



# AUDITOR GENERAL'S REPORT ACTION REQUIRED

## Continuous Controls Monitoring Program – Review of City Staff Absenteeism

<b>Date:</b>	May 31, 2013
<b>To:</b>	Audit Committee
<b>From:</b>	Auditor General
<b>Wards:</b>	All
<b>Reference Number:</b>	

### SUMMARY

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The Auditor General's Work Plan includes the development of a system of continuous controls monitoring for selected City expenses. The objective of the Continuous Controls Monitoring Program is to provide periodic reports to management which assist in proactively monitoring financial transactions, detecting unusual expenses and identifying areas where internal controls could be strengthened.

The Continuous Controls Monitoring Program was initiated in 2011. Initial expenses selected for the application of continuous controls monitoring were employee overtime and mileage reimbursements. In 2012, the program was expanded to include standby pay.

In January 2013, the Auditor General further expanded the Continuous Controls Monitoring Program to include staff absences. Our review includes staff absences resulting from sick time and bereavement.

This report includes the results of our analysis of staff absenteeism due to sickness and bereavement time for over 35,000 City employees during 2012. The purpose of our analysis is to review absentee trends and costs and provide management with exceptions warranting further review.

Table 1 provides 2012 staff absenteeism for the selected staff absentee types identified in our review.

**TABLE 1: 2012 Staff Absenteeism for Selected Wage Types**

Description	2012	
	Hours	Dollars
Sick Leave	2.8 million	\$95.6 million
Bereavement	92,500	\$3.2 million
<b>Total Absences (rounding)</b>	<b>2.89 million</b>	<b>\$98.8 million</b>

\*all amounts are estimated based on employee annual salaries

Staff absences have a direct impact on divisional productivity and staff costs. Additional staff costs result from employing replacement staff and staff overtime costs.

Staff absentee information will be provided to management on a periodic basis for comments and follow-up on unusual instances. The first such set of exceptions was provided to management in May 2013.

## **RECOMMENDATION**

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**The Auditor General recommends that:**

1. City Council receive this report for information.

### **Financial Impact**

The recommendation in this report has no financial impact. However, ongoing savings and efficiencies are expected from this program. Since the initiation of the Continuous Controls Monitoring Program in 2011, there has been a significant decline in staff overtime, mileage and other related payroll expenses of \$7 million. The increased focus on staff absences through the continuous controls monitoring process may result in a reduction of staff absences and ultimately costs.

### **DECISION HISTORY**

The Auditor General's 2013 Audit Work Plan included an ongoing project entitled "Continuous Controls Monitoring". The Auditor General's work plan is available on the City's Web site at:

[http://www.toronto.ca/audit/2012/2013AuditWorkPlanOct\\_10\\_2012\\_Web.pdf](http://www.toronto.ca/audit/2012/2013AuditWorkPlanOct_10_2012_Web.pdf)

## COMMENTS

The use of continuous controls monitoring was initiated in 2011. Since then, periodic updates have been reported to the Audit Committee. The 2012 wrap-up report was presented to Audit Committee at the February 15, 2013 meeting. The report is available on the website at:

[http://www1.toronto.ca/staticfiles/static\\_files/auditorgeneral/pdf/2013/continuous\\_controls\\_monitoring-city\\_overtime\\_mileage\\_21jan2013\\_final.pdf](http://www1.toronto.ca/staticfiles/static_files/auditorgeneral/pdf/2013/continuous_controls_monitoring-city_overtime_mileage_21jan2013_final.pdf)

This current report provides the results of our analysis and management comments for 2012 staff absences related to sick leave and bereavement.

### Summary Results

#### (a) *Sick Leave*

In 2012, 677 City employees received sick leave pay from 30 to almost 100 per cent of their annual salary ranging in hours from 500 to over 1800 hours sick leave.

Table 2 provides a summary of management's response regarding the status of the 677 employees noted above.

**Table 2: Current Reported Status (as of May 2013)**

	<b>Number of Employees</b>	<b>Per cent of Total Sick Leave Taken</b>
Sick Leave expected to continue	106	16%
Current Sick Leave not expected to continue	246	36%
Monitored in Attendance Management Program	95	14%
Approved or Being Considered for Long Term Disability	144	21%
Terminated City Employment	86	13%
<b>Total Sick Leave taken*</b>	<b>677</b>	<b>100%</b>

\* Sick leave shown includes only employee personal illness and ill-dependent leave

#### (b) *Bereavement Leave*

City policy provides employees with bereavement leave entitlement of four days for non-union members and five for union members on the passing of a family member as defined in the City's Human Resources policy. In our review of 2012 bereavement leave, we noted the following:

- In 2012, 13 employees charged bereavement leave exceeding 80 hours.
- In some instances employees charged up to 120 hours in annual bereavement leave. Bereavement leave was taken multiple times during several consecutive years.

According to management, reported instances of bereavement leave have been reviewed and one instance has been referred to Labour Relations for review.

## **CONCLUSION**

As part of the Continuous Controls Monitoring Program, the Auditor General periodically provides City management with reports which assist in proactively monitoring financial transactions, detecting unusual expenses and identifying areas where internal controls could be strengthened. Management responses are provided to the Auditor General and regular summary reports are provided to the Audit Committee. This is the first such report related to City absenteeism.

## **CONTACT**

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## **SIGNATURE**

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Jeff Griffiths, Auditor General

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