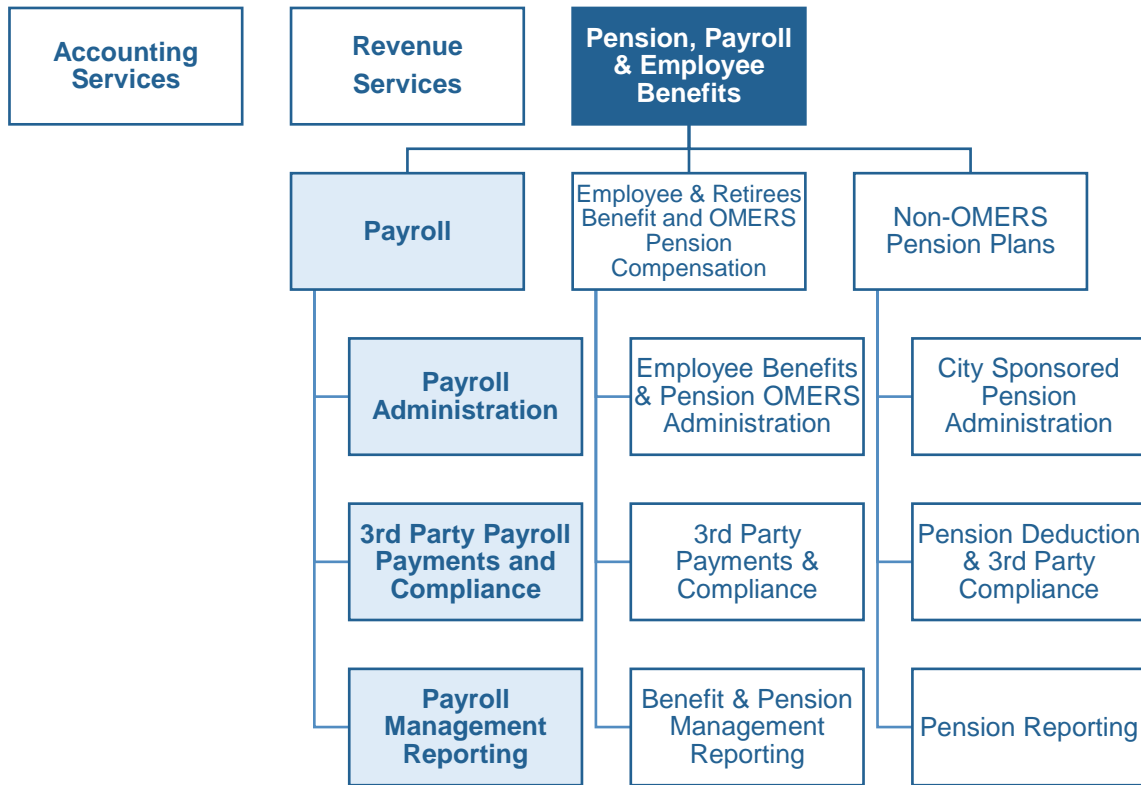


PAYROLL SERVICES

PROGRAM MAP

Office of the Treasurer



Shaded boxes reflect the activities covered in this report

The objective of Payroll Services is to ensure that employees are paid accurately and on time with the correct employee withholding and deduction amounts and City contributions remitted within specified timeframes.

SUMMARY OF PERFORMANCE MEASUREMENT RESULTS

Question	Indicator/Measure	Internal Comparison of Toronto's 2016 vs. 2015 Results	External Comparison to Other Municipalities (MBNC) By Quartile for 2016	Chart & Page Ref.
Customer Service Measures				
How often do manual payroll payments have to be issued?	Number of Off-Cycle Manual Payments per Payroll FTE – (Customer Service)	Increase Number of manual payments increased in 2016	2 Lower rate of manual payments compared to others	24.1 24.2 pg 4/5
How often do manual payroll payments have to be issued?	% of all Payroll Payments that are Manual Payments – (Customer Service)	Stable Percentage of manual payments is low and stable	N/A	24.1 pg. 4
Efficiency Measures				
What does it cost to process a payroll cheque or direct deposit?	Operating Cost per Payroll Direct Deposit and Cheque – (Efficiency)	Stable Cost per cheque / deposit was stable	3 Higher cost per cheque / deposit compared to others	24.3 24.4 pg. 5/6
How many cheques or direct deposits are processed by each payroll employee?	Number of Payroll Direct Deposits and Cheques per Payroll FTE – (Efficiency)	Increase Number of cheques / deposits per FTE increased	2 Higher number of cheques / deposits per FTE compared to others	24.5 24.6 pg. 6/7
Overall Results	Service Level Indicators (Resources)	Performance Measures (Results)	Service Level Indicators (Resources)	Performance Measures (Results)
	N/A	<div style="display: flex; justify-content: space-between; font-size: 8px;"> 1 - Favorable 2 - Stable 1 - Unfavorable </div> <p style="font-size: 8px; margin-top: 5px;">75% favorable or stable</p>	N/A	<div style="display: flex; justify-content: space-between; font-size: 8px;"> 0 - 1st quartile 2 - 2nd quartile 1 - 3rd quartile 0- 4th quartile </div> <p style="font-size: 8px; margin-top: 5px;">66% in 1st and 2nd quartiles</p>

For an explanation of how to interpret this summary and the supporting charts, please see the Guide to Toronto's Performance Results. These quartile results are based on a maximum sample size of 15 municipalities.

CUSTOMER SERVICE

Municipalities strive to process all payroll direct deposits and cheques during regular payroll cycles, to minimize inconveniences to employees. Making manual payments (cheques or direct deposits) that are outside the normal payroll cycle is very inefficient. Off-cycle manual payments include payments for adjustments and reversals that result in a change to net pay. They can provide some indication of the accuracy and timeliness of payroll processes.

24.1 – HOW OFTEN DO MANUAL PAYROLL PAYMENTS HAVE TO BE ISSUED IN TORONTO?

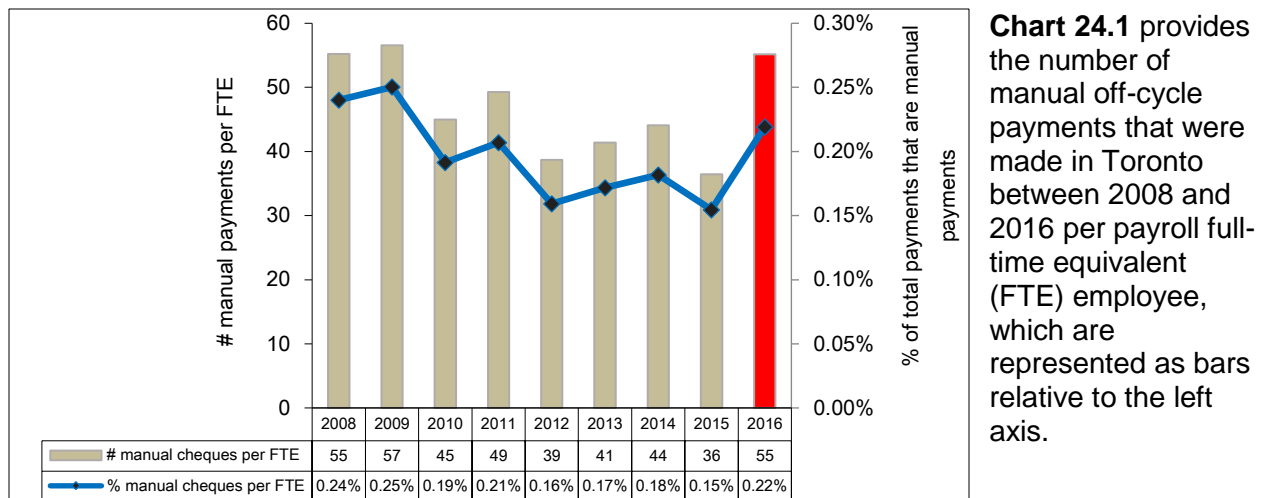


Chart 24.1 (City of Toronto) Number of Off-Cycle Manual Payments per Payroll FTE and % of all Payroll Payments that are Manual Payments

The number of manual cheques per FTE increased significantly in 2016. This could be attributed to significant increase in administrative errors by divisions/users and shortfall of payroll processing staff due to deployment of experienced staff to work on various capital projects. In 2016 these manual payments represented only 0.22% of all payments made, reflected as a line graph relative to the right axis.

24.2—HOW DOES TORONTO'S RATE OF MANUAL PAYROLL PAYMENTS COMPARE TO OTHER MUNICIPALITIES?

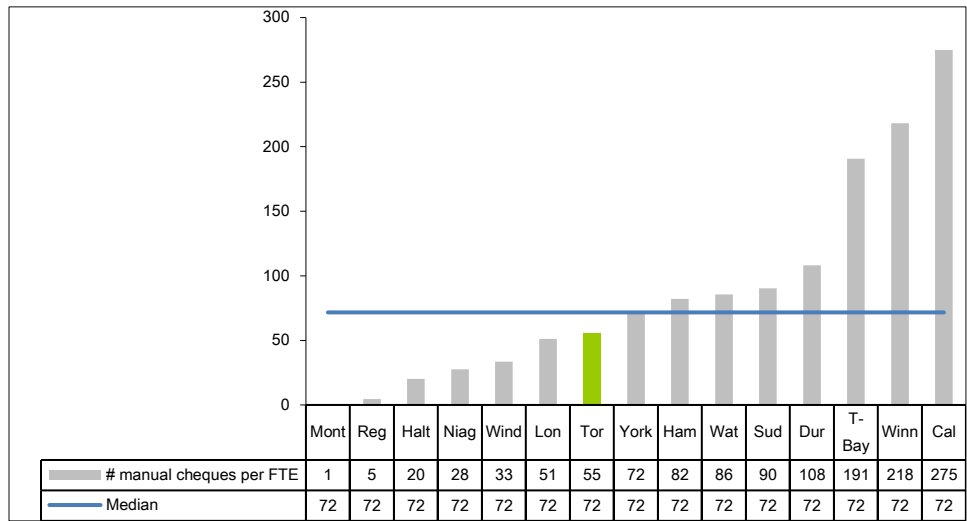


Chart 24.2 compares Toronto's 2016 results to other municipalities for the number of off-cycle manual payments per payroll FTE.

Chart 24.2 (MBNC 2016) Number of Off-Cycle Manual Payments per Payroll FE

Toronto's ranks seventh of fifteen municipalities (second quartile) in terms of having the lowest rate of manual payments.

EFFICIENCY

Charts 24.3 to 24.6 provide information on two different measures of payroll efficiency and productivity: (1) the payroll operating cost to process a direct deposit or cheque; and (2) the number of payroll direct deposits and cheques that are processed by each full time equivalent (FTE) payroll employee.

24.3 – WHAT DOES IT COST TO PROCESS A PAYROLL CHEQUE OR DIRECT DEPOSIT IN TORONTO?

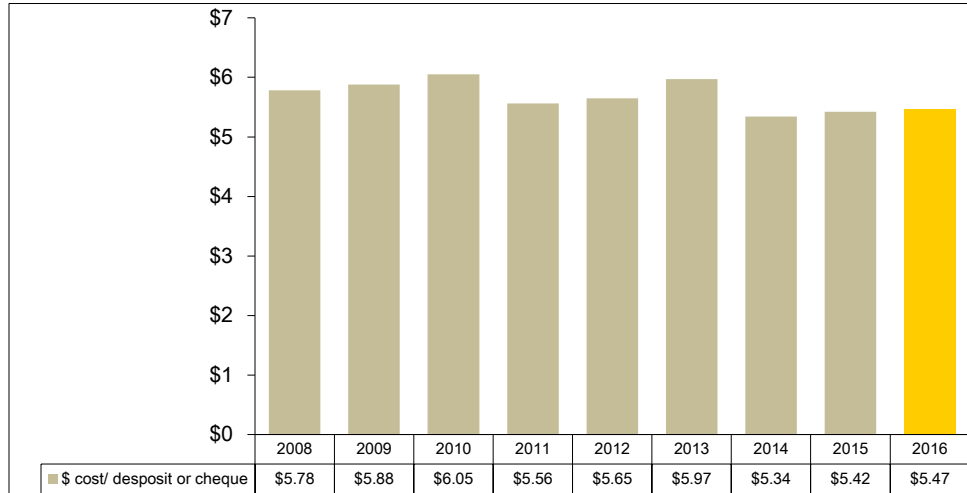


Chart 24.3 provides Toronto's operating cost per payroll direct deposit or cheque from 2008 through 2016. The graph shows that costs remained stable in 2016.

Chart 24.3 (City of Toronto) Operating Cost per Payroll Direct Deposit and Cheque

24.4—HOW DOES TORONTO'S COST TO PROCESS A PAYROLL CHEQUE OR DIRECT DEPOSIT COMPARE TO OTHER MUNICIPALITIES?

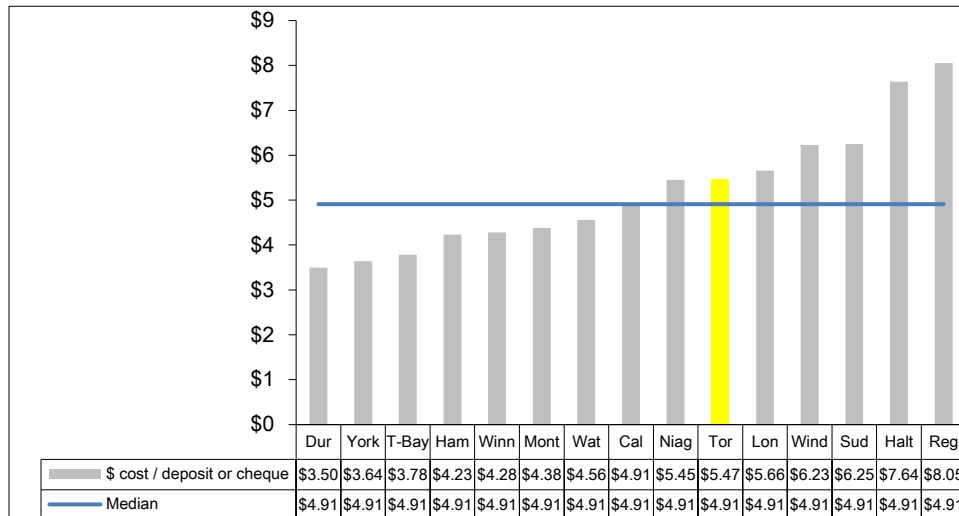


Chart 24.4 shows 2016 information for Toronto and other municipalities on the operating cost per payroll direct deposit or cheque.

Chart 24.4 (MBNC 2016) Operating Cost per Payroll Direct Deposit and Cheque

In relation to other municipalities, Toronto's 2016 cost per direct deposit or cheque ranks tenth of fifteen (third quartile) municipalities.

24.5—HOW MANY CHEQUES OR DIRECT DEPOSITS ARE PROCESSED BY EACH PAYROLL EMPLOYEE IN TORONTO?

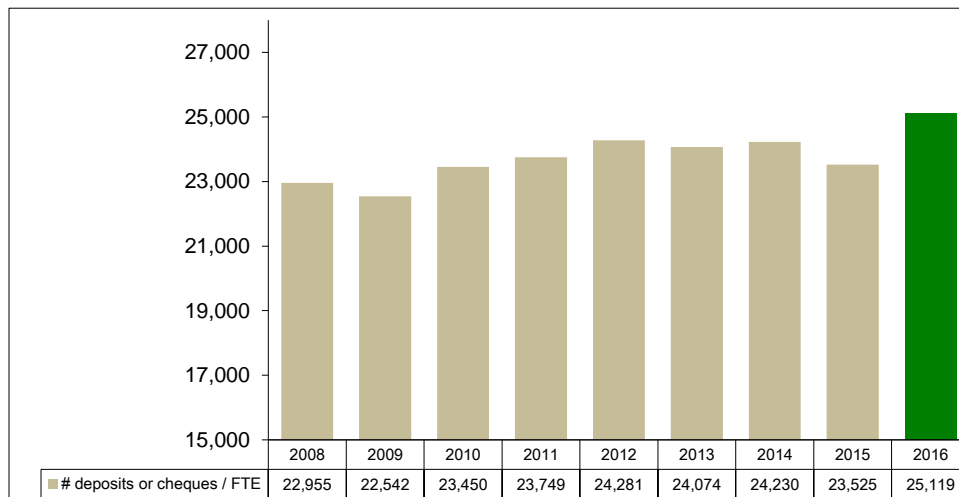


Chart 24.5 provides the number of direct deposits and cheques, (including manual cheques) that were processed from 2008 through 2016 per payroll FTE. In 2016 there was an increase in the results due to significant increase in administrative errors by divisions/users and shortfall of payroll processing staff due to deployment of experienced staff to work on various payroll related capital project.

Chart 24.5 (City of Toronto) Number of Payroll Direct Deposits and Cheques per Payroll FTE

24.6 – HOW DOES THE NUMBER OF CHEQUES OR DIRECT DEPOSITS PROCESSED BY PAYROLL EMPLOYEES IN TORONTO COMPARE TO OTHER MUNICIPALITIES?

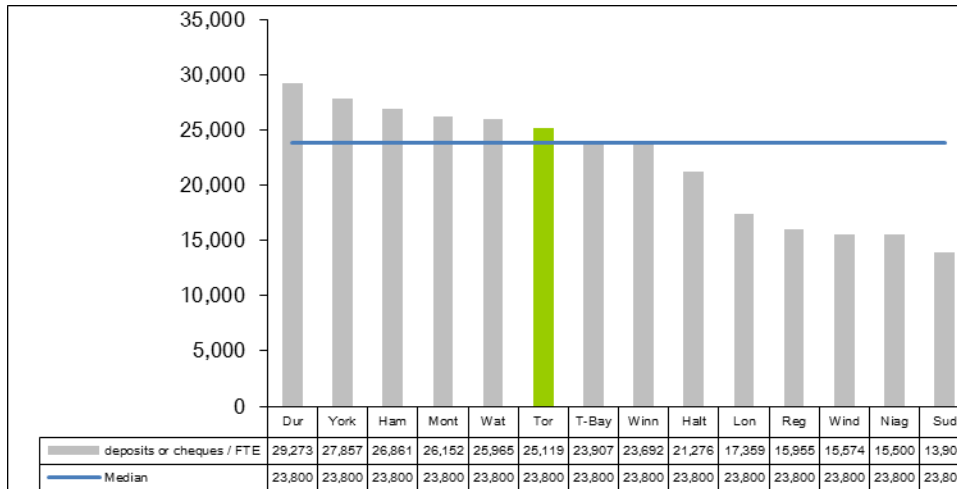


Chart 24.6 compares the number of payroll direct deposits and cheques per payroll FTE in Toronto to other MBNC municipalities.

Chart 24.6 (MBNC 2016) Number of Payroll Direct Deposits and Cheques per Payroll FTE

Toronto ranks sixth of fourteen (second quartile) in terms of having the highest numbers of direct deposits and cheques (including manual cheques) processed per payroll FTE.

2016 ACHIEVEMENTS AND 2017 PLANNED INITIATIVES

The following initiatives have improved or are expected to further improve the efficiency and effectiveness of the Payroll, Pension and Employee Benefits Division:

2016 Initiatives Completed/Achievements

- Implementation of an updated SAP eTime – Time Entry/Recording system across the City and implemented a eTime – Scheduling system for Recreation (PF&R) and Toronto Paramedic Services.
- Implemented all salary and benefit changes in accordance with the Memorandum of Settlements for Local416 and Local 79.
- Facilitated the joint RFP process for new benefits carrier in partnership with TTC and Toronto Police Services Board (TPSB) resulting in the awarding of the Extended Health Care and Dental Benefits to a new carrier, Green Shield Canada, and the awarding of the LTD and Insured Benefits to the current incumbent Manulife. Successfully transitioned the change in benefit carrier for approximately 25,000 active employees and approximately 10,000 retirees for January 1, 2017 implementation.

2017 Initiatives Planned

- Continue upgrades to Payroll Systems & Technology Platforms such as Employee Self Service Portal/ Management Self Service Portal (ESS/MSS)
- Continue to implement the time, attendance and scheduling system (eTIME) for other divisions in the City and its agencies. The eTIME system was rolled out to Parks, Forestry & Recreation (PFR) in November 2016, with roll out to Toronto Paramedic Services scheduled for February 2017.

Factors Influencing the Results of Municipalities

The results of each municipality included in this report can be influenced to varying degrees by factors such as:

- Organizational form: centralized versus de-centralized nature of time and data entry. Costs related to time and data entry have been excluded for comparability. Any costs associated with benefits administration and employee master data maintenance/administration have been excluded from these results and included in those of Human Resources for benchmarking purposes.
- Policy and practices: provision of this service in-house vs. contracted and differences in payroll structure and responsibilities.
- Processes: differences in the number of pay periods (e.g., weekly versus bi-weekly, requirements for multiple pay schedules for various groups within the organization).
- Staffing mix: salary vs. hourly rate and/or part-time vs. full time employees and the associated level of support required.
- Number of union contracts: the number of unions, contract settlements resulting in retroactive payments, complexity of the collective bargaining agreement terms and corporate policies may be a factor in the creation of replacement cheques and demand for service.