



**AUDITOR GENERAL'S
REPORT
ACTION REQUIRED**

**City Continuous Controls Monitoring Program –
12 - Month Review of Staff Absenteeism, 2014**

Date:	May 5, 2015
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

Continuous Controls Monitoring Program

Since 2011 the Auditor General's Work Plan has included a project in relation to continuous controls monitoring of 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 involves the ongoing and regular identification of transactions exceeding predetermined criteria. The objective is to provide periodic reports to management to assist in proactively monitoring financial transactions, detecting unusual expenses and identifying areas where internal controls could be strengthened.

Program Evolution

- 2011 - initiated continuous monitoring of employee overtime and mileage reimbursements
- 2012 - program expanded to include standby pay
- 2013 - initiated review of staff absenteeism for selected ill, ill dependent leave and bereavement leave
- 2014 - initiated review of telecommunication expenses

Staff Absenteeism

In May 2013 the Auditor General issued the initial report on staff absenteeism. This report can be accessed using the link below.

<http://www.toronto.ca/legdocs/mmis/2013/au/bgrd/backgroundfile-59791.pdf>

The Auditor General's second report on staff absenteeism was issued in May 2014. This report provided a breakdown of several categories of absenteeism. The report can be accessed using the link below.

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

This current report includes our summary of 2014 staff absenteeism due to illness, ill dependent leave and bereavement leave for over 35,000 City employees. The purpose of the review is to highlight absenteeism trends, related costs and provide management with exceptions warranting further review.

The report results indicate staff absences increased by over 7 per cent compared to 2013. However, compared to 2012 absenteeism has decreased by two per cent. From a financial perspective, when staff salaries are applied to days absent, the cost of these absences amounted to just under \$105 million in 2014.

Appendix 1 of this report provides a summary of staff absences by City division.

RECOMMENDATION

The Auditor General recommends that:

1. City Council receive this report for information.

Financial Impact

Active monitoring of staff absenteeism can result in improved staff attendance and operational efficiencies. The financial impact depends upon successful reduction of absenteeism and is not quantifiable at this time.

DECISION HISTORY

The Auditor General's 2014 Audit Work Plan included an ongoing project related to Data Analytics and Continuous Controls Monitoring. The Auditor General's work plan is available on the City's Web site at:

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

COMMENTS

This report provides a summary of staff absenteeism related to illness, ill dependent and bereavement leave for the 12 months ending December 31, 2014 and includes management comments on absenteeism.

The following criteria were used to report exceptions relating to sick leave and bereavement time:

- Staff Sick Leave (including ill dependent leave) exceeding 500 hours in 2014
- Staff 2014 Bereavement Leave exceeding 100 hours
- Staff with Bereavement Leave in each of the past five years

Table 1 depicts staff absenteeism by type for 2012, 2013 and 2014 respectively (for the 12 months ending December 31).

Table 1: Staff Absenteeism for Selected Absences (dollars)

Absence Type	Percent Change 2014 over 2013	2014 (in \$000)	2013 (in \$000)	2012 (in \$000)
Sick Leave	14.1%	\$81,797	\$71,680	\$81,436
Ill Dependent Leave	11.3%	19,533	17,545	16,632
Total Ill and Ill Dependent Leave	13.6%	101,330	89,225	98,068
Bereavement Leave	5.6%	3,618	3,425	3,322
Total*	13.3%	\$104,948	\$92,650	\$101,390

***Notes:**

1. Amounts provided are equivalent salary amounts for absences based on employee annual salaries.
2. Includes \$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.

While providing accurate information, the financial data above is not a clear representation of absenteeism. For example, most years there are 26 pay periods. In 2014 there were 27 pay periods. In addition, annual Council approved salary and wage increases create a built-in trend of increasing costs even when the absenteeism rate is stable.

In order to remove the impact of salary increases and pay period anomalies, Table 2 provides staff absenteeism by number of hours absent for each year using a constant number of pay periods.

Table 2: Staff Absenteeism for Selected Absences (Hours)

Absence Type Description	Percent Change 2014 over 2013	Absence Hours		
		2014 (pro-rated 26 Pay Periods)	2013	2012
Sick Leave	8.2%	2,380,978	2,201,239	2,491,850
Ill Dependent Leave	4.9%	510,804	486,913	463,695
Total Sick and Ill Dependent Leave	7.6%	2,891,782	2,688,152	2,955,545
Bereavement	-0.8%	94,399	95,191	92,686
Total	7.3%	2,986,181	2,783,343	3,048,231

The information provided in Table 2 above shows that staff absences increased by over seven per cent compared to 2013. However, compared to 2012 absenteeism has decreased by two per cent. In dollar terms, 2014 staff absenteeism costs increased by \$12.3 million or 13.3 per cent to \$104.9 million when compared with \$92.6 million in 2013.

Staff absenteeism can have a direct impact on productivity and costs. As additional costs may be incurred from staff replacement and overtime, staff absenteeism information is periodically provided to management for review, comment and follow-up.

Summary Results

(a) Sick Leave

Table 3 provides a summary of management’s response regarding the status of 928 employees meeting the exception criteria noted.

Table 3: Summary of Status as Reported by Management

Description	Number of Employees	Total Sick Leave Taken (Hours)	Percentage of Total Employees With More Than 500 Hours Absenteeism
Sick Leave expected to continue	168	151,255	18%
Sick Leave not expected to continue as staff returned to work or expected to return to work	297	210,380	32%
Currently monitored in City Attendance Management Program	180	143,183	19%
Approved or under review for long term disability	169	157,347	18%
Terminated City employment or expected to retire	98	76,604	11%
Future status of sick leave is not determinable at this time	16	14,079	2%
Total Sick Leave exceeding 500 hours* - 2014	928	752,848	100%

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

(b) Bereavement Leave

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

In our review of bereavement leave for the 12 months ended December 31, 2014 we noted five employees taking bereavement leave exceeding our exception criteria of 100 hours in a year. Management comments indicate these occurrences were in accordance with City policies and procedures.

We also analyzed bereavement leave taken by employees over the past five years and identified 14 staff members taking bereavement leave in five consecutive years from 2010 through 2014.

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 provides City management with regular reports to assist in proactively monitoring financial transactions, detecting unusual expenses and identifying areas where internal controls could be strengthened.

CONTACT

Alan Ash, Director, Auditor General's Office
Tel: 416-392-8476, Fax: 416-392-3754, E-mail: aash@toronto.ca

Syed Ali, Senior Audit Manager, Auditor General's Office
Tel: 416-392-8438, Fax: 416-392-3754, E-mail: sali4@toronto.ca

SIGNATURE

Beverly Romeo-Beehler, Auditor General

99-CCM-01

ATTACHMENT

Appendix 1: Comparative Staff Absences Due to Ill, Ill Dependent and Bereavement Leave

Comparative Staff Absenteeism Due to Ill, Ill Dependent and Bereavement Leave

Division Description	Staff Complement Dec 2014	Annual Pay 2014 (\$)	2014 (27 Pay Periods)		2013		Increase/(Decrease)		Inc/(Dec) Amount %
			Absence Hours*	Equivalent Salary Amount (\$)	Absence Hours*	Equivalent Salary Amount (\$)	Absence Hours*	Equivalent Salary Amount (\$)	
<u>Divisions with sick pay exceeding \$500K</u>									
Fire Services	3,177	317,904,441	427,035	19,430,228	380,964	16,906,585	46,071	2,523,643	15%
Employment & Social Services	2,265	148,981,858	318,747	10,116,528	291,327	9,184,685	27,420	931,843	10%
Long-Term Care Homes & Services	3,230	152,007,077	339,457	8,320,344	302,955	7,697,642	36,502	622,702	8%
Toronto Paramedic Services	1,415	126,117,516	227,501	8,497,497	200,934	7,538,050	26,567	959,447	13%
Parks, Forestry & Recreation	10,984	219,158,078	260,482	7,156,547	244,083	6,619,343	16,399	537,204	8%
Public Health	2,008	141,991,563	188,060	7,156,438	160,722	5,851,031	27,338	1,305,407	22%
Toronto Water	1,675	125,077,320	206,168	6,648,007	177,334	5,553,982	28,834	1,094,025	20%
Transportation Services	1,086	75,897,454	112,016	3,460,758	107,953	3,262,860	4,063	197,898	6%
Shelter, Support & Housing Admin	864	52,852,825	106,549	3,373,414	104,590	3,181,243	1,959	192,171	6%
Solid Waste Management Services	1,129	70,249,026	123,295	3,333,468	113,897	3,042,409	9,398	291,059	10%
Children's Services	1,254	61,552,910	101,123	2,908,175	90,021	2,603,680	11,102	304,495	12%
Office of the Chief Corporate Office	920	57,310,520	93,775	2,479,662	75,439	2,010,591	18,336	469,071	23%
Municipal Licensing & Standards	448	30,586,590	58,776	1,944,142	51,188	1,675,374	7,588	268,768	16%
Engineering & Construction Services	524	43,308,209	41,043	1,563,349	37,027	1,458,083	4,016	105,266	7%
Information & Technology	649	55,396,307	30,947	1,462,312	28,876	1,305,938	2,071	156,374	12%
Toronto Building	440	34,325,103	34,109	1,297,397	28,522	990,210	5,587	307,187	31%
City Clerk's Office	509	31,859,664	36,871	1,299,599	36,382	1,141,224	489	158,375	14%
Revenue Services	329	19,414,016	37,027	1,137,851	33,624	1,054,908	3,403	82,943	8%
Legal Services	292	30,518,734	19,458	1,052,761	21,359	1,008,066	(1,901)	44,695	4%
Human Resources	365	28,151,583	20,619	920,716	16,500	741,153	4,119	179,563	24%
City Planning	379	30,434,518	20,400	847,922	18,240	730,299	2,160	117,623	16%
Toronto Court Services	249	14,532,276	27,390	783,400	28,150	740,785	(760)	42,615	6%
Fleet Services	169	13,292,076	20,940	732,409	19,038	667,591	1,902	64,818	10%
Economic Development & Culture	420	22,191,041	17,200	692,753	15,438	586,343	1,762	106,410	18%
311 Toronto	207	11,907,989	27,275	689,136	22,399	502,854	4,876	186,282	37%
Pension, Payroll & Employee Benefits	139	9,611,784	14,570	513,292	12,923	475,628	1,647	37,664	8%
Other Divisions (under \$500K)	1227	86,062,810	92,171	3,511,988	68,267	2,694,756	23,904	817,232	30%
Absences- Ill & Ill Dependent Time**	---	---	3,003,004	\$101,330,093	2,688,152	\$89,225,313	314,852	\$12,104,780	14%
Bereavement	---	---	98,030	\$3,618,020	95,191	\$3,425,112	2,839	\$192,908	6%
Totals:	36,353	\$2,010,693,288	3,101,034	\$104,948,113	2,783,343	\$92,650,425	317,691	\$12,297,688	13%

* include approx. 244,000 hours of unpaid sick time in 2014 and 200,000 hours in 2013.

** includes \$1.3 million (36,700 hours) in 2013 and \$1.2 million (35,300 hours) in 2013 as sick pay adjusted against vacation and lieu time banks.