Treasury Board Secretariat

3.2.15 A Review of Overtime (2001 Annual Report, Part 3.8)

Introduction

In 2001, we performed a review of overtime incurred by Government. For the year ended 31 March 2001, employees of Government departments were paid salaries of $288.3 million which included $13.5 million in overtime compensation. Overtime compensation is provided to employees who are required to perform duties outside normal working hours. Compensation for overtime is determined in accordance with various policies and collective agreement provisions. The objectives of our review were to determine:

- the amount of overtime paid to employees of Government departments over the five years from 31 March 1997 to 31 March 2001;
- the amount of overtime owed to employees of Government departments for the five years ended 31 March 1997 to 31 March 2001; and
- whether adequate controls were in place to ensure overtime was authorized and paid in accordance with collective agreement provisions and Government policy.

Our review identified some deficiencies in the management and control of overtime compensation. We concluded:

- Over the five year period reviewed, overtime payments increased significantly, from $7.7 million for the year ended 31 March 1997 to $13.5 million for the year ended 31 March 2001 which represented an increase of 75% over those five years.
- For the three fiscal years, 1999 to 2001, Government significantly exceeded its budget for overtime by $4.4 million, $5.6 million, and $5.5 million respectively.
- Many of the transfer of funds to and from salaries for the year ended 31 March 2000 did not comply with the Government's Transfer of Funds Policy.

- Government knew that as at 31 March 2001, $4.2 million in accumulated and unpaid overtime was owed to employees. However, because of inadequacies in leave systems in most departments, it did not have details on the total overtime earned and banked during the year or the amount which had been used as paid leave.

- Overtime payments to employees were not always accurate.

In our 2003 annual report, we included an update on Treasury Board Secretariat's progress towards implementing the recommendation contained in our 2001 report item. At that time, Treasury Board Secretariat indicated that an Overtime Committee had completed its review and reported to Treasury Board in September 2002. Forty-two (42) recommendations were made towards improving management practices, to improve controls, procedures, and policies, and to enhance monitoring of overtime expenditures. It was anticipated that through these measures, cost reductions would result. It was also indicated that a report was provided to Treasury Board in April 2003 which showed that overtime expenditures for the calendar year 2002 had decreased by $3.6 million or 23% from the calendar year 2001.

Update

In October 2004, we contacted the Treasury Board Secretariat requesting an update as to the progress on the comments and recommendation included in our 2001 report. The information provided by the Secretariat in response to our request is outlined below.

2001 Recommendation

Government should review overtime incurred to ensure it is reasonable and to determine whether changes can be made to reduce the amount of overtime being incurred, while at the same time implement information systems to provide details of overtime.

Action Taken

Officials of the Treasury Board Secretariat indicated that the Comptroller General's Office has continued to monitor overtime on a Government-wide basis and provide semi-annual summaries of overtime to the Treasury Board. Specific departments have been written/contacted to provide details and explanations on overtime incurred. A 2004 report to Treasury Board showed that overtime increased by 6% in the calendar year 2003, however, this was attributed mainly to wage rates increasing by 5%.

It was also indicated that in October 2004, Treasury Board directed Deputy Ministers to ensure they personally monitor and review the overtime process in their departments. Officials of the Treasury Board Secretariat noted that it appears that the attention drawn to overtime expenditures, various initiatives of specific departments and the Overtime Monitoring Guidelines have had a positive effect in reducing total expenditures in this area.

3.2.16 A Review of Succession Planning (2001 Annual Report, Part 3.9)

Introduction

Human capital is the collective knowledge, skills, and experience of an organization's staff. Investment in human capital within the public service is significant. Recorded in the Government's Summary Financial Statements for the year ended 31 March 2001 were salaries and employee benefits of $1.5 billion which represented 36% of total expenditure. In 2001, we conducted a review of succession planning with a focus on central Government operations which recorded $337 million in salaries and employee benefits in the Consolidated Revenue Fund Financial Statements for the year ended 31 March 2001. The objectives of our review were to develop a demographic profile of the core public service at 31 March 2001, with comparative historical profiles as of 1987, 1992 and 1997, and to determine whether Government had programs in place to adequately maintain its human capital.

Our review in 2001 concluded the following:

- Over the fifteen year period from 1987 to 2001 inclusive, there was a significant increase in the average age of the core public service. From 1987 to 2001, the average age of the core public service increased from 38.8 years to 42.4 years, an increase of 3.6 years or 9.3%.

- During the same period, the age distribution of the public service changed dramatically with the percentage of employees less than 35 years of age decreasing from 41% to 21%, while employees between 36 and 49 years of age increased from 40% to 55% and employees aged 50 years and older increased from 19% to 24%.

- By 2007, 25% of the core public service including 46% of Executive and 41% of Senior Managers would reach the age of 56 or older and may retire. By 2012, at least 42% of the core public service, including 76% of Executive and 70% of Senior Managers may retire. These statistics indicated the need for succession