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Date: September 15, 2010
To: Audit and Finance Committee
From: Jennifer Ruttman, City Auditor 
Subject: Fire Overtime Follow-up Review
cc: Harry Beck, Fire Chief
Trisha Sorensen, Asst. to the City Manager

Pursuant to the Council-approved Audit Plan, we have completed a follow-up review of Fire Department overtime. Attached is our final report on this review. Since there were no outstanding findings or recommendations, no departmental response was required. If you have any questions about this review, please feel free to contact me at x3767.

FOLLOW-UP REVIEW

CITY AUDITOR

Report Date: September 15, 2010

Department: Fire Department

Subject: Overtime

OBJECTIVE

The objective of this review was to determine whether the Fire Department has effectively implemented the corrective action plans presented in their response to our overtime audit.

SCOPE & METHODOLOGY

To meet this objective, we:

- Reviewed departmental policies and procedures revised since the audit.
- Reviewed and analyzed overtime data for the last 2 fiscal years.
- Interviewed MFD staff members.

BACKGROUND

In December 2008, we issued a report on our audit of Fire Department overtime. That audit report included five corrective action plans (CAPs) with eleven recommendations to address opportunities for improvement related to leave pool staffing, leave usage policies, day-staff overtime costs, coding of overtime hours, and control & documentation of non-shift overtime. These recommendations were designed to reduce not just the number of overtime hours used, but the average cost per overtime hour. In May 2009, the Fire Department provided the City Manager with five action plans, which they had prepared in response to our findings and recommendations.

CONCLUSION

The Fire Department has effectively implemented the majority of the corrective action plans presented in their response to our overtime audit. Those which have not been implemented were addressed in other ways, or were prevented due to budget reductions. Overall, as a result of these and other changes, overtime costs have decreased by more than 40% over the past two fiscal years, as shown on page 2 of this report. The most significant factors contributing to the decrease have been:

- Use of alternative training methods & flexing of work hours when necessary for training.
- Reduction in the number of sworn members assigned to 40-hour schedules.
- Implementation of alternative callback strategies, such as: cascading members to enable coverage with available rovers; allowing for longer vacancies; changes to callback protocols for TRVs; etc.

It should also be noted, however, that there are several indicators that these recent reductions in overtime costs will not be sustainable for an extended time period without additional proactive efforts. These indicators include:

- At least 39 members are anticipated to retire in the next five years.
- The addition of 2 new fire stations and 2 TRV units over that same period.
- The recent restoration of Merit pay will increase the hourly cost of overtime.

To prevent significant increases in overtime expenditures over the next five years, the MFD should ensure that additional firefighters are trained and available to fill vacant positions as quickly as possible. The cost of overtime is a significant factor to be considered when determining whether to allocate resources for additional recruits.

