

Town of Markham Auditor General Report

Presented on October 5, 2009

Presented To: General Committee

Presented By: Ingrid Kutter, Auditor General

Agenda

- Audit Work Plan Status
- Overtime and Attendance Management Audit Report
 - Questions answered by the audit (objectives)
 - What was looked at (scope)
 - How the audit was done (methodology)
 - What was found (conclusion)
 - Next steps (key findings and action plans)

Audit Work Plan Status - 2009

Planned Audit Project	Status
Procurement Process	Complete
Operations (maintenance of parks, roads, signs)	In progress
Attendance Management	Reporting
Construction Contract Project Management - Centennial	Reporting
**Construction Contract Project Management	Planning

**** extended scope of the audit to further projects**

Overtime & Attendance Audit

Questions answered by the audit

- Adequacy of the management framework, practices and controls to ensure staff attendance and overtime is:
 - compliant with legislation, collective agreements, By-laws and Human Resource policies
 - properly authorized and accurately recorded
 - managed in an efficient manner
 - effectively monitored using reliable management information to identify exceptions and measure outcomes

What was looked at

- Attendance management process
 - Town wide process for vacation, sick, and personal time taken
 - Includes all departments
 - Includes Fire and Library whose processes are non standard
- Overtime Paid
 - Town wide process
 - Focus on departmental practices for some high users of overtime
 - Fire; Operations (Parks and Roads)

Absences under the long term disability plan are excluded from the scope of this audit.

How the audit was done

- Review of documentation such as policies and collective agreements
- Benchmarking
- Interviews with town staff
- Survey of 30 town staff
- Walkthroughs of the process
- Examining files, records and supporting documents, sample testing
- Extracting data from information systems and subsequent analysis

What was found

- The policy framework, practices, and controls to effectively and efficiently manage attendance and overtime need improvement.
- People managers did not have sufficient reliable and meaningful management information to manage absenteeism and overtime use.
- Although there were no identified widespread abuses of sick time or overtime, there is a need to monitor and actively manage the rising trends.

What was found

Fire Services continually exceeded their people budget with higher than expected overtime and lower salary costs. The large number of staff vacancies in 2008 and 2009 increased reliance on overtime to cover both the vacancies and sick absences. The current staffing model needs to be reviewed, the budgeting process clarified, overtime drivers monitored and attendance program strengthened.

Attendance Management - Background

- Average sick days is consistent with public sector data but higher than private sector. Sick leave has been increasing.
- No formal attendance management program in place
 - roles, responsibilities, target rates, monitoring, benchmarking, and staff assistance strategies

High sick leave users

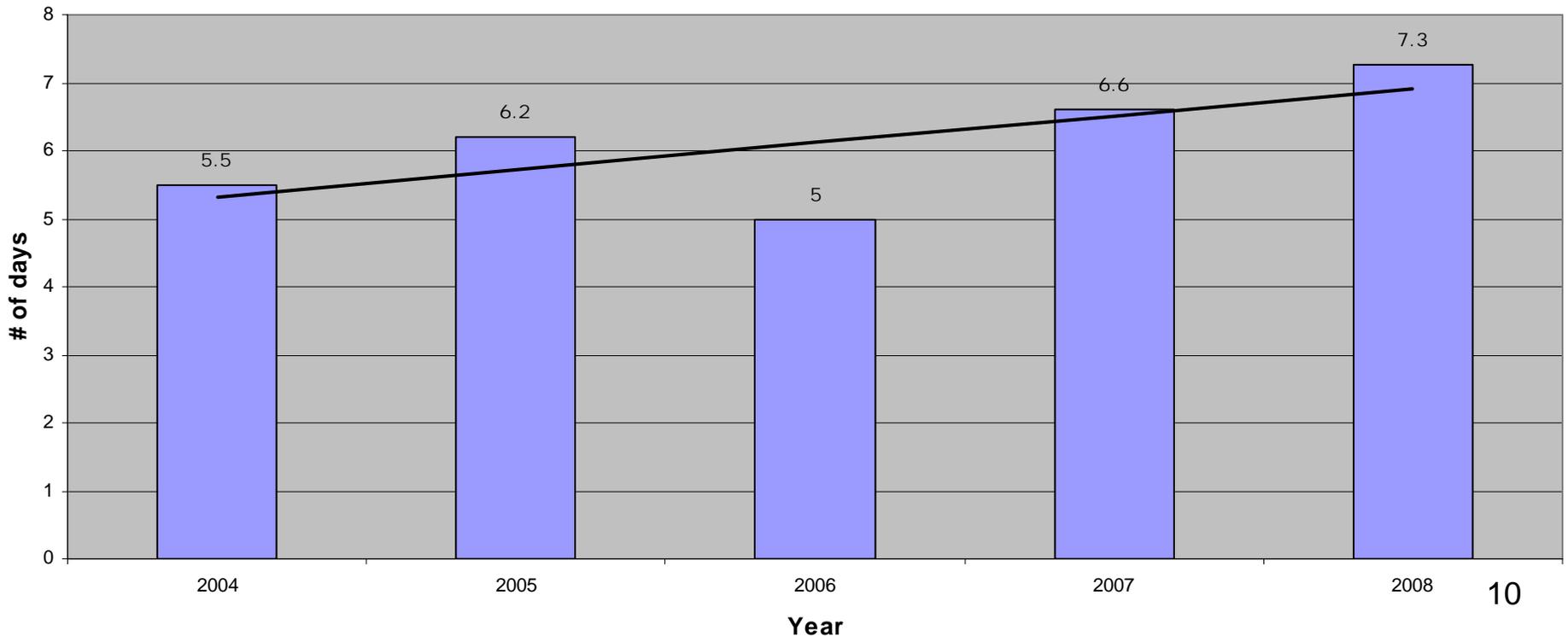
- In 2008 approximately 12 % of full time staff booked over 10 sick days.
- Instances noted where sick benefits were paid without the required medical certificates for staff with excessive occurrences
- Fire Services average sick days were higher than the Town average and increasing. Approximately 27% of fire staff had over 10 sick absences.

Average sick days are increasing

Town of Markham

The Town's average short term sick days taken by full time employees is steadily increasing. The highest users of sick time in 2008 were Roads (with 17.8 days).

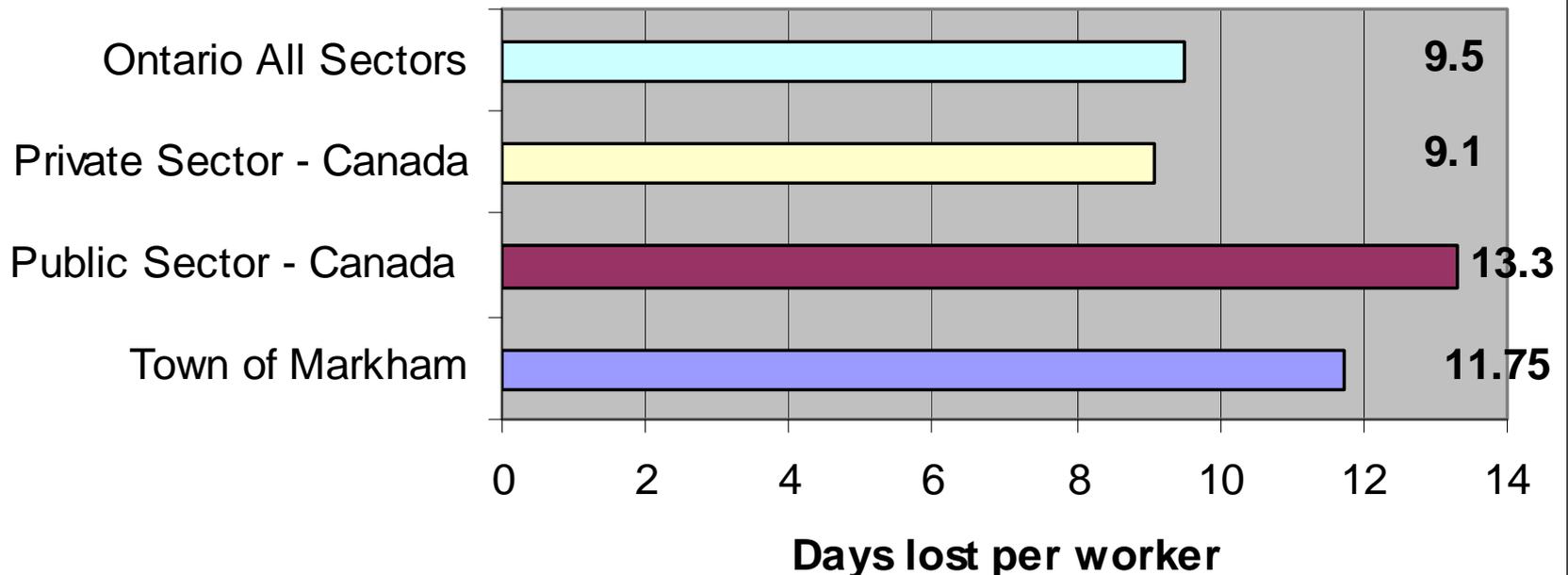
Average sick days per employee by Year



Benchmarking - Stats Canada

Exhibit 2

Work Absence Rates - 2008 External Benchmarks



Personal leave definition: Includes medical appointments, short term and long term absences, family responsibilities, excludes maternity leaves

Overtime - Background

- Almost all departments exceeded their overtime budget, but still met their people budget (salary and overtime combined), except for Fire Services.
 - Actual overtime expenditures in 2008 more than doubled the budget but were generally offset by staff vacancies netting an overage of approximately \$600,000, mainly attributable to Fire Services.
- Four departments accounted for 82% of the overtime spend.
 - Fire Service more than doubled overtime spend since 2006.
 - The other three high users of overtime increased overtime spend since 2006 by 35% on average.

Overtime – Fire Services

- Staff vacancies strained the staffing model driving higher than expected overtime. For the last 5 years overtime and salary costs exceeded budget.
- Overtime costs incurred every pay period in 2008.
- The number of times staff was called in for overtime has been increasing.
- Overtime distributed among all fire staff; 25% of fire staff earned over \$10,000 to a maximum of \$23,000.
- Controls were satisfactory to ensure sick calls are received timely, logged, and overtime decision approved.

Themed Recommendations

- Implement Attendance Management Program
- Medical Certificates – clarify responsibility and improve management reports
- Process Inefficiency – explore options to automate and align with information management strategy
- Overtime – Policy development, improve data capture and analysis, strengthen approvals and reviews
- Fire Services – Update staffing model, analyse overtime drivers, strengthen attendance management and budgets

Attendance Management -Key Findings

#	Description	Observation
6.1.1	Attendance Management Program	The Town does not have a formal attendance management program in place.
6.1.2	Management Reporting	Availability and integrity of management reports to support attendance management was limited
6.1.3	Medical Certificates	The process for obtaining medical certificates for excessive absence events in the year is not fully effective to ensure certificates are requested and received.
6.1.4	Inefficient process	The absence reporting process is manually intensive and prone to errors. System limitations impact compliance with policies and reinforce inefficiencies
6.1.5	Vacation Entitlement	Vacation carry over is excessive for 9% of Town staff.
6.1.6	Vacation Policy	The vacation policy does not require staff to take at a minimum a one week block of time each year.

Attendance Management

Staff proposed action plans

- Short range improvements
 - Policy development
 - Revise timesheets and absence reports
 - Consider HR additional support for high user areas
- Mid range improvements
 - Identify technology based solutions / options
 - including: gap analysis; process mapping; identification of responsibilities; procedures; develop collection, measurement and reporting tools; systems technology analysis
- Long range - implementation

Overtime – Key Findings

#	Description	Observation
6.2.1	Overtime Policy	Overtime policy is outdated and does not provide sufficient guidance.
6.2.2	Overtime Planning	Budgeting for overtime is not effective in controlling overtime costs.
6.2.3	Managing and Monitoring Overtime	Overtime drivers and expenditures are not monitored and analysed sufficiently.
6.2.4	Lieu Time	Amount of lieu time earned and taken cannot be reliably determined and managed
6.4.2	Overtime Approval - Parks	There was no evidence that overtime is approved.

Overtime – Staff proposed actions

- Develop corporate policy framework
- Restructure personnel budgets to project expected overtime
- Identify framework for overtime and develop specific business unit recommendations to address
- Operations – redesign of timesheets

Fire Services – Key Findings

#	Description	Observation
6.3.1	Overtime Budgets	Overtime budgets are not effective in controlling spend and ensuring accountability.
6.3.2	Overtime Costs	Controls to ensure accurate processing of overtime are adequate, however managing the drivers of overtime needs improvement in particular staffing shortfalls and absences. Reliance on overtime has become excessive.
6.3.3	Leave and Overtime Costs	Unplanned absences have increased over the last few years increasing the need for overtime.
6.3.4	Medical Certificates	The process for requiring medical certificates is haphazard. Generally active attendance management is done for longer term absences. Medical certificates are not requested for shorter term absences in a consistent and sufficient manner.

Fire Services

Staff proposed action plans

- Complete master fire plan that will include a staffing model
- Continue to identify data required to better analyse cost drivers for overtime and continue to monitor and address causes of unplanned overtime
- Recruitment in 2009 will allow for full staffing
- Adopt town standard for medical certificates
- Develop necessary budgets with finance

- Questions