



AUDITOR GENERAL'S REPORT ACTION REQUIRED

Continuous Controls Monitoring Program – City Staff Absenteeism for 2015

Date:	September 21, 2016
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General initiated continuous controls monitoring of staff absenteeism in 2013 to highlight trends and changes in related costs. As part of the Continuous Controls Monitoring Program, the Auditor General's Office provides management with exceptions requiring further review.

This report is provided for information purposes only. It summarizes staff absenteeism during 2015. The report includes a summary of absenteeism due to illness, ill-dependent and bereavement leave for over 33,000 City employees. Appendix 1 and 2 provide a summary of staff absences by City divisions.

In 2015, there were over 2.79 million hours in paid absences. This represents an increase of approximately 36,000 hours or 1.3 per cent when compared to paid staff absences in 2014.

RECOMMENDATION

The Auditor General recommends that:

1. City Council receive this report for information.

Financial Impact

This report has no financial impact.

DECISION HISTORY

The Auditor General's 2015 Audit Work Plan included an ongoing project related to Data Analytics and Continuous Controls Monitoring. 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 Auditor General's work plan is available on the City's Website at:

<http://www.toronto.ca/legdocs/mmis/2015/au/bgrd/backgroundfile-79980.pdf>

The Auditor General provides the Audit Committee and City Council with annual reports on Continuous Controls Monitoring. Previous reports on continuous monitoring of staff absenteeism for 2014 and 2013 are available on the City's Website at:

2014: <http://www.toronto.ca/legdocs/mmis/2015/au/bgrd/backgroundfile-81335.pdf>

2013: <http://www.toronto.ca/legdocs/mmis/2014/au/bgrd/backgroundfile-69293.pdf>

ISSUE BACKGROUND

Since 2011, the Auditor General's Work Plan has included a project on continuous controls monitoring of selected City expenses. Since its inception in 2011, the program has continually expanded. The program now includes the following selected City expenditures:

- Overtime and standby pay
- Absenteeism for selected ill, ill-dependent and bereavement leave
- Mileage reimbursements
- Telecommunication expenses
- Duplicate accounts payable invoices

In addition, the program has also expanded to include monitoring of selected expenses at the Toronto Transit Commission.

COMMENTS

This report provides a summary of staff absences due to illness, ill-dependent and bereavement leave for the 12-months ending December 31, 2015 and it includes management's review and comments of exceptions relating to sick leave and bereavement leave for 2015.

Year-Over-Year Comparison of Absenteeism

In 2015, the total cost of staff absenteeism was \$104 million. Table 1 summarizes the actual annual cost of absenteeism for the years ending December 31, 2012 through December 31, 2015.

This comparison of the actual costs does not reflect the impact of:

- Variations in the number of pay periods in a given year. For example, in 2014 there were more pay periods than in 2015; it follows, that the decrease in actual costs is due, in part, to the fewer pay periods in 2015 rather than a decrease in absenteeism.
- Council-approved salary and wage increases create a built-in trend of increasing costs even when the absenteeism rate is stable.

Table 1: Paid Staff Absenteeism for Selected Absences (Dollars)

Absence Type	% Change 2015 over 2014	2015 (\$'000)	2014 (\$'000)	2013 (\$'000)	2012 (\$'000)
Sick Leave	(1.16%)	\$80,850	\$81,797	\$71,680	\$81,436
Ill-Dependent Leave	1.00%	19,729	19,533	17,545	16,632
Total Sick and Ill-Dependent Leave	(0.74%)	100,579	101,330	89,225	98,068
Bereavement Leave	(2.35%)	3,533	3,618	3,425	3,322
Total Paid Absences*	(0.80%)	\$104,112	\$104,948	\$92,650	\$101,390

* Includes \$1.3 million in 2015, \$1.3 million in 2014, \$1.2 million in 2013 and \$1.1 million in 2012 for sick pay adjusted against vacation and lieu time banks.

In order to remove the impact of salary increases and pay period anomalies, for each year, Table 2 provides staff absenteeism by number of hours absent using a constant number of pay periods. On this basis, paid staff absence hours have increased marginally by 1.3 per cent in 2015 compared to 2014.

Table 2: Staff Absenteeism for Selected Absences (Hours)

Absence Type Description	% Change 2015 over 2014	Absence Hours			
		2015	2014 (Pro-rated 26 Pay Periods)	2013	2012
Sick Leave	1.0%	2,168,072	2,146,498	2,002,465	2,327,600
Ill-Dependent Leave	2.9%	525,369	510,804	486,913	463,695
Total Sick and Ill-Dependent Leave	1.4%	2,693,441	2,657,302	2,489,378	2,791,295
Bereavement	(0.4%)	93,996	94,399	95,191	92,686
Total Paid Absences	1.3%	2,787,437	2,751,701	2,584,569	2,883,981
Unpaid Absence Hours	12.0%	262,606	234,480	198,774	164,250
Grand Total	2.1%	3,050,043	2,986,181	2,783,343	3,048,231

There has been a consistent increase in unpaid absence hours since 2012. In 2015, the unpaid absence hours increased by 12 per cent compared to 2014. The unpaid absences relate to sick time with no remaining entitlement. Also, effective January 1, 2013, there was a change to the sick plans for employees covered by the Local 79 collective agreement, such that, on the 4th and subsequent occurrences the 1st day of absence is unpaid.

Exceptions Monitoring

Active monitoring of staff absenteeism by management can result in improved staff attendance and operational efficiencies. As part of the Continuous Controls Monitoring Program, the Auditor General's Office periodically provides management with staff absenteeism exceptions for further review.

The following criteria was used to identify exceptions relating to sick leave and bereavement leave for 2015:

- Staff Sick Leave (including ill-dependent leave) exceeding 500 hours
- Staff Bereavement Leave exceeding 100 hours

The Auditor General's role in this process is to accumulate data, identify exceptions and report it to management for review and comments. No detailed audit work is performed on either the data or management comments.

It is the Auditor General's plan to expand the analysis to include other criteria and benchmarks, to explore trends and connections in absenteeism and overtime, retirement or termination and absenteeism, and compare with industry standards.

(a) Sick Leave

There were 905 employees who were on sick leave exceeding 500 hours in 2015. Table 3 provides a summary of management's review and comments regarding the status of 905 employees meeting the exception criteria noted in 2015, as well as the comparative data for 2013 and 2014. In summary, the management comments indicate the following:

- A consistent year over year increase in staff returning or expected to return to work, for example, a 20 per cent increase in 2015 when compared to 2014
- The number of employees where sick leave is expected to continue has decreased in 2015 by 61 per cent when compared to 2014. However, part of this decrease (approximately 16%) relates to staff who were sick in 2014 and are now on LTD.
- The number of employees on LTD or being reviewed for LTD eligibility has increased by 20 per cent in 2015 when compared to 2014.

Table 3: Comparison of Absenteeism Status Reported by Management for Staff Exceeding 500 Hours in Sick Time, 2013-2015

Description	2013	2014	2015	% of Employees exceeding 500 Absence Hours in 2015
Sick Leave expected to continue	137	168	65	7%
Sick Leave not expected to continue as staff returned to work or are expected to return to work	243	297	357	39%
Currently monitored in City Attendance Management Program	161	180	121	14%
Approved or under review for LTD	33	169	202	22%
*Retirements, terminations, resignations and deceased	29	98	151	17%
Future status of sick leave is not determinable at this time	14	16	9	1%
Total Sick Leave exceeding 500 hours	617	928	905	100%

** Includes 111 retirements reported by management in 2015 high absenteeism exception list*

We followed up with Divisions where major variations in staff absenteeism levels were noted. **The Divisions provided the following comments:**

Divisions with an increase in Absenteeism (Appendix 1 & 2)

- **Toronto Paramedic Services:** The increase in average absenteeism in 2015 is due to headcount and pay rate increases. The aging workforce and staff health issues have also contributed to the increase in staff absences. The unpaid absences also reflect the change in staff sick plan for employees covered by the Local 79 collective agreement, such that, on the 4th and subsequent occurrences the 1st day of absence is unpaid.

Toronto Paramedic Services continues to monitor staff absenteeism routinely to manage employee attendance with the assistance of Human Resources and Legal Services, where required.

- **Transportation Services:** The complement of active staff continue to grow each year, along-with the aging workforce lead to a higher number of sick days.
- **Parks, Forestry & Recreation:** With the implementation of the Time, Attendance and Scheduling System (TASS), managers and supervisors have more immediate access to staff attendance and therefore are able to take quicker actions in addressing absenteeism in the workplace. This will improve staff attendance on an ongoing basis.

Divisions with a decrease in Absenteeism (Appendix 1 & 2)

- **Solid Waste Management:** Staff sick time is closely monitored and the Attendance Management Program is vigorously applied. In addition, a number of staff with serious medical conditions during 2014 had returned to work in 2015.
- **Toronto Fire Services:** Toronto Fire Services continue to make efforts to monitor attendance. Toronto Fire Services will be implementing a number of changes that will result in enhanced attendance management. Currently, a dedicated staff is assigned to deal with attendance management issues and coordinate the work in this area including the implementation and follow-up of the Return to Work Program.

(b) Bereavement Leave

Employees are provided with bereavement leave on the passing of a family member. It is the City's policy to provide a leave allowance of four days for non-union members and three to five days for union members, depending on the collective bargaining agreement.

In 2015, there were four employees who exceeded the exception criteria of 100 hours of bereavement leave in a year. Management advised that these occurrences were in accordance with City policies and procedures.

CONTACT

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SIGNATURE

Beverly Romeo-Beehler, Auditor General

99-CCM-01

ATTACHMENT

Appendix 1: Comparative Staff Absences Due to Ill, Ill-Dependent and Bereavement Leave 2014 Full Year (27 Pay Periods)

Appendix 2: Comparative Staff Absences Due to Ill, Ill-Dependent and Bereavement Leave 2014 Full Year (Pro-rated to 26 Pay Periods)

**Comparative Staff Absences Due to Ill, Ill-Dependent and Bereavement Leave
2014 Full Year (27 Pay Periods)**

Division Description	Staff Complement Dec 2015	Annual Pay 2015 (\$)	2015		2014 (27 Pay Periods)*		Increase/(Decrease)		
			Hours**	Amount (\$)	Hours**	Amount (\$)	Hours	Amount (\$)	% Change of \$ Amount
Top 10 City Divisions:									
Toronto Fire Services	3,100	\$298,560,803	402,860	\$18,171,276	427,035	\$19,430,228	(24,175)	(\$1,258,952)	(6.5%)
Employment & Social Services	1,976	135,884,760	306,922	9,860,606	318,747	10,116,528	(11,825)	(255,922)	(2.5%)
Toronto Paramedic Services	1,372	114,430,433	247,865	9,312,672	227,501	8,497,497	20,364	815,175	9.6%
Long-Term Care Homes & Services	3,064	181,504,169	331,374	8,200,819	339,457	8,320,344	(8,083)	(119,525)	(1.4%)
Parks, Forestry & Recreation	10,089	339,897,488	268,223	7,174,861	260,482	7,156,547	7,741	18,314	0.3%
Toronto Water	1,510	113,532,734	195,784	6,365,476	206,168	6,648,007	(10,384)	(282,531)	(4.2%)
Transportation Services	969	68,780,850	118,509	3,782,927	112,016	3,460,758	6,493	322,169	9.3%
Shelter, Support & Housing Administration	839	59,168,919	107,395	3,393,359	106,549	3,373,414	846	19,945	0.6%
Children's Services	1,120	67,349,532	97,863	2,897,871	101,123	2,908,175	(3,260)	(10,304)	(0.4%)
Solid Waste Management	902	56,951,527	105,029	2,845,217	123,295	3,333,468	(18,266)	(488,251)	(14.6%)
Other City Divisions	6,664	524,637,208	577,818	21,284,355	592,571	20,928,689	(14,753)	355,666	1.7%
Public Health	1,764	134,114,860	196,405	7,289,822	188,060	7,156,438	8,345	133,384	1.9%

Absences - Ill & Ill Dependent Time***

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Bereavement	---	---	93,996	\$3,532,667	98,030	\$3,618,020	(4,034)	(\$85,353)	(2.4%)
Totals:	33,369	\$2,094,813,283	3,050,043	\$104,111,928	3,101,034	\$104,948,113	(50,991)	(\$836,185)	(0.8%)

*2014 was a unique year with 27 pay periods, normally there are 26 pay periods in a year

**includes approx. 262,600 hours of unpaid sick time in 2015 and 244,000 hours in 2014

***1. Includes \$1.3 million (36,900 hours) in 2015 and \$1.3 million (36,700 hours) in 2014 as sick pay adjusted against vacation and lieu time banks.

2. Includes major wage types for ill and ill-dependent absences

3. Amounts may vary with certain financial reports due to timing differences and/or pay adjustments

**Comparative Staff Absenteeism Due to Ill, Ill-Dependent and Bereavement Leave
2014 Full Year (Pro-rated to 26 Pay Periods)**

Division Description	Staff Complement Dec 2015	Annual Pay 2015 (\$)	2015		2014 (Pro-rated to 26 Pay Periods)*		Increase/(Decrease)		
			Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	% Change of \$ Amount
Top 10 City Divisions:									
Toronto Fire Services	3,100	\$298,560,803	402,860	\$18,171,276	411,219	\$18,710,590	(8,359)	(\$539,314)	(2.88%)
Employment & Social Services	1,976	135,884,760	306,922	9,860,606	306,942	9,741,842	(20)	\$118,764	1.22%
Toronto Paramedic Services	1,372	114,430,433	247,865	9,312,672	219,075	8,182,775	28,790	\$1,129,897	13.81%
Long-Term Care Homes & Services	3,064	181,504,169	331,374	8,200,819	326,885	8,012,183	4,489	\$188,636	2.35%
Parks, Forestry & Recreation	10,089	339,897,488	268,223	7,174,861	250,835	6,891,490	17,388	\$283,371	4.11%
Toronto Water	1,510	113,532,734	195,784	6,365,476	198,532	6,401,785	(2,748)	(\$36,309)	(0.57%)
Transportation Services	969	68,780,850	118,509	3,782,927	107,867	3,332,582	10,642	\$450,345	13.51%
Shelter, Support & Housing Administration	839	59,168,919	107,395	3,393,359	102,603	3,248,473	4,792	\$144,886	4.46%
Children's Services	1,120	67,349,532	97,863	2,897,871	97,378	2,800,465	485	\$97,406	3.48%
Solid Waste Management	902	56,951,527	105,029	2,845,217	118,729	3,210,006	(13,700)	(\$364,789)	(11.36%)
Other City Divisions	6,664	524,637,208	577,818	21,284,355	570,622	20,153,552	7,196	\$1,130,803	5.61%
Public Health	1,764	134,114,860	196,405	7,289,822	181,095	6,891,385	15,310	\$398,437	5.78%

Absences- Ill & Ill Dependent Time

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Bereavement

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Totals:

33,369	\$2,094,813,283	3,050,043	\$104,111,928	2,986,181	\$101,061,147	63,862	\$3,050,781	3.02%
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*2014 was a unique year with 27 pay periods, normally there are 26 pay periods in a year