



CITY OF HAMILTON
CITY MANAGER'S OFFICE
Audit Services Division

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	May 11, 2015
SUBJECT/REPORT NO:	Audit Report 2014-08 - Absenteeism (AUD15017) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Ann Pekaruk 905-546-2424 x4469 Brigitte Minard 905-546-2424 x2088 Ashley Frank 905-546-2424 x3830
SUBMITTED BY:	Brigitte Minard Acting Director, Audit Services City Manager's Office
SIGNATURE:	

RECOMMENDATION

- (a) That the Management Action Plans as detailed in Appendix "A" of Report AUD15017 be approved; and
- (b) That the City Manager, Executive Director of Human Resources and Organizational Development and the General Manager of Finance and Corporate Services be directed to instruct the appropriate staff to have the Management Action Plans (attached as Appendix "A" to Report AUD15017) implemented.

EXECUTIVE SUMMARY

The 2014 Internal Audit work plan approved by Council included an audit of Absenteeism. Effective monitoring and management of employee attendance is critical to reducing the direct and indirect cost associated with absenteeism in the workplace.

The audit focused on short term absences in all City departments (excluding Hamilton Public Library and Hamilton Police Services). The audit assessed whether this type of absenteeism is effectively monitored and managed. The utilization of the Attendance Support Program (ASP) and the adequacy of management training to manage absenteeism were also evaluated.

The results of the audit are presented in a formal Audit Report (2014-08) containing observations, recommendations and management responses. Audit Report 2014-08 is attached as Appendix "A" to Report AUD15017.

Alternatives for Consideration –Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS (for recommendation(s) only)

Financial: The implementation of the recommendations may produce some savings if a fair and more consistent approach to managing absenteeism results in a reduction in absenteeism and related costs. However, an amount cannot be reasonably estimated at this time.

Staffing: None.

Legal: Human Resources disagreed with three recommendations due to their interpretation of the *Employment Standards Act*.

HISTORICAL BACKGROUND (Chronology of events)

The audit was scheduled as part of the 2014 Internal Audit work plan approved by Council. The audit fieldwork was completed in August to December 2014. The results of this audit are attached as Appendix “A” of Report AUD15017.

The Audit, Finance and Administration Committee receives and approves final audit and review reports as part of its responsibilities for the oversight of governance and control.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

- Employment Standards Act, 2000 (Ontario)
- Attendance Support Program Policy

RELEVANT CONSULTATION

Appendix “A” to Report AUD15017 includes action plans which reflect the responses of management responsible for the administration of the Attendance Support Program in the Human Resources Division of the City Manager’s Office Department. Responses were also provided by management in the Information Technology and Finance, Administration and Revenue Generation Divisions in the Corporate Services Department, as applicable.

**ANALYSIS AND RATIONALE FOR RECOMMENDATION
(Include Performance Measurement/Benchmarking Data if applicable)**

The focus of this audit was to assess management’s monitoring of employee absences and the use of the Attendance Support Program (ASP) and short-term disability provisions. Short-term disabilities, a period of disability resulting from illness/non-occupational injury, include absences of less than 1 day up to 130 days and are categorized as either incidental or significant sick absences.

- **Incidental** sick absences are those that are less than six days and are managed primarily by the employee’s supervisor.

- **Significant** absences are those that are six days up to 130 days, require medical claim forms and are additionally managed by Return to Work Services (RTWS) staff.
- **Modified Sick** absences are for those employees who are involved in graduated return to work programs and are paid for partial sick days.

The City has implemented a corporate wide Attendance Support Program and other initiatives to monitor and manage employee attendance. While several initiatives have been undertaken and new technologies have been employed, more work remains to be done.

During the audit, several opportunities for improvement were identified. Among the recommendations noted in Appendix "A" of Report AUD15017 are:

- Raise a stronger, more extensive awareness of the HRBIT and the various reports and their use by those with absence monitoring and management responsibilities;
- Expand absenteeism reporting to include all employees and short term absences, whether covered by an income protection plan or not;
- Reinforce consistency and compliance in the application of an ASP (including documentation practices and time frames for conducting attendance reviews);
- Train all appropriate staff responsible for overseeing employee absenteeism in Disability and Attendance Management to a set target performance measure level;
- Conduct a re-evaluation of the ASP to ensure it addresses the concerns identified in the structured interviews conducted by Internal Audit;
- Develop a corporate emergency leave policy/procedure that ensures emergency leave days are tracked in overall employee attendance; and
- Automate departmental absence reporting into PeopleSoft HR to reduce inefficiencies of manual processing through multiple hands.

A total of 33 recommendations were made. Management and staff agreed with 27, partially agreed with two, disagreed with three recommendations and HR will review the feasibility of one recommendation and report their findings by the end of 2015. The implementation of many recommendations is estimated to be completed by the end of 2015, with several longer term items having expected completion dates in 2016. Specific action plans can be found in the attached Audit Report (Appendix "A" to Report AUD15017).

Addressing the recommendations in this report will result in improved management of employee attendance, reduce the risk of potential misuse of sick absences and short

term disability provisions and reduce the overall costs related to absenteeism in the City.

Audit Services conducted this audit in conformity with the *International Standards for the Professional Practice of Internal Auditing*. These standards require that Audit Services plan and perform the audit to obtain sufficient, appropriate evidence to support the findings and conclusions based on the audit objectives. Audit Services believes that the work performed provides a reasonable basis for the audit findings and conclusions.

ALTERNATIVES FOR CONSIDERATION

(Include Financial, Staffing, Legal and Policy Implications and Pros and Cons for each alternative)

Not applicable.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

- 3.3 Improve employee engagement.
- 3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report AUD15017

bm:ah