

Overtime Audit

December 2013

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Date: December 9, 2013

To: Marissa Madrigal, Acting Multnomah County Chair
Commissioners Wendt, Smith, Shiprack, and McKeel
Sheriff Dan Staton
District Attorney Rod Underhill

From: Steve March, Multnomah County Auditor

Re: Overtime Audit

Managing overtime costs has generally been a concern of both business and government and the County is no exception. We looked at overtime throughout the County, but focused on the Multnomah County Sheriff's Office (MCSO), because it accounted for the most hours and costs. In FY2013 over 70% of overtime hours were in MCSO operations. This is as one might expect, with two significant 24-hours-a-day seven-days-a-week (24/7) operations: Corrections (jails) and Enforcement (patrol). Overtime in other departments was significantly less, with the highest, representing between four and nine percent of the County's total overtime hours: Health; Community Services (Bridges & Transportation); Community Justice; and County Assets (Facilities, IT). All other departments represented two percent or less of total overtime hours.

Corrections represented the largest portion of overtime hours with nearly two-thirds of MCSO's total, just under 100,000 hours in FY2013. At twelve percent of all Corrections hours, that was a decline of about three percent in overtime hours from the prior year. However, total hours worked in Corrections actually increased by almost two percent, and along with that, so did costs. Thus, in the case of MCSO Corrections, we have found that the County should be more concerned with workload, total hours and total personnel costs than overtime. We also compared the cost of staffing with overtime compared to straight-time and for MCSO Corrections, with its current workforce demographics and longevity, there is no significant cost difference between overtime and straight-time. These audit findings represent an opportunity to shift our thinking and to look at what is driving total costs and total hours.

We've recommended that the MCSO better track total costs, workload (hours used for both posts and other duties) and work with the Board to accurately budget both regular and overtime hours, particularly for Corrections. For Patrol a workload study is also recommended. MCSO should be able to accurately inform the public and the Board as to what resources are needed to provide the appropriate levels of service for their operations and to detail the services those operations are actually providing.

We would like to thank all the departments that assisted in this report, but especially the Multnomah County Sheriff's Office research and fiscal staff that helped us better understand what was behind the numbers. We look forward to working with MCSO in the future.

CC Shea Marshman, PhD
Wanda Yantis

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Overtime Audit

Executive Summary

In FY 2013, Multnomah County paid approximately \$10.7 million in overtime, or more than 3% of total personnel costs. To better understand why County employees work overtime, we analyzed Countywide overtime and investigated programs and employees with relatively high overtime in six departments, centering most of our attention on the Sheriff's Office Corrections and Patrol functions because these areas accounted for the majority of the County's overtime hours. The main objective of this audit was to increase the County's understanding of Corrections and Patrol overtime and staffing.

Overtime is only one component of personnel costs in the Sheriff's Office, and is typically viewed in such a negative context that it interferes with effective management and monitoring of total personnel costs. Placing an emphasis on reducing overtime costs in a 24/7 environment where positions must be continually staffed risks increasing total personnel costs—not lowering them. Misunderstandings about overtime have distracted attention from monitoring more expensive personnel costs such as additional work and absences. Total Corrections personnel costs increased in FY 2012 and FY 2013 mainly because more hours were worked, and not because of overtime.

Corrections spends about the same amount to staff a 24-hour seven-day-a-week post with overtime as it does with straight time. We found that the cost of having more deputies than needed (extras) is more expensive than having a shortage of deputies (overtime). Thus, monitoring total personnel costs should emphasize minimizing extra staff more than incurring overtime. As a positive impact on total personnel costs, Corrections had very few instances of extra staff in FYs 2012 and 2013.

Much of the controversy surrounding Corrections overtime centers on whether overtime is avoidable because staffing levels are too low or absences are too high, leading to overtime that could be avoided. Currently from a cost standpoint, if Corrections is properly staffed to minimize extras and if absences or additional work is necessary, it makes little difference if overtime occurs. Accordingly, monitoring should center on additional work or avoidable absences, not because they cause overtime, but because they are more expensive than overtime.

Personnel costs are more difficult to monitor in Patrol than Corrections because Patrol has not defined service level demands. Without this context we could not fully evaluate Patrol's overtime. We found that additional workload exceeded mandatory Patrol hours by about 30% in FY 2013. Training, court appearances, special assignments, and work in specialized units contributed to this additional workload, but the extent to which service level demands contributed to overtime was not clear. A workload analysis is needed to better understand underlying service level demands and determine reasonable expectations for overtime.

The Sheriff's Office should set up its data to efficiently and effectively track total personnel costs. It has emphasized monitoring overtime by tracking each individual case of overtime and assigning a cause to it. To change the emphasis to total personnel costs, the Sheriff's Office must keep absence, workload and training data that can be readily accessed and analyzed.

Overtime in County departments outside the Sheriff's Office appeared to be needed, authorized and adequately monitored. Program supervisors employed a number of strategies to manage overtime such as staggering shifts, adjusting staffing levels and schedules and hiring temporary workers. A well-managed on-call pool appeared to be the most effective strategy to reduce personnel costs, particularly in 24/7 environments where positions must be staffed continually.

We recommend that discussions between the Board of County Commissioners and the Sheriff's Office, and data collection analysis by the Sheriff's Office, concentrate on total personnel costs and workload instead of overtime.

Introduction

In FY 2013, Multnomah County paid approximately \$10.7 million in overtime, or more than 3% of total personnel costs. To better understand why County employees work overtime, we analyzed Countywide overtime, centering most of our attention on the Multnomah County Sheriff's Office Corrections and Patrol functions. While Corrections and Patrol deputies share similarities, operations are sufficiently different that this report discusses Corrections overtime in one section, and Patrol overtime in another. To facilitate understanding, both sections are arranged in a question and answer format. In addition, the report includes a section examining overtime in other County departments.

Sheriff's Office

Multnomah County Sheriff's Office personnel costs including overtime have steadily increased. Exhibit 1 shows Sheriff's Office total personnel costs for all funds for FYs 2011-2013. Most of the overtime in Exhibit 1 is attributable to Corrections and Law Enforcement deputies. Corrections Division overtime is approximately 53% of all FY 2013 County overtime.

Exhibit 1
Sheriff's Office Total Personnel Costs

	FY 2011	FY 2012	FY 2013
Straight Time	\$51,100,537	\$51,318,529	\$53,056,376
Overtime	7,080,049	7,979,644	8,171,452
Salary Related Expense	20,836,726	21,379,717	21,819,254
Insurance Benefits	15,570,489	15,985,198	16,670,330
	<u>\$94,587,801</u>	<u>\$96,663,088</u>	<u>\$99,717,412</u>

Source: SAP

The numbers in Exhibit 1 can be deceptive. Looking only at these numbers, one could easily believe that hiring more staff will reduce total personnel costs by lowering overtime. In fact, current County dialog largely centers on overtime and results in pressure to reduce it as a way to lower personnel costs. As part of the FY 2014 budget, the Board of County Commissioners provided only the first quarter of the Sheriff's Office overtime budget and placed the remaining three quarters in general fund contingency subject to the Board's quarterly approval.

To release these funds, the Sheriff's Office must provide information at quarterly briefings about the steps it is taking to manage and reduce overtime, as well as other information centered on overtime. This report explains why overtime is not the reason for higher costs and that the Sheriff's Office should focus its attention on other components of personnel costs.

Our audit looks at overtime primarily from a cost perspective and does not address other issues management must consider when setting staffing levels. For example, the Sheriff's Office must monitor and evaluate whether the level of overtime is negatively impacting morale or causing potentially unsafe situations. In the current environment, as long as there is a demand for voluntary overtime and there are not safety concerns about deputies working too much overtime, incurring overtime instead of hiring additional staff can help the Sheriff's Office control total personnel costs.

Corrections Division

In FY 2013, 402 full-time equivalent (FTE) Corrections deputies and 38 FTE sergeants provided detention, rehabilitation and transitional services in the Corrections Division. This section generally focuses on the 358 FTE deputies who work at the Multnomah County Detention Center, Multnomah County Inverness Jail and downtown Multnomah County Court House. The two jails must be staffed on a 24/7 basis and are budgeted at 1,310 beds. Deputies who work their regular hours outside of the two jails and courthouse can work overtime in the jails.

Over the last three years, Corrections personnel costs (including cost of living increases and contract adjustments) increased while the number of jail beds remained constant. Based on this information one could easily conclude the Sheriff's Office is not managing its overtime.

The questions and answers below explain how overtime is used in Corrections' 24/7 environment and suggest shifting the monitoring emphasis away from overtime to total personnel costs. Instead of staffing to minimize overtime, we explain a more cost effective method of looking at staffing needs. The sections below also analyze various misunderstandings about overtime that distract attention from more productive discussions.

Questions and Answers about Corrections Overtime and Total Personnel Costs

What causes overtime in Corrections?

Staffing levels that are less than workload and absences on a shift ($\text{Staffing} < \text{Workload} + \text{Absences}$) cause overtime. Most workload in Corrections comes from posts. A post is a position in one of the jails such as a dorm that must be staffed with a deputy. Generally, the number of posts is the same each shift.

There is also additional workload in Corrections such as hospital duty, suicide watches, or other required work that varies each day. Training is a type of additional workload, although management can influence when training occurs. Absences also vary each day and include scheduled absences such as vacation and personal holidays, and unscheduled absences such as sick time or bereavement leave. Additional workload and absences are grouped together and called absences from posts.

Each day, the number of staff scheduled to work each shift is the same. However, absences from posts fluctuate with each shift. One day a shift may have absences from posts that add up to 64 hours and another day may have 32 hours. In short, a fixed number of staff for each shift is matched to a moving target of absences from posts.

How Corrections allocates staff among shifts, facilities or days of week can also affect overtime. For example, too many staff allocated to the graveyard shift can result in a staff shortage on the day shift that necessitates overtime. Finally, a specific event such as an attempted suicide can cause a need for more staffing resources and increase overtime.

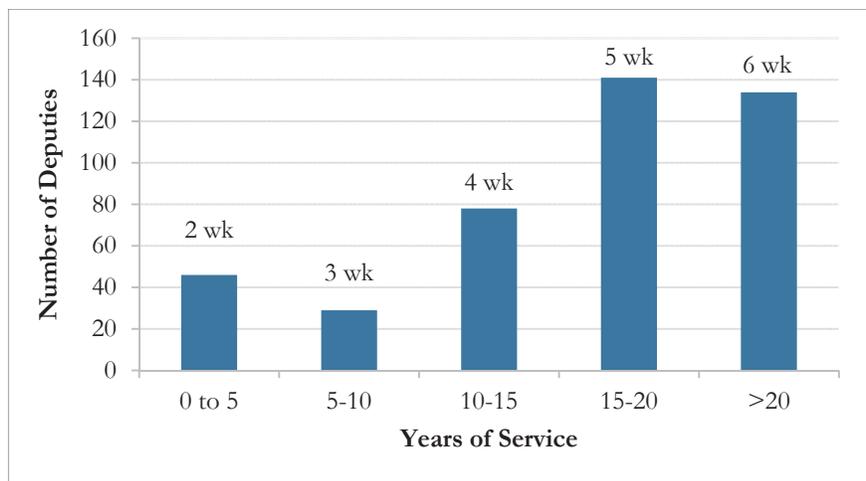
Why is there so much overtime?

In FY 2013 there were 99,900 hours of overtime in Corrections or 12% of total Corrections hours worked. Several factors combined to produce high levels of overtime. The amount of time that Corrections deputies were available to work posts declined due to an increase in absences from posts.

Since FY 2011, jail beds have remained constant. However, total hours worked increased about 3.3% from FY 2011 to FY 2013. Because Corrections is hiring new deputies, many of these hours were for training. Additional workload not related to posts, such as suicide watches or hospital duty, accounted for the remainder of workload increases.

The total hours deputies work is affected by the amount of their available vacation leave. Eighty percent of deputies have 10 or more years of service and receive more vacation than deputies with less tenure. Exhibit 2 shows the estimated weeks of vacation leave available each year for Corrections deputies as of June 30, 2013, based on hire date.

Exhibit 2
Annual Vacation Leave Available



Source: Auditor's Office Analysis of SAP Data

Why not hire more staff to reduce the overtime?

Hiring more staff will decrease overtime, but will also increase total personnel costs. The decision to hire more staff should not be based on reducing overtime because of how the cost of overtime compares to the cost of straight time¹ and to the cost of extras² and because of the variability of absences from posts.

¹ The cost of straight time reflects the cost of normal staffing practices. While most costs are at a straight pay rate, some of the hours needed for coverage are at an overtime pay rate.

² "Extra" staff occur when a shift is overstaffed and there are more deputies than work that must be done. Although Corrections assigns work to extra deputies when overstaffed, the deputies are not actually needed on the shift.

Cost comparison of overtime to straight time

Currently, staffing a post with only overtime costs roughly the same as straight time once absences and benefits are taken into account. This similarity in cost is largely driven by absences (personal holiday, vacation, sick and other leave). When a deputy is on vacation or sick leave, another deputy must work due to the absence. The covering deputy is often paid overtime. As staff absences and health insurance increase, straight time becomes more expensive. Exhibit 3 below compares staffing a 24/7 post with overtime and straight time at the FY 2013 absence rate and staffing levels.

Exhibit 3**Comparison of Overtime to Straight Time for a 24/7 Post in FY 2013**

	Overtime	Straight time
Base Pay	\$477,332	\$211,715
Coverage of Absences		127,515
Paid Absences		98,132
Total	<u>\$477,332</u>	<u>\$437,362</u>
Variable Salary Related	183,964	168,559
Variable Insurance	51,313	47,016
Fixed Health Insurance		73,449
Total	<u>\$712,609</u>	<u>\$726,386</u>

Source: Auditor's Office

Many believe that overtime is more expensive than straight time. When the amount a Corrections deputy sees on his/her paycheck is considered, overtime is indeed 50% more expensive than hiring a full time position. This is because only the base pay, overtime premium, and associated salary related and variable insurance costs are considered. However, when looking at the cost to the County, a full-time Corrections deputy paid a straight rate gets paid for the time he/she is off work (paid absences). Further, when the deputy takes time off work, the post still must be covered (coverage of absences) either on straight time or overtime. Other costs such as fixed health insurance must be included for a full-time position. When all costs are added up, staffing a post with only overtime costs about the same as staffing with straight time.

Overtime versus Extras

The opposite of having too few staff for a shift (overtime), is having more staff than are essential (extras). As shown in Appendix A, the cost of extras per hour worked in FY 2013 (\$121.43) is significantly more expensive than the cost of overtime per hour worked (\$81.35). Given these costs, determining staffing levels should focus more on minimizing extras instead of incurring overtime.

Corrections determines the number of staff needed to cover anticipated absences from posts based on an average absence rate that does not take into account daily fluctuations. Appendix B describes Corrections staffing methodology.

Daily variability of absences from posts

The daily variability of absences from posts causes both overtime and extras. As illustrated in Exhibit 4, absences from posts vary every day.

Exhibit 4

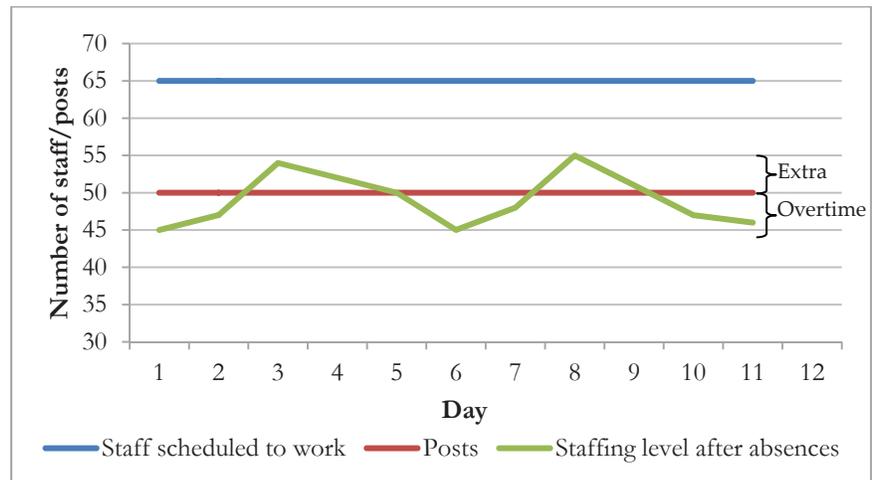
Example of how Daily Variability Affects Absences

Day of Week	Posts	Staffing Level	Absent	Staff Available	Result
Tuesday	50	65	15	50	No overtime or extras
Wednesday	50	65	20	45	5 overtime
Thursday	50	65	10	55	5 extra

Source: Auditor’s Office

Without the ability to predict the future, using average rates to determine staffing levels appears the best option. However, on a daily basis absences from posts are not evenly distributed. Throughout the year Corrections’ staffing methodology produces hours above (extras) and below (overtime) the average staffing level because absences fluctuate. The outcome of using average absence rates to determine staffing levels looks similar to Exhibit 5 below.

Exhibit 5
Using Average Absence Rates to Set Staffing Level



Source: Auditor's Office

If Corrections was fully staffed using its current methodology, total personnel costs would increase despite lower levels of overtime. As illustrated in Exhibit 6 below a more effective staffing level minimizes extras. The Sheriff's Office informed us that having some extra staff is a training opportunity and is needed in the jails. Accordingly, extra staff should be minimized and not eliminated. Even though using a staffing methodology that minimizes extras results in higher levels of overtime, total personnel costs are lower because overtime costs less than extras.

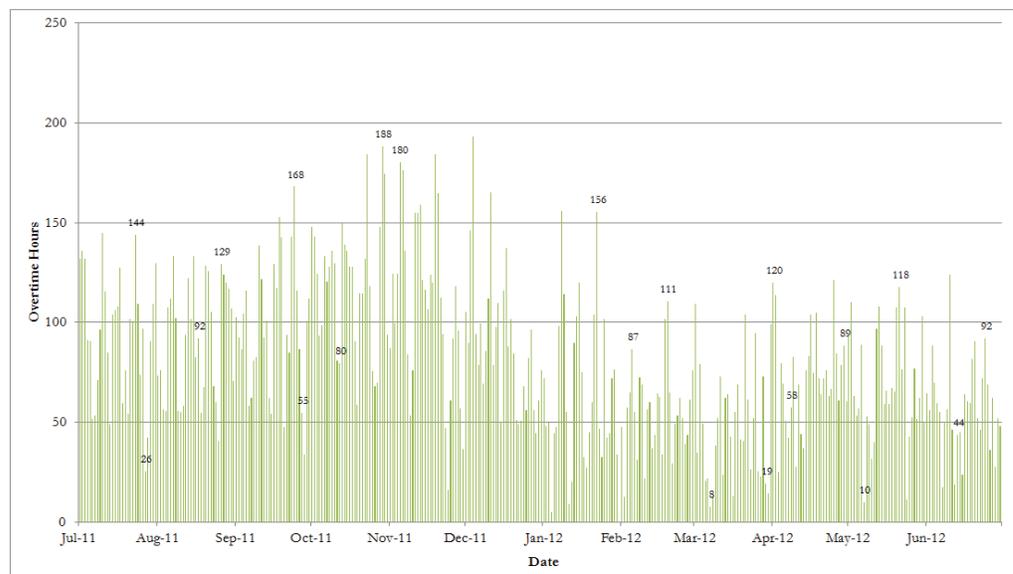
Exhibit 6
Staffing to Avoid Extra Staff



Source: Auditor’s Office

In FYs 2012 and 2013 Corrections staffed below the staffing levels its methodology would use. Although Corrections had high overtime levels in these years relative to budgeted amounts, there were very few shifts with extra staff. In this way, Corrections reduced total personnel costs by minimizing extra staff. Exhibit 7 below illustrates the daily variability of overtime on the afternoon shift in FY 2012.

Exhibit 7
Daily Afternoon Shift Overtime in FY 2012



Source: Auditor's Office analysis of SAP data

How do you determine the most cost effective level of staffing?

The most cost effective level of staffing for Corrections minimizes the number of shifts with extra staff once training needs are taken into account. See Appendix B for a detailed example.

How does the cost of absences compare to the cost of overtime?

Absences are significantly more expensive than overtime. When absences occur, staff members on leave as well as their replacements are paid—one deputy works and two get paid.

What happens if the absence rate goes down? For instance, the Sheriff's Office is replacing retiring tenured staff with new Corrections deputies who will have less vacation time.

Holding all other variables constant, total personnel costs will decrease because deputies are available to work more hours. There are fewer instances where two deputies are getting paid when only one is working.

Staffing levels also decrease with a lower absence rate and become more predictable because the range of daily absences from posts is smaller. For example, the lowest number of absences from posts throughout the year may be eight with a 23% absence rate and six with an 18% absence rate.

Is overtime taken as compensatory time off a better alternative than paying overtime?

No. In a Corrections environment where absences must be covered, overtime taken as comp time off work is more costly than paying for overtime. We estimate that comp time cost \$100.44 per hour in FY 2013 compared to \$81.35 per hour for overtime.

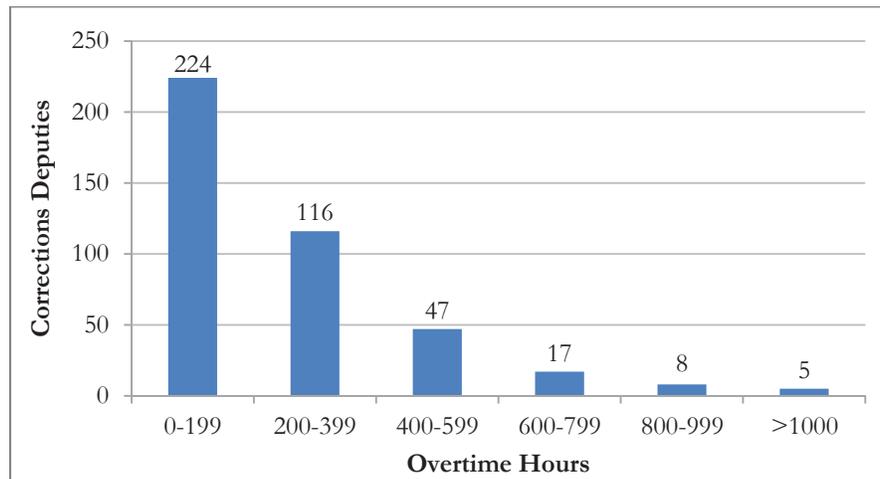
Accrued comp time that can be taken as an absence is 1.5 times the number of hours worked on overtime. For example, a deputy who works eight hours of overtime can choose to take twelve hours off work at a later date or be paid in dollars for the overtime. In FY 2013, overtime taken as comp time accounted for about 8% of all overtime in Corrections. Contracts in both Corrections and Enforcement place limits on the number of hours that deputies can accrue as comp time.

Why do some Corrections deputies earn more voluntary overtime than others?

Deputies who accept overtime when it is offered work more overtime hours than those who do not accept overtime offers. The voluntary overtime process favors more senior deputies, but generally there is enough overtime available that Corrections deputies who are willing to work overtime can earn the amount they want. There is no limit in the Corrections bargaining unit agreement on the amount of overtime hours a deputy may work. However, there is an agency policy limiting the number of shifts to two per day. Exhibit 8 shows the distribution of overtime in FY 2013. About 54% of deputies work less than 200 hours of overtime annually, which averages less than four hours a week.

Even though the voluntary overtime process favors more senior deputies, newer deputies as well as those with many years of service were able to work significantly above the typical number of overtime hours.

Exhibit 8
FY 2013 Overtime Distribution



Source: Auditor's Office analysis of SAP data

Why should any deputy be allowed to double their pay by working overtime?

Corrections deputies who have high overtime are sometimes singled out in a negative way. A deputy with high overtime earnings does not necessarily present an issue of cost, equity or abuse. The County's cost is the same whether overtime hours are worked by 20 deputies or by one. Corrections deputies accept the voluntary overtime system as a way to equitably distribute overtime.

Because a deputy works high amounts of overtime does not mean there is abuse. Rather, a deputy with high overtime agreed to work more often than other deputies. Deputies who agree to work overtime when they are called can reduce the number of calls that need to be made to find someone willing to work overtime, and can provide a benefit to other deputies who could be required to work overtime.

Do Corrections deputies manipulate the system to work fewer hours while earning more money?

The overwhelming majority of Corrections deputies do not manipulate the system. We examined time records for 434 Corrections deputies who worked in FY 2012 and found only a small percentage (9 of 434) required a more detailed evaluation. We did not find a pattern

of manipulation for eight of these nine deputies while one case was indeterminable. We provided this case to the Sheriff's Office for further investigation.

Do Corrections deputies with high overtime take more unscheduled leave?

No. We found no relationship between hours of overtime worked and hours of unscheduled leave in FY 2012. Deputies were not more likely to call in sick as a result of working higher levels of overtime. This may be partly attributable to a Corrections contract rule that does not allow any time spent on sick leave to count toward hours worked during the week for purposes of calculating overtime. See Appendix F for more details.

Do Corrections deputies work more overtime in their last three years of employment in order to increase wages toward calculation of Public Employees Retirement System (PERS) benefits?

PERS pensions are calculated based on final average salary – generally the average of the highest-earning three consecutive years – which leads to speculation that employees attempt to “spike” their overtime earnings in their last work years prior to retirement.

We found that most Corrections deputies that retired from FY 2010 through FY 2013 worked a stable amount of overtime since FY 2002. Out of 39 Corrections deputies that retired from FY 2010 through FY 2013, four worked significantly more overtime hours in their final three years of service, compared to prior years.

Is some overtime avoidable?

Yes, but the overtime is a step removed from the actual problem—avoidable absences or additional work. If Corrections is staffed to minimize extras and if absences and all work are necessary, it makes little difference from a cost perspective if overtime occurs. However, avoidable absences or work are costly whether paid on straight time or overtime.

To reduce total personnel costs, monitoring efforts should concentrate on any unnecessary absences or work. Focusing on overtime can increase total personnel costs by adding staff when they are not needed. Overtime has been a distraction from monitoring what is more important—total personnel costs.

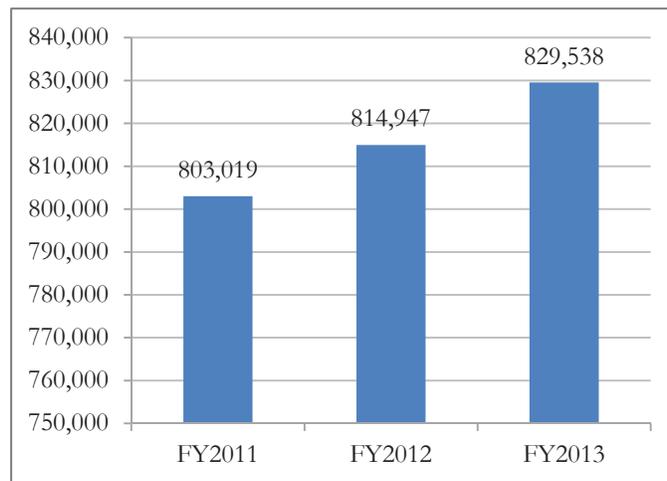
How should total personnel costs be monitored?

The Sheriff’s Office must be able to compare total personnel costs for Corrections from one year to the next in order to explain cost differences. However, total personnel costs increase for many different reasons and make comparability challenging.

Monitoring and explaining changes to total personnel costs should concentrate more on straight time than overtime. Interestingly, the most expensive costs per hour — absences, extras and comp time – are included in straight time costs and not the overtime line item. When comparing costs, the Sheriff’s Office must take into account any changes in pay rates, insurance premiums or any other rate changes. Once rates are determined, the Sheriff’s Office should examine total hours worked and absence hours. Daily payroll data should be used to compute accurate rates and absence or work hours.

We analyzed FY 2011 to FY 2013 costs for all Corrections deputies and found that total personnel costs did increase in FY 2012 and FY 2013 (see Appendix C) but not because of overtime. Costs increased largely because, as shown in Exhibit 9, the number of hours worked increased. Budgeted post hours remained constant during the three years shown in Exhibit 9.

**Exhibit 9
Total Hours Worked**



Source: Auditor’s Office analysis of SAP data

Does the Sheriff's Office have all of the data needed to analyze total personnel costs?

To analyze total personnel costs, the Sheriff's Office must have accurate absence and workload data that can be accessed and used in a reasonable way. Time worked (or absent) on the County's enterprise system SAP must be directly associated with the person doing the work (or absence) and what type of work the person was doing (or type of absence). Presently, absence data in SAP meet these criteria but workload data do not.

Absence information is properly set up and accurate because existing wage codes are used in conjunction with the cost center and shift assigned fields in SAP to capture this data. Staff can only be absent from the facilities and shifts they are assigned. However, workload data—posts, additional workload or training—are not differentiated in SAP.

The Sheriff's Office's scheduling system Telestaff initially captures workload and absence data that are later transferred to SAP. In the process of transferring data from Telestaff to SAP, the Payroll Unit continually audits and corrects any errors to compute an accurate payroll. The Payroll Unit adjusts SAP for any payroll corrections made after deputies receive their paychecks. As a result, SAP data are more accurate than Telestaff data but less detailed. Because its data are continually monitored and adjusted, SAP should be the primary system used to analyze personnel costs, and Telestaff used as a reference when more detail is needed. See Appendix D for additional information.

Should the Sheriff's Office continue to assign causes to overtime?

No. The Sheriff's Office spends a lot of time assigning causes to overtime and ensuring they are entered into SAP. This report shows that the most expensive costs are included in straight time, not overtime. Rather than assigning causes to overtime, the Sheriff's Office should analyze, for example, changes in pay rates, workload, absences, extras, or insurance benefits. Further, the cost to staff a post with overtime will remain close to the cost of a post staffed with straight time. The limited usefulness and inaccuracy of assigning causes to overtime is further detailed in Appendix E.

How does budgeted overtime compare to actual amounts spent on overtime?

We do not definitively know why the Sheriff's Office does not accurately forecast overtime. Exhibit 10 shows budgeted and actual overtime for

FYs 2010 - 2013 for the entire Sheriff's Office. Most of this overtime is attributable to Corrections and Law Enforcement deputies.

Exhibit 10
Sheriff's Office Budgeted and Actual Overtime

	FY 2010	FY 2011	FY 2012	FY 2013
Budgeted	4,712,064	4,116,508	3,608,936	3,569,957
Actual	7,035,245	7,080,049	7,979,643	8,171,451
Difference	(2,323,181)	(2,963,541)	(4,370,707)	(4,601,494)
Percentage	-49%	-72%	-121%	-129%

Source: SAP

Overtime in the Sheriff's Office increased 16% over the last four years, and actual overtime costs exceeded the budgeted amounts by as much as 129% during that same time period. From these figures, it appears that the Sheriff's Office does not accurately forecast or budget for its overtime needs. We believe that there are several potential reasons for the large variances:

- Projected overtime costs may represent a best case scenario, because higher estimates would be challenged.
- As a strategy to maintain positions, the Sheriff's Office may project budgeted overtime based on filling all authorized positions, and to support the ability to continue recruitment, even if the positions are not likely to be filled in the fiscal year.
- The anticipated budget in any given year is, in part, guided by the prior year's forecasted budget.

Enforcement Division: Patrol

We chose to focus on Patrol, because within Enforcement, Patrol is the largest unit in terms of general fund spending, and because overtime levels are relatively high – an average of about 370 hours per deputy and about 570 hours per sergeant.

The Patrol unit in Enforcement provides 24/7 law enforcement response throughout the unincorporated areas of Multnomah County, from the West hills to the Bonneville Dam, encompassing such rural areas as Sauvie Island, Corbett and Multnomah Falls; as well as the cities of Maywood Park and Wood Village. Patrol deputies and sergeants respond to 911 calls, investigate traffic accidents, make arrests, engage

in self-initiated proactive patrol and community contacts, participate in community safety committees, and take part in specialty teams like Specialty Emergency Reaction Team (SERT), Crash Team and Search and Rescue (SAR).

Monitoring personnel costs in Patrol is complex due to the breadth of functions the unit performs and because of the need to provide consistent public safety services in a dynamic environment. Although there are some similarities, analyzing personnel costs in Patrol is different from Corrections. Due to the nature of the work, there is no default standard service level as there is with Corrections. The questions and answers below explain the unique nature of Patrol overtime.

Questions and Answers about Patrol Overtime

Why is overtime used in Patrol?

The number scheduled varies, but on any given shift, at least four deputies and one sergeant must be available to cover four districts in the County, according to Sheriff's Office policy. This requirement is called minimum staffing. When available staff drops below the minimum, overtime is used to backfill.

While overtime is used to satisfy minimum staffing needs, overtime is also used to cover late calls, special assignments, court appearances, training, report writing, meetings and special events.

Is the amount of overtime in Patrol reasonable?

We could not definitively assess the level of overtime hours in Patrol because the staffing needs in Patrol are not defined as concretely as they are in Corrections. Because a service level formula has not been established, the Sheriff's Office staffs Patrol based on minimum staffing and authorized funding level. Both philosophies can end up staffing based upon perceived need. Minimum staffing ensures that four deputies are providing community law enforcement services at any one time, but does not necessarily reflect workload demand. Similarly, authorized funding level staffing ensures that Patrol maintains 26 deputy positions, but is not directly dependent on a service level formula.

In order to determine if the amount of overtime worked in Patrol is reasonable, we need to know the actual workload demands on each shift. While beyond the scope of this audit, such a workload analysis would take into account not only the number of calls for service and response time, but additional detail about the calls deputies and sergeants respond

to: types of crimes, the amount of time needed to clear a call, the need for backup, geographic characteristics of the patrol area, community characteristics, unforeseen extended emergency situations, and the need for training, among others.

What causes overtime in Patrol?

We found that about 30% to 40% of overtime was attributable to backfilling when deputies and sergeants were absent for vacation, personal holiday or sick leave. Absences occurred on about seven of every ten shifts in FY 2013, and dropped staffing below the minimum level roughly 25% of the time for deputies.

Each Patrol deputy incurs overtime simply by doing his/her job: taking late calls, writing reports, appearing in court and attending meetings. This is overtime that is generally inseparable from the position. According to a U.S. Department of Justice report, to some extent overtime should be considered a fixed cost of policing. For instance, serious crimes, disasters, late calls, court appearances and meetings occur as a natural consequence of police work. As the report states, "overtime is not a discretionary category that can be managed out of existence."

According to the Sheriff's Office, nearly all training in Patrol necessitates overtime, either because the training takes place on overtime, or because overtime is needed to backfill the Patrol posts of those attending training. The Oregon Department of Public Safety Standards and Training (DPSST) sets a minimum of 84 training hours in a three year cycle, and the Sheriff's Office sets its own target of 42 per year. The Sheriff's Office was unable to provide us with actual individual or total training hours in Patrol. However, the Training Unit did provide some guidelines. Basic annual training for deputies and sergeants - which includes range, inservice and driving skills amounts to 30 hours alone, but deputies and sergeants in Patrol also work on a number of specialty units - Hazardous Materials (HAZMAT), Dive Team, Specialty Emergency Reaction Team (SERT), Search and Rescue and Crash Team - that by their nature require significant training hours. For example, SERT and Dive certifications require about 200 hours of annual training per individual, and HAZMAT about 80 hours per individual.

Is some overtime avoidable?

Some overtime due to meetings or special events might be avoidable depending on the expectations and needs of the community, the objectives of the Sheriff's Office, and management's attention. Search and rescue meetings, for example, typically occur in the evening to

accommodate volunteers, but require the attendance of the search and rescue coordinator, who works as a sergeant on the day shift. Per the bargaining unit agreement, the sergeant overseeing search and rescue cannot be compelled to bid for the evening shift, but transferring this responsibility to a sergeant who works on the evening shift may reduce overtime.

A review of staffing levels throughout the week might decrease absence and training related backfill needs. The Patrol schedule for deputies is unbalanced – fewer deputies are scheduled on Sunday than on Wednesday, for example. In FY 2013, there was a greater need for overtime on Sundays, as the staffing level dropped below the minimum more frequently than any other day of the week.³ A workload study as described previously would shed light on staffing needs by individual shift.

Strong management can help avoid unnecessary work or absences that contribute to overtime. Managers should have systems to record and analyze overtime data, and use those systems to make informed decisions about how to minimize and monitor overtime. Although management expressed a commitment to reducing overtime, and policy enhancements have been drafted, we found overtime monitoring and oversight in Patrol was not as rigorous as other areas of the County. We reviewed four months of sergeants' daily overtime for FY 2012 and found no conclusive evidence that sergeants manipulated overtime. However, there were incidents where documentation was lacking. In August, 2013, managers drafted a new policy designed to improve overtime documentation and approval processes.

Why not hire more staff to reduce overtime?

Hiring another deputy will likely reduce overtime, but raise total personnel costs because total staffing hours will increase. It is difficult for a new hire to consume existing overtime, because the need for overtime fluctuates daily and even seasonally.

While absences occurred on about seven of every ten shifts in FY 2013, absences caused the staffing level to drop below minimum only on about

³ It isn't certain that moving a deputy from one shift to another would reduce overtime. According to the Sheriff's Office, training is more often conducted on Wednesdays than Sundays, since more staff is available. Shifting a deputy from Wednesday to Sunday might decrease absence backfill needs on Sunday, but increase backfill needs for training on Wednesday.

a quarter of the shifts, which is when overtime would be used to fill absences according to Patrol policy. The need for such overtime was not uniform and not spread out evenly over shifts and days. For instance, the need for backfill overtime on the Sunday morning shift was four times greater than the need on any other day of the week. And in FY 2013, the need for overtime due to absences was 68% higher in the months of July to December, when vacation leave was in greater demand.

But a new hire's hours cannot be applied only to when the hours are most needed. A new deputy must be assigned to a static full-time schedule – typically five eight-hour shifts each week throughout the year. To the extent that Patrol needs to increase staffing hours to meet the service level demand, hiring might make sense. However, an advantage of overtime is that it can be hired incrementally when needed; adding straight time requires hiring 2,080 hours – and provides less flexibility.

Is overtime more expensive than straight time?

We could not calculate a meaningful straight time cost of a Patrol hour, because not enough data were available in SAP. The calculation to determine the cost of a Patrol hour includes absences, coverage (the proportion of backfill on overtime relative to backfill on straight time) and additional workload.

While absence hours are readily available in SAP, and we could calculate the likely number of hours of overtime needed to backfill those absences, we were unable to determine the total hours of backfill needed, because additional workload hours and overtime hours were not available in SAP on a shift-by-shift basis. We found that it would also not make sense to estimate the daily additional workload needs, because additional workload hours for Patrol deputies were relatively high, about 30% in excess of mandatory Patrol hours in FY 2013. As described previously in this report, more information about the workload demand on each shift is needed in order to understand why additional workload hours are such a significant portion of total hours worked in Patrol.

How should costs be analyzed?

It is important to understand and track the underlying drivers of total personnel costs, such as workload and absence hours, since both increase costs as they rise. For instance, a new shopping center has the potential to increase the number of calls for service due to shoplifting, even in an area of decreasing population. On the other hand, an analysis may indicate that scheduled workload hours exceed service level demand.

Overtime costs are likely to fluctuate from year to year and are somewhat dependent on unpredictable events like major crimes. Moreover, overtime levels are not an indicator of efficiency. As illustrated above, hiring deputies would reduce overtime, but increase total workload hours and total personnel costs.

Does the Sheriff’s Office collect the necessary data to analyze total personnel cost drivers?

No. The Sheriff’s Office primarily uses Telestaff to input data about where a deputy or sergeant worked, and whether that work was done on overtime or straight time. As in Corrections, Patrol assigns causes to overtime. For instance, if a deputy is away at training, and the training is done on overtime, the work will be coded as OT Training. At the same time, if a deputy is called in to backfill the hours of the deputy on training, his/her hours will also be coded as OT Training. This does not provide sufficient information about what the two deputies were doing so that management can make informed decisions toward managing personnel costs. In fact, due to this coding, we were unable to determine the number of training hours that deputies completed on overtime. Moreover, as data reflected in Telestaff are entered into SAP for payroll purposes, meaningful information is lost. SAP lacks a field that reflects the actual shift (morning, evening, graveyard) worked. The consequence is that using SAP data, accurate overtime cannot be tracked by shift.

At a more fundamental level, data currently reported to describe workload hours are insufficient. A workload study as described previously is needed to establish a service level formula that accurately illuminates service level demand.

Other County Overtime

While Corrections and Law Enforcement deputies incur the most overtime, other employees throughout the County also work overtime. As part of our survey of Countywide overtime, we found that some of these employees work much higher levels of overtime than others. We selected 41 of these employee “outliers” throughout six departments whose FY 2012 overtime totaled about 12,600 hours. We analyzed these employees’ overtime on a daily basis, searching for usage patterns and any abuse. We interviewed the outlier employees’ supervisors about overtime drivers, procedures, equitable distribution, monitoring and overtime alternatives.

The nature of 24/7 overtime is different from overtime in other types of operations and requires different management approaches to control

total personnel costs. We evaluated overtime in 24/7 operations including Corrections Facility Security, Juvenile Custody Services and the Mental Health Crisis Line; and in other operations including Animal Services, Bridges, Facilities and Property Management, Health Clinics, Information Technology and Road Services.

Overall, we found that supervisors adequately approved and monitored overtime, and the likelihood of employees falsely claiming or manipulating overtime was low. Generally, employees with relatively high overtime hours had specialized skills or were the most willing to work additional hours when asked. We also found that use of on-call pools was an effective way to reduce overtime and total personnel costs.

Questions and Answers about Other County Overtime

Why is overtime used in the County?

Employees work overtime for a variety of reasons, which include backfilling absences in 24/7 operations, providing after-hours emergency services and staffing short bursts of increased workload. Often overtime is the most effective way to meet these types of needs.

Why do some employees have high amounts of overtime?

All bargaining unit agreements in the County require equitable distribution of overtime, and to some extent, determine how overtime is distributed. Generally, we found that even though all employees had a fair chance to work overtime, those with higher levels of overtime were more willing to work when asked or had specialized skills.

Some areas of the County provide more opportunity for overtime than others. In particular, 24/7 operations where backfill is necessary, operations that require on-call or other after-hours emergency work, or areas where there are sporadic bursts of increased workload provide more opportunity for employees to work overtime hours. In smaller units, it may be only one or a few employees who have the specialized skills that the overtime work requires.

Is overtime monitored effectively?

Supervisors appeared to adequately approve and monitor overtime even though most did not have written overtime procedures. Supervisors reviewed timesheets and associated overtime slips, and had sufficient knowledge of the work being done by their employees to know whether overtime was appropriate.

What can supervisors do to reduce overtime?

Overtime occurs due to unpredictable events such as after-hours calls for service, backfilling for unexpected absences and work on short or accelerated deadlines. We found that supervisors employ a number of strategies to reduce overtime, such as staggering shifts, adjusting staffing levels and schedules, hiring temporary workers and utilizing an on-call pool. In one County department with 24/7 operations a well-managed, robust on-call pool has significantly controlled overtime to the extent that most employees work modest levels of overtime. In another department, a supervisor adjusted staffing levels based on data that showed varying levels of workload.

Bargaining unit agreements affect the strategies that supervisors and managers employ in addressing overtime. For instance, one agreement stipulates that employees must be given two weekends off every month. It can be difficult under those circumstances to fill an absence without encountering overtime.

Scope, Methodology
and Objectives

Our audit examined all County overtime. In FY 2013 the County paid approximately \$10.7 million in overtime representing 3.6% of total personnel costs. Exhibit 11 shows total overtime hours in the County have increased about 14% since FY 2011. The Sheriff's Office accounted for most (73%) of the County's overtime hours. Ninety-six percent of the Sheriff's Office overtime is in the Corrections Division (72%) and Enforcement Division (24%).

Exhibit 11
Total Overtime Hours by Department

Department	FY 2011	FY 2012	FY 2013
Sheriff's Office	141,744	157,054	156,294
Health	14,926	16,582	18,426
Community Services	11,982	12,864	16,453
Community Justice	9,051	10,531	9,470
County Assets	7,202	8,419	8,648
Human Services	2,432	3,374	4,586
County Management	510	514	313
Library	401	244	264
Non Departmental	252	188	377
District Attorney	677	155	192
Total	189,177	209,925	215,023

Source: Auditor's Office analysis of SAP data

To better understand the nature of overtime throughout the County, we spoke with managers in the Sheriff's Office, Health, Community Services, Community Justice, County Assets, Human Services and County Management Departments. While conducting the audit we reviewed all County bargaining unit agreements, Fair Labor Standards Act (FLSA) requirements, overtime audits from other jurisdictions and overtime best practice literature.

Our Countywide audit objective was to determine the reasons why certain employees worked higher levels of overtime than others. We selected 41 employee outliers throughout six departments whose FY 2012 overtime totaled about 12,600 hours. We analyzed these employees' overtime on a daily basis, searching for usage patterns and any abuse. We interviewed outlier employees' supervisors about overtime drivers, procedures, equitable distribution, monitoring and overtime alternatives. Corrections and Patrol deputies were excluded from this particular test but were examined in detail as part of our Sheriff's Office analysis.

Because of the amounts of overtime in the Sheriff's Office, the audit's central objective was to increase the County's understanding of Corrections' and Patrol's overtime and staffing. We also evaluated the effectiveness of overtime procedures developed in 2011 for Law Enforcement deputies. Within the Sheriff's Office we:

- Interviewed Sheriff's Office command staff including the Corrections, Law Enforcement and Business Services Chief Deputies. We also interviewed the Patrol Captain, the Planning and Research Director, Fiscal Unit Manager, Payroll Unit Supervisor and Administrative Scheduling Sergeant.
- Toured the Detention Center and rode with a sergeant on a Patrol shift.
- Studied Corrections scheduling processes including the Vacation/ Personal Holiday Book, Voluntary Overtime Book and shift bids.
- Accessed and studied the Sheriff's Office scheduling software Telestaff. Examined how Telestaff tracks scheduling data and interacts with SAP to complete payroll.
- Analyzed three years of daily payroll data from SAP for all Corrections deputies for FYs 2011 and 2013 and two years for all Patrol deputies and sergeants for FYs 2012 and 2013. We used this data to develop annual total personnel costs and estimate the Net Annual Working Hours for Corrections and Patrol. We also used the daily payroll data to compare the cost of staffing a post with overtime to staffing a post with straight time.

We suspended our analysis of Corrections Health in survey because a new director was in the process of making significant changes. We hope to resume our work in Corrections Health within a year.

We issued a separate letter to the Sheriff's Office dated 10-09-2013 requesting further investigation of specific internal control concerns.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Recommendations

Overtime has been a distraction from monitoring total personnel costs in a more meaningful way that would provide better results than current practices. We recommend:

1. Budgets and discussions between the Board and Sheriff should emphasize total personnel costs. Additional workload, absences, training and extra staffing are more important pieces of personnel costs than overtime.
 - a. The FY 2014 Corrections budget note should be revised to emphasize total personnel costs and hours worked.
 - b. The Sheriff's Office should realistically estimate overtime in its budget. At the same time, the Board should be willing to work with the Sheriff's Office in determining more realistic levels of Corrections overtime as a component of total personnel costs.
 - c. Total workload hours should be a part of the annual budget analysis prepared by the Sheriff's Office for consideration by the Board. Should unexpected events cause an increase in workload, the Sheriff's Office should return to the Board for additional contingency funding or budget modification.
2. The Sheriff's Office should conduct a workload study to determine a service level formula for Patrol. In the meantime, the Sheriff's Office should evaluate the unbalanced schedule's effect on overtime.
3. The Sheriff's Office should develop the information needed for a total personnel cost discussion.
 - a. The Sheriff's Office should collect reliable workload, training and extra staffing data in SAP that can be aggregated and analyzed as easily as its absence data.
 - b. The Sheriff's Office should be able to explain changes in total personnel cost components from one year to the next such as rate of pay, additional workload, absence, training, extras, benefits changes or changes in staff composition.
 - c. The Sheriff's Office should stop assigning causes to overtime on a case by case basis. Assigning overtime causes takes time, is inaccurate and has little benefit.

4. Although Corrections staffing has been well below Net Annual Working Hour (NAWH) levels, Corrections should not use the NAWH methodology to determine staffing levels. Instead, Corrections should staff at levels that minimize extra staff once training hours are taken into account.
5. Management should periodically ensure that authorization for all overtime in Patrol is documented.

Appendices

Appendix A - Cost Comparison of Overtime to Extra Staff

Extras occur when a shift is overstaffed and there are more deputies than work that must be done. Although Corrections assigns work to extra deputies when overstaffed, the deputies are not actually essential to the shift. Corrections can also take advantage of extra deputies by assigning them to any training they may need.

Exhibit 12 below shows that the cost of an extra deputy per hour (\$121.43) is significantly more expensive than overtime per hour (\$81.35). An extra deputy on one eight-hour shift costs about \$321 more than a deputy working overtime. Extras have a higher cost than overtime because Corrections pays two deputies (assigned deputy and an extra deputy) when only one deputy is needed. The Extra column in Exhibit 12 reflects the costs for two deputies.

Exhibit 12

Cost of 2,088 Hours of Overtime Compared to Extra Staff in FY 2013

	Overtime	Extra
Base Pay	\$113,775	\$150,879
Variable Salary Related	43,849	58,149
Variable Insurance	12,231	16,219
Fixed Health Insurance	-	28,304
Total	\$169,855	\$253,551
Cost per hour	\$81.35	\$121.43

Source: Auditors Office analysis of FY 2013 SAP Data

Appendix B - Staffing Methodology

Corrections uses a Net Annual Working Hour (NAWH) methodology to determine staffing levels. After collecting absence and workload data, Corrections computes an additional number of deputies needed to cover anticipated absences from posts. An absence from a post can be caused by absences and additional workload (including training). For example, assume there are 50 posts on a shift that must be staffed all hours of the day and every day of the week. Based on an average absence rate of 23%, Corrections calculates a post factor of 1.82 FTE per post. When Corrections multiplies the 50 posts in this example by the 1.82 post factor, 91 people are needed to cover the 50 posts. This means that 41 additional people would be hired to cover absences from posts.

Continuing the example above, because posts are open seven days per week and staff only work five days per week, 65 (91*5/7) of the 91 staff are allocated to each weekday. As illustrated in Exhibit 13 absences from posts vary every day.

Exhibit 13
Example of how Daily Variability Affects Absences

Day of Week	Posts	Staffing Level	Absent	Staff Available	Results
Tuesday	50	65	15	50	No overtime or extras
Wednesday	50	65	20	45	5 overtime
Thursday	50	65	10	55	5 extra

Source: Auditor's Office

Alternative Staffing Methodology

On a daily basis the levels of overtime for each shift are caused by the variability of absences from posts. Exhibit 14 compares the daily NAWH staffing level to a staffing level that eliminates extras. When the absence rate is 23%, the expected number of absences from posts average 15 per day. But because absences from posts fluctuate, the number of absences on a daily basis can, for example, vary from 8 to 23 throughout the year.

From a cost perspective, the staffing level would be set at 58 or lower to eliminate any extras. However, eliminating extra staff could create operational problems. Management informed us that having some extra staff is often a training opportunity and is needed in the jails. While extra staff should be minimized they should not be eliminated. Accordingly, in this hypothetical example, the daily staffing level of 58 is a starting point. Increases in staffing levels above 58 depend on the extent of training needs.

Exhibit 14
Staffing Level That Eliminates Extras

Number of Posts	50
Absence Rate From Posts	23%
Post Factor	1.82
NAWH Daily Staffing Level (50*1.82) * (5/7)	65
Average Daily Absences from Posts (65 – 50)	15
Highest Day Absences from Posts for Year	23
Lowest Day Absences from Posts for Year	8
Daily Staffing Level that Eliminates Extras (50 + 8)	58

Appendix C - Analysis of Total Personnel Costs

1. Use daily payroll data to compute total personnel costs for all Corrections deputies.

	FY 2011	FY 2012	FY 2013
Straight Time	\$29,570,739	\$30,541,824	\$31,924,990
Overtime	4,319,290	5,107,976	5,004,951
Salary Related	12,529,144	13,739,433	14,232,800
Variable Fringe	3,558,453	3,832,353	3,969,969
Fixed Health	5,364,403	5,515,386	5,935,514
Total Personnel Cost	\$55,342,029	\$58,736,972	\$61,068,224

2. Make adjustments for pay rates and insurance to express FY 2011 and FY 2012 in terms of FY 2013.

	FY 2011	FY 2012	FY 2013
Straight Time	\$31,309,094	\$31,146,794	\$31,924,990
Overtime	4,518,412	5,241,240	5,004,951
Salary Related	13,807,921	14,023,948	14,232,800
Variable Fringe	3,851,457	3,911,714	3,969,969
Fixed Health	5,857,796	5,763,827	5,935,514
Total Personnel Cost	\$59,344,680	\$60,087,523	\$61,068,224

3. Evaluate costs based on the total number of hours worked. Total personnel costs increased largely because the total number of hours worked increased. Cost per hour worked decreased in FY 2012 and FY 2013.

	FY 2011	FY 2012	FY 2013
Total Personnel Cost	\$59,344,680	\$60,087,523	\$61,068,224
Hours Worked	803,019	814,947	829,538
Cost per hour worked	\$73.90	\$73.73	\$73.62

A decrease in the cost per hour worked can be caused by a lower absence rate, fewer extra shifts and changes in staff composition from older to newer. The absence rate for Corrections deputies did decrease by 1% point in FY 2012 and held steady into FY 2013. There were very few shifts with extra staff in both FY 2012 and FY 2013. Finally, Corrections has been hiring new deputies to replace retiring deputies.

Appendix D - Data Collection

The Sheriff's Office should have its data set up in a way that allows them to track total personnel costs. Fundamentally, time worked (or absent) in SAP must be directly associated with the person doing the work (or absence) and what type of work the person was doing (or type of absence). Absence data meets this need because cost center and shift assigned fields in SAP are used along with specific wage codes to capture this data. Staff can only be absent from the facilities and shifts they are assigned.

However, the Sheriff's Office cannot fully monitor total personnel costs because workload data are not adequately tracked in SAP. There is no distinction in SAP as to whether a deputy was working a post, additional workload, or training. Detailed workload data are captured in Telestaff but do not transfer to SAP nor can they be reasonably analyzed using Telestaff. The ability to analyze total personnel costs depends upon whether the general type of workload—posts, additional workload or training—is identified in SAP. A further breakdown of these three categories in SAP is optional.

The Sheriff's Office can pursue various approaches using SAP to identify different types of workload. One approach is to establish a workload field to indicate whether a deputy's work was related to a post, additional workload or training. Similar to absences, the Sheriff's Office could also use wage codes to identify different types of workload. In either case, SAP changes will be needed.

In addition to distinguishing the type of workload, it is difficult in some cases to determine where the work occurred and on what shift. For example, deputies who are assigned to one area such as the Classification Unit on the day shift can work overtime on the swing shift at one of the jails. Although the overtime shift worked is captured in this case, SAP assigns the time worked to the Classification Unit instead of the jail. Similarly, SAP data does not reflect actual overtime by shift in Patrol. Overtime is coded to the home shift of the deputy or sergeant working, not to the shift where the overtime actually occurred. An SAP cost center worked field is needed to track where worked occurred. Further, the shift worked should be captured in all cases and not only when overtime occurs.

Appendix E - Alternative to Assigning Causes to Overtime

The current practice of assigning causes to overtime on a daily basis for each shift in Corrections is time consuming, inaccurate and has little usefulness. Officers in charge of each shift for the Detention Center, Courts and Inverness Jail assign causes to overtime based on an established procedure that prioritizes causes. There are about 28 overtime codes to choose from; however, Vacation, Vacancy, Sick Leave and Suicide Watch are coded with the most hours. Overtime causes are entered into the scheduling system Telestaff, and then reentered into SAP during payroll processing. According to our interviews, some staff do very well at following procedures while others do not.

As illustrated in Exhibit 15 it is not possible to accurately assign overtime causes. The illustration below shows there are two shortages yet six absences. All six absences from posts contributed to the overtime, yet Corrections must assign causes to only two.

Exhibit 15
Assigning Causes to Overtime

Number of posts that must be staffed	40
Deputies scheduled	44
Additional staff to cover absences from posts	<u>4</u>
Absences from posts:	
Vacation	2
Hospital duty	1
Suicide watch	1
Sick	<u>2</u>
Total absences from posts	<u>6</u>
Staff shortage	2

A misallocation of staff among days of the week, shifts or facilities could also increase staffing shortages. For example, assume shift C is overstaffed while shift E is understaffed. The cause of staff shortages on shift E may be assigned to vacation or sick leave when the problem was actually an imbalance of staff.

Aside from the mechanics of assigning overtime causes on a daily basis for each shift, there are more important reasons to stop current overtime coding practices. Since staffing a post with overtime costs about the same as straight time and will remain close in the future, there is no need to specifically track the overtime.

Move away from focusing on overtime to a total personnel cost analysis

From a total personnel cost perspective, Corrections should accurately track absences from posts (absences, additional workload and training) to determine whether they change enough to influence a change in staffing levels. Staffing levels are fixed while absences from posts fluctuate on a daily basis for each shift. Taking the variability of absences from posts into consideration, the magnitude of staffing shortages (overtime) or overages (extras) is driven by the actual level of absences from posts compared to the estimated amount used to determine staffing levels. A significant variation in the absence rate provides useful information about the quantity of overtime or extras.

Presently, Corrections can analyze absences but additional workload and training cannot be reasonably aggregated for analysis. Absences include vacation, sick, personal holidays, comp time, military, jury and bereavement leave. As shown in Exhibit 16, the overall absence rate since FY 2006 remained relatively constant although decreased in FY 2012 and then held steady in FY 2013. The absence rate in Exhibit 16 does not include all additional workload and training. The 1% point change in the absence rate from FY 2011 to FY 2012 was equivalent to approximately five FTE.

Exhibit 16
Total Absence Rate by Fiscal Year

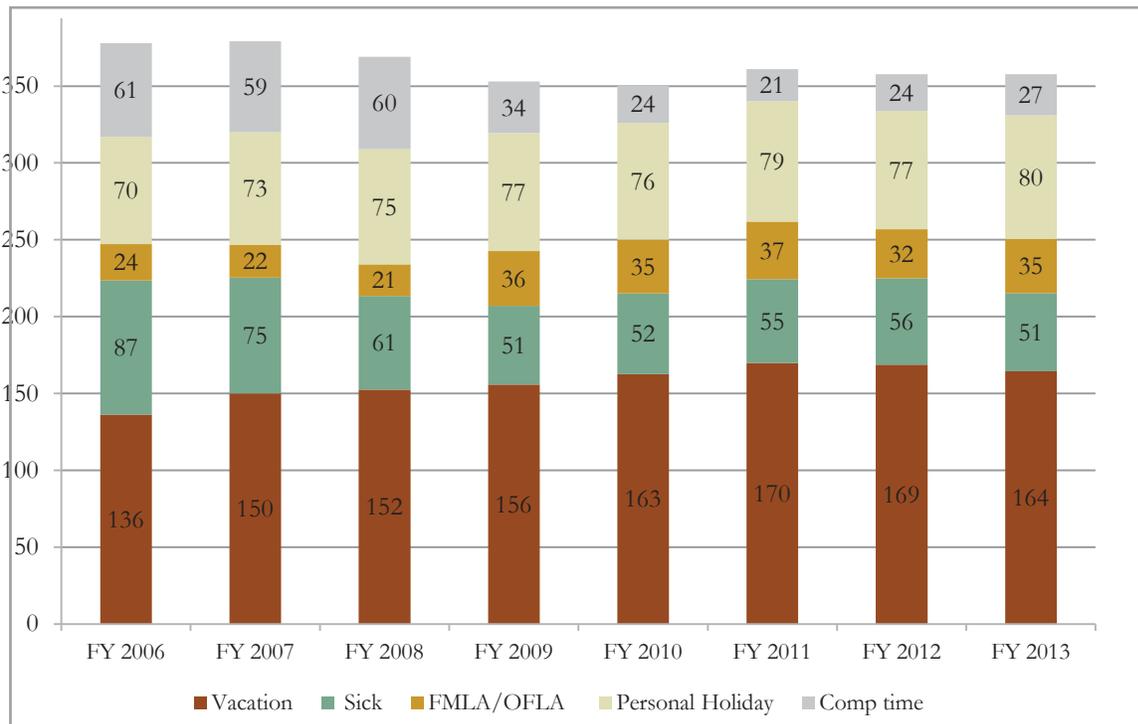
Fiscal Year	Absence Rate
2006	22.61%
2007	22.44%
2008	21.80%
2009	21.01%
2010	21.74%
2011	21.36%
2012	20.20%
2013	20.42%

Source: Auditor's Office analysis of SAP data

Absences per FTE have generally decreased since FY 2006. Exhibit 17 below shows the number of hours per FTE by absence category. The five categories in Exhibit 17 make up over 83% of absences.

Vacation hours increased while comp time decreased. In FY 2008 the Sheriff’s Office successfully negotiated to limit the number of comp time hours that can be accrued or used each fiscal year. Increases in vacation time are attributable to a more tenured workforce that earns higher accruals. Total sick time includes Sick and Family and Medical Leave Act (FMLA)/ Oregon Family Leave Act (OFLA) categories. As a result of increased monitoring by the Sheriff’s Office and because of a contractual change in authorized work hours in 2006, total sick time has decreased since FY 2006 and held steady since FY 2008.

Exhibit 17
Absence Hours per FTE



Source: Auditor’s Office Analysis of SAP Data

Appendix F - Relationship of Overtime and Unplanned Absences

Exhibit 18

Linear Regression – Overtime to Unplanned Absences

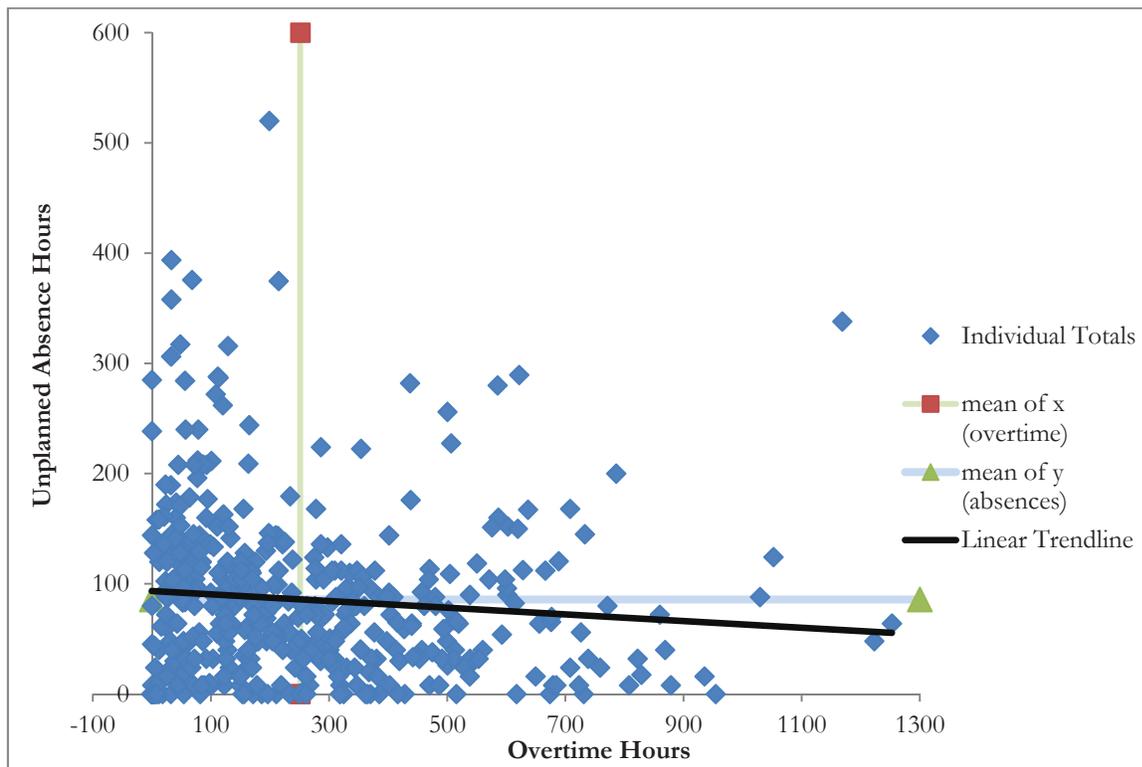


Exhibit 18 shows that overtime hours worked appeared to have no impact on unplanned leave hours taken. The linear regression line, in black, slopes downward, illustrating a very slight negative correlation (-.09) between overtime and unplanned absences, meaning that for every hour of overtime worked, unplanned leave declines by two minutes on average. Moreover, the analysis returns an r^2 figure of .009, indicating that less than 1% of the variability in unplanned absence hours can be explained by the variability in overtime hours.

Response to Audit



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November 26, 2013

Steve March, Multnomah County Auditor
501 SE Hawthorne Suite 600
Portland, OR 97214

Dear Auditor March,

Thank you for your recent Audit regarding overtime use at Multnomah County. As our Office conducts business with hundreds of employees on a 24/7 basis, we appreciate that we are a large user of overtime countywide, and that the bulk of your Audit would naturally focus on Sheriff's Office operations regarding the use of overtime. I would like to offer some brief comments in response to this Audit.

We are pleased regarding your findings that the total costs between staffing 24/7 positions with employees on overtime, and hiring enough employees to staff those positions primarily on straight time, are essentially the same. We believe this supports our position that the use of overtime is no more expensive to the overall cost to the general fund than overstaffing to greatly reduce overtime and in fact, the use of overtime in many cases will cost less to the general fund for the same level of operations. It is our experience that most like-sized law enforcement agencies around the country rely on overtime as a regular way of doing business, many committing over 10% of their total budgets to overtime spending (we come in at around 7% of total budget). While there has been much discussion recently regarding the amount of overtime spending for MCSO greatly exceeding the budget line item in that category I think it is important to understand that overspending the line is not more expensive than hiring enough staff not to do so; I think your Audit makes that point clear. In a nutshell, your findings support the concept that the use of overtime plays a necessary role in the effective management of overall personnel costs.

There was considerable discussion in the Audit regarding the tracking of total personnel costs, rather than focusing on overtime costs. We agree that in order to discover where problem areas may be regarding costs of operations, we must have useful data to see where the hours are being committed to each operation as compared to what is articulated in the program offers that build our budget. In fact we regularly track hours in Corrections and Law Enforcement operations where overtime use has been high, and have identified patterns of work hours in excess of staff resources (work hours) as described in the program offers. We are continuing to look closely at these data, as these patterns not only commit high hours to the overtime line, but affect our total personnel costs as the budget year progresses.

We also appreciate your close look at potential abuses regarding the hiring and use of overtime by staff, and were pleased at your finding that no abuses existed. We also noted that despite perceptions that many of our staff members were working excessive amounts of overtime, the data you cited found that over half of our

staff members worked less than 200 hours of overtime in a calendar year, and there were a smaller number of staff working what would be considered high overtime hours. To that point, while it is important for us as an Agency to monitor employee use of overtime to ensure members remain fit for duty, it is also the case that with current contract language in place for both the Corrections and Law Enforcement bargaining units, to deny an employee the opportunity to work overtime when it is their opportunity to do so without express proof that they were too exhausted to work the overtime would be a contractual violation subject to unfair labor practice issues.

One item I did not see in your Audit was how changes in leave and compensatory time allotments impact the amount of overtime required to conduct operations. It is our belief that the granting by contract agreement of compensatory time, and an additional week of vacation to 20 plus year employees, without an adjustment to our post factor has greatly added to the amount of overtime required to conduct operations. Post factor can be described as the calculation of the number of employees required to operate a specific program like a housing area in the jail. This increase in work hour requirement has occurred with no additional funding in overtime lines or FTE to our program offers, further adversely affecting the overtime/straight time equation.

We are in the process of reviewing your Audit recommendations and look forward to implementing many of them, with particular regard to tracking workload and producing meaningful data that will assist us in tracking and reducing overall personnel costs. This data will also inform us on how our personnel budget is structured overall, and will assist us in making (and proposing) structural changes where needed. These changes will be necessary to implementing your recommendations in their entirety, as we lack both the staff and resources to fully implement them at this time.

Thanks again for your work and analysis. We want to provide the most quality and cost-effective public safety service possible, and your findings will help us toward that end.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Staton", with a long horizontal flourish extending to the right.

Daniel Staton
Multnomah County Sheriff