

**AUDITOR GENERAL**

Halifax Regional Municipality

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A Performance Review of Flexible  
Work Arrangement Programs  
at Halifax Regional Municipality<sup>©</sup>

**March 2016**

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## A Performance Review of Flexible Work Arrangement Programs at Halifax Regional Municipality<sup>®</sup>

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### Table of Contents

Preamble .....	3
Objective.....	4
Scope .....	4
Methodology .....	5
Executive Summary .....	6
Summary of Recommendations .....	10
1.0 Lack of Consistent Programs and Outcomes for Flexible Work Arrangements .....	13
2.0 Inconsistent Business Unit Use of Earned Days Off .....	17
3.0 Absence of Adequate Tracking of Time Earned and Time Taken.....	22
4.0 Individual Business Unit / Halifax Water Flexible Work Arrangement Practices .....	28
Appendix A: HRM Flexible Work Arrangements Policy .....	33
Appendix B: Earned Day Off Policy.....	34
Appendix C: HRM Overtime Policy .....	35
Appendix D: Management Response .....	36

**Preamble**

Flexible work arrangements such as Earned Days Off (EDOs) or Compressed Workweek (CWW) have been mentioned in two earlier reports by the Office of the Auditor General (OAG):

- Halifax Regional Municipality (HRM) A Performance Review of Employee Absence Leave
- HRM Payroll System – A Performance (Process) Review

In both reviews, the OAG did not specifically examine the EDO and CWW programs but rather noted corporate data does not exist to measure these programs.

Organizationally, HRM has a broad Flexible Work Arrangements policy and a more specific policy covering the EDO component (Appendix A and B respectively) within its Human Resources Policies and Business Practices. These documents set out, at a high level, parameters under which the EDO program or other flexible work arrangements may operate, with the emphasis of this report looking at the EDO programs.

While there are multiple guidelines and implementations within business units governing EDO/CWW programs, the general premise is consistent; employees work (then bank) additional hours in advance of taking earned time off. Employees approved for the EDO program, work additional time each day and once enough hours have been accumulated (generally every second or third week), are able to take a pre-determined day off with pay as an EDO. During the review period (January 1, 2014 – December 31, 2014), 246 individuals took over 3,000 days off (as recorded in SAP) as EDOs (an average of 12 days per participant).

A CWW program allows employees to work the required weekly hours in fewer days to compress the workweek, for example, working four 10-hour days rather than five 8-hour days. While on the surface an EDO and CWW might appear similar, employees working an EDO have their core hours spread over a five-day workweek, with some additional time worked each day towards the EDO, to be taken once the time has been accumulated.

These programs have garnered the attention of Regional Council during past budget discussions. One Councillor suggested Management better monitor the Earned Day Off program as a means of budget efficiency.

During initial discussions with HRM staff, it became apparent a variety of flexible work arrangement program offerings are in place throughout HRM. Program implementations vary by business unit, divisions within business units and employee groups.

## Objective

The objective of this review was to determine whether EDO and CWW programs at HRM are effectively achieving the established outcomes of the programs.

In order to satisfy this objective, the OAG developed the following lines of enquiry:

1. Review and determine whether expected outcomes and benefits have been clearly identified and documented.
2. Review and comment on the use of flexible work arrangements by HRM and Halifax Regional Water Commission (Halifax Water) employees with respect to efficiencies of operations.
3. Review and comment on the efficiency, effectiveness and compliance of individual business unit and Halifax Water processes with respect to policies or established business practices.
4. Review and benchmark the HRM business unit and Halifax Water flexible work arrangement program offerings to other municipalities.

## Scope

The review focused on flexible work arrangements having taken place from January 1, 2014 to December 31, 2014. The review included HRM business units and Halifax Water. For trending of flexible work arrangement data, the OAG obtained additional data from SAP for 2012-2014.

The OAG was made aware Halifax Water had formally introduced a CWW/EDO program in November 2014 and data availability would be from that point forward.

## Methodology

- Conducted interviews with Human Resources and various staff of business units which utilize flexible work arrangements and Halifax Water.
- Obtained relevant policies, guidelines and forms surrounding flexible work arrangement implementations within HRM business units and Halifax Water.
- Sampled internal EDO records (electronic and physical) to determine if the overarching HRM and/or individual business unit or Halifax Water EDO policies and guidelines are being followed with respect to EDO contract approval and recording of time.
- Met with Human Resources management to determine the EDO (and flexible work arrangement) business purpose, implementations and monitoring of the program.
- Contacted business unit staff to establish EDO use, definitions, program understandings and rollout of flexible work arrangements within individual business units and Halifax Water.
- Identified trends in usage of EDO/CWW programs.
- Reviewed individual business unit and Halifax Water EDO implementations and those of other organizations for program specific processes or offerings.

## Executive Summary

While conducting previous reviews, it became evident to the Office of the Auditor General (OAG) there may be a lack of controls around the use of flexible work arrangements at Halifax Regional Municipality (HRM). To determine whether a project should be undertaken by the OAG, an environmental scan was conducted. This scan included obtaining policies and procedures related to flexible work arrangements as well as interviews with individual business unit coordinators.

### No Defined, Measurable Program Outcomes

While flexible work arrangement programs exist in HRM and Halifax Regional Water Commission (Halifax Water), neither organization's policies consistently provide clear direction, detail anticipated outcomes, outline benefits or define program measures. Participation in the programs is a decision left to managers in business units or management units within the business units, ultimately creating a program or benefit not necessarily accessible to all employees.

Without a universal program and no clear corporate direction across HRM, several individual HRM business units have taken it upon themselves to create business unit specific Earned Day Off (EDO) programs. The OAG found, business unit specific implementations often document the terms and understanding of their programs, for both the employee and management, providing a greater level of detail.

A recurring theme of the HRM/Halifax Water flexible work arrangement programs is the need to meet a 'work/family' or 'work/life' balance; however, these terms are not clearly defined by HRM or Halifax Water. The OAG supports the concept of flexible work arrangements enhancing work/life balance. However, the OAG believes the programs in place for HRM and Halifax Water do not provide sufficient detail or provide program specific outcomes; therefore, the performance of these programs is not measurable. With this in mind, the OAG decided to review programs currently in place to assess, on an ad hoc basis, the operations of the various programs.

### Inequitable Access to Flexible Work Arrangements

Without clear direction surrounding the programs, there is the risk of employees in similar positions but in different business units not having the

same access to flexible work arrangement programs. With a variety of implementations of business unit EDO programs, a consistent (corporate-wide) reporting method is not available to HRM Administration to measure and gauge the success of the program.

The HRM Earned Day Off policy states, “Managers are encouraged to make every reasonable effort to accommodate employee’s request to participate in the Earned Day Off (EDO) program”. However, it was difficult for the OAG to determine the steps and processes used to allow participation in the EDO program within different business units as no documentation exists.

Using SAP data, the OAG calculated the average overall participation rate for EDOs in HRM business units to be 7%, with some individual business units having no usage of EDOs to a high of 85% participation in HRM Legal, Insurance and Risk Management Services (Legal). Halifax Water’s participation rate was 18%. With the wide variations in participation rates, the OAG must question what makes EDO programs so widely accepted by some business units while not at all in others. Is the organization committed to these flexible work arrangements as both a benefit and a culture or is it simply viewed as an option when it is operationally convenient or easy?

#### **Unclear Definition of Extra Work**

Many HRM job descriptions state along with the standard hours of work, extra hours of work may be required from time to time. Based on a high level analysis completed by the OAG, some non-union position levels appear to be eligible for overtime<sup>1</sup>, whereas many more senior non-union position levels are not. It appears the EDO program may be benefiting some individuals who are not eligible for overtime as their base compensation is designed to ensure they are adequately compensated in the event they do spend extra hours in the workplace. The OAG is of the belief working extra hours should not be automatically considered as time towards an EDO (in the case of those positions not eligible for overtime). Without a clear policy with respect to EDO time banking and eligibility, it might appear, positions not eligible for overtime, may be compensated for additional time present in the workplace by being able to take time off as an EDO. The OAG must question how the determination is made between “extra hours in the workplace”, as set out in the HRM Overtime policy and banking time towards EDOs.

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<sup>1</sup> Position levels designated eligible or not eligible identified in HRM Overtime Policy (Appendix C)

### Inadequate Time Tracking

For many of the leave types used and tracked throughout HRM (e.g. sick, vacation, overtime) a 'bank' of time is used. For example, if an employee works overtime, the extra hours are recorded in an overtime bank, either to be paid at the time they are earned or in the future or taken as time off at a later point. Likewise when an employee is absent from work for vacation or sickness, the hours absent are deducted from the appropriate bank of time. Over the one-year review period, 3,004 days off were recorded as EDOs in SAP. However, the additional hours or partial hours of time worked and banked to earn the EDOs (approximately 21,000 hours annually) were not tracked in SAP. While some business units informally track an individual's time banked, either by way of a paper-based (physical) time sheet or the 'Intranet Time Sheets', no one system exists nor is there a centralized bank in SAP with the accumulated extra hours recorded. Despite the HRM Earned Day Off policy requiring staff to maintain a record of additional time worked, only 48% of individual time sheets sampled indicated additional time worked (or banked) in advance of EDOs. Therefore, the OAG has to question the controls in place around a system which records time taken as EDOs while not having time recorded to support the taking of an EDO.

During the course of reviewing employee hours, the OAG identified a group of employees working a compressed workweek, four 10-hour days (7:00 am to 5:00 pm daily) rather than five 8-hour days. This group of employees had likely been working within the four day period between a 36 and 38 hour week (9 to 9.5 hours per day assuming a half hour to a one-hour lunch) rather than their contracted workweek of 40 hours. The OAG estimated the hours lost for this group of employees in 2014 alone was between 700 and 1,450 hours (as much as 70% of one full-time employee). The OAG also estimated the total loss, dating back to 2008 when some employees started using this program, to be between \$100,000 to \$200,000. This estimate is not only a loss of productivity but also a financial loss as employees were paid based on having worked 40 hours per week rather than the 36 to 38 hours actually worked.

### Conclusion

Policies and procedures in an organization are used to provide the basis for controls and create leading practices for the organization to be able to achieve its goals and objectives as well as to provide consistent practices among employees. The OAG believes any process which involves time worked



or time taken off should follow formal and consistent policies and procedures.

Because of the low volume and nature of EDOs, one could be of the opinion the need for a single policy with strong controls to ensure time is appropriately tracked may not be warranted. However, as compensation is the largest single expense of the municipality, the OAG believes all components relating to compensation should be managed with the same level of controls. The OAG acknowledges, as with many other OAG reports, the value in dollars may not be significant or material to the overall HRM budget; however, the cumulative dollar value of these reviews remains significant to the taxpayers of HRM. Therefore, the OAG must question what measures are being taken by HRM to identify and safeguard against risks such as misappropriation of time worked.

With the current flexible work arrangement programs available to limited groups of employees within the Municipality, what could be defined as a benefit appears to be only available to a small group of eligible employees. Without a well-defined program with clear outcomes, it is not possible to measure the success of the program. As well, Management is also not able to definitively answer the follow questions:

- Is HRM able to offer a consistent level of service to the public while offering flexible work arrangements?
- Is work being done in a timely manner while offering flexible work arrangements?
- Can HRM show service levels have not suffered or if they have improved because of flexible work arrangements?
- By having flexible work arrangements, is HRM able to attract potential employees and better retain existing staff?

Considering a combination of all leave types taken during the summer vacation season in 2014 (June 30 – September 5), the OAG identified 22 occurrences (days) where there was a greater than 33% vacancy rate in some business units and three occurrences (days) greater than 50%. With these high levels of employees being absent from the workplace, the OAG must question what guidelines business units follow, when granting leave, to ensure service delivery will not be negatively impacted and operational requirements can still be met. The OAG also noted 88% of employees taking EDOs take either Monday or Friday, leaving the OAG to again question whether there are adequate staffing levels in business units at given times necessary to fulfill operational requirements.

## Summary of Recommendations

The following recommendations are printed verbatim from the detailed findings section of the report. To appreciate the full intent of the recommendations, they should be read in context of the section of the report indicated by the page numbers.

- 1.0.1 The OAG recommends HRM Administration and Halifax Water Management establish and document an overarching flexible work arrangement program (encompassing at a minimum the programs currently offered) with defined outcomes, guidelines and criteria and provide individual business units with the necessary tools to implement and measure an effective flexible work arrangement program. (Page 16)
- 1.0.2 Following the implementation of Recommendation 1.0.1, the OAG recommends HRM Administration and Halifax Water Management establish and document the monitoring of program outcomes. (Page 16)
- 2.0.1 The OAG recommends HRM Administration and Halifax Water Management, as part of any flexible work arrangement program (such as an Earned Day Off or CWW) clearly define and document the eligibility guidelines for entrance to the program, the requirements for recording of time, the banking of time and minimum staffing requirements for each business unit or divisions within business units. (Page 20)
- 2.0.2 The OAG recommends HRM Administration review the EDO program in conjunction with the corporate HRM Overtime policy (where base compensation is designed to recognize the need for extra hours worked), to possibly exclude certain positions where extra time worked is considered part of the base compensation. (Page 21)
- 2.0.3 The OAG recommends HRM Administration specifically identify and document by position, the pay-bands eligible for overtime and develop clear language to define how extra hours in the workplace, classified as overtime, differ from banked time for EDOs. (Page 21)

- 2.0.4 The OAG recommends HRM Administration develop and document clear guidelines around what types of leave take priority, in the event of conflicts, as well as require individual business units to develop and maintain guidelines for minimum staffing levels to maintain operational requirements. (Page 21)
- 3.0.1 Further to Recommendation 1.0.1, the OAG recommends HRM Administration, through Human Resources, take ownership of the HRM EDO program and other flexible work arrangement programs. (Page 26)
- 3.0.2 The OAG recommends HRM Administration and Halifax Water Management establish and document corporate tracking of additional earned (banked) time towards earned time off in the SAP Payroll system in a manner similar to the banking of overtime. The OAG also recommends the balance of the banks be accessible to staff in a manner similar to other employee time banks. (Page 26)
- 3.0.3 The OAG recommends, as part of any flexible work arrangement program, HRM Administration and Halifax Water Management include standardized signed agreements to provide both the employee and the manager/supervisor a complete and documented understanding of the program and the expectations of both parties. (Page 26)
- 3.0.4 The OAG recommends HRM Administration and Halifax Water Management establish and document reporting requirements to provide managers information to assist with the management of the EDO program. (Page 26)
- 3.0.5 The OAG recommends HRM Administration and Halifax Water Management provide training to managers and supervisors with responsibility for approving time sheets to ensure managers and supervisors are aware of their responsibilities. (Page 27)
- 3.0.6 The OAG recommends HRM Administration and Halifax Water Management review all employee hours to validate the hours worked meet their contracted or obligated hours. (Page 27)
- 4.0.1 Further to Recommendation 1.0.1, the OAG recommends HRM Administration review flexible work arrangement leading practices as part of a new flexible work arrangement program. (Page 32)

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## **Detailed Findings and Recommendations**

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## 1.0 Lack of Consistent Programs and Outcomes for Flexible Work Arrangements

Halifax Regional Municipality (HRM), through the Human Resources Policies & Practices guide, has two policies relating to flexible working arrangements; a broad Flexible Work Arrangements policy (Appendix A) and a more specific policy covering the Earned Day Off (EDO) (Appendix B) component. While an EDO policy does exist, it does not provide clear direction, detail anticipated program outcomes, outline benefits or define program measures.

The Office of the Auditor General (OAG) believes, without a well-defined program with clear outcomes, it is not possible to measure the success of a flexible work program. In reviewing the respective policies for HRM and Halifax Regional Water Commission (Halifax Water), the OAG found for example, although EDO guidelines exist, due to the absence of program specific outcomes, HRM Administration is not able to demonstrate a high level of stewardship over taxpayer funds with the flexible work programs currently in place.

### Lack of Defined Outcomes

As the OAG has mentioned in other reviews, in order to demonstrate stewardship over taxpayer funds any program at HRM should have the following:

- Clearly defined program outcomes
- Clear governance of the program (i.e. who is responsible, organizational structure – whether centralized or decentralized)
- Clear policy and procedures to guide the program
- Reporting capabilities to assist in managing the program
- Performance measures to assess whether the program is effective

After examining flexible work arrangement program documentation, the OAG agrees in principle with the theme to better meet a 'work/family' or 'work/life' balance, a program could be in place. While noble in concept, a 'work/family' or 'work/life' balance is not clearly defined by HRM or Halifax Water; therefore, the OAG believes it cannot be considered a valid outcome of a program until it is clearly defined and measurable.

In speaking with HRM Management, the OAG was advised, the original intent and structure of the program is likely dated and they agree it is appropriate to review given the many changes which have taken place in the composition of the HRM workforce.

As outlined in the Human Resources Policies and Practices Handbook, “Compressed Workweek/Earned Day Off (EDO) may be the flexible work arrangement employees need as part of their work and family balance management strategy”. This statement in itself is not very informative and does not explain the outcomes and objectives the HRM EDO program should be achieving. Similar to how the HRM EDO policy does not identify any program specific outcomes, Halifax Water only has one statement to outline the objective of its EDO program, which is “to assist with work-life balance and to have greater flexibility attending to personal matters”.

The OAG believes for programs, such as flexible work arrangements, to be successful, there must be established and measurable outcomes. Through a high level review of other organizations’ programs, the OAG would suggest outcomes such as those listed below could be considered for a successful program.

Employee outcomes could include:

- balancing work and family responsibilities,
- accommodating personal needs and
- helping to reduce employee stress.

Organizational outcomes could include:

- reducing traffic congestion at certain hours,
- extending hours of service outside of normal working hours, reducing absenteeism and increasing productivity,
- reducing space requirements and operational footprint,
- hiring, retention and re-hiring of valuable employees and
- minimizing or avoid downsizing.

### **Inconsistent Programs Across HRM Business Units**

The absence of a robust, entity-wide EDO policy with clearly defined outcomes, along with a lack of corporate documentation supporting the program that does in fact exist, has led to inconsistency within the organization and corresponding business units’ adoption and use of EDOs. Despite this lack of corporate direction, the OAG was pleased to find examples where individual HRM business units have taken it upon themselves to create business unit specific EDO programs and implementations.

As an example, Finance & Information, Communication and Technology (FICT), has taken the general HRM EDO guidelines from the Human Resources Policies and Practices Handbook and developed a more structured EDO program, mapping out their program guidelines and purpose, to better suit Management's needs and the needs of their employees. As a result, it would appear FICT is better equipped to support and monitor EDO usage by their staff with established core hours, having a signed agreement and requiring employees to record both additional time worked and EDO time taken on their time sheets. However, the OAG believes in order to demonstrate the level of effectiveness of the program, compliance to policies in place must be monitored. This will be addressed further in Section 3.0 of the report.

Similar to FICT, Legal, Insurance and Risk Management Services (Legal) has adapted the general HRM EDO guidelines, by adding structure, documentation and a signed agreement requirement in creating its own business-unit specific EDO program. Unlike FICT, the Legal EDO program has no requirement for the recording of additional time worked. These business unit adaptations provide a higher level of detail by documenting the terms and understanding of the program. However, inconsistencies still exist throughout HRM.

Halifax Water, through their Human Resources department, rolled out a formal Compressed Workweek (CWW) program<sup>2</sup> to eligible staff in November 2014. Through the use of guidelines, an employee signed agreement and the requirement for recording/monitoring of time worked/taken, the Halifax Water CWW program provides the basis for an effective model for a flexible work arrangement program.

### **Inconsistent Access to Flexible Work Arrangement Programs**

Participation in the EDO program is a decision left to business units or management units within the business units, ultimately creating a program or benefit which may not be accessible to all employees as well as not being consistent across business units. It is not clear why some business units or areas within business units participate in an EDO program and others do not as neither HRM nor Halifax Water has identified and documented specific positions or management areas where EDOs are not feasible because of operational requirements. For example, an Administrative Assistant in one business unit may be eligible to participate in an EDO program whereas the same position in another business unit may not. Without a clear set of criteria

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<sup>2</sup> The Compressed Workweek program with Halifax Water is similar in design and benefits to the EDO programs implemented throughout HRM.

for entrance to and ongoing participation in a flexible work arrangement program, the inconsistent access will continue.

The OAG was advised by both HRM and Halifax Water there is no overall policy or requirement in place for a business case to be brought forward to an employee's manager/supervisor for approval before the employee can participate in an EDO program. For some business units, the OAG was advised the process may begin with an informal meeting between the employee and their manager/supervisor to discuss their want/need to participate in the EDO program. Other business units (FICT and Legal) may require the employee to present a business case or application, stating their desire to participate in the program. The lack of a documented process and the informal, inconsistent (across business units) manner in which employees may meet eligibility for participation in the EDO program likely creates inequitable access to an employee benefit which HRM Human Resources has described as a 'need'.

**Recommendations:**

- 1.0.1 The OAG recommends HRM Administration and Halifax Water Management establish and document an overarching flexible work arrangement program (encompassing at a minimum the programs currently offered) with defined outcomes, guidelines and criteria and provide individual business units with the necessary tools to implement and measure an effective flexible work arrangement program.
- 1.0.2 Following the implementation of Recommendation 1.0.1, the OAG recommends HRM Administration and Halifax Water Management establish and document the monitoring of program outcomes.



## 2.0 Inconsistent Business Unit Use of Earned Days Off

The HRM EDO program states, “Managers are encouraged to make every reasonable effort to accommodate employee’s request to participate in the Earned Day Off (EDO) program, taking into consideration the need to meet operational requirements”. It is difficult for the OAG to determine how operational requirements are determined to allow or disallow participation in the EDO program within the different business units, as no supporting documentation exists for determining operational requirements. Ultimately, the decision is left to the manager/supervisor as to whether or not an employee can participate in the EDO program.

**It is difficult for the OAG to determine how operational requirements are determined to allow or disallow participation in the EDO program within the different business units.**

Analyzing data for HRM and Halifax Water, the OAG identified a number of trends related to the use of EDOs. The OAG calculated the overall average participation rate for EDOs at HRM as 7%, with some business units having no use of EDOs to a high of 85% of employee participation in HRM Legal. Halifax Water estimated their participation rate at 18%. These participation rates are calculated as number of participants over total number of employees in the business units.

During the review period, 246 HRM employees had SAP payroll records indicating participation in EDO programs, with FICT having the largest participation with 105 employees. Between 2012<sup>3</sup> and 2014, the overall participation in HRM has declined from 325 employees to 246. Halifax Water records identified 86 participants in 2014<sup>4</sup>. Anecdotally, the OAG has been made aware of employee participation in ‘EDO-like’ programs where no payroll records are maintained of either time taken or additional time worked. It would therefore appear the number of individuals working additional time to gain time off is likely higher but remains unknown as no single program is used throughout HRM.

Although the benefit of EDO participation is restricted by business unit and operational needs, it is open and available to both union and non-union staff. Currently, participation is 65% for unionized employees and 35% for non-unionized employees for both HRM and Halifax Water.

<sup>3</sup> For trending of EDO data, the OAG obtained additional data from SAP for 2012-2014

<sup>4</sup> Halifax Water formally introduced a CWW/EDO program in November 2014

With the lack of an organization-wide adoption of a detailed corporate EDO program, business units have instead developed their own EDO policies and guidelines, often including signed EDO agreements, to meet their needs. With a variety of implementations of business unit EDO programs, a single consistent reporting method does not exist; therefore, in the view of the OAG, it is not possible for HRM Administration to measure and gauge the success of the EDO program. Without measures to know if a program is successful, the OAG must question if the EDO or CWW program, in its current format, should continue.

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**A single consistent reporting method does not exist, therefore, in the view of the OAG, it is not possible for HRM Administration to measure and gauge the success of the EDO program.**

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### Comparison of EDO and Overtime

Many positions at HRM are eligible for overtime compensation, as set out in the collective agreements for unionized staff and the HRM Overtime Policy (Appendix C) for non-union staff, with overtime defined as the need for work outside normal hours of work. The Overtime Policy identifies positions not eligible for overtime as those where the “Base compensation is designed to ensure they are adequately compensated in the event they do spend extra hours in the workplace”. The OAG noted it would appear 29% of HRM non-union positions taking EDOs are specifically identified in the Overtime Policy as not being eligible for overtime compensation. While there is no income level criteria for participation in the EDO program, it is interesting to note 7% of the participants utilizing an HRM EDO program earn greater than \$100,000 per year.

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While not disallowed by policy, the OAG sees the EDO program likely benefiting some individuals whose base compensation was designed to ensure they are adequately compensated in the event they do spend extra hours in the workplace. The corporate HRM Overtime policy identifies specific positions at senior (non-union) levels of the organization where the base compensation is such that extra time is not compensated; therefore, this could be interpreted to mean ‘extra’ hours worked would not be eligible for time off as an EDO. The OAG noted 21% of the HRM non-union positions, taking EDOs

were neither included nor excluded in the overtime policy eligibility definitions. While the working of additional time for an EDO might not be considered extra time, the OAG believes it appropriate to compare it to overtime. Without a clear policy in respect to EDO time banking and eligibility, it might appear for positions not eligible for overtime that overtime is being compensated by way of taking time off. The OAG must question how the determination is made between “extra hours in the workplace”, as set out in the corporate HRM Overtime policy and banking time towards EDOs.

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### High Levels of Employees Absent from the Workplace

Overall, there is no clear direction on what type of leave takes priority when multiple individuals have requested time off (i.e. vacation, EDOs, time off in lieu of overtime or other flexible work arrangements). In reviewing a combination of all leave during the summer vacation season in 2014 (June 30 – September 5), there were 22 occurrences (days) where there was a greater than 33% vacancy rate in some business units and three occurrences (days) greater than 50%. While EDOs alone did not contribute to the high vacancy rates during this period, they did create 10 of 22 occurrences (days) where the vacancy rate was greater than 33%. With these high levels of employees being absent from the workplace, the OAG must question what guidelines business units follow when granting leave, to ensure service delivery will not be negatively impacted and operational requirements can still be met. The OAG also noted 88% of employees taking EDOs take either a Monday (34%) or Friday (54%) off, leaving the OAG to again question whether there are adequate staffing levels in business units at given times necessary to fulfill operational requirements.

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**There were 22 occurrences (days) where there was a greater than 33% vacancy rate in some business units and three occurrences (days) greater than 50%.**

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While some of the EDO programs’ documentation outline the basic hours in which additional time should be worked (i.e. between 7:30 am and 5:00 pm), others do not address this at all. The OAG would suggest if a desired outcome of an EDO program was to extend service hours beyond the standard 8:30 am

to 4:30 pm, this should be documented and appropriate measures taken to ensure adequate staff coverage during all service hours and the extra time worked by employees was coinciding with desired outcomes.

With the lack of program measures and particularly high levels of employees being absent from the workplace at certain times, the OAG must also question if expected levels of productivity are maintained by staff working several small additional units of time over the course of a two or three week cycle when compared to the loss of a full day of productivity.

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#### **Business Unit Alternative to EDO**

The OAG was advised by one business unit, not currently using EDOs, the current concept of an EDO program was considered too rigid as staff would be gone a day every second or third week, negatively affecting ongoing project work. Rather than participate in a fixed program, these employees have an informal flexible work (flextime) arrangement where they work with their managers/supervisors by making arrangements on a case-by-case basis, exchanging additional time worked for time off. The OAG wonders whether more benefit, to both employee and employer, can be achieved from exploring this type of flextime arrangement, rather than formalizing a corporate-wide EDO program, which does not provide true flexibility but rather sets fixed scheduled time off (a day every second or third week).

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**The OAG was advised by one business unit the current concept of an EDO program was considered too rigid.**

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#### **Recommendations:**

2.0.1 The OAG recommends HRM Administration and Halifax Water Management, as part of any flexible work arrangement program (such as an Earned Day Off or CWW) clearly define and document the eligibility guidelines for entrance to the program, the requirements for recording of time, the banking of time and minimum staffing requirements for each business unit or divisions within business units.

- 2.0.2 The OAG recommends HRM Administration review the EDO program in conjunction with the corporate HRM Overtime policy (where base compensation is designed to recognize the need for extra hours worked), to possibly exclude certain positions where extra time worked is considered part of the base compensation.
- 2.0.3 The OAG recommends HRM Administration specifically identify and document by position, the pay-bands eligible for overtime and develop clear language to define how extra hours in the workplace, classified as overtime, differ from banked time for EDOs.
- 2.0.4 The OAG recommends HRM Administration develop and document clear guidelines around what types of leave take priority, in the event of conflicts, as well as require individual business units to develop and maintain guidelines for minimum staffing levels to maintain operational requirements.

### 3.0 Absence of Adequate Tracking of Time Earned and Time Taken

HRM and Halifax Water have corporate human resource systems in place within their SAP implementations. These human resource systems are used for most aspects of time recording and the provisioning of payroll. Employee's time worked and time taken off are maintained in a central location. For example, if an employee works overtime, the extra hours are recorded in an overtime bank either to be paid immediately or in the future or taken as time off at a later point. Likewise, if an employee is absent from work for a vacation or sickness, the hours absent are deducted from the appropriate bank of time.

As the OAG has mentioned in Section 2.0, both HRM and Halifax Water currently have no formal procedure (systems based) for tracking additional time worked (banked) and time taken as EDOs. When time is taken off as an EDO, it is recorded in the respective SAP payroll systems; however, no corporate records are maintained for the additional time worked (banked) in advance to earn the day off. Specific business units have developed and adopted modified time tracking practices to use in their environments but this is inconsistent across the organization and not governed by approved organization-wide controls.

Within HRM and Halifax Water, the most common practice is for employees to track and monitor their own time. Some business units utilize time tracking through the Intranet (HRM) time reporting system while others use physical time sheets with manager/supervisor sign off on any extra time worked or time taken as EDOs. These timesheets, whether Intranet or paper-based, are forwarded to staff in payroll for further processing and re-entry to SAP. Regardless of whether or not time is recorded through the Intranet or by paper timesheet, the additional time worked is not recorded in SAP. This does not enable either the employee or management to effectively monitor the time worked to ensure adequate time is, in fact, worked in advance of the EDO or to ensure the amount worked is credited to the employee. The OAG sample of HRM and Halifax Water time sheets suggests only 46% of employees track their additional time worked either through the Intranet or on paper-based time sheets. Time sheets, after completion by an employee, are submitted for approval by their manager/supervisor.

**The OAG sample of time sheets suggests only 46% of employees track their additional time worked either through the Intranet or on paper-based time sheets.**

While the limited recording and tracking of EDO time (both worked and taken) through the Intranet and/or paper-based systems has no doubt helped to provide some structure for those business areas that do record time banked, a single, homogeneous tracking system does not exist for either HRM or Halifax Water to track earned time banks. The OAG believes if time was recorded in a bank, it could be monitored by both employees and management, ensuring time is worked in advance of time taken and employees are accurately allocated the correct banked hours. Furthermore, adequate monitoring could also provide employees true flexibility in taking banked time when personally desired, and as operations allowed, rather than at fixed intervals, as in every third Friday for example.

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**If time was recorded in a bank, it could be monitored by both employees and management, ensuring time is worked in advance of time taken and employees are accurately allocated the correct banked hours.**

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At HRM in 2014, approximately 3,000 seven-hour days were recorded as having been taken off as EDO time. While the OAG is not suggesting individual employees did not work the extra time in advance of taking an EDO as required by the HRM Earned Day Off policy, there are no payroll system records to support the approximately 21,000 additional hours worked which would be needed to make up the 3,000 EDOs taken in 2014. The current program's description indicates time must be worked in advance and establishes a suggested, fixed, pattern of days off (e.g. every third Friday). As with other 'time banks', such as sick, vacation or banked overtime, the OAG believes a bank of 'earned time' would provide the necessary information to effectively track and monitor additional time worked and time taken off as EDOs.

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**There are no payroll system records to support the approximately 21,000 additional hours worked for the EDOs taken in 2014.**

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The HRM Earned Day Off policy currently only addresses general issues such as:

- EDOs are to be taken when scheduled,
- Ensuring adequate coverage is in place prior to taking a day off,
- Time shall be made up in advance of an EDO if an individual was sick or absent from work and
- Requirements to track additional time worked towards EDOs.

However, HRM currently does not provide specific requirements for each of these matters.

The OAG completed a stratified random sample<sup>5</sup> of employees taking EDOs across HRM business units and Halifax Water, looking for conformity to the limited policies available as well as attempting to gain a better understanding of individual business unit implementations. Of the employees selected in the random sample, only 71% of the time sheets or electronic records were provided to the OAG when requested from the business units. The OAG also found only 59% of the time sheets requested indicated time worked (or banked) in advance of EDOs on the time sheets. Despite HRM staff being required to maintain a record of additional time worked, as part of the HRM Earned Day Off policy, no direction or corporate guidance is provided to satisfy this control.

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**Despite HRM staff being required to maintain a record of additional time worked, as part of the HRM Earned Day Off policy, no direction or corporate guidance is provided to satisfy this control.**

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The OAG had expected a variety of responses given the different business unit implementations; however, the OAG was surprised with the inconsistencies found within divisions of individual business units. The OAG expected to see consistent application of a business unit's EDO program; however, with one business unit, 64% of its employees tracked both additional time worked (banked) and time taken off on their times sheets while the remaining staff only tracked time taken off. Without access to complete and accurate data, management is not able to track and measure the effectiveness of an EDO program.

Although signed agreements are not a requirement of the HRM EDO policy, many individual business units and Halifax Water have implemented this as a requirement. The OAG agrees with the requirement of signed agreements as it is seen as a valuable process. When contracts are documented and signed, employees are then more inclined to honour the commitment made. Legal, Transportation & Public Works (TPW), Fire & Emergency Service and Halifax Water were able to provide 100% of the sampled employee's signed agreements while FICT was only able to provide 36% of the requested agreements.

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<sup>5</sup> A method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics, in this case, business units. A random sample from each business unit is taken in a number proportional to the business unit's size when compared to the population.



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**Legal, TPW, Fire and Halifax Water were able to provide 100% of the sampled employee's signed agreements while FICT was only able to provide 36% of the requested agreements.**

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Of particular note, during the course of reviewing employee hours, the OAG identified a group of employees working a compressed workweek, four 10-hour days. On examination, it was discovered the employees' hours of work were 7:00 am to 5:00 pm daily with no allowance for lunch. The OAG estimates this group of employees had been working between a 36 and 38 hour week (9 to 9.5 hours per day assuming a half hour to a one-hour lunch)<sup>6</sup> rather than their contracted workweek of 40 hours. The manual management controls, in place at the time, of signing a time sheet and validating hours worked had failed by allowing this to go unnoticed. This is not to suggest these recording issues and ineffective controls are systemic across the organization; however, the OAG must once again question if recording time worked in the SAP Payroll system could have provided a stronger internal control, preventing this from going undetected for several years. The OAG estimates the potential lost hours for this group of employees, since the start of working a CWW, (four 10-hour days) to be between 2,500 and 5,000 hours. In 2014 alone, this lost productivity was between 700 and 1,450 hours (as much as 70% of one full-time employee).

The OAG has estimated the loss of time for this group of employees, dating as far back as 2008 for some individuals, to be between \$100,000 to \$200,000. This estimate is not only a loss of productivity but also a financial loss as employees were paid based on having worked 40 hours per week and not the 36 to 38 hours actually worked.

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**The OAG has estimated the loss of time for this group of employees, dating as far back as 2008 for some individuals, to be between \$100,000 to \$200,000.**

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On discovery of this time recording/time worked situation by the OAG, management within the business unit took immediate steps to correct the matter. Hours worked by this group of employees were revised and the compressed workweek schedule was suspended. Business unit management will consider individual employee requests should they arise.

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<sup>6</sup> The OAG assumes employees working 4 ten-hour days would take a lunch break and therefore estimated this between ½ and 1 hour daily.

As previously noted by the OAG, there is an absence of a single HRM organization-wide EDO program in use, given the various individual business unit programs in place. Without a corporate-wide implementation, consistent record keeping and documentation do not exist. While some HRM employees must sign agreements outlining the terms of their EDO program obligations as well as maintaining time records, employees in other business units are not required to sign or agree to any conditions. This has resulted in a situation where the lack of program ownership has created fragmented silos of individual business unit adaptations. The inconsistencies with multiple program implementations provide inefficiencies with possible duplication of recording of data, lack of centralized reporting of program measures as well as inequitable program access with limited controls where participants' responsibilities are not clearly defined.

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**The lack of program ownership has created fragmented silos of individual business unit adaptations.**

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**Recommendations:**

- 3.0.1 Further to Recommendation 1.0.1, the OAG recommends HRM Administration, through Human Resources, take ownership of the HRM EDO program and other flexible work arrangement programs.
- 3.0.2 The OAG recommends HRM Administration and Halifax Water Management establish and document corporate tracking of additional earned (banked) time towards earned time off in the SAP Payroll system in a manner similar to the banking of overtime. The OAG also recommends the balance of the banks be accessible to staff in a manner similar to other employee time banks.
- 3.0.3 The OAG recommends, as part of any flexible work arrangement program, HRM Administration and Halifax Water Management include standardized signed agreements to provide both the employee and the manager/supervisor a complete and documented understanding of the program and the expectations of both parties.
- 3.0.4 The OAG recommends HRM Administration and Halifax Water Management establish and document reporting requirements to provide managers information to assist with the management of the EDO program.

3.0.5 The OAG recommends HRM Administration and Halifax Water Management provide training to managers and supervisors with responsibility for approving time sheets to ensure managers and supervisors are aware of their responsibilities.

3.0.6 The OAG recommends HRM Administration and Halifax Water Management review all employee hours to validate the hours worked meet their contracted or obligated hours.

#### 4.0 Individual Business Unit / Halifax Water Flexible Work Arrangement Practices

As previously noted, it is the OAG's view the HRM EDO policy is not as robust and encompassing as it should be. As a result, various business units have created formal/informal flexible work arrangement programs and policies; unfortunately, these remain at a business unit level. When reviewing the various EDO and flexible work arrangement programs in place by HRM business units and Halifax Water, the OAG found numerous provisions, paraphrased below, which could serve as a basis for a corporate-wide flexible work arrangements program, such as:

- If an employee's level of absenteeism causes them to be part of the attendance support program and they are being coached to improve their attendance, at the manager's discretion, they may be removed from the EDO program. The OAG is of the belief this is especially important as it helps to curb any potential abuse of sick time in conjunction with EDOs for extended periods of paid leave.
- If an employee is sick on his or her scheduled EDO day, there is no changing the EDO day to a sick day.
- Employees who participate in the EDO program will be required to ensure there is sufficient coverage of their job responsibilities. If the coverage cannot be pre-arranged, the employee will be required to report to work for their scheduled shift and reschedule their EDO to another day with their supervisor's permission.
- Employees may not take an EDO before it is earned.
- Employee(s) will track both EDO hours earned and hours taken off on their own time sheet and submit the time sheet to their supervisor for approval at the end of each two-week pay cycle. The OAG is of the belief a switch to electronic time tracking can help to improve the efficiency and effectiveness of a time tracking feature, while also eliminating the need for physical time tracking sheets, and allowing a supervisor to electronically sign off on an employee's hours worked.
- The EDO program is a privilege and if the EDO program guidelines are not followed, an employee(s) may be removed from the program immediately.
- An employee must sign a written agreement, setting out their scheduled hours of work, which then must be approved by a supervisor before the employee can participate in the EDO program.
- Employees are not permitted to take EDOs during certain periods due to operational requirements. This could include situations such as suspending EDOs during winter operations for TPW or more generic reasons such during busy vacation seasons.
- While away from the workplace on vacation, banked time,

bereavement leave or sick leave, the EDO agreement shall cease and restart upon return to work, taking care to maintain the initial rotation.

- If an employee's scheduled EDO falls on a holiday, the employee will have the next day off. The employee must then make up the additional time needed for the next EDO over 13 days of work.
- Employees must earn extra time worked for EDOs during the core hours of HRM, 7:30 am to 5:00 pm, and be continuous with the employee's normally scheduled shift.

Although not meant as an exhaustive list, the OAG believes these practices already in place at certain HRM business units and Halifax Water, serve as an example for what Management should review and incorporate into the current EDO and/or a flexible work arrangement policy. While the above list highlights some key components of a program, the OAG must stress the necessary controls must also be put in place to ensure such guidelines are followed and monitoring is taking place by management.

### **Flexible Work Arrangements in Other Municipalities and Organizations**

During this review of flexible work arrangements, in addition to HRM business units and Halifax Water, the OAG conducted research into other municipalities and organizations, to gain more understanding as to how other organizations integrate flexible work arrangements into their workplace.

Research with other municipalities provided no clear consistency in the adoption of flexible work options or specifically the use of EDOs. The research suggests where municipal units do offer EDOs, or similar flexible work arrangement programs (flextime), standard policies and guidelines are in place across the municipality rather than individual business units developing unique programs. Rationales for implementing flexible work options, such as EDOs or flextime, differ throughout each municipality; however, expected program outcomes can be generally summarized for both employees and the organization as follows:

Employee outcomes could include:

- balancing work and family responsibilities,
- accommodating personal needs and
- helping to reduce employee stress.

Organizational outcomes could include:

- reducing traffic congestion at certain hours,
- extending hours of service outside of normal working hours, reducing absenteeism and increasing productivity,
- reducing space requirements and operational footprint,
- hiring, retention and re-hiring of valuable employees and
- minimizing or avoid downsizing.

In contrast to HRM, benchmarked organizations using other forms of flexible work arrangements have created organizational policies and use signed agreements where applicable to maintain an overarching, formal, documented procedure. The OAG believes a corporate-wide EDO policy, which documents program outcomes and objectives, would be valuable to HRM, and encourage consistent application across the organization.

### **Flexible Work Arrangement Alternatives**

The HRM Flexible Work Arrangements policy is an ‘umbrella’ policy which does not set out program specifics or outcomes but rather states flexible work hours and flexible work places are options for employees while encouraging managers/supervisors to make every reasonable effort to accommodate employees’ requests. Under a broad definition of flextime, the existing EDO programs could be considered a type of flextime; however, where an EDO is scheduled, a day every second or third week, the OAG is of the belief the program is actually rigid and not flexible, which is contradictory to the nature of such a program.

During this review, the OAG also identified an HRM alternative work arrangement program called WORKshift. In March 2013, HRM Regional Council approved HRM participation in the WORKshift program, which is defined as a program designed to encourage and facilitate the application of telecommuting and flex hours at workplaces, with a focus to “reduce pressure on public infrastructure including roads and the transit system”. A business case is in development, by HRM staff, to pilot the WORKshift program but remains in draft form.

The OAG also noted many business units use their own informal flextime guidelines. While some business units have adopted an informal flextime policy (i.e. FICT), there is no documentation surrounding this. In the case of FICT, flextime is mainly used as an alternative to EDOs for those who cannot take them due to operational requirements or if the managing unit does not

allow the use of EDOs. While not formalized throughout the organization, the OAG is aware most business units have some form of informal 'flextime' arrangement where staff may take time necessary to attend to matters outside of work by either making up the time in advance or after the necessary absence. Any alternatives to EDOs which HRM uses, such as flextime, are often undocumented, informal agreements between the employee and manager/supervisor.

While the OAG is encouraged by some business units' individual initiatives to offer flexibility in the workplace as suggested in the HRM Flexible Work Arrangements Policy, there has not been apparent movement on the part of HRM to further explore and implement the WORKshift program providing alternatives to EDOs and greater flexibility to employee work schedules.

### Leading Practices

While conducting research on flexible work arrangements, the OAG found a robust flextime policy at the University of Calgary. The program has many of the quality aspects listed previously, which would be expected to be found in a flexible work arrangement program. Of particular note are two sections of the policy which speak to the utilization of flextime:

- "Flex-time will normally be accumulated in periods of thirty (30) minute intervals per day, and will be taken in no less than half or full day intervals."
- "No more than two (2) days of earned but unused Flex-time may be held at one time."

By adding this into the formal flextime policy, the University has ensured employees cannot work any amount of time, except for 30 minute intervals, as extra time worked. This eliminates any potential issue of employees working only small periods of additional minutes at a time, which the OAG is of the belief provides minimal (if any) additional productivity.

By allowing employees to bank the additional time worked (up to two days), employees have more flexibility to manage work and any issues which may arise. This gives the employee more freedom as compared to a more rigid EDO program where earned days off must always be taken on a fixed day every second or third week (as agreed by the manager and employee at the initiation of the EDO program). With minimum allotments of 30 minutes of extra time worked towards EDOs, management could possibly extend service hours outside of the current operational hours, in selected operations.

**Recommendations:**

- 4.0.1 Further to Recommendation 1.0.1, the OAG recommends HRM Administration review flexible work arrangement leading practices as part of a new flexible work arrangement program.



## Appendix A: HRM Flexible Work Arrangements Policy

### Flexible Work Arrangements

Original Implementation Date:	
Date of Last Revision:	
Effective Date of Last Revision:	
Related Policies/Practices/Links:	See also: <b>Job Sharing</b> and <b>Earned Day Off</b> business practices in this manual
Contact:	Senior HR Consultants, Human Resources
Approved:	

An employee or a group of employees who are interested in a flexible work arrangement may submit a proposal to their manager outlining the proposed flex arrangement and identifying the benefits to the individual(s) and the organization.

Flex work hours ("flextime") may include adjusted daily start/end times, compressed work week or other "earned time off" arrangements, adjustments to the scheduling of lunch breaks or shifts, job sharing or other part-time arrangements.

Flex workplace ("flex place") may include working from home, or some other site apart from the usual work location, providing such arrangements provide the employee with full access to the tools and facilities required to perform the work safely and effectively.

Managers are encouraged to make every reasonable effort to accommodate employees' request for flexible work arrangements, taking into consideration the need to meet operational requirements. Consideration must be given to the impact on group insurance and pension when flexible work arrangements affect earnings (for example, job sharing). A flexible work arrangement may be approved on a trial basis, subject to review or modification after a specified period of time.



## Appendix B: Earned Day Off Policy

### Earned Day Off

Original Implementation Date:	
Date of Last Revision:	
Effective Date of Last Revision:	
Related Policies/Practices/Links:	Link to HRM intranet forms (examples only - currently located under Finance): <a href="http://insidehrm/Forms/Index.html">http://insidehrm/Forms/Index.html</a>
Contact:	Senior HR Consultants, Human Resources
Approved:	

Compressed Workweek/Earned Day Off (EDO) may be the flexible work arrangement employees need as part of their work and family balance management strategy. Flexible work arrangements allow employees to work their regular hours in fewer days. Many employees appreciate having a regular full day off, while still preserving full-time income. Managers are encouraged to make every reasonable effort to accommodate employee's request to participate in the Earned Day Off (EDO) program, taking into consideration the need to meet operational requirements.

- 1) EDO's are to be taken when they are scheduled (no banking of days). Exceptions may be made under extenuating circumstances.
- 2) Staff who participate in the EDO program will be required to ensure there is sufficient cover-off of job responsibilities.
- 3) In the event of time missed, due to sick leave for example, the extra time required for the next earned day off shall be made up prior to taking the scheduled EDO.
- 4) Staff will be responsible to track their own time worked and required to maintain a record of additional time worked.

#### EXAMPLE:

Staff may choose to work on a two (2) week cycle to provide an additional day off every second week. To be eligible for an additional day off (EDO), staff are required to work forty-five (45) minutes longer over eight working days (8) and work one (1) hour longer on the ninth (9<sup>th</sup>) day with the tenth (10<sup>th</sup>) day off. Similarly, for a three (3) week cycle, staff must work seven (7) hours extra over fourteen working (14) days to take an EDO.



## Appendix C: HRM Overtime Policy

### Overtime

Original Implementation Date:	General practice pre-dates municipal amalgamation (1996)
Date of Last Revision:	Nov 17, 2006; August 2014 (correction statement)
Effective Date of Last Revision:	Nov 17, 2006
Related Policies/Practices/Links:	
Contact:	Senior HR Consultants, Human Resources
Approved:	

While HRM recognizes the need for work outside normal hours of work, managers must ensure workloads are managed appropriately to reduce overtime. Employees at levels M2, M3, M4, P2 and P3 on the non-union position ladder chart as well as employees at levels EM3, EM4, EP3, and EP12 on the ITE Pay Plan are not eligible for overtime compensation. Base compensation is designed to ensure they are adequately compensated in the event they do spend extra hours in the workplace. However, exceptions to this may be approved by the Director of Human Resources at the recommendation of the business unit.

Employees at levels M1, P1, A1, A2 and A3 on the non-union position ladder chart are eligible to be compensated for time worked beyond one hour in excess of regular hours of work, when it is operationally required as determined by the employee's manager.

#### Procedures

- All overtime work must be approved by the employee's manager or designate; where possible, in advance of the overtime being worked.
- Commencement of overtime and overtime rates are calculated based on the individual's standard work week. Payment of overtime will be at the rate of pay the employee is earning at the time the overtime is worked.
- Where the overtime work could be assigned to any one of a group of employees, the business unit is responsible for developing a procedure for assigning overtime to ensure it is distributed on a fair and equitable basis, subject to operational requirements.
- Employees at levels M1, P1, A1, A2 and A3 will be compensated for overtime through banked-time or overtime pay-out, both at time and one half; choice of banked-time or pay-out is at the manager's discretion. Time off in lieu of overtime pay must be scheduled with the manager.

The balance of time off in the overtime bank must be reviewed quarterly by the manager and amounts in excess of one week must be scheduled for use as time off or paid out. Managers are responsible to set a target date to deplete accumulated overtime. Pay out of banked time is paid at the rate at which it was earned.



## Appendix D: Management Response

**JOHN TRAVES, Q.C.**  
ACTING CHIEF ADMINISTRATIVE OFFICER



May 3, 2016

Larry Munroe  
HRM Municipal Auditor General  
Belmont House, Suite 620  
33 Alderney Drive  
Dartmouth, Nova Scotia B3J 3A5

**Re: A Performance Review of Flexible Work Arrangement Programs at Halifax Regional Municipality**

Dear Mr. Munroe:

I have reviewed the report, *A Performance Review of Flexible Work Arrangement Programs at Halifax Regional Municipality* dated April 12, 2016. I am in general agreement with the recommendations presented in the report. Administration will take the recommendations under consideration as we continue to develop plans to strengthen our management of human resources.

The overall themes identified in the report are consistent with several approaches being coordinated by our Human Resources business unit in an effort to improve corporate support and service delivery. These approaches include:

- A full review of the HR Non-Union Policies and Practices Manual
- The HR Service Modernization project, which includes a large process redesign and improvement component for service delivery
- The Service Modernization project also includes a technological change component and the first planned implementation is Employee Self-Serve/Manager Self-Serve (ESS/MSS) which is expected to improve tracking and reporting of time and attendance.

In terms of the specific material in your report, HRM administration recognizes the value of flexible work arrangements as an incentive for employees, but is aware that these arrangements need to be balanced with operational realities and supported by sound policy. As noted in your report, flexible work arrangements can be a valuable tool to promote work/life balance, and are used by other organizations as an effective way to motivate and reward employees. As such, our efforts will continue to ensure that flexible work activities are available, but subject to sound management practices and sustained service delivery.

In an effort to keep pace with changing dynamics in the workplace, staff are working to define outcomes, guidelines, and criteria for not just flexible work place arrangements, but for all Human Resource policies. Moreover, I will be undergoing a review to ensure increased awareness, consistency and clarity in the delivery of all municipal corporate policies.

**HALIFAX**

Halifax Regional Municipality  
City Hall, 1841 Argyle Street, PO Box 1749  
Halifax, Nova Scotia, Canada B3J 3A5

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HRM Administration will build on this success, as well as continue to address the specific issues raised in your report, while striving to realize the best possible results for the municipality. As Halifax Water is referenced in several of the recommendations, we will endeavor to work with them to provide whatever support we can to their efforts to respond to your recommendations.

Sincerely,

HALIFAX REGIONAL MUNICIPALITY

Original Signed

John Traves, Q.C.  
Acting Chief Administrative Officer

**HALIFAX**

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