

**CITY OF HAMILTON
INTERNAL AUDIT REPORT 2013-09
COMMUNITY & EMERGENCY SERVICES – HAMILTON FIRE DEPARTMENT (HFD)
OVERTIME
FOLLOW UP**

#	OBSERVATIONS OF EXISTING SYSTEM	RECOMMENDATION FOR STRENGTHENING SYSTEM	MANAGEMENT ACTION PLAN	FOLLOW UP (FEBRUARY 2015)
1.	<p><u>Overtime Tracking – Records</u> Overtime incurred when maintaining minimum staffing levels is approved and tracked using hand written notes recorded by the Platoon Chiefs (PCs) in their supporting logs. Similar information is recorded in other manually updated logs maintained by the District Chiefs (DCs) and Captains. Overtime incurred for working beyond the end of a shift is tracked with handwritten notes of the District Chiefs on the back of Personnel Cards. All of these records are manual, sometimes making the information illegible, cumbersome to review and reported in an inconsistent manner. Records that are electronically linked and provide detailed information suitable for approval would go a long way in improving the accuracy and efficiency of the process.</p>	<p>That HFD management implement an automated timekeeping system for tracking and approving regular hours and overtime incurred.</p>	<p>Agreed. HFD will implement the necessary internal controls in the current manual process starting April 1, 2014 for the tracking and approving of regular and overtime hours.</p> <p>The Department will also begin working on the development and implementation of an automated timekeeping system that will be operational by June 1, 2015.</p>	<p>In Progress. An automated system for tracking and approval of overtime has been implemented. The module for regular hours/rostering is currently under development. Expected Completion: June 2015.</p>

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2.	<p><u>Overtime Logs and Slips</u></p> <p>The supporting logs used by the PCs, DCs and Captains should identify the employee that worked the overtime, including the employee’s rank and when the overtime started and ended.</p> <p>The PCs supporting log sampled for overtime worked over a two week period did not:</p> <ul style="list-style-type: none"> • identify two of the 44 firefighters and officers that worked overtime; • identify the rank of one of the eight Captains that worked overtime; • identify the start time for 14 of the 44 firefighters and officers that worked overtime; and • identify the end time for 20 of the 44 firefighters and officers that worked overtime. 	<p>That HFD management implement a system to ensure that all relevant information, (i.e. name, rank, start and end times) for all employees that worked overtime is accurately reflected in the logs used by all officers (Captains, District Chiefs and Platoon Chiefs). The accuracy of this information should be verified by performing spot checks each month.</p>	<p>Agreed. HFD will update the current manual process starting April 1, 2014 to ensure all relevant information is recorded.</p> <p>HFD will ensure that the development of the automated timekeeping system to be operational by June 1, 2015 will include the relevant information identified in this recommendation.</p> <p>Monthly spot checks will be performed by F&A staff.</p>	<p>Completed. All relevant information for overtime worked is identified in the automated timekeeping system. Monthly spot checks are performed by F&A staff.</p>

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2.	<p><u>Overtime Logs and Slips (Cont'd.)</u> The DCs supporting logs over the same two week period did not:</p> <ul style="list-style-type: none"> • identify the rank of one of the eight Captains that worked overtime; • identify the start time for one of the 44 firefighters and Officers that worked overtime; and, • identify the end time for six of the 44 firefighters and Officers that worked overtime. 			

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2.	<p><u>Overtime Logs and Slips (Cont'd.)</u> The PCs also prepare and approve the overtime slips to ensure that the employees that worked overtime are paid for the hours worked. The information on the overtime slips is supported by the various logs. The following inconsistencies were noted between the overtime slips and the logs:</p> <ul style="list-style-type: none"> • Hours worked reported on the PCs supporting logs differ from those reported on the overtime slips in 22 of the 44 overtime cases reviewed; • Hours worked reported on the District Chiefs' supporting logs differ from those reported on the Overtime Slip in eight of 44 overtime cases reviewed; and • Employees that worked overtime in two of the 44 cases reviewed were not identified in the Captain's log. 	<p>That HFD management develop a system to ensure that the information on all overtime slips is supported by the overtime recorded in the different logs. This information should be verified for consistency by performing spot checks each month.</p>	<p>Agreed. HFD will update the current manual process starting April 1, 2014 to ensure that the information on all the overtime slips is supported by the personnel logs.</p> <p>HFD will ensure that the development of the automated timekeeping system to be operational by June 1, 2015 will include the relevant overtime information identified in this recommendation.</p> <p>Monthly spot checks will be performed by F&A staff.</p>	<p>Completed. Hand written logs are no longer used. Relevant supporting information is recorded in the automated timekeeping system. Monthly spot checks are performed by F&A staff.</p>

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3.	<p><u>Overtime Tracking and Approval – Overtime Incurred Beyond the end of the Shift</u></p> <p>Firefighters combating a fire at the end of their shift, they are relieved at the scene. The firefighters that are relieved return to the station prior to going home. They are allowed overtime for this period. However, there is no process used to confirm the overtime hours claimed in these situations.</p> <p>Firefighters waiting for their replacements to arrive for the next shift are entitled to overtime if their scheduled end time has passed. This is identified as "Waiting for Relief". Firefighters claiming overtime for "Waiting for Relief" inform their DCs by telephone or e-mail. The DCs record the times on the backs of personnel cards which accumulate such time for payment. The DCs do not verify the accuracy of the time claimed.</p>	<p>That HFD management consider a means to evaluate the time claimed by firefighters who return to their station after they are relieved of their duties at the scene of an emergency.</p> <p>That HFD management verify the amount of overtime claimed by firefighters "Waiting for Relief" by comparing the overtime hours on the personnel cards to the time that their relief workers reported to work (noted in the District Chief's log).</p>	<p>Agreed. HFD will update the current manual process starting April 1, 2014 to ensure that the overtime claimed by firefighters who return to the station after emergency scene relief has been properly recorded and validated.</p> <p>Agreed. HFD will update the current manual process starting April 1, 2014 to capture and verify documentation to support overtime for relief.</p>	<p>Completed. Overtime claimed by firefighters returning at the end of a shift is sufficiently recorded and validated by a senior officer before processing.</p> <p>In Progress. The start and end time of overtime claimed is tracked and approved on the automated system. The related times for the relief worker will be available when the rostering module is implemented. Expected Completion: June 2015.</p>

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3.	<p><u>Overtime Tracking and Approval – Overtime Incurred Beyond the end of the Shift (Cont'd.)</u></p> <p>Overtime is also claimed by firefighters for miscellaneous reasons (i.e. writing reports or meeting with Crown attorneys). However, staff do not present documentation (i.e. the reference to the report being written or the reason for meeting with the Crown) to support the amount of overtime claimed in such cases.</p>	<p>That, when overtime is claimed for miscellaneous reasons, supporting documentation be provided by staff and retained by management.</p>	<p>Agreed. HFD will update the current manual process starting April 1, 2014 to record supporting rationale for all overtime.</p> <p>HFD will ensure that the development of the automated timekeeping system to be operational by June 1, 2015 will include the relevant overtime information identified in these recommendations.</p>	<p>In Progress. Supporting documentation for miscellaneous overtime is being recorded in the timekeeping system. However, this is not being done consistently. Expected Completion: June 2015.</p>

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4.	<p><u>Staffing Model</u></p> <p>The current staffing model of the HFD uses a minimum complement of 87 firefighters and officers per shift plus one staff per major apparatus (for example, a fire truck) and additional staffing for specialty stations (i.e. Hazmat, High Angle Rope Rescue and Enclosed Spaces). Management has indicated that these levels are based on a "rule of thumb" and has not developed a formal analysis to validate the accuracy of this staffing model. The determination of the number of man days that must be covered for staff vacations, for work on statutory holidays, for days lost due to illness/injury and for retirements is not calculated and thus, not reviewed each year to reflect changes in the HFD's work force. With a current platoon strength of 117 staff, it cannot be confirmed that this staffing level is adequate to meet its requirements.</p>	<p>That management develop and use a set model to justify staffing requirements each year based on determining factors such as the number of days that must be covered for staff vacations, for work on statutory holidays, for estimated days lost due to illness/injury and for retirements.</p>	<p>Agreed. HFD will develop a staffing model that will be used to justify the annual staffing requirements. This model will be developed and implemented by August 1, 2014.</p>	<p>No Longer Applicable. The HFD monitors current and expected future absences to sustain platoon strength at 117 staff. It has been decided not to develop a formal staffing model.</p>

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5.	<p><u>Vacation Scheduling</u> Management has developed a Holiday/Lieu Day Draw Policy to ensure that staff have an opportunity to take holidays during the prime vacation period and service delivery is maintained consistently throughout the year. This policy maximizes the number of officers and firefighters that may be on holidays for any given shift at five and 13 respectively with the combined total not exceeding 18. In the audit sample selected, the number of holidays and lieu days granted to firefighters exceeded their maximum number on eight of the 14 days reviewed and thus, overtime was required on four of the days. The number of holidays and lieu days granted to officers exceeded the maximum allowed on three of the 14 days and overtime was required on two of those days.</p>	<p>That management ensure the Holiday/Lieu Day Draw Policy is adhered to so that no more than the maximum number of staff allowed under this policy are on holidays on any given day and this cause of overtime is minimized.</p>	<p>Agreed. HFD will provide education to all senior officers (PC's and DC's) to ensure that policy is followed. This will be completed by April 1, 2014.</p> <p>HFD will include in the development of the automated timekeeping system (by June 1, 2015), a real time audit system for the logging of vacation to help ensure that policy is followed.</p>	<p>In Progress. The electronic logging of the vacation (holidays and lieu days) component of the electronic rostering system was implemented for the 2015 holiday and lieu draw. The verification of the approval of exceptions beyond the policy will be implemented in the new system by June 1, 2015.</p>

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6.	<p><u>Procedures</u> HFD management has not developed written procedures to guide staff in tracking and approving overtime (whether it arises from maintaining minimum staffing levels or for working beyond the end of the shift). When written procedures do not exist, the officers currently carrying out these overtime duties rely on personal understanding and experience which could result in incorrect, incomplete or inconsistent application. It would also be problematic and inefficient for a successor to commence his/her duties within a short period of time.</p>	<p>That the HFD management develop, approve and implement comprehensive procedures for the tracking and approval of overtime.</p>	<p>Agreed. HFD will develop, approve and implement procedures for the tracking and approval of overtime by manual process – April 1, 2014 and by automated process – June 1, 2015.</p>	<p>In Progress. Procedures for the processing and submission of overtime have been developed. However, they have not yet been approved by management. Further, the written processes for overtime authorization and dealing with discrepancies have not been developed. Expected Completion: February 2016.</p>

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ADDENDUM

The following items were noted during the course of the audit. Although they do not present internal control deficiencies, they are indicated in this Addendum so management is aware of the issues and can address them appropriately.

1. Budgeting for Overtime

The Fire Suppression Unit's overtime budget (PeopleSoft Account 51006 DeptID 740010) has only been updated once in the past six years. It was increased from \$560,000 in 2010 to \$605,770 in 2011 and has remained at this level since then. Neither, management nor Finance and Administration (F&A) could provide an explanation as to how the budget amounts were calculated.

It is recommended:

That HFD management and F&A update the Fire Suppression Unit's overtime budget each year to reflect the anticipated overtime arising from maintaining minimum staffing levels and for working beyond the end of their shifts.

Management Response:

Agreed. As part of the annual budget process, management will review the anticipated overtime requirements and make the necessary changes to reflect findings.

FOLLOW UP COMMENT:

Not Completed. Management will monitor overtime costs incurred in 2015 to take into account changes made in the past year. An appropriate revision will be determined for the 2016 budget. Expected Completion: February 2016.

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2. 24 Hour Shift Schedule – Program Evaluation

The agreement between the City of Hamilton and the Professional Firefighters Association Local 288 states that the two parties agree that the 24-hour Shift Schedule Trial for the Suppression Division will be evaluated throughout the trial period (identified as January 3, 2011 to December 31, 2013) against the applicable performance numbers from the previous five (5) years. These performance numbers include overtime frequency and costs. Management has not completed such an evaluation to date.

It is recommended:

That HFD management prepare an evaluation of the 24 hour Shift Schedule Trial, comparing overtime frequency and costs for the period since this schedule was implemented (January 3, 2011 to present) against the previous five year period as per the agreement.

Management Response:

Agreed. Management will be presenting this report to Committee and Council prior to the end of 2013.

FOLLOW UP COMMENT:

Not Completed. Management plans to perform an evaluation during the Spring. Expected completion: June 2015.

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3. Deviation from Existing Procedure

The procedure developed by Budgets and Finance states that the overtime slips for Platoon Chiefs (PCs) must be forwarded to the Deputy for authorization. The current actual practice has the overtime slips being authorized by the incoming shift's PC. This is not a control issue as other compensating procedures are performed with reports reviewed by the Deputy Chief that make him aware of any overtime incurred by the PCs. However, the procedure is not reflective of the current practice.

It is recommended:

That the procedure for the approval of the Platoon Chiefs' overtime slips be updated to reflect the current practice.

Management Response:

No change required. Management will review the current practice with F&A and the Platoon Chiefs/Acting Platoon Chiefs and ensure that all overtime slips for the Platoon Chiefs/Acting Platoon Chiefs are being authorized by the Deputy Chief prior to processing.

FOLLOW UP COMMENT:

Completed. Overtime for Platoon Chiefs are authorized by the Deputy Chief prior to processing.