



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

**Continuous Controls Monitoring – 12-Month Review of
City Overtime, Standby Pay and Mileage Expenses, 2013**

Date:	February 7, 2014
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's Work Plan included 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 and in 2013 we also initiated monitoring of staff absenteeism.

This current report provides the results of our review of City overtime costs, standby payments and mileage reimbursement costs from January 1, 2013 to December 31, 2013. A separate report on 2013 staff absenteeism will be tabled at the May 28, 2014 Audit Committee.

The following table provides data for staff overtime, standby pay and mileage payments from 2010 to 2013. The amounts provided represent selected payment types covering the majority of related expense categories:

Description	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010
Total Overtime	\$43.0 million	\$38.8 million	\$41 million	\$45 million
Overtime Hours	995,000	907,500	984,400	1.08 million
Number of Staff with Overtime > 30% of Annual Pay	105	124	146	212
Total Standby Pay*	\$5.3 million	\$5.4 million	\$5.7 million	\$5.5 million
Standby Hours	124,600	128,000	139,000	138,000
Number of Staff with Standby Pay > 15,000 annually	35	53	62	46
Staff Mileage	\$3.4 million	\$3.4 million	\$3.9 million	\$4.2 million
Total Kilometers paid	6.5 million	6.5 million	7.5 million	8 million
Number of Staff > 10,000 km of mileage in Annual Claims	9	17	37	53

*Continuous monitoring for standby pay initiated in 2012

City overtime expenses decreased until 2013 when expenses rose by \$4.2 million when compared with 2012. A portion of the 2013 increase in 2013 overtime is related to severe weather related emergencies in the City.

At the request of Audit Committee, Appendix 1 provides details of 2013 divisional overtime, standby pay and mileage expenses.

The Auditor General's Continuous Controls Monitoring Program was initiated with an intention to expand to include other operational areas within the City including Agencies and Corporations. In July 2012, continuous controls monitoring was initiated at the Toronto Transit Commission for overtime, standby pay, mileage and meal allowance payments. In addition, similar to the City, the program will be expanded at TTC to include staff absenteeism as well.

RECOMMENDATION

The Auditor General recommends that:

1. City Council receive this report for information.

Financial Impact

The recommendation in this report has no financial impact. Future costs savings are anticipated from the Continuous Controls Monitoring Program however they are not determinable at this time.

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/legdocs/mmis/2012/au/bgrd/backgroundfile-50926.pdf>.

COMMENTS

The use of continuous controls monitoring was initiated in early 2011. Since then, the Auditor General has consistently provided management with exception reports based on selected criteria on a periodic basis. The Auditor General has also provided City Council through Audit Committee, with periodic reports on Continuous Controls Monitoring every year. These reports are available at:

<http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=3954e03bb8d1e310VgnVCM10000071d60f89RCRD>

As part of the Continuous Controls Monitoring Program, the City Manager is requested to review unusual levels of overtime, standby pay and mileage reimbursements identified by the Auditor General and report back on the reasons for overtime, standby pay and mileage reimbursements identified. Management responses indicated that divisions are monitoring the level of overtime, standby pay and mileage reimbursements on an ongoing basis.

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.

CONCLUSION

Continuous controls monitoring has highlighted unusual expenditures and enabled management to address related payroll expenses in a proactive and timely manner. These actions have improved controls and resulted in cost savings.

CONTACT

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SIGNATURE

Jeff Griffiths, Auditor General

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ATTACHMENT

Appendix 1: City of Toronto Divisions, Summary of Overtime, Standby Pay and Mileage Payments, January – December 2013

Appendix 1

City of Toronto Divisions Summary of Overtime, Standby Pay and Mileage Payments January - December 2013

	<u>OT Amount (\$'s)*</u>	<u>OT Hours</u>	<u>Standby Pay(\$'s)</u>	<u>Standby Hours</u>	<u>Mileage Amount (\$'s)</u>	<u>KMs</u>
City Divisions with Overtime in Excess of \$500K						
Emergency Medical Services	8,976,687	146,272	205,318	5,535	3,650	6,888
Toronto Water	7,414,625	148,260	1,111,659	28,654	245,334	464,923
Parks, Forestry & Recreation	4,606,075	114,635	666,555	16,499	471,853	891,789
Solid Waste Management	4,037,311	95,654	3,536	129	53,706	101,496
Transportation Services	3,726,237	76,123	1,072,471	28,238	182,944	349,328
Long-Term Care Homes & Services	3,450,423	124,439	-	-	40,464	76,347
Fire Services	3,241,553	142,900	186,376	4,050	75,502	142,454
Facilities Management Shelter, Support & Housing Administration	1,221,463	27,664	401,438	8,355	101,413	193,105
Administration	1,093,849	24,090	-	-	39,457	74,659
Public Health	908,206	15,809	403,245	7,048	939,504	1,780,645
Toronto Building Engineering & Construction Services	870,816	13,342	51,876	989	326,589	629,371
Information & Technology	778,796	13,698	3,855	76	218,053	418,462
	513,053	8,249	968,895	19,717	73,776	139,555
	\$40,839,094	951,135	\$5,075,224	119,290	\$2,772,245	5,269,022
Other Divisions: Overtime under \$500K	\$2,210,840	43,881	\$266,265	5,356	\$644,914	1,225,968
Total:	\$43,049,934	995,016	\$5,341,489	124,646	\$3,417,159	6,494,990

*Notes:

- Amounts are calculated based on actual hourly rates
- Amounts include stat holiday premium
- Amounts may vary due to timing differences, pay adjustments and accounting codes not included in our continuous monitoring program