

ADMINISTRATIVE RESPONSE TO ABILITIES MANAGEMENT PROGRAM AUDIT

Recommendation

That the February 25, 2026, Employee and Legal Services report ELS03326 be received for information.

Requested Action	Information only
ConnectEdmonton's Guiding Principle	ConnectEdmonton Strategic Goals
CONNECTED This unifies our work to achieve our strategic goals.	Healthy City
City Plan Values	LIVE. THRIVE.
Corporate Business Plan	Managing the corporation
Council Policy, Program or Project Relationships	<ul style="list-style-type: none"> N/A
Related Council Discussions	<ul style="list-style-type: none"> N/A

Executive Summary

- The City of Edmonton's Abilities Management program manages non-occupational illness, injury, and disability for the City of Edmonton through employee support, comprehensive program administration and coordination of City services.
- In 2025, the Office of the City Auditor conducted an audit of the program to determine if the Human Resources Client Services branch within Employee Services has an effective abilities management program that helps employees remain at work and supports timely and safe return to work.
- The Auditor identified four areas for improvement related to quality review, modified duty evaluation, reporting, and program evaluation.
- Administration accepts all recommendations and will implement improvements in a phased approach to sustain service delivery.

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- Additional context and program data indicates consistent program management.

REPORT

To deliver many services to Edmontonians each day, the City of Edmonton relies on a workforce that varies seasonally between 11,500 and 14,000 employees — from accountants to zookeepers. Maintaining continuity of service across this diverse and dynamic workforce requires programs that support employees when health-related absences occur outside the workplace. For the City, this support is provided through the Abilities Management program.

The Abilities Management service supports employees who experience non-occupational illness, injury, or disability. This includes situations of acute or chronic medical conditions, addictions, non-work-related mental health conditions, and injuries sustained outside the workplace, such as those resulting from recreational or sporting activities or motor vehicle accidents. The program does not cover occupational illnesses or injuries, which are managed separately through the City's injury management service and Workers' Compensation Board (WCB) coverage.

Abilities Management provides an integrated approach across the full continuum of non-occupational absences, supporting employees to remain at work and facilitating timely and safe return-to-work. This includes case management of short-term disability claims (those greater than five days and less than 85 days), supplementary income replacement for temporary employees, and oversight of long-term disability benefits which are administered by a third-party provider.

Core functions of the service include adjudication (determining employee eligibility for benefits), ongoing case management, coordination and review of medical information, guidance related to workplace accommodation and modified duties, collaboration with unions, and the facilitation of safe and sustainable return-to-work.

Given that non-occupational illness and injury arise from circumstances outside the workplace, the City has limited ability to influence their occurrence. As such, effective service delivery relies on timely intervention, consistent and transparent processes, and collaboration among employees, leaders, healthcare providers, unions, and external insurers.

The Abilities Management service delivers benefits to the organization, employees and Edmontonians alike. For the organization, it maintains responsible management of absence-related costs, assists with compliance, and acts in alignment with employment, labour and human rights legislation to support public service delivery. For employees, the program provides clarity and consistency during periods of illness or injury, supports navigation of benefit and accommodation processes, maintains appropriate connection to the workplace, and enables timely and sustainable return-to-work. Collectively, these outcomes balance employee well-being, operational requirements, and the City's responsibility to deliver high-quality services for Edmontonians.

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Abilities Management in Today's Operating Environment

The objective of the Auditor's review was to assess whether the City's Abilities Management program is effectively supporting employees to remain at work or return to work, which should be considered in the context of the operating environment in which the service is delivered.

Like many large employers, the City has experienced shifts in attendance following the COVID-19 pandemic. Today, employees are more likely to remain away from work when unwell, reflecting increased public health awareness and evolving societal expectations. At the same time, there has been a sustained increase in the prevalence and complexity of mental health-related absences, which tend to require more individualized case management, longer recovery timelines, and greater coordination with leaders, healthcare providers, unions, and insurers¹.

These trends are not unique to the City and are reflected across the public and private sectors, both of which have seen a greater demand on formal programs to support employees through non-occupational illness, injury, or disability.

Despite this increasingly complex environment, the City's Abilities Management program is managing the primary objective of supporting employees to remain at work and facilitating safe, timely return-to-work outcomes.

Program Performance, Growth, and Audit Context

Over time, the Abilities Management program has experienced sustained growth in claim volumes alongside a significant shift in case complexity. Since 2018, the number of non-occupational disability claims managed annually has increased, driven by workforce growth and post-pandemic changes in absence behaviour, while case complexity has greatly increased reflecting a higher proportion of mental health-related cases. This growth has occurred while the overall size of the Abilities Management team has remained flat, resulting in increased caseloads across the service.

The program has absorbed this pressure and managed increasing complexity without significant disproportionate growth in absence impacts from short and long-term disability. The following three key performance indicators provide context on program results, with supporting analysis provided in Attachment 1 – Abilities Management Program Performance.

- Claims per FTE: The number of claims in relation to City full-time equivalent (FTE) employees has remained stable over the past eight years. This consistency indicates that claim volumes are being effectively adjudicated relative to workforce growth despite the increased workload.
- Claim duration (hours per FTE): From 2018 to 2025, short-term and long-term disability hours per FTE increased by 9.19 per cent, compared to an 11.07 per cent increase in total City worked hours over the same period. This demonstrates that claim duration has remained relatively proportionate to workforce activity and that the program is returning employees to work consistently.

¹ Mental Health Commission of Canada and Canadian Psychological Association. (2022). [Extended mental health benefits in Canadian workplaces: Employee and employer perspectives](#) [Research report].

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- Cost management: Leave costs relative to the City's overall labour costs increased after the pandemic but since 2023 this has been steadily decreasing. In 2025, the total leave costs as a percent of total payroll costs is back to pre-pandemic levels indicating cost management in alignment with broader workforce growth and inflationary pressures. Notwithstanding the cost management, total cost to the City from short term and long term disability are increasing and the indirect costs such as overtime, productivity loss and administration are material.

Together, these outcomes demonstrate the resilience of the Abilities Management program in keeping employees at work and facilitating timely and sustainable return-to-work as per the scope of the audit. The Auditor's recommendations are therefore welcomed as opportunities to strengthen quality assurance, reporting and governance practices within a program that is managing its core objectives.

Overview of Recommendations and Management Response

The Office of the City Auditor presented four recommendations, all of which were accepted by Administration. The Human Resources Client Services branch will implement the action and improvements in a phased and practical manner to ensure sustainability alongside ongoing service delivery.

Audit Recommendation 1

"We recommend that the Human Resources Client Services Branch improve and document quality review processes to ensure compliance and consistency of case management."

Administration accepts this recommendation.

The Abilities Management service operates in a complex, highly-regulated environment, requiring professional judgment across a large volume of individualized cases. Each disability case includes numerous data points and decision fields, multiple external and internal communications, and ongoing documentation over the life of the claim; and case management is guided by standard operating procedures, legislation, collective agreements, internal policies, and professional practice standards.

The service currently maintains ongoing quality control through monthly case reviews and management oversight of one to three per cent of cases annually which represents a meaningful quality assurance practice for services of this scale. Administration recognizes that formalizing documentation, scope, selection considerations or thresholds will enhance clarity, consistency, transparency, defensibility and overall program quality.

In response to the recommendation, the Human Resources Client Services branch will:

- Develop and document a formal quality review methodology defining objectives, scope, risk-based selection considerations, review frequency and escalation processes.
- Transition from primarily random sampling to a risk-informed review approach.
- Formalize processes for periodic validation and review of system and dashboard data to support accuracy, reliability, and effective use by both the branch and business areas.
- Use quality review findings to inform training, process refinement, and to support continuous improvement.

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Implementation date: June 30, 2026

Audit Recommendation 2

“We recommend that the Human Resources Client Services Branch partner with business areas to evaluate the modified duty program to facilitate timely return-to-work and yield cost savings.”

Administration accepts this recommendation and agrees that the Modified Duty Program is a key component of the City’s duty to accommodate framework. The program supports employees who are medically cleared for some level of work by facilitating safe, timely and meaningful reintegration into the workplace, while maintaining service delivery and responsible use of public resources.

Modified duties are intended to be meaningful and productive. Effective modified duties are those that align with documented medical restrictions and functional abilities, contribute value to the workplace or service area, and support timely and sustainable return-to-work outcomes.

Modified assignments are not designed to be “make-work” or placeholder roles that do not contribute to operational outcomes. Work that lacks purpose does not support employee recovery, does not meaningfully advance service delivery and does not represent an effective use of taxpayer dollars. Where meaningful and productive modified work is not reasonably available, continued absence or alternative accommodation pathways may be appropriate and consistent with collective agreement and legislative requirements.

The City currently supports a significant number of employees through modified duty placements each year. In 2024 and 2025, 760 and 687 employees, respectively, were placed into modified duties after a non-occupational incident.

In practice, accommodation and modified work operate on a graduated responsibility model within the City. Branches are responsible for first exploring modified duties within the employee’s home work area; departments may support modified duty placements when suitable work is not available within the employee’s branch; and the City, as the employer, has a broader duty to accommodate employees to the point of undue hardship.

The Abilities Management service supports leaders throughout this process by interpreting medical restrictions, advising on accommodation options, and facilitating return-to-work planning. However, the identification of meaningful and operationally viable modified work remains closely tied to business area knowledge of tasks, workflows and service requirements. Clarifying accountabilities for sourcing modified duties beyond the home branch — including when and how cross-departmental opportunities are explored — will be a key outcome of the program evaluation.

In response to the recommendation, the Human Resources Client Services branch will evaluate the Modified Duty Program through the following approach:

- Establish key performance indicators for the framework to create a baseline of performance, assess the effectiveness of current modified duty practices and monitor outcomes over time.

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- Identify options and leverage current work to improve visibility and coordination of suitable modified duty opportunities.
- Clarify roles and responsibilities for sourcing modified work, including across business areas.
- Review the financial and operational impacts of delayed or unsuccessful accommodations - while balancing these against the cost of unproductive placements.

Implementation date: March 31, 2027

Audit Recommendation 3

"We recommend that the Human Resources Client Services Branch improve Abilities Management reporting to support business areas in timely monitoring of employee leaves."

Administration accepts this recommendation and agrees that consistent and accessible reporting supports people leaders in managing employee non-occupational absences. While Abilities Management is primarily resourced and mandated to deliver case management services rather than workforce analytics, there is opportunity to improve visibility and consistency of information provided to business areas.

In response, the Human Resources Client Services branch will:

- Collaborate with Employee Services partners to develop a standardized dashboard leveraging existing information and systems.
- The dashboard will be available to all people leaders and will aim to provide high-level visibility into non-occupational absence volumes, average duration and broad categories of absence, enabling leaders to better understand trends and support timely action.

While the City cannot prevent non-work-related illness, injury, or disease, improved access to timely and consistent information will support earlier engagement and coordination between teams, improve transparency, and enhance the City's ability to support employees and maintain service delivery to Edmontonians.

Implementation date: June 30, 2026

Audit 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."

Administration accepts this recommendation.

The service currently tracks and monitors performance data, including intermittent benchmarking against other municipalities as presented within this report, however, this is done internally to the service. Action from this recommendation will ensure consistency, comparability, accountability, appropriate alignment with broader workforce and financial metrics, and improvement of the Abilities Management program overall.

In response to the recommendation, the Human Resources Client Services branch will:

- Incorporate performance indicators related to non-occupational disability and absences into the City's existing enterprise performance management system and reporting processes.

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- Develop an Abilities Management Program Maturity Model Framework to assess the program's design, governance, consistency and operational capability. This framework will focus on how the program is structured and delivered — including role clarity, process standardization, data use and integration with business areas.

Implementation date: March 31, 2027

Budget/Financial Implications

There are no direct or immediate budget or financial implications associated with implementing the audit recommendations. However, the Abilities Management program does have significant financial implications due to the cost of income replacement (notably, short term disability and long term disability benefits) and accommodation support as well as the indirect costs such as overtime and productivity losses. These will continue to be actively managed to ensure responsible use of public resources. As the program continues to respond to increasing volume, complexity and expectations for more proactive service approaches, the branch will work with business areas to assess service standards, demand, and opportunities to further strengthen program resilience and cost sustainability over time.

Community Insight

The Abilities Management program is an internal service supporting City employees. Public engagement or external consultation was not undertaken as part of the audit response. Administration regularly engages with employees, people leaders and unions to understand needs, experiences and challenges related to non-occupational illness, injury and disability. These insights inform program design, operations and continuous improvement, ensuring changes meet employee and leader needs while supporting effective service delivery.

GBA+

The Abilities Management program supports employees experiencing non-occupational illness, injury, or disability, including temporary, chronic, or permanent conditions. These employees may face workplace barriers without accommodation, making them disproportionately impacted. Through individualized case management, accommodation planning and return-to-work support, the program mitigates these barriers and promotes equitable access to meaningful work. Planned actions from the Audit recommendations will further support timely, consistent and transparent accommodations.

Environment and Climate Review

This report was reviewed for environment and climate risks. No significant interactions with the City's environmental and climate goals were identified within the scope of this report.

Attachment

1. Abilities Management Program Performance