



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

**Continuous Controls Monitoring Program –
12-Month Review of City Staff Absenteeism, 2013**

Date:	May 5, 2014
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's Work Plan includes the development of a system of continuous controls monitoring for selected City expenses. The Continuous Controls Monitoring Program was initiated in 2011. Initial expenses selected for continuous 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 program to include staff absences. Our review includes staff absences resulting from staff sick time, sick time for staff dependents and bereavement. In July 2013, we presented our first report on staff absenteeism covering the period January 1 to December 31, 2012. The report is available at: <http://www.toronto.ca/legdocs/mmis/2013/au/bgrd/backgroundfile-59791.pdf>

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.

This current report includes the results of our analysis of staff absenteeism due to sickness, sick dependent and bereavement time for over 35,000 City employees during 2013. The purpose of our analysis is to review absentee trends and costs and provide management with exceptions warranting further review.

Our analysis indicates that 2013 paid staff absences declined by \$8.7 million or nine per cent when compared with 2012.

Table 1 provides staff absenteeism for the selected staff absentee types identified in our review for the 12 months ended December 31, 2012 and for 2013.

Table 1: Staff Absenteeism for Selected Absentee Types

Description	2013 (in \$000)	2012 (in \$000)
Sick Leave	\$71,680	\$81,436
Sick Dependent Leave	17,545	16,632
Bereavement	3,425	3,322
Total*	\$92,650	\$101,390

***Notes:**

1. Amounts are equivalent salary amounts based on employee annual salaries.
2. Includes \$1.2 million in 2013 and \$1.1 million in 2012 for sick pay adjusted against vacation and lieu time banks.

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

Staff absentee information is provided to management in the form of exception reports on a periodic basis for comment and follow-up on unusual instances. A summary of management comments received on the reports for 2013 is provided in the ‘Comments’ section of this report.

Appendix 1 of this report provides a divisional summary of staff absences.

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. However, ongoing savings and efficiencies are expected from this project. The increased focus on staff absences through the continuous controls monitoring process, as well as management’s action to address staff absences, will potentially result in a reduction in staff absenteeism and related costs. In 2013, staff absenteeism declined by \$8.7 million or nine per cent to \$92.7 million when compared with \$101.4 million in 2012.

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

Initial expenses selected for continuous 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 Program to include staff absenteeism.

This report provides the results of our analysis and management comments for staff absences related to sick leave, sick dependent and bereavement for the twelve months ended December 31, 2013. The following criteria were used to report exceptions relating to sick leave and bereavement time:

- Staff sick time (including sick dependent) exceeding 500 hours during the year
- Bereavement time exceeding 100 hours during the year
- Staff taking bereavement time during the past four consecutive years

In 2013, staff absenteeism declined by \$8.7 million or nine per cent to \$92.7 million when compared with \$101.4 million in 2012.

The purpose of the City's attendance management program is to monitor and manage staff attendance. The increased focus on attendance management has resulted in a reduction in staff absenteeism. Management indicates that the decrease in sick leave in 2013 compared to 2012 is also attributed to changes in the sick leave provisions through negotiated collective bargaining that came into effect on January 1, 2013. The Auditor General will continue to provide continuous monitoring reports to assist management in monitoring staff absenteeism.

Summary Results

(a) Sick Leave

As of December 31, 2013 there were 617 City employees who were absent for over 500 hours during 2013. Table 2 provides a summary of management's response regarding the status of the 617 employees noted above.

**Table 2: Current Status as Reported by Management
For staff sick time (including sick dependent) exceeding 500 hours during 2013**

	Number of Employees	Total Sick Leave Taken (Hours)	Per cent of Total Sick Leave Taken
Sick Leave expected to continue	137	111,865	23%
Current Sick Leave not expected to continue	243	191,675	39%
Currently monitored in Attendance Management Program	161	121,130	25%
Approved or under review for Long Term Disability	33	29,010	6%
Terminated City employment or expected to retire within three months	29	26,210	5%
Future status of sick leave is not determinable at this time	14	11,180	2%
Total Sick Leave exceeding 500 hours Taken*	617	491,070	100%

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

(b) Bereavement Leave

City policy provides employees with four days bereavement leave for non-union members and three to five days for union members depending on the collective bargaining agreement, on the passing of a family member as defined in the City’s Human Resources policy.

In our review of bereavement leave for the 12 months ended December 31, 2013, we noted eight employees taking bereavement leave exceeding 100 hours during this period. We also analyzed bereavement leave taken by employees over the past four years and identified 39 staff members taking bereavement leave during the four consecutive years from 2010 through 2013.

According to management bereavement leave taken by these 39 staff members was taken in accordance with City policy and the respective collective agreements. We did not validate management's assertions.

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

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.

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SIGNATURE

Jeff Griffiths, Auditor General

99-CCM-01

ATTACHMENT

Appendix 1: Comparative Staff Absences Due to Sick Time, Sick Dependent and Bereavement Leaves

Comparative Staff Absences Due to Sick Time, Sick Dependent and Bereavement Leaves

Division Description	2013		2012		Increase/(Decrease)	
	Absence Hours*	Equivalent Salary Amount (\$'s)	Absence Hours*	Equivalent Salary Amount (\$'s)	Absence Hours*	Equivalent Salary Amount (\$'s)
<u>Divisions with sick pay exceeding \$500K</u>						
Fire Services	380,964	\$16,906,585	410,245	\$17,807,076	(29,281)	(\$900,491)
Employment & Social Services	291,327	9,184,685	345,966	11,058,244	(54,639)	(1,873,559)
Long Term Care Homes & Services	302,955	7,697,642	336,470	8,688,562	(33,515)	(990,920)
Emergency Medical Services	200,934	7,538,050	206,992	7,805,601	(6,058)	(267,551)
Parks, Forestry & Recreation	244,083	6,619,343	263,465	7,149,133	(19,382)	(529,790)
Public Health	160,722	5,851,031	171,885	6,363,158	(11,163)	(512,127)
Toronto Water	177,334	5,553,982	171,477	5,357,675	5,857	196,307
Transportation Services	107,953	3,262,860	132,840	3,964,573	(24,887)	(701,713)
Shelter, Support & Housing Admin	104,590	3,181,243	105,465	3,317,264	(875)	(136,021)
Solid Waste Management Services	113,897	3,042,409	125,613	3,102,499	(11,716)	(60,090)
Children's Services	90,021	2,603,680	113,769	3,326,299	(23,748)	(722,619)
Office of the Chief Corporate Office	75,481	2,012,351	72,823	1,976,594	2,658	35,757
Municipal Licensing & Standards	51,188	1,675,374	55,537	1,804,761	(4,349)	(129,387)
Engineering & Construction Services	37,027	1,458,083	41,919	1,657,891	(4,892)	(199,808)
Information & Technology	28,876	1,305,938	35,382	1,529,028	(6,506)	(223,090)
City Clerk's Office	36,382	1,141,224	37,561	1,228,486	(1,179)	(87,262)
Revenue Services	33,624	1,054,908	41,000	1,333,556	(7,376)	(278,648)
Legal Services	21,359	1,008,066	25,580	1,272,435	(4,221)	(264,369)
Toronto Building	28,522	990,210	34,720	1,295,165	(6,198)	(304,955)
Human Resources	16,500	741,153	20,039	865,868	(3,539)	(124,715)
Toronto Court Services	28,150	740,785	37,438	1,075,778	(9,288)	(334,993)
City Planning	18,240	730,299	17,714	733,928	526	(3,629)
Fleet Services	19,038	667,591	23,283	819,491	(4,245)	(151,900)
Economic Development & Culture	15,438	586,343	13,614	507,784	1,824	78,559
311 Toronto	22,399	502,854	22,224	521,213	175	(18,359)
Other Divisions (under \$500K)	81,148	3,168,624	92,523	3,505,402	(11,375)	(336,778)
Absences - Sick/Sick Dep. Time**	2,688,152	\$89,225,313	2,955,544	\$98,067,464	(267,392)	(\$8,842,151)
Bereavement (all City Divisions)	95,193	\$3,425,112	92,687	\$3,322,110	2,506	\$103,002
Total Absences	2,783,345	\$92,650,425	3,048,231	\$101,389,574	(264,886)	(\$8,739,149)

* includes approx. 200,000 hours of unpaid sick time in 2013 and 164,000 hours in 2012.

** includes \$1.2 million (35,000 hours) in 2013 and \$1.1 million (34,000 hours) in 2012 as sick pay adjusted against vacation and lieu time banks.

The 2012 data has been re-arranged for certain Divisions for comparison purposes due to reorganization in those Divisions during 2013