

**OFFICE OF
THE CITY AUDITOR**

REPORT

ABILITIES MANAGEMENT PROGRAM AUDIT

FEBRUARY 9, 2026

Report Summary

BACKGROUND

According to the City, abilities management focuses on non-occupational absences from work as a result of illness, injury, or disability that occurred outside of the workplace. It is a deliberate and coordinated effort by employers to reduce the occurrence and effect of illness and injury on workforce productivity, and to promote employee engagement.

The Abilities Management Section in the Human Resources Client Services Branch (the Branch) is responsible for delivering and managing the City's Abilities Management Program. They work in partnership with the Corporate Human Resource Programs and Services Branch to provide Mental Health & Healthy Living programs and services to employees.

AUDIT OBJECTIVE & SCOPE¹

The objective of this audit was to determine if the Human Resources Client Services Branch has an effective Disability Management Program² that helps employees remain at work and supports timely and safe return to work.

The scope of this audit does not include:

- The prevention of work-related injuries. Prevention has been looked at as part of other initiatives, including the Government of Alberta's new Proactive City Inspection Program for legislative compliance and the City's recent completion of its safety audit (Certificate of Recognition).
- Workers' compensation benefits because the Workforce Safety and Employee Health Branch is working on a Workers' Compensation Board evaluation project.
- Supplementary income replacement benefits. These

¹ We conducted this engagement in conformance with the Institute of Internal Auditors' *Global Internal Audit Standards*.

² The City underwent a reorganization and changed the name of the program to "Abilities Management" during the audit.

benefits are for temporary employees, who represent a small number of the City's workforce.

WHAT WE FOUND³

Overall, we found that the Branch has partially met the audit objective of effectively managing the Abilities Management Program. The Branch:

- Provides employees with wellness and prevention programs and services to support continued employment via the Corporate Human Resource Programs and Services.
- Employs a structured case management process for short term disability cases.
- Explores various reporting methods (e.g., reports, slides) to assist business areas with absence management analysis.
- Collaborates with business areas to find reasonable accommodations for injured and ill employees, facilitating their return to pre-injury or other suitable roles, as needed.

However, we found areas where they can improve their Abilities Management Program. The Branch:

- Lacks a documented methodology for quality review of cases.
- Has not evaluated its modified duties program.
- Lacks abilities management reporting that meets business needs.
- Lacks a comprehensive evaluation framework for the Abilities Management Program.

³ The Institute of Internal Auditors' *Global Internal Audit Standards* require us to report the significance and prioritization of our findings. This report contains all our significant findings and those that we deemed not significant, but that still support our recommendations. We prioritized each significant finding based on how important it is that management address the finding. This report contains only those significant findings that we prioritized as management must address, or should address.

RECOMMENDATIONS

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| Recommendation 1 | We recommend that the Human Resources Client Services Branch improve and document the quality review processes it uses to ensure compliance and consistency of case management. |
| Recommendation 2 | We recommend that the Human Resources Client Services Branch evaluate the Branch's modified duty program for its ability to facilitate employees' timely return to work and to yield cost savings. |
| Recommendation 3 | We recommend that the Human Resources Client Services Branch work with business partners to improve abilities management reporting to support business areas in timely monitoring of employee leaves. |
| Recommendation 4 | We recommend that the Human Resources Client Services Branch develop a comprehensive Abilities Management Program Evaluation Framework to measure, monitor, and improve the program. |

WHY THIS IS IMPORTANT

Improving the Abilities Management Program will help reduce the City's costs related to employment, boost employee productivity, retain skilled staff, and promote a healthier workplace by supporting employee well-being and timely return to work after non-occupational illness or injury.

Abilities Management Program Details

ABILITIES MANAGEMENT

The City's Abilities Management Program is designed to help employees who are injured or ill that occurred outside of the workplace to remain at work or return to work. The Program focuses on preventing absences, supporting recovery, and providing accommodations. It is a workplace approach coordinated among employees, business area leaders, and the Human Resources Client Services Branch's Abilities Management Section.

The Abilities Management Consultants in the Abilities Management Section helps injured or ill employees remain at, or return to, work by preventing absences, supporting recovery, and providing workplace accommodations.

The City supports its workforce through four activities:



1. **Sustaining Wellness** - The City provides programs and services in an effort to sustain wellness and improve employee's overall health.
2. **Response and Recovery** - The City ensures that employees receive a timely and efficient response to an illness or injury and support for recovery.
3. **Accommodation** - The City partners with employees, leadership, unions, and service providers to find workable solutions in situations where an employee's job performance is affected by an injury or illness.
4. **Monitoring and Evaluation** - The regular reviews data to see trends and provide advice that supports employee health and attendance while monitoring program costs.

DISABILITY BENEFITS

The Abilities Management Program provides five main types of benefits:

1. **Short Term Disability** - Wage replacement for personal, non-occupational medical leave.
2. **Long Term Disability** - Income protection for employees who have used their Short Term Disability benefits and cannot return to work for non-occupational reasons. Coverage varies according to collective agreements.
3. **Duty to Accommodate** - Identifies work opportunities for employees with disabilities whose illness or injury impacts their ability to perform their full duties. This applies to all employees with illness or injury.
4. **Supplementary Income Replacement** - Income replacement for non-occupational illness/injury for provisional and temporary employees. (Not included in the scope of this audit.)

**ABILITIES MANAGEMENT
CONSULTANTS'
RESPONSIBILITIES**

The Abilities Management Consultants' key responsibilities include:

Claim Management and Support

- Making decisions regarding Short Term Disability and Supplementary Income Replacement benefits.
- Coordinating with Alberta Blue Cross for Long Term Disability benefits, though Alberta Blue Cross is responsible for the final decision.

Support for Duty to Accommodate

- Working jointly with the employee's business area and unions (if applicable) on the Duty to Accommodate process.

Improve Quality Review Processes

KEY FINDINGS

The Branch manages short term disability cases and performs quality review procedures on these cases. This helps to ensure cases are processed consistently, in compliance with relevant legislation, and in a timely fashion to assist employees with disability claims.

However, we found a lack of a documented case quality review methodology and insufficient evidence of review of the claim information dashboard for use by the Branch and business areas.

LACK OF CASE QUALITY REVIEW METHODOLOGY

The Branch does not have a documented quality review methodology. Specifically, there are no guidelines or clearly defined criteria that dictate the scope or depth of case reviews. We found that:

- The Branch does not have a methodology for the number of cases to be reviewed in a year.
- The Branch randomly selects cases to review and does not select cases based on risk.

We also identified errors that may have been caught by an improved quality review process.

Number of Cases Reviewed

We analyzed data from 2023 to 2025 and determined that the Branch reviews 1 to 2 percent of cases annually. They do not follow a formal methodology to explain why they chose this percentage or how they would adjust it based on different factors. These factors could include case complexity, risk assessment, and historical error rates.

Random Selection of Cases

We found that the Branch randomly selected cases for review which may not be the most effective use of resources. A risk-based selection for case review may be a more effective approach to prioritize high-impact cases and maximize resource effectiveness.

Errors Identified

We found several errors that could have been identified and corrected through a defined quality review methodology. While quality review is not expected to identify and correct every error, implementing a robust methodology for this will help increase the likelihood of consistent case management and adherence to standards.

We found an error in an employee's date of birth in two crucial external communications: a letter dispatched to the employee's treating physician and an independent medical examiner's report. This error can lead to an employee's records being mixed with another employee. Additionally, this inaccuracy has the potential to compromise the integrity of medical assessments and communications.

We selected 15 samples from 2024 cases, ensuring coverage of different branches and a variety of disabilities. We found 2 instances (13% of the samples) that had incomplete primary diagnoses recorded within the management system. Furthermore, we identified several inaccuracies in the dates recorded in the case notes within the same system. Incomplete and inaccurate documentations in abilities management cases could lead to claim delays, denials, or prolonged work absences.

INSUFFICIENT EVIDENCE OF DASHBOARD REVIEW

The Abilities Management information dashboard for use by the Branch and business areas serves as a valuable tool for data visualization, reporting, and decision making. For example, the dashboard offers current data on active cases for which supervisors have a duty to accommodate an employee.

We heard from management that their plan is to review the dashboard for accuracy each quarter, but they have not been able to do this due to resource constraints.

We reviewed 2024 and 2025 dashboard data and found 17 cases where the "case decision date" was entered as an earlier date than the "case received date".

WHY THIS IS IMPORTANT

Robust quality review processes are essential for consistent case management, adherence to applicable standards and internal procedures, and for providing a defensible basis for case decision. These processes can also help identify areas for improvement.

RECOMMENDATION 1

Improve and document quality review processes to ensure compliance and consistency of case management.



Responsible Party

Branch Manager, Human Resources Client Services Branch



Accepted

Management Response

Human Resources Client Services will formalize and document a risk-based quality review methodology for Abilities Management cases, including defined criteria, review frequency, escalation processes, and validation of system and dashboard data to support consistency and continuous improvement.



Implementation Date

June 30, 2026

Evaluate the Modified Duty Program

KEY FINDINGS

A Modified Duty Program is a structured process for getting injured, ill and disabled employees back to work. For this program the Branch works with business areas to take reasonable steps to accommodate injured and ill employees to their pre-injury job. If they are unable to return to their pre-injury job, they can be reassigned to another suitable job. Reasonable steps may include:

- Requesting information about accommodation needs.
- Modifying job tasks, adjusting work schedules, providing equipment, or transferring the employee to a different work environment.
- Ongoing engagement and communication.

However, we found that the Branch does not evaluate its Modified Duty Program. Evaluating the Modified Duty Program would allow the Branch to identify improvements that they could work on implementing over time.

We found the following areas of improvement that could have been identified through evaluation of the program:

- Outdated Job Demands Analysis (documents outlining the demands of a job).
- Unclear responsibilities for sourcing modified duties outside of the home branch.
- No inventory of available modified work options.

There are also significant financial implications of an ineffective Modified Duty Program.

OUTDATED JOB DEMAND ANALYSIS

A Job Demand Analysis (JDA) is a document outlining the physical and cognitive demands of a particular job. A JDA can

help match an employee's capabilities with a job's requirements. During the process of accommodating an employee, JDAs can be used to determine the compatibility between the employee and the requirements of a specific job. We reviewed 5 JDAs and found 4 were significantly outdated, one of which was outdated by 30 years. The business area is responsible for maintaining and updating JDAs, with support from the Branch.

UNCLEAR RESPONSIBILITIES

We found responsibilities are unclear for sourcing modified duties outside of the employee's home branch.

Currently, supervisors from the employee's home branch are responsible for identifying opportunities for modified duties that align with the employee's restrictions. Abilities Management Consultants are expected to provide support in this process. However, if no work in the employee's home branch is identified, it is unclear who is responsible for identifying and assessing opportunities in other City business areas.

ABSENCE OF MODIFIED DUTY INVENTORY

Modified duty refers to a temporary change in duties that an employee can perform within their restrictions. The Branch does not have a centralized and readily accessible inventory of modified duties to be able to match employees who require these modifications quickly and safely.

A modified duties inventory across the City would be a centralized, live list of temporary job tasks that an employee can perform while recovering. It may contain detailed physical requirements of each task such as lifting limits, or the need for sitting or standing.

FINANCIAL IMPLICATIONS

Unsuccessful work accommodations have a significant financial impact on the City. For example:

- The number of days City employees who were medically cleared for modified duties but were not

assigned any work increased from 9,091 in 2018 to 11,850 days in 2024. Employees who are not assigned any work are still being compensated financially. In addition, this may increase overtime or backfilling costs.

WHY THIS IS IMPORTANT

Proactive management of employees needing modified duties, by assigning them meaningful and productive tasks, can reduce both lost time and associated costs. It will help optimize efforts to return employees to work as soon as they are medically cleared for reintegration into the workforce. Evaluating the program to identify areas of improvement is the first step to improving the program.

RECOMMENDATION 2

Partner with business areas to evaluate the modified duty program to facilitate timely return to work and yield cost savings.



Responsible Party

Branch Manager, Human Resources Client Services Branch



Accepted

Management Response

Human Resources Client Services will evaluate the Modified Duty Program by establishing performance indicators, clarifying roles and accountabilities for sourcing meaningful modified work (including across business areas), improving coordination and visibility of opportunities, and assessing financial and operational impacts.



Implementation Date

March 31, 2027

Improve Abilities Management Reporting

KEY FINDINGS

The Branch provides some business areas with a report to help monitor employee leaves. The report provides a high-level snapshot of leave information, such as sick leave hours per permanent employee and sick time costs.

However, this report lacks in-depth data analytics and insights into trends and their implications. Furthermore, the Branch provides the report on an ad hoc basis rather than at regular intervals.

INSUFFICIENT DETAIL AND FREQUENCY OF REPORTING

We found that the report the Branch provides to business areas to support monitoring of employee leave is high-level and does not provide detailed insights. The Branch also only provides the report on an ad hoc basis.

We also found that the Branch provides the report only in response to specific requests made by the business area. For example, the most recent report that Edmonton Fire Rescue Service received was in January 2025.

We interviewed several business areas and found that some business areas have created separate dashboards. They also mentioned that the report the Branch provides does not meet their needs.

While there is another reporting tool available for abilities management, maintained by another section in the Department, the business areas we interviewed found the following:

- The platform is difficult to use.

- Its data presentation often displays only raw numbers, with challenges of drilling down to provide detailed analysis or discernible trends.
- There are concerns regarding the accuracy of the percentage absence calculations.

This makes it even more critical for the Branch to improve reporting.

WHY THIS IS IMPORTANT

Sufficient and regular abilities management reports are crucial for supporting business areas in monitoring leaves of absence, identifying concerns or patterns, and implementing targeted interventions on a regular basis.

RECOMMENDATION 3

Work with business partners to improve abilities management reporting to support business areas in timely monitoring of employee leaves.



Responsible Party

Branch Manager, Human Resources Client Services Branch



Accepted

Management Response

Human Resources Client Services will collaborate with Employee Services partners to develop a standardized, high-level dashboard to provide people leaders with consistent visibility into non-occupational absence volumes, average duration, and trends.



Implementation Date

June 30, 2026

Develop a Comprehensive Abilities Management Program Evaluation Framework

KEY FINDINGS

The Branch does not have a comprehensive evaluation framework for the Abilities Management Program to be able to assess how it is being managed.

A comprehensive evaluation framework would include:

- Establishing relevant performance indicators for the Abilities Management Program.
- Tracking, monitoring, and performing analysis of these indicators.
- Incorporating continuous improvement of the process.

ESTABLISH PERFORMANCE INDICATORS

The Branch has not established overall performance indicators for the City's Abilities Management Program.

Examples of indicators may include:

- The direct cost of absences from work (e.g., days on short term or long term disability leave).
- Operational and administrative costs (e.g., salary replacement costs or costs of intervention).

The Branch could also perform some benchmarking to compare the Abilities Management Program's performance against that of a comparable municipality in the industry. This will help provide background and context.

**PERFORM MONITORING,
TRACKING, AND ANALYSIS**

An effective evaluation framework includes monitoring indicators and tracking progress toward the program targets or expectations. This should be done periodically so that indicators are providing timely information. It is also important to do an analysis to investigate and understand trends and gaps.

**INCORPORATE CONTINUOUS
IMPROVEMENT**

Once gaps are identified and analyzed, it is important to determine action plans to address those gaps if possible. This may involve conducting a cost-benefit analysis to ensure costs of abilities management activities do not exceed the benefits.

WHY THIS IS IMPORTANT

Implementing a comprehensive evaluation framework would allow the City to understand its effectiveness in abilities management, justify expenditures, and make improvements.

RECOMMENDATION 4

Develop a comprehensive Abilities Management Program Evaluation Framework to measure, monitor, and improve the program.

**Responsible Party**

Branch Manager, Human Resources Client Services Branch



Accepted

Management Response

Human Resources Client Services will implement a comprehensive Abilities Management Program Evaluation Framework by integrating performance measures into enterprise reporting and developing a maturity model to assess program design, governance, consistency, and operational capability.

**Implementation Date**

March 31, 2027

ACKNOWLEDGEMENT

We would like to thank the Human Resources Client Services Branch for their cooperation during the audit.