

FC 1025 (11/18/09)

Meeting Date: 10/26/10
Agenda Item: 21
Unclassified Manager: P. Sakai
Extension: 2806
Director(s): All

BOARD AGENDA MEMO

SUBJECT: District Auditor's Report on Telecommute Program and Administration of Alternate Work Week/Flex Time Schedules

RECOMMENDATION:

- A. Accept the District Auditor's Report; and
- B. Provide direction to the District Auditor and/or District staff as deemed necessary.

SUMMARY:

The report contains findings and recommendations related to the District's Telecommute Program and administration of alternate/flex time work schedules. It was noted that District management independently performed a review of this program in early 2010, prior to the completion of this audit. As a result of this management review, only 2 employees are presently enrolled in this program.

The audit includes recommendations to District management to:

1. Continue with its efforts to revise the Telecommute Program (undertaken by District management prior to completion of this audit) and ensure that employees enrolled in the program meet the criteria and requirements for participation.
2. Re-examine and update its criteria for participation in compressed 8-9-8 work schedules to balance responsiveness to other District units and the public, with meeting the work scheduling needs of employees.
3. Implement procedures/processes to ensure that appropriate "core work" hours are established, documented and enforced consistent with existing District Administrative Policies and Labor MOUs.
4. Review the cumulative impact of compressed 8-9-8 work week schedules. The audit disclosed that 79% (586) employees are on an 8-9-8 work schedule. Over 200 District employees on an 8-9-8 work schedule have alternating Fridays as their scheduled day off.
5. Ensure timely approval of employee timesheets by managers to reduce delays in payroll processing and to maintain managerial oversight of hours of work reported by employees.

On August 13, 2010, the Board's Audit Ad Hoc Committee reviewed the Temporary District Auditor's report, including responses to the audit from District management and District Bargaining Units. The Audit Ad Hoc Committee directed the Temporary District Auditor to present the final report and responses received from District management and District Bargaining Units to the Board for discussion and acceptance.

SUBJECT: District Auditor's Report on Telecommute Program and Administration of Alternate Work Week/Flex Time Schedules

FINANCIAL IMPACT:

No specific financial impact identified.

ATTACHMENTS:

Attachment 1: Management Audit of the District's Telecommute Program and Administration of Alternate Work Week and Flex Time Schedules



Management Audit of the District's Telecommute Program and Administration of Alternative Work Week and Flex Time Schedules

Final Report

Peter Sakai, Temporary District Auditor

8/31/2010

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**Management Audit of the District's Telecommute Program and Administration of Alternative
Work Week and Flex Time Schedules
Final Report – August 31, 2010**

The Temporary District Auditor has completed his management audit of Telecommute program effectiveness and Flex time/Alternate Work Week effectiveness as requested by the Board at its November 10, 2009 meeting.

The audit included an examination of the level of participation in the Telecommute program, Flex time and Alternate Work Week schedules, a review of the criteria for participation in each, and verification of manager/supervisor approval of employee timesheets. The audit also included a review of District management's internal evaluation of the Telecommute Program, dated October 30, 2009. Because of concerns regarding consistency and effectiveness of policy implementation and effectiveness, District management undertook actions to ensure compliance with existing Telecommute Program policies. District management is also reviewing the business case for those enrolled in the program and is revising the program to ensure accountability and employee productivity. These management actions were taken independent of this examination.

The data used in the examination of alternate work schedules was from the 12/27/2009 pay period. In early 2010, the District implemented an internal reorganization, where functions were realigned and reporting relationships were changed with the goal of achieving greater efficiency and effectiveness. This reorganization did not appear to significantly alter individual employee work schedules or the various types of work schedules offered to employees.

Introduction

To provide a balance between work and family and to promote a family-friendly work environment, the District maintains several work schedule options for its full-time employees:

- Standard 5-8 Schedule (5 eight hour days each week)
- The Telecommute Program enables employees who meet specified criteria to work at home for part of the work week.
- The District provides flexible scheduling for District employees to accommodate commutes, family care issues, and personal schedules. Flexible Scheduling allows employees to maintain a schedule with a start time up to one hour before or after the designated start time for work and/or an extended lunch time up to an additional 30 minutes. As required by the District's Administrative Policies "Core" hours (when all members of the group are expected to be on the job) will be established by each unit and designated by each unit manager (or designee). Guidelines regarding appropriate arrival and departure times will be determined by the work of the organization.
- Alternate Work Schedules allow employees to compress their work schedule to either an 8-9-8 schedule (8 nine hour days, and 1 eight hour day during each bi-weekly pay period) or a 4-10 work schedule (4 ten hour days each week).

Water Treatment Operators work 12-hour shifts to maintain continuous operations at the District's 3 water treatment plants.

Regardless of their work schedule, full-time employees must complete their full scheduled number of hours required per day excluding lunch and unpaid break times. Management approval at the unit level is required for participation in the above and continued participation for individual employees is at management's discretion. Prior to establishing any new alternate work schedules, the District is required by labor agreements to give notice to Bargaining Units and afford the opportunity to meet and confer.

District management has not conducted any recent internal studies or evaluations of the use of Flexible Schedules or Alternate Work Schedules. There are no objective measures of effectiveness/efficiency in use that would allow District management to assess the impact of Alternate Work Schedules on the work of each unit or work that involves multiple organizational units.

Findings and Recommendations

- 1. Telecommute Program** - District management is taking steps to correct weaknesses and improve its implementation of the Telecommute Program. An internal assessment report, dated October 30, 2009 disclosed that "oversight and monitoring of the telecommuting program by managers and appointing authorities has been negligible and in many cases, the policy is not adhered to. Some managers seem to have the perception that it is an entitlement for employees and that management cannot deny a request." The report concluded that "it does not appear that the District is getting a good return on investment."

As of the date of the report, 54 employees were enrolled in the telecommuting program:

Number of Employees	Level of Participation
18	Telecommute 1 day per week
7	Telecommute 2 days per week
15	Telecommute 1 day on alternate weeks
2	Telecommute for a partial day
1	Telecommute 15 days per month
7	Part-time employees telecommute
4	Irregular and intermittent employees

Of the 54 employees in the telecommuting program, 27 have telecommuting schedules that are tied to the weekend or their Friday/Monday off (they also work on a compressed work week schedule).

The District estimates that \$119,200 was spent on laptops for telecommuters and an additional annual liability of \$32,400 for internet connection charge reimbursements.

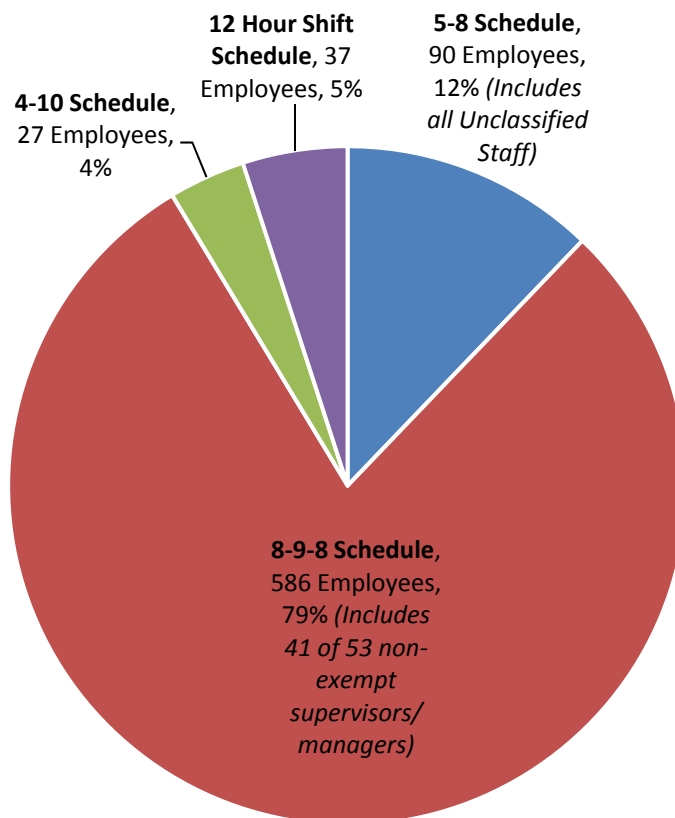
Recommendation:

1-1. The District should continue and complete its efforts to revise Telecommute Program policies and procedures to ensure accountability, monitor compliance with program requirements, and reassess the justification for those employees that remain in the program.

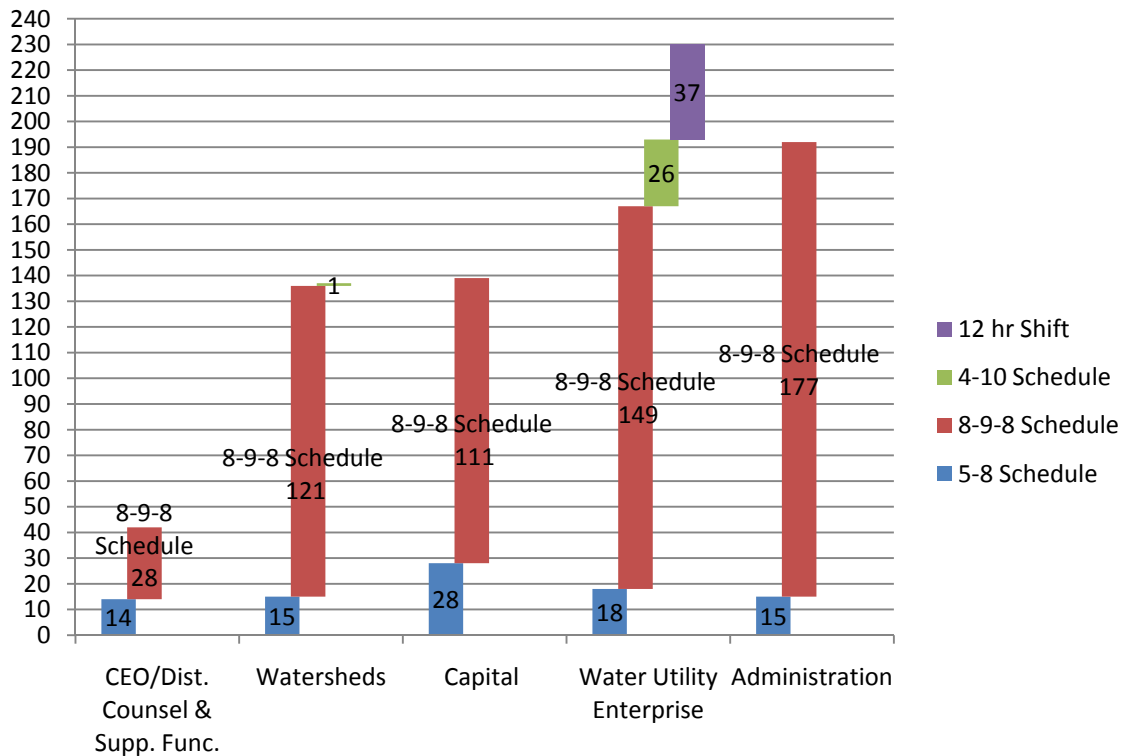
2. Flexible and Alternate (Compressed) Work Week Schedules

a. Compressed Work Week Participation - In total, as of December 27, 2009, 79% or 586 of the 740 full-time District employees are on an 8-9-8 compressed work week schedule (see Figure 1, below). This includes 41 out of 53 supervisors/managers represented by the Professional Management Association/Mid Management Association. All unclassified staff are on a 5-8 work schedule. The District does not maintain any stated limits on the numbers or percentage of employees that can participate in compressed work week schedules. Figure 2, below, shows work schedules in each major functional area.

Figure 1 - Work Schedules for Full Time Employees as of 12/27/2009



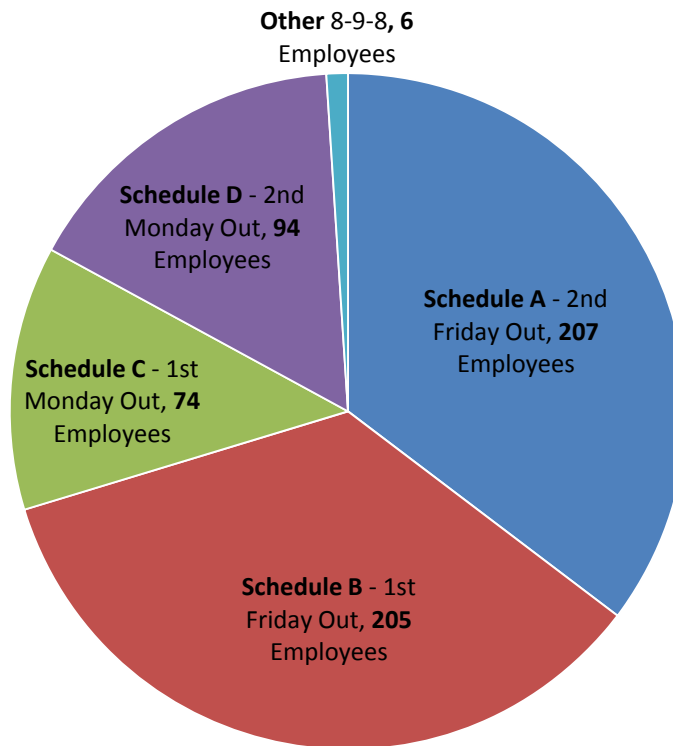
**Figure 2 - Work Schedules by Major Functional Areas
Full Time Employees as of 12/27/2009**



This chart shows that a wide majority of employees in each of the major functional areas has an 8-9-8 work schedule.

- b. Analysis of 8-9-8 Work Schedules** – Figure 3, below, shows that 205 employees (including 20 non-exempt managers/supervisors) are off on the first Friday of each pay period. Another 207 employees (including 11 non-exempt managers/supervisors) are off on the second Friday of each pay period. On Mondays, another 74 employees (including 3 non-exempt managers/supervisors) are off on the first Monday of each pay period, while another 94 employees (including 7 non-exempt managers/supervisors) are off on the second Monday of each pay period. The District does not maintain any stated limitations on the number of employees on any particular compressed work week schedule.

Figure 3 - Analysis of 8-9-8 Work Schedules (586 FT Employees)



Existing policies/procedures only state that requests for compressed work week schedules are “subject to management approval” at the unit level of supervision. There is no guidance or additional criteria for supervisors/managers to consider in reviewing such requests.

- c. **Coverage on Off Days** - Most units in the District (with the exception of the Watershed Field Operations Units) maintain mixed work schedules to ensure staff presence in each unit throughout the work week. Employees’ work week schedules are listed in the District’s intranet telephone/email directory.

Watershed Field Operations Units provide countywide coverage 5 days a week with Field Operations Units off on alternating Fridays. Members from one Field Operations Unit will provide coverage in another watershed when necessary, during an off day. Watershed Field Operations Units for the Lower Peninsula/West Valley are off on the first Friday of each pay-period, while Field Operations Units for the Guadalupe Watershed and the Coyote and Pajaro Watersheds are off on the second Friday of each pay-period. From a County-wide perspective, Field Operations believes this arrangement is more efficient and effective compared to each Field Operations Unit maintaining mixed work schedules.

- d. Flexible Schedules and Core Hours** - Employees on a flexible schedule are not identifiable through the District's payroll records. Core hours are to be established by individual units but are not published or reported. Employees currently establish their ongoing work schedules at the unit level with their immediate manager/supervisor in conjunction with the established core hours for that particular unit. It is the responsibility for each employee to work scheduled hours and to ensure that timesheets are accurately completed. It is the responsibility of managers to effectively supervise staff by ensuring that employees work their scheduled hours, and by reviewing and approving timesheets to verify the hours worked.
- e. Late Approval of Timesheets** - Manager/supervisor verification of hours worked by their employees is required in order for payroll processing. Bi-weekly reminders are sent to all employees prior to the close of each pay period reminding them to submit timesheets and for managers/supervisors to approve time sheets. Late approval of timesheets by managers and supervisors appears to be an ongoing issue and results in extra work for payroll staff to complete payroll processing. For example, for the 3rd pay period in 2010, a total of 64 timesheets were approved late by 15 different managers. The average number of late approvals for timesheets during the last 3 pay periods of 2009 and the first 3 pay periods of 2010 is 62 timesheets by 17 different managers.

Recommendations - Flexible and Alternate (Compressed) Work Week Schedules:

- 2-1.** District management should re-examine and update its criteria for participation in compressed 8-9-8 work week schedules. Criteria should explicitly balance responsiveness to other District units and the public, with meeting the work scheduling needs of employees.
- 2-2.** District Management should implement procedures/processes to ensure that appropriate "core hours" are established, documented and enforced for each unit per existing District Administrative Policy and Labor MOUs. Additionally the core hours for each unit should be posted near each unit office to ensure that other employees outside of the unit know the hours when staff should be available.
- 2-3.** District management should review the cumulative impact of compressed 8-9-8 work week schedules (including employees also on a flexible schedule). The purpose of this review is to ensure that efficiency in the work of each unit and supervision of the work being performed is not being compromised or disrupted on Fridays and Mondays of each week and during core work hours. It was noted during this examination that the Water Utility Enterprise is conducting a Water Utility Enterprise Maintenance Audit which includes comparison of District practices with industry standard Best Management Practices. In discussing this audit with staff, it

appears that the audit will include a review of District work schedules associated with Water Utility Maintenance and Watershed Field Operations to determine if any changes to work schedules are warranted.

- 2-4.** District management, at the CEO/Chief level should establish an ongoing performance measure to monitor timely approval of timesheets by managers. The CEO has clearly and explicitly reminded all employees of their responsibility to accurately report hours worked and for managers and supervisors to verify and approve timesheets without delay.

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ATTACHMENT 1

DISTRICT RESPONSE

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MEMORANDUM



TO: Peter Sakai, Temporary District Auditor

FROM: Sharon Judkins, Chief
Administrative Officer

SUBJECT: Response to March 7, 2010 Audit of
"Telecommute Program"

DATE: June 18, 2010

RECOMMENDATION

- | |
|--|
| <p>1. The District should continue and complete its efforts to revise Telecommute Program policies and procedures to ensure accountability, monitor compliance with program requirements, and reassess the justification for those employees that remain in the program.</p> |
|--|

Response:

The recommendation is currently being implemented.

The Program is and will continue to be reviewed and revised as necessary.

For example, Management is currently working with representatives of the Employees Association to develop improvements to the Program that will focus on:

- Enhancements to the criteria for program participation
- Development of methods to monitor program compliance
- Development of methods to track and document program effectiveness

Sharon Judkins

Name

MEMORANDUM

Santa Clara Valley Water District 

TO: Peter Sakai, Temporary District Auditor

FROM: Sharon Judkins, Chief
Administrative Officer

SUBJECT: Response to March 7, 2010 Audit of
"Flexible and Alternate Schedules"

DATE: July 20, 2010

RECOMMENDATION 2-1

2-1. District management should re-examine and update its criteria for participation in compressed 8-9-8 work week schedules. Criteria should explicitly balance responsiveness to other District units and the public, with meeting the work scheduling needs of employees.

Response : The recommendation requires further analysis

Existing policy, Administrative Policies and Procedures, Ad-2.5.102 Work Schedules and language in three current MOU contracts, generally addresses participation in three standard work schedules. The current criteria for implementing the compressed 8-9-8 work week schedules are:

- Approval is required by the manager prior to participation
- Consideration is given to "work demands". While not explicitly stated, it is implied that this includes the demands of the unit, the public and the district.

Management will review current policy and determine if implementation is yielding intended results and if clarity of the written policy could be improved. After review, Management will determine if there are any necessary corrective actions.

RECOMMENDATION 2-2

2-2. District Management should implement procedures/processes to ensure that appropriate "core hours" are established, documented and enforced for each unit per existing District Administrative Policy and Labor MOUs. Additionally the core hours for each unit should be posted near each unit office to ensure that other employees outside of the unit know the hours when staff should be available.

Response :The recommendation has been implemented.

- To ensure consistent implementation throughout the District and to assist managers in establishing and implementing their unit "core hours", a required training session was conducted on April 15, 2010 for all Unit Managers.
- Effective May 19, 2010, all Managers established their unit core hours and submitted them to Human Resources. That information has been compiled and posted on the District's network at: X:\Designated Start and End Hours\Designated Start and End Hours by Unit.pdf.
- Posting the core hours to a directory on the District's network is most efficient since many business units are not uniformly located in one geographic area.
- An "Employee Communications" e-mail message has been sent out announcing the designated start and end unit hours and where this information can be accessed.

RECOMMENDATION 2- 3

2-3. District management should review the cumulative impact of compressed 8-9-8 work week schedules (including employees also on a flexible schedule). The purpose of this review is to ensure that efficiency in the work of each unit and supervision of the work being performed is not being compromised or disrupted on Fridays and Mondays of each week and during core work hours. It was noted during this examination that the Water Utility Enterprise is conducting a Water Utility Enterprise Maintenance Audit which includes comparison of District practices with industry standard Best Management Practices. In discussing this audit with staff, it appears that the audit will include a review of District work schedules associated with Water Utility Maintenance and Watershed Field Operations to determine if any changes to work schedules are warranted.

Response: The recommendation will be implemented.

As previously stated, the criteria for participation in compressed 8-9-8 work week schedules are articulated in Administrative Policies and Procedures, Ad-2.5.102 Work Schedules, and in three current MOU contracts.

While we agree that this Recommendation is appropriate for further review, implementation will require a root cause analysis of data in order to determine if the policy is yielding intended results. Management will then determine if there are any necessary corrective actions.

Current fiscal project plans do not allocate resources to this task nor do project plans for Fiscal Year 2010-2011. Management will review when this analysis can be undertaken.

RECOMMENDATION 2-4:

District management, at the CEO/Chief level should establish an ongoing performance measure to monitor timely approval of timesheets by managers. The CEO has clearly and explicitly reminded all employees of their responsibility to accurately report hours worked and for managers and supervisors to verify and approve timesheets without delay.

Response: The recommendation requires further analysis.

Administrative Policies and Procedures, Ad-2.5.103, Attendance and Time Reporting, articulate the requirements for submitting timesheets. In order to determine the effectiveness of this Policy and to pinpoint corrective actions that will effectively correct late submittals and approvals, further analysis of the data will be required.

Interim corrective actions that Management will immediately undertake include:

- Beginning the week of June 28, 2010, Payroll will prepare a report of timesheet submittal/approval results for the current pay period and submit the report to the CAO by the Friday following the end of the pay period.

- The CAO will present the report at the BAOs/Chiefs meeting on the following Monday. Each Chief will address late timesheet submittals and late timesheet approvals in their respective areas. This will become a standard meeting agenda item.
- An official monitoring report of timesheet submittals/approvals will be prepared and presented at the Quarterly Management Review meeting.

Shawn Jenkins

Name

ATTACHMENT 2

BARGAINING UNIT RESPONSE

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TO: Peter Sakai, Temporary District Auditor

FROM: Greg Gibson, Employees Association President
Luis Ortiz, Engineers Society President
Martin Gamez, Professional Managers Association President

SUBJECT: Bargaining Unit Response to March 7, 2010 audit of "Telecommute Program"

DATE: July 23, 2010

The Employees Association (EA), Engineers Society (ES), and Professional Managers Association (PMA) request that you consider the following factors in your final assessment of the Telecommute Program as part of the Board requested audit.

Bargaining Units Response:

Much of the audit on telecommute program is based on the internal assessment and memo submitted by Rudy C. Medina on October 2009 (Internal Report). We feel the report was not accurate and does not provide the Board with a comprehensive assessment of the telecommute program. Specific inaccuracies cited in the internal report include:

- A total of 54 employees were identified as participating in the program. A follow-up audit to validate the figure by EA found that at least ten of EA's members listed as being in the program were no longer participating at the time of the assessment. The data used to compile the report and draw conclusions was out of date.
- Program cost was estimated by multiplying an average labor rate of \$50 per hour by the 54 participants. The average labor rate cited is inaccurate. The basis or source of this rate is not stipulated. Another inaccuracy is to classify employee salaries as a cost. An employee gets paid whether they are working from home or from their worksite. The labor cost is a sunk cost and not relevant to a cost analysis of the program. To claim that the cost for telecommuting is \$1,138,800 is at best an indication of not understanding cost classification or at worst, misleading.
- Computer costs in excess of standard issue equipment totaled \$119,200. An audit by EA and ES found that many of our members were using their personal computer equipment and would be happy to return District equipment if it meant they could continue to telecommute. Further, some of the equipment was re-issued and this was not factored into the analysis.
- The internet connection charge reimbursement at \$50 per month was an additional liability to the District of \$32,400. However, actual reimbursement expense was not analyzed to determine the real cost. Had actual reimbursement expenses for internet connection been analyzed, the data would show the reimbursement rate at

substantially less than 100%. Many EA and ES members have indicated that they would forego internet connection reimbursement for the opportunity to continue to participate in the telecommute program.

- Potential low morale of the 90% of employees that do not participate in the telecommute program if they were not given the opportunity to participate. This is purely speculative. Human Resources did not conduct an employee survey to determine what impact, if any, the program has on employee morale. Further, even with the inaccurate number of participants, the District did not meet the 10% maximum participation limit in all the years of the program so there is no correlation between participation opportunity and morale.
- The finding in your report, quoted the conclusion of the internal report stating that “it does not appear that the District is getting a good return on investment” This is a general statement with no factual basis and reflects poorly on the quality and integrity of this audit.

Cc: Beau Goldie, CEO
Sharon Judkins, CAO
Director Wilson, Ad Hoc Audit Committee Member
Director Estremera, Ad Hoc Audit Committee Member
Director, Kwok, Ad Hoc Audit Committee Member