

**Managing Employee Attendance -
Opportunities for Improvement**

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EXECUTIVE SUMMARY

Effective management of employee attendance has significant financial benefits

Effective management of employee attendance is critical to reducing the direct and indirect costs associated with absenteeism in the workplace.

Absenteeism may be categorized as non-culpable or culpable. Non-culpable or innocent absenteeism includes absence from work due to illness or other non-work related injury. Culpable or blameworthy absenteeism includes absences within the employee's control. Culpable absenteeism would include the unwarranted use of an employee's sick leave bank.

Effective management of non-culpable or innocent employee absences is important to identifying potential incidents that may not be legitimate and are actually culpable or blameworthy.

The City of Toronto's initiatives for managing employee absenteeism have included the implementation of an Attendance Management Program policy (the Policy), a Long Term Disability Plan and a Short Term Disability Plan.

Review Objectives

The overall objective of this review was to assess whether management was monitoring employee attendance, specifically the potential misuse of sick leave.

As part of our review, we also considered the City's Attendance Management Program policy which deals with non-culpable or innocent absenteeism for all employees.

Culpable Absenteeism is dealt with in a disciplinary manner outside the Attendance Management Program.

Review included an examination of attendance records and practices

Our review included an examination of employee attendance records and related practices and procedures in place during the period January 1, 2006 to August 31, 2008 for active and retired employees of the City (excluding the Agencies, Boards and Commissions). We focused on those employees who had recorded significant sick leave above the divisional average.

Opportunities for improvement in managing attendance

During the course of our review we identified opportunities for improvement relating to the management of employee attendance.

Inconsistent practices in divisional monitoring of attendance

Our review identified inconsistent practices in the way divisional management monitor employee sick leave and attendance, based on the requirements of the Attendance Management Program policy. We found that *Attendance Management – Detail Absentee Reports*, that form the basis for determining compliance with the City’s Policy, were not being consistently used to monitor attendance. Also, the need to re-communicate the availability of these reports was identified.

Documentation and record keeping need to improve

The level of documentation maintained in employee files varied and the need to standardize documentation and record keeping practices to monitor employee attendance was required. In this regard, a previous audit recommendation made by the Auditor General regarding the Attendance Management Program, in an October 2004 review, has not yet been implemented. This recommendation related to the need to develop a standardized reporting format for management to document the results of employee attendance.

We understand that the implementation of this recommendation continues to be delayed due to pending arbitration decisions respecting the Attendance Management Program. In our view, the arbitration decisions have little relevance to the implementation of the recommendation.

Our review also identified instances where staff deliberately overlooked monitoring the employee’s attendance or applying the requirements of the Attendance Management Program policy. This practice contributes to increased absenteeism.

Requirements for medical certificates need to be reemphasized

The need to re-emphasize requirements to provide medical certificates, in support of absence due to illness, was also identified. This requirement is defined under the City’s Short Term Disability Plan for Management and Non-Union Employees that came in to effect March 1, 2008.

Need to provide training

Lastly, we identified a continued need to provide corporate training to staff responsible for dealing with attendance issues.

Conclusion

Since 2001, the City has made progress in implementing a harmonized Attendance Management Program policy. As well a Short Term Disability Program for Management and Non-Union staff was implemented to control the City's sick leave liability.

However, there remains a gap in how divisions are managing absenteeism, compared to policy requirements. Awareness of the policy requirements need to be enhanced at the management and supervisory level to minimize inconsistent practices and varying levels of compliance.

BACKGROUND

Employee absenteeism has direct and indirect costs to the City

Managing employee attendance is an important aspect of supervision in the workplace, particularly given the direct financial costs of absenteeism which include payment of wages, benefits and overtime during the employee's absence. Indirect costs include staffing, scheduling, retraining and lost productivity.

We acknowledge the complexity of managing employee attendance and that a range of initiatives must work in a coordinated way to ensure, among other things, that:

- non-legitimate absences are minimized;
- legitimately absent employees are encouraged and enabled to return to work, as soon as possible; and
- that appropriate policies are developed for different causes of absence e.g., long term disability versus short term disability.

The City of Toronto's initiatives for managing employee absenteeism have included the implementation of an Attendance Management Program policy (the Policy), a Short Term Disability Plan and a Long Term Disability Plan.

Non-culpable absenteeism includes illness

Absenteeism may be categorized as non-culpable or culpable. Non-culpable or innocent absenteeism includes absence due to illness or other non-work related injury.

Culpable absenteeism includes unwarranted sick leave

Culpable absenteeism includes reasons considered within the employee's control, such as absences taken without a valid reason or when an employee abuses sick leave. Culpable absenteeism is dealt with through a disciplinary process outside the City's Attendance Management Program.

Under the City of Toronto's sick leave credit or benefit plans, abuse of sick leave can occur when an employee takes unwarranted sick leave with the intention of drawing down the portion of their accumulated sick pay bank in excess of 260 days, the amount required to obtain the maximum pay out of 130 days. On retirement, the employee, having intentionally drawn down their excess sick bank, also requests a payout of the balance in their sick bank.

Management and non-union staff are no longer able to draw down their sick bank after March 1, 2008, based on the implementation of the New Short Term Disability Plan, as existing plans have been capped. The risk of drawing down sick leave banks still remains for union staff. However, the risk of claiming unwarranted sick leave remains for all employees.

Why we did this review?

Complaints to the Fraud and Waste Hotline Program have highlighted issues with attendance management and specifically the potential for employees to misuse sick leave banks, particularly prior to retirement. In view of this, we included a limited review of these issues in our 2008 Work Plan.

REVIEW OBJECTIVES, SCOPE AND METHODOLOGY

What were the objectives of this review?

The overall objective of this review was to assess whether management was monitoring employee attendance, specifically the potential misuse of sick leave. Misuse of sick leave, if substantiated, is an example of culpable absenteeism. Culpable Absenteeism is dealt with in a disciplinary manner outside the City's Attendance Management Program. As part of our review, we also considered the City's Attendance Management Program policy which deals with non-culpable or innocent absenteeism for all employees.

What did our review include?

Our review included an examination of employee attendance records and related practices and procedures in place during the period January 1, 2006 to August 31, 2008 for active and retired employees of the City (excluding the Agencies, Boards and Commissions). We focused on those employees who had recorded significant sick leave above the divisional average, established by divisional management.

How did we conduct this review?

Our methodology included:

- A sample of 143 active and retired employees, both union and non-union, selected across 22 divisions based on parameters set to capture the highest risk group. This risk group was represented by employees who had recorded a high number of sick days above divisional averages, and who, upon retirement or termination, may also have received a sick bank payout.
- Review of selected employee personnel files for evidence of appropriate documentation, as required by the Policy.
- Review of other documentation in supervisory files, in support of informal meetings and discussions with the employee under review. Such meetings are required in accordance with policy.
- Interviews with management and supervisory staff to better understand divisional practices and concerns with managing employee attendance, in accordance with the Policy.
- Interviews with staff from the Human Resources Division, responsible for the Corporate Attendance Management policy.
- Interviews with staff from the Pension, Payroll and Employee Benefits Division, responsible for the New Short Term Disability Program.

RESULTS

A. Inconsistent Attendance Management Practices

*Employee versus
management
responsibilities*

Employees have a responsibility to fulfill their employment duties unless prevented from doing so for legitimate reasons. Management has a responsibility to monitor employees' attendance and assist them in fulfilling their responsibilities.

Effective management of non-culpable or innocent employee absences is important to identifying potential incidents that may not be legitimate and are actually culpable or blameworthy.

*Consistency is
critical to
managing
attendance*

Consistent application of practices and procedures and administration of the Attendance Management Program policy play an important part in managing attendance generally and minimizing absenteeism.

The objectives of the City's Attendance Management Program policy are to maximize service delivery and assist employees in minimizing absences from work. It is the policy of the City of Toronto to manage employee's absenteeism in a fair and consistent manner.

Although the Attendance Management Program policy has been in place since 2001, there remains a significant gap in how divisions are managing absenteeism, compared to Policy requirements.

Our sample included a selection of 143 employees who exceeded the divisional average for absence due to illness and therefore required follow up, in accordance with the requirements of the Policy.

Our sample represented a cross section of 22 City divisions. Based on the parameters established to capture the highest risk group, our sample size by division ranged from one employee up to as many as 45 employees, in one particular division.

Based on an average for all 22 divisions, we determined that in a third of our sample, management did not take appropriate action to be considered in compliance with the Attendance Management Program policy.

We have highlighted specific areas of non-compliance below and recommended improvements.

A.1. Lack of Awareness of Attendance Management – Detail Absentee Reports

Staff not aware of monthly attendance reports

Attendance Management – Detail Absentee Reports, that form the basis for determining compliance with the City’s Policy, were not being consistently reviewed to monitor attendance.

Also, the need to re-communicate the availability of these reports was identified, as in several instances supervisors were not aware that these reports existed or how to access them.

Recommendation:

- 1. The City Manager take immediate action to reinforce management and supervisory staff’s awareness of the availability of attendance management reports. Attendance Management reports should be used by all supervisory staff in the management of employee attendance.**

A.2. Inconsistent Monitoring of Employee Absenteeism

Our review identified inconsistent monitoring practices among divisions and the need to reinforce consistency in the application of Policy requirements.

Application of Attendance Policy is disregarded for some long term employees

We identified specific incidents where it appears supervisors intentionally disregarded the requirements of the Policy, particularly for long term employees close to retirement. For example, in one division an employee was absent for 45 days prior to retirement without any attempt by management to request medical support, obtain an explanation for the absence or seek potential modified work arrangements.

Time frames for conducting attendance reviews varied among divisions

We also noted that time frames for conducting attendance reviews varied among divisions with reviews being conducted monthly or quarterly and in some cases, every six months. The Policy requires a rolling monthly review of absenteeism and meetings with those employees, who exceed the divisional average for absences, within specific timeframes.

Inconsistent documentation practices

The level of documentation maintained in employee files varied by division and even within divisions. For example, in some cases supervisors did not document informal meetings with employees, while others kept various forms of documentation in different locations.

In other cases, supervisors also failed to keep medical notes and records for retired staff, inconsistent with the City's document retention requirements.

2004 Audit Recommendation not implemented

We note that in the Auditor General's October 2004 follow-up review on the Attendance Management Program, a recommendation was made to develop a standardized reporting format for management to document the results of employee attendance meetings.

We understand the implementation of this recommendation has been delayed due to grievances filed with respect to the City's Attendance Management Program. In our view, the implementation of this recommendation should not have been contingent on the resolution of the grievances, as supervisory staff are still responsible for managing employee attendance.

Recommendations:

- 2. The City Manager direct all staff to ensure that the Attendance Management Program policy is complied with.**
- 3. The City Manager, in consultation with the Executive Director Human Resources, develop a standardized reporting format to document results of meetings held with employees, in accordance with the Attendance Management Program policy.**

A.3. Requirements for Medical Certificates

Our review identified the need for consistency in requiring medical certificates be provided in support of employee sick leave.

Our review included an examination of employee attendance records and related practices and procedures in place during the period January 1, 2006 to August 31, 2008. During most of this review period, various policies from the former municipalities continued to apply pending the implementation of a new Short Term Disability Plan which harmonized sick leave coverage for management and non-union employees, effective March 1, 2008.

*Former
Municipalities
policies required
medical
certificates*

Prior to amalgamation, each of the former municipalities had policies or practices that required employees to provide medical certificates in support of absences due to illness, and set out the minimum information to be included in the medical certificate.

These former policies would have applied for most of the employee files examined during our review.

*Short Term
Disability Plan
defines the
requirement for
medical
certificates*

The City's Short Term Disability Plan for Management and Non-Union Employees harmonized the sick leave coverage for all City management and non-union employees, as of March 1, 2008. The Plan defines requirements for medical certificates to be provided by employees on sick leave for more than three consecutive days and again for more than 24 days of absence.

*Collective
agreements
include
requirements for
medical
certificates*

The City's collective agreements include formal requirements for union staff to provide medical certificates within specific time frames, as set out in each agreement. For example, medical certificates are required for absences due to illness in excess of three consecutive days and every 24th consecutive day of absence thereafter, in one collective agreement.

Our review identified inconsistencies with respect to employees having to provide medical certificates in support of an absence due to illness or other non-work related injuries.

We also noted that in several instances, medical certificates that had been provided did not include sufficient information in support of the employee's absence due to illness, or cover the full period of the employee's absence.

Recommendation:

- 4. The City Manager, in consultation with the Director, Pension, Payroll and Employee Benefits re-emphasize the requirements for medical certificates including the sufficiency of information to be provided on the certificate, by all City staff, in support of absences due to illness.**

A.4. Need to Provide Corporate Training in Attendance Management

During our review we identified a need for the City to provide corporate training and guidance to management staff responsible for dealing with attendance issues, in accordance with the Policy.

***Attendance
Management
training***

The Human Resource Division is responsible for developing the Attendance Management Program policy and providing training, assistance and support to supervisors and managers.

Each Division is also responsible to ensure its managers and supervisors have adequate training and support to effectively carry out their attendance management responsibilities.

Following the introduction of the Attendance Management Program policy in 2001, the City conducted educational and training sessions to ensure all staff had an understanding of their responsibilities under the Program.

Attendance Management training is currently available to City management or supervisory staff upon request. Management staff have advised that the City Learning Centre is currently compiling a wait list for potential future training.

Recommendation:

- 5. The City Manager, in consultation with the Executive Director Human Resources, expedite the availability of training designed to provide guidance to management and supervisory staff responsible for dealing with attendance issues.**

CONCLUSION

This report represents the results of our review of the Attendance Management Program. We have made recommendations related to the Attendance Management Program policy, as it applies to all City divisions.

Addressing the recommendations in this report will result in improved management of employee attendance, reduce the risk of potential misuse of sick leave and reduce the overall costs of absenteeism within the City.