Sunrise Regional Health Authority

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Main points

Sunrise Regional Health Authority (RHA) must have rigorous scheduling processes to ensure a sufficient number of nursing staff are on duty to provide proper patient care. Inadequate scheduling processes increase the risk of nurses working excessive hours resulting in higher overtime costs and absenteeism.

We concluded the RHA had adequate processes as of March 15, 2010 for scheduling required nursing staff for patient care in its healthcare facilities including managing labour costs relating to overtime, except it needs to:

- follow established policies to review and approve nursing staff timesheets
- identify and regularly report to the Board the causes of nursing staff overtime costs
- implement established strategies for addressing causes of nursing staff overtime costs and provide regular progress reports to the Board

Background

The Sunrise Regional Health Authority (RHA) is one of twelve regional health authorities in the Province of Saskatchewan. Under *The Regional Health Services Act*, the RHA is responsible for the planning, organization, delivery, and evaluation of health services it provides in the region.[1]

This chapter reports the results of our audit of RHA's processes to schedule required nursing staff. Our 2009 Report – Volume 3 reports the results of our audit of the RHA for the year ended March 31, 2009.

The RHA provides health services to east central Saskatchewan. In 2009, it employed approximately 1,500[2] nursing staff.

The Ministry of Health sets out specific strategic directions and goals in the Accountability Document for the RHA. One of those goals requires that "the health sector has a highly skilled, professional and diverse workforce with a sufficient number and mix of service providers."

To provide safe, quality health services, a sufficient number of nursing staff must be on duty to provide proper patient care. *The Health Labour Relations Reorganizations Act* designates the Saskatchewan Association of Health Organizations (SAHO) as the employers' representative in the Province. Through SAHO, the RHAs make collective bargaining agreements with Saskatchewan Union of Nurses (SUN),[3] Canadian Union of Public Employees (CUPE)[4] and other unions representing nurses and other employees. These agreements set out the normal working hours (scheduled shifts) for all nursing staff.

Nursing staff receive a higher rate of pay (overtime rate) when they work outside the normal hours. Nursing staff also receive pay at premium

[1] *The Regional Health Services Act*, section 27(1).
[2] This represents all Registered Nurses (RNs), Nurse Practitioners (NPs), Registered Psychiatric Nurses (RPNs), Licensed Practical Nurses (LPNs), and Special Care Aides employed within the Sunrise Regional Health Authority and includes nursing staff outside the scope of this audit.
[3] Saskatchewan Union of Nurses (SUN) does collective bargaining on behalf of Registered Nurses, Registered Psychiatric Nurses, and Nurse Practitioners.
[4] Canadian Union of Public Employees (CUPE) does collective bargaining on behalf of Licensed Practical Nurses and Special Care Aides (and other employees).

rates[5] if the RHA requires them to work outside the normal scheduled hours. When a nurse is absent from a scheduled shift, the RHA may cover that shift with another nurse, possibly at overtime or premium rates.

Managing labour costs related to scheduling and absenteeism is a challenge as workload pressures due to higher than expected patient numbers or increased acuity of patients is not predictable. Inadequate processes to manage labour costs increase the risk of nurses working excessive hours, which could result in higher overtime costs and absenteeism. Also, inadequate processes could lead to lower than the desired level of patient care that could result in harm to patients and loss of public confidence in our healthcare system.

One of the key actions the 2009-10 Accountability Document requires is a "reduction of absenteeism through improvements to workplace safety, and improvements in time management and staff scheduling processes."

The RHA's 2009 Annual Report acknowledges that high overtime and sick leave were contributing factors to the RHA's 2008-09 deficit. The Report states that for the year ended March 31, 2009, the RHA paid to each of its full time employed members of SUN an average of 121.4 hours and 91.4 hours of overtime and sick leave respectively compared to the provincial average of 87.5 hours and 87.9 hours respectively. The RHA's Annual Report does not publish statistics on LPNs and Special Care Aides separately.

Audit objective, criteria, and conclusion

The objective of this audit was to assess if Sunrise Regional Health Authority (RHA) had adequate processes as of March 15, 2010 for scheduling required nursing staff for patient care in its healthcare facilities including managing labour costs relating to overtime.

We focused on scheduling practices and the management of labour costs relating to overtime (e.g., due to absenteeism, workload pressures,

[5] The Collective Bargaining Agreements define situations where nurses would be paid a premium rate for working outside the normal scheduled hours; e.g., when the RHA changes a shift without proper notice, calls back a nurse for an extra shift, or requires a nurse to work on a weekend.

inappropriate scheduling) of nursing staff[6] in the RHA's regional hospital and long-term care homes. We define "absenteeism" as absence from the workplace including nurses on sick leave, worker's compensation, leave without prior approval, and lateness. Also, we define "overtime" as additional hours worked and paid at a higher rate of pay or time in-lieu of extra pay (banked time).

To conduct this audit, we followed the *Standards for Assurance Engagements* published by The Canadian Institute of Chartered Accountants. To evaluate the RHA's processes, we used criteria based on the work of other auditors and current literature listed in the selected references. The RHA's management agreed with the criteria (see Exhibit 1).

Exhibit 1—Processes to schedule required nursing staff

To have adequate processes for scheduling required nursing staff for patient care in its healthcare facilities including managing labour costs relating to overtime, the RHA should:
1. Set expectations that influence labour costs
2. Schedule nursing staff to deliver services
3. Analyze labour costs to identify risks
4. Minimize excessive labour costs

We concluded that, as of March 15, 2010, the RHA had adequate processes to schedule required nursing staff for patient care in its healthcare facilities including managing labour costs relating to overtime except for its processes to review and approve nursing staff timesheets, identify causes of overtime costs, and implement strategies to address overtime costs.

Key findings and recommendations

In this section, we set out our expectations (*in italics*), findings, and recommendations by criterion.

[6] Nursing staff include Registered Nurses (RNs), Nurse Practitioners (NPs), Registered Psychiatric Nurses (RPNs), Licensed Practical Nurses (LPNs), and Special Care Aides (SCAs).

Set expectations that influence labour costs

We expected the RHA would clarify working expectations for nursing staff. We expected the RHA would communicate expectations to scheduling office staff, nursing staff, and managers. We expected the RHA would train managers to monitor labour costs.

As part of its annual budget process, the RHA provides its healthcare facilities (e.g., regional hospital, long-term care homes) with the payroll budget. Based on past data and experience, the facility then determines the nursing staff needed for various departments (e.g., emergency department). Each department then reviews their master rotation (i.e., an overall scheduling plan) that outlines expected working days for nursing staff over the next year and makes changes if needed.

The master rotation must meet minimum baseline staffing levels to provide adequate patient care and must comply with the collective bargaining agreements. The RHA reconciles the master rotation to its approved budget to ensure consistency. Representatives of SUN and CUPE also review the master rotation. Once finalized, the scheduling office enters the master rotation into the RHA's scheduling system.

The master rotation becomes the ongoing schedule for nursing staff and is available to all nursing staff to see their upcoming hours of work. For example, each department posts and confirms two weeks of the schedule 14 days in advance of nursing staff shifts.

The RHA has policies for nursing staff to request leaves of absence or trade shifts with others. Nursing managers approve these requests. Generally, such changes do not result in overtime because these requests are early enough to find replacement staff at regular pay or the requests may be denied. For example, nursing staff can trade shifts if they obtain authorization from the nursing manager and if it does not result in overtime pay. The scheduling system records all scheduling changes. Nursing staff orientation includes procedures and forms that staff must complete when seeking approved leaves of absence.

Nursing managers are responsible for monitoring labour costs within their departments. Nursing manager orientation includes training on managing scheduling and labour costs.

In summary, the RHA has adequate processes to set expectations that influence labour costs.

Schedule nursing staff to deliver services

We expected the RHA would schedule nursing staff to meet anticipated staffing needs. We expected the RHA would establish processes to handle contingencies (e.g., absenteeism, increased patient load, and/or acuity). We expected the RHA would balance nurses' work schedules equitably (e.g., fair, timely, use banked time in lieu).

As noted above, the RHA establishes the master rotation and the scheduling office staff use that information to prepare work schedules. When nurses cannot attend work (e.g., sick leave) or nursing managers request extra staff because of heavy workloads (i.e., higher than expected patient numbers or increased acuity of patients), the scheduling office finds replacement or additional nursing staff. The scheduling system generates relief lists[7] that help scheduling staff to find available nurses for work.

When finding replacements for nursing staff leave (short and long-term), the scheduling staff follow the collective bargaining agreements. For SUN members, scheduling staff attempt to replace absent staff with the most cost-effective alternative (i.e., at regular pay). For CUPE members, scheduling staff are required to offer available work to nursing staff based on seniority; first at regular time, then at overtime. When scheduling staff have to call in nursing staff at overtime rates, they inform the appropriate nursing manager to seek approval of overtime before asking replacement nurses or additional nurses to work.

The scheduling staff document what shifts they offered to whom and reasons if the offer was declined, or, if not offered to a particular staff member, the reasons why (e.g., already working). This documentation helps demonstrate that scheduling staff followed fair and acceptable practice when finding replacement or additional nursing staff. Under the collective bargaining agreements, nurses can file a grievance if scheduling staff fail to offer available shifts according to the agreements. If the grievance is proven, the grieving nurses may receive pay for the shifts they could have worked, if offered.

[7] Relief lists are lists of nurses who are qualified to work in a particular department.

All leaves of absence require nursing manager approval. In case of emergency (e.g., sickness, bereavement, or family leave), nursing staff call the scheduling office or the nursing manager directly. If a replacement is required after the scheduling office is closed, leave of absence forms are still completed and the scheduling system updated.

Each day, the scheduling system generates and prints daily timesheets in various departments of the RHA facilities. The daily timesheets list the nurses and their hours of work for the day, nurses on leave and their replacements, and any overtime hours worked based on the master rotation and any scheduled staffing changes. Nurses are required to sign these daily timesheets confirming that they worked the shift as listed or make changes if necessary. Nursing managers or other authorized staff[8] approve the daily timesheets before submitting them to payroll staff. As we describe below, the daily timesheets did not always show evidence of approval.

When setting master rotations, the RHA follows the collective bargaining agreements. The agreements establish mutually agreed upon fair and equitable working hours to avoid unusual or onerous patterns of shifts. As noted above, representatives of both SUN and CUPE review the master rotation.

In summary, Sunrise RHA has adequate processes to schedule nursing staff to deliver services.

Analyze labour costs to identify risks

We expected the RHA would keep accurate information on nursing staff labour costs. We expected the RHA would compare actual to expected labour costs and identify patterns and causes of excessive labour costs.

Nursing managers or other authorized staff are responsible for monitoring labour costs including overtime. The RHA uses daily timesheets to verify attendance and process payroll. However, 30% of the timesheets that we examined did not have evidence of appropriate approval. Lack of such approval increases the risk of errors in payroll and unauthorized overtime.

[8] The RHA has delegated authority to approve payroll to unit clerks, administrative assistants or charge nurses, as well as nursing managers.

The RHA should ensure its nursing managers or authorized staff approve the daily timesheets.

Nursing managers receive monthly financial reports comparing actual to budgeted labour costs. To help analyze the labour costs, nursing managers also receive weekly compensation reports summarizing regular hours, sick hours, and overtime for each nursing department. The RHA's policies require nursing managers to review monthly financial reports and explain differences between actual and budgeted labour costs (variance). These explanations are provided to senior management and the Board. However, some of the monthly reports that we examined did not show any evidence of variance analysis. Lack of variance analysis increases the risk of payroll errors without detection. Also, lack of timely variance analysis may not allow the RHA to take corrective action to help control labour costs.

Senior management and the Board also receive quarterly reports for sick time and overtime hours by facility. These reports compare the RHA's actual sick and overtime hours to provincial averages. However, senior management and the Board do not receive reports identifying causes of nursing staff overtime.

The payroll system has the capacity to identify and record overtime costs by cause (e.g., sick leave replacement, workload, etc). For example, we requested a report of overtime and its causes. The report indicated that the highest cause of overtime was workload pressures, then sick relief, and so on. However, senior management does not receive such information. Reviewing such information could provide management an opportunity to help address how best to control overtime costs. The RHA should make use of the capacity in the system to better monitor and control overtime costs.

The RHA documents cost benefit analysis relating to overtime (e.g., hiring an additional full-time nurse may be more economical than continuing to pay overtime costs for workload pressures) when making proposals for staffing changes.

In summary, the RHA has adequate processes to analyze labour costs to identify risks except for the matters covered in the recommendations below.

1. **We recommend the Sunrise Regional Health Authority ensure its nursing managers or other authorized staff follow established policies to review and approve nursing staff timesheets.**

2. **We recommend the Sunrise Regional Health Authority identify and regularly report to the Board the causes of nursing staff overtime costs.**

Minimize excessive labour costs

We expected the RHA would consult with its stakeholders (e.g., staff, unions, professional associations) to minimize excessive labour costs. We expected the RHA would use prevention strategies to address causes of excessive labour cost. We expected the RHA would take action on excessive labour cost.

The RHA has one senior staff that evaluates health facilities for national accreditation and monitors nursing best practices across the country. Union/management committees meet regularly to discuss scheduling, attendance, and policy concerns. The RHA also works with the unions' local bargaining units to manage labour costs.

To minimize absenteeism due to sickness or injury and to promote a safe work environment, nursing staff receive orientation, regular training programs on occupational health & safety, and safe work practices. The training programs include training on proper lifting techniques. Lifting equipment is available in departments where needed. The RHA also provides access to staff health management programs and has counselling available through its Employee Family Assistance program.

Nursing managers are responsible for managing overtime costs. The RHA has established guidance to determine unacceptable patterns of sick leave and overtime by nurses. It has also established guidelines on how to address excessive labour costs.

If excessive overtime in a department is identified, the RHA's finance department works with the nursing manager to determine why and what can be done (i.e., what is in the manager's control and what is not). Nursing managers can require a medical certificate as proof of illness

from nursing staff. Managers told us they usually have informal meetings with nursing staff if an employee seems to be incurring excessive sick leave. They are aware that a formal disciplinary process can take place if required.

The RHA tracks overtime and sick time by facility. Departments within facilities analyze the department's labour costs through monthly financial reports. As we stated earlier, the monthly financial reports did not always explain differences between the actual and budgeted labour costs.

Senior management told us that it is targeting to reduce overtime costs by 35% overall. Recently, the RHA Board approved two strategies addressing the issues of absenteeism and overtime as well as additional resources to implement the strategies. The RHA is currently in the process of implementing these strategies. As senior management moves forward to better identify causes of higher overtime, they should focus efforts on devising strategies to address identified causes. Senior management should also inform the Board regularly about the progress in addressing the causes of nursing staff overtime.

In summary, the RHA has adequate processes to minimize excessive labour costs except for the matter covered in the following recommendation.

3. We recommend the Sunrise Regional Health Authority implement established strategies for addressing causes of nursing staff overtime costs and provide regular progress reports to the Board.

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