

# **Overtime Review**

**November 14, 2016**



### Introduction

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

The Internal Audit department's 2015 Work Plan included a review of overtime (OT). This review was selected based on criteria such as impact on the town's reputation, compliance with legislation, potential for town liability, the extent of expenditures, revenues and assets, and other issues of concern.

### Background

The town's base overtime rate of 2.2% for 2015 is within the range of other municipal benchmarks between 2.0% to 2.5%. The rate of 2.2% was determined by dividing OT of \$2,210,962 by the total base salary and wages of \$100,723,661 (excluding the Library).

Appendix 1 shows overtime earnings for town employees by department for 2011 to 2015. The following three departments make up 72 per cent of the total overtime payments of \$2.2 million in 2015:

- Fire (31% - \$683,024);
- Transit (23% - \$507,987); and
- Roads & Works Operations (18% - \$402,017).

For this report, overtime is defined as time in addition to what is normal, as time worked beyond one's scheduled working hours. The challenge in managing the use of overtime is complicated by factors such as collective agreements that may be restrictive, unpredictable events such as weather-related emergencies, extended sick leave or absences and minimum service level requirements. For example, the ice storm of December 2013 resulted in additional expenditures in 2013 and 2014 not normally experienced by the town. This is shown in Appendix 1 – Overtime Earnings, with the upward overtime line trend for the Roads & Works department.

There are several drivers for overtime as shown in Appendix 2 – Overtime Drivers. Absences have a direct impact on overtime for the Roads & Works, Fire, and Transit departments since they are required by legislation and Council directives to maintain or exceed minimum service levels. For example, the Roads & Works Operations department adheres to minimum maintenance standards for snow accumulation as per the *Municipal Act Regulation 239/02* to clear roads within a certain time frame after a snow fall; as well as Council directives. The Fire Services department adheres to a service level model based on the Fire Master Plan adopted by Council in 2007 which was based on the NFPA 1710 "*Standard for the Organization and Development of Fire Suppression Operations*"; and Oakville Transit department ensures buses are staffed in accordance to routes and schedules per the Council approved operating budget.

As discussed above, absenteeism has a direct impact on overtime. Appendix 3 defines the various types of absenteeism at the Town of Oakville (the town). The three town departments with the highest absenteeism costs for 2015 were:

- Fire department (\$984,078);
- Oakville Transit department (\$334,750); and
- Roads & Works Operations (\$201,072).

This is illustrated in Appendix 4 – Town of Oakville Absenteeism Costs (in 2011 to 2015)

At first glance it appears illogical why the Fire department would have overtime costs (\$683,024 - shown on page 2) less than absenteeism costs (\$984,078) for 2015. If a firefighter is absent (sick) for their shift, Council directive requires the position be filled by another firefighter. However, this does not automatically entail overtime. In the Fire department, there are more firefighters available (approximately 51) per shift per platoon than the minimum level of 40 FTEs. This is done to cover for vacation (4 FTEs), lieu time (3 FTEs), 15% flexibility clause (2 FTEs) in the collective agreement; as well as a buffer (2 FTEs) to cover absenteeism. The town's overall absenteeism costs for 2015 was \$2,411,766 or approximately 6.49 days on average for a town employee; some employees take more and some take less. However, almost 80% of town employees are absent less than 8 (8 hours) days; and many of them should be acknowledge for their record of no absenteeism. As well, the overall absent (sick) days for the town is lower than the national average for the municipal sector as measured by Statistics Canada at 10.3 days; as well as the private sector at 9.1 days.

### **Objectives**

The objective of this audit was to assess corporate-wide use of overtime (either paid in cash or banked and taken as time off in lieu of cash). It was determined that the majority of the costs associated with overtime were in the following three departments:

- 1) Fire;
- 2) Oakville Transit; and
- 3) Roads and Works Operations.

Consequently, this review was focused on, but not limited to, an assessment of overtime for these three departments.

Specifically, the review evaluated the following as it relates to overtime:

- a) Financial impact by service areas;
- b) Compliance with existing policies and collective agreements;
- c) Proper authorization levels and controls for approval of overtime;
- d) Adequacy of management oversight; and
- e) Potential abuse.

### **Methodology and Scope**

Internal Audit relied on interviews with key personnel and review of information, data, and other documentary evidence. This audit included, but was not limited to the following procedures:

- a) Interviewing and discussing with the departmental directors and other town staff;
- b) Reviewing internal documents such as,
  - Financial statements including budget to actual variance reports
  - Collective agreements
  - Existing policies and procedures
  - Payroll and employee files; and
  - Timekeeping records and systems;
- c) Reviewing external reports, such as Statistics Canada Labour Force Survey;
- d) Benchmarking with other municipalities; and
- e) Reviewing and discussing findings with management and town staff.

The scope of the audit included the town wide processes for managing overtime and attendance for all departments with the exception of the Oakville Public Library who function under their own Board approved policies. Specifically the audit included:

- Overtime with the focus on some high users of overtime – Fire, Transit and Roads and Works Operations; and
- Short term absences from work due to illness.

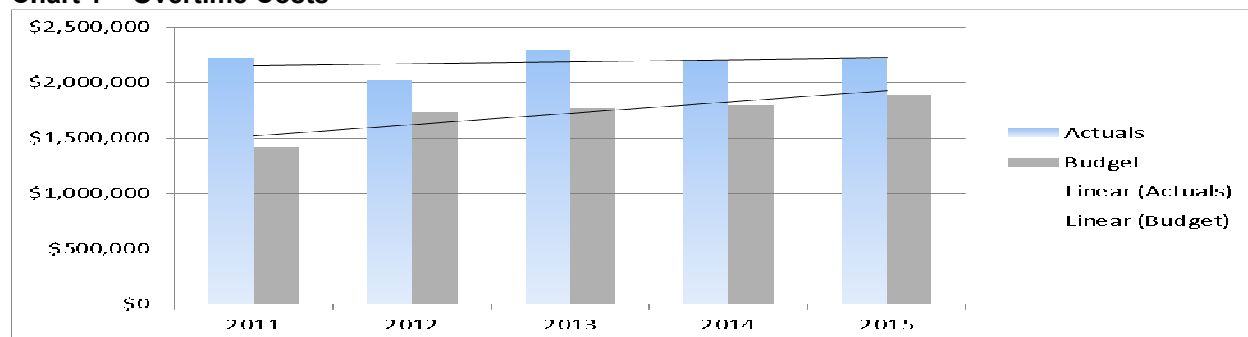
The audit excluded absences under long-term disability plan, leaves, medical appointments, and maternity leaves.

## Overtime Review

### Executive Summary

The Town of Oakville employees work overtime to respond to emergencies, manage workload during a staff shortage, and address temporary or seasonal spikes in workload. Overtime (OT) represents a significant cost to the town. As shown below in Chart 1 – Overtime Costs, the total overtime payments between 2011 and 2015 has remained relatively constant from 2011 to 2015; hovering a little above \$2.0 million.

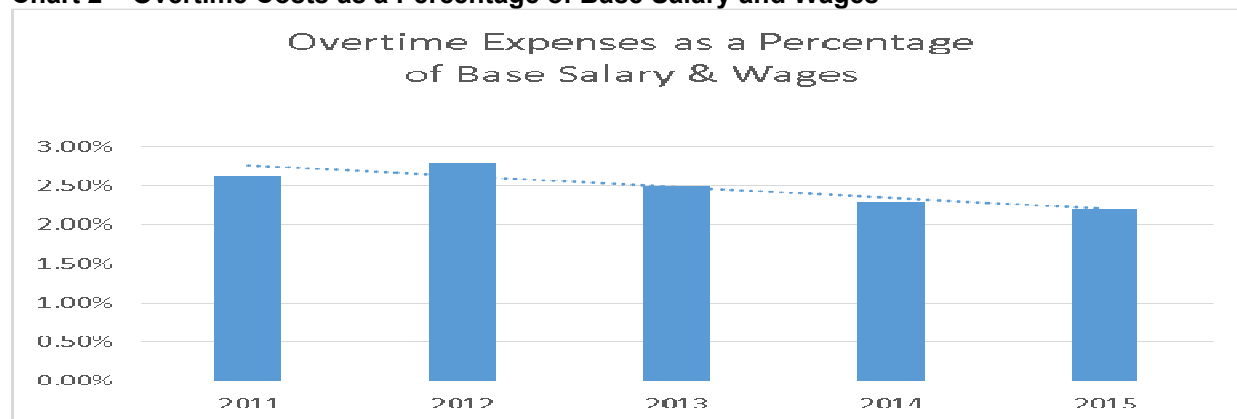
**Chart 1 – Overtime Costs**



**Note:** In 2012 the overtime (OT) budget was adjusted to reflect the actual historical costs of OT

More importantly, overtime costs as a percentage of total base salary and wages has been gradually decreasing from 2.63% in 2011 to 2.2% in 2015 as shown in Chart 2.

**Chart 2 – Overtime Costs as a Percentage of Base Salary and Wages**



Using the municipal benchmark data collected by the City of Guelph, an average range of overtime for actual overtime expenditures would be approximately 2.0% to 2.5% of total base salary and wages. The town's total base actual overtime rate for 2015 is 2.2% is similar to other municipalities. The town's rate was determined by dividing OT of \$2,210,962 by the total base salary and wages of \$100,723,661.

However, there exists opportunities to reduce the costs of overtime within the Oakville Fire department, Oakville Transit department and Roads & Works Operations department, as determined in this review. Specifically, the opportunities relate to the

overtime drivers, namely absenteeism. It is important to state that the town's average sick days taken by full time employees of 6.49 days is lower than the national average of 10.3 days for the municipal sector as measured by Statistics Canada in 2011; as well as the private sector at 9.1 days.

The potential exists to reduce the absenteeism rate in the town, as a whole and within specific departments, through the identification of root causes, determination the gaps in the town's current Health Safety and Wellness (HSAW) programs and the transformation of HSAW programs based on a comprehensive Strategic and Integrated Health Management Framework and Model. This would include the re-introduction and re-branding of the Attendance Support Program; as well as, new programs such as the introduction of a wellness strategy.

With the support of the Chief Administrative Officer (CAO) and the Executive Management Team (EMT) for the above framework and program; and through good people management and the regular monitoring and reporting of attendance by management to executive management, the CAO and Council, it is hoped the town would be able to reduce its current absenteeism costs. The biggest opportunities would come from departments with the highest overtime costs and absenteeism. For example, if the Fire department reduced its absenteeism days from 7.37 to 6.49 days (or .88 day) there would be an increase in productivity of \$117,502 and a potential savings in overtime of \$81,545.

Details of above opportunity and others, and the related recommendations and management action plans are found in Recommendations, Management Responses and Action Plans section of this report.

### **Conclusion**

Overall the town's overtime and absenteeism rates are in line with the public sector for municipalities; and over the years the level of overtime costs at the town has remained constant while absenteeism costs have fluctuated over the years. However there exists opportunities for the town to help employees stay healthy and remain at work, and to return injured and ill employees back to work as quickly and safely as possible. By assisting employees, this results in increase employee productivity as well as the reduction of overtime costs.

## Observations, Recommendations, Management Responses and Action Plans

### 1.0 Absenteeism

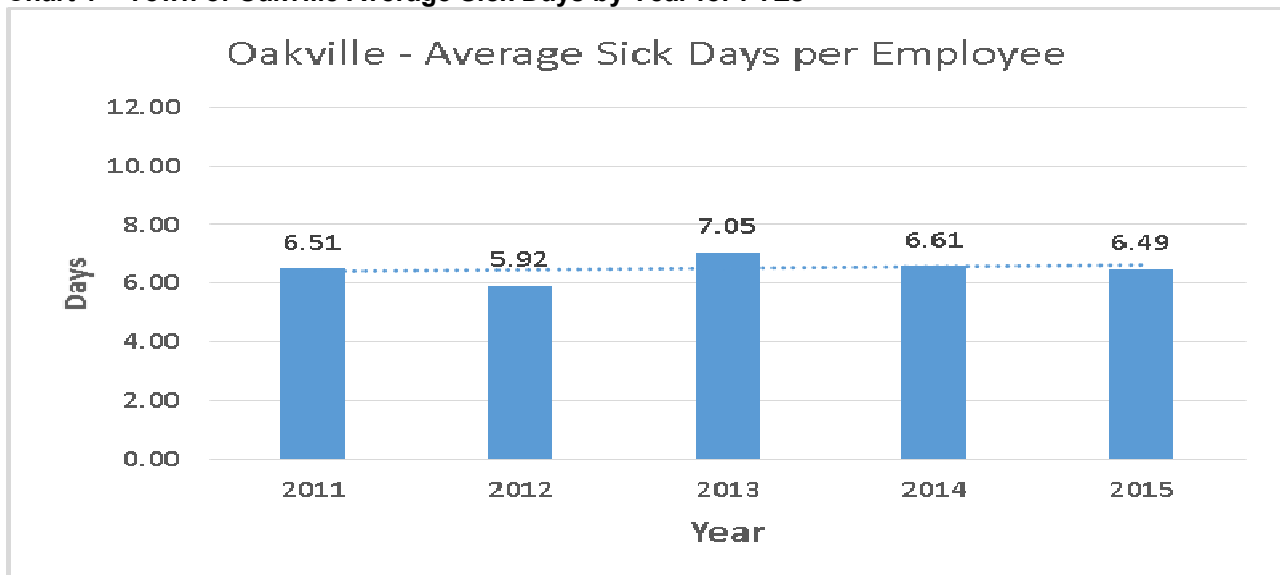
There is an expectation that an employee attends work on a regular basis in order that scheduled work assignments are carried out by the most appropriate staff without disruption to other staff.

It is recognized that, despite this expectation, town employees need to take time off from work due to sickness over the course of a year. Such absences can be influenced by personal factors, job characteristics and employment conditions. Absenteeism can lead to reduced productivity, reduced employee morale, and increased overhead costs such as overtime. While absenteeism is widely acknowledged as a problem within labour forces, it is difficult to determine between avoidable and unavoidable.

There are many kinds of absence. Some, such as annual vacation, are generally considered beneficial for both the organization and the employee. The effect on the organization can be minimized through scheduling and the same can be said of statutory holidays. Other absences, such as those caused by illness and family-related demands, are generally unavoidable. In addition absenteeism comprises absences that are avoidable, habitual and unscheduled, is a source of irritation to employers and co-workers. Such absences are disruptive to proper work scheduling and output, and costly to an organization and the economy as a whole.

The town's average sick days taken by full time employees (FTEs) has fluctuated over the years as shown in Chart 1. For 2015, town's absenteeism costs for the town amounted to \$2,411,766. This is equivalent to 6.49 days per year for a town employee. The sick leave data is based on the Economic Indicators Report prepared by town management which is reviewed by EMT.

**Chart 1 – Town of Oakville Average Sick Days by Year for FTEs**



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As previously stated, the average town employee takes approximately 6.49 days in a year; some employees take more and some take less. Almost 80% of town employees are absent less 8 (8 hours) days; and many should be acknowledge for their record of no absenteeism. This is illustrated in Chart 2 – Number of Employees with Sick Leave.

**Chart 2 – Number of Employees with Sick Leave (as at July 31, 2016 -7 months)**

2016 (to end of July)	# of Employees							# of Employees	Total # of days	Avg # of days per employee
	No sick time	<8	9-16	17-24	25-32	33-40	41+			
Fire	65	115	30	14	4	3	5	236	1624	6.9
Oakville Transit	70	112	5	3	6	2	3	201	859	4.3
Roads & Works Operations	16	64	12	3	2		4	101	775	7.7
Other	184	344	32	6	10	2	6	584	2190	3.8
Total	335	635	79	26	22	7	18	1122	5448	4.85 (1)

**Notes:** 4.85 days after 7 months tracked in 2016 can be extrapolated to 8.3 days for the year / EMT and the CAO review a similar report during their monthly meetings

Statistics Canada, Labour Force Survey- 2011, as reported by the Canadian Federation of Independent Business, showed that municipal employees' average days away from work for full-time employees is 10.3 days; and 9.1 days for the private sector with employees more than 500 people. Thus the town's average sick days taken by full time employees is lower than the national average for the municipal sector as measured by Statistics Canada; as well as the private sector.

Appendix 5 shows the town departments with the highest average sick days between 2011 and 2015. While none of the town departments have average sick days in excess of the national average, if absenteeism were further reduced there would be savings to the corporation. This is especially true for departments, such as the Fire department, with higher absenteeism costs as shown in Appendix 4.

### 1.1 New Attendance Support Program

The town is currently re-launching a new automated Attendance Support Program (ASP). It is supposed to rectify the following problems associated with the old program launched in 2005 Attendance Support Program (ASP):

- inconsistency of application across town departments;
- under resourced due its manual processes; and
- inadequate management training for managers and supervisors.



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The new ASP is designed to promote regular attendance and ensure absenteeism is managed through consistent and positive non-disciplinary intervention stages, across the corporation.

The new automated Attendance Support Program (ASP) is planned for implementation on January 1, 2017 by the HR department; and it applies to all full-time and 2+ year contract employees. A summary of the program goals and objectives, and guidelines is found in Appendix 6. The town should ensure that employees who use excessive amounts of sick leave are aware of the corporation's concerns and its hopes and expectation that their use of sick time is reduced. Excessive, as per the new ASP means the number of absences in the previous 12 months exceeds 8 days or occurrences. The intention is to encourage employees who use excessive amounts of sick leave to do all they can, with the town's assistance, to achieve and sustain regular attendance at work. While one of the objectives of the ASP is to ensure that employee attendance is managed uniformly throughout the town, managers are given discretion in moving an employee from one stage to the next. Consequently it is important that the HR department, as the corporate coordinator of the ASP, monitor managers' use of their discretion; and report to directors, commissioner, and the CAO on managers' consistency and fairness in applying the ASP.

It is expected that the application of the principles associated with addressing innocent absenteeism will improve the overall attendance record and reduce costs now associated with absenteeism. For example, if the Fire department was to reduce its sick days there would be a productivity gain valued at \$117,502; as well, it is estimated that overtime would be reduced by \$81,546.

#	Recommendation
1.	<b>Attendance Support Program</b> The Human Resources department should a) roll out new automated Attendance Support Program to all employees in 2016, including firefighters and bus drivers, and b) monitor the use of managers' discretion permitted within the Attendance Support Program.
#	Management Response and Action Plan
1.	<b>Accepted</b> a) The new Attendance Support Program will be implemented on January 1, 2017 in all town departments; and b) The Human Resources department will monitor and report absenteeism on a monthly basis to EMT. Reports on the use of discretion will be provided on a schedule still to be determined (e.g., quarterly, biannual or annual).  <b>Planned Implementation Date:</b> January 1, 2017  <b>Responsible Parties:</b> Director, HR for program administration and all program area management for program implementation.

### **1.2 Training Supervisors and Managers on ASP**

The Human Resources (HR) department has taken the lead in training supervisors and managers in their responsibilities about managing absenteeism, and advising them how to conduct an effective absenteeism meeting; as well as, the communicating to unions and employees on the goals and objective of the ASP.

The responsibility for managing absenteeism rests with immediate managers and supervisors. The managers and supervisors are often the only people who are aware that a certain employee is absent. They are in the best position to understand the circumstances surrounding an individual's absence and to notice a problem at an early stage. Thus their active involvement in the town's ASP is important to the overall effectiveness and future success of an absence program.

The HR department is currently providing mandatory training on the new ASP to all managers and supervisors. As well, in March / April 2017 additional mandatory training will be provided by the HR department to managers and supervisors on how to carry out the often unpopular tasks of meeting with their staff to discuss issues causing absenteeism. It is important for supervisors and managers to receive proper training; without it, the discussion may be seen as a form of "punishment".

Communication and training is a key step within a strategic and integrated health management framework. All parties, including the unions and employees, must be aware of the aim of attendance policies and procedures. If there are discrepancies between departments, a policy loses its effectiveness.

The Internal Auditor encourages management, the unions and employees to see the ASP, as well as other HR programs, as helping employees stay healthy and remain at work, and to return injured and ill employees back to work as quickly and safely as possible. By assisting employees, this results in increase employee productivity as well as the reduction of overtime costs.

### **1.3 Analyzing and Reporting on the Effectiveness of Attendance Support Program and Other Tools**

Prior to 2015, most town supervisors and managers had limited access to overtime and absenteeism information other than for budgeting planning purposes and the business variance reports. In 2015, Workspaces has enable managers to access staff performance appraisals, attendance information and real time "time in" and "time out" transactions for direct reports (where applicable). Recently, a new Sick Leave report, produced by the HR department, enables management to pinpoint areas within the corporation where employees exceed 8 days absenteeism. The above tools, including the new Attendance Support Program, provides management with the ability to monitor absenteeism and ensure absences are appropriately documented, justified, defensible and controlled. Whether these tools are effectively used by management to assist employees to reduce absenteeism should be reported to EMT and the CAO. The HR

department should periodically provide EMT, and the CAO with a report on the utilization of the tools to reduce the level of absenteeism.

#	Recommendation
2.	<b>Analyzing and Reporting on the Effectiveness of the Attendance Support Program and Other Tools.</b> The HR department should periodically report to EMT and the CAO on the effectiveness of the Attendance Support Program and other tools in reducing the level of absenteeism.
#	Management Response and Action Plan
2.	<b>Accepted</b> The HR department will monitor the utilization of the Attendance Support Program and other tools by management to reduce the level of absenteeism; and report annually to EMT and the CAO.  <b>Planned Implementation Date:</b> December 31, 2017  <b>Responsible Parties:</b> Director, HR

#### 1.4 Utilization of Strategic and Integrated Health Management Framework

The town does not have a formal written strategic and integrated health management approach as illustrated in Appendix 6-1 and 6-2. However, the Human Resources department supports the town's health management through programs within the Health Safety and Wellness section to address absences and disabilities. The objective of a strategic framework and model, that addresses prevention, early intervention, and recovery and return to work, is to help employees stay healthy and remain at work, and to return to work.

If the town hopes to reduce absenteeism, it needs to understand the drivers and predictors. Tracking both the frequency of and the reasons for absences is one of the first steps in this process. The drivers and predictors of absenteeism are complex. Absenteeism is affected by organizational influences, personal characteristics of the employee, and societal influences (see Appendix 7).

Societal influences are more challenging to address; similarly for personal characteristics. However, there are certain organizational influences that the town can control, such as an unhealthy work environment and the lack of a structured absence management program. By analyzing their absenteeism patterns and employee health risks, the town will be better situated to address the root causes of absence and reduce its impact. The town needs to look at their absence drivers and patterns, and use this information to determine the best way to approach absenteeism in our organization.

Once the root causes of absences are identified, the HR department can tailor its programs by focusing on the most cost beneficial activities; and through the utilization of the following steps:

- Taking proactive steps to improve the health and well-being of employees;
- Focusing on communication and education;
- Getting involved early when employees are absent;
- Keeping in constant contact with employees on leave; and
- Having a return-to-work program in place.

Note: Some of these steps are already in place.

The above steps can be applied to specific employee health risks that are the leading causes of absenteeism within the town. For example, mental health issues represent 30 – 40% of all disability claims across Canada as per the Global Business and Economic Roundtable on Mental Health; and it represents 1/3 of the town's claims based on discussions with HR. As well, the drug utilization rates, provided by the town's employee benefits consultant, may provide additional information about other health conditions. The traditional health management programs need to evolve into a strategic, proactive and integrated health management solution through key steps as stated in Appendix 8 – Mental Health. Managing employee absenteeism is a difficult task in the best of situations. Some best practices suggestions are stated in Appendix 9.

The rising cost of health issues in the workplace is making it necessary for the town to review how well their existing health management programs assess and support health issues, are tied to overarching health strategy or policy, address prevention / early intervention / recovery / return to work, and are able to control absenteeism and disability costs.

The utilization of a comprehensive, strategic and integrated health management framework will assist the HR department in determining and filling gaps in their programs; and implementing steps for handling health issues, such as mental health. This will aid the town in further containing risks and costs while assisting employees to stay healthy and promoting a culture of attendance.

#	Recommendation
3.	<b>Utilization of Strategic and Integrated Health Management Framework</b> The Director, Human Resources (HR) through the utilization of a comprehensive strategic and integrated health management framework will aid the town determining and filling gaps in their programs; and in further containing health risks and costs.
#	Management Response and Action Plan
3.	<b>Accepted</b> The HR department will develop a wellness strategy that will identify priority areas and actions to support health, safety and wellness for Town of Oakville employees.

	<p><b>Planned Implementation Date:</b> January 1, 2018</p> <p><b>Responsible Parties:</b> Director, HR</p>
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## 2.0 Information Reports to Council - Employee Attendance Performance Measures

Using the municipal benchmark data collected, an average range of overtime expenditures would be approximately 2.0% to 2.5% of total base salary and wages. The town's total base actual overtime rate for 2015 is 2.2% (or \$ 2,210,962) of total base salary and wages of \$100,723,661.

As described in previous sections, there are opportunities to improve the level of attendance within the town. With the re-introduction of the Attendance Support Program, management will be held accountable for monitoring and reporting on the attendance of its staff to executive management.

Currently, there is no reporting to Council that would identify key absence management related activities that are in place or being developed to mitigate the impact and lessen the frequency of employee absences. Town staff expenses is such a large component of the town's budget it is important for administration to be transparent and accountable to their residents. On an annual basis a report should be provided to Council which includes a status of employee absences, performance measures, including trend analysis and comparison with other comparable municipalities if available, and mitigation strategies to encourage and support a culture of attendance and healthy work environment.

#	Recommendation
4.	<p><b>Information Reports to Council – Employee Attendance Performance</b></p> <p>The Chief Administrative Officer (CAO) and Executive Management Team (EMT) should provide to Council an annual report on the status of employee absences and performance measures.</p>
#	Management Response and Action Plan
4.	<p><b>Accepted</b></p> <p>The CAO and EMT, with the assistance of the Human Resources department, will report annually to Council on the town's activities in promoting and achieving a culture of attendance in the workplace.</p> <p><b>Planned Implementation Date:</b> February 2018</p> <p><b>Responsible Parties:</b> CAO, EMT, and Director, Human Resources</p>

### **3.0 Oakville Fire Department**

#### **3.1 Stewardship and Oversight of Employee Resources**

For 2015, the Oakville Fire department has the highest absenteeism costs in the town. The costs associated for lost productivity in wages for the town was \$984,077.98 which translates to approximately 7.37 days.

Based on a sample of 29 firefighters for the year 2013, nine (9) did not have a medical Doctor's/Physicians note on file within their Human Resources (HR) employee file. Either the firefighter did not submit a note or the Oakville Fire department did not submit the note to the HR department. It is the responsibility of the Fire department management to monitor absenteeism; and inform HR of the need to administer medical cases. HR is only involved in claims that are brought to their attention, which are normally claims that are longer in duration.

Another sample of 16 firefighters who had over 96 hours (or four 24 hours shift) of sick time in 2014, only five (5) of the 16 were being managed by HR. The costs of sick wages paid to the 16 firefighters amounted to approximately \$153,800. As well, there are overtime costs for the replacement of firefighters absent as a result of being sick, on WSIB or vacancies. The correlation between absences and overtime may not be 1:1; but there is a direct impact on overtime as a result of absences.

The Oakville Fire department management is responsible for monitoring attendance, and controlling overtime to maximize coverage and optimize staffing levels. This is done to ensure the minimum staff is on duty while incurring as little overtime costs as possible.

In accordance to Article 16 – Sick Leave of the Oakville Professional Fire Fighter Association's Collective Agreement:

- When an employee has had four (4) incidents of sick leave in any twelve (12) month period, payment for subsequent occasions of sickness will be withheld for the first two (2) days or (1) shift of such occasions if the employee has not provided medical notes which adequately substantiate his /her sickness as being bona fide.
- If an absence extends beyond three (3) days or (2) shifts, the employee will notify the Divisional Chief who will in turn notify the Fire Chief, Deputy Chief or Assistant Deputy Chief of any further absence and provide an estimated date of return. Upon return the employee will submit a physician's note to support the absence.
- Lastly, the Head of the Department and/or the Director of Human Resources may require a physician's note regarding the employee's sickness at any time.

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Management within the Oakville Fire department should enhance their stewardship and oversight over staff, namely,

- ensuring firefighters obtain a medical Doctor's/Physicians note or pay will be deducted if the employee has not adequately substantiated his/her absence;
- monitoring the progress made in assisting their employees to reduce absenteeism;
- ensuring firefighters take appropriate action to enable them to come to work or seek medical assistance to enable them to come to work; and
- utilizing the new Attendance Support Program to assist management in monitoring the department's overall absenteeism and assisting employees to reduce absenteeism.

#	Recommendation
5.	<b>Stewardship of Employee Resources</b> The Oakville Fire department management should enhance their stewardship over limited resources and increase oversight of overtime (and absences).
#	Management Response and Action Plan
5.	<b>Accepted</b> The Oakville Fire department will ensure stewardship and oversight through the effective and efficient use of the Attendance Support Program, as well as ensuring staff obtain the appropriate medical Doctor's/Physicians note; and informing HR department of absences.  <b>Planned Implementation Date:</b> December 31, 2017  <b>Responsible Parties:</b> Fire Chief and Deputy Fire Chiefs

### 3.2 Monitoring and Analyzing Patterns of Unplanned Absences

The tracking of time for firefighters is performed by administrative staff in the Oakville Fire department. However, management does not analyze attendance records for potential patterns of unplanned absences

Consequently, the Internal Auditor selected a sample of 15 firefighters who had a significant amount of unplanned absences (sick days) to review for any patterns in unplanned absences. There was no abuse of unplanned absences based on the sample selected for analysis. However, one firefighter had taken sick days before and after their vacation days, throughout the year.

Unplanned absences pattern analysis should be performed by Oakville Fire department management to determine whether further in depth investigation is needed to be taken; and if proven valid, management should determine if disciplinary action is warranted regarding an employee who may be abusing unplanned absences.



#	Recommendation
6.	<b>Patterns of Unplanned Absences</b> The Oakville Fire department management should be performing pattern analysis to determine if there exists any abuse of unplanned sick days.
#	Management Response and Action Plan
6.	<b>Accepted</b> Based on the number of staff in the Oakville Fire department would be required to analyze, we will focus on firefighters who have exceeded 4 days (or 96 hours) of unplanned absences to perform pattern analysis of unplanned sick days.  <b>Planned Implementation Date:</b> December 31, 2017  <b>Responsible Parties:</b> Fire Chief and Deputy Fire Chiefs

#### 4.0 Oakville Transit Department –

##### 4.1 Hiring of a Casual Employee versus OT Payment

The Oakville Transit department (Transit) overtime (OT) cost is driven mainly by statutory holiday pay, scheduled OT, and unscheduled absence; combined with the requirement to fill all resulting open work. The biggest contributor to unscheduled absence (open work) is sick time and long term disability. If a driver books off work, Transit needs to find another driver to perform the work. If Transit did not do this, they would have to cancel the shift and in doing so, cancel service on the bus route. Thus impacting customer service and not achieving service delivery levels.

Not all open work is filled by overtime. Transit often is able to fill open work through the use of “Less than 40 Hour” and “Casual” drivers. Section 11.03 of the Collective agreement – 1256 UNIFOR addresses the order in which open work is offered; the use of “Less than 40”, “Casual”, and “Seasonal” classifications before offering work as overtime to a full-time 40 hour driver.

In 2012, Transit increased the number of casual drivers in an effort to reduce the amount of overtime paid out. While this would not account for the entire reduction, it had an impact in the downward OT trend line shown in Appendix 1 – Overtime Earnings. As well, starting in 2014, the Transit Planning and Scheduling staff member in Transit scrutinizes the automatic scheduler system that generates 40 hours schedules; and manually modifies the schedules to be more efficient. Transit management has estimated the savings in overtime to be approximately \$25,000. The result of the more efficient scheduling has also contributed to the downward trend line for OT within Transit.

OT often costs less than carrying more Transit drivers – the cost of OT may be less per hour worked if benefits are considered. The tipping point depends on whether the OT is earned by experienced fulltime bus drivers versus casual bus drivers. Consequently,



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the potential exists to further reduce OT through the hiring of more casual Transit employees. The corporation needs to analyze at what point it becomes more cost effective to hire a new casual Transit bus driver versus the OT to be paid out. Transit management should seek the assistance of the Financial Services department to determine when it becomes more cost effective to hire a casual Transit employee instead of paying OT.

#	Recommendation
7	<b>Oakville Transit Department – Hiring of a Casual Employee versus Overtime Payment</b> The Oakville Transit department should seek the assistance of the Financial Services department to determine when it is more cost effective to hire a casual Transit employee instead of paying overtime to full time bus drivers.
#	Management Response and Action Plan
7	<b>Accepted</b> The Director, Oakville Transit Services department will work with the Financial Services department as to when it becomes cost effective to hire a casual Transit employee that to pay overtime.  <b>Planned Implementation Date:</b> December 31, 2017  <b>Responsible Parties:</b> Director, Oakville Transit department

### 5.2 OT Costs Attributable to Statutory Holiday Pay

As previously stated above, Transit OT cost is driven mainly by statutory holiday pay, scheduled OT, and unscheduled absence; combined with the requirement to fill all resulting open work. Based on discussion with Transit management, approximately 30% of the total amount (2014 - \$454,520) paid out to overtime was associated with drivers and supervisors working on statutory holidays (\$125,000 and \$11,000 respectively).

Consequently, the net overtime (\$454,520 less \$136,000) is equivalent to 3% of the total Transit salaries and wages which is slightly higher than the municipal benchmark range of 2.0 to 2.5%. The backing out of OT costs associated with statutory holiday pay would provide for better comparison to other town departments as most others do not incur this type of overtime pay. The Payroll & Benefits section should explore the feasibility of assigning a unique account to “Statutory Holiday Pay” would remove the associated amount from the total overtime paid and allow departments to better manage their business.

## Overtime Review

#	Recommendation
8.	<b>Oakville Transit Department – OT Costs Attributable to Statutory Holiday Pay</b> The Financial Operations department should explore the feasibility of assigning a unique account to “Statutory Holiday Pay”.
#	Management Response and Action Plan
8.	<b>Accepted</b> The Director, Financial Operations department will set up a separate object code for the “Statutory Holiday Pay”; in addition the appropriate budget will be reallocated from the “Overtime” object code.  <b>Planned Implementation Date:</b> January 1, 2017  <b>Responsible Parties:</b> Deputy Treasurer and Director, Financial Operations

### Conclusion

Overall the town’s overtime and absenteeism rates are in line with the public sector for municipalities; and over the years the level of overtime and absenteeism costs have remained constant at the town.

However there exists opportunities for the town to help employees stay healthy and remain at work, and to return injured and ill employees back to work as quickly and safely as possible. By assisting employees, this results in increase employee productivity as well as the reduction of overtime costs.

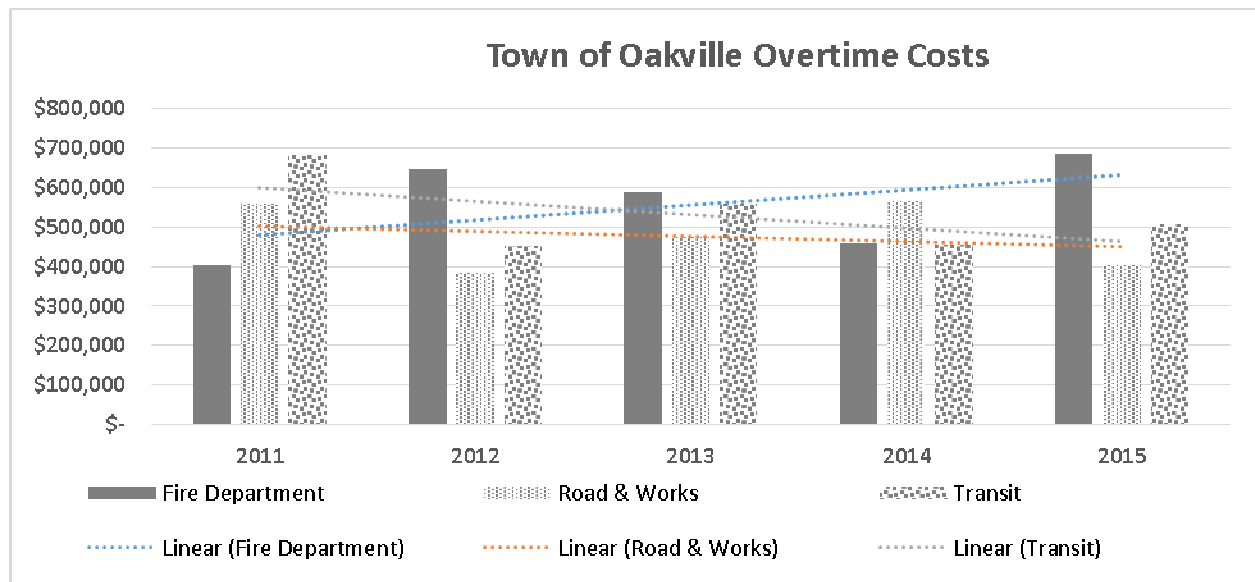
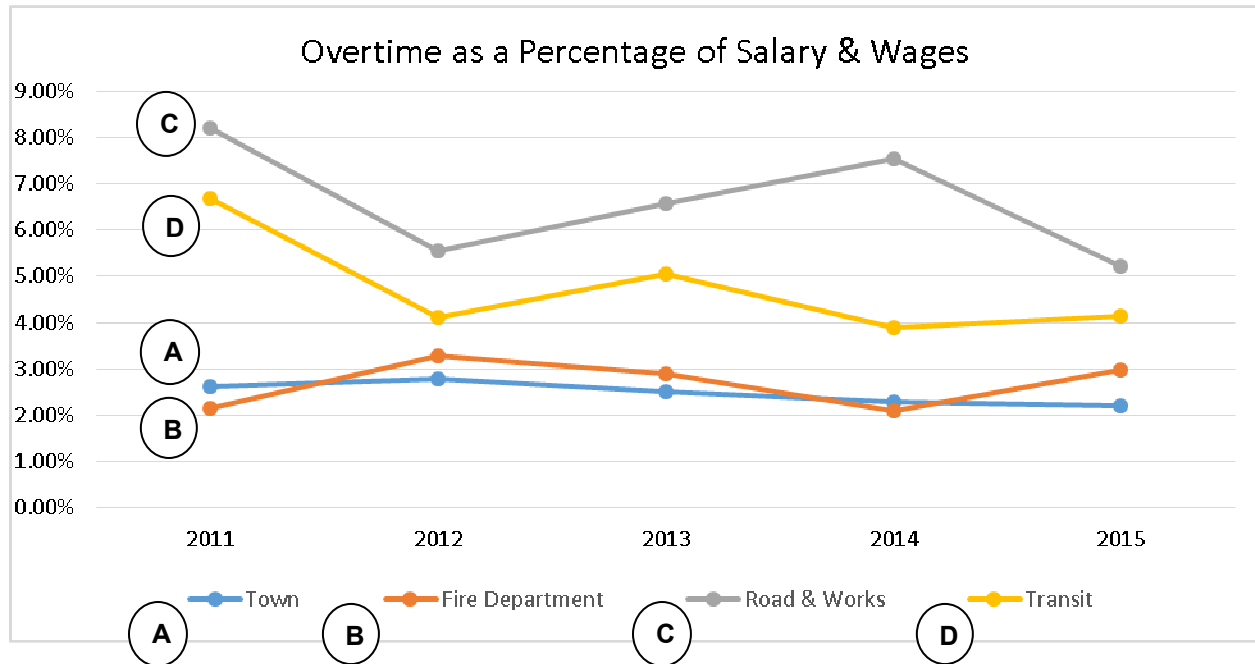
### **APPENDICES:**

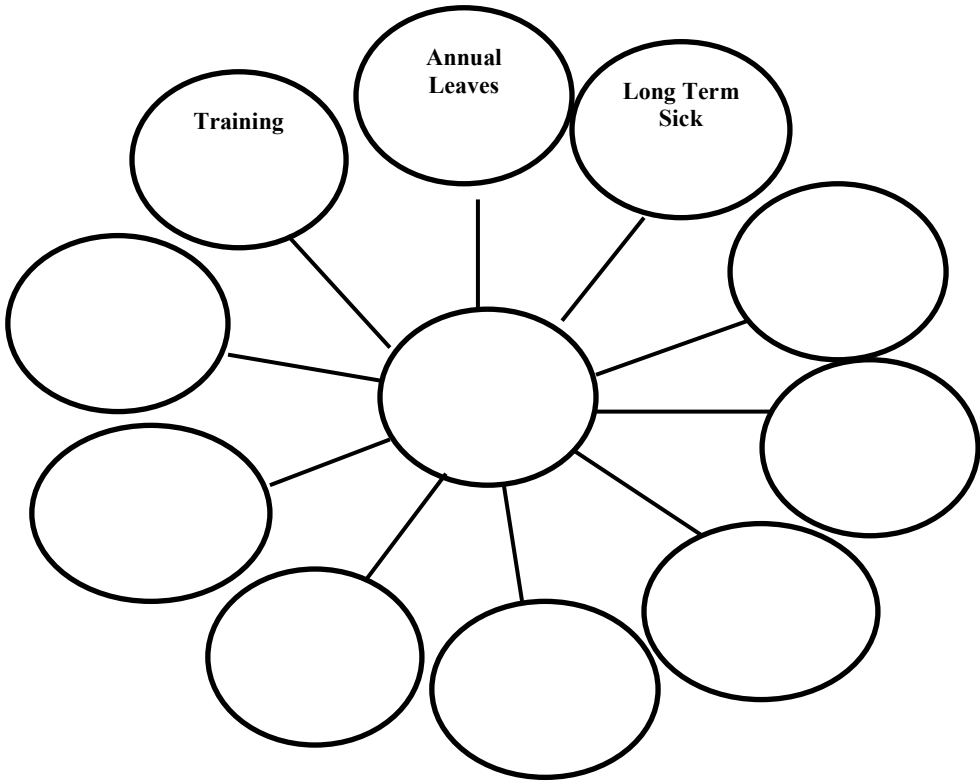
- Appendix 1 – Town of Oakville Overtime Earnings
- Appendix 2 – Overtime Drivers
- Appendix 3 – Town of Oakville Absenteeism Costs
- Appendix 4 – Definitions & Coding for Absenteeism
- Appendix 5 – Town Departments with the Highest Average Sick Days
- Appendix 6 – Attendance Support Program (ASP) Goals and Objectives, and Guidelines
- Appendix 6-1 – A Health Management Program Model
- Appendix 6-2 – Utilization of Strategic and Integrated Health Management Framework
- Appendix 7 – Drivers, Predictors, and Causes of Absenteeism
- Appendix 8 – Mental Health
- Appendix 9 – Best Practices Managing Employee Absenteeism

## Overtime Review

### Town of Oakville Overtime Expenses

### Appendix 1

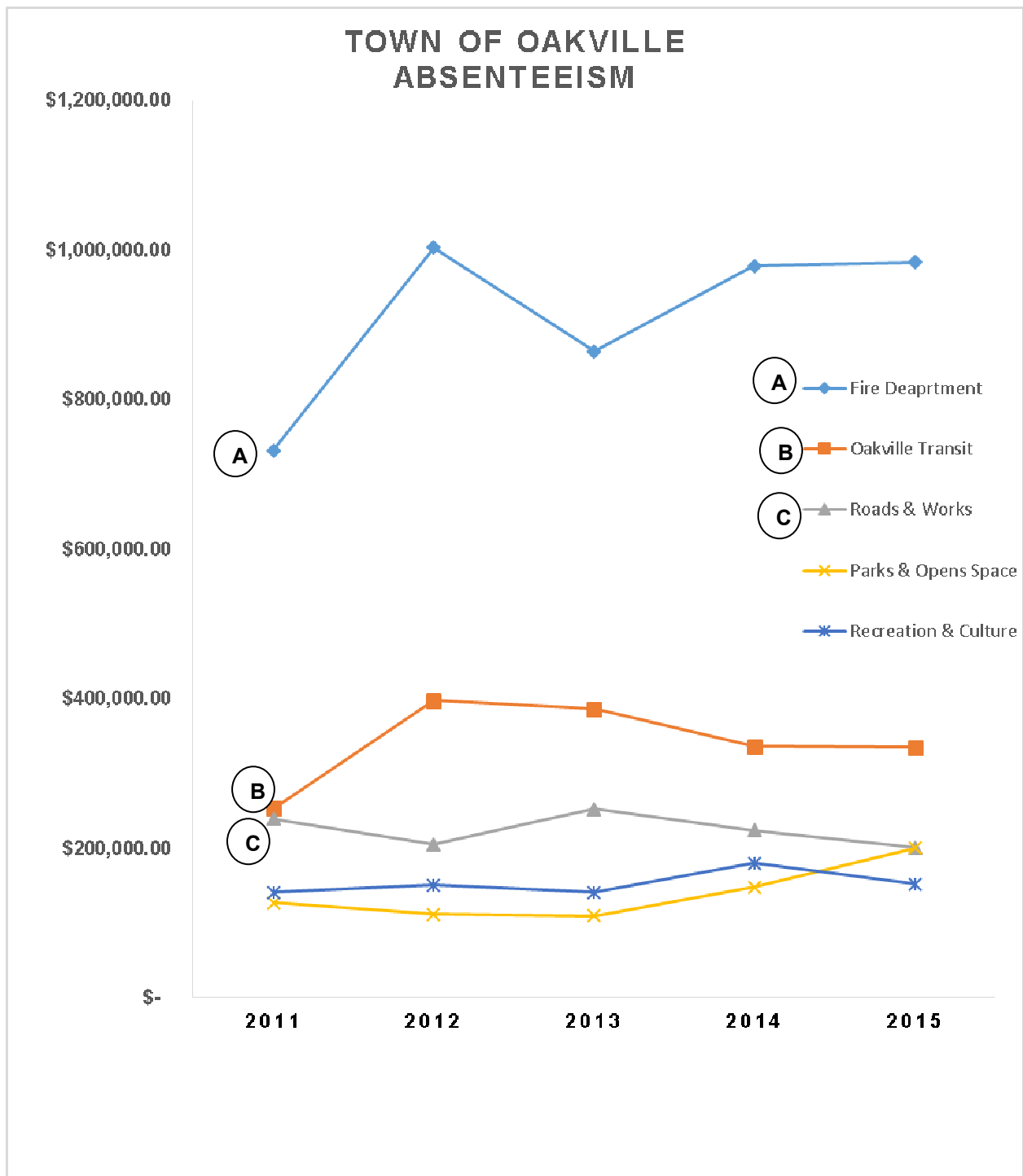




Source: City of Chesapeake

## Town of Oakville Absenteeism Costs

## Appendix 3



## Definitions & Coding for Absenteeism

## Appendix 4

### Short-term Disabilities

Short-term Disabilities (STD) include absences of less than 1 day up to 210 days depending on the number of years of service (based on a 7 hour day). STD has been further categorized into either Incidental or Significant sick absences. The majority of full-time employees are covered by the town's self-insured reserves and employee continues to be paid through payroll during a sick absence.

- **Incidental** sick absences are those that are less than 6 days (2 days for suppression staff on 24 hours shifts) and are managed primarily by employee's supervisor. These absences are primarily due to common ailments like colds, infections, respiratory illnesses, gastrointestinal illnesses, viruses, or minor injuries, and do not require a sick claim form.  
(Payroll – PDDBA Code: 120 Sick Pay)/ (Payroll – PDDBA Code: 415 70% Sick Time-Transit)
- **Significant** absences are those that are 6 days up to 210 days, dependent on years of service, require a medical claim form(s) and are additionally managed by the HR Associate Disability and HR Disability Claims Coordinator. These absences are caused by more serious medical conditions, including cancers, fractures, traumatic injuries, mental illness, cardiovascular conditions, nervous disorders, as well as surgeries.  
(Payroll – PDDBA Code: 121 Medical Case)
- **Modified Sick** absences are for those employees who are involved in graduated return to work programs and are paid partial sick days; and primarily managed by HR's Health Safety and Wellness staff. An increase in modified sick time reflects greater participation in return to work and therefore less unproductive costs.  
(Payroll – PDDBA Code: 62)

### Workplace Safety and Insurance Board

Workplace Safety and Insurance Board (WSIB) claims include work-related Injuries and Illnesses. The town's WSIB is self-funded through reserves; and employee continues to be paid through payroll during a sick absence. Part-time, contract, seasonal, students – all those not full time are paid loss of earning directly through the WSIB at 85% of net earnings. (Payroll – PDA Code: 60 WSIB or 61 WSIB Modified)

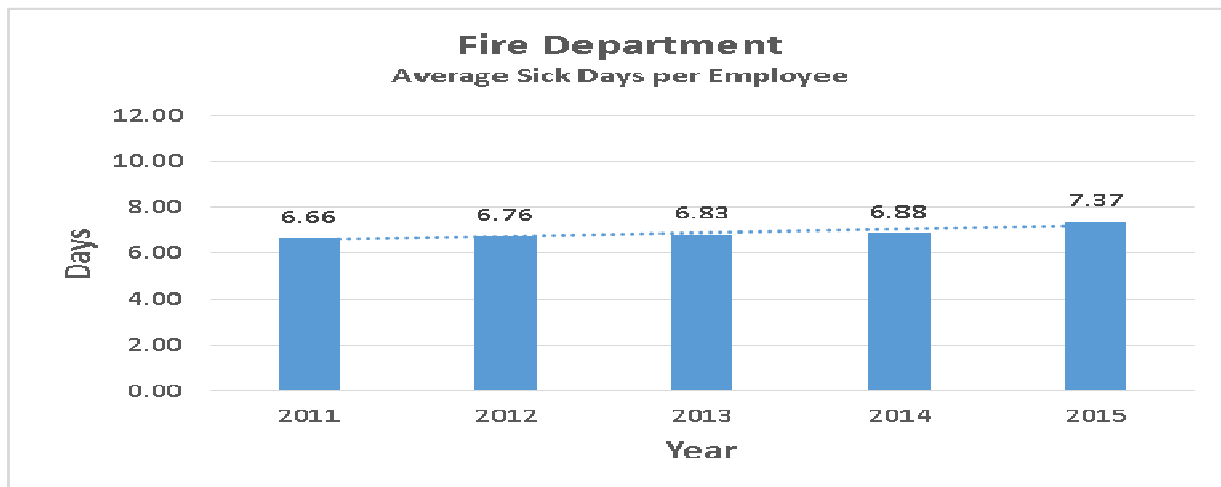
### Long-term Disabilities

Long-term Disabilities (LTD) includes long term absences of greater than 210 days (depending on years of service) to 730 days (two years). Employees continue to receive LTD benefits upon continued approval through Sun Life, up to age 65. The two years represents their own occupation only, not any occupation. The largest number of LTD for non-work related claims are related to: mental health, musculoskeletal, cancer, brain and nervous, and cardiovascular. These long term absences are covered by our health care provider who remits payments to the employee; however, benefits continue to be paid by the town.

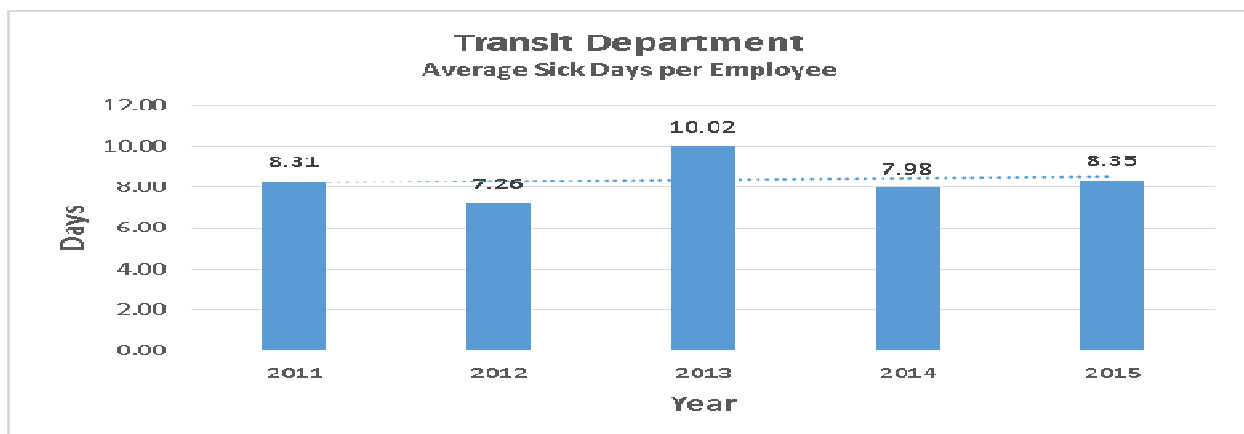
## Overtime Review

### Town Departments with the Highest Average Sick Days

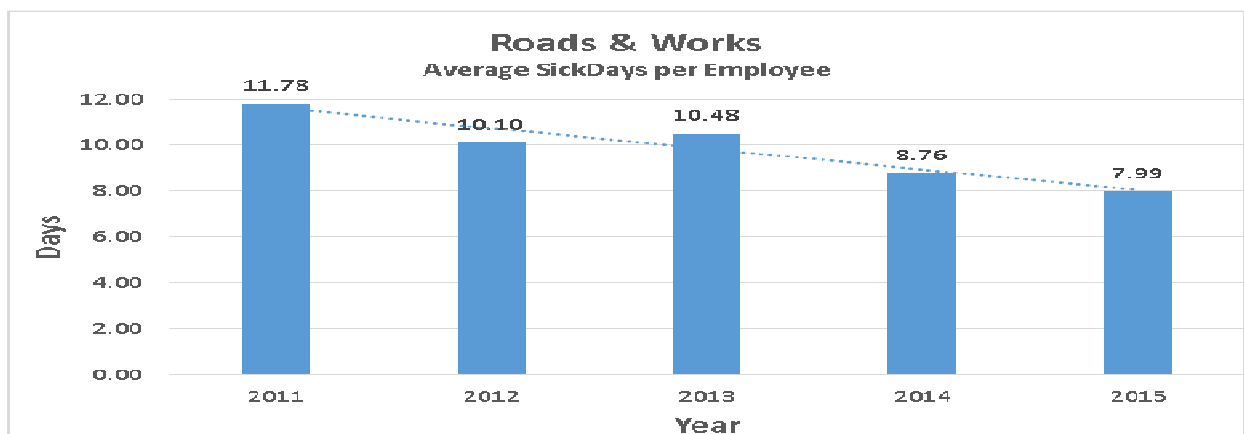
### Appendix 5



Note: The above days are base on an 12 hours shift. In 2011 firefighters started to work on a rotating 24 hours shift schedule



Note: In 2012, Transit increased the number of casual drivers in an effort to reduce the amount of overtime paid out.





## **Attendance Support Program (ASP) Goals and Objectives, Program Goals and Objectives**

## **Appendix 6 and Guidelines**

To manage absenteeism within the Town of Oakville in a fair and consistent manner to maintain a good, reliable, effective and efficient level of service to the residents of Oakville by:

- Increasing awareness of the impact of absences on colleagues and the organization to promote regular attendance at work;
- Helping employees achieve and maintain regular attendance at work by providing employment accommodation and/or other assistance as required;
- Regularly communicating the responsibilities of employees, supervisors, management and human resources with respect to attendance;
- To provide a framework for responding to/addressing excessive absenteeism.

### **Program Overview**

The ASP has five (5) progressive levels that an employee will enter if his/her absenteeism continues to exceed the thresholds applicable for each level. Employees will only progress a maximum of two (2) levels in any calendar year to ensure that employees are given sufficient time to address whatever circumstance is causing their absence.

An employee will enter the program once their number of absences exceed 8 days/occurrences in a calendar year. This may be one period of absence of 8 days or 8 full or partial days in a calendar year or any combination thereof. In the case of the Oakville Fire Department and the 24 hour shift schedule, the ASP threshold is set at 4 shifts/occurrences.

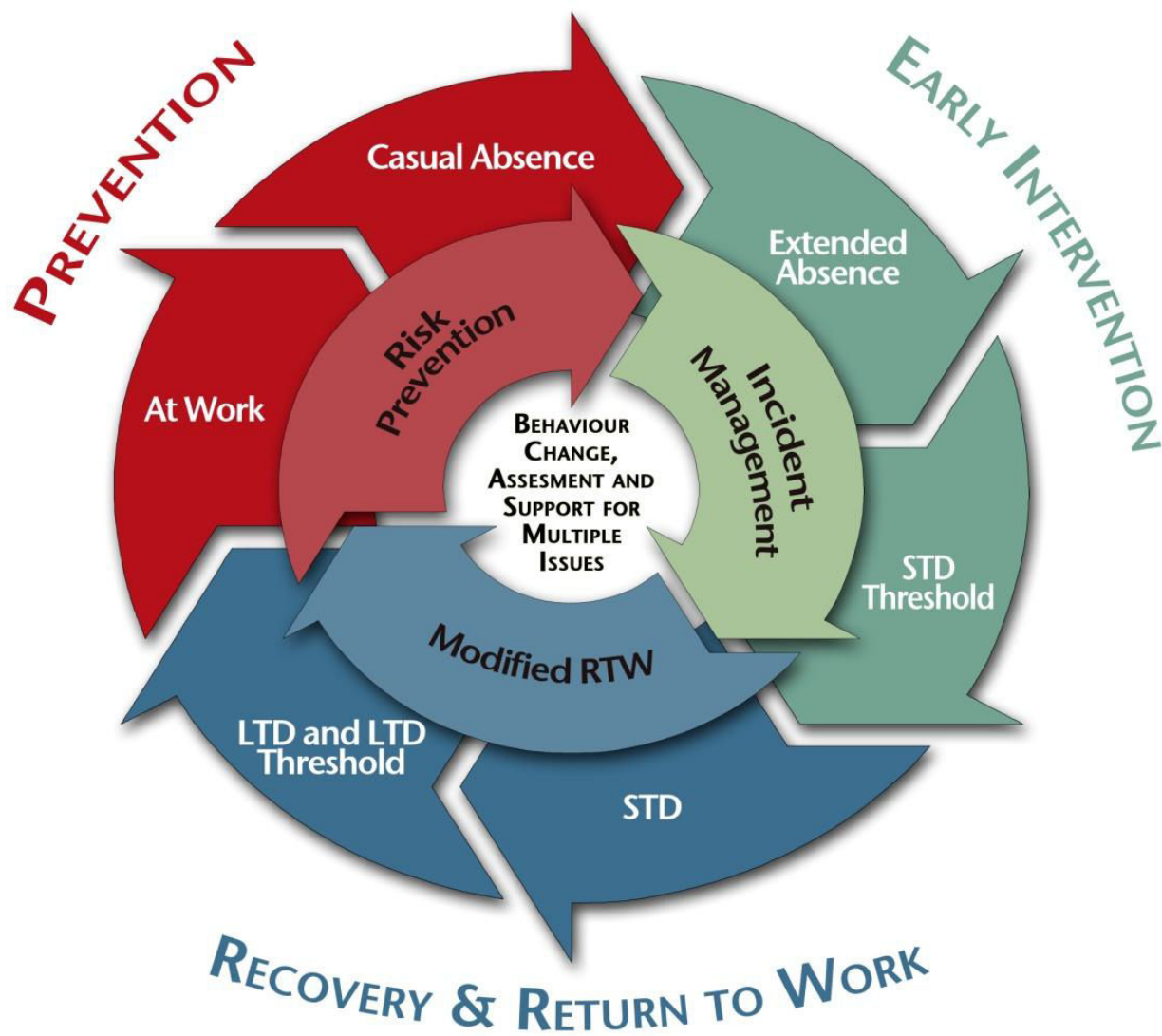
Once an employee reaches the ASP threshold, the Manager/Supervisor will meet with the employee to review and discuss his/her attendance record. This first meeting is designed to raise awareness about an employee's attendance record and to encourage improvement. The objective is that through the encouragement and support of the Manager/Supervisor and the use of available resources, the employee can be successful in achieving and maintaining an acceptable level of attendance.

Employees will progress through subsequent levels of the ASP when his/her absences exceed 8 in any 12 month period. Each time an employee reaches the ASP threshold and they advance into the next level, a meeting will be held between the employee and the Manager/Supervisor. At level 2 and up member(s) of the Human Resources Department will also be in attendance.

If an employee's absence continues to exceed the thresholds with no improvement, he/she will progress through all levels of the program. Depending on the individual circumstances, in some cases, where absenteeism remains excessive and a medical assessment states there is no likelihood of improvement, the employment contract may be deemed "frustrated" and employment could be terminated. Each individual case requires a comprehensive review of all the circumstances that gave rise to the possible need to terminate the employment relationship prior to any decision being made. Such cases are rare and not the intent of the program.

A Health Management Program Model

Appendix 6-1



Source: Shepell-fgi, Karen Seward, Executive Vice President, Business Development and Marketing

## Strategic and Integrated Health Management Framework

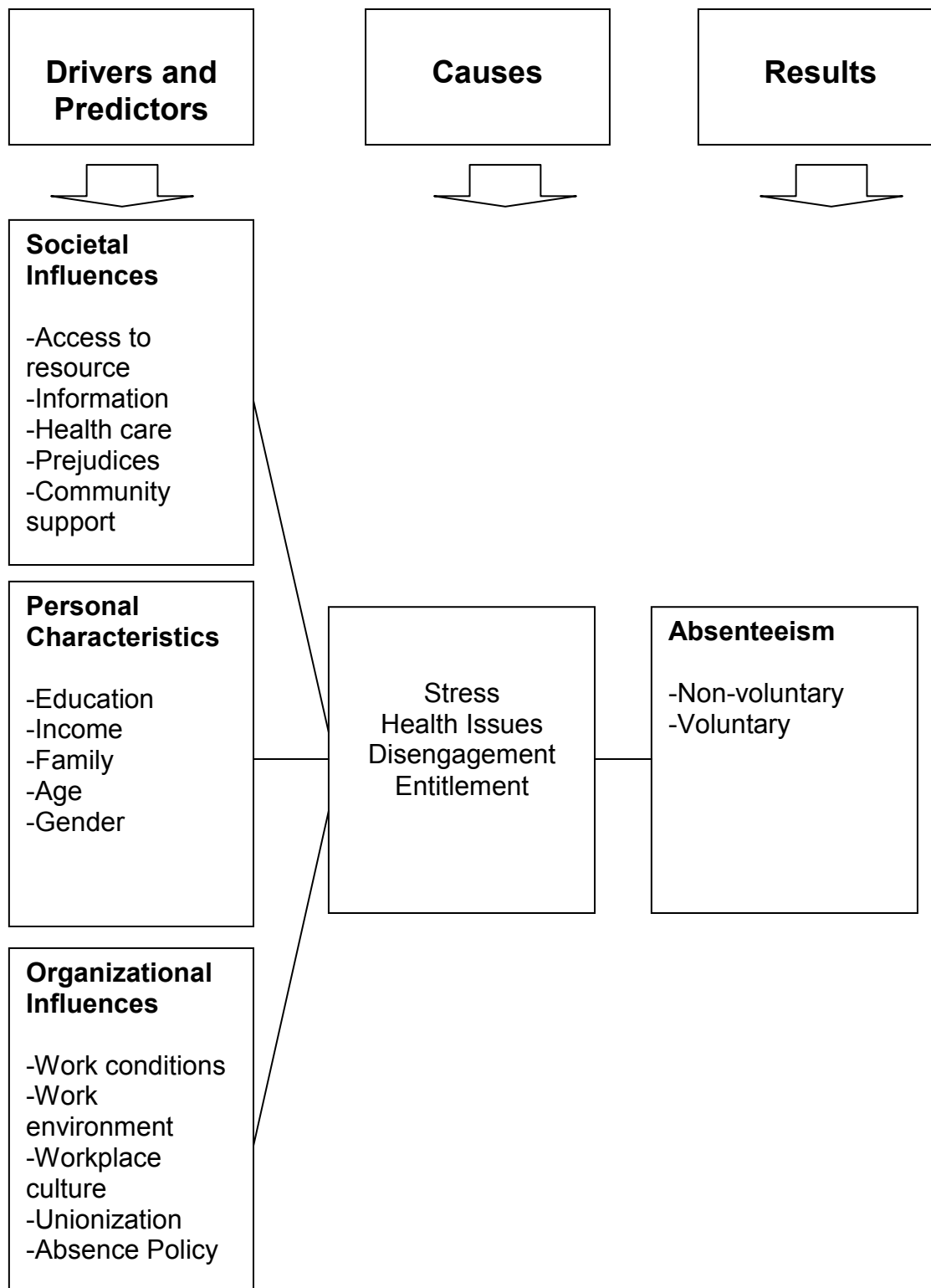
## Appendix 6-2

Employee Work Status	At Work	Incidental Absences	Sick Leave	Short-term Disability Leave	Long-term Disability Leave
Type of Intervention	Prevention		Early Intervention	Recovery	
Employee Health Status	Healthy	Possible Health Risks	Illness / Injury	Serious or Chronic Conditions	
Employer Focus	Health Promotion	Health Risk Management	Injury / disease management	Disability Management	
Examples of Employer Programs	<ul style="list-style-type: none"><li>• Life habits assessment</li><li>• Information sessions</li><li>• Work / Life balance programs</li><li>• Physical activity promotion</li></ul>	<ul style="list-style-type: none"><li>• Health risk assessment</li><li>• Behavioral change promotion</li><li>• Stress management</li><li>• Physical fitness programs</li></ul>	<ul style="list-style-type: none"><li>• Programs aimed at specific illnesses</li><li>• Targeted education programs</li><li>• Medication adherence programs</li><li>• Care guides</li><li>• Preventive accommodation</li></ul>	<ul style="list-style-type: none"><li>• Management of individual employee claims</li><li>• Specialized care</li><li>• Chronic or episodic illness management</li><li>• Rehabilitation</li><li>• Transitional job options</li><li>• Accommodations</li></ul>	
Return to work Strategies	n.a.	Proactive absence management	Stay-at-work program	Early return-to-work program	
The above framework can be best illustrated through the program model shown on Appendix 6-1					

Sources: Lindenberg, "An Organizational Health Perspective," 18, "Disability Management Trends and Best Practices", 8; and Seward, "Trends in Mental Health," 7.

**Drivers, Predictors, and Causes of Absenteeism**

**Appendix 7**



Sources: The Conference Board of Canada; Hendrix, Spencer, and Gibson.

## Mental Health

## Appendix 8

### **Prevention and Early Intervention:**

#### Key Steps

- 1) Educate frontline employees and managers about mental health issues
  - Recognizing the signs and symptoms can help prevent deterioration of performance and health (e.g. chronic tardiness, lower productivity)
- 2) Increase understanding of workplace triggers that can exacerbate mental health
  - E.g. Workplace conflict, stress, work overload
- 3) Leverage preventive integration programs to prevent absence and disability
  - EAP programs that offer counseling and referrals to mental health services, health coaching, and disease prevention and management

### **Recovery and Return to Work (RTW):**

#### Steps

- 1) Ensure appropriate policies are in place and effective procedures applying the policy (including roles and responsibilities)
- 2) Ensure that disability management includes appropriate diagnosis and treatment
- 3) Leverage assessments to identify non-medical barriers that may prevent an employee from returning to work, or extend claim length
- 4) Focus on interventions to support recovery/RTW

Findings of a Canadian study examining return to work outcomes for persons on STD benefits (most with major depressive disorder), revealed:

- 7% of employees receiving collaborative care transitioned into long-term benefits
  - 31% that STD benefits only transitioned to long-term benefits
- 5) Focus on collaborative progressive or modified return to work programs – therapeutic benefits to accommodation and appropriate on-the-job recovery
  - 6) No “one size fits all” solutions to return to work – must be based on functional abilities
  - 7) Remember that the goal is to return to productive employment as a valued employee
  - 8) Apply effective return to work practices when employee returns to progressive duties
    - Monitor and comply with established RTW plan
    - Watch for signs of stress that could cause a relapse
    - Understand how the workplace can contribute to anxiety and stress (e.g. role overload)
    - Offer support if the employee communicates difficulty during the return, and remind them that the EAP is available for confidential counseling

Source: Shefell-fgi, Karen Seward, Executive Vice President

**Best Practices – Managing Employee Absenteeism**

**Appendix 9**

- Seeking solutions through collaboration in order to solve attendance issues;
- Emphasizing the value of employees and giving them more responsibility in reducing absenteeism;
- Crafting and executing alternate work arrangements that encourage employee attendance;
- Obtaining buy-in from management and labour;
- Reviewing the cultural fit of your policy;
- Setting realistic goals for improve attendance;
- Aligning program parameters with organizational goals;
- Incorporating preventive and reactive measure into your manager's overall attendance management strategy;
- Discuss the impacts of absenteeism with management and staff;
- Establishing an integrated communications framework regarding attendance programs and policies;
- Determining evaluation measures and incentives for managers to comply with attendance programs;
- Best practices for managers faced with unjustified absences;
- Addressing the root causes of absenteeism; and
- Identifying the extent of the problem within the organization.