# AUDITOR GENERAL
## Halifax Regional Municipality

# Follow-up Review of Halifax Regional Municipality Overtime©

**November 2015**

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**Preamble**

As part of the Office of the Auditor General's (OAG's) ongoing follow-up process, the OAG reviews Management's responses to previous reports to determine the individual recommendation's implementation status. The 2010 report 'Corporate Overtime – Risk and Opportunity – Phase I' offered 14 recommendations specific to overtime. A later report in 2011 'Review of Benefits Budgeting and Overtime Drivers in HRM' had an additional 19 recommendations, many of which were again related to overtime.

With the Management status of the 14 original recommendations indicated as 'Complete', the OAG felt it appropriate to validate the reported status by reviewing Halifax Regional Municipality's (HRM) use of overtime since the release of the original report. The OAG also felt it important to determine the current levels of overtime to see how the overall usage has trended since the initial report.

A goal of HRM Administration in 2010 was to ensure HRM is an "Employer of Choice". According to the 2010/11 Human Resources Business Plan:

> *Halifax Regional Municipality is committed to providing a healthy workplace culture for its employees. The organization recognizes that a healthy workplace positively influences an individual sense of worth, motivation and productivity, as well as provides additional means to achieve personal and professional satisfaction from work. A healthy work environment has a positive impact on the morale of employees and studies have shown that it can contribute to greater employee engagement and improved performance. In the long run, a health-oriented organizational culture develops healthy employees; healthy and engaged individuals work better, remain professionally active longer and are happier about it. Also, openly supporting work-life balance, helping employees to mitigate the negative effects of stress, expanding fitness and healthy lifestyle options and promoting recognition for individual life circumstances often provides an employer with an advantage in attracting and retaining talent.*

Again in 2015, in a report to the Community Planning and Economic Development Committee, an objective of HRM Administration still remained to become an "Employer of Choice". The OAG believes the use of overtime may have an impact on the organization's ability to achieve this objective. As

suggested in a publication[1] developed by CIRCADIAN, (a workforce performance and safety solutions provider), for businesses operating around the clock, companies relying on excessive overtime may see these consequences with employees:

➢ Increased health problems
➢ Increased safety risks
➢ Decreased productivity
➢ Increased absenteeism
➢ Increased turnover rates

Understanding the conditions under which overtime is required to be worked would appear to be key to accurate forecasting. While this follow-up did not identify specific causes or drivers of overtime, in the past, the OAG has noted conditions listed below as some possible drivers of overtime:

➢ Unexpected circumstances requiring immediate restoration of services
➢ Coverage of employee absences due to:
  • Vacant positions
  • Sick leave
  • Vacations
  • Training
  • Other leave (paid or unpaid)

**Understanding the conditions under which overtime is required to be worked would appear to be key to accurate forecasting.**

## Objectives

The objectives of this review were as follows:

1. To provide assurance as to the completion of the recommendations of the 2010 report 'Corporate Overtime – Risk and Opportunity – Phase I'.

2. To review trends in overtime data and to provide follow-up commentary around the current use of overtime across HRM business units.

3. To review trends in vacant positions across HRM in an effort to identify any relationships between vacancies and overtime incurred.

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[1] 5 Negative Effects of High Overtime Levels, CIRCADIAN, July 2014 http://www.circadian.com/blog/item/22-5-negative-effects-of-high-overtime-levels.html

## Scope

The OAG reviewed and examined overtime records for employees across HRM business units for the 2011/12 to 2014/15 fiscal years. Although included in the initial review (2010) of overtime but excluded from the later review in 2011[2], Agencies, Boards and Commissions (ABCs) were again not included in this review given the low value of overtime reported for these groups.

Included in this review of overtime was all overtime earned by HRM employees. This included both paid overtime[3] and deferred overtime[4].

The data for the period was felt to be sufficient to show trends in overtime as well as to possibly identify unique circumstances causing spikes in overtime. The data for the 2015/16 fiscal year was not used as reportable information within this report as it is not yet a complete data set but was used to identify any apparent trending in the 2015/16 fiscal year.

Excluded in overtime figures for Halifax Regional Police (Police) were entries coded as 'Extra Duty'. As with the original report, this income, although managed by Police, is a flow through from the procurer to the employee and did not form part of overtime costs to HRM.

## Methodology

The Office of the Auditor General must rely on the data and information available from the HRM SAP system and through Management's representations. In reviewing the data and information provided, the OAG uses a reasonable level of materiality in assessing the suitability of the information. Therefore, there is no expectation of 100% accuracy in the data.

The methodology in conducting this project included the following:
- Reviewed the Corporate Overtime – Risk and Opportunity – Phase I Report – Management Self-Assessment
- Obtained monthly reporting and documentation referenced in Management's Self-Assessment
- Extracted overtime records from SAP for the period April 2011 to September 2015
- Extracted vacant positions data from SAP for the period April 2011 to September 2015
- Obtained HRM budget books for fiscal years 2011/12 to 2015/16.

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[2] December 2011 - 'Review of Benefits Budgeting and Overtime Drivers in HRM'
[3] Overtime taken as a payment in the pay period following the incurred overtime.
[4] Overtime worked during a pay period where the employee chose to not take immediate payment. Deferred overtime could be taken as either a payment or time off for the value of the hours banked.

The purpose of the 2015/16 overtime data extract was to identify if it appears any trends in overtime usage are continuing through the current fiscal year. The data was reviewed overall by business unit and by like (grouped) positions and individuals.

The OAG also reviewed the position vacancies across the organization and attempted to determine if there appeared to be any correlation between these vacancies and the amount of overtime incurred for the same period.

**Overarching Commentary**

Despite Management having committed to addressing issues with respect to corporate overtime, the OAG found the majority of the prior report recommendations have not been fully implemented five years after release of the original report.

The OAG does not believe Management has the necessary understanding of the drivers of overtime, as suggested by both the increases in overtime and the variance of actual expenditures to the overtime budget. The OAG continues to be concerned with the overall lack of emphasis placed on the accuracy of overtime budgeting and the rate at which overtime use is increasing.

Of the 14 recommendations issued in the 2010 report, the OAG notes three of the recommendations have been addressed and implemented satisfactorily. One recommendation was date specific for the 2011/12 fiscal year and does not pertain to the information in this follow-up review. The remaining 10 from the original report will be reissued as part of this report, one with additional clarification of the previous recommendation as well as two new recommendations.

As will be discussed in subsequent sections of this report, the OAG noted, over the review period, corporate overtime across the organization has increased substantially while overtime budgets remain relatively unchanged. With this concept in mind, the OAG determined it would be appropriate to re-emphasise the importance of management of corporate overtime and the necessity for Management to provide strong and proper budgeting and explanations for the levels of overtime incurred.

The OAG believes the high level of overtime within certain position groups is unlikely to be an exception due to an unforeseen event, but now is routine and part of the standard service delivery model used by HRM to deliver the services expected by citizens

> **The OAG believes the high level of overtime within certain position groups is unlikely to be an exception due to an unforeseen event, but now is routine and part of the standard service delivery model.**

## Summary of Recommendations

1.0.1   The OAG recommends Management aim to reduce overtime incurred annually to be within 10% of the budgeted amount. Further, the OAG recommends Management explain overtime variances to the Audit and Finance Standing Committee, where variances are beyond 10% of budgeted overtime. (Page 17)

1.0.2   Management review the processes used by the business units in the development of overtime budgets and provide more accurate projections of the overtime management expects to incur in budgets going forward. As various information contained within this report has shown, the budgeting process used for the development of overtime budgets has clearly been flawed. (Page 17)
**Reissuance of Recommendation #2 from the previous report.**

1.0.3   Management consider what additional reporting mechanisms it needs to develop to monitor on a monthly basis, the occurrence of overtime, given the very significant deviations between budgeted and actual overtime reported by the majority of business units. (Page 17)
**Reissuance of Recommendation #3 from the previous report.**

1.0.4   Management request of each business unit a report outlining the business reasons for the overtime incurred in the past and how the effectiveness and efficiencies associated with this overtime are measured and reported. (Page 17)
**Reissuance of Recommendation #4 from the previous report.**

1.0.5   Management request from each business unit a report detailing alternatives for planned overtime including for example redeploying organizational resources or other solutions.  (Page 17)
**Reissuance of Recommendation #13 from the previous report.**

2.0.1   In addition to the information with respect to effectiveness and efficiencies noted above, management should also request of business units information as to how they can reduce overall overtime costs or provide the business case for continuing at the present levels. (Page 20)
**Reissuance of Recommendation #5 from the previous report.**

2.0.2  Annual budget submissions by business units should include additional information with respect to planned overtime. Specific information might include the following:

    i.    Estimated number of FTEs who will incur overtime during the upcoming year.

    ii.    Estimated average number of overtime hours by FTE during the upcoming year.

    iii.    Explanations for estimated overtime hours. These might include an estimate for unforeseen events, planned events, weather related events and others. (Page 20)

**Reissuance of Recommendation #7 from the previous report.**

3.0.1  Management should consider undertaking renewed "staff modelling studies" or "staffing studies" from high business unit users of overtime. While detailed and extensive plans or studies may have taken place in the past, it cannot or should not be assumed the current model is providing the most cost effective or efficient results. (Page 25)

**Reissuance of Recommendation #6 from the previous report.**

3.0.2  Management should consider instituting a reporting alert when an employee's earned hours exceed a predetermined amount that recognizes work life balance and efficiency and productivity. We raise this point as we are aware of a situation where an employee worked during the period under review in excess of 1800 total overtime hours and also where, for example, an employee reported during the review period 690 incidents of overtime at an average of 6.9 hours per occurrence. (Page 25)

**Reissuance of Recommendation #10 from the previous report.**

3.0.3  Management discuss with Human Resources the possible effects organizational overtime may be having on health promotion activities, with possible effects being more apparent stress and fatigue, additional accidents of all kinds or more noticeable work place conflicts.  (Page 25)

**Reissuance of Recommendation #12 from the previous report.**

3.0.4  The OAG recommends Management report quarterly to the Audit and Finance Standing Committee on the overtime earned, in hours and value, by the top 10 position groups incurring overtime.  The report should provide explanations for the expense and how Management will address these situations to achieve the most economical benefit for HRM. (Page 25)

4.0.1   Management should investigate and report on the impact if any, of overtime incurred as a result of the current vacancy strategy using 2010 vacancy savings to offset any budget deficit. (Page 28)
**Reissuance of Recommendation #11 from the previous report.**

The OAG also recommends Management review the current level of overtime consumption and determine the underlying root cause(s) which have resulted in overtime expenditures increasing significantly over the review period.

# Detailed Findings and Recommendations

## 1.0    Budgeted Overtime to Actual Overtime Incurred

The Office of the Auditor General (OAG), as part of its standard process to follow-up on prior report recommendations, determined a follow-up report on the use of overtime across Halifax Regional Municipality (HRM) business units was warranted. As discussed in the 2010 report 'Corporate Overtime – Risk and Opportunity – Phase I', a budget is a reasonably anticipated estimate of an expected or desired future outcome. Significant and repetitive variances from budget may indicate a number of underlying issues such as poor estimating, inadequate budget allocation or unanticipated events.

> **Significant and repetitive variances from budget may indicate a number of underlying issues such as poor estimating, inadequate budget allocation or unanticipated events.**

Recommendation #2  from the 2010 report read,

2.  Management review the processes used by the business units in the development of overtime budgets and provide more accurate projections of the overtime management expects to incur in budgets going forward. As various information contained within this report has shown, the budgeting process used for the development of overtime budgets has clearly been flawed.

Through analysis of overtime data for fiscal years 2011/12 through to 2014/15, the OAG identified a concerning trend in overtime expenditures during the period of the follow-up review. From fiscal years 2011/12 to 2014/15, the OAG determined a 46% increase in overtime was incurred across HRM business units. Equally concerning to the OAG is what appears to be a lack of emphasis being placed on the accuracy of overtime budgets, as the difference between total budgeted overtime and total overtime incurred over the four year period resulted in an overtime variance of $14.9 million, or 33%. These totals are illustrated in Exhibit 1 below.

**Equally concerning to the OAG is what appears to be a lack of emphasis placed on the accuracy of overtime budgets. The difference between total budgeted overtime and total overtime incurred over the four year period resulted in an overtime variance of $14.9 million, or 33%.**

Exhibit 1: Budgeted Overtime,  Overtime Incurred (Actuals) (2011/12 – 2014/15)



Overtime Budget, Actuals
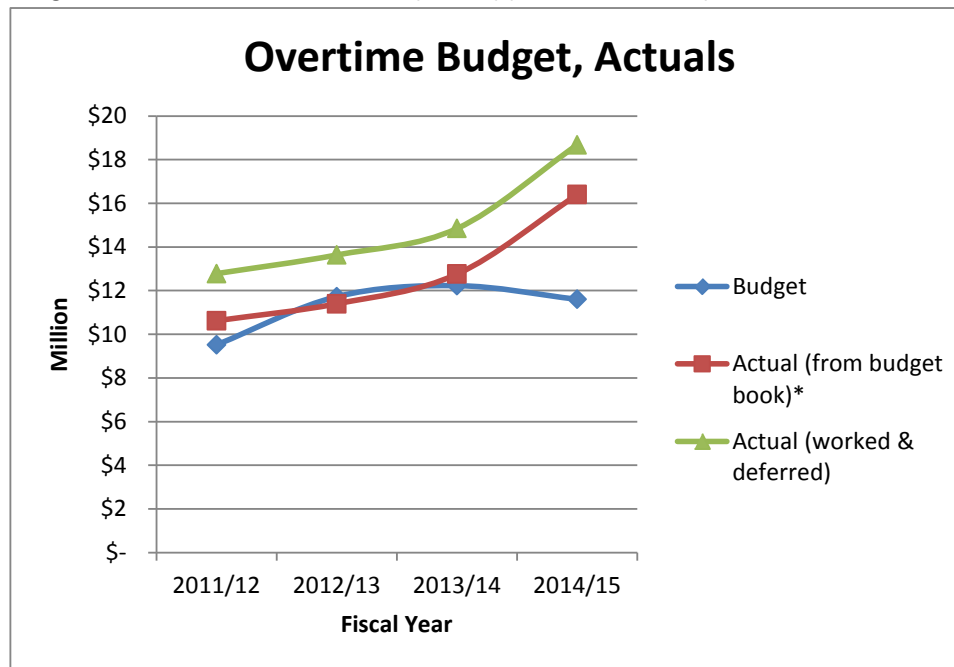
* As published in HRM Budget Books - 2011/12 noted as Unaudited Actual, 2012/13 noted as Actual,

2013/14 noted as Actual, 2014/15 noted as Projected

The above exhibit compares the HRM annual budgeted amounts (blue) to both the actuals recorded in the annual budget books (red) as well as the recorded amounts of all overtime worked as was able to be specifically identified in the SAP system by the OAG (green) (regardless of whether immediate payment was made or the overtime was deferred to be taken as a payment at a later date or as time off).

At the time of undertaking this review, the OAG was unable to complete the overtime data set for the 2015/16 fiscal year as only six months of overtime data was available due to the timing of HRM's fiscal year end; however given the data available from April 2015 to September 2015, the OAG would suggest overtime across HRM is continuing to increase. At halfway into fiscal year 2015/16, the HRM overtime budget is close to 70% spent. Halifax Regional Fire and Emergency (Fire) has spent 154% and Halifax Regional Police (Police) has spent 86% of their respective overtime budgets.

The OAG must once again question whether HRM Administration has adequately budgeted for annual overtime expenditures or provided business cases to support the current level of overtime being incurred (Recommendation #4 from the 2010 report).

> **The OAG must once again question whether HRM Administration has adequately budgeted for annual overtime expenditures or provided business cases to support the current level of overtime being incurred.**

Recommendation #1 from the 2010 report read,

1. For the 2011-2012 budget, the reduction of overtime be a priority. We would suggest a minimum of 10% reduction be targeted.

In Management's response to the OAG's recommendations, it was indicated a "right-sizing" exercise was completed and the 2011/12 budget was reduced, basing the budget on the average of the previous three years actual less 10%. While the exercise may have better aligned the budget to the previous year's actual overtime for the period immediately following the OAG report, most recent data indicates the "right sizing" exercise may not be the appropriate tool, as Exhibit 1 indicates a widening gap between budgeted overtime and actual overtime incurred. Exhibit 2 below provides the average actual overtime incurred for 2012/13 to 2014/15 less 10% compared to the 2015/16 budgeted amounts. While the OAG sees value in "right-sizing" the budgeted amount of overtime, it is concerning to see such a dramatic increase in actual overtime earned coupled with relatively insignificant increases to budgeted overtime.

**Exhibit 2: Three Year (2012/13 – 2014/15) Earned Overtime Average Compared to 2015/16 Budgeted Overtime ($ Millions)**

|  | 2012/13 - 2014/15 Actual Average less 10% "Right-Sized" Budget | 2015/16 Budget | Variance |
|---|---|---|---|
| Fire | $2.72 | $1.46 | $1.27 |
| Police | $3.66 | $2.62 | $1.05 |
| Transit | $4.70 | $5.89 | -$1.19 |
| TPW | $2.19 | $1.28 | $0.91 |
| Other | $0.87 | $1.00 | -$0.13 |

The OAG has highlighted in previous reports a limited number of business units contribute to the majority of overtime worked at HRM. Four business units Fire, Police, Halifax Transit (Transit) and Transportation & Public Works (TPW) accounted for 94% of the overtime worked over the latest four-year

period reviewed while only accounting for 75% of all HRM employees.

Recommendations #3, #4 and #13 from the 2010 report read,

3. Management consider what additional reporting mechanisms it needs to develop to monitor on a monthly basis, the occurrence of overtime, given the very significant deviations between budgeted and actual overtime reported by the majority of business units.

4. Management request of each business unit a report outlining the business reasons for the overtime incurred in the past and how the effectiveness and efficiencies associated with this overtime are measured and reported.

13. Management request from each business unit a report detailing alternatives for planned overtime including for example redeploying organizational resources or other solutions.

Exhibit 3 below identifies the variance of budgeted amounts to the value of overtime incurred.  While the OAG realizes budgeting for overtime is not a precise exercise, the variances from budget to overtime worked are significant.  For example, Police had overtime worked at an average of 60% above the amount budgeted and incurred an overtime variance in excess of $6 million over the four year period.

As part of the OAG follow-up process, Management's response to the above recommendation indicated they have implemented monthly reporting to the Chief Administrative Officer (CAO) for "purpose of monitoring overtime usage in areas of high volume".  While the reports include "Vacancy Savings Summary", "Overstaffed Positions" and "Payroll Overtime Actuals and Previous Year Variances", the reports fail to provide actual overtime expenditures to budgeted amounts for each fiscal year as well as supporting rationale for the level of overtime incurred.  While there is merit in reviewing overtime expenditures year over year, the OAG must question what measures HRM Administration is taking to ensure awareness of overtime incurred and how it compares with the current overtime budgets.  Without this information provided on a regular basis, the consumption of overtime, relative to the budget, is not highlighted for management action.

**Exhibit 3: Overtime Budget to Actual Variances (2011/12 – 2014/15)**
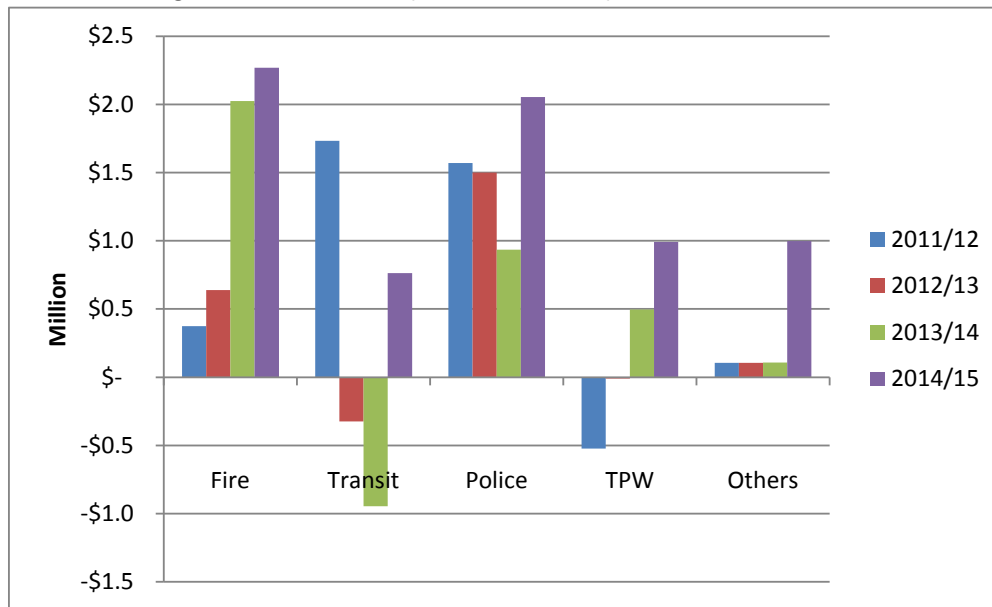


As illustrated in Exhibit 1, the overall overtime earned tracked closely to the budgeted overtime amount for 2012/13 and 2013/14. However, as illustrated in Exhibits 1 and 3, a spike in 2014/15 resulted in the actual overtime earned being 61% higher than budgeted. Based on the winter of 2014/15, one might have assumed the spike to be attributed to TPW, however TPW only accounted for 14% of the total variance, while Fire and Police accounted for 32% and 29% of the variance respectively.

The OAG suggests a level of overtime could be predicted based on past usage and trends and through reviewing the positions incurring the highest levels of overtime. Given the nature of many of HRM's operations, the OAG acknowledges all overtime cannot always be accurately predicted and budgeted, however, variances above the predicted overtime and positions incurring high levels of overtime should be easily explainable. Section 3.0 of this follow-up highlights overtime use by position.

> **The OAG suggests a level of overtime could be predicted based on past usage and trends and through reviewing the positions incurring the highest levels of overtime.**

Based on the findings outlined above regarding recent trends in overtime across HRM business units, the OAG determined it would be appropriate to reiterate several recommendations brought to the attention of the HRM Audit and Finance Standing Committee and HRM Administration in the previous OAG review of corporate overtime.

**Recommendations:**

1.0.1   The OAG recommends Management aim to reduce overtime incurred annually to be within 10% of the budgeted amount. Further, the OAG recommends Management explain overtime variances to the Audit and Finance Standing Committee, where variances are beyond 10% of budgeted overtime.

1.0.2   Management review the processes used by the business units in the development of overtime budgets and provide more accurate projections of the overtime management expects to incur in budgets going forward. As various information contained within this report has shown, the budgeting process used for the development of overtime budgets has clearly been flawed.
**Reissuance of Recommendation #2 from the previous report.**

1.0.3   Management consider what additional reporting mechanisms it needs to develop to monitor on a monthly basis, the occurrence of overtime, given the very significant deviations between budgeted and actual overtime reported by the majority of business units.
**Reissuance of Recommendation #3 from the previous report.**

1.0.4   Management request of each business unit a report outlining the business reasons for the overtime incurred in the past and how the effectiveness and efficiencies associated with this overtime are measured and reported.
**Reissuance of Recommendation #4 from the previous report.**

1.0.5   Management request from each business unit a report detailing alternatives for planned overtime including for example redeploying organizational resources or other solutions.
**Reissuance of Recommendation #13 from the previous report.**

## 2.0    Allocation of Overtime Expenditures across HRM Business Units

In Section 1.0 of this review, the OAG has identified four business units having incurred significantly higher overtime expenditures than the rest of the organization over the follow-up review period. These four business units (Fire, Police, Transit and TPW) were also the largest users of overtime in the 2010 review. The incurred overtime (in dollars as a percent of the total) for the business units are shown in Exhibit 4 below. While Police has earned 27% of overtime in dollars it is very interesting to note this equates to only 19% of overtime hours worked.  In contrast, Transit has earned 34% of overtime in dollars while accounting for 40% of the overtime hours worked.

**Exhibit 4: Overtime (in dollars as a percent of the total) by Business Unit (2011/12 – 2014/15)**
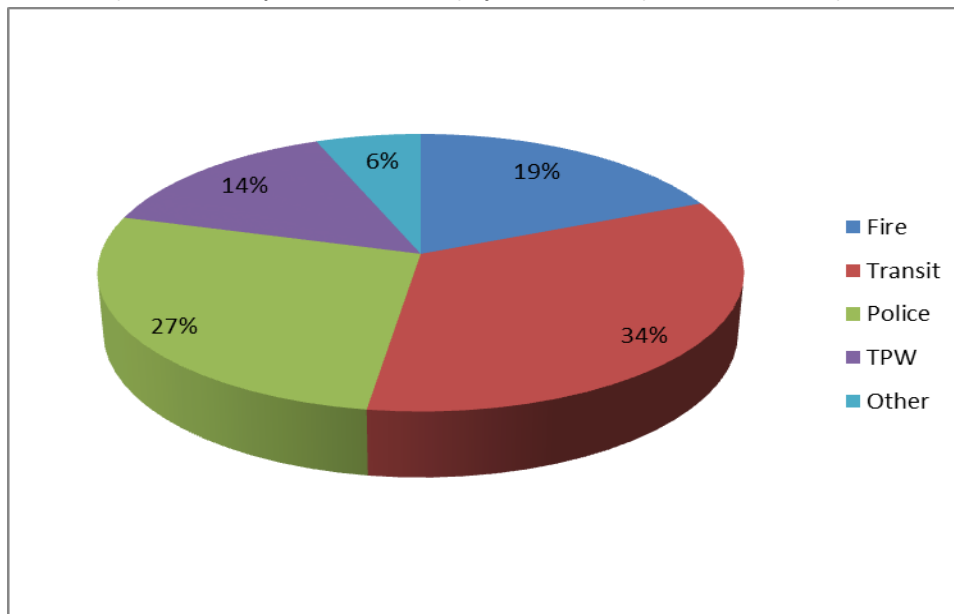


While it is important to gain perspective on the cost of overtime incurred in these four business units, a main contributing factor to the cost is the size and number of employees. Despite these contributing factors, the OAG must still question the type and frequency of analysis Management is performing with overtime expenditures to ensure the current levels of overtime incurred by employees in Fire, Police, Transit and TPW are the most economical and efficient methods to deliver their services. Exhibit 5 below provides a detailed breakdown of employee earned overtime, by business unit, represented in hours.

**Exhibit 5: Distribution of Overtime Hours Earned and Employees\* (2011/12 – 2014/15)**

| | 2011/12 | | 2012/13 | | 2013/14 | | 2014/15 | |
| | % of total OT Earned (hours) | % of Employees* | % of total OT Earned (hours) | % of Employees* | % of total OT Earned (hours) | % of Employees* | % of total OT Earned (hours) | % of Employees* |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Fire | 17.3% | 14.3% | 14.8% | 14.2% | 23.1% | 14.0% | 20.1% | 13.7% |
| Police | 22.4% | 21.7% | 19.7% | 20.4% | 15.8% | 19.8% | 16.4% | 19.8% |
| Transit | 41.2% | 23.5% | 43.6% | 24.6% | 36.3% | 25.6% | 37.6% | 26.2% |
| TPW | 13.0% | 15.9% | 16.7% | 16.3% | 19.3% | 16.0% | 17.0% | 15.9% |
| Other | 6.0% | 24.6% | 5.3% | 24.5% | 5.5% | 24.5% | 8.9% | 24.4% |

**\* % of all HRM Employees assigned to Business Unit**

Exhibit 6 below details the individual business units' actual overtime earned in dollars. While Transit and Police had a small decrease in overtime in 2013/14, overall overtime incurred has increased in the four largest business units between 2011/12 and 2014/15. Exhibit 6 also provides the budgeted amounts of overtime by Fire, Police, Transit and TPW, for comparison.

**Exhibit 6: Budgeted to Actual Overtime Earned For Fire, Police, Transit and TPW (2011/12 – 2014/15)**
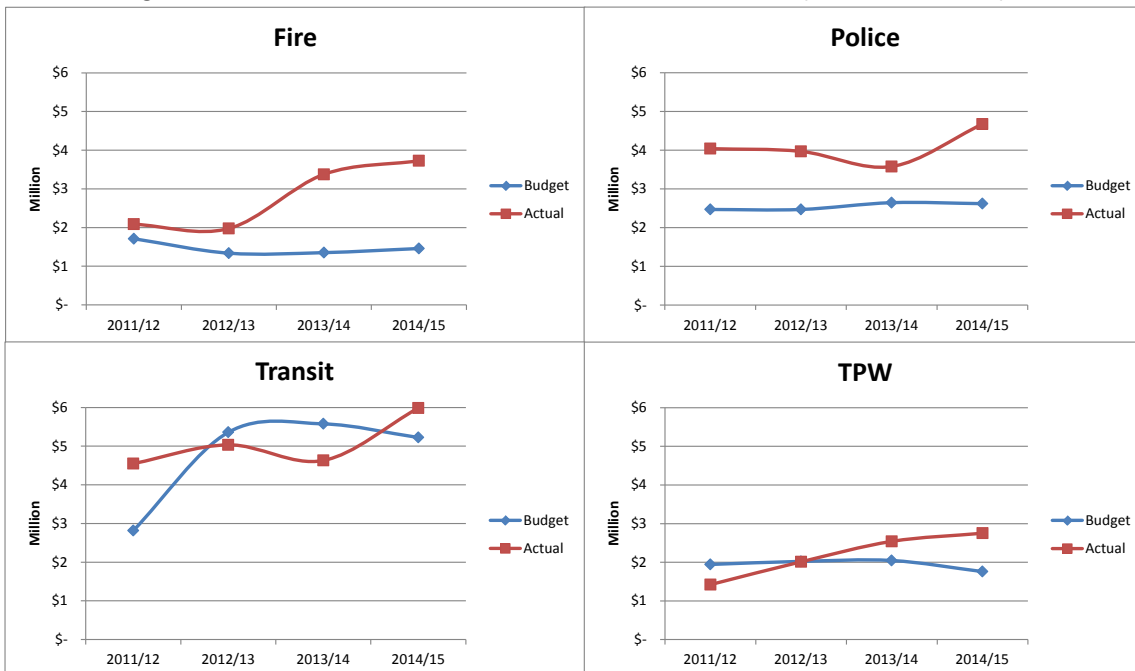


The remainder of the organization's business units use of overtime also increased between 2011/12 and 2014/15 by $856,000, from $685,000 in 2011/12 to $1.541 million in 2014/15 (a 125% increase).

While the OAG understands HRM overtime may fluctuate due to unforeseen events or may be greater in the business units identified above due to the number of employees, the OAG must again question what steps are being

taken by Management to outline to the taxpayers, through Regional Council, the appropriateness of overtime being incurred at present levels. Additionally, the OAG would question what processes are in place to ensure the effectiveness and efficiency associated with the budgeting process around corporate overtime and the means by which overtime is reported and managed.

With this thought in mind, the OAG must reiterate the importance of several recommendations presented to the Audit and Finance Standing Committee in the previous review of overtime to ensure the current model of overtime maximizes the highest use of taxpayer dollars as well as to ensure value for money is being achieved.

**Recommendations:**

2.0.1 In addition to the information with respect to effectiveness and efficiencies noted above, management should also request of business units information as to how they can reduce overall overtime costs or provide the business case for continuing at the present levels. **Reissuance of Recommendation #5 from the previous report.**

2.0.2 Annual budget submissions by business units should include additional information with respect to planned overtime. Specific information might include the following:
  i. Estimated number of FTEs who will incur overtime during the upcoming year.
  ii. Estimated average number of overtime hours by FTE during the upcoming year.
  iii. Explanations for estimated overtime hours. These might include an estimate for unforeseen events, planned events, weather related events and others.
  **Reissuance of Recommendation #7 from the previous report.**

## 3.0 Overtime Position Breakdown

Section 1.0 of this review analyzed the overall overtime expenditure at HRM while Section 2.0 examined overtime at the business-unit level. Further analysis of overtime records determined it would be appropriate to review the overtime earned by individual positions to potentially assist with identifying both the drivers of overtime across the organization as well as areas to consider where employees 'work/life' balance may be of concern.

As discussed in Section 2.0, business units with the largest number of employees account for the greatest amount of overtime earned. For the most part, this is also the case with individual position groups. Exhibit 7 below identifies the top earned overtime position groups over the review period, based on detailed records from SAP. Exhibit 7 also details the number of employees within these groups having earned overtime over the same review period.

**Exhibit 7: Top-10 Positions with Earned Overtime (OT) ($) (2011/12 – 2014/15)**

|  |  | 2011/12 | | 2012/13 | | 2013/14 | | 2014/15 | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Total Earned OT $ | Employee Count* | Total Earned OT $ | Employee Count* | Total Earned OT $ | Employee Count* | Total Earned OT $ | Employee Count* |
| Police Constable | Police | $ 3,210,839 | 352 | $ 3,243,949 | 352 | $ 2,903,790 | 350 | $ 3,707,771 | 373 |
| Conventional Transit Operator | Transit | $ 2,712,315 | 507 | $ 3,238,799 | 537 | $ 2,873,960 | 553 | $ 3,576,860 | 563 |
| Captain | Fire | $ 945,969 | 84 | $ 1,015,254 | 80 | $ 1,679,664 | 76 | $ 1,718,079 | 81 |
| Firefighter | Fire | $ 308,824 | 162 | $ 226,285 | 189 | $ 950,071 | 254 | $ 1,303,844 | 269 |
| Mechanic | Transit | $ 395,644 | 51 | $ 391,808 | 53 | $ 376,281 | 57 | $ 584,328 | 57 |
| Sergeant | Police | $ 432,987 | 51 | $ 384,788 | 49 | $ 330,487 | 50 | $ 488,082 | 57 |
| Access-A-Bus Operator | Transit | $ 296,718 | 55 | $ 352,167 | 57 | $ 381,619 | 62 | $ 522,219 | 59 |
| Service Supervisor** | Transit | $ 296,493 | 33 | $ 302,553 | 37 | $ 289,374 | 33 | $ - | - |
| Lieutenant | Fire | $ 155,527 | 26 | $ 170,548 | 21 | $ 270,767 | 21 | $ 173,814 | 23 |
| Winter Works Operator 1** | TPW | $ 217,804 | 57 | $ 331,627 | 52 | $ 196,076 | 46 | $ - | - |

* Number of Employees by Position Group Earning Overtime

** No recored overtime records for these position in 2014/15

In 2011/12, Police Constables and Conventional Transit Operators accounted for over 46% of the total cost of overtime; in 2014/15 this dropped to 39%. The drop in these position groups is offset by an increase in overtime costs within positions in Fire. While the overtime costs associated with individual groups shifted between 2011/12 and 2014/15, overall there was a 42% increase in the hours of overtime worked. Despite a drop by Police Constables and Conventional Transit Operators in their overall percentage of the total overtime worked from 2011/12 to 2014/15, the value of the overtime for these two groups increased by over $1.36 million. During the same period Fire positions increased over $1.77 million, highlighting the significant increase in the cost of overtime across the organization. Overall the top-10 position groups earning overtime for the review period accounted for 70% of the total earned overtime.

Exhibit 8 below shows the average hours earned[5] and the average expenditure by position group.  Captains in Fire have earned the highest overall amount of overtime (per individual) over the review period at an average of 384 hours per Captain who had overtime hours which cost an average of $16,816 per individual annually.  The overtime worked peaked in 2013/14 at an average of 499 hours for Captains working overtime.

**Overall the top-10 position groups earning overtime for the review period accounted for 70% of the total earned overtime.**

**Exhibit 8: Top-10 Position Groups with Average Overtime Earned  (2011/12 – 2014/15)**

| | | 2011/12 | | 2012/13 | | 2013/14 | | 2014/15 | |
|---|---|---|---|---|---|---|---|---|---|
| | | Average Hrs Earned | Average $ value Earned | Average Hrs Earned | Average $ value Earned | Average Hrs Earned | Average $ value Earned | Average Hrs Earned | Average $ value Earned |
| Police Constable | Police | 148.6 | $ 9,125 | 143.8 | $ 9,225 | 123.5 | $ 8,287 | 144.9 | $ 9,947 |
| Conventional Transit Operator | Transit | 150.1 | $ 5,350 | 171.0 | $ 6,031 | 145.7 | $ 5,197 | 175.0 | $ 6,353 |
| Captain | Fire | 275.7 | $ 11,262 | 300.6 | $ 12,691 | 499.0 | $ 22,101 | 461.4 | $ 21,211 |
| Firefighter | Fire | 57.6 | $ 1,906 | 34.4 | $ 1,197 | 100.8 | $ 3,742 | 124.9 | $ 4,847 |
| Mechanic | Transit | 174.2 | $ 7,758 | 165.5 | $ 7,393 | 143.5 | $ 6,601 | 219.6 | $ 10,260 |
| Sergeant | Police | 116.1 | $ 8,417 | 102.6 | $ 7,824 | 86.7 | $ 6,664 | 106.4 | $ 8,489 |
| Access-A-Bus Operator | Transit | 163.9 | $ 5,395 | 185.6 | $ 6,178 | 180.5 | $ 6,155 | 255.1 | $ 8,851 |
| Service Supervisor** | Transit | 239.1 | $ 8,985 | 213.8 | $ 8,177 | 220.7 | $ 8,769 | - | $ - |
| Lieutenant | Fire | 155.9 | $ 5,982 | 203.5 | $ 8,121 | 308.6 | $ 12,894 | 172.9 | $ 7,557 |
| Winter Works Operator 1** | TPW | 106.1 | $ 3,821 | 169.2 | $ 6,377 | 115.1 | $ 4,263 | - | $ - |

** No recored overtime records for these position in 2014/15

As noted earlier, the OAG acknowledges overtime cannot be completely eliminated as unforeseen circumstances do, in fact, occur. The OAG does believe a balance between the current levels of overtime and supplementing the current staff complement could reduce the need to pay premium rates[6] for regularly scheduled service delivery.  Based solely on the hours of earned overtime divided by a standard work year, the OAG estimates the number of full time equivalent positions worked in overtime, by the top-10 position groups, was 97 in 2011/12 and increased to 124 in 2014/15.

**The OAG estimates the number of full time equivalent positions worked in overtime, by the top-10 position groups, was 97 in 2011/12 and increased to 124 in 2014/15.**

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[5] Overtime hours earned reflect actual hours worked, i.e. 2 hour overtime shift is recorded as 2 hours. Overtime costs are accumulated at a rate determined by union contract or Human Resources Overtime Policy, at straight time (x 1.0) or  a premium rate

[6] 75% of overtime hours earned in HRM are at a premium rate of at least 1.5 times the regular rate. 91% of overtime hours earned in Fire are at straight time.

In the 2010 report, the OAG had recommended HRM institute a reporting mechanism to alert management when an employee's earned overtime hours exceeds a predetermined threshold. The OAG is aware HRM has a reporting system to flag individual total earnings in excess of $5,000 per pay period. This indicator however, does not specifically identify individual employees working excessive amounts of overtime in a given pay period. The OAG believes a threshold based on hours rather than value of overtime would better protect the health and safety of all employees and better allow senior management to manage overtime.

In response to a previously reported recommendation (Recommendation #12) regarding the effects organizational overtime may have on health promotion activities; the OAG was advised reports are compiled on a regular basis to include multiple human resource indicators (i.e. lost time due to injuries, absenteeism, employee turnover/departure rate, grievances, and overtime). The indicators are presented semi-annually to the Executive Standing Committee. Human Resources, when requested, provide ongoing advice and assistance to business units. On further follow-up the OAG was advised, by Human Resources, overtime was removed from the reporting to the Executive Standing Committee "because it is a financial indicator and better reported on through the Audit & Finance Committee" and "accountability for overtime is the individual business unit's responsibility because it is related to their operations".

While the OAG is pleased Human Resources attempts to actively address possible negative conditions for both employees and the organization, the OAG must question the lack of emphasis placed around the possible effects of excessive overtime on its employees.

Reviewing overtime earned records at the employee level, the OAG determined individual employees in Fire, Police and Transit are the highest earners of overtime. Based on dollar value, Fire and Police employees are the largest earners; based on total hours worked, Fire and Transit employees work the most hours individually.

Exhibit 9 illustrates the overtime value certain employees earned over the review period. This exhibit details the top-10 individuals earning overtime over the previous four fiscal years. Each line in the table represents the same employee over the four year period. For comparison of the overtime earned the 2014/15 base annual salary is included for each individual position.

**Exhibit 9: Top-10 Individual Employees* - Overtime Earned ($) (2011/12 – 2014/15 and 2014/15 Annual Base Salary Comparative)**

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2014/15 Annual Base Salary | 4-year Incurred Overtime |
|---|---|---|---|---|---|---|
| Employee #1 (FIRE) | $22,069 | $22,293 | $59,965 | $65,108 | $101,677 | $169,436 |
| Employee #2 (POLICE) | $41,807 | $44,394 | $30,273 | $49,663 | $88,454 | $166,137 |
| Employee #3 (FIRE) | $24,772 | $33,288 | $52,584 | $50,620 | $101,677 | $161,263 |
| Employee #4 (POLICE) | $36,782 | $41,455 | $31,094 | $46,347 | $88,454 | $155,679 |
| Employee #5 (FIRE) | $24,482 | $23,427 | $59,514 | $40,100 | $101,677 | $147,523 |
| Employee #6 (FIRE) | $22,191 | $25,560 | $44,981 | $46,043 | $101,677 | $138,775 |
| Employee #7 (FIRE) | $26,406 | $29,081 | $36,264 | $40,385 | $101,677 | $132,136 |
| Employee #8 (POLICE) | $26,243 | $38,116 | $43,057 | $24,375 | $88,454 | $131,791 |
| Employee #9 (POLICE) | $49,577 | $27,547 | $20,119 | $34,218 | $88,454 | $131,461 |
| Employee #10 (FIRE) | $19,654 | $19,410 | $42,221 | $41,389 | $101,677 | $122,674 |

*Top-10 Individuals Earning Overtime Based on Four Year Average

Exhibit 10 is similar to Exhibit 9, however it outlines the overtime hours worked by the top-10 individuals earning overtime. For example, a Fire employee's normal work year consists of 2,184 hours; however, in 2014/15, one employee worked over 1,400 hours in overtime, or 65% of another FTE position.

**Exhibit 10: Top-10 Individual Employees – Overtime Hours Earned (2011/12 – 2014/15)**

| | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 4-year Total |
|---|---|---|---|---|---|
| Employee #1 (FIRE) | 542.0 | 527.5 | 1,357.3 | 1,418.5 | 3,845.3 |
| Employee #2 (FIRE) | 609.3 | 788.5 | 1,184.0 | 1,098.0 | 3,679.8 |
| Employee #3 (FIRE) | 601.5 | 554.0 | 1,336.5 | 872.0 | 3,364.0 |
| Employee #4 (FIRE) | 545.5 | 604.0 | 1,023.0 | 995.5 | 3,168.0 |
| Employee #5 (FIRE) | 647.5 | 689.3 | 820.0 | 878.5 | 3,035.3 |
| Employee #6 (FIRE) | 696.0 | 836.5 | 890.3 | 563.8 | 2,986.5 |
| Employee #7 (HTS) | 681.5 | 778.9 | 707.3 | 790.9 | 2,958.6 |
| Employee #8 (HTS) | 618.7 | 666.3 | 755.5 | 874.7 | 2,915.1 |
| Employee #8 (HTS) | 727.8 | 738.8 | 662.3 | 701.8 | 2,830.6 |
| Employee #10 (FIRE) | 485.0 | 460.0 | 944.5 | 897.5 | 2,787.0 |

While the regular two-week pay cycle for operational Fire employees consists of either 3 – 24 hour shifts (72 hours) or 4 – 24 hour shifts (96 hours) (averaging 84 hours per pay period), one employee exceeded the average 84 hours per bi-weekly pay period by at least 84 additional hours on eight separate occasions in 2014/15 alone. The OAG must again question what steps HRM has in place to understand the effects of overtime to ensure the health and safety of its employees.

**One employee exceeded the average 84 hours per bi-weekly pay period by at least 84 additional hours on eight separate occasions in 2014/15 alone.**

**Recommendations:**

3.0.1    Management should consider undertaking renewed "staff modelling studies" or "staffing studies" from high business unit users of overtime. While detailed and extensive plans or studies may have taken place in the past, it cannot or should not be assumed the current model is providing the most cost effective or efficient results.
**Reissuance of Recommendation #6 from the previous report.**

3.0.2    Management should consider instituting a reporting alert when an employee's earned hours exceed a predetermined amount that recognizes work life balance and efficiency and productivity. We raise this point as we are aware of a situation where an employee worked during the period under review in excess of 1800 total overtime hours and also where, for example, an employee reported during the review period 690 incidents of overtime at an average of 6.9 hours per occurrence.
**Reissuance of Recommendation #10 from the previous report.**

3.0.3    Management discuss with Human Resources the possible effects organizational overtime may be having on health promotion activities, with possible effects being more apparent stress and fatigue, additional accidents of all kinds or more noticeable work place conflicts.
**Reissuance of Recommendation #12 from the previous report.**

3.0.4    The OAG recommends Management report quarterly to the Audit and Finance Standing Committee on the overtime earned, in hours and value, by the top 10 position groups incurring overtime. The report should provide explanations for the expense and how Management will address these situations to achieve the most economical benefit for HRM.

## 4.0    Vacancy Management and the Organizational Effects of Overtime

The OAG expected some correlation between the amount of earned overtime and the number of vacant positions. After completing the analysis, the OAG determined it appears there may, in fact, be a correlation between the amount of overtime earned and the number of vacancies within Fire, however this correlation did not appear obvious in other business units. Exhibits 11 and 12 below outline the estimated number of positions converted from overtime hours earned as well as the estimated number of positions converted from vacancy hours. Given the significant fluctuations in both vacant positions and overtime earned, as noted in Exhibits 11 and 12, the OAG is not comfortable expressing any type of view as to the correlation.  The OAG does however acknowledge not all overtime earned is attributed to the number of vacancies at HRM at any given time. However, since the amount of overtime earned continues to increase, Management should strive to understand the drivers of overtime and if in fact some level of correlation does in fact exist.

**Exhibit 11: Earned Overtime Hours Converted to FTEs**

|         | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---------|---------|---------|---------|---------|
| Fire    | 23      | 21      | 36      | 39      |
| Police  | 32      | 30      | 26      | 33      |
| Transit | 59      | 66      | 60      | 76      |
| TPW     | 18      | 25      | 32      | 34      |
| Other   | 10      | 9       | 10      | 20      |

**Exhibit 12: Vacancy Hours Converted to FTEs[7]**

|         | 2011/12 | 2012/13 | 2013/14 | 2014/15 |
|---------|---------|---------|---------|---------|
| Fire    | 18      | 23      | 35      | 40      |
| Police  | 8       | 10      | 21      | 19      |
| Transit | 85      | 74      | 108     | 90      |
| TPW     | 151     | 131     | 114     | 53      |
| Other   | 69      | 85      | 145     | 178     |

Having said no direct correlation exists for the four fiscal years included in this review, one interesting trend may be developing. If 2014/15 (the most recent full year) is reviewed in terms of how the total budgeted FTE hours are paid some interesting questions begin to emerge.  Exhibit 13 below highlights the total budgeted FTE hours for 2014/15, the total is reflected by the sum of the blue and red bars (i.e. for Fire in 2014/15 1.05 million hours).  The red shaded area of the individual bars represents the hours positions were vacant for 2014/15. For illustration purposes, Fire had 87,000 hours of vacancy, due to

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[7] Total vacancy reported in SAP for four year review period 2,926,531 hours.

positions not staffed. The green shaded area illustrates the hours of overtime worked within the business units.

For the 2014/15 year, overtime worked within Fire, Transit and TPW leaves a limited number of the budgeted (FTE) hours not having been worked.  While the budgeted work would appear to have been completed, it would appear it was through the use of overtime. The OAG must again draw attention to the fact overtime is often paid at a premium rate for a standard level of work.
In the case of Police, where the overtime worked was above the budgeted FTE hours, the OAG would suggest the budgeted service was met, and extra, unpredicted work was also carried out.

Of concern to the OAG is the difference between the budgeted FTE hours and the Vacancy hours within the remaining business units (other than those specifically identified as Fire, Police, Transit or TPW).   The OAG's interpretation of this difference is a possible loss of productivity of 287,000 hours, taking into account overtime adding some productivity back.  The OAG must question Management's objective with the increasing vacancy trend with these business units (grouped as other) and steps being undertaken by Management to ensure the level of budgeted service is completed.

**Exhibit 13: Budgeted FTE Hours, Vacancy Hours and Overtime Hours (2014/15)**
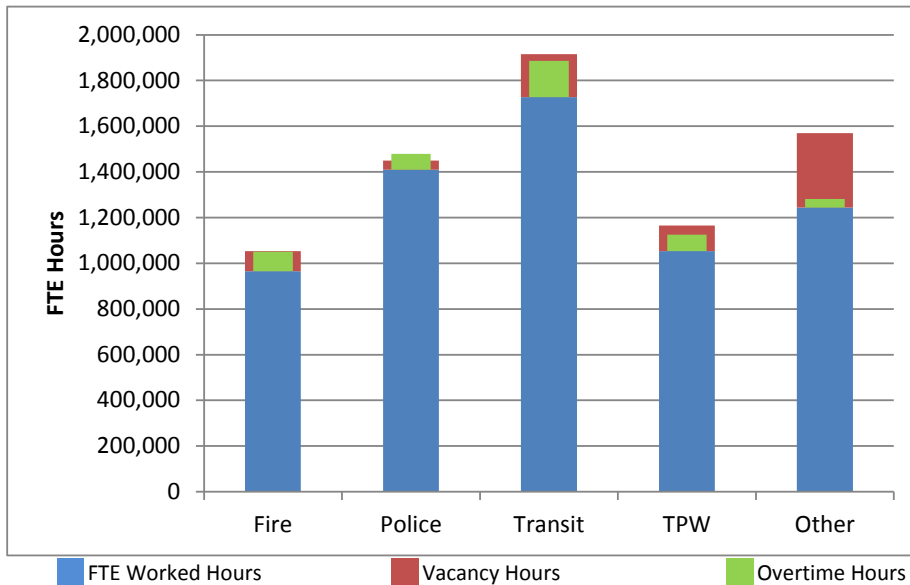


Throughout this review the OAG has noted the top-10 overtime earning position groups have earned (on a consistent basis) nearly 70% of all overtime incurred. The OAG would suggest the consistently high levels of overtime worked by individuals in these positions are not economical as HRM is often

paying a premium rate for a service. Additional staff in these positions may be both more economical (paying the standard rate for a standard service) and effective (achieving work/life balance for employees) use of HRM resources. The OAG is not tasked with making this determination. The OAG is however pointing out Regional Council may wish to request an opinion on the matter from Management to serve as both a reference point and to demonstrate good governance.

> **Throughout this review the OAG has noted the top-10 overtime earning position groups have earned (on a consistent basis) nearly 70% of all overtime incurred.**

As the OAG has noted earlier in this report, 75% of all overtime is paid at a premium rate at least 1.5 times the regular rate of pay. Exhibit 14 below details the breakdown of overtime rates by business units. The OAG also notes, overtime costs, whether paid at a premium rate of at least 1.5 times or at straight time of 1.0 times, may be for services which have been previously budgeted for as part of the standard service delivery. The OAG remains concerned with the high number of hours individual employees work, regardless of the rate of compensation received.

**Exhibit 14: Rate at which Overtime Earned (2011/12 – 2014/15)**

| Overtime Rate | Fire | Transit | Police | TPW | Other |
|:---:|:---:|:---:|:---:|:---:|:---:|
| x1.0 | 91% | 2% | 13% | 11% | 34% |
| x1.5 | 9% | 95% | 56% | 65% | 51% |
| x2.0 | - | 3% | 26% | 23% | 15% |
| x2.5 | - | - | - | 1% | - |
| x3.0 | - | - | 5% | - | - |

**Recommendation:**

4.0.1   Management should investigate and report on the impact if any, of overtime incurred as a result of the current vacancy strategy using 2010 vacancy savings to offset any budget deficit.
**Reissuance of Recommendation #11 from the previous report.**

The OAG also recommends Management review the current level of overtime consumption and determine the underlying root cause(s) which have resulted in overtime expenditures increasing significantly over the review period.

## Appendix A: Management Response

**RICHARD BUTTS**
CHIEF ADMINISTRATIVE OFFICER

December 3, 2015

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

**Re:  Follow-Up Review of Halifax Regional Municipality Overtime**

Dear Mr. Munroe:

Thank you for the opportunity to address the findings in your report entitled, "Follow-up Review of Halifax Regional Municipality Overtime". I continue to appreciate your commitment to helping the Municipality improve and in this spirit of continued improvement, I have provided the following comments on your report.

**Understanding the Business:**  As I am sure you appreciate, a full understanding of the environment in which we work, the complexities of managing a workforce with such a wide range of duties and responsibilities, collective agreements and our commitment to service to our residents and their safety is critical to any analysis of the management of our people and the overtime they work.

**Overtime Costs and Overall Compensation Below Budget:** Overtime is an important issue for the Municipality and in the fiscal year ended March 31, 2015, we spent approximately $16.4 million on overtime; this represents 1.9% of our total expenditures of $850.5 million.  It should also be noted that despite being over on overtime, in the last 4 fiscal years, the Municipality has been underspent on its total compensation and benefits budget by $36.9 million or 2.9%.

**Primary Concern – Healthy and Safety:**  Our primary concern is always the health and safety of our employees and the people we serve.  We follow our collective agreement, we follow the appropriate labour legislation and regulations and we rely on the good judgement of our supervisory staff and our employees on determining who is able to work overtime.

**Managing Within Constraints:**  The Management in each business unit are making the decisions required to provide the services required within all the constraints and using the tools available to them. If changes are required, it takes time and, in some cases, changes to long standing arrangements and union contracts to change the way we do business. Some of the issues concerning individual positions and people are a reflection of the environment in which we are working. Once again, these situations take time to resolve.  Business Units have been active, for example:

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Halifax Transit holds all leaders accountable for the stewardship of resources and its Leaders use a variety of techniques to aggressively manage the use of overtime. Leaders will compare actual costs to the projected overtime in each division and seasonal trends are monitored to ensure they do not become the norm. Leaders aggressively pursue the staffing of full time equivalent vacancies and will carefully schedule training to minimize the requirement for temporary replacements and they will release resources whenever possible.

The majority of Halifax Transit overtime is paid to unionized employees. Transit leaders monitor compliance with collective agreements, and, where issues in collective agreements are problematic, Halifax Transit Management will address these issues as part of the next round of bargaining.

There are a number of contributing factors to overtime at Halifax Transit: vacant positions, absenteeism and legislative obligations when operating ferries and the maintenance of buses represent the larger drivers for overtime. Staffing replacements during training and development sessions, statutory holidays and corporately sponsored special events also contribute to the overtime costs. In addition, work on the Macdonald Bridge created a requirement for bus shuttle service and additional ferry service. These service hours are over and above the regular schedule and have resulted in increased overtime costs in 2015.

Fire Services must ensure that we have the personnel in place to meet the applicable service standard to mitigate incidents and protect the public. To do this, Fire Service has extensively assessed their budget requirements including overtime and have consistently identified service improvements to ensure effective use of their budget, while improving service delivery.

Some of the steps Fire Service has taken to do this include:

1. **Development of a Strategic Operational Plan** - This plan was presented to Council seeking approval, identifying their needs and providing staffing solutions aimed at improving the utilization of Human Resources with little impact to budget.

2. **Realignment of Platoon E** – Fire Services also identified that the staffing of stations in the rural response areas of HRM was inefficient and that by realignment, they would be able to provide a safer and more effective service, and enable them to impact officer overtime by moving the Lieutenant position to the Urban Stations.

3. **Vacation Selection Process** – Fire Services challenged the prior interpretation of the vacation clause within the collective agreement, and this will provided flexibility to effectively manage vacation, which will impact overtime requirements.

4. **Expanded Use of Lieutenants** – Fire Services negotiated an agreement with the Union on the expanded use of Lieutenants to cover Captains' absences over and above what is in the collective agreement. This will reduce the need for overtime.

5. **Staffing Proposals** – Fire Services are also presenting staffing proposals to Council for their consideration which will, if accepted, lead to increased service delivery and overtime savings.

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For Halifax Police, as would be expected, with the nature and unpredictability of police work, overtime is an inevitable part of fulfilling their commitment to public safety. Halifax Police takes the use and cost of overtime very seriously and regularly monitors its use in an effort to limit the amount worked and cost incurred.

Most importantly is the health and well-being of their employees. Health and safety is always considered when approving overtime. Halifax Police monitors each type of overtime quarterly, highlighting the top 10 accumulators of overtime, the overtime hours worked, the cost, and the overtime worked by employees. Their senior management is continually reviewing and assessing over time usage and will address any matters of concern.

Overtime is also required when replacing people off sick or to fill other vacancies. Halifax Police is focused on ensuring staffing levels are appropriate and that vacancies are at a minimum to ensure operational efficiency.

In Transportation and Public Works, the main drivers for overtime are snow and ice clearing and the need to respond year-round to any severe storms. To help reduce the need for overtime in winter, two shifts are scheduled for 16 hours Monday to Friday. As a result, overtime is only applicable when activities are necessary outside these shifts and on weekends and holidays. In the case of flooding or tree damage events, outside of business hours, overtime is necessary to ensure the road network is returned to service as soon as possible.

**Management Reporting:** We continue to report significant staffing issues to Council and Standing Committees of Council. As you recognized in your report, information is provided to the Executive Committee of Council regularly on significant staffing issues. Police, Fire, Transportation and Public Works and Transit have been before Council to discuss their operational plans, significant operational issues and have discussed approaches and proposed changes. In addition, all Business Units present their operational plans, services levels and budgets to Council every year.

It should also be noted that information on the revenues and expenditures of the entire organization are provided to Audit and Finance Standing Committee and Council on a quarterly basis. Where there are significant differences between projected expenditures and the budget, these items, including overtime, are highlighted in the report.

**Budgeting Overtime:** Several of the recommendations you have made reference the difference between budgeted overtime and actual overtime. I appreciate the interpretation you have made of the data. However, the interpretation is affected by our current approach to developing the budget and the reporting of our expenditures. Our budget starts with the basic assumption that all approved positions will be filled; this allows us to report the costs of our full complement. We believe it is important for Council to understand the total costs of the approved positions required to complete the work at the services levels they have set. The amount of overtime in the budget represents the overtime the full complement of people would expect to work in the fiscal year. We report our actual costs and provide the variances to Council. This difference in approach explains some of the significant variations your office has identified between the budgeted and actual overtime costs rather than any lack of understanding of the drivers of overtime.

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**Business Comparisons:** Our Municipality is facing the same challenges as many other jurisdictions. In a report issued by the OPP entitled "Understanding Ontario Provincial Police (OPP) Municipal Policing Costs 2013 Cost-Recovery Formula Update", it states that, `in 2012, the overall rate of overtime paid by municipalities was 5.6%` and that `across the province, rates varied from 1.2% to 25.2%`. In the most recent year, HRM over time rate for its unionized police officers was 5.5%, which is comparable to the rates in the OPP.

**Summary:** Overtime that is effectively managed, planned, balanced and authorized is an effective tool in meeting the operational requirements of the Municipality. We continue to focus on ensuring that our approach to overtime is appropriate within our existing constraints and Business Units are continuously analysing their staffing requirements including the impacts of turnover, retirements, sick time, and vacations on overtime.

Sincerely,

HALIFAX REGIONAL MUNICIPALITY

Original Signed

Richard Butts
Chief Administrative Officer

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