



Continuous Controls Monitoring: City Staff Overtime, Absenteeism, and Other Payroll- Related Expenses

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**AUDITOR
GENERAL**

TORONTO

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Executive Summary

Auditor General’s 2026 Annual Work Plan included a project on continuous controls monitoring of payroll related expenses

The Auditor General’s 2026 Annual Work Plan¹ included a project on continuous controls monitoring of selected payroll-related expenses at the City. The objective of the continuous controls monitoring project is to provide management with reports to support proactive monitoring and detection of unusual expenses and trends, and help management identify opportunities to strengthen internal controls. The expenses selected for this analysis included:

- Staff overtime, standby and callback payments, and kilometrage reimbursements
- Staff absences, such as paid sick time, ill-dependent leave, and bereavement leave

The following criteria were used to analyze payroll data to identify exceptions for review:

- Employees earning more than 50 per cent of their base salary or more than \$50,000 in overtime
- Staff sick leave, including ill-dependent leave, exceeding 500 hours in a year
- Bereavement leaves exceeding 100 hours in a year

In addition, we also analyzed kilometrage reimbursements claimed by staff, standby and callback payments and overtime payments to non-union staff.

Six million payroll transactions reviewed from 2023 to 2025

This report includes analysis of payroll-related data over the three-year period from January 1, 2023, to December 31, 2025. As of December 31, 2025, the City had approximately 35,300² employees.

The tables and charts included in this report were derived from an analysis of over six million payroll transactions, as well as the City’s payroll cost reports for the period from 2023 to 2025.

¹ [Auditor General on Auditor General’s Office 2026 Work Plan](#)

² The City of Toronto had 35,297 Council-approved full-time equivalent (FTE) positions in 2025. An FTE represents the workload of a full-time position. If a division’s complement includes positions that are seasonal and/or pooled, their total FTE may not equal the total number of positions in a division.

Table 1 provides a summary of overall payroll costs under the selected category of expenses, including quantitative details, such as number of hours, days and kilometrage.

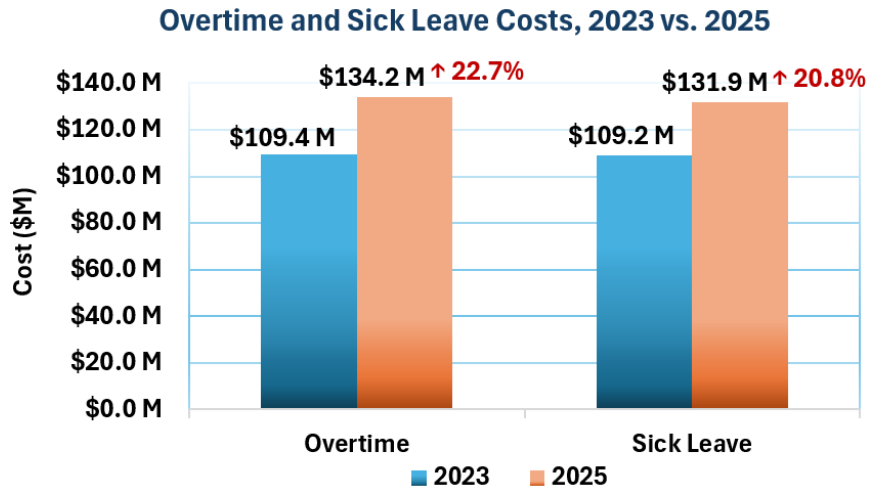
Table 1: Summary of Selected Payroll Expenses, 2023-2025

Description	2023	2024	2025	% Change, 2025 vs. 2023
Overtime				
<i>Costs</i>	\$109,377,600	\$113,214,100	\$134,176,500	22.67%
<i>Hours</i>	1,713,100	1,790,400	2,072,300	20.97%
Sick Leave				
<i>Costs</i>	\$109,156,900	\$113,040,900	\$131,927,600	20.86%
<i>Hours</i>	2,665,100	2,715,700	3,077,100	15.46%
Standby				
<i>Costs</i>	\$7,896,900	\$8,696,300	\$10,263,500	29.97%
<i>Hours</i>	157,600	176,000	204,600	29.82%
Callback				
<i>Costs</i>	\$889,500	\$981,300	\$1,611,400	81.16%
<i>Hours</i>	13,500	14,600	23,100	71.11%
Kilometrage				
<i>Costs</i>	\$1,421,700	\$1,637,000	\$1,738,400	22.28%
<i>Kilometres</i>	2,131,800	2,364,400	2,432,200	14.09%

Notes:

- 1. Actual costs, hours, and kilometres as reported in Payroll Cost Reports (2023–2025); excludes the Toronto Public Health Division.*
- 2. Sick leave includes short-term paid sick leave and ill-dependent leave, and excludes long-term sick leave, unpaid sick leave, and WSIB-related sick leave.*
- 3. Standby refers to an off-duty status where an employee must remain available and ready to work when required.*
- 4. Callback refers to the actual event of being called back to the workplace or required to perform work outside of scheduled shifts.*

Figure 1 shows a comparison of Sick Leave and Overtime costs in 2023 and 2025, with percentage increases for 2025.



Note: Percentage labels show the change in cost from 2023 to 2025.

\$20 million in savings identified in previous CCM reports from 2011 to 2016

Our office completed several continuous controls monitoring (CCM) projects in previous years, which resulted in savings for the City. As reported in the Auditor General’s Annual Reports, previous CCM reports issued between 2011 and 2016 (refer to Exhibit 1) examined areas including absenteeism, overtime, kilometrage reimbursement, telecommunication expenses, and City accounts payable, and identified cumulative savings of more than \$20 million.³

As discussed in the Background section of the report, the Auditor General’s Office initiated these CCM projects in 2011. After five years and several reports, the CCM projects were stopped due in part to noticeable improvements across the City during the review period, as reflected in strengthened controls and a reduced number of exceptions. Given it has been 10 years since the last report and there has been staff turnover and other risk factors, this CCM project was included in the Auditor General’s Work Plan for 2026.

³ Auditor General’s 2012 Annual Report, page 18
[2012 Annual Report – Demonstrating the Value of the Auditor General’s Office](#)
 Auditor General’s 2015 Annual Report, page 23
[2015 Annual Report – Demonstrating the Value of the Auditor General’s Office](#)

This report is organized into three main sections:

Section A: Staff Overtime and Standby Usage

This section discusses staff overtime, standby, and callback payments and kilometrage reimbursements. We noted the following for these areas when comparing 2023 levels with 2025 (refer to **Table 1** above):

Citywide overtime, standby and callback Pay, and kilometrage increased from 2023 to 2025

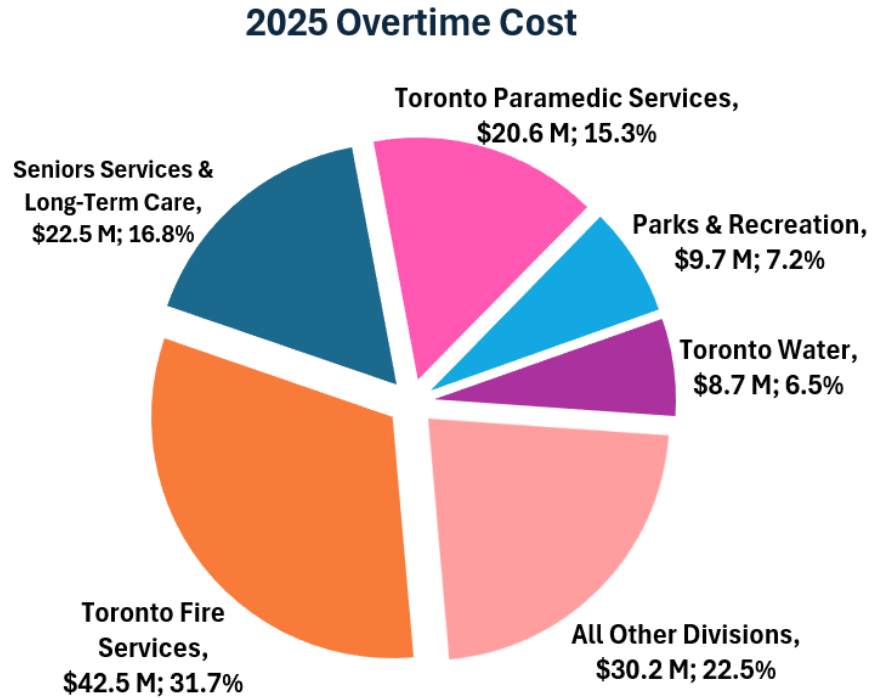
- Overtime costs increased from \$109.4 million to \$134.2 million or approximately 22.7 per cent
- Overtime hours increased by 359,200 hours, or 21 per cent, compared to 2023
- Standby pay increased from \$7.89 million to \$10.26 million, or approximately 30 per cent, while hours increased by 47,000 hours, compared to 2023
- Callback pay increased from \$0.89 million to \$1.61 million, or approximately 81 per cent, while hours increased by 9,600 hours, compared to 2023
- Kilometrage reimbursements increased from \$1.42 million in 2023 to \$1.74 million in 2025. In kilometers, the increase was 300,400 km, from 2.13 million in 2023 to 2.43 million kilometres in 2025

Overall, we noted an increasing trend in these expenses. Management advised that the increase in overtime, and standby and callback payments are due in part to the criticality of operations and the need for certain services to be available 24/7, requiring elevated levels of overtime. The overtime levels are also impacted by ongoing staff vacancies and an increase in sick time. Staff sick time is discussed in **Section B**.

Further analyses of overtime, standby and callback payments, and kilometrage are provided in **Tables 2 to 6**, including the top five divisions in each expense category.

For overtime, the top five divisions by cost include Toronto Fire Services, Seniors Services & Long-Term Care, Toronto Paramedic Services, Parks & Recreation, and Toronto Water. Collectively, these divisions accounted for 77.5 per cent of City-wide overtime costs in 2025.

Figure 2 shows the distribution of 2025 overtime cost across City divisions.



Note: Total overtime cost for the City in 2025 was \$134.2 million.

Section B: Sick, Bereavement, and Ill-Dependent Leaves

This section includes results from the analysis of payroll records for paid sick time, ill-dependent, and bereavement leaves. Similar to staff overtime trends, we noted an overall increase in staff sick time and ill-dependent leave over the three-year period analyzed. When comparing 2023 levels with 2025 (refer to **Table 1** above), we noted:

City-wide sick leave costs increased from 2023 to 2025

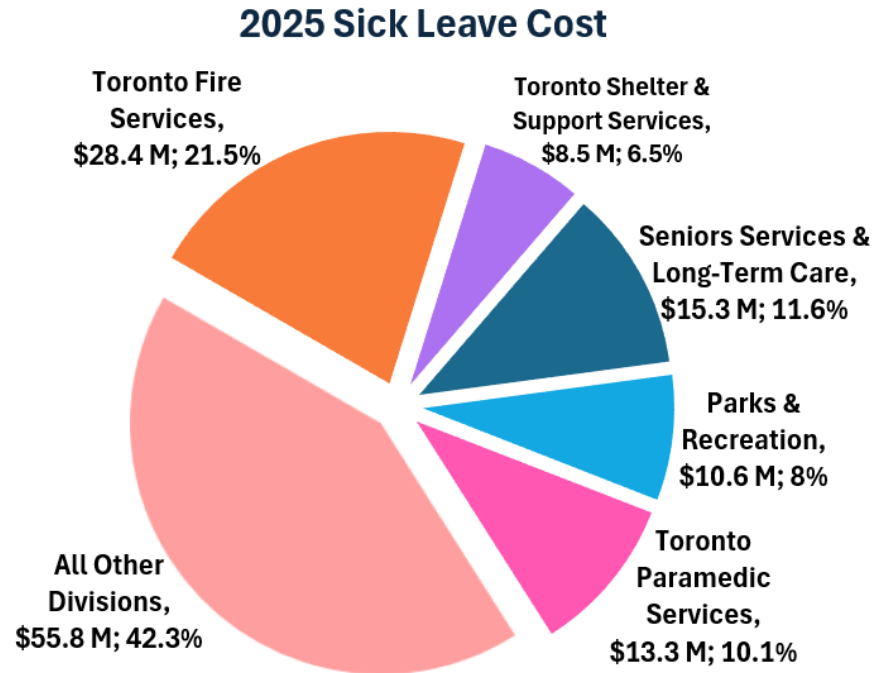
- Paid sick leaves (including ill-dependent leaves⁴) increased from \$109.2 million to \$131.9 million or approximately 20.8 per cent.
- Paid sick time hours (including ill-dependent hours) increased by 412,000 hours in 2025.

The most elevated sick time levels were observed in divisions that perform 24/7 high-stress operations, such as Toronto Fire Services, Toronto Paramedic Services, and divisions providing health care and social assistance-related services.

⁴ Ill-dependent leave costs accounted for 22.8 per cent of total City-wide paid sick leave costs in 2025 (refer to **Table 9**).

A further analysis highlighting the top five divisions by sick leave cost is provided in **Tables 7 and 8**. The top five divisions include Toronto Fire Services, Seniors Services & Long-Term Care, Toronto Paramedic Services, Parks & Recreation, and Toronto Shelter & Support Services. Collectively, these divisions accounted for 57.7 per cent of City-wide sick leave costs in 2025.

Figure 3 shows the distribution of 2025 sick leave cost across City divisions.



Note: Total sick leave cost for the City in 2025 was \$131.9 million and includes ill-dependent leave.

Section C: Need for Strengthening Controls Over Payroll Processes and Attendance Management

This section focuses on areas where we found that controls require strengthening as a result of the work performed. These issues were discussed with management, and the related transactions were provided for management’s review. Management advised that controls will be developed or strengthened after they complete a review of the transactions identified by the Auditor General. These controls are related to the following areas:

- Improving the effectiveness of the City’s Attendance Management Program

- Lack of compliance with City policy on use of the Sick-New Occurrence time code by staff
- Overtime (lieu time) paid to non-union employees
- Inconsistencies between divisional timekeeping systems and SAP payroll work schedules

Conclusion

The continuous controls monitoring project provides City management with reports to assist in proactively monitoring payroll-related costs and transactions, detecting unusual expenses, and identifying areas where internal controls can be further strengthened. There may also be potential savings arising from this report, subject to further review by management of the transactions provided. The four recommendations in this report will help to further strengthen controls related payroll processes at the City.

Subject to the availability of resources, the Auditor General may perform this analysis on a periodic basis in the future and encourages management to monitor the selected areas on an ongoing basis.

**Thank you to
management and staff**

We would like to express our sincere appreciation for the cooperation and assistance received during this project from management and staff of various City divisions who provided requested information, management comments, and management responses to the recommendations.

Background

From 2011 to 2016, the Auditor General's Work Plans included reviews of selected City and Agency & Corporation expenses through the continuous controls monitoring (CCM) projects. This ongoing work supported timely identification of exceptions and assisted management in addressing emerging issues before they became larger control concerns.

Evolution of Continuous Controls Monitoring Projects and History

In 2011, the Auditor General initiated providing management with continuous monitoring reports for review and comments.

- In 2011, the Auditor General issued the first CCM report, initiating continuous monitoring of employee overtime and kilometrage reimbursements, and in 2012 expanded it to include standby payments.
- In 2013, staff absenteeism related to sick leave, ill-dependent leave, and bereavement leave was added. Later, telecommunication expenses and the City's accounts payable were also initiated.

After five years and several reports, the CCM projects were stopped, due in part to noticeable improvements across the City over the five-year review period, as reflected in control improvements and a reduced number of exceptions.

The CCM reports issued in the previous years are listed in **Exhibit 1**.

Review of payroll transactions for 2023-2025

While developing the 2026 Work Plan, the Auditor General decided to re-initiate the CCM work, given the 10-year period that had passed, combined with significant staff turnover since the last report and other risk factors. This CCM project was planned to apply an exception-based analytics approach to current payroll and related transactions data, reviewing trends over the most recent three years.

Overview of City Payroll Policies

Overtime and Lieu-time Policy

Subject to collective bargaining agreements and governing policies, City of Toronto union employees are typically paid overtime at 1.5 times their regular hourly base rate after working their standard daily or weekly hours.

With some exceptions, non-union employees generally do not receive overtime pay, unlike unionized employees. Instead, non-union employees who work additional hours are typically compensated through lieu time on a straight-time basis, which allows them to take time off instead of receiving overtime pay, and this lieu time is capped⁵.

Standby and Callback Pay Policy

Certain employees are required to be available outside of their regularly scheduled hours for operational reasons. These employees receive standby pay and callback pay when called into work. Standby pay is provided at one hour of pay for every eight hours (or less) of standby at straight time. Callback pay provides a minimum of three hours at the employee's overtime rate when called into work.

Kilometrage and Travel Expense Policy

The City's policy provides for reimbursing employee travel expenses on a per-kilometre basis⁶ when employees are authorized to use their personal vehicles for City business, and it is determined to be the most practical and cost-effective travel option. Eligible travel includes local day-to-day work activities as well as attendance at conferences, seminars, and other business-related events. Monitoring these reimbursements helps assess employee travel activity and associated costs to the City.

Illness and Injury Plan (IIP) Policy

The City provides a short-term Illness and Injury Plan (IIP) for employees. The plan provides up to 130 days of paid leave, consisting of 20 days at 100 per cent pay and 110 days at 75 per cent pay. Ill-dependent leave is capped under collective agreements and does not affect an employee's entitlement under the Illness and Injury Plan (IIP). Employees who remain unable to work after exhausting their short-term IIP entitlement may be eligible for long-term disability benefits.

⁵ Lieu time will be granted on a straight time basis to a yearly maximum of 105 hours for a 35-hour work week /120 for a 40-hour work week.

⁶ Per-kilometre reimbursement rates vary by employee group. For non-union employees and members of Local 79, Local 2998, and TPFPA Local 388, the reimbursement rate is set annually based on the reasonable rate established by the Canada Revenue Agency (CRA) under section 7306 of the *Income Tax Regulations*, C.R.C., c. 945, to ensure the reimbursement remains non-taxable to employees. Rates for Local 416 employees are established through the collective agreement. In 2026, reimbursement rates ranged from \$0.67 to \$0.73 per kilometre, with the lower rate applying after the first 5,000 kilometres driven annually.

Bereavement Policy

The City's policy provides employees with paid time off following the death of an immediate family member or close relative to allow time to grieve and manage related arrangements. The length of the leave is capped based on the respective collective agreements, with the leave taken between the day of the death and seven calendar days following the funeral⁷.

⁷ Leave allowance of up to four days for non-union employees and three to five days for union members, depending on the collective bargaining agreement.

Detailed Observations and Analysis

Sections A and B provide our analysis of overall City-wide expenses in the selected payroll areas and identify the top five divisions incurring overtime, standby and callback pay, kilometrage reimbursements and paid sick time.

This project is not an audit and was performed to provide management with information and reports that would be helpful in further strengthening payroll-related controls and highlighting areas for ongoing monitoring. We obtained management comments for each category of expenses and have attached these comments in **Appendices 2 to 11**. The Auditor General requested that management provide a response on each category of expenses, explaining:

1. Comments on the current level of expenses
2. Actions taken by management to monitor and manage these expenses
3. Any changes needed to reduce the current level of expenses

The overall common explanation that management provided for high levels of overtime, standby and callback pay, and sick time includes:

- Criticality of operations, emergencies, and the need for 24/7 services require overtime to meet service levels.
- High-stress jobs leading to elevated sick time and a higher number of staff on sick leave require other staff to be reassigned to maintain service levels.
- Management will continue to monitor and develop plans to reduce this level of expenses in the future.

It is not uncommon for emergency and health care service providers in areas such as paramedics, fire services, and long-term care to experience higher levels of overtime and standby pay, as well as elevated sick time due to the stressful nature of the work.

Emergency services such as paramedics and fire are required to maintain adequate emergency response capacity and Council-directed service levels, as well as comply with ongoing mandatory provincial training requirements. Other services, such as winter maintenance, require rapid scaling of response during severe weather events, which may lead to higher standby levels.

While these pressures vary by division, it is important for management to continuously monitor trends in these costs, as they can be quite significant, to ensure that there are strong controls in place to prevent potential misuse and that actions are taken to address increasing trends and elevated levels of these expenses.

A. Staff Overtime and Standby Usage

A. 1. Overtime Usage and Related Trends

Monitoring overtime usage and related trends is important as it provides insight into how staffing demands and operational pressures are being managed across the City. This analysis supports early identification of overtime trends that may warrant further review.

City-wide overtime costs increased by 22.7% from 2023 to 2025

Table 2 below summarizes the actual cost and number of overtime hours at the division level (top five divisions based on 2025 costs) from 2023 to 2025, highlighting the year-over-year percentage change.

Table 2: Division-Level Overtime Hours and Costs

Division	Overtime Hours ('000s)				Overtime Cost (\$ millions)			
	2023	2024	2025	% Change, 2025 vs. 2023	2023	2024	2025	% Change, 2025 vs. 2023
Toronto Fire Services	571	450	514	-10.0%	44.5	37.3	42.5	-4.5%
Seniors Services & Long-Term Care	231	375	438	89.6%	11.1	18.0	22.5	102.7%
Toronto Paramedic Services	265	262	259	-2.3%	18.7	19.0	20.6	10.2%
Parks & Recreation	134	139	198	47.8%	6.2	6.6	9.7	56.5%
Toronto Water	130	133	140	7.7%	7.6	7.9	8.7	14.5%
All Other Divisions	382	431	523	36.9%	21.3	24.4	30.2	41.8%
Total City	1,713	1,790	2,072	21.0%	109.4	113.2	134.2	22.7%

Source: Actual costs and hours as reported in Payroll Cost Reports (2023–2025).

- Seniors Services & Long-Term Care (SSLTC) recorded the largest proportional increase among individual divisions. Overtime hours rose from 231,000 to 438,000 (89.6 per cent), and costs increased from \$11.1 million to \$22.5 million (102.7 per cent).

Management advised that all long-term care homes across Ontario are required to have a staffing mix that provides an appropriate level of care and services. The City operates 10 long-term care homes; when an employee is absent from the workplace, the Division mostly incurs overtime to replace that individual to maintain staffing ratios. The high level of vacancies is also resulting in elevated levels of overtime. The Division currently has approximately 300 permanent full-time vacancies. Management comments are provided in **Appendix 3**

- Parks & Recreation's overtime hours increased from 134,000 to 198,000 (47.8 per cent), and costs rose from \$6.2 million to

\$9.7 million (56.5 per cent). Management comments are provided in **Appendix 5**.

- Toronto Fire Services' overtime declined from 571,000 hours to 514,000 hours (10 per cent) and from \$44.5 million to \$42.5 million (4.5 per cent), but it remained the largest contributor to overtime cost. Management comments are provided in **Appendix 2**.
- Toronto Paramedic Services' overtime hours declined from 265,000 to 259,000 (2.3 per cent), while costs increased from \$18.7 million to \$20.6 million (10.2 per cent). Management comments are provided in **Appendix 4**.
- Toronto Water's overtime hours moderately increased from 130,000 to 140,000 (7.7 per cent), while costs rose from \$7.6 million to \$8.7 million (14.5 per cent). Management comments are provided in **Appendix 6**.
- The remaining City divisions collectively contributed to the increase, with overtime hours rising from 382,000 to 523,000 (37 per cent) and costs from \$21.3 million to \$30.2 million (41.8 per cent), indicating a broad-based increase across the City.

Table 3 below summarizes the employee count, total hours, and estimated overtime costs for employees earning more than 50 per cent of their base salary or more than \$50,000 in overtime from 2023 to 2025.

Overtime costs were calculated by applying employee hourly pay rates in effect at the end of each calendar year to the reported paid overtime hours for that calendar year.

Table 3: Employees Earning More Than 50 Per Cent of Their Base Salary or More Than \$50,000 in Overtime

Division	Employees With More Than 50 % of Base Salary or More Than \$50,000 in Overtime								
	Number of Employees			Overtime Hours ('000s)			Overtime Cost* (\$ millions)		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Fire Services	90	81	146	70	60	111	5.7	5.5	9.6
Seniors Services & Long-Term Care	42	105	124	40	106	123	1.9	5.0	6.2
Toronto Paramedic Services	42	26	33	38	21	24	2.7	1.6	2.1
Parks & Recreation	8	11	18	8	10	17	0.4	0.5	0.9
Toronto Shelter & Support Services	1	2	13	1	2	11	0.0	0.1	0.6
All Other Divisions	5	9	28	4	7	22	0.3	0.4	1.2
Total City	188	234	362	161	206	308	11.0	13.1	20.6

Source: Data extracted from the payroll system covering calendar years 2023 to 2025.

*Overtime costs were calculated by applying employee hourly pay rates in effect at the end of each calendar year to the reported paid overtime hours for that calendar year, including paid lieu-time hours for non-union staff and excluding any lieu-time hours taken as time off (i.e., not paid out) or banked for future use as time off.

Number of employees earning more than 50 per cent of base salary in overtime or more than \$50K in overtime increased 92.6% City-wide

Between 2023 and 2025, at the City-wide level, employees earning more than 50 per cent of base salary in overtime or more than \$50,000 in overtime increased from 188 to 362 (92.6 per cent), while overtime hours rose from 161,000 to 308,000 (91.3 per cent) and costs increased from \$11 million to \$20.6 million (87.2 per cent).

Of the 362 employees identified in 2025, 270 earned overtime exceeding 50 per cent of their base salary and 246 earned more than \$50,000 in overtime. A total of 154 employees met both criteria, earning overtime exceeding 50 per cent of their base salary and more than \$50,000 in overtime.

Management advised that certain critical services, such as fire and paramedics, incur higher overtime because their operations are critical, emergencies can arise at any time, and they must maintain 24/7 service levels. Refer to appendices 2 to 11 for management comments.

- Toronto Fire Services increased from 90 to 146 employees (62.2 per cent), with overtime hours rising from 70,000 to 111,000 (58.6 per cent) and costs from \$5.7 million to \$9.6 million (68.4 per cent).
- Seniors Services & Long-Term Care increased from 42 to 124 employees (195.2 per cent), with overtime hours rising from

40,000 to 123,000 (207.5 per cent) and costs from \$1.9 million to \$6.2 million (226.3 per cent).

- Parks & Recreation increased from eight to 18 employees.
- Toronto Shelter & Support Services increased from one to 13 employees.
- Toronto Paramedic Services declined from 42 to 33 employees (21.4 per cent), with overtime hours decreasing from 38,000 to 24,000 (36.8 per cent) and costs decreasing from \$2.7 million to \$2.1 million (22.2 per cent).
- The remaining City divisions collectively increased from five to 28 employees.

A. 2. Standby and Callback Payments

Some employees are required to be available for work at times other than their regularly scheduled work hours for operational reasons. These employees are compensated when on standby and when called in to work. An employee is paid one hour of pay for every eight hours (or less) on standby, at straight time, and receives a minimum of three hours of callback pay when called to work at their hourly overtime rate.

City-wide standby costs increased by 30% from 2023 to 2025

Our review of the City's payroll records indicated that, from 2023 to 2025, city-wide standby hours increased by 29.8 per cent from 157,600 to 204,600, with costs rising 30 per cent from \$7.89 million to \$10.26 million. Callback costs increased to \$1.61 million in 2025. This results in a standby cost to callback cost ratio of 6.40 in 2025. This ratio indicates that the City spends approximately \$6.40 on standby availability for every \$1 in callback activity. Refer to **Tables 4 and 5** below.

Table 4 below summarizes **standby and callback costs** by division from 2023 to 2025, highlighting the percentage change from 2023 to 2025 and the standby cost to callback cost ratio

Table 4: Standby and Callback Costs by Division, 2023-2025

Division	Standby Cost (\$'000s)				Callback Cost (\$'000s)				2025 Standby Cost to Callback Cost Ratio*
	2023	2024	2025	% Change, 2025 vs. 2023	2023	2024	2025	% Change, 2025 vs. 2023	
Transportation Services	1,777	2,295	3,214	80.9%	393	371	764	94.4%	4.2
Toronto Water	2,360	2,564	2,780	17.8%	79	89	116	46.8%	24.0
Technology Services	1,194	1,179	1,282	7.4%	75	87	73	-2.7%	17.6
Parks & Recreation	757	788	897	18.5%	99	93	136	37.4%	6.6
Corporate Real Estate	496	523	557	12.3%	55	76	80	45.5%	7.0
All Other Divisions	1,313	1,347	1,534	16.8%	189	265	442	133.9%	3.5
Total City	7,897	8,696	10,264	30.0%	890	981	1,611	81.0%	6.4

Source: Actual costs and hours as reported in Payroll Cost Reports (2023–2025).

*Standby Cost to Callback Cost Ratio is calculated as standby costs divided by callback costs and reflects the relative cost of maintaining standby availability compared to actual callback activity.

Table 5 below summarizes **standby and callback hours** by division from 2023 to 2025, highlighting the percentage change from 2023 to 2025.

Table 5: Standby and Callback Hours by Division, 2023-2025

Division	Standby Hours ('000s)				Callback Hours ('000s)			
	2023	2024	2025	% Change, 2025 vs. 2023	2023	2024	2025	% Change, 2025 vs. 2023
Transportation Services	41.8	58.0	79.8	90.9%	5.5	5.3	10.2	85.5%
Toronto Water	48.5	52.0	53.5	10.3%	1.1	1.2	1.6	45.5%
Technology Services	21.0	20.2	21.5	2.4%	1.0	1.2	0.9	-10.0%
Parks & Recreation	15.7	15.7	17.1	8.9%	2.0	1.8	2.6	30.0%
Corporate Real Estate Management	8.1	8.2	8.4	3.7%	0.9	1.2	1.2	33.3%
All Other Divisions	22.5	21.9	24.3	8.0%	3.0	3.9	6.5	116.7%
Total City	157.6	176.0	204.6	29.8%	13.5	14.6	23.0	70.4%

Source: Actual costs and hours as reported in Payroll Cost Reports (2023–2025).

- Transportation Services had the largest increase in standby costs, with hours rising from 41,800 to 79,800 (90.9 per cent) and costs increasing from \$1.77 million to \$3.21 million (80.9 per cent).

Management advised that standby increased in recent years due to more severe weather, higher operational demand, and organizational growth. Winters have become more intense and longer, with snowfall more than doubling between 2023-2024 and 2025-2026 and plowing events increasing from three to 12 per season. This has led to more frequent and longer periods of standby, including multi-week continuous activations. Management comments are provided in **Appendix 8**.

- Toronto Water and Parks & Recreation divisions also showed increases in standby hours (10.3 and 8.9 per cent). Corporate Real Estate Management and Technology Services divisions had smaller increases of 3.7 and 2.4 per cent, indicating generally stable standby levels.
- The remaining City divisions collectively also experienced increases in standby levels, with hours from 22,500 to 24,300 (eight per cent) and costs increasing from \$1.31 million to \$1.53 million (16.8 per cent).

A. 3. Kilometrage Reimbursement

The City's policy provides for reimbursement of employee travel expenses on a per-kilometre basis when employees are authorized to use their personal vehicles for City business and it is determined to be the most practical and cost-effective travel option. Eligible travel includes local day-to-day work activities as well as attendance at conferences, seminars, and other business-related events. Monitoring these reimbursements helps assess employee travel activity and the associated costs to the City.

City-wide overall kilometrage costs increased by 22.2% from 2023 to 2025

Our review found that total reimbursed kilometrage increased from 2.13 million kilometres in 2023 to 2.43 million kilometres in 2025, an increase of 14.1 per cent. Over the same period, reimbursement costs increased from \$1.42 million to \$1.74 million, representing a 22.2 per cent increase.

Table 6 below summarizes the total kilometres travelled on City business and the associated reimbursement costs from 2023 to 2025, highlighting the overall percentage change over the period.

Table 6: City-Wide Summary of Kilometrage Travel and Reimbursement Costs, 2023-2025

Division	Kilometres ('000s)				Reimbursement Costs (\$'000s)			
	2023	2024	2025	% Change, 2025 vs. 2023	2023	2024	2025	% Change, 2025 vs. 2023
Parks & Recreation	441	476	516	17.0%	293	330	368	25.6%
Toronto Building	412	432	350	-15.0%	271	297	249	-8.1%
Transportation Services	192	269	347	80.7%	128	186	248	93.8%
Toronto Fire Services	248	246	261	5.2%	167	172	188	12.6%
Toronto Water	185	198	160	-13.5%	123	136	113	-8.1%
All Other Divisions	654	743	798	22.0%	440	516	572	30.0%
Total City	2,132	2,364	2,432	14.1%	1,422	1,637	1,738	22.2%

Source: Actual kilometres and reimbursement costs reported in Payroll Cost Reports (2023–2025).

B. Sick, Ill-Dependent and Bereavement Leaves

Monitoring sick leave can provide early indicators of workforce health, operational pressures, attendance management practices, and broader workplace conditions. Ongoing monitoring allows identification of trends, understanding underlying drivers, and enables management to respond in a timely way to maintain effective operations and workforce stability.

Higher levels of sick leave can contribute to staffing gaps, increased workload pressures, and greater reliance on overtime or temporary staffing to maintain service levels. These factors can also affect scheduling efficiency and continuity of service delivery.

City-Wide Analysis:

City-wide sick leave costs increased by 20.8% from 2023 to 2025

At the City-wide level, total sick leave increased from 2,665,000 hours in 2023 to 3,077,000 hours in 2025, an increase of 15.5 per cent. Over the same period, sick leave costs increased from \$109.2 million to \$131.9 million, an increase of 20.8 per cent (refer to **Table 7**). The sick leave costs include ill-dependent leave⁸ and are based on actual costs and hours as reported in the City’s payroll cost reports from 2023 to 2025.

⁸ Ill-dependent leave costs accounted for 22.8 per cent of total City-wide paid sick leave costs in 2025 (refer to **Table 9**).

Table 7 below summarizes sick leave hours and estimated costs by the top five divisions for 2023-2025 and shows the overall city-wide cost and trend.

Table 7: Division-Level Sick Leave Hours and Costs

Division	Sick Leave Hours ('000s)				Sick Leave Cost (\$ millions)			
	2023	2024	2025	% Change, 2025 vs. 2023	2023	2024	2025	% Change, 2025 vs. 2023
Toronto Fire Services	530	475	485	-8.5%	29.8	27.8	28.4	-4.7%
Seniors Services & Long-Term Care	405	409	452	11.6%	12.7	13.0	15.3	20.5%
Parks & Recreation	254	276	317	24.8%	7.9	8.8	10.6	34.2%
Toronto Paramedic Services	255	246	272	6.7%	11.0	11.1	13.3	20.9%
Toronto Shelter & Support Services	169	185	228	34.9%	5.9	6.7	8.5	44.1%
All Other Divisions	1,052	1,125	1,323	25.8%	41.9	45.6	55.8	33.2%
Total City	2,665	2,716	3,077	15.5%	109.2	113.0	131.9	20.8%

Notes:

1. Actual costs and hours as reported in Payroll Cost Reports (2023–2025).

2. Sick leave includes short-term paid sick leave and ill-dependent leave, and excludes long-term sick leave, unpaid sick leave, and WSIB-related sick leave.

- Toronto Fire Services was the division with the highest number of sick hours; however, sick hours declined from 530,000 to 485,000 (8.5 per cent), and costs declined from \$29.8 million to \$28.4 million (4.7 per cent) from 2023 to 2025, reflecting reduced absenteeism and related costs. Management comments are provided in **Appendix 2**.
- Seniors Services & Long-Term Care’s sick leave hours increased from 405,000 to 452,000 (11.6 per cent), with costs increasing from \$12.7 million to \$15.3 million (20.5 per cent). Management comments are provided in **Appendix 3**.
- Toronto Paramedic Services’ sick leave hours rose from 255,000 in 2023 to 272,000 in 2025 (6.7 per cent), with costs increasing from \$11 million to \$13.3 million (20.9 per cent). Management comments are provided in **Appendix 4**.
- Parks & Recreation’s sick leave hours increased from 254,000 to 317,000 (24.8 per cent), with costs rising by 34.2 per cent, from \$7.9 million to \$10.6 million in 2025. Management comments are provided in **Appendix 5**.

- Toronto Shelter & Support Services' sick hours increased from 169,000 to 228,000 (34.9 per cent), with costs increasing from \$5.9 million to \$8.5 million (44.1 per cent), reflecting a significant increase in both sick leave usage and its costs.

Management advised that the increase in overall sick leave and in the number of staff with higher levels of absenteeism reflects sustained operational pressures, as well as the continued expansion of the shelter system and associated workforce in response to increased demand. The shelter operations involve 24/7 service delivery in environments that are physically and emotionally demanding, which can be a contributing factor to absenteeism. Management comments are provided in **Appendix 7**.

- The remaining divisions collectively increased sick leave hours from 1,052,000 to 1,323,000 (25.8 per cent), while costs rose from \$41.9 million to \$55.8 million (33.2 per cent).

Employees with over 500 sick leave hours increased by 23.4% from 2023 to 2025

We further analyzed the overall sick time data by divisions for staff who claimed sick time for 500 or more hours during the year.

- At the City level, employees with more than 500 sick leave hours increased from 809 in 2023 to 998 in 2025, with sick leave hours rising from 629,000 to 763,000, an increase of 23.4 per cent.

Table 8 presents the top five divisions ranked by the number of employees exceeding 500 sick hours in 2025, followed by the remaining divisions collectively, to show where high-utilization sick leave pressures are most concentrated.

Table 8: Employees Exceeding 500 Sick Hours by Division

Division	Employees Exceeding 500 Sick Leave Hours						
	Number of Employees			Sick Leave Hours ('000s)			
	2023	2024	2025	2023	2024	2025	% Change, 2025 vs. 2023
Fire Services	147	118	135	126	100	108	-14.3%
Parks & Recreation	88	114	119	70	83	93	32.9%
Seniors Services & Long-Term Care	120	104	125	90	75	91	1.1%
Toronto Shelter & Support Services	60	85	101	43	60	73	69.8%
Employment & Social Services	51	60	82	36	42	58	61.1%
All Other Divisions	343	375	436	264	289	340	28.8%
Total City	809	856	998	629	649	763	21.3%

Notes:

1. Data extracted from the payroll system covering calendar years 2023 to 2025.

2. Sick leave includes short-term paid sick leave and ill-dependent leave, and excludes long-term sick leave, unpaid sick leave, and WSIB-related sick leave.

- The most notable increases were observed in Toronto Shelter & Support Services, Employment & Social Services, and Parks & Recreation divisions, which all experienced a substantial increase in both the number of employees exceeding 500 hours and their associated sick leave hours. In contrast, Toronto Fire Services Division showed a decline across the two measures, indicating reduced high-absence concentration in that division.
- Remaining City divisions also collectively increased in the number of employees exceeding 500 sick leave hours, suggesting the upward trend was not concentrated in a small number of divisions but was broadly distributed across the remaining divisions.

Table 9 below summarizes the paid absence hours and costs across different absence types from 2023 to 2025, highlighting the year-over-year percentage change.

Table 9: Paid Absence Hours and Costs by Absence Type, 2023-2025

Absence Type	Sick Leave Hours ('000s)				Sick Leave Cost (\$ millions)			
	2023	2024	2025	% Change, 2025 vs. 2023	2023	2024	2025	% Change, 2025 vs. 2023
Sick Leave	2,112	2,116	2,394	13.4%	86.5	87.7	101.8	17.7%
Ill-Dependent Leave	553	600	683	23.5%	22.7	25.3	30.1	32.6%
Total Sick and Ill-Dependent Leave	2,665	2,716	3,077	15.5%	109.2	113.0	131.9	20.8%
Bereavement Leave	100	106	111	11.0%	4.3	4.7	5.1	18.6%
Total Paid Absences	2,765	2,822	3,188	15.3%	113.5	117.7	137.0	20.7%

Notes:

1. Actual costs and hours as reported in Payroll Cost Reports (2023–2025).

2. Sick leave includes short-term paid sick leave and ill-dependent leave, and excludes long-term sick leave, unpaid sick leave, and WSIB-related sick leave.

- Between 2023 and 2025, total paid absences increased from 2,765,000 to 3,188,000 hours (15.3 per cent) and from \$113.5 million to \$137 million (20.7 per cent), indicating an overall upward trend.
- This increase was primarily driven by Sick Leave, followed by Ill-Dependent Leave, with Bereavement Leave contributing marginally. Total Sick and Ill-Dependent Leave increased from 2,665,000 to 3,077,000 hours (15.5 per cent) and from \$109.2 million to \$131.9 million, with Sick Leave driving most of the increase. Ill-dependent leave costs accounted for 22.8 per cent of total City-wide paid sick leave costs in 2025.

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 up to four days for non-union members and three to five days for union members, depending on the collective bargaining agreement.

The table below summarizes the number of employees that exceeded 100 hours of bereavement leave in a year; these leaves in some cases ranged between 100 to 225 hours for certain employees in a year.

Year	Number of Staff with 100 hours or more in Bereavement Leave
2023	5
2024	5
2025	8

Source: Data extracted from the payroll system covering calendar years 2023 to 2025.

We identified one employee with a pattern of bereavement leave usage that appeared highly elevated over multiple years. For example, between 2023 and 2025, this employee recorded 457.5 hours (equivalent to 65 days in three years) of bereavement leave. We have referred this matter to the Division and to the Auditor General’s Fraud and Waste Hotline for further review.

C. Need for Strengthening Controls Over Payroll Processes and Attendance Management

C. 1. Improving the Effectiveness of the City’s Attendance Management Program

Attendance Management Program established in 2001

In July 2001, City Council adopted the City’s Attendance Management Program (AMP) policy⁹, wherein the purpose of the policy was stated as *“to monitor attendance and provide a consistent approach in addressing absenteeism, including ensuring the appropriate support and assistance for employees who experience difficulty in achieving regular attendance consistent with the workplace average.”*

The AMP policy has two primary objectives:

- to maximize service delivery to the public; and
- to assist employees in minimizing absences by making reasonable efforts to provide accommodation, assistance, and rehabilitation.

To support these objectives, the policy states the AMP is to help promote a healthy workplace and provide guidance to managers responsible for addressing attendance issues.

Step-by-step intervention process

The AMP policy provides a step-by-step intervention process that is initiated when an employee’s absence exceeds the standard¹⁰ set for their division. The program’s primary intent is to provide corrective and supportive actions. Any potential disciplinary action is considered based on the specific facts and circumstances of each case and is not applied automatically. Consistent with its corrective and supportive intent, the AMP policy requires discretion in distinguishing between innocent and culpable absenteeism¹¹, where applicable.

2001 performance standards still in use

Divisional absenteeism standards are used as a starting point for identifying employees who may need support under the Attendance

⁹ [Attendance Management Program Clause embodied in Report No. 11 of the Administration Committee, as adopted by the Council of the City of Toronto at its meeting held on July 24, 25 and 26, 2001.](#)

¹⁰ Standards based on historical divisional averages established in 2001.

¹¹ Innocent absenteeism refers to an employee missing work for a legitimate reason. These absences are not considered misconduct and therefore are usually not subject to disciplinary action. If absences become too frequent or long-term, the employer may need to consider accommodation first, and in some cases, the employment relationship may end if the employee is unable to return to regular work within a foreseeable timeframe.

Management Program (AMP). However, these standards are based on historical divisional averages established in 2001 and have not been updated since.

No centralized monitoring

The AMP is decentralized and is managed at the divisional level. There is no centralized tracking or oversight of the program's outcome and effectiveness. The support functions such as employee relations and disability management are typically engaged on a request-driven basis.

Absenteeism remains above the established AMP standards

According to the December 2025 Attendance Management report, City-wide average absenteeism was 9.48 days per employee, approximately 18.5 per cent above the City's eight-day standard. In 2025, 998 employees with 500 hours or more sick time accounted for approximately 25 per cent of total sick leave (refer to Table 8).

As discussed in **Section B**, the number of high-absence employees, those with more than 500 hours of sick leave in a year, increased from 809 in 2023 to 998 in 2025, representing an increase of approximately 23.36 per cent. Over the same period, total sick leave hours associated with this group also increased from 629,000 to 763,000.

Overall, the results indicate that absenteeism remains above the established standards and has grown in volume and number of employees (refer to **Tables 7 and 8**).

The Attendance Management Program can be further improved by strengthening corporate oversight, centralizing tracking, monitoring employees on the AMP across all divisions to ensure consistent policy application and corporate oversight and reassessing the historical 2001 divisional absenteeism standards to ensure they reflect current operational needs.

Recommendation:

- 1. City Council request the Chief People Officer, in coordination with the Chief Financial Officer and Treasurer, and the Director, Pension, Payroll & Employee Benefits Division, to review the current Attendance Management Program to:**
 - a. Evaluate whether historical standards and processes developed in 2001 are still relevant to the ongoing operational needs at the City, and update if it is determined that changes are needed**
 - b. Enhance corporate oversight and benchmarks to measure the effectiveness of the program across divisions, particularly for those with high absenteeism.**

C. 2. Staff Use of New Occurrence Code for Sick Time Not in Accordance with Policy

The City's sick leave occurrence policy requires staff to use a specific absence type¹² known as "Sick-New Occurrence" on the first day of each new sick occurrence. A new sick occurrence refers to the first day of a new period of continuous absence due to illness.

The purpose of using the specific code is to track the number of sick occurrences for the employee per calendar year, and for the fourth and subsequent new sick occurrences, the system automatically applies a one-day pay deduction. The pay deduction can be overridden when approved by the supervisor, in acceptable circumstances such as long-term continuous illness, hospitalization, modified duties, or other situations authorized under the City's policy.

Staff must use this absence type to enable the system to track and count new sick occurrences for each employee, and if this code is not used, the new sick occurrence will not be recorded in the system, and a deduction of pay for the fourth and subsequent new sick occurrences will not take effect. The system does not have automated controls to ensure staff must use this code at each new sick occurrence.

From a population of over 800,000 sick time payroll transactions from 2023 to 2025, we identified 9,219 transactions where staff did not use the specific absence type to record a new sick occurrence, contrary to policy requirements.

Over 3,400 transactions where employees reached a 4th sick occurrence with no pay deduction due to incorrect entry of sick leave pay codes

Based on our analysis, 3,412 of these transactions appear to relate to employees who had already reached their fourth sick occurrence in the calendar year. Under the City policy, these occurrences would be subject to a one-day pay deduction unless an approved exception was approved by the division.

If no approved exceptions are applied to the new sick occurrence code, we estimate that the potential value of unapplied sick leave occurrence deductions on the 3,412 transactions could range up to \$922,750. We have shared the results of our analysis with management for further review.

The high number of exceptions suggests the need for clarity and training for staff across the City and to review whether automated controls can be implemented.

We have provided the extract of all transactions to management to determine and decide on the status of these transactions and whether any pay adjustments are needed.

¹² The specific absence type "Sick-New Occurrence" is identified in the City's payroll system using a designated numeric absence code.

Recommendation:

- 2. City Council request the Chief Financial Officer and Treasurer and the Director, Pension, Payroll & Employee Benefits Division, in coordination with the Chief People Officer, to:**
 - a. Review the sick occurrence transactions provided by the Auditor General and determine, in coordination with the City Solicitor, if any pay adjustments are needed**
 - b. Determine whether any retroactive review of all Sick–New Occurrence transactions is needed for prior periods, including since the inception of the Sick–New Occurrence policy**
 - c. Communicate with and train staff and supervisors to improve their understanding of the Sick–New Occurrence policy and exception approval requirements**
 - d. Coordinate with the Chief Technology Officer to evaluate whether automated controls can be implemented to ensure that the correct Sick–New Occurrence type is entered into the system when this sick time is entered by staff.**

C. 3. Overtime Paid to Non-Union Employees

The City’s lieu time policy for non-union employees establishes that non-union employees generally do not receive overtime pay unlike unionized employees under collective agreements¹³. Instead, non-union employees working additional hours are typically compensated through lieu time, allowing them to take time off in lieu of overtime payment, and the lieu time is capped¹⁴.

The policy also includes specific exemptions for certain non-union job codes, whereby these job codes are eligible for overtime pay in place of lieu time. The People and Equity Division maintains an exemption list of non-union job codes that are eligible to receive overtime pay. This exemption list has been in place since amalgamation in 1999 and reflects a combination of legacy arrangements and subsequent operational additions.

Management advised that this list has not been comprehensively reassessed since 1999 to confirm whether the exemptions remain

¹³ Review of lieu time earned and taken was outside the scope of this project, which focused on paid overtime only. Accordingly, lieu time balances for staff were not reviewed as part of this CCM project.

¹⁴ Lieu time will be granted on a straight time basis to a yearly maximum of 105 hours for a 35-hour work week /120 for a 40-hour work week.

appropriate or aligned with current organizational structure and workforce needs. No new additions or deletions to the list have been made since 2020.

Between 2023 and 2025, non-union job codes received a total of \$18.21 million in overtime

Between 2023 and 2025, non-union job codes received a total of \$18.21 million in overtime. While most of these job codes were on the exemption list, we identified 24 that were not on the list but were still paid overtime. Management reviewed these job codes and confirmed that these were eligible to receive overtime but had not been updated in the approved list of job codes.

Management advised it will develop a governance framework for *Employment Standards Act*-exempt overtime to ensure that such compensation remains appropriate and aligned with legislation and operational priorities.

Recommendation:

- 3. City Council request the Chief People Officer in coordination with relevant Division Heads, to:**
 - a. Review the existing exemption lists for payment of overtime to non-union staff, and assess whether job codes described in the lists for payment of overtime to non-union staff remain appropriate in accordance with operational needs**
 - b. Develop procedures to ensure that these exemption lists are reviewed on a periodic basis**
 - c. Review the job codes for non-union staff who are paid overtime and are not included in the exemption list as eligible to receive overtime pay, and assess whether this practice remains appropriate in accordance with operational needs.**

C. 4. Inconsistencies Between Divisional Timekeeping System and City’s Payroll System

Toronto Fire Services Division uses a separate timekeeping system that interfaces with the City’s payroll system.

We identified certain discrepancies between employee work schedules maintained in the two systems. Schedule updates made in the Division’s system are not automatically reflected in the City’s payroll system and must be manually entered. As a result, delays in manual updates may lead to misalignment between the two systems.

Although the City’s payroll system generates error reports identifying potential schedule mismatches, we noted that some discrepancies remained unresolved for extended periods. This creates a risk of

inaccurate sick leave, or absence deductions, which could have an impact on employees' leave balances.

Our analysis identified approximately 5,000 instances where 8.4 hours of sick time were processed for operations staff. Operations staff typically work 24-hour shifts unless they are on training. While these transactions were flagged for review, they are not necessarily errors, as some employees may have been assigned to training and working 8.4-hour shifts (84 hours bi-weekly) at the time the sick leave was recorded. However, it could not be determined whether employees were in training or had transitioned to 24-hour shift schedules without a labour-intensive manual review of individual transactions.

We provided sample payroll transactions for 10 employees to the division's payroll staff for review. Staff confirmed that sick time for three out of ten employees was incorrectly deducted as 8.4 hours instead of 24 hours and required correction, as the payroll system had not been updated from 8.4-hour to 24-hour shift schedules. We have provided a list of all the transactions where the work schedule hours of staff varied between the divisional timekeeping system and the City's payroll system.

A full assessment of the impact would require further review by management. While our review was limited to the Toronto Fire Services Division, there may be other divisions using divisional time keeping systems that interface with the payroll system. There is a need to perform a similar review for other divisional systems that interface with the City's payroll system.

Recommendation:

- 4. City Council request the Chief Financial Officer and Treasurer, in coordination with relevant Division Heads, to:**
 - a. Establish a formal process to ensure that work schedule updates entered in divisional timekeeping systems that interface with the City's payroll system are reflected accurately and in a timely manner and that periodic reconciliations are performed to confirm both systems are aligned**
 - b. Implement monitoring controls to identify and promptly resolve schedule mismatches between the systems**
 - c. Review the list of exceptions provided as a result of this report and determine whether any payroll adjustments are required.**

Conclusion

The continuous controls monitoring project provides City management with reports to assist in proactively monitoring payroll-related costs and transactions, detecting unusual expenses, and identifying areas where internal controls could be further strengthened. There may also be potential savings arising from this report, subject to further review by management of the transactions provided. The four recommendations in this report will help to further strengthen payroll-related controls at the City.

Subject to the availability of resources, the Auditor General may perform this analysis on a periodic basis in the future and encourage management to monitor the selected areas on an ongoing basis.

**Thank you to
management and staff**

We would like to express our sincere appreciation for the cooperation and assistance received during this project from management and staff of various City divisions who provided requested information, management comments, and management responses to the recommendations.

Objective, Scope, and Approach

Objective	The objective of this continuous controls monitoring project was to highlight unusual transactions and exceptions in payroll-related expenses, including emerging trends, areas where internal controls may need to be strengthened, as well as areas where additional management actions may be required to address potential errors, inconsistencies, or risks.
Project Scope	This review included the analysis of payroll transactions processed between 2023 and 2025 for City divisions, and focused on selected payroll and related expense areas, including paid overtime, standby and callback payments, paid short-term sick leave, ill-dependent leave, and kilometrage reimbursements. Accordingly, the CCM project focused on paid compensation-related wage codes, and unpaid or non-standard compensation wage codes were excluded from the scope of this project.
Limitations	In line with this scope, lieu time earned and taken (i.e., with no overtime pay) was excluded, as the review focused on paid overtime only; accordingly, lieu-time balances for staff were not reviewed as part of this CCM project. Unpaid sick leave, including sick leave without pay and sick leave taken with vacation credits, was also excluded. Long-term sick leave and WSIB-related sick leave were also outside the scope of this review. For our analysis, we excluded Toronto Public Health Division’s payroll-related transactions. ¹⁵
Methodology	<p>The Auditor General’s Office used specialized data analytics software to consolidate and analyze over six million payroll related transactions, for the period from 2023-2025.</p> <p>Selected exceptions, along with overall observations and trends, were provided to management for further review and comments. This project was not an audit. Management was requested to provide comments and operational context on the observations, as well as actions taken or planned to address them.</p>
Criteria	The following criteria were applied to the payroll and related transaction data to identify exceptions for review.

¹⁵ Under the City of Toronto Act, 2006, Toronto Public Health is excluded from the Auditor General’s mandate.

- Employees earning more than 50 per cent of their base salary or more than \$50,000 in overtime
- Staff sick leave, including ill-dependent leave, exceeding 500 hours in a year
- Bereavement leaves exceeding 100 hours in a year

Any transactions meeting one or more of these criteria were flagged for further analysis. We also reviewed controls over how staff record sick time in the timekeeping system.

In addition, we analyzed kilometrage reimbursements claimed by staff, standby payments, overtime payments to non-union staff, and other payroll controls such as use of specific sick occurrence codes by staff, and inconsistencies between divisional timekeeping system and the City's payroll system

This project was not an audit

The work performed in relation to this report does not constitute an audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). However, we believe we performed sufficient work and gathered sufficient and appropriate evidence to provide a reasonable basis to support our observations and recommendations.

Exhibit 1: Previous CCM Reports Issued Since 2011

The Auditor General has issued the following Continuous Controls Monitoring reports to date.

1. [Employee Overtime \(October 20, 2011\)](#)
2. [Review of Employee Overtime and Mileage Reimbursements \(February 7, 2012\)](#)
3. [Review of City Staff Absenteeism \(March 14, 2013\)](#)
4. [Review of City Staff Absenteeism \(May 31, 2013\)](#)
5. [12-Month Review of City Staff Absenteeism, 2013 \(May 5, 2014\)](#)
6. [12 Month Review of City Overtime, Standby Pay and Mileage Expenses, 2014 \(April 22, 2015\)](#)
7. [City Accounts Payable – January 1 to September 30, 2015 \(February 16, 2016\)](#)
8. [City Staff Absenteeism for 2015 \(September 21, 2016\)](#)

Appendix 1: Management’s Response to the Auditor General’s Report Entitled: “City Staff Overtime, Absenteeism, and Other Payroll-Related Expenses”

Recommendation 1: City Council request the Chief People Officer, in coordination with the Chief Financial Officer and Treasurer, and the Director, Pension, Payroll & Employee Benefits Division, to review the current Attendance Management Program to:

- a. Evaluate whether historical standards and processes developed in 2001 are still relevant to the ongoing operational needs at the City, and update if it is determined that changes are needed
- b. Enhance corporate oversight and benchmarks to measure effectiveness of the program across divisions, particularly for those with high absenteeism.

<p>Management Response: <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree</p>
<p>Comments/Action Plan/Time Frame:</p> <p>People & Equity (P&E) division conducted a review of the City’s Attendance Management Program from Q4 2025 to Q2 2026 and reached similar conclusions regarding the need to strengthen corporate oversight and support more consistent program administration across divisions.</p> <p>a) Historical standards and processes</p> <p>The review found that the historical divisional standards continue to be relevant as an initial entry point for identifying employees who may require attendance-related support or intervention. However, before determining whether changes to divisional standards are required, P&E will first focus on strengthening corporate oversight, improving access to regular attendance data and reporting, and supporting more consistent application of existing program requirements across divisions.</p> <p>Once these improvements are implemented, P&E will evaluate whether the divisional standards remain appropriate in light of current operational needs and program outcomes.</p> <p>b) Corporate oversight and benchmarks</p> <p>P&E has initiated a project to centralize oversight of the Attendance Management Program and simplify workflows for divisions and managers responsible for administering the program. The intent is to improve consistency, reduce administrative barriers, and ensure that divisions have timely access to the data, reporting, guidance, and support required to manage attendance effectively.</p> <p>Action Plan:</p> <p>P&E will proceed with a phased implementation plan to strengthen corporate oversight and improve consistent administration of the Attendance Management Program. Pension, Payroll & Employee Benefits (PPEB) supports attendance data and reporting by providing standardized reports to divisions through an internal reporting tool. Current awareness and use of these reports</p>

vary across divisions. PPEB will continue to work with P&E to improve visibility, accessibility, and reporting practices to better support oversight and program effectiveness.

1. Confirm current-state findings and implementation priorities

P&E will use the findings from its 2025–2026 review to confirm key program issues, including data access, reporting gaps, inconsistent workflows, divisional support needs, and opportunities to strengthen corporate oversight.

2. Pilot a centralized oversight model

P&E will continue piloting a modernized attendance management workflow with selected program areas. The pilot will test improved reporting, clearer manager workflows, centralized monitoring, and more pro-active involvement of People & Equity supports where required.

3. Develop corporate reporting and benchmarks

P&E will develop a corporate reporting approach to monitor program activity, outcomes, and divisional trends. This will include identifying appropriate benchmarks to assess program effectiveness, support early intervention, and focus attention on divisions with high absenteeism or significant operational impacts.

4. Strengthen manager guidance and administrative supports

P&E will simplify manager-facing tools, guidance, and workflows to support consistent application of the program. This will include clarifying roles and responsibilities, improving access to attendance data, and reducing administrative barriers that limit effective program administration.

5. Expand implementation across divisions

Lessons learned from the pilot will be used to refine the corporate model before phased expansion to additional divisions throughout 2027, with priority given to divisions experiencing high absenteeism, significant operational impacts, or identified program administration challenges.

6. Assess divisional standards after oversight improvements are in place

Once centralized oversight, reporting, and workflow improvements have been implemented and tested, P&E will evaluate whether the historical divisional standards remain appropriate or should be updated to better reflect current operational needs and program outcomes.

Time Frame: Implementation underway. Pilot, reporting design, and workflow refinement in 2026, with phased expansion to additional divisions throughout 2027. Assess divisional standards in Q1 of 2029 based on experience from 2028.

Recommendation 2: City Council request the Chief Financial Officer and Treasurer and the Director, Pension, Payroll & Employee Benefits Division, in coordination with the Chief People Officer, to:

- a. Review the sick occurrence transactions provided by the Auditor General and determine, in coordination with the City Solicitor, if any pay adjustments are needed
- b. Determine whether any retroactive review of all Sick–New Occurrence transactions is needed for prior periods, including since the inception of the Sick–New Occurrence policy
- c. Communicate and train staff and supervisors to improve their understanding of the Sick–New Occurrence policy and exception approval requirements
- d. Coordinate with the Chief Technology Officer to evaluate whether automated controls can be implemented to ensure that the correct Sick–New Occurrence type is entered into the system when this sick time is entered by staff.

Management Response: Agree Disagree

Comments/Action Plan/Time Frame:

a) Review of Sick Occurrence Transactions and Pay Adjustments

Pension, Payroll & Employee Benefits will undertake a phased, risk-based review of the sick occurrence transactions identified by the Auditor General to assess accuracy and determine, in coordination with the City Solicitor as appropriate, whether any pay adjustments are required. The initial review will begin with a structured representative sample of approximately 10 per cent of the Auditor General’s dataset of approximately 9,200 records, estimated at 900 to 1,000 transactions. The sample will be designed to include representation across divisions, employee groups, and time periods, with particular attention to higher-risk scenarios, including employees who exceeded occurrence thresholds where pay deductions may apply.

Each sampled transaction will be reviewed, in collaboration with divisional representatives where required, to validate whether the appropriate sick code was applied; whether the transaction represents a valid new occurrence under the existing policy; whether any override or exception applied, such as ongoing medical treatment, continuous absence, or approved managerial discretion; and whether pay deductions were correctly triggered or appropriately overridden. This approach recognizes the complexity of the data and the broader population of related transaction lines, while focusing review efforts on the highest-risk and most relevant transactions identified through the audit.

b) Determination of Need for Retroactive Review

The results from the initial sample review will inform whether a broader or retroactive review of Sick–New Occurrence transactions is required for prior periods, including since the inception of the Sick–New Occurrence Policy. This determination will consider the nature, frequency, and potential financial or operational impact of any discrepancies identified.

c) Communication, Training, and Guidance

In parallel with the transaction review, enhanced communication, training, and guidance will be provided to staff and supervisors to improve understanding of the Sick–New Occurrence policy, including appropriate use of sick codes and the application of exception approval requirements.

A training module previously developed to support People Leaders in managing short-term and long-term disability and sick leave processes will be finalized and rolled out across the organization, with targeted deployment by Q4 2026. Opportunities will also be explored to assess trends over time and support ongoing reinforcement of policy understanding and consistent application.

d) System Controls and Coordination with the Chief Technology Officer

Pension, Payroll and Employee Benefits will coordinate with the Chief Technology Officer to assess opportunities to strengthen system controls and automation, including option to improve validation when sick time is entered by staff.

The work will include continued advancement of the Sick Code Harmonization initiative which is intended to simplify and consolidate existing sick codes, enable stronger validation and controls over exceptions, and improve consistency across the organization. This work aligns with broader HR, payroll transformation and system modernization efforts expected to progress through 2027 subject to resourcing and funding.

Action Plan:

A phased, risk-based approach will be implemented beginning with the review of a representative sample of sick occurrence transactions to assess accuracy and determine whether pay adjustments are required. Findings from this initial review will inform whether further validation or broader retroactive review is necessary. Communication, training, and guidance will be enhanced to improve compliance with coding requirements and policy understanding. Existing reporting will continue to support divisional monitoring and follow-up. Longer-term improvements will be advanced through the Sick Code Harmonization Initiative to simplify coding structures and strengthen system controls.

Time Frame:

The initial representative sample review will be completed by the end of Q4 2026, with findings used to inform next steps in Q1 2027, including whether further validation or broader retroactive review is required.

Communications, training and support will be enhanced in parallel, with targeted rollout of the People Leader training module by Q4 2026. System controls and harmonization improvements will continue through 2027, subject to available resourcing and funding.

Recommendation 3: City Council request the Chief People Officer in coordination with relevant Division Heads, to:

- a. **Review the existing exemption lists for payment of overtime to non-union staff, and assess whether job codes described in the lists for payment of overtime to non-union staff remain appropriate in accordance with operational needs**
- b. **Develop procedures to ensure that these exemption lists are reviewed on a periodic basis**

- c. Review the job codes for non-union staff who are paid overtime and are not included in the exemption list as eligible to receive overtime pay, and assess whether this practice remains appropriate in accordance with operational needs.

Management Response: Agree Disagree

Comments/Action Plan/Time Frame:

To ensure continued alignment between overtime practices for non-union staff and evolving operational requirements, a structured review and governance framework reviewed beginning Q3 2026.

a. Review of Existing Exemption Lists

Beginning Q3 2026, a comprehensive review of the current exemption lists for overtime eligibility among non-union staff will be undertaken. This review will:

- Assess whether the job codes currently designated as exempt from overtime remain appropriate based on:
 - Operational needs
 - Nature of work performed
 - Managerial or professional responsibilities
 - Market and organizational practices
- Engage key stakeholders (legal, PPEB, Divisional leadership) to validate the business rationale for exemption status
- Identify any inconsistencies or outdated classifications and recommend adjustments

b. Development of Ongoing Review Procedures

By late Q4 2026, formal procedures will be established to ensure the exemption lists remain current and aligned with operational requirements. This will include:

- Implementation of an annual review cycle for overtime exemption lists
- Clear ownership and accountability within Total Rewards and/or People and Equity
- Development of a standard review framework, including:
 - Criteria for exemption eligibility (e.g., role scope, decision-making authority)
 - Documentation requirements for changes
 - Approval workflows
- Integration of exemption list reviews into broader job evaluation and workforce planning processes

c. Review of Non-Exempt Job Codes Receiving Overtime

As part of the exemption list review in Q4 2026, a focused assessment will be conducted on:

- Non-union job codes currently receiving overtime but not formally included in the exemption list
- Analysis will include:
 - Frequency and rationale for overtime payments
 - Alignment with job responsibilities and organizational expectations
 - Equity and compliance considerations

Recommendations will be developed to either:

- Formally include these roles in overtime eligibility frameworks where appropriate, or
- Adjust practices to align with intended exemption classifications

Recommendation 4: City Council request the Chief Financial Officer and Treasurer, in coordination with relevant Division Heads, to:

- a. Establish a formal process to ensure that work schedule updates entered in divisional timekeeping systems that interface with the City's payroll system are reflected accurately and in a timely manner and that periodic reconciliations are performed to confirm both systems are aligned**
- b. Implement monitoring controls to identify and promptly resolve schedule mismatches between the systems**
- c. Review the list of exceptions provided as a result of this report and determine whether any payroll adjustments are required.**

Management Response: **Agree** **Disagree**

Comments/Action Plan/Time Frame:

a) Formal Process for Schedule Updates and Reconciliation

Pension, Payroll & Employee Benefits (PPEB) will work with relevant divisions, including Toronto Fire Services, to strengthen processes that support the timely and accurate reflection of work schedule updates from divisional timekeeping systems into the City's payroll system.

This work will include reinforcing expectations for maintaining accurate schedules in source systems and supporting improved reconciliation practices through enhanced reporting, increased visibility and clearer Divisional oversight through the remainder of 2026 and into 2027.

b) Monitoring Controls and Exception Management

Pension, Payroll & Employee Benefits will enhance reporting and exception flagging to support divisional review and timely identification of schedule mismatches between systems.

This includes reviewing identified sample discrepancies and developing targeted reporting to help divisions proactively monitor, validate and manage exceptions. Divisions will remain responsible for confirming schedule changes within their operational context and resolving exceptions where operational information is required

c) Review of Exceptions and Payroll Adjustments

Pension, Payroll & Employee Benefits will coordinate a review of specific exceptions identified through this report to determine whether discrepancies are valid based on operational context, such as shift changes, training assignments, modified duties or other approved scheduled changes

Where the review confirms a discrepancy resulted in an incorrect payroll outcome, in consultation with the division, the appropriate adjustment will be initiated.

Long-Term System Transformation

Over the longer term, these challenges are expected to be significantly mitigated through the transition to a modern cloud-based workforce management solution that will be implemented on a phased basis through to 2030.

The solution is intended to serve as a single, integrated system of record for scheduling, timekeeping, and attendance, replacing fragmented systems and manual processes. The platform will introduce rules-based controls, real-time updates, and improved system integration, reducing reliance on manual reconciliation and minimizing the risk of discrepancies.

Action Plan:

PPEB will implement a phased approach focused on strengthening reporting, reconciliation practices, and exception management to support divisional oversight of schedule alignment between systems. This includes collaboration with divisions, such as Toronto Fire Services, to validate schedules, review identified discrepancies and develop targeted reporting to support ongoing monitoring. Immediate efforts will focus on improving visibility and enabling timely review of exceptions, while reinforcing expectations for maintaining accurate data in source systems.

Time Frame:

Enhancements to reporting, exception flagging, and reconciliation support will be implemented through the remainder of 2026 and into 2027. Review of the exceptions identified through this report, including determination of any required payroll adjustments, will be completed as part of this phased approach.

Appendix 2: Toronto Fire Services Division – Management Comments

1. Staff Overtime

Between 2023-2025, Toronto Fire Services (TFS) experienced significant staffing challenges, resulting from high numbers of daily operational vacancies from:

- Backlog of complement vacancies due to prior recruitment suspensions in previous years
- WSIB-approved occupational illnesses and/or injuries
- Legislated leaves – maternity and parental
- Staff unable to return to their regular duties (modified duties or work restrictions)
- Accommodation for employees working beyond age 65
- Significant numbers of special events that require the allocation of embedded, on-duty resources
- New recruits in training that are not yet operational on fire trucks, creating a further gap captured in the vacancies

In addition, 41% of the TFS workforce is eligible to retire within the next five years and is expected to place additional pressure on daily operational vacancies and exacerbate existing staffing challenges.

The use of callback overtime to maintain the Council-approved service levels for fire protection emergency response is required to address the daily on-duty staffing shortfalls. Without callback overtime, the number of staff away from the workplace would result in approximately 25 fire trucks being out of service each day – nearly one-fifth of the 125 City Council-approved fire trucks. City Council approval would be required for this level of service reduction, pursuant to the *Fire Protection and Prevention Act*.

TFS has seen an escalation of overtime costs related to training, driven primarily by two factors: higher numbers of recruit cohorts, and provincial legislation mandating training and certification for all staff. Similar pressures are experienced within the Communications division, where Call Takers/ Dispatchers require overtime coverage due to shift schedules, training requirements, and backfilling needs, further contributing to the overall overtime demand.

As noted in the 2022, 2023, 2024, and 2025 Budget Notes, TFS struggles with a high number of vacancies in the Operations Division, resulting in the continued need to run double recruit classes of 100-104. Accommodating these large class sizes required a special training schedule that relied on instructors working overtime, which extended daily from 6:00 a.m. to 11:00 p.m.

Ontario Regulation 343/22: Firefighter Certification requires all firefighters to be trained and certified to National Fire Protection Association's (NFPA) standards by 2026 to deliver specific fire protection services, including emergency call taking and dispatching, firefighting operations, fire inspections, specialized rescues and hazardous materials responses. Failure to complete training by July 1, 2026, and July 1, 2028, deadlines would result in TFS having to withdraw staff from trucks, further reducing service delivery.

TFS has implemented a range of measures to mitigate the impacts of these vacancies and will continue to advance solutions to address ongoing staffing pressures. Key actions include seeking additional overtime funding through the 2027 budget process, while developing a long-term staffing strategy to maintain service levels and address operational impacts.

2. Staff absences – sick time including ill-dependent time

As noted in the 2023, 2024, and 2025 Budget Notes, Toronto Fire Services (TFS) has experienced a significant increase in WSIB-approved illness and injuries, with this trend expected to continue as occupational stress injuries (OSI) continue to rise.

Higher sick leave hours and costs are primarily driven by the nature of firefighting and a significant increase in workplace-related illnesses and injuries. WSIB-approved absences have risen substantially over time, due in part to an increase in occupational stress injuries, traumatic mental stress, and PTSD, which typically require longer recovery periods. Additional contributing factors include expanded presumptive legislation (which automatically recognizes certain firefighter illnesses as work-related), increased claim volumes, the high-risk nature of firefighting resulting in more severe and prolonged injuries, and greater exposure associated with increased hours worked, including overtime.

Mental health-related absences continue to be a key driver, as staff are regularly exposed to traumatic events and may require time away to access support. Broader occupational health risks, including exposure-related illnesses, have further contributed to overall absence levels and associated costs.

In response, TFS has implemented a comprehensive psychological health and wellness program to support staff resilience and recovery, recognizing that the wellbeing of our staff remains a critical priority and will require sustained investment. Key investments include the hiring of a full-time Staff Psychologist in 2022 and a second in 2026, providing clinical services, assessments, interventions, and referrals. TFS also delivers the Road to Mental Readiness (R2MR) program and operates both a volunteer Peer Support Team and a chaplaincy program. In addition, a range of boards and committees are in place to provide oversight, guidance, and ongoing focus on psychological health, wellness, and broader employee support.

Attendance is actively monitored through regular review of records, with ongoing follow-up and oversight to ensure timely and accurate implementation of the Attendance Management Program, with a focus on supporting employees while addressing attendance concerns. Investigations are also undertaken to address patterns of culpable absenteeism, including discipline where appropriate.

Firefighters face an elevated risk of occupational cancer due to exposure to carcinogenic contaminants. Ontario's presumptive legislation currently recognizes 19 types of cancer associated with firefighting, and the World Health Organization has classified occupational exposure in firefighting as a Group 1 carcinogen. TFS has made significant investments to reduce exposure risks and enhance decontamination practices.

While some recent improvement has been observed, pressures related to occupational stress, injuries and WSIB-related absences are expected to persist given the nature of the work. However, these combined measures are intended to support gradual and sustained improvements in attendance over time.

Appendix 3: Seniors Services and Long-Term Care Division – Management Comments

1. Staff Overtime

All long-term care homes across Ontario are required to have a staffing mix that provides an appropriate level of care and services. The City operates 10 long-term care homes. When an employee is absent from the workplace, planned or unplanned, the division is required to replace that individual in the majority of cases to maintain staffing ratios.

The division has approximately 300 permanent full-time vacancies – the majority of which are backfilled by part-time employees, however, the remaining shifts when needed, are in accordance with the Collective Agreement, offered to the employees according to seniority.

A new process is being introduced to limit the number of overtime shifts offered to staff to 3 shifts per week. Overtime is closely monitored by the Division's Finance section. A team including representatives from the division's Finance, IT, Staffing, Recruitment, and Employee Relations sections has commenced a process to review with each home its current staffing complement to determine if the home is appropriately staffed.

The comprehensive review of the division's staffing complement and filling of vacancies will result in a reduction of overtime and turnover of staff.

2. Staff absences

Absenteeism in the healthcare and social assistance sector remains amongst the highest of all Canadian industries, largely due to strenuous physical demands, exposure to infectious diseases and burnout. Statistics Canada reports that in 2025 for healthcare and social assistance workers the total days lost per worker in a year is 16.8 days.

The division restarted the Attendance Management Program in 2024 after a pause of several years as a result of the challenges of COVID. Absenteeism is monitored/tracked on a division-wide basis. Seniors Services and Long-Term Care utilizes an annual average of 10 days per year to determine if an employee will be placed in the Attendance Management Program – 2025 will be the third round of meetings with staff.

The division reviewed employees with over 500 hours of sick time and determined that all absences were supported. The division will continue to apply the Attendance Management Program and ensure that all absences due to illness/disability are medically supported and modified work, where appropriate, is offered at the earliest opportunity.

Appendix 4: Toronto Paramedic Services Division – Management Comments

1. Staff Overtime

Toronto Paramedic Services delivers 24/7 emergency medical care, which, together with annual increases in emergency call volumes (2-5%), healthcare system pressures, and the fundamental need for public safety, leads to higher overtime hours and costs, however, total overtime hours have declined slightly, year over year.

TPS delivers 24/7 emergency medical care, which naturally results in higher overtime hours due to the urgent and unpredictable nature of response to calls. To address this, management employs a formal overtime callout process that aligns with established practice. Additionally, Council adopted a multi-year staffing plan (MYSP) to increase staffing hours and reduce reliance on overtime.

TPS has implemented Determinant Based Response (DBR), a data-driven prioritization of 9-1-1 calls to support more efficient ambulance utilization.

Notably, the City of Toronto is one of the host cities for the FIFA World Cup 2026. With a forecasted increase in the number of visitors in the city, the demand for paramedics will likely increase, also leading to an increase in overtime for 2026.

2. Staff absences – sick time including ill-dependent time

The increase in total sick leave hours and estimated sick leave costs over the period can be attributed to several factors, such as:

- Toronto Paramedic Services (TPS) increased staffing in 2025, adding more Paramedics and Emergency Medical Dispatchers (EMDs)/Call Takers (CTs) compared to 2024. A larger workforce contributed to more sick hours overall.
- Post-pandemic burnout and fatigue also played a significant role, as staff who pushed through the pandemic years experienced cumulative physical and mental exhaustion by 2025, resulting in higher sick leave rates.
- Annual increases in call demand, typically ranging from 2-5%, have steadily raised the workload for frontline staff. This ongoing surge in service requests places extra strain on paramedics and EMDs/CTs, further heightening their risk of illness and contributing to more frequent use of sick leave.

TPS' Divisional Disability Management Unit has a renewed focus on timely follow-up with employees who are away from the workplace on sick leave and ensuring consistent application of the Attendance Management Program (AMP) across the Division. TPS has also updated its Psychological Health and Wellness Program to better support staff mental health.

TPS has also implemented changes to the meal break process for paramedics, reflecting a renewed commitment to ensuring staff have adequate downtime during their shifts. These efforts are anticipated to better balance paramedic workload and contribute to sick leave reductions. In addition, TPS offers training and educational opportunities for staff to support safety and wellbeing, including Situational Awareness & Violence Education (SAVE) and Road to Mental Readiness (R2MR).

TPS introduced a multi-year staffing plan (MYSP), which was adopted by Council in 2025. This plan increases staffing resources and is anticipated to reduce the workload for frontline staff, thereby

positively impacting sick leave use. Additionally, TPS has launched workplace health and wellness initiatives, such as the Promoting Activity Creates Energy (PACE) team, designed to enhance both the mental and physical health of staff. Management anticipates that these changes will contribute to overall improvements in sick leave trends.

Appendix 5: Parks & Recreation Division – Management Comments

Parks and Recreation is one of the City's largest operational divisions, delivering direct, daily services across parks, facilities, and community programs. The division operates extended service hours, responds to weather and emergency events, and maintains a significant frontline workforce in physically demanding roles. As a result, payroll-related metrics such as overtime, sick leave, standby, and mileage are influenced not only by management practices, but by the scale, nature, and expectations of service delivery.

1. Staff Overtime

Overtime in Parks and Recreation is closely tied to maintaining continuous frontline service delivery in the context of staff absences, vacancies, and operational demands.

- Frontline roles cannot be performed remotely and must be backfilled in real time to maintain service levels. As a result, absences in unionized positions, including sick leave, have a direct and proportionate impact on overtime requirements.
- In 2024 and 2025, higher-than-normal vacancies including hard-to-fill positions required additional overtime to maintain core services.
- Parks and Recreation responds to unplanned and weather-related events year-round. In 2025, extreme winter conditions and extreme heat events required redeployment of staff and increased overtime to support snow clearing, emergency response, and heat response programming.
- A portion of overtime is associated with planned and special events as well as permitted events where staffing costs are offset through revenues. These recoveries are not reflected as a reduction in gross overtime.

The division continues to actively manage overtime through targeted recruitment, improved workforce planning and operational adjustments. However, ongoing labour market challenges and hiring constraints are expected to sustain pressure on overtime levels in the near term.

2. Standby and Call-back payments

Standby and call-back usage in Parks and Recreation reflects the requirement to provide extended-hour and emergency-ready services across a large and geographically distributed system.

- The division operates a structured on-call system designed to ensure timely response while minimizing standby usage where possible, including 24-hour 365-day senior management coverage that is not compensated.
- Services often operate up to 16 hours per day, with expectations for rapid response to weather events, safety issues and service disruptions outside regular hours, requiring appropriate standby and call-back capacity.
- As service expectations evolve, including integration with 311 and real-time service response, demand for after-hours responsiveness is expected to increase.

The division continues to optimize scheduling and rotations to ensure standby is used appropriately while maintaining service responsiveness.

3. Staff absences – sick time including ill-dependent time

Sick leave trends in Parks and Recreation reflect workforce growth and the physical nature of the work.

- Increases in total sick hours align with significant growth in the division's full-time complement (growth of approximately 3% from 2023–2024 and 10% from 2024–2025).
- Many front-line roles in Parks and Recreation are physically demanding. Unlike administrative positions, these roles cannot be performed remotely when staff are ill or injured and must be backfilled to maintain service levels. This results in increased reliance on sick time coverage and overtime to ensure continuity of operations.
- Span of control and front-line supervision pressures also contribute to workplace stress and absence levels.

The division is strengthening attendance management practices in partnership with People and Equity, including improved monitoring of culpable absences and enhanced support for people leaders. While these actions are expected to improve consistency and oversight, overall sick leave levels are closely tied to workforce size and job characteristics, and material reductions are not anticipated without broader policy changes.

Appendix 6: Toronto Water Division – Management Comments

1. Staff Overtime, Standby and Call-back Pay

In Toronto Water, the primary objective of standby is operational readiness, resiliency, and risk mitigation for low-frequency but high-impact events. With respect to operational readiness, following amalgamation, Toronto Water shifted its approach to workforce management for overnights and weekends. The division moved from providing full-time staff to work these shifts, to employing the use of standby and on-call pay. This shift helped to greatly reduce salary and benefit costs across the division by reducing the number of full-time staff required for overnight and weekend shifts. This resulted in significant cost savings reducing the total cost of salary and benefits while increasing the cost of standby and on-call pay.

In many cases, the value of standby is measured by the organization's ability to respond rapidly when required, rather than the frequency of activation itself. Standby requirements for Toronto Water generally fall into two categories:

- Direct operational support for emergency situations where immediate response capability is critical.
- Indirect operational support for emergency situations that serve as secondary contingency supports where system failures or outages could have significant operational, environmental, regulatory or public impacts.

The modest changes observed in standby and call-back hours between 2023 and 2025 are attributable to a number of factors including operational requirements, staffing levels, weather-related events, infrastructure maintenance activities, emergency response needs, and collective agreement obligations associated with maintaining continuous 24/7 service delivery across Toronto Water operations. In addition, legislated requirements for overall responsible operators also contribute to the modest changes observed in standby and call-back hours.

Toronto Water is regulated by the Ministry of the Environment, Conservation and Parks and requires an Overall Responsible Operator and an Operator in Charge at all times when managing regulated activities (e.g., watermain breaks).

Standby staffing is provisioned to ensure operational readiness and rapid response capability for infrequent but critical events such as infrastructure failures, weather events, power outages, treatment process issues, and public safety or environmental incidents.

Management regularly reviews standby assignments and call-back activity through operational oversight, supervisory review, payroll monitoring, and periodic management reporting. Existing controls include:

- Review and approval of standby schedules by management
- Monitoring of call-back occurrences and associated overtime expenditures
- Assessment of staffing requirements based on operational risk and service continuity needs
- Evaluation of trends related to emergency response, equipment reliability, and operational workload
- Ongoing efforts to optimize staffing deployment and reduce unnecessary call-backs where operationally feasible

In addition, standby requirements are periodically reassessed during organizational reviews, operational planning exercises, and budget development processes to ensure alignment with service delivery requirements and operational risk tolerance. In recent years, adjustments to standby and on-call scheduling for night shifts have improved the alignment of resources with demand, enabling more efficient use of staff while ensuring timely response to overnight operational requirements.

Toronto Water will continue to evaluate opportunities to optimize standby provisioning and reduce standby-related costs where appropriate, while maintaining safe and reliable operations. Areas under ongoing review include:

- Improved scheduling and workforce planning practices
- Continued investment in automation, remote monitoring, and predictive maintenance technologies
- Operational process improvements aimed at reducing unplanned equipment failures and emergency response requirements
- Organizational and staffing reviews to align standby coverage with evolving operational needs and risk profiles
- An approximate \$1 billion/year capital improvement program that addresses aging infrastructure, reducing the need for emergency response and associated standby hours.

Management anticipates that standby utilization trends will likely remain relatively low overall, as standby coverage is fundamentally intended to provide contingency capacity for low-frequency but high-impact operational events. However, incremental improvements in operational reliability, technology, and planning may help moderate future growth in standby and call-back costs over time.

Appendix 7: Toronto Shelter & Support Services Division – Management Comments

1. Staff Overtime

Toronto Shelter & Support Services (TSSS) acknowledges the increase in overtime hours, costs, and the number of employees with higher levels of usage among a limited number of employees. These trends may reflect the need to maintain minimum staffing levels across an expanded, 24/7 shelter system, as well as increasing service demand and site operations. Overtime usage can also be influenced by staffing availability, including the need to backfill for sick leave, vacancies, and other unplanned absences.

According to the collective agreement, overtime is allocated to staff according to their seniority. This can result in overtime being concentrated among staff with higher levels of seniority and may contribute to higher individual overtime totals. Operational requirements may also fluctuate in response to external factors, including enhanced service responses during extreme weather events (e.g., cold weather and heat responses).

Overtime levels may also be influenced by workforce dynamics, including delays in recruitment processes, timing associated with corporate hiring controls, and internal staff movement. TSSS monitors overtime through regular reporting, financial oversight, and management review processes. The division has also implemented measures to support more effective scheduling and coverage, including encouraging frontline staff to schedule vacation time in advance of the calendar year to improve planning and identify periods of potential operational pressure.

2. Staff absences – sick time including ill-dependent time

TSSS acknowledges the increase in overall sick leave and in the number of staff with higher levels of absenteeism over the review period. These trends may reflect sustained operational pressures, as well as the continued expansion of the shelter system and associated workforce in response to increased demand. Between 2023 and 2025, TSSS staffing has increased by approximately 41% reflecting the significant growth in shelter operations required to respond to rising service demands. Growth in the number of frontline staff can contribute to higher aggregate sick leave hours and costs.

Shelter and street outreach operations involve 24/7 service delivery in environments that may be physically and emotionally demanding, which can be a contributing factor to absenteeism. TSSS is required to adhere to City corporate policies and procedures related to attendance management, including the administration of Short-Term Disability (STD) and Long-Term Disability (LTD). In some cases, absences initially recorded as sick leave may subsequently transition to STD or LTD, which may affect how sick time usage appears at a point in time.

TSSS monitors absenteeism through regular reporting and management oversight, including case-by-case review of higher absenteeism. This monitoring includes a performance management lens, where attendance concerns may be addressed through progressive management action in accordance with corporate policies and collective agreements. In certain circumstances, this has resulted in disciplinary outcomes, up to and including termination.

Additional efforts will be undertaken to further strengthen the consistent application of the Attendance Management Program across all staffing units, with a focus on reinforcing expectations,

improving oversight, and supporting appropriate and timely management of attendance-related matters. The division works with Human Resources and Occupational Health to support appropriate case management and administer sick leave in accordance with corporate policies, collective agreements, and legislative requirements.

Appendix 8: Transportation Services Division – Management Comments

1. Standby and Call-back payments

Variances in standby spending over recent years are driven by a combination of increased weather severity, expanded operational demand, and organizational growth. Winter seasons have become significantly more intense and prolonged, with snowfall levels more than doubling across all districts between 2023-2024 and 2025-2026, and plowing events increasing from 3 to 12 per season. This has resulted in more frequent and extended periods of elevated standby, including multi-week continuous activations.

Standby is a critical operational requirement that ensures the availability of staff to respond to weather events, emergencies, and service delivery needs on short notice. Historically concentrated in winter operations, standby has expanded to support year-round service demands. Recent weather seasons have shown a marked increase in severity and frequency of events:

- Snow accumulation has more than doubled across all service areas between 2023-2024 and 2025-2026.
- Plowing events increased from 3 to 8 to 12, indicating a substantial rise in operational activations.
- Elevated standby periods have become more frequent and prolonged, including continuous multi-week events (e.g., January-December 2025).
- Multiple major storm event declarations require sustained, full-scale operational readiness.
- Sidewalk clearing crew doubled from 105 to 250 positions from 2023-2025 reflecting the increased need for them during winter seasons to meet service levels.

The standby coverage has increasingly expanded beyond the traditional winter season, reflecting a growing need to support emergency response requirements throughout the year. In recent years, there has been a notable rise in off-season (non-winter) standby to address events such as forecasted flooding, urgent infrastructure issues, such as sinkholes, and other unplanned operational emergencies.

In terms of kilometre reimbursement, the number of staff eligible to submit expenses has increased by 66%, from 230 staff in 2023 to 382 staff in 2025, resulting in an increase between 2023-2025, from 196,187km to 343,200km. This included a significant increase in Traffic Agents. The increase in kilometre reimbursement was largely attributable to heightened training demands for the Traffic Agent program in response to recent legislative changes governing the program.

Appendix 9: Corporate Real Estate Management Division – Management Comments

1. Standby and Call-back payments

Corporate Real Estate Management (CREM) provides facility services to many City divisions that operate 24/7, including Toronto Police Services, Toronto Paramedic Services, Toronto Shelter & Support Services, among others, all of whom may require emergency services outside of regular business hours. After regular operating hours, CREM has a rotating roster of Facility Management, Security, and Safety & Compliance staff on standby to manage all after-hours emergency service requests.

Standby hours are consistent across the last three years. Call-back hours can fluctuate depending on a number of factors, such as equipment condition and failures, the number and severity of security incidents, and generally the growing age of our building portfolio.

A structured rotating standby schedule is implemented that assigns on-call responsibilities to supervisors and managers in a fair and consistent manner. CREM actively monitors standby and call-back hours. Reductions in standby and callback hours in CREM's Corporate Security and Safety & Compliance teams would pose a significant risk to the City and the critical operations of the divisions we serve.

Appendix 10: Technology Services Division – Management Comments

1. Standby and Call-back payments

Technology Services Division (TSD) requires standby and call-back to sustain the continuous (24/7) delivery of mission-critical public services, including digital services, incident response, infrastructure operations, and event-based support. TSD’s operating model is designed around tiered on-call coverage and extended service hours to meet defined service level agreements (SLAs) for system availability and incident resolution—requirements that cannot be met within standard business hours alone.

This approach of having staff on standby and call-back when needed supports fiscally responsible workforce management while ensuring service reliability. This model is consistent with industry-standard IT operations for high-availability environments and is governed by established City policies and operational controls to ensure appropriate oversight, accountability, and value for money, while ensuring reliable delivery of critical public services to residents and City operations.

Appendix 11: Employment and Social Services Division – Management Comments

1. Staff absences – sick time including ill-dependent time

Sick hours have increased compared to the pandemic period (2021), when most employees were working remotely; however, levels remain below pre-pandemic rates when work was fully on-site.

While 2022 reflects a spike in absence as part of a post-pandemic rebound from historically low levels in 2021, it does not represent a sustained trend. From 2023 onward, total absence days have increased year over year; however, the divisional average remained relatively stable between 2023 and 2024, indicating that the increase in 2024 was largely driven by workforce growth.

The increase in 2025 reflects a rise in both total days and the divisional average, indicating a gradual upward shift in attendance patterns. This increase is also consistent with a rise in longer-duration absences, including a higher number of employees transitioning to long-term disability.

Following the introduction of a 50% in-office model in April 2023, accommodation requests have also increased. Together, these trends provide context for factors that may be contributing to higher sick hours observed post-2021.

Program and Policy Factors

- The volume and complexity of accommodation requests have increased, which can impact attendance where requests cannot be fully met.

Frontline Work Environment

- Post-pandemic societal conditions, along with newer staff working with complex client needs, have created a more demanding work environment. This may contribute to an increase in sick hours.

Long-Term Disability (LTD) Trends

- LTD approvals have increased significantly in 2023-2025 when compared with 2021-2022.
- Employees typically use a significant amount of sick leave before transitioning to LTD, which increases total sick hours and divisional averages.

Workforce Demographics

- Approximately 43% of employees are aged 50+, and while absence frequency may not increase significantly with age, duration typically does due to chronic health conditions, contributing to higher overall sick leave usage.

Mental Health Trends

- An increase in longer-duration absences has been observed among employees with higher sick leave usage.
- While specific reasons for absence are not collected, this trend is consistent with broader workforce data indicating an increase in mental health conditions, including anxiety and depression, and related leave following the COVID-19 pandemic.

Management Attendance Monitoring and Early Intervention

- Ongoing monitoring of absenteeism through the Attendance Management Program.

- Early, supportive engagement with employees to address attendance patterns and identify appropriate support.
- Referrals to Employee Health & Wellness, where appropriate.
- Regular supervision and proactive case management.

Accommodation and Return-to-Work Supports

- Individualized accommodations and graduated return-to-work plans to support both continued employment and reintegration following absences.
- Adjustments to duties, workload, and work arrangements are implemented in collaboration with Employee Health & Wellness, Disability Management, Local 79, and the Human Rights Office.
- Promotion of supports, including the Employee Assistance Program (EAP) and health services, to support employee well-being.

**AUDITOR
GENERAL**

TORONTO