



## STAFF REPORT INFORMATION ONLY

### **Presentation: TTC Management Comments – Continuous Controls Monitoring Program – 12-Month Review of Employees Overtime and Related Expenses, 2014**

<b>Date:</b>	May 27, 2015
<b>To:</b>	TTC Audit Committee
<b>From:</b>	Chief Executive Officer

### **Summary**

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Staff will provide a power point presentation entitled: TTC Management Comments – Continuous Controls Monitoring Program – 12-Month Review of Employees Overtime and Related Expenses, 2014.

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### **Attachments:**

Presentation

# *TTC Management Comments*

*CONTINUOUS CONTROLS MONITORING  
PROGRAM – 12-MONTH REVIEW OF TTC  
EMPLOYEES OVERTIME AND RELATED  
EXPENSES, 2014*

# PRESENTATION OUTLINE



- Introduction
- Increased Activity on Capital Projects
- Collective Bargaining Agreement - Wage Rate Increases
- Extreme Weather
- Improved Subway Service for Line 1
- Workforce Gapping and Absence
- Concluding Comments





- The Auditor General's report on TTC's overtime and related expenses for the year 2014 indicated that overtime expenditures increased over 2013 by \$5.3 million; [Total overtime 2013 = \$77.5M, and Total overtime 2014 = \$82.8M].
- The report highlights the fact that there were several external events which contributed to the increase over 2013.
- It is important to explain to the TTC Audit Committee the factors which drove the overtime increase for 2014.

# INCREASED ACTIVITY ON CAPITAL PROJECTS



- Numerous weekend subway closures were required to enable resignalling and Union Station new platform projects on Line 1; [# of subway closures increased from 21 in 2013 to 27 in 2014; # of closure days increased from 35 in 2013 to 51 days in 2014].
- During the closures other capital and maintenance activities were also performed to take advantage of the subway closures to complete the work in a more efficient and effective manner.
- Most of the additional work was performed using overtime.
- In 2014, approximately \$2.9 million in overtime work was incurred on the subway closure for Line 1 resignalling and Union Station projects.
- The TTC has contracted with an external supplier to provide customer service for future closures, resulting in savings.

# COLLECTIVE BARGAINING AGREEMENT – WAGE RATE INCREASES



- Wage and salary rates are higher in 2014 as a result of the 4-year TTC union agreements negotiated in 2014.
- The weighted average increase, relative to 2013 rates, was approximately 1.6% higher, accounting for approximately \$1.2 million in higher overtime costs.
- This increase should be seen in the context of the overall CBA settlement which delivered four, four year deals, within the mandate authorized by the Board. These deals included ground-breaking differentiated wage settlements to ensure an affordable outcome.



- Extra time was worked to address legacy streetcar braking systems problems due to the colder winter weather.
- Additional emergency track maintenance work was performed which was also attributed to the harsher winter weather.



- To enhance operational performance, 24/7 operation was introduced at Davisville Carhouse.
- The Davisville Carhouse was used for the staging of the Toronto Rocket subway car modifications which were performed on weekends.
- Both of the above initiatives necessitated the use of overtime work on a one-off basis (i.e. non-annualized).





- Workforce gapping for the operating budgets was \$15 million higher than targeted in 2014 due to the fact that work that would have been performed in vacant positions had to be undertaken on an overtime basis.
- The 2014 absence rates were higher than the 2013 levels, and higher than the 2014 target (i.e., budget) which also contributed to the increased overtime to cover scheduled service.
- The use of overtime enabled the normal day-to-day operations to continue.

# CONCLUDING COMMENTS



- Even after accounting for incremental overtime expenses incurred, the total 2014 operating labour costs were less than budget.
- For each of the years 2013 and 2014, total overtime figures include \$9.3 million which is attributed to “scheduled overtime”, i.e., overtime that is budgeted for to permit the desired service planning and scheduling of routes for customer convenience.
- Management continues to apply focus to driving down absenteeism and other elements of unplanned overtime.