting pour entreprendre un examen plus poussé. Les résultats de l'analyse de Deloitte correspondaient aux résultats du BVG pour ce qui est de la détermination des principaux problèmes :

- Établir ou ajuster les budgets de base des heures supplémentaires;
- Améliorer le suivi des heures supplémentaires (y compris ses motifs);
- Restructurer les horaires des quarts de travail;
- Suivre les heures supplémentaires par rapport aux coûts recouvrés;
- Réduire l'absentéisme et améliorer le processus de recrutement pour des postes vacants; et
- Rédiger des politiques et procédures relatives aux heures supplémentaires.

### ***Sommaire du degré d'achèvement***

Ce suivi de la vérification avait pour objectif de déterminer si les recommandations relatives aux heures supplémentaires ont été mises en application et ont atteint leurs objectifs. Le tableau ci-dessous illustre notre analyse du degré d'achèvement à l'automne 2009 de chacune des recommandations contenues dans la vérification des heures supplémentaires de 2005. La mise en œuvre des recommandations formulées par Deloitte Consulting n'a pas été évaluée.

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
PEU OU PAS DE MESURES PRISES	0 - 24	1c, 1d, 1e, 2a, 2b, 2d, 5i, 8c	8	17 %
ACTION AMORCÉE	25 - 49	2c, 4c, 4g, 5h	4	8 %
COMPLÉTÉE EN PARTIE	50 - 74	3h, 4b, 5d, 8b, 11	5	11 %
PRATIQUEMENT COMPLÉTÉE	75 - 99	3b, 3c, 3i, 4a, 5b, 5e, 6a, 8a, 9, 10	10	21 %
COMPLÉTÉE	100	1a, 1b, 3a, 3d, 3e, 3f, 3g, 3j, 4d, 4e, 4f, 4h, 5a, 5c, 5f, 5g, 6b, 7a, 7b, 12	20	43 %
<b>TOTAL</b>			47	100 %

Dans l'ensemble, la Ville a réussi à mettre en œuvre diverses mesures relatives aux heures supplémentaires. Les efforts déployés en 2006 et 2007 en vue de diminuer les heures supplémentaires donnent des résultats positifs qui se traduisent par la stabilisation et une baisse notable des dépenses en heures supplémentaires. On a cependant observé des niveaux plus élevés pour l'exercice financier 2008.

Nous reconnaissons que l'établissement des enveloppes budgétaires d'heures supplémentaires ainsi que les ajustements qui y sont faits représentent un effort continu de la part de la Ville. Après la vérification, un ajustement important du centre de coûts du budget de la Ville alloué aux heures supplémentaires (c.-à-d. 501150) a eu lieu en 2006 lorsqu'on a procédé à une augmentation de 7,6 millions de dollars pour mieux tenir compte du niveau de dépenses de la Ville.

La Ville a également rédigé une politique municipale relative aux heures supplémentaires qui est entrée en vigueur en juin 2007. Selon cette politique municipale, les directions que nous avons examinées avaient également émis des directives/procédures et protocoles complémentaires afin de mieux tenir compte de leurs besoins organisationnels individuels.

De plus, la Ville a resserré sa surveillance des heures supplémentaires dans le SAP – en exigeant que les employés remplissent les nouveaux « Codes de raison du surtemps » à l'aide d'une légende au verso de la feuille de présence/d'absence. Même s'il s'agit d'information de niveau élevé, cela donne tout de même une indication du motif.

Au moment de notre examen, la Ville était en train de mettre en œuvre l'automatisation des présences et des absences d'un certain nombre d'employés. En commençant par la phase I en novembre 2009, un projet pilote visait les directions des Ressources humaines et du Service de technologie de l'information, en vue d'un achèvement prévu pour mars 2010. À partir du 26 janvier 2010, quelque 4 600 employés municipaux (surtout du personnel de bureau) ont commencé à utiliser le logiciel Timesheet Solution de la Ville pour enregistrer leurs absences et leurs présences électroniquement. Ces feuilles de temps sont ensuite soumises électroniquement à leur superviseur pour autorisation. Un contrôle rigide du système, où il est impossible d'inscrire des heures supplémentaires sans raison, est intégré à l'application. On prévoit que l'automatisation diminuera le nombre de

formulaires incomplets des « employés internes » et réduira les délais de saisie des absences et des présences.

Au cours des trois années écoulées depuis notre examen, la direction a accordé une priorité élevée à la mise en œuvre complète de la recommandation et au resserrement du contrôle et de la surveillance des heures supplémentaires. En tout, la direction a réussi la mise en œuvre complète et pratiquement complète de 30 des 47 recommandations proposées.

Pour le présent suivi, nous nous sommes concentrés sur le principal centre de coûts en heures supplémentaires (c.-à-d. 501150 seulement, en excluant les heures supplémentaires au tribunal, les heures supplémentaires spéciales, les heures supplémentaires qui assurent la couverture les jours fériés, etc.). Comme l'indique le tableau ci-dessous, la Ville a stabilisé ses dépenses en heures supplémentaires en 2006 et les a diminuées en 2007. Toutefois, une augmentation a été notée en 2008. Les actions en vue de diminuer les heures supplémentaires exigeront inévitablement un effort continu et soutenu de la part de la Ville.

#### BUDGETS D'HEURES SUPPLÉMENTAIRES ET DE RÉMUNÉRATION DE LA VILLE D'OTTAWA EN 2008

		2006	2007	2008
<b>Ville d'Ottawa par service (incl. Police d'Ottawa)</b>				
<b>Heures supplémentaires</b>	Budget annuel total	29 796 511	28 556 348	29 343 559
	Réel	33 206 178	31 992 026	36 720 175
	Écart	111 %	112 %	125 %
<b>Rémunération <sup>(1)</sup></b>	Budget annuel total	1 009 105 930	1 045 959 804	1 121 434 557
	<b>Enveloppe</b> Réel	978 220 321	1 044 607 849	1 120 076 813
	Écart	97 %	100 %	100 %

<sup>(1)</sup> Les heures supplémentaires sont incluses dans l'enveloppe de rémunération.

Nous avons observé les lacunes suivantes à combler dans les domaines que nous avons examinés :

- **Manque de formation du personnel au Service des incendies** – La direction n'a pas fait de la formation et de la surveillance de la formation une priorité pour s'assurer que des employés précis du Service des incendies ne font pas d'heures supplémentaires excessives.
- **Préparation des budgets/continuité** – Le gestionnaire, Services de traitement des eaux usées et de drainage, n'a pas pu nous expliquer pourquoi son prédécesseur avait demandé une réduction du budget alloué aux heures supplémentaires, ce qui a contribué, entre autres, au dépassement par la direction de son allocation d'heures supplémentaires en 2008.

- *Examen des heures supplémentaires associées aux ETP et à l'échelle des services* – La direction des Services de traitement des eaux usées et de drainage, les Services à la clientèle et les Déchets solides passent en revue le budget alloué aux heures supplémentaires, sans toutefois procéder à une analyse coûts-bénéfices approfondie de l'utilisation des heures supplémentaires par rapport à la création de nouveaux postes.
- *Surveillance des heures supplémentaires du personnel* – Dans les Services de traitement des eaux usées et de drainage et le Service des incendies, plus d'un superviseur a autorisé des feuilles de temps de quelques employés, ce qui complique le contrôle des heures supplémentaires.

Un employé du Service des incendies a soumis une feuille de présence d'heures supplémentaires en mai 2009, 5,5 mois après que les heures supplémentaires ont été effectuées (la feuille de temps concerne des heures supplémentaires travaillées durant cinq jours pendant les mois d'octobre et de novembre 2008). Les heures supplémentaires ont été acceptées et autorisées.

Certains gestionnaires n'étaient pas au courant de la somme (en heures et en dollars) d'heures supplémentaires effectuées par des employés donnés. Afin de déterminer s'il s'agissait d'une préoccupation pour la Ville, nous avons passé en revue les 25 personnes qui ont fait le plus d'heures supplémentaires en 2008. En plus de leur salaire de base, ces employés ont reçu une rémunération additionnelle en heures supplémentaires s'échelonnant entre 82 200 \$ et 34 700 \$ en 2008.

### 25 EMPLOYÉS DE LA VILLE D'OTTAWA AYANT FAIT LE PLUS D'HEURES SUPPLÉMENTAIRES EN 2008 <sup>(1)</sup>

	Portefeuille	Poste	Heures supplémentaires en dollars en 2008	Heures supplémentaires réelles travaillées en 2008	Moyenne <sup>(2)</sup> des heures additionnelles travaillées par semaine
1	ISCS <sup>(3)</sup>	Mécaniciens brevetés	82 222,43	1 892,50	36,39
2	CITY_OPS <sup>(4)</sup>	Pompier	56 600,96	1 017,00	19,56
3	ISCS	Mécaniciens brevetés	54 060,93	1 345,50	25,88
4	ISCS	Superviseur de garage	51 589,52	1 041,50	20,03
5	ISCS	Chauffeur d'autobus	48 238,03	1 299,56	24,99
6	ISCS	Superviseur de garage	45 907,77	1 047,75	20,15
7	ISCS	Superviseur du Transport en commun	45 736,37	1 167,00	22,44
8	ISCS	Superviseur de garage	45 105,10	919,25	17,68
9	CITY_OPS	Paramédic de soins avancés	45 005,02	918,25	17,66
10	ISCS	Chauffeur d'autobus	44 394,43	1 194,41	22,97
11	CITY_OPS	Superviseur, district ouest	43 101,99	765,50	14,72
12	CITY_OPS	Paramédic de soins avancés	42 753,97	849,16	16,33
13	ISCS	Préposé au garage - Changeur de pneu	41 065,75	1 108,08	21,31
14	ISCS	Chauffeur d'autobus	39 816,14	1 070,45	20,59

	Portefeuille	Poste	Heures supplémentaires en dollars en 2008	Heures supplémentaires réelles travaillées en 2008	Moyenne (2) des heures additionnelles travaillées par semaine
15	ISCS	Chauffeur d'autobus	38 858,63	1 047,30	20,14
16	ISCS	Préposé au garage - Divers. Relève	38 439,39	1 060,00	20,38
17	CITY_OPS	Paramédic spéc. en réanimation - Chef d'équipe	38 059,46	630,30	12,12
18	ISCS	Chauffeur d'autobus	37 724,10	1 016,12	19,54
19	ISCS	Mécaniciens brevetés	37 683,39	866,00	16,65
20	ISCS	Mécaniciens brevetés	36 767,39	894,00	17,19
21	ISCS	Changeur de boîte de perception - TOSS	36 495,41	882,25	16,97
22	ISCS	Chauffeur d'autobus	35 689,22	958,38	18,43
23	ISCS	Chauffeur d'autobus	35 180,36	945,85	18,19
24	ISCS	Préposé au garage - STL	34 797,86	1 024,00	19,69
25	CITY_OPS	Superviseur, district ouest	34 716,18	724,50	13,93

(1) Exclut les heures supplémentaires du Service de police d'Ottawa, de la bibliothèque publique d'Ottawa, du Comité de dérogation

(2) Moyenne basée sur 52 semaines par an (ne tient pas compte d'absences comme les vacances et congés de maladie ou le lock-out)

(3) Portefeuille des services d'infrastructure et de la viabilité des collectivités

(4) Portefeuille des opérations municipales

Si ces employés travaillaient 52 semaines complètes par an (ce qui ne tient compte d'aucune autre catégorie d'absences régulières comme les vacances, congés de maladie, lock-out, etc.), l'employé qui a fait le plus d'heures supplémentaires aurait dû effectuer au moins 36 heures supplémentaires par semaine, et le 25<sup>e</sup>, au moins 14 heures.

- **Approbations manquantes** – L'Administration de la paie a accepté une feuille de présence d'un employé des Services de traitement des eaux usées et de drainage faisant état de 4,5 heures supplémentaires sans autorisation d'un superviseur (c.-à-d. sans signature).
- **Conservation et disponibilité des documents sources** – Quelques feuilles de temps de trois des vingt employés étudiés dans l'échantillon (deux au Service des incendies et un dans les Déchets solides) n'ont pas pu être présentées au moment de la demande. Elles nous ont été fournies par la suite.
- **Anomalies** - Des écarts ont été observés les feuilles de temps du Service des incendies, des Déchets solides et des Services à la clientèle entre le nombre d'heures, les dates ou le type d'absence indiqués sur les feuilles de temps soumises et les données consignées dans le SAP.
- **Saisie des données** – Dans le cas d'un employé du Service des incendies, nous avons observé des cas où des heures supplémentaires indiquées sur une feuille de temps (p. ex., quatre jours différents) ont été additionnées et entrées avec une seule date. Par conséquent, notre échantillon a démontré que les données de SAP ne montraient pas que les heures supplémentaires

ont été effectuées sur 19 jours distincts; elles indiquaient erronément cinq dates.

- **Contournement des contrôles** – Les contrôles rigides comprennent des contraintes imposées par le système. Le SAP rejette le paiement d'une présence (p. ex., en disponibilité) à un employé qui a une absence d'une journée complète (p. ex., congé annuel, congé de maladie, etc.). L'Administration de la paie estime qu'il est nécessaire de procéder à un « contournement » pour permettre le paiement des employés en congé qui sont en disponibilité. Nous avons noté que deux des cinq employés dont le dossier a été examiné dans les Services de traitement des eaux usées et de drainage étaient en congé annuel ou avaient pris un congé de maladie le jour même où ils ont fait des heures supplémentaires.
- **Délai** – De plus, ce n'est qu'une fois que le délai écoulé (entre le moment où les heures supplémentaires ont été effectuées, celui où l'employé a soumis une feuille de présence, son autorisation au niveau approprié et la saisie des données dans le SAP) sera réglé que le SAP, le système informatique de la Ville, détiendra des données précises et actualisées.

La direction doit maintenant porter son attention sur les recommandations restantes dont la mise en œuvre n'a pas atteint les niveaux escomptés.

## **Conclusion**

Le resserrement par la Ville du contrôle et de la surveillance des heures supplémentaires a donné des résultats positifs en ce qui concerne la diminution des dépenses en heures supplémentaires, en particulier durant les exercices financiers 2006 et 2007. La Ville a réagi promptement à la vérification et a rédigé et diffusé sans attendre une politique municipale relative aux heures supplémentaires. Nous y voyons un signe que la Ville peut fonctionner plus efficacement et qu'une diminution des heures supplémentaires est réalisable.

Sauf pour le Service des incendies, où nous avons des préoccupations à l'égard des pratiques en matière d'heures supplémentaires, on a observé des progrès satisfaisants dans les secteurs passés en revue.

Les réalisations de la Ville en ce qui concerne la diminution des heures supplémentaires observées en 2006 et 2007 ont commencé à décliner en 2008. À la lumière des progrès observés, les heures supplémentaires doivent revenir en tête de liste des priorités de la direction.

## **Remerciements**

Nous tenons à remercier la direction pour la coopération et l'assistance accordées à l'équipe de vérification.

## 1 INTRODUCTION

The follow up to the 2005 Audit of Overtime was included in the Auditor General's 2009 Audit Plan.

The 2005 Audit of Overtime was presented to Council in May 2006. The original audit found that improvement in the following areas was required. Specifically,

- Controlling and monitoring of overtime expenditures against budgets;
- Submission of timesheets, approval of overtime by non-authorized staff, and, employees authorizing their own overtime;
- Reducing overtime by better management practices in work scheduling;
- Better usage of the corporate financial system; and,
- Management of absenteeism.

Subsequent to this audit, management retained the services of Deloitte Consulting to undertake an additional review. The findings from the Deloitte study mirrored the OAG's findings with some of the main issues identified as:

- Develop and/or adjust overtime base budgets;
- Improve overtime tracking (including its causes);
- Restructure shift schedules;
- Track overtime to costs recovered;
- Reduce absenteeism and improve process to fill vacancies; and,
- Develop overtime policies and procedures.

## 2 KEY FINDINGS OF THE ORIGINAL 2005 AUDIT OF OVERTIME

We found that Fire Services Branch were over their overtime budget 1% in 2004 and under budget 5% in 2005. Real Property Asset Management (RPAM) Branch, actual expenditures were under their total planned 2004 and 2005 overtime budgets by 15% and 14% respectively. However, within both of the branches, we did find divisions that were exceeding their budget limits. For Utility Services, the Branch overspent their overtime budgets by 38% in 2004 and 35% in 2005.

A well-prepared budget can determine what is expected within an organization and help prepare its future. An effective budget is essential for setting standards for performance and for providing a tool to measure results against. Good management practices entail that budgets are properly forecasted and that performance is monitored and controlled against budgets. In some areas, we found that the controlling and monitoring of overtime expenditures against budgets needs to be improved.

Establishing a budget review process would be considered best practice. Checks and balances should be performed yearly to ensure that the operating budget remains valid and reflects the City's operations as much as possible. The budget is in reality management authority for expenditures and as such, management should be held accountable. A budget review process would provide an opportunity to reassess future plans and adjust the budget, if and as required.

Managers play a key role in managing overtime. In some of the areas we reviewed, we found that a greater commitment to mitigating the use of overtime should be made. We found that management practices were not adequate to ensure efficient and effective use of overtime. Management was found to use overtime to react to circumstances where proactive planning could have been more cost effective. At the time of our review, no formal policies or guidelines, to address overtime usage, had been established in the three branches reviewed.

The audit also identified instances where improvement to overtime authorization and approval was needed. In several areas, there was no formal delegation of authority for the authorization and approval of overtime. Consequently, we observed cases where overtime was approved by staff not authorized to do so. We found one case where an employee authorized, approved and submitted their own ELR/TR forms. This employee's practice of self-authorization of ELR/TR forms occurred for 20 months from March 2004 to the October 2005 and resulted in overtime and on-call compensation of approximately \$41,800.

We also found areas where overtime could be better managed by changing shifts to better address operational requirements. In other cases, absenteeism was found to be a major source of overtime. Better management of absenteeism would reduce overtime. The Office of the Auditor General will be conducting a detailed review of absenteeism in 2007.

Overall, we found management were not using the corporate financial system's full functionality to plan, monitor and manage overtime. Practices differed greatly across the corporation as to which reports were used, the consistency of receiving reports, and in some cases the source of the reports. In certain areas, management use an off-line system, such as Excel, to track overtime information. This represents a duplication of efforts as the appropriate information can be obtained from the corporate financial system.

The primary responsibility for properly completing and submitting ELR/TR forms is with the employee and the supervisor authorizing the form. However, it is also the responsibility of the Payroll Division to ensure controls are in place to ensure that forms that do not comply with the corporate guidelines and good management practices are not processed.

Based on our review of a limited judgmental sample of ELR/TR forms, we found issues relating to: employee self authorizing; submitting forms on behalf of

subordinates; signing approval of forms by staff not authorized to do so; incomplete forms and “work-arounds” for information entered in the financial system. These examples are considered significant and warrant the attention of management to ensure all processing of ELR/TR forms comply with the established corporate guidelines and good management practices.

In the four areas covered by the 2002 Audit of Overtime Costs, conducted by the former Audit and Consulting Services Branch, management generally reported that they had implemented the recommendations of the audit. However, we found that in all the areas covered by the previous audit, overtime expenditures continue to be well over budget. Total expenditures in these areas in 2004 were \$18.9 million, which was \$7.8 million or 70% over the established budget. In 2005, total overtime expenditures were \$19.6 million, which was \$7.1 million or 57% over the established budget. Therefore the implementation made by management did not foster the changes anticipated by Council. Management in these areas should monitor and manage overtime within the limits of their established budget.

#### **2005 Overall Management Response – Corporate-wide**

Management agrees with the overall spirit of the Auditor General’s recommendations, although a number of the specific recommendations do not recognize the constraints of the City environment, particularly given the 24/7 nature of the front-line services examined in the audit and the requirements to manage with existing collective agreements. As the Auditor General Report states: *“in any organization, it is essential that overtime be managed in the most economical way. As such, the utilization of overtime is a fine balance between meeting service delivery needs, addressing appropriate staffing levels and using staff on overtime. Therefore, for every service line, there is an optimization point between the above three components.”*

Finding this optimal level must be done on a service-by-service basis given the significant differences among the services and the differing requirements of each service. While Management has specific issues with some of the individual findings and recommendations, Management agrees that there has not been a focused, corporate effort to manage overtime as effectively as possible. There is currently no consistent definition of the difference between discretionary and non-discretionary overtime in many services. Management agrees that clarity needs to be established in each service without delay keeping in mind our obligations under all of our collective agreements. In the first few years following amalgamation, when many services were understaffed and overtime was absolutely necessary to be able to fulfill our service obligations, management’s focus was on stabilizing the organization and putting the basic human resources and financial systems in place. The City Manager will now undertake a comprehensive review of the management and control of overtime across the City. This review will include conducting a systematic analysis by service of alternative approaches to minimize overtime, including adjusting current hours of work, using part-time or temporary staff and

improving scheduling, reviewing existing policies and procedures for overtime and evaluating the need for better management reports on overtime.

Management does not agree that overtime should be dealt with in isolation of the overall compensation budget. Overtime budgets should more accurately reflect actual spending, but continue to be managed as part of the total compensation envelope given both the 24/7 nature of many City services, the unpredictability of some significant service drivers (i.e. weather conditions, infrastructure failure like water mains or traffic lights, etc) and the hiring freezes that have been put in place over the past three years. All of these factors need to be managed within the total compensation envelope to continue to provide front-line services where and when they are needed.

Council has set a target for reduced overtime expenditures of \$3.5 million in the 2006 Budget. Management will identify savings towards that target through the review described above.

### 3 STATUS OF IMPLEMENTATION OF 2005 AUDIT RECOMMENDATIONS

#### 2005 Recommendation 1a

In order to better monitor and manage overtime, Fire Services Branch (Fire Suppression - Urban Fire Fighting Division) should:

- a) Review their staffing practice of requiring a captain for each platoon of each station in order to reduce overtime.

		2006	2007	2008 <sup>(2)</sup>
<b>Fire Services - Urban</b>				
<b>Overtime</b>	Total Annual Budget	680,032	721,832	880,600
	Actual	900,550	306,415	1,886,476
	Variance	132%	42%	214%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	81,322,635	81,533,495	89,253,356
	<b>Envelope</b> Actual	79,181,581	81,614,106	91,476,425
	Variance	97%	100%	102%

<sup>(1)</sup> Overtime is included in the compensation envelope.

<sup>(2)</sup> A portion of the expenditure relates to the 2008 only impact of the 3%, 6% and 9% recognition pay.

#### 2005 Management Response

Management disagrees with this recommendation. This recommendation cannot be implemented at this time since it is a requirement under the collective agreement. Section 5:10 of the Collective Agreement dictates that a Captain shall be in charge at each Station on every shift. Should a Captain not be available an eligible acting Captain may be put in place.

In 2004, Captains in the Ottawa Fire Service incurred an average of 14.75 days of sick leave; in 2005 the number is 18.42. However, the dollars spent on overtime to address this were reduced from \$452,000 to \$187,000 because management took action to promote Captains and Lieutenants ahead of time as retirements became known and improved scheduling of vacation and sick leave management.

Management has challenged the union on its interpretation of the collective agreement (currently at arbitration) which if successful will result in further reduction of overtime costs. (Also reference below the efforts made under the AIP that are addressing this audit concern.)

**Management Representation of the Status of Implementation of Recommendation 1a) at December 31, 2008**

Implementation of this recommendation is considered 100% complete.

Section 5:10 of the collective agreement dictates that a captain shall be in charge at each station on every shift. Fire Services management challenged the union on its interpretation of Section 5:10 through the arbitration process in support of the Auditor General's recommendation to review the requirement of a captain for each platoon of each station. The City was unsuccessful in the arbitration award issued by the arbitrator on May 11, 2006. As a result of the lost arbitration, there are no further options to pursue and this recommendation cannot be implemented.

*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 1a)**

On May 10, 2006, Fire Services was unsuccessful during an arbitration to expand who is considered eligible to act as captain. Although Fire Services did not succeed this time, there may be merit in revisiting the recommendation periodically.

*OAG: % complete* *100%*

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**2005 Recommendation 1b)**

**Adopt a more aggressive attendance initiative and aim to decrease its usage of sick leave days in particular at the captain's level and higher.**

**2005 Management Response**

Management agrees with the intent of this recommendation. However, Management has already implemented a very aggressive approach with its Attendance Management Program.

An Attendance Improvement Program Managers' position has recently been finalized and will be going to Job Evaluation mid-December for final rating and will subsequently be posted. The position has been filled in an acting capacity since September 2003. Over the past two years the program has been developed in conjunction with the Corporate Program. Subsequently absenteeism has been

reduced from 15.88 days per year to 10.68 days per year since the Attendance Improvement Program was implemented 2 years ago.

**Management Representation of the Status of Implementation of Recommendation 1b) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 1b)**

On-going efforts continues to be required by the Branch. In 2008, Fire Services Branch average sick leave per employee increased to 11.45. When comparing levels to the original audit, a decrease of two days was noted at the captain level (i.e., Where 108 captains incurred on average 18 days of sick leave in 2004, 117 captains incurred 16 days on average in 2008). Furthermore, the establishment of the Program Manager, Scheduling & Attendance Management position also suggest that Fire Services acknowledges the need to monitor attendance more closely and on an ongoing basis.

*OAG: % complete* **100%**

**2005 Recommendation 1c)**

**Address the time-lapse by members in submitting the required leave/overtime form in order to insure the corporate financial system information is timely and accuracy.**

**2005 Management Response**

Management agrees with this recommendation. This will be addressed before Q3 2006.

**Management Representation of the Status of Implementation of Recommendation 1c) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 1c)**

November timesheets of five employees were reviewed. Although the date of approval is not captured for Fire Prevention timesheets, results on lapse times are as follows:

### Lapse Times: Overtime Worked, Approved and Entered in SAP

Position Held	Number of Days Employee Worked OT in November 2008	Between OT date worked and EE submitting Timesheet		Between EE submitting Timesheet & Pln/Div. Chief Approval		Between Pln/Div. Chief Approval and Fire Chief Approval		Between Fire Chief Approval and Data Entry		Between OT date worked and Data Entry	
		Actual Days	Average Days	Actual Days	Average Days	Actual Days	Average Days	Actual Days	Average Days	Actual Days	Average Days
Firefighter	8	199	24.9	11	1.4	33	4.1	158	19.8	401	50.1
Firefighter	10	700	70	19	1.9	74	7.4	208	20.8	1001	100.1
Captain <sup>(1)</sup>	19	529	27.8	0	0	140	7	280	14	949	47.5
Dispatcher	3	71	23.7	0	0	3	1	4	1.3	64	21.3
Fire Prev. Officer <sup>(2)</sup>	6	67	11.2							157	26.2

<sup>(1)</sup> Part of overtime entered as November 27 was for December days.

<sup>(2)</sup> Timesheets were approved, date of signatures included on timesheet.

We observed that data entry for the captain was inaccurate and misleading in that it reflected the overtime as having occurred on five dates when in fact, the five entries provided relate to 19 different dates.

During the period reviewed, Fire Services were performing their own data entry. We also observed important lapses of time between the dates the employee submitted the timesheet, the dates of approval and the data entry dates.

Specifically, we observed lapses ranging from 7 days to 217 days between the time the overtime was worked to the time it was entered in SAP. The later 217 days lapse relates to an employee that worked 26 hours on 5 separate occasions in October-November 2008, however did not submit a timesheet until early May 2009, some five and a half month later.

In a Management Bulletin dated October 12, 2007, all management were reminded that: "It is important for employees and managers to submit forms to the Payroll division in a timely manner to ensure that employees are paid correctly and on time. This also helps ensure the SAP system is kept up-to-date for reporting purposes."

In our opinion, based on the documents reviewed, the issues relating to lapse times does not lie with Payroll as Fire Services were entering their own data, nor with the SAP system but rather within Fire Services.

Our testing also highlighted issues with the safekeeping of source documents. Documents were requested on October 15. For three of the five employees, timesheets were provided October 28. One of the missing employee's timesheet was provided on November 23<sup>rd</sup> and the other on December 3<sup>rd</sup>.

We conclude that Fire Services have not addressed lapse time in submitting timesheets.

*OAG: % complete* *15%*

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**Management Representation of Status of Implementation of Recommendation 1c) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that there has been little or no action taken to implement this recommendation.

The OAG's assessment accurately reflects the status of implementation at the time the follow-up assessment was carried out, however, on April 30, 2010, a General Order was issued by the new Fire Chief that requires overtime forms to be submitted during the same shift the overtime is worked.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

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**2005 Recommendation 1d)**

**Stop maintaining an Excel sub-system and, monitor, control and report on total Branch absences and overtime using the corporate financial system.**

**2005 Management Response**

Management is deferring its response to this recommendation. The comprehensive review will examine the best reporting methods in each service. The Excel sub-system for overtime is used for analytical purposes to determine why overtime is being used. It tracks the reasons for overtime and the SAP system only tracks the use of overtime by cost center for budget and accounting purposes.

**Management Representation of the Status of Implementation of Recommendation 1d) at December 31, 2008**

Implementation of this recommendation is 100% complete. In an effort to implement this recommendation, Ottawa Fire Services (OFS) staff met with SAP resources to review functionality. It was determined that SAP does not currently have the functionality needed to support OFS. Until SAP is reconfigured, this recommendation cannot be implemented. It is anticipated, however, that the implementation of the electronic rostering module within OFS' Records Management System will assist in the monitoring, control and reporting of absences and overtime. The rostering module will commence implementation in Q4 2009 and full implementation is expected in Q3 2010.

*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 1d)**

Fire Services continue to use Excel spreadsheets.

The Branch advised us that there was no documentation supporting their claim that ITS' SAP resources stated that SAP cannot be used to monitor, control and report on total absences and overtime. As stated earlier, in our opinion and based on the documents reviewed, the problem does not lie with SAP's functionality but rather with the lapse time within Fire Services to submit and/or authorize the overtime. A different system will not alleviate the lengthy lapse time observed for the submission and authorization of overtime prior to data entry (the later was found to be an issue and this, while Fire Services performed their own data entry).

Reports on overtime as well as sick leave usage are readily available, albeit to employees with the proper authorization, on SAP. The Branch informed us that since 2005, the FSU has been providing Fire Services Management Team with monthly overtime analysis by employee. However the monthly reports relates to what is charged against a GL and not the hours of overtime worked and related dollar value. For example, in November 2008, an employee reported earned an additional \$24,340 but in fact worked for \$4,150 of overtime during that month. (When it was worked versus when it gets accounted for in the GL.)

In addition, in September 2007 Payroll Services extended the submission date for timesheets, from Thursdays to Fridays in order to help ensure the SAP system is kept up-to-date for reporting purposes.

Lastly, Fire Services informed us that they have already spent approximately \$30,000 to purchase the rostering module of their existing FDM software, however, have still not implemented it. Although it will not address this recommendation, as recommended in our 2006 audit of Fire Services, the branch needs to expedite the implementation of the rostering module. Implementation had been anticipated for December 31, 2008 and as at October 2009 was still outstanding.

***OAG: % complete*** ***15%***

**Management Representation of Status of Implementation of Recommendation 1d) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding there has been little or no action taken to implement this recommendation.

In 2005 the Excel spreadsheet was relied upon for many more aspects of analysis and control of overtime than it is today, due to the introduction of basic reasoning codes in SAP in 2007. To complete the transition from the Excel spreadsheet to SAP, OFS and Payroll will develop additional detailed codes for implementation into SAP in Q1 2011. Once implemented, the use of the Excel spreadsheets for both overtime and absences will be discontinued.

Management considers implementation of this recommendation to be partially complete.

***Management: % complete*** ***60%***

**2005 Recommendation 1e)**

Provide additional training, as required, on the corporate financial system to facilitate the monitoring and controlling of staff overtime and absences.

**2005 Management Response**

Management agrees with this recommendation. This will be implemented during Q2 2006.

**Management Representation of the Status of Implementation of Recommendation 1e) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 1e)**

SAP training was provided to a support staff, specifically on inputting absences and attendance to the information system. Management advised us that no training was provided on the corporate financial system to facilitate the monitoring and controlling of staff overtime and absences to any other Fire Services employees.

As noted above, Fire Services continue to use an Excel spreadsheet to monitor and control overtime and absences. This practice is necessary as it was observed that Fire Services have not addressed the lapse time between the overtime being worked and it being recorded to the City's information system, SAP. (See recommendation 1c - employees averages ranged from 21 to 100 days.)

Based on our observation in 2d relating to specific employee's overtime, this recommendation has not been implemented.

*OAG: % complete* **15%**

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**Management Representation of Status of Implementation of Recommendation 1e) as of Winter 2010**

Management agrees with the OAG's follow-up audit finding.

Appropriate OFS staff will have completed training in the use of SAP to facilitate the monitoring and controlling of staff overtime and absences by the end of Q4 2010.

*Management: % complete* **15%**

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**2005 Recommendation 2a)**

That Fire Services Branch (Prevention, Training, Special Operations and Communications) monitor and manage overtime within the limits of established budget including the following:

- a) **Start using the corporate financial system's full functionalities to monitor, control and report on total Branch overtime and leave as well as overtime and leave by employee.**

**2005 Management Response**

Management agrees with this recommendation.

**Management Representation of the Status of Implementation of Recommendation 2a) at December 31, 2008**

Implementation of this recommendation is 100% complete. In an effort to implement this recommendation, Ottawa Fire Services (OFS) staff met with SAP resources to review functionality. It was determined that SAP does not currently have the functionality needed to support OFS. Until SAP is reconfigured, this recommendation cannot be implemented. It is anticipated, however, that the implementation of the electronic rostering module within OFS' Records Management System will assist in the monitoring, control and reporting of absences and overtime. The rostering module will commence implementation in Q4 2009 and full implementation is expected in Q3 2010.

**Management: % complete** **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 2a)**

Fire Services (Prevention, Training, Special Operations and Communications) do not use SAP to monitor and manage overtime within the limits of their established budget. They advised us that there was no documentation supporting their claim that ITS' SAP resources stated that SAP cannot be used to monitor, control and report on total absences and overtime.

As earlier discussed, implementation of the electronic rostering module referred to by management had been anticipated for December 31, 2008 and as at October 2009 was still outstanding.

SAP reports on overtime as well as sick leave usage are readily available, albeit to employees with the proper access. In September 2007 Payroll Services extended the submission date for timesheets, from Thursdays to Fridays in order to help ensure the SAP system is kept up-to-date for reporting purposes.

Per SAP, Education and Prevention Services Unit<sup>(1)</sup> has overspent its 2008 overtime by 24%.

		2006	2007	2008
<b>Education and Prevention Services Unit (1)</b>				
<b>Overtime</b>	Total Annual Budget	453,800	507,300	600,700
	Actual	651,964	743,684	746,563
	Variance	144%	147%	124%
<b>Compensation (2)</b>	Total Annual Budget	10,715,083	10,716,052	11,295,947
	<b>Envelope</b> Actual	11,334,611	10,345,557	11,575,559
	Variance	106%	97%	102%

(1) Fire Services Branch less, Fire Chief's Office, Urban Servs, Rural Servs., Fire Performance Management

(2) Overtime is included in the compensation envelope.

As mentioned earlier the Branch informed us that since 2005, the FSU has been providing Fire Services Management Team with monthly overtime analysis by employee. However the monthly reports relates to what is posted against a GL and does not reflect the hours of overtime worked and related dollar value as could be obtained from the SAP HR report Overview of Overtime.

Specific to Fire Prevention, (and as noted in R1.c) one employee from our sample had 217 days elapsed between the date the overtime was worked to the date it was entered in SAP. SAP cannot be used to monitor, control and report on overtime until lapse time are addressed.

**OAG: % complete** **15%**

**Management Representation of Status of Implementation of Recommendation 2a) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding there has been little or no action taken to implement this recommendation.

In 2005 the Excel spreadsheet was relied upon for many more aspects of analysis and control of overtime than it is today, due to the introduction of basic reasoning codes in SAP in 2007. To complete the transition from the Excel spreadsheet to SAP, OFS and Payroll will develop additional detailed codes for implementation into SAP in Q1 2011. Once implemented, the use of the Excel spreadsheets for both overtime and absences will be discontinued.

The 2008 overtime budget was overspent by 24% because fire prevention officers do not work on a shift basis. When a fire occurs and is outside regular working hours they are called in to perform inspection duties and are paid overtime. Attempts to change this arrangement through collective bargaining have not been successful.

Management considers implementation of this recommendation to be partially complete.

**Management: % complete** **60%**

### **2005 Recommendation 2b)**

**Address the time-lapse of members to submit the required leave/overtime form in order to insure the corporate financial system information accuracy.**

#### **2005 Management Response**

Management agrees with this recommendation. The comprehensive review will need to establish reasonable timelines given the large contingent of staff operating from a large number of decentralized stations there are time lapses experienced with respect to the time for the form to make its way from the station back to Administration and collect all the necessary signatures.

#### **Management Representation of the Status of Implementation of Recommendation 2b) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* 100%

#### **OAG's Follow-up Audit Findings regarding Recommendation 2b)**

One employee from Fire Prevention (as noted in R1c) we sampled had 217 days elapsed between the time the overtime was worked to the time it was entered in SAP. Hence the results of our sample does not support Fire Services affirmation that lapse time were addressed.

*OAG: % complete* 15%

#### **Management Representation of Status of Implementation of Recommendation 2b) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that there has been little or no action taken to implement this recommendation.

The OAG's assessment accurately reflects the status of implementation at the time the fieldwork was carried out, however, on April 30, 2010 a General Order was issued by the new Fire Chief that requires overtime forms to be submitted during the same shift the overtime is worked.

Management considers implementation of this recommendation to be complete.

*Management: % complete* 100%

### **2005 Recommendation 2c)**

**Explore the possibility of modifying the collective agreement to alter Fire Prevention staff work/shift schedule to reflect job requirements, as is the practice in other areas within the Fire Services Branch.**

#### **2005 Management Response**

Management agrees with this recommendation. The comprehensive review will assist in determining the optimal levels of overtime for this service.

**Management Representation of the Status of Implementation of Recommendation 2c) at December 31, 2008**

Implementation of this recommendation is considered 100% complete. The City was unsuccessful in making any changes related to this matter within the 2008 Collective Agreement. Efforts have resumed to deal with this matter within the 2009 Collective Agreement, however for the purposes of the audit this item is considered complete as per the 2008 negotiation.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 2c)**

In September 2008, Fire Services letter of understanding, article 5.03 hours of work, which permit a four-day workweek arrangement for Fire Prevention staff was renewed.

However, as article 5.03 states "subject to meeting the Employer's operational requirements and provided no additional cost to the Employer" and as the four-day workweek causes overtime for the branch, there may be merit in Fire Services revisiting the recommendation periodically.

*OAG: % complete* **100%**

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**2005 Recommendation 2d)**

**Review its work assignment, and if required train additional resources, to ensure that there is a sufficient pool of resources with the necessary skills to do repairs during regular working hours to the extent possible.**

**2005 Management Response**

Management agrees with the intent of this recommendation. However, Management has been addressing the situation by getting as much of this work done on shift as possible.

**Management Representation of the Status of Implementation of Recommendation 2d) at December 31, 2008**

This recommendation is considered 100% complete as it has been implemented to the fullest extent possible.

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 2d)**

Management has not placed a high priority on training and the monitoring of training to ensure specific employees do not work inordinate amounts of overtime. Our review of Fire Services' 2008 overtime by employee demonstrated that the Firefighter who inspects hoses worked an addition 1,017 hours for \$56,601 in overtime (2nd highest earner at the City) and the Lieutenant who repairs ladders, an additional 478 hours totalling \$29,687 (61<sup>st</sup> overtime earner at the City) of

additional remuneration. These hours are in addition to the 2,184 regular hours worked by these employees. They are respectively the two highest overtime earners for the branch. Not taking into account sick leave, holidays, etc., on average the hose inspector would have needed to work an additional 19.5 hours each week; the ladders repair or, an additional 9 hours each week. (For 2009, the employees overtime totalled \$47,300 and \$25,900.)

As stated in Recommendation 1d, there is a difference between the dollar value of overtime worked during a year versus the expenditures posted against the GL overtime account (analysis which is provided to Fire Services BMT by their respective FSU). The FSU's analysis denotes that additional dollars of \$66,408 and \$39,761 respectively were paid during 2008 to these two employees.

Fire Services Management were unable to provide any documentation as to any participants and dates of training, if any occurred. As management had not follow-up that training was provided they requested this information from the person doing the hose testing: "Did you train any other people to do the hose testing. If you did we need to know the dates you trained them and the names of the people who were trained". None was ever provided.

Having permitted this situation to continue has created additional risks for the Branch. Should these employees be unable to come to work the Branch would suffer hardship. The additional hours worked may in time exhaust the employees and/or they may become accustomed to the additional level of compensation.

We were advised that only earlier this year (2009) was training provided to other firefighters on repairing ladders as the firefighter is planning to retire. However, dates and names of participants could not be provided.

***OAG: % complete***

***0%***

**Management Representation of Status of Implementation of Recommendation 2d) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding there has been little or no action taken to implement this recommendation.

During 2009, the overtime costs have been reduced by roughly 25% for these two positions, and training on ladder repair was introduced to all Platoons.

To complete the implementation of this recommendation, a Notice of Intent will be sent out to all firefighters by the end of Q2 2010 seeking additional training resources to ensure a sufficient pool with necessary skills to do the repairs during regular working hours to the extent possible.

Management considers implementation of this recommendation to have been initiated.

***Management: % complete***

***25%***

**2005 Fire Services Branch - General Management Comment:**

As a technicality, OFS is of the position that the shift premium (budgeted at \$753,408 in 2004 with actual expenditures of \$700,051) should be backed out of the overtime cost centre. Shift premium is set out in the collective agreement and applies to firefighters who are regularly scheduled (one must actually be at work to qualify) and who work on a statutory holiday as part of the normal shift rotation. The shift premium has long since been negotiated into the collective agreement and is a standard form of payment to fire fighters across the Province. It is not a discretionary item or one that can be mitigated or reduced unless negotiated out of the collective agreement. The shift premium element is clearly not overtime.

If the shift premium is backed out of the overtime cost centre, the OFS will have actually under spent its 2004 overtime budget by one (1%) percent.

**2005 Recommendation 3a)**

**That the Customer Services and Operational Support Division of the Utility Services Branch:**

**3a) Monitor and manage overtime within the limits of the established overtime budget, independently from the compensation envelope.**

**2005 Management Response**

Management agrees with this recommendation.

**Management Representation of the Status of Implementation of Recommendation 3a) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 3a)**

The City's various reorganizations of the last few years has resulted in the realignment of the former Customer Services and Operational Support Division of Utility Services Branch now residing under both Waste Water Operations and Drinking Water Operations under "Customer Service".

		2006	2007	2008
<b>Customer Services</b>				
<b>Overtime</b>	Total Annual Budget	224,885	204,830	216,650
	Actual	184,464	184,784	169,259
	Variance	82%	90%	78%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	5,127,779	5,853,949	6,051,574
	<b>Envelope</b> Actual	4,222,198	4,882,379	5,265,091
	Variance	82%	83%	87%

<sup>(1)</sup> Overtime is included in the compensation envelope.

For 2008, Customer Services underspent its overtime budget by 22%. In addition, we noted that although no overtime budget existed in 2008 within the Waste Water Operations' Customer Service, an appropriate level budget was established for fiscal 2009.

*OAG: % complete* *100%*

### **2005 Recommendation 3b)**

**Conduct a more detailed review of the overtime budget annually, in conjunction with FTE levels and service levels, to reflect anticipated/optimum overtime expenditures.**

#### **2005 Management Response**

Management agrees with this recommendation. Efforts will be made in documenting and analyzing the relationship between FTEs, overtime and service levels.

#### **Management Representation of the Status of Implementation of Recommendation 3b) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* *100%*

### **OAG's Follow-up Audit Findings regarding Recommendation 3b)**

In preparation of the yearly budget, Customer Services scrutinize the overtime budget envelop as it does with every other cost centre. However, they do not perform an in-depth analysis of FTE levels and service levels versus working overtime.

Management did advise us that during budget meeting, overtime budgets are discussed in conjunction with the FSU and the General Manager; however, no documentation is retained. Therefore we cannot substantiate that this practice takes place or to which extent. Notwithstanding management has been well within its overtime budget for each of 2006, 2007 and 2008.

*OAG: % complete* *80%*

#### **Management Representation of Status of Implementation of Recommendation 3b) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

Management conducted a detailed review of overtime spent, budget requirements and associated service levels. The overtime budget was adjusted accordingly in the 2010 budget exercise.

Management considers implementation of this recommendation to be complete.

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*Management: % complete* *100%*

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**2005 Recommendation 3c)**

For employees using the MMS-ITX system, ensure a 3-way match at time of approval for overtime - work order, time sheet, and ELR/TR form.

**2005 Management Response**

Management agrees with this recommendation. The recommendation mirrors the procedure already in place to approve and sign off overtime.

**Management Representation of the Status of Implementation of Recommendation 3c) at December 31, 2008**

Implementation of this recommendation is 100% complete.

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*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 3c)**

Management informed us that a First Response Coordinator ensures that for each employee a timesheet, work order form and ELR/TR form (as required) is gathered. He/she then separates the work order and forwards it to data entry for processing and forwards the other two forms (timesheet, and ELR/TR) to his/her supervisor for approval. Management informed us that the forms are forwarded to the coordinator's supervisor because First Response Coordinators hold functional supervisory responsibilities, however do not have the authority to sign timesheets. Management also advised that the work order is forwarded to Data Entry as opposed to the authorizing supervisor to expedite data entry.

For all other employees, (e.g., locates, reinstatements, meters, etc.) management informs us that the signing supervisor has all three forms at the time of authorization.

We were able to verify these processes, however conclude that it is not respected at all times. Firstly, as stated above, in some cases the work order is forwarded to Data Entry as opposed to the authorizing supervisor to expedite data entry. In addition, should a three-way match consistently occur at the time of approval both SAP and ITX information would have matched and no variance would have been found.

Variance are captured through monthly reconciliation however, until the next generation IIMS system is implemented, a process for ensuring that corrections are made to the individual systems needs to be established.

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*OAG: % complete* *90%*

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**Management Representation of Status of Implementation of Recommendation 3c) as of Winter 2010**

Management agrees with the OAG's follow-up audit finding.

A process is being implemented whereby the authorizing supervisor will check the timesheets and work order forms against the ELR /TR forms. Full compliance is anticipated in Q2 2010.

**Management: % complete** **90%**

### **2005 Recommendation 3d)**

For employees not using the MMS-ITX system, ensure sufficient detail is included on the ELR/TR form as to the overtime worked.

### **2005 Management Response**

Management agrees with this recommendation.

### **Management Representation of the Status of Implementation of Recommendation 3d) at December 31, 2008**

Implementation of this recommendation is 100% complete.

**Management: % complete** **100%**

### **OAG's Follow-up Audit Findings regarding Recommendation 3d)**

Since October 2007, City procedure requires staff to supply the reason for overtime. This information is then captured in SAP. The City has established a series of 15 generic reasons for overtime, outlined behind the leave forms. In 2008, Customer Service incurred overtime against 13 of these.

<b>Customer Services OT Reasons 2008</b>	<b>Number of Hours of Overtime</b>	<b>%</b>
Leave - Vacation	1,226.00	31.2%
Contract Obligations	858.50	21.8%
Complete Active Job	569.50	14.5%
Backlog Reduction	382.00	9.7%
Leave - Sick	323.00	8.2%
Emergency Response	141.00	3.6%
Training/Meeting	106.50	2.7%
Leave - Other Absences	76.00	1.9%
Non-Emergency Response	67.50	1.7%
Weather Event	64.50	1.6%
Public Functions	53.25	1.4%
Court/Arbitration	41.50	1.1%
Mandatory Timelines	25.00	0.6%
<b>Grand Total</b>	<b>3,934.25</b>	<b>100.0%</b>

We found that Customer Services Branch complies with the corporate practice. However, although this information may be useful at a very high-level, it does not provide any information for analysis by program, area, etc.; information that may be pertinent for managing the day-to-day operations.

**OAG: % complete** **100%**

**2005 Recommendation 3e)**

Review shifts on a regular and ongoing basis to ensure most effective use of overtime.

**2005 Management Response**

Management agrees with this recommendation.

**Management Representation of the Status of Implementation of Recommendation 3e) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 3e)**

Management advised us that when there is sufficient time to provide an employee with the notice period stipulated within the collective agreement, Customer Services re-assigns employees to a different shift.

*OAG: % complete* *100%*

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**2005 Recommendation 3f)**

Formalize the delegation of authority to the appropriate operational level that may authorize and approve overtime.

**2005 Management Response**

The delegation of authority is already delegated to the appropriate operational level. Management will formalize and document the current procedure.

**Management Representation of the Status of Implementation of Recommendation 3f) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 3f)**

Payroll Services provided us with Customer Services' formalized delegation of authority that may authorize and approve overtime as was recommended in 2005. Additionally, the first response Service Level Agreement references delegated authority for authorizing and approving overtime.

*OAG: % complete* *100%*

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**2005 Recommendation 3g)**

Formalize Service Level Agreements between Divisions as to what activities can be performed on overtime.

### **2005 Management Response**

Management agrees with the recommendation. Service level agreements exist but are not formalized. The division has been formalizing these agreements since early 2005 and will continue this process.

### **Management Representation of the Status of Implementation of Recommendation 3g) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* **100%**

### **OAG's Follow-up Audit Findings regarding Recommendation 3g)**

The documentation provided to the OAG for review did not contain a date (created and/or modified). Management advised us that the document dates from the 2002-2003. Customer Services also informed us that at present they are in the process of reviewing their Standard Operating Procedures.

We observed that the SLA refers staff to an Overtime Policy/Procedures for more information on the specific examples of situation on unplanned overtime. We found that the former Utility Services branch created the complimentary Overtime Policy/Procedures in July 2007, however, this complimentary policy/procedure requires updating.

Although both documents require updating, together, they provide guidance.

*OAG: % complete* **100%**

### **2005 Recommendation 3h)**

**Review and update First Response Manual on a regular and ongoing basis. Include specific guidelines as to which situations need immediate response and which can be deferred.**

### **2005 Management Response**

Management agrees with the recommendation. The First Response Manual, developed 3 years ago, already includes specific guidelines to that effect. These guidelines will be reviewed and updated in 2006.

### **Management Representation of the Status of Implementation of Recommendation 3h) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* **100%**

### **OAG's Follow-up Audit Findings regarding Recommendation 3.h)**

Documentation provided was in draft form and dated December 2006. As such, although the division did create a Customer Services' First Response Unit Policy

and Procedure Manual, it has fallen short of finalizing it and reviewing/ updating it regularly.

We reviewed the ten contacts from the Manual's Emergency Contact List and found that three employees no longer worked for the City.

*OAG: % complete* *50%*

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**Management Representation of Status of Implementation of Recommendation 3h) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only partially complete.

A version of the procedures manual was completed in 2008 and continues to be the object of continuous improvement. Another round of updates began in the latter half of 2009 and the contact list has been updated and placed in the procedures manual.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

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**2005 Recommendation 3i)**

**Review corporate financial system data on overtime hours monthly as a mechanism to track high overtime users and reconcile the data to MMS-ITX to ensure high levels of data integrity.**

**2005 Management Response**

Management agrees with this recommendation. Since early 2005, a data quality assurance plan is being developed. Data reconciliation between SAP and ITX-MMS is included on this project work plan.

**Management Representation of the Status of Implementation of Recommendation 3i) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 3i)**

Monthly reconciliations between the SAP and MMS-ITX data are performed by Customer Services. When a variance is observed, the employee's supervisor is informed as he/she holds the responsibility to correct the data. However there is no process to ensure that the supervisor corrects the variance. As such, not all variances are corrected and the three reconciliations we requested all held variances. A process of ensuring that corrections are made to the individual systems needs to be put in place until such time as the next generation IIMS system is implemented.

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**OAG: % complete**

**75%**

**Management Representation of Status of Implementation of Recommendation 3i) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

The data entry section of Customer Services provides the service of identifying the instances of variance between SAP and MMS-ITX systems to the supervisors responsible for ensuring time entry integrity on a monthly basis.

Beyond the scope of the recommendation, but pursuant to the OAG's comments, a process that will ensure corrections are made by supervisors and employees involved, will be implemented by Q3 2010.

Management considers implementation of this recommendation to be complete.

**Management: % complete**

**100%**

**2005 Recommendation 3j)**

Explore the opportunity to have one point of data entry with next MMS system to reduce data entry workload and data entry errors.

**2005 Management Response**

Management agrees with this recommendation.

**Management Representation of the Status of Implementation of Recommendation 3j) at December 31, 2008**

Implementation of this recommendation is 100% complete.

**Management: % complete**

**100%**

**OAG's Follow-up Audit Findings regarding Recommendation 3j)**

Customer Services continues to have more than one point of data entry. However, the former Utility Services Branch have explored the opportunity to have one point of data entry with next IIMS system with ITS. The design phase of the IIMS replacement system has begun in August 2009. We were informed that the IIMS replacement system could be operational in 18 months.

**OAG: % complete**

**100%**

**2005 Recommendation 4a)**

That the Wastewater & Drainage Services Division of the Utility Services Branch:

- a) Monitor and manage overtime within the limits of the established overtime budget, independently from the compensation envelope.

### **2005 Management Response**

Management agrees with this recommendation. Overtime will be specifically monitored and managed as part of the overall budget review process.

### **Management Representation of the Status of Implementation of Recommendation 4a) at December 31, 2008**

Implementation of this recommendation is 100% complete.

***Wastewater and Drainage Management: Response % complete*** ***100%***

### **OAG's Follow-up Audit Findings regarding Recommendation 4a)**

Excluding the "Other Additional Waste Water Services" which includes Customer Services, Wastewater and Drainage Operations have had overtime expenditures as follows:

		2006	2007	2008
<b>Wastewater and Drainage Operations</b>				
<b>Overtime</b>	Total Annual Budget	423,238	423,238	357,202
	Actual	308,911	426,129	465,896
	Variance	73%	101%	130%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	10,863,966	11,405,042	12,432,347
	<b>Envelope</b> Actual	9,853,648	10,780,825	11,109,158
	Variance	91%	95%	89%

<sup>(1)</sup> Overtime is included in the compensation envelope.

During 2006 and 2007, the Branch managed its overtime within or on the threshold of to its budgeted envelope. However, for 2008 Wastewater and Drainage Operations overspent its overtime budget by 30% in part due to a decrease of that year's approved annual budget envelop. Should the budget have been maintained the overtime budget would have been overspent by 10%. As important changes within the branch's management level occurred during 2008, present management could not provide a rationale for the decrease to the budget envelop. Documentation on the rationale for either decreases or increases should be retained by branches and readily available. We noted that the additional budgeted dollars, in line with operations, is requested for 2010.

Management informed us that additional overtime hours were incurred in 2008 and 2009 as the Branch has had difficulty filling sewer maintenance worker's positions since early 2008.

Additional overtime is also being incurred by the Branch to verify that gates (regulators) are opened after each storm to ensure that sewer overflows to the Ottawa River do not occur.

***OAG: % complete*** ***75%***

**Management Representation of Status of Implementation of Recommendation 4a) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

The recommendation speaks to the monitoring and management of overtime hours within the established overtime budget, independently from the compensation envelope, and that is currently being done. Additionally, the Branch manages overtime with the objective of maintaining overtime spending within the annual budget envelope. The circumstances related to organizational change and vacancies experienced in 2008 and 2009 were unique to those years.

Management considers implementation of this recommendation to be complete.

*Management: % complete* 100%

**2005 Recommendation 4b)**

**Conduct a more detailed review of the overtime budget annually, in conjunction with FTE levels and service levels, to reflect anticipated/optimum overtime expenditures.**

**2005 Management Response**

Management agrees with this recommendation. Overtime budget will be analysed as part of the comprehensive overtime review, then reviewed and adjusted as part of the annual budgeting process.

**Management Representation of the Status of Implementation of Recommendation 4b) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Wastewater and Drainage Management: Response % complete* 100%

**OAG's Follow-up Audit Findings regarding Recommendation 4b)**

In preparation of the yearly budget, Wastewater and Drainage Operations scrutinize its overtime budget envelope as it does with every other cost centre. Management informed us that they analyse the overtime budget, from two points of view: the rationale for overtime spent is analysed with respect to the possibility to replace the overtime by new FTEs, and the budget envelope is evaluated to ensure the budget requests reflect the operational requirement. However, they could not provide any documentation that these analyses took place and informed us that the outcome of the analysis is the budget itself.

As indicated in 4a above, management could not provide any background as to why the overtime envelop had been decreased in 2008.

*OAG: % complete* 70%

**Management Representation of Status of Implementation of Recommendation 4b) as of Winter 2010**

Management disagrees with the OAG’s follow up finding that implementation of this recommendation is only partially complete.

Management conducted a detailed review of overtime spent, budget requirements and associated service levels. The overtime budget was adjusted accordingly in the 2010 budget exercise.

The second to last paragraph of the OAG’s comments should indicate “current management” as referenced in Recommendation 4a.

Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

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**2005 Recommendation 4c)**

**For employees using the MMS-ITX and MMS-SAP systems, ensure work orders and ELR/TR forms are matched at time of approval.**

**2005 Management Response**

Management agrees with this recommendation. This will be incorporated into documented procedures.

**Management Representation of the Status of Implementation of Recommendation 4c) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Wastewater and Drainage Management: Response % complete* **100%**

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**OAG’s Follow-up Audit Findings regarding Recommendation 4.c)**

It is difficult to evidence that both the work order and the ELR/TR form were matched at the time of approval. What is possible to comment on was that several variances were observed for Wastewater and Drainage Operations. Should a work order and ELR/TR forms have been matched at the time of approval both SAP and ITX information would have matched and no variance would have been found.

As we were informed that rates of pay are only updated once yearly on ITX, we reviewed the hours of overtime per the ITX-MMS information to that captured in SAP (e.g., one hour in ITX equals one hour in SAP regardless of the rate of pay used). For the 30 employees reviewed, 25 had variances in overtime hours between both reports.

Management advises us that “some of the supervisors' overtime, but only some, is shown in ITX”. As not all overtime information is captured on ITX both system will vary.

*OAG: % complete* **40%**

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**Management Representation of Status of Implementation of Recommendation 4c) as of Winter 2010**

Management disagrees with the OAG’s follow-up audit finding that action has been initiated to implement this recommendation but it is not yet considered partially complete.

A business process has been implemented that requires work orders and ELR/TR forms to be matched at the time of approval. With respect to the noted variances, management is following up on any and all identified discrepancies. Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

**2005 Recommendation 4d)**

**For employees not using the MMS systems, ensure sufficient detail is included on the ELR/TR form as to the overtime worked.**

**2005 Management Response**

Management agrees with this recommendation. This has already been directed to staff and will be incorporated into documented procedures.

**Management Representation of the Status of Implementation of Recommendation 4d) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Wastewater and Drainage Management: Response % complete* **100%**

**OAG’s Follow-up Audit Findings regarding Recommendation 4d)**

Since October 2007, City procedure requires staff to supply the reason for overtime. This information is then captured in SAP. The City has established a series of 15 generic reasons for overtime, outlined behind leave forms.

<b>Wastewater and Drainage Operations OT Reasons 2008</b>	<b>Number of Hours of Overtime</b>	<b>%</b>
Complete Active Job	3,991	38.6%
Emergency Response	3,389	32.7%
Contract Obligations	774	7.5%
Training/Meeting	547	5.3%
Leave - Sick	478	4.6%
Non-Emergency Response	428	4.1%
Weather Event	149	1.4%
Vacant Position	140	1.4%
Leave - Vacation	134	1.3%
Mandatory Timelines	127	1.2%
Backlog Reduction	123	1.2%
Leave - Other Absences	43	0.4%
Public Functions	21	0.2%
Minimum Manning	6	0.1%

Wastewater and Drainage Operations OT Reasons 2008	Number of Hours of Overtime	%
Grand Total	10,348	100.0%

We found that Wastewater and Drainage Operations does comply with the corporate practice. However, although this information may be useful at a very high-level, it does not provide any information for analysis by program, area, etc. – information that may be pertinent for managing the day-to-day operations.

*OAG: % complete* **100%**

### **2005 Recommendation 4e)**

Formalize the delegation of authority to the appropriate operational level that may authorize and approve overtime.

#### **2005 Management Response**

Management agrees with this recommendation. This will be incorporated into new procedures.

#### **Management Representation of the Status of Implementation of Recommendation 4e) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Wastewater and Drainage Management: Response % complete* **100%**

### **OAG's Follow-up Audit Findings regarding Recommendation 4e)**

Payroll Services provided us with Wastewater and Drainage Operations' formalized delegation of authority to the operational level that may authorize and approve overtime as was recommended in 2005. The first response Service Level Agreement does establish where the delegated authority rests for authorizing and approving overtime.

*OAG: % complete* **100%**

### **2005 Recommendation 4f)**

Complete and formalize the "Guidelines for Overtime Call-Outs". Include specific guidelines as to which situations need immediate response and which can be deferred.

#### **2005 Management Response**

Management agrees with this recommendation. This will be incorporated into documented procedures.

#### **Management Representation of the Status of Implementation of Recommendation 4f) at December 31, 2008**

Implementation of this recommendation is 100% complete.

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***Wastewater and Drainage Management: Response % complete*** ***100%***

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**OAG's Follow-up Audit Findings regarding Recommendation 4f)**

This was documented in Utility Services Branch's Overtime Policy / Procedure, under "Guidelines for justified overtime", and "Essential overtime by service".

***OAG: % complete*** ***100%***

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**2005 Recommendation 4g)**

**Review corporate financial system data on overtime hours monthly as a mechanism to track high overtime users and reconcile the data to MMS-ITX and MMS-SAP to ensure high levels of data integrity.**

**2005 Management Response**

Management agrees with this recommendation. Reconciliation of SAP Financial with MMS will form part of the monthly budget review.

**Management Representation of the Status of Implementation of Recommendation 4g) at December 31, 2008**

Implementation of this recommendation is 25% complete. Implementation of this recommendation requires completion of the MMS-ITX Replacement Project. Funding resources have been identified. The IIMS replacement project is at the design and project management stage and is not expected to be complete before 2010.

***Wastewater and Drainage Management: Response % complete*** ***25%***

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**OAG's Follow-up Audit Findings regarding Recommendation 4g)**

Wastewater and Drainage do not perform a reconciliation of ITX to SAP. As was stated in 4c, above, Wastewater and Drainage ITX and SAP overtime hours varied for 25 of the 30 employees' data reviewed.

Management advised us that they reviewed overtime level on SAP once or twice per year.

When reviewing 2008 attendances and absences for the five Wastewater and Drainage employees we sampled, we noted that two employees had worked overtime either while on holiday or on the same day has being on sick leave. One employee received on call pay, worked overtime and was on vacation leave five different dates over the year; the other employee worked overtime and took half a day of sick leave three times and also received on call pay, worked overtime and was on vacation leave one time in 2008.

***OAG: % complete*** ***25%***

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**Management Representation of Status of Implementation of Recommendation 4g) as of Winter 2010**

Management disagrees with the OAG’s follow-up audit finding that action has been initiated to implement this recommendation but it is not yet considered partially complete.

Since the OAG’s review and last management update, a process has been implemented to track high overtime users and reconcile the data in ITX and SAP on a monthly basis. Reconciliation for the months of November and December 2009 detected no issues, while very minor variances were identified and corrected for January and February 2010.

Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

**2005 Recommendation 4h)**

**Explore the opportunity to have one point of data entry with next MMS system to reduce data entry workload and data entry errors.**

**2005 Management Response**

Management agrees with this recommendation. The ability to link the replacement for ITX MMS to the SAP payroll system will be requested in the new system requirements. It should be noted that the responsibility for this project is with the Corporate IT group in effecting this system linkage.

**Management Representation of the Status of Implementation of Recommendation 4h) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Wastewater and Drainage Management: Response % complete* **100%**

**OAG’s Follow-up Audit Findings regarding Recommendation 4h)**

The former Utility Services Branch did explore the opportunity to have one point of data entry with next MMS system with ITS. Wastewater and Drainage Operations management informed us that there is currently two points of data entry, Payroll and MMS and that the IIMS replacement strategy will address this issue.

The design phase of the IIMS replacement system has begun in August 2009. We were informed that the replacement system could be operational within 18 month of that date.

*OAG: % complete* **100%**

**2005 Recommendation 5a)**

**That the Solid Waste Services Division of the Utility Services Branch:**

**a) Monitor and manage overtime within the limits of the established overtime budget, independently from the compensation envelope.**

**2005 Management Response**

Management agrees with this recommendation. The Branch has requested an adjustment to the overtime line item and regular reporting of both compensation and overtime line items for management review.

**Management Representation of the Status of Implementation of Recommendation 5a) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Solid Waste Services Management: Response % complete* 100%

**OAG’s Follow-up Audit Findings regarding Recommendation 5a)**

Solid Waste Services have had overtime expenditures has follows:

		2006	2007	2008
<b>Solid Waste Services</b>				
<b>Overtime</b>	Total Annual Budget	178,820	178,820	184,230
	Actual	189,268	154,036	184,909
	Variance	106%	86%	100%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	4,219,185	5,254,178	5,328,596
	<b>Envelope</b> Actual	4,117,770	4,271,748	5,015,441
	Variance	98%	81%	94%

<sup>(1)</sup> Overtime is included in the compensation envelope.

For 2008, Solid Waste Services very slightly overspent its overtime budget. In comparison to the 2005 audit, we noted improvement, in both having a realistic budget and managing within the established envelop.

During 2008, the branch discussed the overall status of overtime expenditures versus the over budget envelop nine times.

*OAG: % complete* 100%

**2005 Recommendation 5b)**

**Conduct a more detailed review of the overtime budget annually, in conjunction with FTE levels and service levels, to reflect anticipated/optimum overtime expenditures.**

**2005 Management Response**

Management agrees with this recommendation. The work schedule review was undertaken in 2005 and a new rotating start time has been implemented as of

August 2005 to attempt to optimize resources to operational demands from incoming waste. This process will be reviewed when the staff compliment is filled.

**Management Representation of the Status of Implementation of Recommendation 5b) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Solid Waste Management: Response % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 5b)**

As part of the annual budget process, Solid Waste provide a FTE summary. However, there is no evidence that the FTE summary has been done in conjunction with an in-depth analysis of the overtime budget line item and service level.

In relation to their expansion, Solid Waste retained the services of Dillon Consulting Ltd. in early 2007 to identify new equipment and staffing needs.

Management identified that there was no detailed documented review of overtime budget in conjunction with FTE levels at the landfill. But that staff were hired and shifts were changed to minimize overtime budget impacts that are reflected in the reduction of overtime at the landfill.

As noted in 5.c below, we observed decreases in some employees 2009 overtime level in comparison to the previous three years. However, a yearly review of overtime budget, in conjunction with FTE levels and service levels, to reflect anticipated/optimum overtime expenditures need to be performed yearly for all areas of the branch. This is especially important in view of the various changes that have taken place and continue to taken place within the branch.

*OAG: % complete* **75%**

**Management Representation of Status of Implementation of Recommendation 5b) as of Winter 2010**

Management agrees with the OAG's follow-up audit finding.

The Program Manager position for the Waste Processing and Disposal Unit is currently vacant and the OAG's finding is a primary responsibility of this position. It is expected with the filling of this position the recommendation will be complete in Q4 2010.

*Management: % complete* **75%**

**2005 Recommendation 5c)**

**Review resource levels at Landfill Operations and identify more optimal work schedules to reduce levels of overtime.**

**2005 Management Response**

Works schedules were revised in 2005 with rotating start times to ensure optimal use of staff. Solid Waste Disposal has yet to be fully staffed which affects the full effectiveness of the work schedule.

**Management Representation of the Status of Implementation of Recommendation 5c) at December 31, 2008**

Implementation of this recommendation is 100% complete.

***Solid Waste Management: Response % complete*** ***100%***

**OAG’s Follow-up Audit Findings regarding Recommendation 5c)**

In relation to their expansion, Solid Waste retained the services of Dillon Consulting Ltd. in early 2007 to identify new equipment and staffing needs. The consultant’s report recommended the hire of two additional employees. It also recommended that the nine landfill operators’ shifts be staggered to cover the 11 hours per day that the landfill operates without excessive overtime and to provide relief for vacations. Subsequent to this review, in October 2007, the branch requested an increase of 7.5 FTEs. Since 2005, Landfill Operation staffing has increased by 14.75 FTEs.

Year	FTEs
2005	13.83
2006	19.10
2007	21.10
2008	27.58
2009	28.58

An additional 7.5 FTE was approved in 2007 to handle the increased waste tonnage at Trail Road.

Landfill Operations’ shifts are staggered as follows:

Period	Time	FTEs		
		Heavy Equipment Operators	Labourers	Minor Maintenance Person
Monday-Friday	6h30 - 15h00	5	4	
Monday-Friday	10h30 - 19h00	3	2	1
Saturday	7h45 - 16h15	3	1	

We also observed decreases in some employees 2009 overtime level in comparison to the previous three years. For example,

2006-08 averaged \$6,600 but in 2009 earned approximately \$700

2006-08 averaged \$4,400 but in 2009 earned approximately \$1,000

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2006-08 averaged \$6,500 but in 2009 earned approximately \$1,800

*OAG: % complete*

*100%*

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### **2005 Recommendation 5d)**

**For Landfill Operations, implement more rigorous processes and controls for authorizing and approving overtime.**

#### **2005 Management Response**

Management have already implemented written instruction to Supervisors and Program Managers regarding authorization for sign off of overtime. The Manager is signing off on all overtime for the Solid Waste Disposal Section until the Program Manager position is filled.

#### **Management Representation of the Status of Implementation of Recommendation 5d) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Solid Waste Management: Response % complete*

*100%*

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#### **OAG's Follow-up Audit Findings regarding Recommendation 5d)**

On September 20, 2007 all managers and program managers of the former Utility Services Branch (USB) were provided with the City's Overtime Policy, USB Complimentary Overtime Policy/Procedure and Overtime Justification Codes.

However, from our sample of five employees' timesheets, we observed that Solid Waste Services need to strengthen their supervisory review and approval process. Specifically, we observed that one employee submitted timesheets for incorrect dates (e.g., absence occurred in a different month) or were the absence type had been changed or the total hours of the absence had to be changed. However, all these had supervisory authorization. Since this was the same employee who self-authorized their timesheets with overtime in 2005, we would have expected a more thorough review of timesheets. Other observations made related to the fact this employee often submitted leave twice for the same dates; submitted on two separate timesheet overtime for one day, once as 1 hour submitted March 27, 2008 and the other as 1.5 hour submitted March 31, 2008 (we would expect that if an employee works overtime twice on a day, it be submitted on one timesheet); signed a timesheet for sick leave five days before the absence occurred; had booked 7.5 hours of annual leave when the employee's shift was for 8 hours and submitted for an incorrect leave type (e.g., sick leave as oppose to special leave to attend a medical appointment).

Timesheets for the other four employees of our sample were satisfactory.

Management informed us that starting in mid-September 2009, level 6 managers sign their staff timesheets.

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*OAG: % complete* *60%*

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**Management Representation of Status of Implementation of Recommendation 5d) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only partially complete.

In early 2009, two Process Supervisors were hired and have been provided with the written instructions regarding appropriate and necessary authorization for all overtime.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

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**2005 Recommendation 5e)**

**Ensure corporate standards are met with regard to completing and submitting ELR/TR forms.**

**2005 Management Response**

Management agrees with this recommendation. Solid Waste Disposal staff have already received a training refresher session on the completion of ELR/TR forms.

**Management Representation of the Status of Implementation of Recommendation 5e) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Solid Waste Management: Response % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 5e)**

Although all timesheet had a supervisory signature, some of the required information was not filled-in on some timesheets e.g., date of authorization, extension number of authorizing supervisor, printing of supervisor's name. Other missing information related to union affiliation, department, branch, and employee type (e.g., full-time).

*OAG: % complete* *90%*

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**Management Representation of Status of Implementation of Recommendation 5e) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

Since early 2009, two Process Supervisors have been hired. One of their primary duties is to track and review all employee timesheets. Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

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### **2005 Recommendation 5f)**

Ensure sufficient detail is included on the ELR/TR form as to the overtime worked.

#### **2005 Management Response**

Management agrees with this recommendation. ELR/TR forms are now being completed with the rationale for overtime.

#### **Management Representation of the Status of Implementation of Recommendation 5f) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Solid Waste Management: Response % complete* **100%**

#### **OAG's Follow-up Audit Findings regarding Recommendation 5f)**

Since October 2007, City procedure requires staff to supply the reason for overtime. This information is then captured in SAP. The City has established a series of 15 generic reasons for overtime, outlined behind leave forms. We found that Solid Waste Services does comply with the corporate practice. However, although this information may be useful at a very high-level, it does not provide any information for analysis by program, area, etc. - information that may be pertinent for managing the day-to-day operations. Complete active job accounts for over 50% of Solid Waste 2008 overtime.

<b>Solid Waste Services OT Reasons 2008</b>	<b>Number of Hours of Overtime</b>	<b>%</b>
Complete Active Job	2,493.51	53.3%
Mandatory Timelines	659.50	14.1%
Leave - Sick	294.00	6.3%
Vacant Position	265.00	5.7%
Public Functions	213.00	4.6%
Leave - Vacation	202.50	4.3%
Weather Event	172.50	3.7%
Training/Meeting	126.00	2.7%
Emergency Response	104.50	2.2%
Non-Emergency Response	100.50	2.1%
Leave - Other Absence	30.50	0.7%
Backlog Reduction	16.00	0.3%
<b>Grand Total</b>	<b>4,677.51</b>	<b>100.0%</b>

*OAG: % complete* **100%**

### **2005 Recommendation 5g)**

Formalize the delegation of authority to the appropriate operational level that may authorize and approve overtime.

### **2005 Management Response**

Management agrees with this recommendation. A formal documented process will be developed detailing delegated authority including staff in an “acting” role.

### **Management Representation of the Status of Implementation of Recommendation 5g) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Solid Waste Management: Response % complete* **100%**

### **OAG’s Follow-up Audit Findings regarding Recommendation 5g)**

Payroll Services provided us with Solid Waste Services’ formalized delegation of authority to the operational level that may authorize and approve overtime as was recommended in 2005.

The review of delegated authority was also discussed at February 11, 2008 Branch Management Team meeting.

As stated earlier, starting in September 2009, Solid Waste’s level 6 supervisors sign their staff’s timesheets. We did observe that more attention is required when signing/authorizing timesheets.

*OAG: % complete* **100%**

### **2005 Recommendation 5h)**

**Review corporate financial system data on overtime hours monthly as a mechanism to track high overtime users. For Waste Collection Operations, reconcile the data to the Excel database ensure high levels of data integrity.**

### **2005 Management Response**

Management agrees with this recommendation. A process will be put into effect in 2006.

### **Management Representation of the Status of Implementation of Recommendation 5h) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Solid Waste Management: Response % complete* **100%**

### **OAG’s Follow-up Audit Findings regarding Recommendation 5h)**

Solid Waste Services management informed us that overtime is discussed at Branch Management Team meeting. For 2008, overtime was discussed during eight months (nine meetings – two in January). In all minutes reviewed, discussion related to being overbudget and did not provide details relating to monitoring of specific staff/high users of overtime. We also observed that the documents provided related to overtime posted against the GL which is very different than overtime earned per employee (e.g., Overview of Overtime Report) for a specific

period. We conclude that the overall branch overtime was reviewed on a branch basis and not specifically to track high overtime users. (Also see recommendation 1.d)

The Waste Collection Operations of Solid Waste Services and the FSU do not conduct any reconciliation of the Excel spreadsheet to SAP.

It should be noted that there are really two parts to this recommendation. Our rating reflects that some action was taken on the first part of the recommendation and none on the second part.

*OAG: % complete* **40%**

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**Management Representation of Status of Implementation of Recommendation 5h) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that action has been initiated to implement this recommendation but it is not yet considered partially complete.

Solid Waste management is fully compliant with the City of Ottawa's procedures for the submission, review and approval of overtime worked by waste collection operators. The separate, Excel spreadsheet was developed and is used to track route productivity and route optimization. The Excel spreadsheet is not intended, nor does it function, as a timekeeping tool.

Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

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**2005 Recommendation 5i)**

**Consider revising practice of letting Waste Collectors leave early.**

**2005 Management Response**

The In-house Waste Collection Group was created to prepare a competitive bid for solid waste collection with an In-house Bid Team in a Public/Private Competitive Service Bid in 1998. The financial success of the Public Sector In-house Waste Collection Group in a competitive waste management industry is attributed to management's ability to retain good employees and provide efficient and effective services. The Solid Waste Administrative Services Collection Division has delivered over \$1.7 million dollars of accumulated additional savings over the past 7 years of service provision. Waste Collection staff have provided a tendered bid on the basis of a staff wage rate that is linked to the waste industry standards, rather than the higher CUPE 503 Heavy Equipment Operator wage rates. Our working conditions, effectiveness, and reduced costs in delivery service have provided efficiency and value to the residents of Ottawa throughout this service delivery timeframe.

Waste Collection Services operates consistent with the private sector and industry practices of ensuring that the team completes the entire pick-up zone each day. If a crew completes their route early, they are reassigned to other locations until the entire daily route of solid waste and recycling pick-up is complete.

The existing procedures have not generated any additional overtime to complete the daily solid waste pick-up.

**Management Representation of the Status of Implementation of Recommendation 5i) at December 31, 2008**

Implementation of this recommendation is 100% complete.

***Solid Waste Management: Response % complete*** ***100%***

**OAG's Follow-up Audit Findings regarding Recommendation 5i)**

Management informed us that Solid Waste Services "are continuing to operate the solid waste in-house collection activities as bid. Our working conditions, effectiveness and reduced costs in delivery service have provided efficiency and value to the residents of Ottawa throughout this service delivery timeframe. Waste Collection Services operate consistent with the private sector and industry practices of ensuring that the team completes the entire pick-up zone each day. If a crew completes their route early, they are reassigned to other locations until the entire daily route of solid waste and recycling pick-up is complete. The existing procedures have not generated any additional overtime to complete the daily solid waste pick-up."

Management also informed us that the Field Supervisor has the authority to relieve of duty operators up to 30 minutes early. Beyond 30 minutes, the approval of the Section Manager is required.

Solid Waste has not considered revising its practice of letting Waste Collectors leave early. There are distinct issues unconnected to overtime in this practice. For example, it is possible that City trucks could be driven more aggressively in order to finish routes earlier, thus incurring unnecessary wear and tear and ultimately costs to the City or employee could sustain physical injuries from rushing through routes. In addition, there is always the potential that the union may consider this practice an "earned right".

The 2005 audit observed that the division was not tracking non-productive time. At that time management had identified that during non-peak months for collection (typically December to March), Waste Collectors typically left (on average) one hour early 50% of the time. Management verbally stated that they were considering creating a separate matrix of overtime paid against non-productive time. At the time of the follow-up this had not been done.

***OAG: % complete*** ***0%***

**Management Representation of Status of Implementation of Recommendation 5i) as of Winter 2010**

Management disagrees with the OAG’s follow-up audit finding that there has been little or no action taken to implement this recommendation.

Non-productive time, including that which results from equipment problems, wait times at processing facilities and under time, is tracked (and was tracked in 2005) in an Excel database and is used to assess route size, productivity targets and staffing levels.

Management has established a written procedure that delegates the early departure decision to the field supervisor who is responsible for monitoring safe working and driving as well as quality of work to ensure that early departure opportunity is not leading to unnecessary risk or liability. Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

**2005 Recommendation 6**

**In order to better monitor and manage overtime, Real Property Asset Management, Program Properties Division, should:**

- a) **Continue its efforts to monitor and manage overtime within the limits of their established overtime budget.**
- b) **Require that staff provide a rationale and justification on the daily Maintenance Activity Sheets as to the reason for any overtime claimed.**

**2005 Management Response**

The comprehensive review will examine the best reporting methods in each service. The input of the Maintenance Activity Sheets is driven numerically with fixed codes assigned to the leave types. Incidence reporting parallels the time sheet process whereby a “reason” is documented, approved, and reported with respect to overtime and on call usage. Continued emphasis will be placed on this information source for the purposes of overtime management.

**Management Representation of the Status of Implementation of Recommendation 6a) and b) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Program Properties Management: Response % complete* **100%**

**OAG’s Follow-up Audit Findings regarding Recommendation 6a)**

Program Properties have had overtime expenditures has follows:

		2006	2007	2008
<b>Program Properties (former RPAM)</b>				
<b>Overtime</b>	Total Annual Budget	519,230	519,230	579,962
	Actual	424,720	563,247	637,268
	Variance	82%	108%	110%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	23,527,818	24,553,343	27,229,001
	<b>Envelope</b> Actual	23,221,492	24,338,112	26,869,708
	Variance	99%	99%	99%

<sup>(1)</sup> Overtime is included in the compensation envelope.

For 2008, Program Properties overspent its overtime budget by 10%.

**OAG: % complete**

**90%**

### **Management Representation of Status of Implementation of Recommendation 6a) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

The managing and monitoring of overtime continues to be a priority for management. Overtime is carefully monitored and tracked by management through monthly financial reports and, the Departmental Management Team reviews overtime on a monthly basis with the General Manager.

Overtime must be paid to employees who are required to work beyond normal scheduled work hours for unplanned or unscheduled programming requirements. This includes: changes or extensions to programming hours such as facilities that remain open on statutory holidays, emergency after-hour response and re-deployment of staff where there is unforeseen absenteeism.

In 2008, Program Properties did over-expend the overtime budget by 10% (\$57K), due to covering off vacancies however, the overall compensation budget was under-spent by \$360K.

Implementation of this recommendation is considered complete.

**Management: % complete**

**100%**

### **OAG's Follow-up Audit Findings regarding Recommendation 6b)**

Since October 2007, City procedure requires staff to supply the reason for overtime. This information is then captured in SAP. The City has established a series of 15 generic reasons for overtime, outlined behind leave forms. We found that Program Properties Services does comply with the corporate practice. However, although this information may be useful at a very high-level, it does not provide any information for analysis by program, area, etc. – information that may be pertinent for managing the day-to-day operations. Leave (vacation and sick) and non-

emergency responses account for approximately 58% of Program Properties 2008 overtime.

Program Properties OT Reasons 2008	Number of Hours	%
Leave - Vacation	4,209.00	24.1%
Non-Emergency Response	3,253.75	18.6%
Leave – Sick	2,685.50	15.4%
Emergency Response	1,753.75	10.0%
Vacant Position	1,590.25	9.1%
Mandatory Timelines	1,109.50	6.4%
Complete Active Job	1,028.75	5.9%
Training/Meeting	703.50	4.0%
Leave - Other Absences	605.00	3.5%
Public Functions	347.50	2.0%
Contract Obligations	162.00	0.9%
Weather Event	14.50	0.1%
Backlog Reduction	1.00	0.0%
<b>Grand Total</b>	<b>17,464.00</b>	<b>100.0%</b>

*OAG: % complete*

**100%**

### **2005 Recommendation 7**

**In order to better monitor and manage overtime, Real Property Asset Management Branch, Venture Property, should:**

- a) **Require that staff provide a rationale and justification on the daily Maintenance Activity Sheets as to the reason for any overtime claimed.**
- b) **Require that staff (OC Transpo Facility) sign the daily Maintenance Activity Sheets and that any use of signature stamp be stopped.**

### **Management Response**

Management agrees with this recommendation. The two operational supervisors will be directed to process and approve overtime paperwork using their signature versus a signature stamp. Follow-up by the data input personnel to monitor compliance will commence immediately.

### **Management Comment -- Real Property Asset Management - with respect to Corporate Security overtime**

Transit Operations as part of the 2004 budget, identified under the Opportunity Log Business Process Review (item TW5.2) a savings of \$260,000 and a reduction of 4.5 FTE's under the heading "Initiate alternative security services of City facilities used by Transit Services". This required that Corporate Security take over this function. This initiative was approved by City Council. The reduction in FTE's came into effect in June of 2004. Corporate Security received Bridge Financing to cover the 6 months of cost for the 4.5 staff being let go. The costs included regular compensation and any overtime that they incurred. This is where the \$12,000 comes

from. The bottom line is that Corporate Security would not have incurred this expense (which was covered by bridge financing) except for this transfer. Since this change, there has not been any overtime charges in Corporate Security (and there will not be as all the staff are MPE).

**Management Representation of the Status of Implementation of Recommendation 7 a) and b) at December 31, 2008**

Implementation of this recommendation is 100% complete.

***Venture Properties Management: Response % complete*** **100%**

**OAG’s Follow-up Audit Findings regarding Recommendation 7 a) and b)**

Venture Properties have had overtime expenditures as follows:

		2006	2007	2008
<b>Venture Property (former RPAM)</b>				
<b>Overtime</b>	Total Annual Budget	199,900	199,900	199,900
	Actual	190,409	191,087	197,687
	Variance	95%	96%	99%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	7,377,267	7,249,782	7,595,243
	<b>Envelope</b> Actual	7,395,697	7,729,762	8,256,313
	Variance	100%	107%	109%

<sup>(1)</sup> Overtime is included in the compensation envelope.

In 2008 Venture Properties did not overspend its overtime budget.

Since October 2007, City procedure requires staff to supply the reason for overtime. This information is then captured in SAP. The City has established a series of 15 generic reasons for overtime, outlined behind leave forms. We found that Venture Properties Services does comply with the corporate practice. However, although this information may be useful at a very high-level, it does not provide any information for analysis by program, area, etc. – information that may be pertinent for managing the day-to-day operations. Public Functions and non-emergency responses account for approximately 60% of Venture Properties 2008 overtime.

Venture Property OT Reasons 2008	Number of Hours	%
Public Functions	2,225.50	42.6%
Non-Emergency Response	1,107.00	21.2%
Leave - Vacation	621.50	11.9%
Leave – Sick	385.50	7.4%
Emergency Response	400.50	7.7%
Leave - Other Absences	158.00	3.0%
Backlog Reduction	115.00	2.2%
Training/Meeting	101.00	1.9%

Venture Property OT Reasons 2008	Number of Hours	%
Complete Active Job	38.00	0.7%
Mandatory Timelines	35.00	0.7%
Contract Obligations	25.00	0.5%
Weather Event	8.00	0.2%
<b>Grand Total</b>	<b>5,220.00</b>	<b>100.0%</b>

*OAG: % complete*

**100%**

### **2005 Recommendation 8a)**

That Payroll Division ensure appropriate controls are in place for processing of all ELR/TR forms including:

a) Ensure appropriate authorization is present.

### **2005 Management Response**

Although there was a limited audit sample, Payroll has and will be taking action to expand its control procedures. The time/leave forms have been revised to incorporate a designated area where authorizing supervisors or managers will print their name and title. This will aid in the identification of signatures. In addition, Payroll will prepare a current list of managers and supervisors who are authorized to sign time/leave forms as a further control measure.

### **Management Representation of the Status of Implementation of Recommendation 8a) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Payroll Management: Response % complete*

**100%**

### **OAG's Follow-up Audit Findings regarding Recommendation 8a)**

We reviewed the timesheets for 20 employees. For all timesheets reviewed, one for a Wastewater and Drainage employee did not have supervisory authorization, however had been entered in SAP. This employee worked overtime daily during the period November 2 to November 7. All other overtime was authorized.

*OAG: % complete*

**95%**

### **Management Representation of Status of Implementation of Recommendation 8a) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

In excess of 200 timesheets were provided for the 20 employees requested and of those, only one timesheet, which equates to less than .5% was missing the full authorization. This was missed due to human error and was not due to the fact that the recommendation was not completed as outlined in the management response.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

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### **2005 Recommendation 8b)**

**Ensure incomplete, or ELR/TR forms with errors, are not accepted and returned to the Client Group for complete information before processing.**

#### **2005 Management Response**

In the past, an informal process was used to return timesheets that were not complete. Although the audit found few forms with missing information and some of that information was not significant (e.g. missing the date of signature of the employee), adjustments will be made in payroll procedures. In the future, a more formal approach will be implemented. Forms that are not completed properly will be returned to the relevant area for correction with an explanation of why the form is being returned. Due to the volume of forms (Payroll processes approximately 400,000 lines of data entry per year), minor changes will continue to be made further to telephone conversations with the authorized supervisor / manager.

#### **Management Representation of the Status of Implementation of Recommendation 8b) at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* *100%*

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#### **OAG's Follow-up Audit Findings regarding Recommendation 8b)**

The November 2008 timesheets of 20 employees were examined. Payroll does have a process to verify that entries are correct however we noted:

- Payroll Services did not return timesheets but rather accepted e-mails to clarify and amend timesheets found to be incorrect. By doing so, the original timesheets does not necessarily represents what is captured in SAP;
- Payroll Services questioned an 8.5 hour absence greater than the 8 hours workday of an employee but did not questioned a 7.5 absence (half hour short of a full day which although possible is unlikely);
- Payroll Services did not question an employee working 9 hours of overtime and thereafter booking sick for 3.5 hours of his/her regular shift; and,
- Various errors were identified (e.g., absence entered for the wrong date, missed entry, missing supervisory authorization, etc.).

As of January 26, 2010, approximately 4,600 City employees (predominantly office personnel) started using the City's Timesheet Solution to electronically enter their absences and attendance. These timesheets are then electronically submitted to their supervisor for authorization. One system hard control, where overtime cannot be entered without a reason, was developed within the Solution. For the 4,600

employees, it is anticipated that the automation will alleviate incomplete forms for “inside employees” and reduce lapse time in capturing both absences and attendances.

*OAG: % complete* *50%*

**Management Representation of Status of Implementation of Recommendation 8b) as of Winter 2010**

Management disagrees with the OAG’s follow-up audit finding that the implementation of this recommendation is only partially complete.

In the initial management response, Payroll indicated that they would either return forms or make minor changes as a result of telephone conversations with managers. Due to the cumbersome administrative process involved in returning timesheets, an email is now being used to communicate with the manager when issues arise, which has resulted in Payroll getting a response more quickly than via internal mail. The manager’s email response is being attached to the original timesheet when the issue is resolved. This process is fully documented.

Payroll would not question an absence less than a full day as this is a situation that occurs on a regular basis. In the situation identified, the forms were authorized by the manager therefore, there was no reason for Payroll staff to question the information further.

As indicated in the initial management response to Recommendation 8 (c), there are sometimes situations where on-call and overtime are paid on the same day that leave is taken. This is allowed in the collective agreement and would include situations where an employee has a special skill set or in emergency situations. Therefore, Payroll would not question this if the form has been properly authorized.

Management considers implementation of this recommendation to be complete.

*Management: % complete* *100%*

**2005 Recommendation 8c)**

**In cases where the system will not accept the data being entered (e.g., on-call time being claimed on the same dates as annual leave, IPP, or time off in lieu), Data Entry Clerks should not create “work-arounds” by entering the time on different dates.**

**2005 Management Response**

There are situations where on-call pay may be claimed while an employee is on leave. This would include situations where an employee has a specific skill set or emergency situations. As the system does not currently allow the entry of this time, it is necessary to do “work-arounds”. In the future, the City will investigate the feasibility of adjusting the pay system to allow the entry of this legitimate time.

**Payroll Division – 2005 General Management Comment**

Management agrees that the sample of ELR/TR forms used in this audit was not statistically representative and therefore no reliable conclusions can be drawn based on this sample regarding Payroll's data entry processes.

**Management Representation of the Status of Implementation of Recommendation 8c) at December 31, 2008**

Implementation of this recommendation is 100% complete

*Payroll Management: Response % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 8c)**

Payroll advised us that "SAP been adjusted to allow for the payment to an employee on-call when the employee is off sick or on annual leave. There is a workaround required since SAP does not allow an attendance to be entered on the same day as a full day absence. To get around this, timekeepers have been advised to split the absence on the sick or vacation day into two records (i.e., post 4 hours vacation or sick in morning and 4 hours in the afternoon, rather than posting 8 hours for the full day). Then SAP will allow the on-call attendance to be entered. Employees continue to be paid on-call when they are off due to sick or annual leave."

Hard controls include system-imposed limitations. The existence of the system-imposed limitation that will not allow an employee to be on-call, which is considered an attendance, on the same day as a full day absence represents such a control. We observed instances where an employee was on annual leave, worked four hours of overtime and was on call confirming that the work around is used. It is our opinion that when an employee is unavailable for work because he/she is sick, he/she should not be paid on-call, as they could not respond to the situation. Much the same, an employee on vacation may be out-of-town and unavailable for work and therefore should not be on-call.

It is also our opinion that uninterrupted vacation time should be allocated to employees.

We found that two of the five employees we sampled in Wastewater and Drainage were either on annual leave or had sick leave on the same day they worked overtime and received on-call pay.

*OAG: % complete* **0%**

**Management Representation of Status of Implementation of Recommendation 8c) as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that there has been little or no action taken to implement this recommendation.

As per the information provided to the OAG by Payroll, the workaround now allows Payroll to post attendances such as on-call and overtime on the same date as an absence has occurred, therefore the recommendation has been fully implemented.

With respect to allowing the payment of overtime and on-call when an employee is on leave, as per the initial management response, the collective agreement allows for this normally in areas where the employee has a specific skill set or in emergency situations. Therefore, from a Payroll perspective there was no reason to question the manager where this occurred as the forms were properly authorized.

Management considers implementation of this recommendation to be complete.

*Management: % complete* **100%**

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### **2005 Recommendation 9**

**For the areas covered in the 2002 Audit of Overtime Costs (Transit Services, Fleet Maintenance, Paramedic Services and Surface Operations), Management should monitor and manage overtime expenditures within the limits of their established budgets.**

### **2005 Management Response**

Management agrees with this recommendation. Management acknowledges that the budgeting for overtime has been flawed, and that overtime budgets should have been revised to more closely reflect actual requirements.

Management has taken aggressive attendance management measures in each of these service areas, as indicated by the Auditor General, and will continue to monitor and manage attendance to help keep overtime as low as possible. It should be noted, however, that these are 24/7 on the street services and overtime will continue to be a necessary part of operations for a number of reasons: overtime must be paid to those who provide service on statutory holidays and to those who respond to emergency/weather-related situations. These are services that must be provided so, when the City has hiring freezes in effect the service is provided by existing staff working overtime. In some cases, as in Paramedic Services and Transit Services, overtime is accrued for contracted services that the City receives revenues for. In Transit Services, the 2004 KPMG Transit Operator Establishment Review stated that within limits (total work hours), overtime is more cost effective than straight time for the City, because benefits are not paid on overtime wages.

The comprehensive review will help identify the optimal levels of overtime in these areas and budgets will reflect those levels.

**Management Representation of the Status of Implementation of Recommendation 9 at December 31, 2008**

Implementation of this recommendation is 100% complete. Adjustments to the overtime budgets were made in 2006 and were included in the report to Council that accompanied the 2006 Branch-by-Branch Overtime Review conducted by Deloitte Consulting. This report was tabled at CSEDC on February 6, 2007. Adjustments were made in consultation with directors and were based on historical data.

*Management: % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 9**

The City's reorganization resulted in the movement or realignment of various budgets or part of budgets. Specifically affecting this audit, the 2005 and present structure of Fleet and Transit Services are different. For the three years following our review the overtime and compensation envelopes of the areas reviewed were as follows:

**Overtime Costs Compared to Compensation Envelope 2006 to 2008**

		2006	2007	2008
<b>TRANSIT SERVICES</b>				
<b>Compensation</b>	Budget	168,309,279	177,425,175	204,659,220
<b>Envelope</b>	Actual	163,073,812	175,635,146	193,927,573
	Variance	<b>97%</b>	<b>99%</b>	<b>95%</b>
<b>Overtime</b>	Budget	12,165,075	11,304,592	11,483,761
	Actual	13,305,769	12,247,523	13,313,979
	Variance	<b>109%</b>	<b>108%</b>	<b>116%</b>
<b>FLEET</b>				
<b>Compensation</b>	Budget	11,670,004	11,947,663	11,753,132
<b>Envelope</b>	Actual	9,986,254	11,410,016	11,486,434
	Variance	<b>86%</b>	<b>95%</b>	<b>98%</b>
<b>Overtime</b>	Budget	431,300	436,000	458,000
	Actual	275,657	274,075	425,527
	Variance	<b>64%</b>	<b>63%</b>	<b>93%</b>
<b>PARAMEDIC SERVICES</b>				
<b>Compensation</b>	Budget	39,730,719	40,579,996	44,232,549
<b>Envelope</b>	Actual	37,396,888	40,635,642	43,101,440
	Variance	<b>94%</b>	<b>100%</b>	<b>97%</b>
<b>Overtime</b>	Budget	1,658,777	1,658,777	1,821,474

		2006	2007	2008
	Actual	1,518,541	1,829,814	2,262,929
	Variance	92%	110%	124%
<b>SURFACE OPERATIONS</b>				
<b>Compensation</b>	Budget	53,873,711	40,138,433	42,072,464
<b>Envelope</b>	Actual	51,057,716	44,874,853	45,520,504
	Variance	95%	112%	108%
<b>Overtime</b>	Budget	4,425,000	3,076,495	3,180,201
	Actual	4,747,759	4,251,626	5,812,109
	Variance	107%	138%	183%
<b>TOTAL (4 AREAS) <sup>(2)</sup></b>				
<b>Compensation</b>	<b>Budget - comp</b>	<b>273,583,713</b>	<b>270,091,267</b>	<b>302,717,365</b>
<b>Envelope</b>	<b>Actual</b>	<b>261,514,670</b>	<b>272,555,657</b>	<b>294,035,951</b>
	<b>Variance - Comp</b>	<b>96%</b>	<b>101%</b>	<b>97%</b>
<b>Overtime</b>	<b>Budget</b>	<b>18,680,152</b>	<b>16,475,864</b>	<b>16,943,436</b>
	<b>Actual</b>	<b>19,847,726</b>	<b>18,603,038</b>	<b>21,814,544</b>
	<b>Variance</b>	<b>106%</b>	<b>113%</b>	<b>129%</b>

<sup>(1)</sup> Overtime is included in the compensation envelope.

<sup>(2)</sup> Audit conducted by the former Audit and Consulting Services Branch.

The City's improvements to its controlling and monitoring of overtime yield positive results in fiscal 2006 and 2007. However, has evidenced by the 2008 increased levels, management needs to return overtime to the forefront of their priorities.

**OAG: % complete**

**80%**

### **Management Representation of Status of Implementation of Recommendation 9 as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

#### Transit Services

The overtime budgets were exceeded in 2008 and 2009 primarily due to the transit strike. The overtime budget was directly impacted as Transit made efforts to return to normal levels of service following the strike. Operator shortages were experienced because the hiring and training of operators was not able to progress during the strike period (December 2008 to March 2009). Going forward, the implementation of Hours of Service Regulations should contribute to the better management of overtime, beginning in December 2010.

Transit Management has and continues to monitor and manage overtime expenditures with the objective of maintaining overtime spending within the annual budget envelope. Any budget variance is reported to Council through established reporting procedures.

### Fleet Services

The managing and monitoring of overtime for Fleet continues to be a priority for management. As referenced in the OAG's table "Overtime Costs Compared to Compensation Envelope 2006 to 2008", Fleet Services has consistently managed within the budget envelope for overtime for 2006, 2007 and 2008.

### Ottawa Paramedic Services

As part of the design and implementation of Telestaff in 2004, the Paramedic Service broke down the allocation of overtime to gain a better understanding of overall overtime distribution. This was later adopted by payroll in SAP.

The Service utilises the data from the scheduling system and continually reviews call volume and time on task per hour of day and day of week to design a staffing model to reduce overtime and improve utilisation of resources.

Areas that incurred an increase of overtime were directly related to lack of resources to accommodate increased call demand, time on task as well as addressing legislated training requirements and collective agreement obligations. With the completion of the hiring of new Paramedic staff in 2009 it has stabilised the use of overtime and a 30% reduction during the first quarter of 2010 compared to 2009 for Paramedic Operations.

Maintained growth will allow the Service to continually staff more efficiently using regular hours rather than overtime for regular operations.

### Surface Operations

The managing and monitoring of overtime for SOPS continues to be a priority for management. Overtime is carefully monitored and tracked by management through monthly financial reports and, the Departmental Management Team reviews overtime on a monthly basis with the General Manager.

The over-expenditure of the overtime budget in 2008 was non-discretionary and was attributable to winter operations in response to the two severe winters experienced in 2007/08 and 2008/09. During winter roads operations, overtime is used to minimize having to permanently staff a third shift to manage severe winter weather response. This practice was reviewed after the 2006 Audit of Surface Operations which demonstrated that even in the near-record snowfall year of 2008, the practice achieves a significant savings in labour expenditures.

Management considers implementation of this recommendation to be complete.

***Management: % complete***

***100%***

**2005 Corporate-Wide Recommendations**

As a result of findings in this audit, we are able to make some general recommendations that would apply on a corporate-wide basis. These recommendations are as follows:

**2005 Recommendation 10**

Departments should better monitor and manage overtime within the limits of their established overtime budget. This would include modification of shifts to address expected workload, better management of absenteeism, and an active budget review process.

**2005 Management Response**

Management agrees with this recommendation.

Management will establish clear protocols around the specific criteria for overtime on a service-by-service basis, and this will be part of the comprehensive review. Overtime budgets will continue to be managed as part of the overall compensation budget, rather than as a single line item. Overtime is generally not viewed in isolation of the overall compensation budget and it is management's view that it should not be viewed in isolation given both the 24/7 nature of many City services, the unpredictability of some significant service drivers (i.e. weather conditions, infrastructure failure like water mains or traffic lights, etc) and the hiring freezes that have been put in place over the past three years. All of these factors are managed within the total compensation envelope to continue to provide front-line services where and when they are needed.

**Management Representation of the Status of Implementation of Recommendation 10 at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: Response % complete* 100%

**OAG's Follow-up Audit Findings regarding Recommendation 10**

The City undertook concerted efforts to reduce overtime since the original audit of Overtime. It was observed that the City was less successful in 2008.

		2006	2007	2008
<b>City of Ottawa Departmental (EXCLUDING Ottawa Police Service)</b>				
<b>Overtime</b>	Total Annual Budget	27,000,011	25,663,948	26,454,259
	Actual	29,146,005	26,735,120	33,155,558
	Variance	108%	104%	125%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	850,017,050	878,736,788	942,682,919
	<b>Envelope</b> Actual	818,901,252	867,637,210	936,383,109
	Variance	96%	99%	99%

<sup>(1)</sup> Overtime is included in the compensation envelope.

We noted stabilization in overtime expenditures in 2006 and 2007. In comparison, 2008 saw an increase. Efforts to decrease overtime will inevitably be an ongoing and continued activity for the City.

The City still struggles with the establishment and/or adjustment of the overtime budget.

***OAG: % complete*** ***80%***

**Management Representation of Status of Implementation of Recommendation 10 as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

Departments have made improvements to the monitoring and managing of overtime within the limits of their established overtime budgets since 2006. There were a number of circumstances that led to higher than planned overtime costs in 2008. These reasons were identified in the original management response: the unpredictability of some significant service drivers (i.e., weather conditions, infrastructure failure like water mains or traffic lights, etc.) and hiring freezes.

Active management of overtime and all other compensation costs is occurring now and will continue in the future.

Management considers implementation of this recommendation to be complete.

***Management: % complete*** ***100%***

**2005 Recommendation 11**

**Departments should utilize the corporate financial system's full functionalities to monitor, control, and reduce total overtime as well as individual employee overtime and that where required, staff be provided with additional training. In addition, that any use or maintenance of sub-systems other than the corporate financial system should be discontinued. In order to ensure the corporate financial system's information accuracy, Departments should address the time lapse of employees submitting the required leave/overtime forms.**

**2005 Management Response**

Management agrees with the intent of this recommendation.

This will be part of the comprehensive review. Given the number of different facilities, however, management expects that there will always be some time lapse in many services. The review will address methods of minimizing that lapse.

**Management Representation of the Status of Implementation of Recommendation 11 at December 31, 2008**

Implementation of this recommendation is 100% complete. All of the recommendations in the 2006 Branch-by-Branch Overtime Review conducted by Deloitte Consulting, tabled at CSEDC on February 6, 2007, are being implemented. In addition, a Management Bulletin was sent out to managers in January 2008 reminding them of the importance of timely submission of time/leave forms.

*Management: Response % complete* **100%**

**OAG's Follow-up Audit Findings regarding Recommendation 11**

City departments continue to use sub-system to monitor, control, and reduce total overtime. For example, Fire Services continues to use a manual Excel spreadsheets, Paramedics and Long-Term Care, Telestaff, Public Works, ITX-MMS, etc.

As stated earlier, in a Management Bulletin dated October 12, 2007, management were reminded that: "It is important for employees and managers to submit forms to the Payroll division in a timely manner to ensure that employees are paid correctly and on time. This also helps ensure the SAP system is kept up-to-date for reporting purposes."

Our review of 20 employees timesheet for November 2008 conclude that certain areas were better at managing the lapse time between working the overtime, employees submitting the required leave/overtime forms and it being recorded to the corporate financial system. Lengthy lapses were particularly evident in Fire Services Branch. The City information system cannot hold accurate and timely information unless lapse times are addressed.

*OAG: % complete* **70%**

**Management Representation of Status of Implementation of Recommendation 11 as of Winter 2010**

Management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only partially complete.

This recommendation has been fully implemented for the majority of the corporation. Ottawa Fire Services is undertaking the actions required to complete this recommendation as indicated by the management responses to Recommendations 1 and 2.

Management considers implementation of this recommendation to be substantially complete.

*Management: % complete* **90%**

### **2005 Recommendation 12**

**That Employee Services develop clear policies and guidelines regarding the management of overtime.**

#### **2005 Management Response**

Management agrees with the intent of this recommendation.

However, management believes most policies and guidelines will be developed on a service-by-service basis rather than a corporate basis given the number of operational variables between branches e.g. service commitments, staffing and budget levels and applicable collective agreements.

#### **Management Representation of the Status of Implementation of Recommendation 12 at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: Response % complete* **100%**

#### **OAG's Follow-up Audit Findings regarding Recommendation 12**

The City has developed an Overtime Corporate Policy, effective June 4, 2007. In addition, all areas reviewed had developed a branch complimentary Guideline/Procedure/Protocol.

*OAG: % complete* **100%**

## **4 SUMMARY OF THE LEVEL OF COMPLETION**

This follow-up audit was to determine if recommendations relating to overtime have been implemented and had achieved their objectives. The table below outlines our assessment of the level of completion of each recommendation contained in the 2005 Audit of Overtime as of the fall of 2009. Implementation of recommendations made by Deloitte Consulting was not assessed.

### **SUMMARY OF THE LEVEL OF COMPLETION**

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
LITTLE OR NO ACTION	0 – 24	1c, 1d, 1e, 2a, 2b, 2d, 5i, 8c	8	17%
ACTION INITIATED	25 – 49	2c, 4c, 4g, 5h	4	8%
PARTIALLY COMPLETE	50 – 74	3h, 4b, 5d, 8b, 11	5	11%
SUBSTANTIALLY COMPLETE	75 – 99	3b, 3c, 3i, 4a 5b, 5e, 6a, 8a, 9, 10	10	21%
COMPLETE	100	1a, 1b, 3a, 3d, 3e, 3f, 3g, 3j, 4d, 4e, 4f, 4h, 5a, 5c, 5f, 5g, 6b, 7a, 7b, 12	20	43%
TOTAL			47	100%

Overall, the City successfully implemented various undertakings in relation to overtime. Efforts during 2006 and 2007 to decrease overtime yield positive results reflected by stabilization and noticeable lower overtime dollars. Higher levels were however observed for fiscal 2008.

Although we recognize that the establishment and adjustments to overtime budget envelopes represent a continued effort for the City, several were noted. A major adjustment of the City's overtime budget cost centre (e.g., 501150) occurred in 2006 when an increase of \$7.6 million was made to better reflect the City's level of spending.

The City also developed an Overtime Corporate Policy that took effect June 2007. Per this corporate policy, the branches we surveyed had also issued complementary guidelines/procedures and protocols to better reflect their individual business needs.

In addition, the corporation improved its SAP monitoring of overtime - by requiring employees to populate the new "Overtime Reason Codes" using a legend on the reverse side of the absence/attendance form. Although the information captured is at a high level, it nonetheless provides an indicator of cause.

At the time of our review, the City was implementing the automation of attendance and absences for a number of employees. Starting with Phase I in November 2009, a pilot project was directed at Human Resources and ITS branches, with the anticipation of completion in March 2010. As of January 26, 2010, approximately 4,600 City employees (predominantly office personnel) started using the City's Timesheet Solution to electronically enter their absences and attendance. These timesheets are then electronically submitted to their supervisor for authorization. One system hard control, where overtime cannot be entered without a reason, was developed within the Solution. It is anticipated that the automation will alleviate incomplete forms for "inside employees" and reduce lapse time in capturing both absences and attendances.

In the three years since our review, management has placed a high priority to fully implement recommendation and bolster the control and oversight of overtime. In total management has fully and substantially completed the implementation of 30 of the 47 proposed recommendations.

For the present follow-up, we focussed on the primary overtime-cost centre, e.g., 501150 only (e.g., excludes court overtime, special overtime, overtime to cover statutory holidays, etc.). As indicated in the table below, the City stabilized its overtime expenditures in 2006 and decreased it in 2007. However an increase was noted in 2008. Efforts to decrease overtime will inevitably be an ongoing and continued activity for the City.

## CITY OF OTTAWA 2008 OVERTIME AND COMPENSATION BUDGETS

		2006	2007	2008
<b>City of Ottawa Departmental (incl. Ottawa Police Service)</b>				
<b>Overtime</b>	Total Annual Budget	29,796,511	28,556,348	29,343,559
	Actual	33,206,178	31,992,026	36,720,175
	Variance	111%	112%	125%
<b>Compensation <sup>(1)</sup></b>	Total Annual Budget	1,009,105,930	1,045,959,804	1,121,434,557
	<b>Envelope</b> Actual	978,220,321	1,044,607,849	1,120,076,813
	Variance	97%	100%	100%

<sup>(1)</sup> Overtime is included in the compensation envelope.

We observed the following remaining weaknesses in the areas we reviewed:

- **Lack of employee training at Fire Services** - Management has not made the training and the monitoring of training a priority in order to ensure specific employees at Fire Services do not work inordinate amounts of overtime.
- **Budgeting / Continuity** - The Manager, Wastewater and Drainage Operations could not provide insight as to why his predecessor had requested a decrease to the overtime budget, which in part caused the branch to overspend its 2008 overtime envelope.
- **Overtime review in conjunction with FTE and service levels** - Management in Wastewater and Drainage Operations, Customer Services and Solid Waste review the overtime budget envelopes however do not conduct in-depth analysis of the cost benefit of using overtime versus employees.
- **Oversight of employee's overtime** - In Wastewater and Drainage Operations and Fire Services, more than one supervisor authorized some employees' timesheets rendering the controlling of overtime more difficult.

A Fire Services employee submitted an overtime timesheet in May 2009; 5.5 months after the overtime had been worked (timesheet represents overtime worked on five different days in Oct-Nov 2008). The overtime was accepted and authorized.

Some managers were unaware as to the level (hours and dollars) of overtime worked by individual employees. In order to determine if this was a concern for the City, we reviewed the City's top 25 overtime earners for 2008. In addition to their regular salary, these employees earned additional overtime remuneration ranging from \$82,200 to \$34,700 in 2008.

**TOP 25 CITY OF OTTAWA 2008 OVERTIME EARNERS (1)**

	Portfolio	Position	2008 Overtime Dollars	2008 Overtime Total Actual Hours Worked	Average (2) Additional Hours Per Week
1	ISCS (3)	Licensed Mechanics	82,222.43	1,892.50	36.39
2	CITY_OPS (4)	Firefighter	56,600.96	1,017.00	19.56
3	ISCS	Licensed Mechanics	54,060.93	1,345.50	25.88
4	ISCS	Garage Supervisor	51,589.52	1,041.50	20.03
5	ISCS	Bus Operator	48,238.03	1,299.56	24.99
6	ISCS	Garage Supervisor	45,907.77	1,047.75	20.15
7	ISCS	Transit Supervisor	45,736.37	1,167.00	22.44
8	ISCS	Garage Supervisor	45,105.10	919.25	17.68
9	CITY_OPS	Advanced Care Paramedic	45,005.02	918.25	17.66
10	ISCS	Bus Operator	44,394.43	1,194.41	22.97
11	CITY_OPS	W-Zone Supervisor	43,101.99	765.50	14.72
12	CITY_OPS	Advanced Care Paramedic	42,753.97	849.16	16.33
13	ISCS	GA - Tire Changer	41,065.75	1,108.08	21.31
14	ISCS	Bus Operator	39,816.14	1,070.45	20.59
15	ISCS	Bus Operator	38,858.63	1,047.30	20.14
16	ISCS	GA – Misc. Relief	38,439.39	1,060.00	20.38
17	CITY_OPS	Paramedic Supt. - Team Leader	38,059.46	630.30	12.12
18	ISCS	Bus Operator	37,724.10	1,016.12	19.54
19	ISCS	Licensed Mechanics	37,683.39	866.00	16.65
20	ISCS	Licensed Mechanics	36,767.39	894.00	17.19
21	ISCS	Fare Box Changer - TOSS	36,495.41	882.25	16.97
22	ISCS	Bus Operator	35,689.22	958.38	18.43
23	ISCS	Bus Operator	35,180.36	945.85	18.19
24	ISCS	Garage Attendant - STL	34,797.86	1,024.00	19.69
25	CITY_OPS	W-Zone Supervisor	34,716.18	724.50	13.93

(1) Excludes overtime of Ottawa Police Service, Ottawa Public Library, Committee of Adjustment.

(2) Average based on a 52-week year (does not account for absences such as vacation and sick leave or for strike lock out).

(3) Infrastructure Services & Community Sustainability Portfolio.

(4) City Operations Portfolio.

If earners worked a full 52 weeks each year (which does not account for any additional types of regular absences such as vacation leave, sick leave, strike lock-out, etc.) the highest overtime earner would have needed to work each week at least an additional 36 hours and the 25<sup>th</sup> earner, at least 14 hours.

- **Lack of approvals** – Payroll accepted a timesheet from a Wastewater and Drainage Operations' employee that had been submitted with 4.5 hours of overtime without any supervisory authorization (i.e., signature).
- **Retention and availability of source documentation** – Some timesheets for 3 of the 20 employees we sampled (two in Fire Services and one in Solid

Waste) could not be provided at the time of request. They were subsequently provided.

- *Incongruence* - Observed variances on Fire Services, Solid Waste and Customer Services timesheets between the number of hours, the dates or the absence type indicated on timesheets submitted and the information entered in SAP.
- *Data entry* - For a Fire Services employee, we observed instances where overtime worked on a timesheet (e.g., four dates) was summed and entered as one date. Therefore our sample demonstrated that SAP information did not show that overtime was worked on 19 separate days and incorrectly displayed five dates.
- *Circumvention of controls* - Hard controls include system-imposed limitations. SAP disallows the payment of an attendance (e.g., on-call) to an employee who has a full-day absence (e.g., annual leave, sick leave, etc.). It is Payroll Services' position that it is necessary to do "work-around" in order to allow payment of on-call to employees on leave. We observed that two of the five employees we sampled in Wastewater and Drainage were either on annual leave or took sick leave on the same day they worked overtime.
- *Lapse Time* - Moreover, only once lapse time (between overtime being worked, the employee submitting a timesheet, its authorization at an appropriate level and the information being entered to SAP) is addressed will SAP, the City's information system hold accurate and timely information.

Management's attention is now required to address the remaining recommendations where implementation has not progressed to expected levels.

## 5 CONCLUSION

The City's improvements to its controlling and monitoring of overtime yielded positive results in terms of a decrease in overtime expenditures, particularly in fiscal 2006 and 2007. The City was prompt to react to the audit and to develop and issue a corporate policy to address overtime. This is an indication that the City can work more efficiently and that lower level of overtime can be achieved. Except for Fire Services, where we have concerns over the overtime practices, good progress in the areas reviewed was observed.

The City's accomplishments in terms of the decrease in overtime observed in both 2006 and 2007 started to falter in 2008. In light of the progress noted, overtime needs to be returned to the forefront of management's priorities.

## **6 ACKNOWLEDGEMENT**

We wish to express appreciation to the staff and management for their cooperation and assistance throughout the audit process.