



# Audit of the Toronto Transit Commission's Non-Union Workforce Planning and Management

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Auditor General

**AUDITOR  
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# Executive Summary

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**The Toronto Transit Commission's mission is to provide safe, reliable, efficient, and accessible transit services**

The Toronto Transit Commission (TTC) operates and maintains the local public transit system for the City of Toronto. The TTC's mission is to provide transit riders with a safe, reliable, efficient, and accessible public transit service through a seamless integrated network, creating access to opportunity for everyone.

**Planning and managing the TTC's workforce is critical for the TTC to deliver on its mission successfully**

Planning and managing the TTC's workforce is critical for the organization to deliver on its mission successfully. In 2024, the TTC had a total average workforce of 16,300 full-time employees, comprised of 12,300 unionized (75 per cent) and 4,000 non-unionized employees (25 per cent).

The Auditor General's 2024 Work Plan included an audit to assess the TTC's workforce planning and management processes.

**Audit scope is the TTC's non-union workforce**

The scope for this audit was the TTC's non-union workforce. An audit may be done in the future on the TTC's unionized workforce and is currently included in the backlog listing of the Auditor General's 2025 Work Plan.<sup>1</sup>

**Audit objectives**

The objective of this audit was to assess whether the TTC has established and implemented workforce planning systems, policies, procedures, and processes to ensure its non-union workforce meets operational requirements. In assessing this objective, our audit aimed to answer the following questions:

- 1) Does the TTC perform effective succession planning for non-union staff?
  - (a) When hiring is needed to address vacancies where succession planning was not successful, is it being done in a fair, open, transparent, and competitive manner?
- 2) Is the TTC proactive in monitoring and addressing challenges in retaining its non-union staff?
  - (a) Are there accurate, complete, and timely data and key performance indicators (e.g. turnover rate) in place for measuring, monitoring and decision making for the TTC to ensure it continues to have a sufficient non-union workforce to meet operational requirements?

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<sup>1</sup> <https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-250975.pdf>

- (b) What steps are being taken to obtain feedback from employees (including employee engagement levels) and does the TTC have plans and initiatives in place to address any major concerns?

**AGO conducted an independent survey of TTC non-union employees in July/August 2024**

As part of our audit procedures to address the audit's objectives and understand employee perspectives, the Auditor General's Office performed an independent employee survey of TTC non-union staff in 2024 ("2024 AGO Survey"). Responses were requested from all 4,094 active non-union staff at the time, during July and August 2024. We received 1,952 responses, which equates to a 48 per cent response rate.<sup>2</sup>

Our findings and recommendations are summarized as follows:

**A. Enhance Workforce Planning, Monitoring, and Succession Planning to Ensure TTC's Non-Union Workforce Meets Operational Requirements**

**Formalized process to define, measure, or monitor human resource-related KPIs is needed**

The TTC has a few informal human resource metrics that they track and calculate manually, mainly at a corporate-wide level, such as vacancy rates and turnover. However, there is no formalized process to define, measure, or monitor human resource-related key performance indicators (KPIs), and no department level tracking. In the absence of this, we noted the following concerns:

**Formalized targets and benchmarks should be developed**

- Turnover rate is a key human resources metric, but is only calculated on an ad hoc, corporate-wide basis.
- There are no formalized targets and benchmarks used to assess performance on the informal metrics currently in use.
- Some of the metrics currently used by the TTC are not calculated and tracked at the department level or by workforce type (e.g., union versus non-union), limiting their usefulness. For example, while the TTC's overall non-union voluntary turnover rate was approximately eight per cent in 2022 and 2023, turnover was much higher in certain departments.

There are best practice KPIs, such as time-to-fill and employee engagement scores, that the TTC currently does not track, but which could be used to support workforce planning and decision making. The TTC should perform a review to determine which KPIs are appropriate for their organization specifically, and then regularly monitor and report on those accordingly.

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<sup>2</sup> According to the City of Toronto's People & Equity Division, the response rate in other large public sector organizations is typically around 45 to 50 per cent.

**Formalized, corporate-wide succession planning program is needed**

We found that while succession planning has been a focus in the TTC's current (2024-2028) and past (2018-2022) Corporate Plans, there is currently no formalized, corporate-wide succession planning program in place.

The 2024 AGO Survey results show that 38 per cent of respondents believe that senior management is ineffective in planning for the TTC's succession needs, with some indicating they would like to see the TTC develop an internal talent pool of candidates for succession.

**Opportunity to strengthen the TTC's retirement policy and process based on jurisdictional review of 21 public sector organizations**

The TTC's current retirement policy and process for rehiring pensioners does not support one of the TTC's focus areas in its Corporate Plan, which is improving succession planning. We performed a review of 21 other public sector organizations' retirement notification policies and processes, identifying opportunities to strengthen the TTC's policy and support its succession planning efforts.

- All 21 public sector organizations have a retirement notification policy and/or process that clearly indicates the requirement for employees to notify their supervisor/management and/or human resources department of their intent to retire. The TTC does not have this clear requirement, making it challenging to plan for the succession of those retiring.
- Forty-eight per cent of the public sector organizations reviewed have a mandatory minimum retirement notification period (averaging 61 days). The remaining 52 per cent have a suggested notification period (averaging 73 days). In comparison, the TTC does not have any mandated nor suggested retirement notification period.

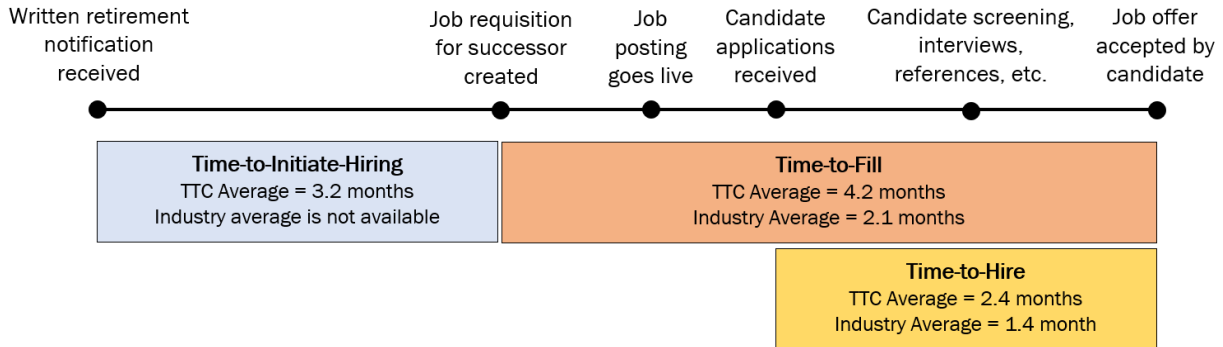
**Timeliness of hiring successors needs improvement**

The timeliness of the TTC's processes for initiating and hiring a successor after receiving a retirement notice also needs improvement. The lack of a transition period between the retiree and successor increases the risk of losing critical operational knowledge.

Based on the samples reviewed:

- For 75 per cent of the samples, retirees' successors were not determined until after they had retired, with the position vacant for an average of 6.3 months before the successor was hired.
- It took an average of three months to initiate the hiring process after receiving an employee's written retirement notice.

- Both the average time-to-fill and time-to-hire metrics (which measure hiring process efficiency) were about twice as long as the industry average<sup>3</sup>, as shown in the figure below.



## B. Strengthen the Policy and Process for Rehiring Pensioners

**A lack of succession planning and the TTC's retirement policies have contributed to the TTC rehiring pensioners to meet operational needs**

Given the lack of succession planning combined with the TTC's current retirement policies (discussed in **Section A**), when non-union employees retire, there can be an immediate knowledge gap that the TTC must address. Rehiring pensioners can sometimes fill that gap. In our sample of rehired pensioners, 74 per cent were rehired due to the need for knowledge transfer and/or to maintain continuity on projects.

From January 1, 2019, to July 22, 2024 (the period of audit testing), there were 68 pensioners that were rehired. In total there were 85 transactions, meaning some were rehired more than once.

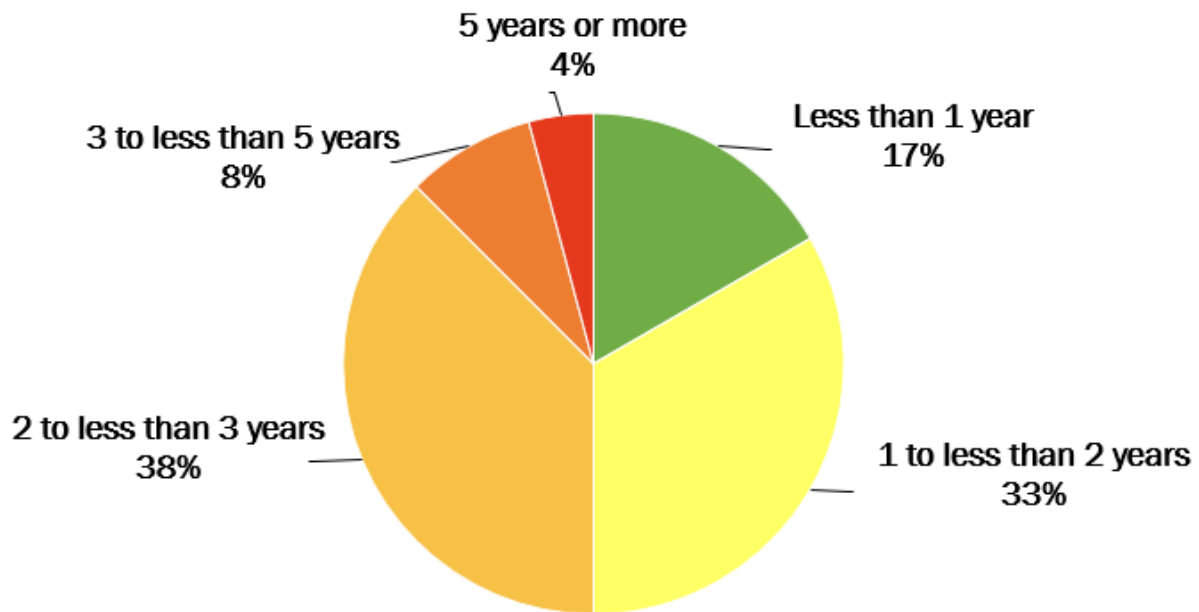
Of the 35 pensioners sampled, six (17 per cent) were rehired in a different role or capacity from their pre-retirement role, all of which were appointed to these new positions as there was either no open job posting (five of the six), or the job posting did not result in a successful hiring and the rehired pensioner was asked to fill the vacancy (one of the six).

**Current TTC practice is not meeting the intent of the rehired pensioner policy**

The intent of the rehired pensioner policy is to provide the TTC with a temporary, short-term solution to fill a knowledge, skill, or expertise gap. We found that the current practice is not meeting this intent because rehired pensioners' contracts are often extended. Some pensioners remained at the TTC for long periods of time, with half of the pensioners sampled employed for two years or more, as depicted in the figure below.

<sup>3</sup> Industry averages obtained from Society of Human Resources Management Benchmarking Talent Access Report for the Government sector (2022).

## Total Re-employment Periods for the 24 Samples with Contract Extensions



**Rehired pensioners were paid both employment and pension income simultaneously**

As allowed by TTC policy and TTC Pension Plan Bylaws and Regulations, all pensioner samples tested were paid both employment and pension income simultaneously, because they were rehired under a temporary, fixed-term contract.

**43% of the pensioners sampled also received a pay premium, ranging from 5% to 24% above the position's approved pay rate for a total cost of \$508,000 for the past five years**

We also noted that in 43 per cent of the samples reviewed, pensioners received a pay premium, meaning the employee's pay rate was more than the position's approved pay rate. The pay premiums ranged from 5 to 24 per cent above the position's approved pay rate (average of 14 per cent). The incremental cost of the pay premiums for the samples identified from January 2020 to December 2024 is approximately \$508,000. Pay premiums are discretionary and do not require any documented business case for support.

The TTC's retirement policy provides employees with financial incentives such as receiving both pension and employment income simultaneously, plus a potential pay premium. These financial incentives encourage employees to retire as soon as they are eligible, which may be earlier than they otherwise planned to stop working, as suggested by 58 per cent (18) of the rehired pensioners sampled who returned to work within 15 days of their retirement.



**AGO employee survey showed employee concerns about the TTC's practice of rehiring pensioners**

While there can be benefits to rehiring pensioners, such as access to institutional knowledge, skills, and expertise, the TTC's practice of rehiring pensioners has financial implications as some rehired pensioners received pay premiums. The 2024 AGO survey results also showed employee concerns about this practice and the negative impact on overall employee engagement, morale, and retention. Alongside a lack of succession/career planning, this could increase employee turnover and further the TTC's dependence on rehiring pensioners in the future. As a result of these risks, it is important for the rehired pensioner policy and process to be strengthened and balanced to be more restrictive so that it does not cause unintended negative impacts, but still meets the TTC's operational needs.

Between 2019 and 2023, there have been an average of 100 non-union retirements at the TTC per year. Looking forward, 15 per cent of the TTC's non-union employees will be eligible for retirement by the end of 2025, consistent with general demographic trends in the Canadian working population. The direct impact that Canada's aging population has on the labour market is another reason why it is not uncommon for organizations to have a policy regarding rehiring pensioners to fill knowledge gaps. However, the practice should be done as a temporary solution, with a documented business case and hiring competition, without financial incentives and pay premiums, and prioritizing career and succession planning for the existing workforce. The TTC needs to strengthen its rehired pensioner policy and focus on succession planning to minimize rehiring pensioners going forward.

**C. Collect, Monitor and Address Employee Engagement and Feedback**

**TTC last conducted its employee engagement survey in 2016**

Employee engagement is not frequently monitored at the TTC. The TTC last conducted its employee engagement survey in 2016 ("2016 TTC Survey"). The TTC is planning to conduct another employee engagement survey by the Summer of 2025.

To gauge employees' current views on workplace culture, the AGO performed an independent employee survey of TTC non-union staff in 2024 ("2024 AGO Survey"). In comparing similar questions between the 2016 TTC Survey and 2024 AGO Survey, we found the average scores have not improved since 2016.

The TTC collects some feedback through voluntary online exit surveys from departing employees. This practice was paused for 2.5 years during the COVID-19 pandemic and resumed in January 2023. However, TTC management confirmed there are currently no formal written processes or procedures on how exit survey results are to be reported to or reviewed and used by management or the People and Culture Group.



**Reviewing the results from employee engagement and exit surveys can help address turnover and allow for better workforce planning**

Monitoring and reviewing feedback from employee engagement surveys, as well as common themes and trends from exit surveys and/or interviews, can identify the causes for and help address turnover, and allow for better workforce planning. This is essential to ensure the workforce can meet the TTC's operational requirements.

#### **D. Improve Processes for Managing, Tracking, and Addressing Employee Concerns and Complaints**

**Overlap and lack of clear roles and responsibilities amongst the three different investigative units at the TTC for employee complaints/concerns**

Employee concerns and complaints are another form of feedback. The TTC has three different units<sup>4</sup> that receive and manage employee concerns and complaints, however there is overlap and a lack of clear roles and responsibilities among them. We found instances where the jurisdiction of a complaint was unclear among the three investigative units and the complaint was transferred between them, which can sometimes delay its investigation and resolution time. Additionally, transferred complaints are not formally tracked, increasing the risk of cases not being investigated and addressed, and not allowing for accurate monitoring of timeliness in investigations.

Apart from these three units, employees can also file complaints directly with management. Management can also have complaints referred to them from the three investigative units. We found that there is no formalized complaint process, nor a policy to track the complaints submitted directly to management.

The 2024 AGO Survey results showed that 60 per cent of respondents who indicated they filed a complaint were not at all satisfied with how the matter was handled, regardless of who or which investigative unit the complaint was reported to. Improved tracking of transferred complaints, as well as complaints filed with or referred to management, would improve accountability and help the TTC in identifying and analyzing trends of employee concerns and complaints within specific departments and/or time periods.

#### **Conclusion**

Workforce planning and management, including succession planning, are critical to ensure the TTC's non-union workforce meets its operational requirements to support providing public transit services to the City of Toronto, particularly as the number of employees at or nearing retirement eligibility is increasing.

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<sup>4</sup> At TTC, the Human Rights Office, the Fare Inspectors and Special Constables Complaints (FISCC) Office and the Investigative Services Unit receive and manage employee concerns and complaints.

For our first audit objective, we noted that the TTC does not have a formalized, corporate-wide succession planning program in place. Additionally, the TTC's retirement policies and processes need to be strengthened to support its succession planning initiatives.

The lack of succession planning, as well as current retirement policies, have contributed to the TTC rehiring pensioners to fill vacancies as a solution for knowledge transfer or maintaining continuity on projects. Although it is not uncommon for organizations to rehire pensioners on a temporary, short-term basis, we found that pensioners are sometimes re-employed after retirement for long periods, paid at a premium, and appointed into new roles without an open job competition. By strengthening the rehired pensioner policy and implementing an effective succession planning program, the TTC can reduce its reliance on rehiring pensioners and positively impact employee engagement going forward.

For the second objective, implementing human resource-related key performance indicators with targets, at the department level and corporate-wide, will help the TTC with measuring and monitoring the effectiveness and efficiency of human resource practices, as well as identify areas for continuous improvement in managing its workforce.

Finally, we found that the TTC has not been regularly monitoring employee engagement and satisfaction, with the last employee engagement survey conducted in 2016. Results of exit surveys from departing employees and common themes/trends are also not analyzed to help address turnover. Having a formalized process, including triage, tracking, and resolution of employee complaints and concerns, handled by management or the different responsible units, will help address the dissatisfaction levels noted in the 2024 AGO non-union employee survey results for the handling of employee complaints.

Implementing the seven recommendations contained in this report will help improve the TTC's non-union workforce planning and management processes, contributing to a positive impact on employee engagement and retention of its existing workforce. While this audit focused on the TTC's non-union workforce, many of the recommendations can also be applied in managing human resources for the rest of the TTC's workforce.

**Thank you to  
management and staff**

We would like to express our sincere appreciation for the co-operation and assistance we received during our audit from the management and staff of the Toronto Transit Commission, particularly from the People and Culture Group.

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## Background

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### 2024 salary and benefits expense was \$603 million for 4,000 full-time non-union employees

The TTC's workforce is comprised of both non-unionized and unionized employees. In 2024, the TTC had a total average workforce of 16,300 full-time employees, with a salary and benefits expense of \$2.12 billion. Of that, 4,000 were full-time non-union employees, with a salary and benefits expense of \$603 million. **Figure 1** shows the breakdown of the 2024 full-time employee positions and associated salary and benefits expense.

**Figure 1: Breakdown of 2024 Average Full Time Employees and Salary and Benefits Expense by Non-union and Union**

	Full Time Employees		Salary and Benefits Expense	
	Annual Average	Percentage of Total	Actual (in billions)	Percentage of Total
Non-union	4,000	25%	\$ 0.60	28%
Union	12,300	75%	\$ 1.52	72%
Total Workforce	16,300	100%	\$ 2.12	100%

*Prepared by the Auditor General's Office using information provided by the TTC.*

The scope for this audit was the TTC's non-union workforce. An audit may be done in the future on the TTC's unionized workforce and is currently included in the backlog listing of the Auditor General's 2025 Work Plan. The TTC's non-union employee positions include a variety of administrative, supervisory, and professional roles that support the delivery of the TTC's services.

### Increasing challenges in attracting and retaining non-union employees

Management has informed us that over the last few years, the TTC has experienced increasing challenges in attracting and retaining non-union talent due to increased labour competition in the transit industry. Further, the TTC Pension Plan allows employees to transfer their TTC service out to other public sector pension plans but does not allow previous service from other employers to be transferred into the TTC Pension Plan. According to management, this contributed to challenges in attracting and hiring talent at the intermediate and senior levels. In addition, from January 2019 to December 2023, over 600 non-union employees voluntarily left the TTC (this figure includes resignations and excludes retirements), with the majority resigning between 2022 and 2023.<sup>5</sup>

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<sup>5</sup> The TTC was not alone with higher resignations during 2022-2023. According to StatsCan job vacancy rates for the Public Administration sector, workers were quitting at historic rates during the Great Resignation, which lasted from the summer of 2021 to mid-2023 and was triggered by the COVID-19 pandemic.

**1 in 5 non-union employees eligible for retirement in just over two years**

Between 2019 and 2023, there were an average of 100 retirements per year. Looking forward, 15 per cent of the TTC’s non-union staff will be eligible for retirement by the end of 2025, a number that increases to 21 per cent by the end of 2027. Thus, approximately 1 in 5 non-union employees will be eligible for retirement in just over two years.

**Figure 2** shows the number of non-union employees eligible for retirement by the end of each year, and as a percentage of the TTC’s non-union workforce in 2024.

**Figure 2: Non-union employees eligible for retirement from 2024 to 2027**

As of the Year Ended:	Non-union Employees Eligible for Retirement	Percentage of 2024 Non-union Workforce
2024	510	13%
2025	599	15%
2026	721	18%
2027	838	21%

*Prepared by the Auditor General’s Office using data from the TTC’s Employee Retirement Projection report.*

This trend is consistent with general demographic trends in the Canadian working population. The number of older Canadians (55 years and older) working has increased by 184 per cent since 2000, with their proportion going from one in 9.5 workers (in 2000) to one in 4.6 workers (in 2023).<sup>6</sup> With the number of older workers expected to reach 17 million by 2036, Canada’s aging population will have direct implications on the labour market.<sup>7</sup>

**Recent Changes to Corporate Organizational Structure Impacting Management of Human Resources**

**Corporate re-organization for Human Resource services and functions in July 2024**

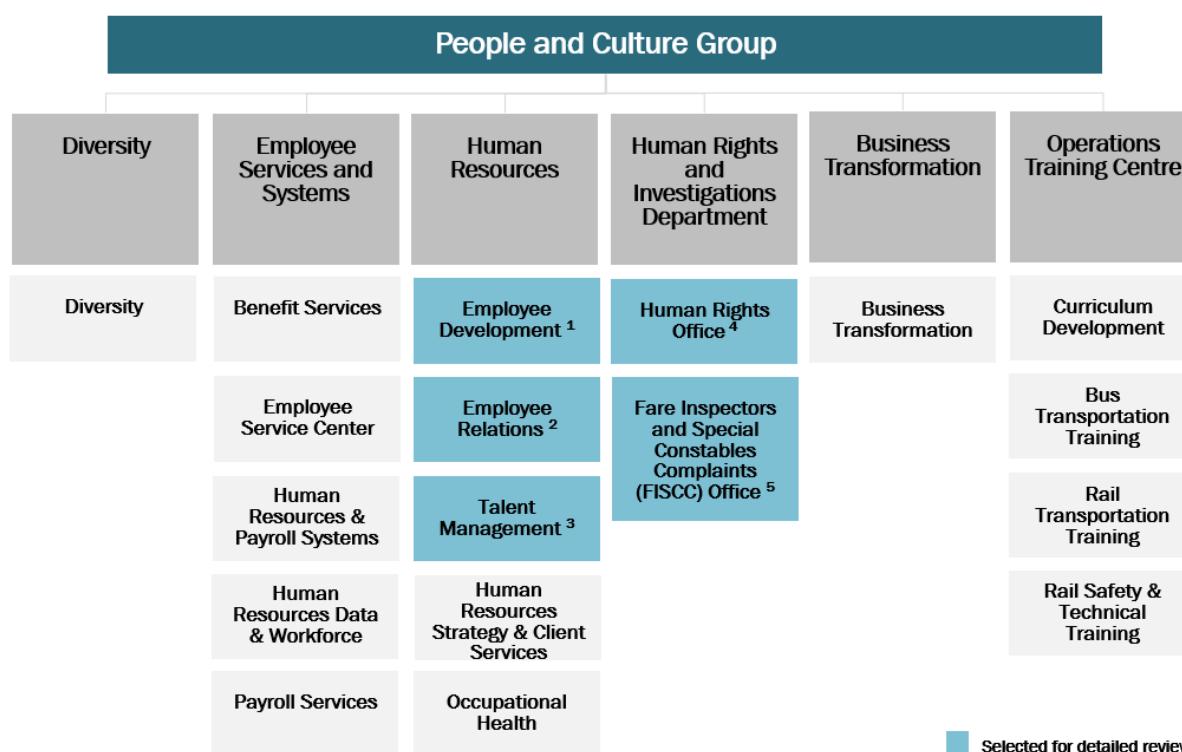
The TTC is organized into eight functional groups, which includes the People and Culture Group. Prior to a corporate reorganization in July 2024, the TTC’s human resources services and functions were under the roles and responsibilities of two separate groups, the People Group and the Diversity and Culture Group. Accordingly, our audit focused on the People and Culture Group and its responsibilities for non-union policies, practices, and processes.

**Figure 3** illustrates the organizational structure of the People and Culture Group, which consists of six departments. This audit included a review of policies and processes related to workforce planning and management within the five highlighted sections that fall under the Human Resources and Human Rights and Investigations departments.

<sup>6</sup> Labour Market Information Council (LMIC) article entitled “[Labour market resilience in the face of an aging population](#)”.

<sup>7</sup> Government of Canada article entitled “[Promoting the labour force participation of older Canadians](#)”.

Figure 3: Organizational Structure of TTC's People and Culture Group



Prepared by the Auditor General's Office based on information provided by TTC's People and Culture Group.

Notes:

1. **Employee Development** offers learning opportunities, tools, and resources to employees for career development.
2. **Employee Relations** provides support services for complex issues related to managing employees (e.g., investigations, discipline, mediation, arbitration, performance, and attendance management).
3. **Talent Management** provides consultation and support for all recruiting and compensation needs.
4. **Human Rights Office** provides services such as consultation, complaint investigation, conflict resolution and education with respect to TTC's Workplace Violence Policy, and Anti-Harassment and Anti-Discrimination Policy.
5. **Fare Inspectors and Special Constables Complaints (FISCC) Office** provides complaint resolution services regarding conduct of any employee in the Revenue Protection and Special Constable Service department.

As part of our audit, we reviewed how employee concerns and complaints are handled by the TTC's three investigative units:

- Human Rights Office (see description above)
- Fare Inspectors and Special Constables Complaints (FISCC) Office (see description above)
- Investigative Services Unit (part of the Legal department)

The Investigative Services Unit falls outside of the People and Culture Group and reports to the General Counsel in the Legal department. This unit investigates and addresses certain employee complaints and matters that may not fall under the mandate of the Human Rights and Investigations or Human Resources departments.

Apart from these units, employees can also file a complaint directly with management.

Employee Relations staff may provide consultations whenever any of the investigative units or management needs support with any of the complaints. Staff can also reach out to Employee Relations for general human resources and payroll related questions. However, Employee Relations does not handle employee complaints or conduct investigations.

Finally, the TTC also has a separate Integrity Program supported by a Whistleblower policy where employees can anonymously file a complaint, which are then reviewed and routed to the relevant investigative unit and/or management to be addressed.

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# Audit Results

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## A. Enhanced Workforce Planning, Monitoring, and Succession Planning is Needed to Ensure TTC's Non-union Workforce Meets its Operational Requirements

### A. 1. Formalized Process for Human Resource-Related Key Performance Indicators (KPIs) is Needed

Key performance indicators (KPIs) provide structured measurements of the effectiveness of human resource practices, ensuring alignment with an organization's overarching mission and values. Effective workforce and performance management and succession planning can help ensure sufficient qualified staff are hired and retained to enable the TTC to provide reliable and efficient transit services.

#### Formalized process for human resource-related KPIs should be in place

While the TTC tracks certain KPIs on a regular, corporate-wide basis, such as vacancy, absenteeism, and overtime, there is no formalized process to define, measure, or monitor human resources-related KPIs, and tracking is not done at the department level. In the absence of a formalized KPI tracking and monitoring process and system, we noted the following issues:

#### Turnover rate not regularly tracked

- **Turnover rate is not regularly tracked** – The turnover rate is only calculated on an ad hoc, corporate-wide basis, when requested by senior management. Regular monitoring of the turnover rate is important as it helps management understand the stability of the workforce and is an indicator of employee satisfaction.

#### KPIs not clearly defined

- **KPIs are not clearly defined** – Since there is no formal definition or formula to measure human resource-related metrics, there is a risk of inconsistent information, which could lead to decisions based on inaccurate information. For example, in the TTC's ad hoc calculations of turnover rates, this KPI is not clearly defined (e.g., whether it should include just voluntary resignations, or also include retirements and/or involuntary employee departures).



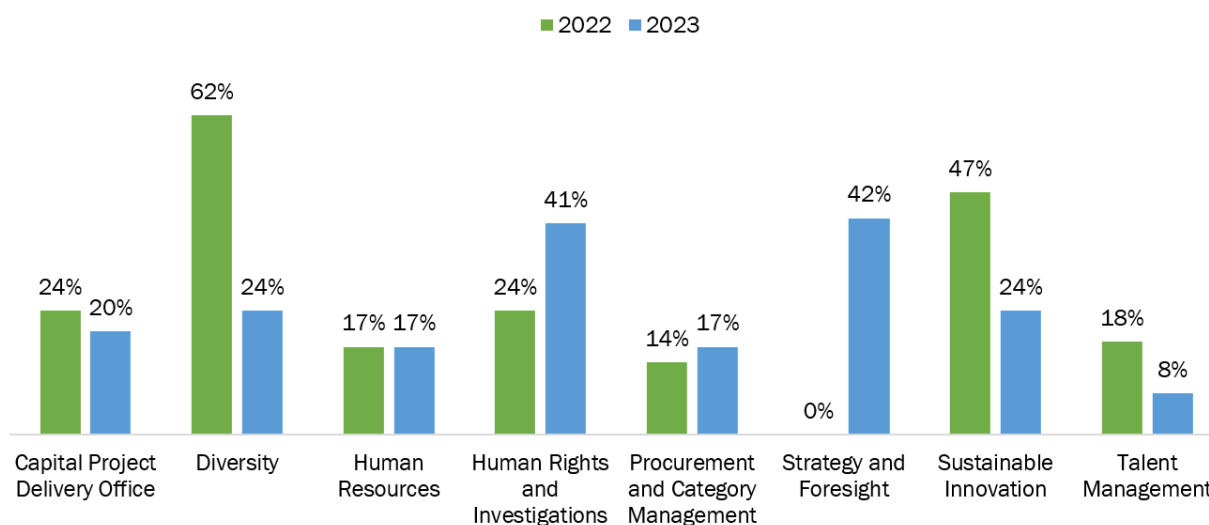
**Preparing vacancy report is a labour-intensive process**

- **Preparing vacancy reports is a labour-intensive process** – The TTC’s vacancy report is manually prepared every month, with input from internal stakeholders. While the TTC’s human resources management software application can produce a vacancy report, TTC management informed us that the data must be configured and other system issues addressed, before being able to use this functionality. A manually prepared report and rate increases the risk of errors and is not the most efficient use of time.

**KPIs not tracked at the department level**

- **For some KPIs, data was not tracked by the type of workforce (union vs. non-union) or by department** – Some KPIs are only measured at a corporate-wide level and not at the department level, limiting their usefulness. Based on our analysis of turnover data, the overall non-union voluntary turnover rate for the TTC was approximately eight per cent (including both resignations and retirements) for both 2022 and 2023, however there has been significantly higher turnover in several departments, as shown in **Figure 4**. Tracking KPI data by workforce type and/or by department would help the TTC identify specific areas that require action as well as facilitate more targeted decision making.

**Figure 4: Voluntary Turnover Rates (includes Resignations and Retirements) for Select Departments**



*Prepared by the Auditor General’s Office using data from TTC’s human resources management system.*

### KPI Targets and Benchmarks

**Formal KPI targets or benchmarks should be developed**

Setting clear targets for KPIs is critical for measuring organizational performance and ensuring continuous improvement, as it helps management identify opportunities when targets are not met.

Benchmarking is also a useful practice in comparing performance against industry standards, as it helps management to track progress over time and adopt best practices from other organizations.

However, the TTC has not established any formalized targets and benchmarks to assess its performance in managing its human resources.

### **KPIs Supporting Workforce Planning and Succession Planning**

#### **KPIs can be used to support workforce and succession planning**

The TTC should perform a review of best practice KPIs to determine which KPIs are appropriate for their organization specifically. For example, while this is not an exhaustive list, below are some common KPIs used by other organizations to support workforce and succession planning:

- **Employee engagement score** – Measures how engaged and motivated employees are. Conducting regular employee surveys can help management assess employees' job satisfaction and morale. A higher overall score indicates that employees are happy with the organization and are less likely to leave, improving retention and workforce stability.
- **Internal promotion rate** – The percentage of employees who are promoted or transferred to different roles within the organization. A higher rate suggests that employees are developing their careers within the organization, supporting succession planning and leadership development.
- **Bench strength (critical role readiness)** – Measures employees' readiness to take over key positions or critical roles, helping management to assess the available internal talent pool to ensure there is a candidate ready to assume responsibility if and when needed.
- **Employee retention rate** – The percentage of employees who remain with the organization over a given period. While the TTC presently calculates turnover rates, it is equally important to monitor retention rates, as a higher rate could indicate the organization is effective in keeping its workforce engaged, thereby reducing the likelihood of employees leaving.
- **Time-to-fill** – An indicator of how efficient the organization is at filling a vacant position. This metric includes the administrative and recruitment planning activities involved before the job is officially posted (e.g., creating the job requisition, recruitment strategy, and job posting), as well as the hiring activities to move candidates through the hiring process (e.g., candidate screening, written assessments, interviews, selection, offer letter).

- **Time-to-hire** –This metric focuses on the candidate’s journey and the time it takes for an applicant to move through the hiring stages once they’ve applied to the job. This KPI allows organizations to identify delays in the process and improve efficiency.

**Recommendation:**

1. **The Board request the Chief Executive Officer, Toronto Transit Commission, to conduct a review of best practices and determine appropriate human resource Key Performance Indicators (KPIs) and metrics, along with definitions and targets, and formalize the process/system to regularly monitor and report on these KPIs to senior management.**

## **A. 2. Formalized Corporate-Wide Succession Planning Program is Needed**

A succession planning program is an essential component of the broader human resources planning process. It involves an integrated, systematic approach for identifying, developing, and retaining capable and skilled employees in line with current and projected business objectives. Succession planning ensures that business operations continue to run smoothly and without interruption after employees choose to retire or resign.

**Succession planning listed as a focus area on both current and previous Corporate Plans**

The TTC had previous succession planning initiatives identified in its 2018-2022 Corporate Plan and succession planning continues to be listed as a focus area in the current 2024-2028 Corporate Plan.<sup>8</sup> However, there was no corporate-wide succession planning program in place at the time of our audit.

### **Corporate-Wide Succession Planning**

**Succession planning pilot in one department 3 years ago**

The People and Culture Group works on an ad hoc basis with departments to support their succession planning needs. Specifically, three years ago, Employee Development worked with the Vehicles Engineering department to support their succession planning needs by creating and piloting the Leadership Development Succession Strategy (LDSS), which was conducted over the span of approximately one year.

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<sup>8</sup> TTC did not prepare a Corporate Plan for 2023.

**Corporate-wide  
succession planning  
program needed**

The objective of the LDSS was to upskill existing employees around critical leadership competencies to help create a pipeline of ready and capable leadership candidates to fill future vacancies. The LDSS uses assessment tools to help employees and managers to identify potential areas of growth, track progress, improve development plans, and ensure that professional growth aligns with the organization's needs.

The intention of the LDSS pilot was to complete some initial succession development work with this department's leaders and test the LDSS concept in preparation for future use with other TTC departments. However, the LDSS was only piloted for Managers in one department. Management has indicated that the lessons learned from the pilot are being applied to improve the LDSS, but it has not yet been implemented corporate-wide and succession planning is needed for the rest of the organization.

Employee Development also developed a variety of tools and support materials designed to help employees prepare for future leadership roles.<sup>9</sup> Although these tools can be beneficial for employees, these are decentralized and mostly voluntary programs, where the employee needs to initiate and advocate for themselves in order to participate. In contrast, a successful succession planning program requires management to identify key positions and develop employees for the specific competencies required for those critical roles.

**Survey Respondents Dissatisfied with Succession Planning Efforts**

**38% of TTC respondents  
to AGO survey dissatisfied  
with TTC's succession  
planning efforts**

According to the independent employee survey of TTC non-union staff conducted by the Auditor General's Office ("2024 AGO Survey"), succession planning was identified as an area of improvement, as 38 per cent of respondents disagreed with the statement "Senior management are effective in planning the succession needs of the organization."<sup>10</sup>

More specifically, some survey respondents indicated that they are discouraged because succession planning is discussed by executives and senior management, but they do not see it being followed through and acted on. Others would like to see the TTC develop an internal pool of talent and candidates for succession.

The TTC should develop and implement a formalized corporate-wide succession planning program to identify, develop and retain capable and skilled employees to mitigate disruptions to business operations after employees choose to retire or resign.

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<sup>9</sup> Examples of Employee Development tools and support resources include Leadership Training Programs, Personal Development Plans, Mentorship Program (pilot), Leadership Coaching, Job Rotation and Cross-Training, Career Counselling, and Tuition Aid.

<sup>10</sup> This question was not included on the 2016 TTC Survey.

**Recommendation:**

2. The Board request the Chief Executive Officer, Toronto Transit Commission, to develop and implement a corporate-wide succession planning program.

**A. 3. Lack of Sufficient Retirement Notice Makes Succession Planning Very Challenging**

Effective succession planning considers employees who will be eligible and likely to retire, as this can be disruptive to operations after they leave. Advance notice of employees' retirements is crucial for ensuring there is sufficient time for a smooth transfer of knowledge between the retiree and the successor.

**Requirement to Notify Supervisor of Retirement**

**TTC employees do not need to provide retirement notice to any TTC employee**

TTC employees do not need to provide retirement notice to the organization to initiate retirement. Employees are only required under the TTC's retirement policies and processes to notify the TTC Pension Plan office (which is a separate legal entity) and complete and sign a retirement notice form that indicates their upcoming retirement date. The TTC Pension Plan office forwards the completed form to the TTC. This form represents the only official documentation that would serve as employees' retirement notice.

While the TTC Pension Plan office encourages employees to directly notify their supervisor of their retirement, it is not mandatory. If the employee chooses not to share their intent to retire with their supervisor, then the supervisor (and collectively, the TTC), would only become aware upon receiving the retirement notice form from the TTC Pension Plan office.

**Retirement Notification Period**

**No mandated or recommended retirement notice period at TTC**

The TTC's retirement policy encourages employees to provide as much advance notice of retirement as possible but does not mandate or recommend any minimum notification period.

Currently, an employee can contact the TTC Pension Plan office and retire immediately after they meet the eligibility for retirement. This could include retiring on the same day that they complete and sign their official retirement notice form.

**Management informed us that it is not uncommon for employees to only provide a few days of notice for retirement**

This policy allows for the possibility that an employee provides an extremely short or no retirement notice at all. Management from the People and Culture Group stated that it is not uncommon to see employees provide only a few days of notice of their retirement. The TTC does not track these scenarios and therefore could not quantify how many and/or how often this happens.

Out of 32 non-union retirements sampled from 2023, we found three instances where the official retirement notice form was signed on the day of the retirement, and one form was signed two days after retirement (i.e., backdated retirement date). Management informed us that some of these retirees had provided verbal notice prior to submitting their official retirement notice forms. However, verbal notice is not formal notice, and was not recorded or reported anywhere for the audit team to verify.

#### **TTC's Retirement Policy can be Strengthened to Adopt Best Practices**

We reviewed the retirement notification policies and processes of 21 other public sector organizations' and noted the following:

**Other public sector organizations require employees to provide notice to someone in their organization**

- All have a notification policy and/or process that clearly indicates the requirement for employees to notify their supervisor/management and/or human resource department of their intent to retire. In comparison, the TTC does not have this requirement.

**48% of organizations we reviewed have a mandatory minimum retirement notice period and the rest have a recommended minimum**

- Forty-eight per cent of the organizations have a mandatory minimum retirement notification period which averaged 61 days. While the remaining 52 per cent of organizations do not have a mandatory minimum, they still recommended a minimum retirement notification period which averaged 73 days. In comparison, the TTC does not have a mandatory or recommended minimum notification period.

Implementing similar best practice policies and procedures would help the TTC ensure a smooth transition and improve succession planning for employees who are retiring in the future.

#### **A. 4. Lack of Sufficient Transition Period between Retiree and Successor Increases Risk of Knowledge Loss**

One benefit of effective succession planning is determining who the retiree's successor (external or internal hire) is before the employee retires, allowing for a transition period where the retiree can transfer critical operational knowledge to the successor, ensuring business continuity.

**40% of AGO Survey respondents dissatisfied with timeliness of successor hiring**

However, the timely hiring of a retiree's successor and knowledge transfer was identified as an area of improvement in the 2024 AGO Survey. Forty per cent of survey respondents disagreed with the statement, "Positions' successors are determined in a timely manner to minimize transition gaps or loss of critical operational knowledge."<sup>11</sup>

In addition, some survey respondents indicated that they observed positions staying vacant for extended periods of time because it currently takes a long time to hire and fill vacancies. Respondents stated that they would like to see more timely and efficient hiring processes for key positions.

**This survey responses indicate efforts should be made to minimize loss of knowledge and expertise**

Other survey respondents indicated that they would like to see more proactive efforts in finding successors before people leave the TTC, to allow for an effective transition period. Respondents stated that the lack of knowledge transfer taking place before people leave is causing team instability, confusion, loss of knowledge and expertise, and operational inefficiencies. Some also stated that they would like to see more information and concepts documented in writing to avoid this loss of knowledge and expertise.

**Majority of Retiree Positions Not Hired or Filled Until After Retired Employee Left**

**Successors often hired after retiree left the TTC**

From our review of 32 non-union employees who retired in 2023, we found that the majority of positions were not filled until after the employee left the TTC.

**Position vacant for an average of 6.3 months after retirement**

- For 24 (75 per cent) retirees, their successors were not determined until after they had left the TTC. These positions were vacant for an average of 6.3 months before the permanent successor was hired. One of the contributing factors is that the written retirement notice period provided by these retirees averaged only 1.7 months.
- In contrast, for the two (6 per cent) instances where the successor was hired before the employee retired, the written retirement notice period provided by these retirees averaged 6.3 months. Due to the significant advance written retirement notice, there was a period of transition between the retiree and the successor ranging from 1.8 to 3.5 months.
- Of the remaining six (19 per cent) samples, half were not filled and half were filled by rehiring the retiree as a pensioner shortly after their retirement date.

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<sup>11</sup> This question was not included on the 2016 TTC Survey.



These results illustrate the benefits of advance retirement notice since it provides sufficient time to recruit for the retiree's successor. It also allows for a transition period between the retiree and successor, which helps to minimize transition gaps and loss of critical operational knowledge.

### **Delay in Initiating the Hiring Process for a Successor**

In order for a retiree's successor to be hired and have a transition period, the hiring process must be initiated in a timely manner, with an efficient hiring process.

Upon receiving written notice from an employee of their intention to retire, the operating department that wants to fill a vacancy is responsible for creating a job requisition to formally initiate the hiring process for the retiree's successor. This period of time to initiate the hiring (called "time-to-initiate-hiring") should be minimized so that the retiree's successor is determined and filled in a timely manner, however, this was not the case at the TTC.

**Average of 3 months between retirement notice and initiating successor's job requisition**

Based on the 32 retirement samples tested, it took an average of three months to launch a successor job requisition after receiving an employee's written retirement notice, resulting in no transition period between the retiree and successor.

### **Lengthy Hiring Process to Determine a Retiree's Successor**

The hiring process is initiated when the operating department creates a job requisition. Talent Management then supports the operating department through the different activities and stages of the hiring process as shown in **Figure 5** below.

**Hiring efficiency metrics, time-to-fill and time-to-hire not tracked**

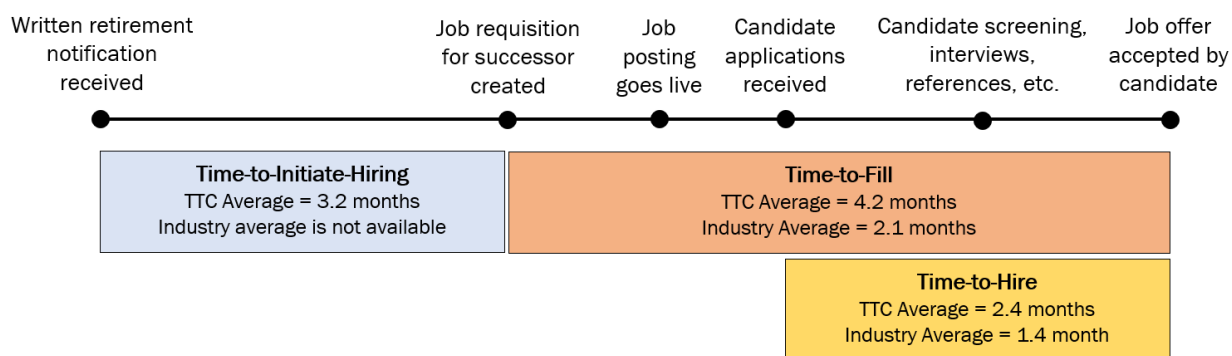
As discussed in **Section A. 1**, the TTC does not track key human resource performance metrics, including time-to-fill and time-to-hire, which both measure how efficient an organization is at filling a vacant position. Time-to-fill includes the administrative and recruitment planning activities involved before the job is officially posted, as well as the activities to move candidates through the hiring process. Time-to-hire only focuses on the time it takes for an applicant to move through the hiring stages.

**TTC's average time-to-fill and time-to-hire metrics nearly double industry average**

We calculated these metrics for the 2023 non-union retirement instances sampled, benchmarking the results against the industry average<sup>12</sup> for the government sector. Based on our analysis of 32 retired employees, we noted that the efficiency of the TTC's hiring processes can be improved, as it took approximately double the time for TTC to fill a vacancy and move candidates through the hiring stages as compared to the industry average.<sup>12</sup>

**Figure 5** illustrates our audit results for the metrics of TTC's hiring process, beginning from when the TTC receives the employee's written retirement notice, and how TTC's average time-to-fill and time-to-hire metrics compare to the industry averages.

**Figure 5: Hiring Process for Retiring Employee's Successor, with TTC Averages Based on Samples Tested and Industry Averages<sup>12</sup> for Time-to-Initiate-Hiring, Time-to-Fill, and Time-to-Hire Metrics**



*Prepared by the Auditor General's Office. TTC Averages calculated using data from samples tested. Industry Averages obtained from the Society of Human Resources Management.*

**Long hiring process risks losing top talent and increased hiring costs**

These metrics can be affected by many variables, which could be within or outside of the TTC's control. For the internal processes within TTC's control (e.g., initiating the hiring process, posting the job opportunity, candidate screening, scheduling interviews), it is important to make these processes as efficient as possible, as a long and drawn-out hiring process can result in losing out on top talent and increased hiring costs.

People and Culture management advised us that the TTC's corporate human resources management software does not allow for the efficient calculation of the length of each hiring stage. The software application also does not track how long a candidate remains at each phase of the hiring process. Therefore, the TTC is unable to efficiently and systematically determine where or why there was a delay in the hiring process. Regardless of this limitation, management informed us that the group began tracking a new "time-to-hire" metric in October 2024, subsequent to our audit fieldwork.

<sup>12</sup> Industry averages obtained from Society of Human Resources Management Benchmarking Talent Access Report for the Government sector (2022).

Management advised that the delays in creating the job requisition and/or in the recruitment and hiring process for the retirees' permanent successors were due to the following reasons:

- Low availability of hiring managers due to heavy workloads and competing priorities, resulting in delays between hiring stages.
- Prioritization of recruitment for other vacancies in the department. In some instances, operating departments decided it made sense to fill certain vacancies before others.
- Reorganization or changes to the retiree's position. For example, this could include combining the retiring position with another position, changing the job description to meet business needs, or requesting a formal job evaluation and compensation review for the role before recruiting.
- Position being an executive role or highly specialized, and therefore the recruitment for a qualified candidate takes more time.
- Highly competitive labour market, labour market shortages, or dissatisfaction with the candidate applications received. The operating department may decide to revisit and try recruiting for the role in the future.
- Seasonal vacations and holidays.

**Recommendation:**

3. **The Board request the Chief Executive Officer, Toronto Transit Commission (TTC), to strengthen the retirement policy and process and consider incorporating the following:**
  - a. **a requirement for notice (written, at a minimum) to the employee's supervisor, Department head, and the TTC's People and Culture Group;**
  - b. **a minimum retirement notification period requirement; and**
  - c. **timely initiation of successor hiring and knowledge transfer after retirement notice is received.**

## B. Policy for Rehiring Pensioners Needs Strengthening

### B. 1. Varying Rationales for Rehiring Pensioners

The number of older Canadians (55 years and older) has increased by 184 per cent since 2000 and by 2023, one in every 4.6 were older workers.<sup>13</sup> It is therefore not uncommon for organizations to have a policy regarding rehiring pensioners given the direct implication Canada's aging population has on the labour market. At the TTC, when non-union employees retire, there can be an immediate knowledge gap that the TTC needs to address. Rehiring pensioners can sometimes fill that gap.

#### Current Draft Rehired Pensioner Policy is Less Restrictive About Contract Periods and Extensions

##### More than one rehired pensioner policy at TTC

In 2022, the TTC drafted a new rehired pensioner policy to replace the previously approved policy. Later, in fall 2022, the Diversity and Culture Group started utilizing the new draft policy, even though it was never formally approved or enacted by the Chief Executive Officer and/or the TTC Board. Moreover, the existence and utilization of this new policy was never formally communicated outside of the Diversity and Culture Group.

Having more than one policy on the same matter and utilizing a draft policy instead of an approved policy should be avoided for operational consistency.

While the premise of the two policies is similar, the current draft policy is less restrictive and allows for longer contract periods for rehired pensioners, whereas the previous approved policy aligned more with the rehiring of pensioners on a short-term temporary basis:

##### Current draft rehired pensioner policy is less restrictive about contract periods and extensions

- The previous approved policy allowed for rehiring of pensioners on a short-term (six months or less) temporary contract if it was for the purpose of knowledge transfer. Contracts greater than six months were limited to those requiring continuity on "major projects." However, the current draft policy does not make this distinction between short and long-term contracts. That is, any contract (regardless of the reason) can be "up to 12 months."

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<sup>13</sup> Labour Market Information Council (LMIC) article entitled "[Labour market resilience in the face of an aging population](#)".

- The previous approved policy strongly emphasized that pensioners should only be hired temporarily for six months or less and required the department to ensure plans were made to avoid contract extensions, whereas the current draft policy no longer prioritizes this, stating that contracts can be extended “when transition has not yet been completed, or a special project has not yet been concluded.” This reduces the urgency and accountability of operating departments and their rehired pensioners to complete the intended goals efficiently and effectively during the contract term, as the contract can simply be extended.

### **Pensioners are Rehired to Fill the Knowledge Gap**

#### **Pensioners rehired to fill knowledge gaps**

Due to the lack of a succession planning program, combined with the current retirement policies (discussed in **Section A**), the TTC has been re-hiring pensioners to fill knowledge gaps.

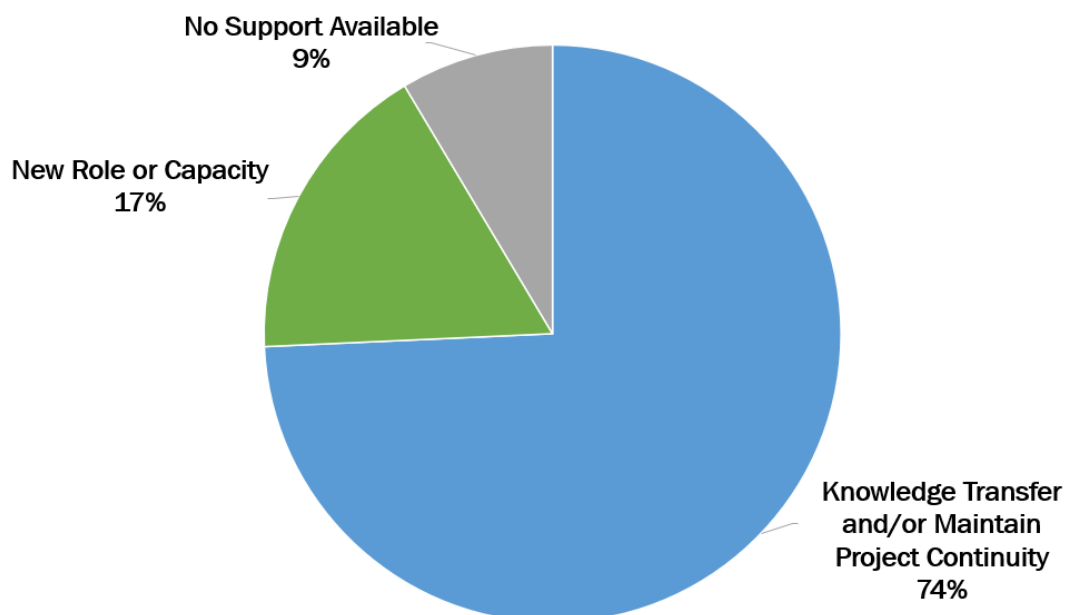
For example, the documented justification for rehiring one of the sampled pensioners was that their “retirement was not expected” and that their “departure will have a profound effect on our work and TTC’s ability to deliver projects.” Further, they indicated that this person had “accumulated immense project knowledge and history...over the years that would be impossible to replicate or replace in any way given the short notice period provided.” Following a review of this sample’s official retirement notice form, we noted that this employee only provided notice the day before retirement.

From January 1, 2019, to July 22, 2024 (the period of our audit testing), there were 68 pensioners that were rehired, some more than once for a total of 85 transactions. We reviewed a sample of 35 (41 per cent) of these rehired pensioner transactions, which were composed of 31 individuals (46 per cent). The samples selected took place both before and after the new draft rehired pensioner policy began to be used in the fall of 2022. As such, where necessary throughout our audit testing, we reviewed both policies.

#### **74% of sampled pensioners rehired due to need for knowledge transfer and/or to maintain continuity of project work**

Out of the 35 transactions reviewed, we noted that 26 (74 per cent) were rehired because of the need for knowledge transfer and/or to maintain continuity of project work. **Figure 6** provides the breakdown of the business case rationales for the samples reviewed.

Figure 6: Breakdown of Business Case Rationales for Rehired Pensioner Samples Reviewed



Prepared by the Auditor General's Office based on sample testing results.

The TTC was unable to provide any support for the business case and justification for three (nine per cent) rehired pensioner transactions. The next section explains the remaining six (17 per cent) hired for a new role or in a new capacity.

#### Pensioners are Appointed to New Roles without a Job Competition

**Five of the six pensioners rehired for new role were appointed without an open job competition**

As shown in **Figure 6**, we noted that six (17 per cent) of the rehired pensioners were rehired in a different job role or capacity from their pre-retirement role. This means that the pensioner was not necessarily rehired for knowledge transfer or to maintain continuity of projects that they were working on before retiring. All six of these rehired pensioners were appointed to these new roles as there was either no open job competition (for five out of six of these instances), or the job competition did not result in a successful hiring and the rehired pensioner was asked to fill the vacancy (one of the six).

Open and transparent hiring and job competitions can help build trust and credibility with employees and helps ensure that the best candidate is selected for the position. The TTC's Employment policy requires open job competitions for all positions with a few exceptions.<sup>14</sup> However, we reviewed these six instances against the allowable exceptions and found that they did not apply.

### **Rehiring Pensioners Can Negatively Impact Employee Morale**

**Rehiring pensioners negatively impacting employee morale**

Rehiring pensioners can have a negative impact on employee morale and engagement, as it may affect employees' perceptions and feelings about their own career advancement within the organization.

From the 2024 AGO Survey, we noted that respondents had concerns about the TTC's practice of rehiring pensioners, as well as perceived unfair hiring practices related to bringing back retirees to fill new positions without open job competitions. Survey respondents would also like to see more effective succession planning that allows existing employees to develop and advance their careers within the TTC.

## **B. 2. Extending Pensioners' Contracts Resulting in Long-term Pensioner Re-employment**

### **Majority of Sampled Pensioners Rehired Under Long-term Contracts**

**TTC's practice of rehiring pensioners is not meeting the goal of short-term re-employment**

Based on our review, TTC's practice of rehiring pensioners is not meeting the goal of short-term temporary re-employment. Although both the previous approved and current draft policy for rehiring pensioners use various mechanisms (e.g. requiring a justified business case, cross-training and/or succession plan, and approvals through the Workforce Change Request process) which are intended to minimize the period of re-employment of pensioners and prevent contract extensions, these were not always followed.

The previous approved policy states multiple times that re-employment should be short-term and not exceed six months. Additional requirements in this policy for contracts longer than six months also support this intent (e.g., requiring a major project on which the retiree is needed, the development of a cross-training and/or succession plan).

**60% of rehired pensioners sampled had initial contracts longer than six months**

Despite the goal of short-term temporary re-employment of both policies, 21 of the 35 samples (60 per cent) had initial rehire contracts offered that were longer than six months.

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<sup>14</sup> Exceptions to the open job competition requirement include: succession planning; career development; secondments; accommodation of permanently medically restricted persons; placement of employees whose positions have become redundant due to downsizing, restructuring, etc.; technological change; re-organization of department or section; compassionate or disciplinary placements.



### Majority of Rehired Pensioners Had Contract Extensions

**69% of rehired pensioner samples had between 1 and 6 contract extensions**

We also noted that the majority were extended past their initial rehire contract's term. Out of the 35 pensioner rehire samples, 24 samples (69 per cent) had between one and six contract extensions.

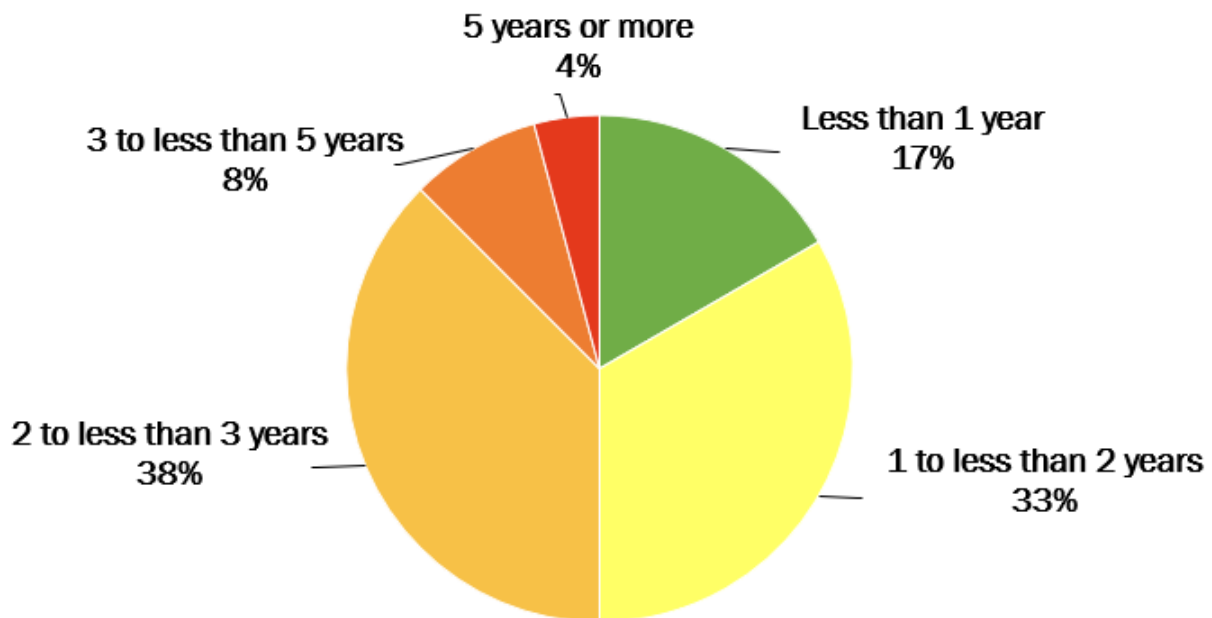
**Contract extensions longer than initial rehire contracts, averaging over 16 months to a maximum of over 4 years**

These contract extensions increased the initial contract terms by a range of 2.4 months to 55.2 months (16.5 months on average). We also noted that 17 out of these 24 samples (71 per cent) have total re-employment periods that are at least twice as long as their initial contract term.

**Figure 7** shows that the majority of the 24 samples have total re-employment periods longer than one year, with half spanning two years or more.

Figure 7: Total Re-employment Periods for the 24 Samples with Contract Extensions

### Total Re-employment Periods for the 24 Samples with Contract Extensions



*Prepared by the Auditor General's Office based on sample testing results.*

## **Contract Extension Rationales, with One-Third Without Documented Justification**

### **1/3 of rehired pensioner contract extensions not supported by documented business case**

Both the previous approved and current draft policies require contract extensions to be justified and approved through the Workforce Change Request process. We found that one-third (14 out of 42) of contract extensions were not processed through the Workforce Change Request process and had no documented business case or justification for extending the pensioner's temporary contract.

We reviewed the business cases for the remaining 28 contract extensions and found that:

#### **Rehired pensioners' contracts extended due to delays in projects**

- Where the pensioner was rehired for a project, the operating department requested that the contract be extended until the project was completed, as opposed to dedicating their time to transfer knowledge to a successor. These cases often resulted in contract extensions (sometimes multiple) because the project experienced delays and took longer than what was stated in the initial rehire request.

#### **Rehired pensioners' contracts extended due to unsuccessful or delayed recruitment/hiring**

- When the pensioner was rehired to train and transfer knowledge to their successor, this had not been completed by the end of their contracted term(s). Management advised that this occurred because the recruitment and hiring efforts for the retiree's successor were unsuccessful or delayed.

#### **Rehired pensioners' contracts extended due to changes in scope of work**

- Rehired pensioners' contracts were extended due to changing and increasing scope of work during their period of re-employment.

#### **Rehired pensioners' contracts extended due to employee turnover and resource constraints**

- The pensioner's contract was extended in response to departmental turnover and resource constraints and the pensioner was needed to provide continued support and stability.

## **More Performance Monitoring and Accountability Needed for Rehired Pensioners**

### **No requirement to provide rehired pensioners with detailed work plan that sets expectations and deliverables**

We noted that rehired pensioners are not required to be provided with a detailed job description or work plan that sets expectations and deliverables for their temporary contract term, which may include specific succession planning and knowledge transfer activities. This makes it difficult to evaluate the rehired pensioner's performance against expectations and ensure accountability in their specific role and responsibilities.

The previous approved rehired pensioner policy did not provide guidance on this topic, while the new draft policy explicitly states that a job description is not required because “[t]he rationale/business case used to rehire the Pensioner will define their primary function, support their day-to-day responsibilities and identify the expectations of their job.” However, the sample business cases we reviewed that were completed were sometimes vague, general, and did not include these details as the policy intended.

Management in the People and Culture Group advised that the level of detail provided to the rehired pensioner regarding their role and job responsibilities is up to the operating department’s discretion. In the samples reviewed, we noted that some rehired pensioners had detailed job descriptions and/or work plans with specific deliverables and timelines) while others had no documentation.

The TTC’s Employee Performance Appraisal policy states that employee performance appraisals should be conducted on all temporary employees at the end of the temporary assignment or annually if the temporary assignment lasts more than a year. Management in People and Culture confirmed that this applies to rehired pensioners, as they are considered temporary employees.

**No performance appraisals completed for rehired pensioners**

However, we found that there were no documented performance appraisals completed for rehired pensioners. Clear performance expectations and performance reviews are needed to provide accountability for these employees. This feedback mechanism also provides management with an opportunity to assess work performance and expectations, including quality and timeliness of the deliverables.

### **B. 3. Rehired Pensioners Receive Both Employment and Pension Income, and May Also Receive Pay Premiums**

#### **Rehired Pensioners Received Both Employment and Pension Income**

**Rehired pensioners receive both employment and pension income simultaneously**

All 35 of our audit samples examined (made up of 31 retired individuals) were rehired under temporary, fixed-term contracts and received both employment and pension income simultaneously during their period of re-employment.

Receiving both income types is currently allowed by TTC policy and TTC Pension Plan Bylaws and Regulations, under the condition that the pensioner returns to work at the TTC under a temporary, fixed-term contract.

From January 1, 2020 to October 31, 2024, the total pension income payments for the 31 rehired individuals sampled was \$7.5 million, and their total employment income was \$7.1 million.

## Retired Pensioners Received Cost of Living Adjustment Salary Increase and Pay Premium

**43% of rehired pensioners received pay premium above approved pay rate upon rehiring**

For 43 per cent of the rehired pensioner transactions, the pensioner received an increase in their pay rate upon being rehired as a pensioner (as compared to their pay rate upon retirement). This increase was a result of receiving a pay premium, which means the employee's pay rate is higher than the position's approved pay rate.

In most cases, the rehired pensioners also received the general cost-of-living adjustment salary increases, in line with the rest of the non-union TTC workforce. In these cases, the pay premium rate is applied to the higher cost-of-living adjusted pay rate.

As mentioned in the previous section, the 35 samples selected took place both before and after the current draft rehired pensioner policy began to be used in the fall of 2022. Per review of both TTC's current draft and previous approved policies, we noted that pay premiums are generally discretionary:

**Current draft policy limits rehired pensioner pay premium to 10%; two samples are receiving pay premiums greater than this maximum**

- The current draft rehired pensioner policy allows rehired pensioners to be “paid equivalent to step and grade they left at retirement (on current schedule) + up to 10%.” The amount of the premium is discretionary and subject to TTC's approval. People and Culture management advised this is often justified by the need for business continuity and succession planning. However, we found that this practice was not consistently followed.
  - For the 16 sampled rehires since the current draft policy began to be used in fall 2022, seven (44 per cent) received pay premiums, including two (12.5 per cent) that received premiums greater than the maximum ten per cent premium.
- The previous approved rehired pensioner policy does not address pay premiums, however, a separate Salary Administration and Treatment policy allowed for discretionary “special pay adjustments” to address unusual market demands, compression or retention issues, or temporary increases in responsibility.
  - For the 19 sampled rehires before the current draft policy began to be used in fall 2022, eight (42 per cent) received pay premiums.
  - While the previous approved policy does not limit the discretionary premium, we noted that five (26 per cent) of the eight samples received premiums greater than the ten per cent premium maximum in the new draft policy.

**Rehired pensioners' pay premiums range from 5% to 24% (average 14%)**

The pay premiums ranged from five to 24 per cent above the position's approved pay rate, with an average of 14 per cent. Both the low end of the range and the average pay premium is more than the average performance-based salary increase employees receive when they meet expectations in their annual performance review.

**Estimated cost of rehired pensioners' pay premiums totaled \$508,000 from 2020 to 2024**

The estimated incremental cost of the pay premiums for the 15 samples (seven since and eight before the current draft policy), for the total re-employment periods from January 2020 to December 2024 is approximately \$508,000. These pay premium costs could potentially be avoided with more effective succession planning, as the need to rehire the pensioners would be minimized or eliminated, and the same work may be able to be performed by an existing or newly hired employee at a lower pay rate.

#### **B. 4. Risk of Dependence on Rehiring Pensioners to Meet Operational Demands**

Although it is not uncommon for organizations to rehire pensioners to fill knowledge gaps on a temporary, short-term basis, the preceding sections in this report have highlighted the areas where the TTC's rehired pensioner policy and practices need to be reviewed and revised (e.g. open job competition for successor, contract extensions, pensioner pay premiums), to reduce the potential for a negative impact on employee engagement and morale.

**Rehiring pensioners not an effective long-term solution with growing portion of workforce eligible for retirement**

TTC's practice of rehiring pensioners is not an effective long-term succession planning solution, especially since the TTC's non-union workforce has a significant and growing portion of employees that are either eligible or nearing retirement eligibility. Thirteen per cent of the TTC's non-union employees are currently eligible for retirement, a figure that increases to 15 per cent by the end of this year (2025) and 21 per cent by the end of 2027. This means that in just over two years, one in five non-union employees will be eligible for retirement.

**TTC's policy provides employees with financial incentives to retire as soon as they are eligible**

While post-retirement employment may sometimes have a role to play in ensuring a stable and skilled workforce, the policy should not encourage it. Though we acknowledge that retirees' past working experiences at the TTC may provide them with institutional knowledge, skills and expertise required to meet operational needs efficiently and effectively with limited onboarding and training, the policy should generally be restrictive but still meet the TTC's operational needs.

Currently, the TTC's only restrictive criteria in the current draft policy is the requirement to meet one of the broad and general business case and justification reasons (e.g., retiree in a hard to fill or difficult to replace job). Meanwhile, the policy encourages post-retirement employment as it allows for rehired pensioners to receive both employment and pension income and formalizes the practice of offering pay premiums to rehired pensioners. This results in a financial incentive for employees to retire as soon as they are eligible, which may be earlier than they may have initially planned to stop working, as suggested by the following sample testing observations:

- 58 per cent (18 of 31) of sampled rehired pensioners returned to work within 15 days of their retirement, showing that employees returned to work after only a short period of time after their retirement date.
- 52 per cent (16 of 31) of sampled rehired pensioners returned to work for another 1.5 to 5.5 years after their retirement.

At the time of our audit, some of these employees are still active and their contracts could be extended again. This shows that despite officially retiring, employees continued to work for a long period of time after retiring.

**Effective succession planning must be prioritized to reduce reliance on rehiring pensioners**

At a time when a significant portion of the TTC's employees who possess institutional knowledge are at or nearing retirement eligibility, coupled with the challenges faced by the TTC in attracting and retaining talent, succession planning is more critical than ever and must be prioritized. Dependence on the practice of rehiring pensioners as a long-term solution has financial implications (e.g., pay premiums) and may negatively impact the engagement and morale of the existing workforce.

For example, we identified two departments that are relying on long-term employment from rehired pensioners to meet operational requirements:

- The Procurement and Category Management department's voluntary turnover rate in 2022 and 2023 was 14 per cent and 17 per cent, respectively.<sup>15</sup> This department currently has four rehired pensioners that have all been re-employed on a long-term basis (2.1 to 3.5 years).

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<sup>15</sup> While the AGO survey results showed employee concerns about the TTC's practice of rehiring pensioners, without the TTC's collection and analysis of employee feedback from employee surveys or interviews (e.g., engagement, exit), it is not possible to confirm that the rehiring pensioners practice within this department contributed to these specific turnover rates.

- The Finance department's voluntary turnover rate in 2022 and 2023 was 11 per cent and 8 per cent, respectively.<sup>15</sup> During the same years, this department employed seven rehired pensioners, four of whom have had contracts extended, resulting in long-term re-employment (1.4 to 5.5 years).

**Important for the TTC's rehired pensioner policy and process to be strengthened**

It is important for the rehired pensioner policy and process to be strengthened and balanced to be more restrictive so that it does not cause unintended negative impacts, but still meets the TTC's operational needs. Potential measures that the TTC can consider utilizing in their own policy include limitations on rehired pensioners' earnings, limitations on time worked or length of service after retirement, or a maximum number of rehired pensioners allowed (either at a corporate-wide level or group/departmental level).

**Recommendation:**

4. **The Board request the Chief Executive Officer, Toronto Transit Commission, to strengthen its rehired pensioner policy by:**
  - a. finalizing and obtaining approval of only one rehired pensioner policy and communicating the new policy to the organization;
  - b. including restrictive measures to limit, minimize and/or prevent rehiring pensioners and their length of re-employment;
  - c. including clear guidance as to when open and transparent job competitions are required;
  - d. revisiting the need, including cost and benefit, for rehired pensioner pay premiums; and
  - e. incorporating measures and processes for enhanced monitoring and increased accountability requirements from the operating department and their rehired pensioner(s) to achieve the goals they intended to complete during the contracted term initially requested, especially when considering contract extension requests.



## C. Employee Feedback and Engagement Monitoring Needs Strengthening

Ongoing, consistent, and frequent monitoring of employee engagement helps management to understand employee satisfaction, commitment, and motivation. This can provide valuable information for management to address areas of dissatisfaction in a timely manner. Trends can be tracked to evaluate the effectiveness of initiatives previously taken to improve employee engagement within departments and the overall organization.

Regularly collecting employee feedback enables informed decision making to attract, develop and keep top-performing talent, allowing organizations to create a workplace where employees feel supported and set up for success.

### C. 1. Employee Engagement is Not Regularly Monitored, Analyzed, or Addressed

**Last TTC employee engagement survey was 8 years ago in 2016**

Employee engagement is not frequently monitored at the TTC. The TTC last conducted an employee engagement survey eight years ago in 2016 (“2016 TTC Survey”). TTC management indicated, however, that at least one of the TTC’s functional groups conducts their own annual employee engagement survey. This practice may be occurring in other groups, but the People and Culture Group is not aware since the survey results are not centrally tracked and analyzed. When employee engagement levels are not monitored regularly, an organization cannot proactively identify areas needing improvement, and a lack of actions taken (or the perception thereof) can lead to a decrease in employee engagement.

**AGO conducted independent non-union employee survey in July/August 2024**

As the last staff engagement survey was conducted in 2016, current staff engagement levels were not available. Therefore, to gauge employees’ feedback on the workplace culture, the AGO performed an independent survey of TTC non-union staff in 2024 (“2024 AGO Survey”). We requested responses from all 4,094 active non-union staff at the time, during the months of July and August 2024.

The overall response rate for the 2024 AGO Survey was 48 per cent<sup>16</sup> with 1,952 respondents . The 2016 TTC Survey had an overall corporate response rate of 42 per cent, with a non-union response rate of 82 per cent (2,367 non-union respondents).

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<sup>16</sup> According to the City of Toronto People & Equity Division, the response rates of other large public sector organizations is typically around 45 to 50 per cent.

## Top Areas of Satisfaction from 2024 AGO Non-union Employee Survey

**Most employees satisfied with colleagues and direct managers**

From the 2024 AGO Survey, the statements with the top five average scores related to working relationships and views about the respondents' colleagues and direct managers:

- “My Direct Manager treats me fairly” (80 per cent agreed)
- “I have positive working relationships with my colleagues” (79 per cent agreed)
- “I get help and support from my direct manager when I need it” (78 per cent agreed)
- “I have confidence and trust in my direct manager” (76 per cent agreed)
- “My Direct Manager makes sure I have clear performance expectations” (74 per cent agreed).

## Overall, 2016 TTC Survey Results Did Not Improve in 2024 AGO Survey

**2024 AGO Survey results of comparable questions showed no improvement since 2016 TTC Survey**

To identify trends with employee engagement and satisfaction levels, we compared the average scores for 40 questions from the 2016 TTC Survey that were the same or similar to the 2024 AGO Survey. We noted that none of the average scores of the comparable questions improved from TTC's last survey.

**Exhibit 1** lists the 16 questions where the 2024 AGO Survey average score declined by at least 1.5 points (on a ten-point scale) from the 2016 TTC Survey (sorted from largest to smallest variance). These declining scores may indicate that they require management attention and action. This included the following areas: learning and development opportunities, workload, performance management, safety, and work environment. There were no questions relating specifically to succession planning on the 2016 TTC Survey.

## C. 2. Feedback From Employee Exits Should be Collected, Analyzed, and Addressed

When employees resign, organizations can capture valuable feedback from departing employees through exit surveys and/or interviews as part of the offboarding process. Depending on the role, seniority, and tenure of the employee, exit interviews may be performed in lieu of or in addition to an exit survey to uncover more detailed information that could help the organization make improvements in the future. This insight can help organizations identify and address organizational strengths, weaknesses, and opportunities for improvement so they can better engage and retain staff.

## Exit Survey Results and Exit Interviews for Senior Roles

The TTC conducts online exit surveys for departing employees. However, this practice was paused for 2.5 years during the COVID-19 pandemic and resumed on January 1, 2023.

**No formal process or strategy on how exit survey results are reported, reviewed, and used**

We found that there was no evidence of review or analysis being performed on the voluntary exit survey results. TTC management confirmed there is currently no formal written processes or procedures on how exit survey results are to be reported to or reviewed and used by management or the People and Culture Group. The TTC has one dedicated employee who distributes the surveys to departing employees and receives the data, but is still determining how the information will be used and reported going forward.

Exit interviews can help the organization understand why employees are leaving the organization and gather constructive feedback. From analyzing this feedback, the TTC can increase employee retention by determining what can be improved. In some cases, the quality of feedback obtained through interviews may be more comprehensive and useful than feedback obtained through an online survey. Management advised us that exit interviews are sometimes performed by staff within the functional groups, but the results are not reported or analyzed centrally by the People and Culture Group. The TTC, however, was unable to provide any documentation of these group-level exit interviews.

**Using both exit surveys and interviews can maximize quality of feedback**

The TTC should consider a tandem online survey and exit interview approach to maximize the quality of feedback obtained from departing employees.

## Common Themes Between AGO Survey and TTC Exit Survey Results

If regular and ongoing reviews of the exit survey results are performed, factors impacting turnover and retention could be analyzed and addressed in a timely manner. As mentioned under **Section A.1**, we calculated the turnover rates for TTC departments and found high turnover in certain departments. However, without the collection and analysis of employee feedback from employee engagement and/or exit surveys and/or interviews, it is difficult to determine the cause(s) of employee turnover. In general, employee turnover can be caused by many different factors, and these factors can also vary across the different functional groups and departments within the TTC.

**Analyzing employee engagement and exit survey results can identify areas of improvement to help address turnover**

Monitoring employee engagement and reviewing common themes and trends from the exit survey and/or interview results in conjunction with employee engagement surveys, can help identify the causes for and help address turnover and allow for better workforce planning. This is essential in ensuring that the current workforce can meet the TTC's operational requirements.

Our analysis of the TTC's 2023 and 2024 exit surveys found similar reasons an employee may choose to leave the organization that were consistent with the results from the 2024 AGO Survey. **Exhibit 2** summarizes these areas, which include opportunities for career growth, advancement and skill development, organizational culture, work-life balance, safety, well-being and workplace harassment and/or discrimination and/or violence, the organization's direction or future, and executive or senior leadership.

The 2024 AGO Survey also indicated that 11 per cent of respondents are actively looking for another job outside of the TTC, while 21 per cent of respondents are looking for another job both inside and outside of the TTC. Studies have shown that the consideration of changing jobs is prevalent across the Canadian labour workforce<sup>17</sup>, including the Canadian federal government.<sup>18</sup> The TTC should review exit survey results to determine which factors are influencing staff's decisions to leave and whether the results of questions for that area in the employee engagement surveys require attention to help prevent future turnover.

**Recommendation:**

- 5. The Board request the Toronto Transit Commission to regularly collect feedback from employees through engagement surveys and exit interviews and surveys, analyze the results, and take actions to address concerns, especially those that are impacting employee retention.**

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<sup>17</sup> The [PwC 2024 Hopes and Fears Survey](#) indicated that 25 per cent of Canadians said they're very or extremely likely to change jobs in 2024 (up from 23 per cent in the 2023 survey).

<sup>18</sup> The [2022/2023 Public Service Employee Survey](#) (Canadian federal government) indicated that in 2022/2023, 38 per cent of employees indicated that they planned on leaving their current position within the next two years, compared with 24 per cent in 2020. Of those planning to leave, 42 per cent planned to stay within their department or agency, while nearly one-quarter (24 per cent) planned to pursue a position in another department or agency.

## D. Process for Managing, Tracking, and Addressing Employee Concerns and Complaints Needs Improvement

### D. 1. Lack of Clear Roles and Responsibilities Among Different TTC Units Handling Employee Complaints and Concerns

Another form of employee feedback is employee complaints/concerns received by management and/or the units responsible for following up, investigating, and addressing the complaints/concerns. Organizations should have dedicated resources that efficiently and effectively investigate and address concerns and complaints from employees. Similarly, these units can only be effective if the organization's employees have a clear understanding of when, how and where to file a complaint that they want addressed.

The TTC has three investigative units that receive and manage employee concerns and complaints:

- Human Rights Office
- Fare Inspectors and Special Constables Complaints (FISCC) Office
- Investigative Services Unit (part of the Legal department)

Apart from these units, employees can also file a complaint directly with management.

The Employee Relations staff may also provide consultations if the investigative units or management require support with a complaint. Staff can also reach out to Employee Relations for general human resources and payroll related questions. However, Employee Relations does not handle employee complaints or conduct investigations.

TTC also has a separate Integrity Program supported by a Whistleblower policy where employees can anonymously file a complaint, which are then reviewed and routed to the relevant investigative unit and/or management to be addressed.

#### Overlap and Unclear Roles and Responsibilities Among Different Investigative Units

**Overlap and unclear roles and responsibilities between the 3 investigative units responsible for employee concerns and complaints**

The scope of jurisdiction for each of the three investigative units are shown in **Figure 8**. Despite each unit having separate jurisdictions, we noted that there can be overlap and unclear roles and responsibilities amongst them. For example, discrimination and harassment matters fall under both the Human Rights and FISCC Offices, and employee misconduct falls under both the Investigative Services Unit and FISCC Office. Through review of the units' complaint records, we found instances where complaints related to the Revenue Protection department were handled by investigators from the Investigative Services Unit despite falling under FISCC Office's mandate.

**Figure 8: Scope of Jurisdiction for the Three TTC Units Responsible for Employee Concerns and Complaints**

	Human Rights Office	Fare Inspectors and Special Constables Complaints (FISCC) Office	Investigative Services Unit
Scope of Jurisdiction	<p>Matters covered by TTC's Respect and Dignity Policy and TTC's Workplace Violence policy. This includes:</p> <ul style="list-style-type: none"> <li>• Workplace violence, discrimination, or harassment (Human Rights Code based and non-Code based)</li> <li>• Sexual harassment</li> <li>• Poisoned work environment</li> <li>• Reprisal</li> </ul>	<p>Conduct of employees pertaining to the Revenue Protection and Special Constables Service department. This includes:</p> <ul style="list-style-type: none"> <li>• Discrimination</li> <li>• Harassment</li> <li>• Misconduct such as discreditable conduct, insubordination, neglect of duty, deceit, breach of confidence, corrupt practice, etc.</li> </ul>	<p>Allegations related to the following (not an exhaustive list):</p> <ul style="list-style-type: none"> <li>• Time theft</li> <li>• Benefits abuse</li> <li>• Employment fraud</li> <li>• Theft of materials</li> <li>• Conflict of interest</li> <li>• Nepotism/cronyism</li> <li>• Inappropriate use of TTC resources</li> <li>• Abuse of employee transportation card</li> <li>• General employee misconduct</li> </ul>

*Source: Information obtained from TTC intranet, policies, and procedures.*

The policies for each of the three investigative units provide a high-level outline of the complaints under their jurisdiction, but could be strengthened to provide further detail and examples of the types of allegations each unit is responsible for. We also noted that the policies do not address situations where the nature of complaint overlaps between the units. Lack of guidance in such situations could affect accountability.

**Transferred complaints due to unclear jurisdiction can sometimes delay the timing of investigation and resolution**

We found instances where the jurisdiction of a complaint is unclear among the investigative units and the complaint was transferred between units, which can sometimes delay the timing of the investigation and resolution. See **Section D.2.** for examples.

**Employees Not Aware of Which Unit to File Complaint With**

Having all complaints-related resources in one place and communicating about these resources to employees, can help employees understand the different jurisdictions of each unit and enable them to correctly determine where to file their complaint.

**Employees unaware of where to correctly submit complaint**

Several responses from the 2024 AGO Survey indicated that employees are unaware of who to reach out to and when to file a complaint. When complaints are filed with the incorrect unit, the complaint must be transferred to the correct unit, increasing the risk that inter-unit transferred complaints are not addressed in a timely manner or at all.

**Recommendation:**

6. The Board request the Toronto Transit Commission to update current policies and procedures to ensure clear roles and responsibilities for each investigative unit and other involved personnel including management, Employee Relations, and Human Resources, and communicate this information to employees.

## **D. 2. Complaints Referred Between Units or to Management are Not Tracked**

### **Three separate case management systems used across units**

The TTC currently uses three separate corporate systems to track investigations and complaints, except for the cases handled by management. All three systems have different functionalities, causing inconsistencies in the case management and tracking processes.

**Figure 9** shows which system is used by each unit, and the number of case records subject to our review within each system.

**Figure 9: Complaint Management Systems Used and Number of Records Subject to our Review**

Complaints received by:	Human Rights Office	FISCC Office and Investigative Services Unit	Integrity Program	Management
System used	IAPRO	X-Fire	Clearview	No formalized process or tracking system.
Time period of the data	January 2019 to July 2024	January 2019 to August 2024	January 2019 to August 2024	
Total records subject to our review <sup>19</sup>	3,936 <sup>20</sup>	1,430 <sup>21</sup>	1,051 <sup>21</sup>	

Source: Information obtained from TTC case management systems.

<sup>19</sup> Although the audit focus is non-union employees, complaints-related data and records include both union and non-union employee complaints, as these are not separately identified in the systems. Further, complaint submissions may be duplicated across systems, however, this cannot be quantified due to system limitations and the lack of tracking of referred complaints.

<sup>20</sup> For IAPRO records, only “Internal cases” (i.e., submissions made by employees) were under review. This data includes Internal complaints, Internal consultations, Internal Incidents, and Internal Ontario Human Rights Commission/Human Rights Tribunal Office complaints.

<sup>21</sup> For X-Fire and Clearview records, the classification for internal and external cases is not possible because the identifying data fields are not always populated. Therefore, records reviewed includes complaints filed by both employees and TTC customers.



## **Formalized Process and Tracking Needed for Complaints Handled by Management**

**No formal process or tracking of complaints handled directly by management**

TTC policy advises employees to reach out to their immediate supervisor with concerns, however, we found that there is no formalized complaint filing or handling process, nor a mandate to store or track these complaints submitted directly to management. Having a formal filing and tracking system would help management to analyze if there are any patterns or trends within specific departments or time periods.

**58% of AGO survey respondents not satisfied with how management handled complaints**

The 2024 AGO Survey showed that out of the 267 respondents who indicated they had reported complaints to management, about 58 per cent of them said they were not at all satisfied with how the matter was handled. There could be a number of reasons why complainants were not satisfied.

In addition to receiving complaints made by staff directly, the investigative units can also refer complaints to management. This means that many complaints remain under management's purview, magnifying the importance of formalizing this process. For example, in 2023, we noted that the Integrity Program referred about 65 per cent of its complaints received to management. We found instances of Integrity Program submissions that were emailed for management to address, however, there was no acknowledgement from management that they received the email, nor any update on how the complaint was handled and concluded.

Considering the large number of complaints being handled by management, having a formal tracking system would improve accountability and help management in identifying trends within specific departments or time periods.

## **Tracking Needed for Complaints Referred Between Investigative Units**

Complaint and case management systems and processes should be able to show who is accountable and responsible for investigating any specific case. If cases are referred between investigative units, an audit trail should allow someone to track the complaint efficiently and effectively through the various systems and investigative units, ensuring all cases are investigated and addressed appropriately.

**Complaint management systems lack inter-unit tracking functionality, or it is used inconsistently**

We noted complaints that are referred between units are not being consistently tracked. This is due to the IAPRO and X-Fire systems not having this functionality, and the Clearview system's tracking function not being consistently used. Without this referral information, the status of a specific complaint and its investigation cannot be tracked efficiently, increasing the risk of cases not being addressed, which may in turn negatively impact employee engagement and morale.



### **Accurate Timeliness of Complaint Resolutions Cannot be Determined**

It is important to calculate and monitor the aging of cases, as well as how long it takes for cases to be investigated and for a conclusion to be reached (e.g., substantiated, unsubstantiated).

**Timeliness of complaints resolution cannot be determined as inter-unit referrals are not tracked**

All three systems have fields identifying the date a complaint was received and the date a complaint was closed, allowing a “closure” time frame to be calculated for each case within a single system. However, since complaints referred between units are not tracked consistently or at all, a complete picture of the timeline of transferred complaints (from initial submission to ultimate closure) cannot be determined. For example:

- A 2022 complaint was received by the Human Rights Office and was assessed as falling under the FISCC Office’s mandate. This complaint was then closed in the Human Rights Office’s system and transferred to the FISCC Office; however, it took 16 days for this complaint to be entered in the FISCC Office’s system. These 16 days are not counted towards the total time taken to close this complaint because the inter-unit “transfer time” is not reflected in the FISCC Office’s system.
- A 2020 complaint was received by the Human Rights Office, and after 407 days, it was assessed to not be a potential violation of the TTC’s Respect and Dignity policy. It was then closed in the Human Rights Office’s system and referred to management to address as appropriate under their code of conduct. While the Human Rights Office’s system shows the complaint was closed in 407 days, this is not an accurate timeframe, as it excludes the time it took management to process and address it, given there is no formalized process or tracking system.

### **Low Employee Satisfaction in How Complaints were Handled**

**Employee complaint processes can help TTC build trust and confidence with employees**

Employee satisfaction with TTC’s internal complaint processes is another area that the TTC should monitor and work to improve, as an efficient and effective internal complaints process will help build trust and confidence with employees and provide assurance that their feedback is welcomed and valued. It also helps management identify ways to improve workplace practices and policies.

The 2024 AGO Survey results show that 60 per cent of survey respondents who brought their matter to someone’s attention said they were not at all satisfied with how the matter was handled, regardless of who or what investigative unit the complaint was reported to. Some responses indicated that their complaint was reported to multiple people and/or investigative units.

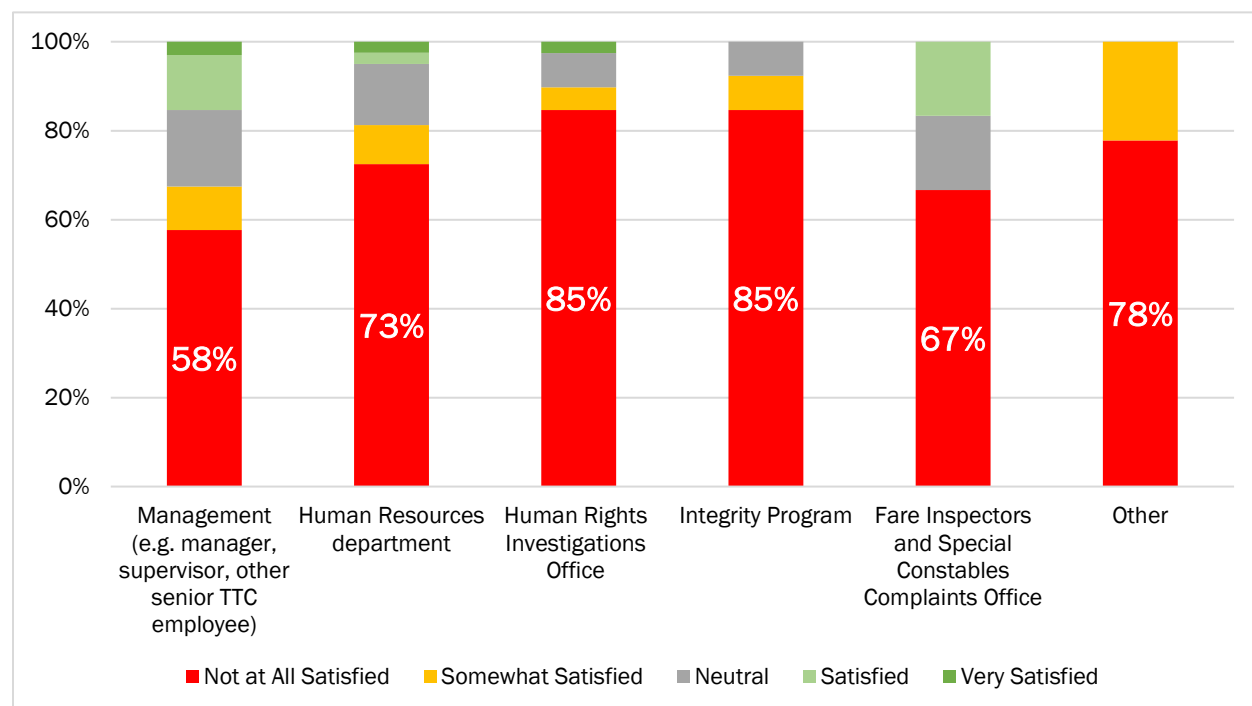
**22% of survey respondents stated they experienced workplace harassment, violence and/or discrimination**

Approximately one in five survey respondents (22 per cent or 429 respondents) indicated they experienced workplace harassment, violence and/or discrimination. Seventy per cent, or 300 of these respondents, stated they brought the matter to someone's attention (e.g., management, Human Resources department, or an investigative unit), of which 60 per cent were not at all satisfied with how their complaint was handled.

**Low satisfaction in how complaints were handled, regardless of who or which unit it was reported to**

**Figure 10** shows that the majority of respondents (89 per cent) said they reported their complaints to management and that dissatisfaction was highest for complaints reported to the Integrity Program (85 per cent) and the Human Rights Office (85 per cent), followed by the Human Resources department (73 per cent), FISCC Office (67 per cent), and management (58 per cent):

**Figure 10: Employee Satisfaction Levels with Complaint Handling by TTC Units**



*Prepared by the Auditor General's Office based on non-union employee survey results.*

*Note 1: Employee Relations, part of Human Resources, does not handle employee complaints or conduct investigations, but provides support as needed to staff, management, and TTC's investigative units.*

*Note 2: The "Other" category consists of nine complaints that were either reported to an external agency or to a department not listed as options in the survey.*

**Recommendation:**

- 7. The Board request the Chief Executive Officer, Toronto Transit Commission, to develop a formalized process for:**
  - a. tracking complaints referred between investigative units;**
  - b. tracking complaints submitted directly to management from employees or referred to management from investigative units; and**
  - c. calculating and monitoring timeliness of complaint investigation and resolution (from initial submission to final closure).**

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## Conclusion

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Workforce planning and management, including succession planning, are critical to ensure the Toronto Transit Commission's (TTC) non-union workforce meets its operational requirements to support providing public transit services to the City of Toronto, particularly as the number of employees at or nearing retirement eligibility is increasing.

For our first audit objective, we noted that the TTC does not have a formalized, corporate-wide succession planning program in place. Additionally, the TTC's retirement policies and processes need to be strengthened to support TTC's succession planning initiatives.

The lack of succession planning and current retirement policies have contributed to the TTC rehiring pensioners to fill vacancies as a solution for knowledge transfer or maintaining continuity on projects. Although it is not uncommon for organizations to hire pensioners on a temporary, short-term basis, we found that pensioners are sometimes re-employed after retirement for long periods, paid at a premium, and appointed into new roles without an open job competition. By strengthening the rehired pensioner policy and implementing an effective succession planning program, the TTC can reduce its reliance on rehiring pensioners and positively impact employee engagement going forward.

For the second objective, implementing human resource-related key performance indicators with targets, at the department level and corporate-wide, will help the TTC measure and monitor the effectiveness and efficiency of its human resource practices. It will also help identify areas for continuous improvement in managing its workforce.

Finally, we found that the TTC has not been regularly monitoring employee engagement and satisfaction, with the last employee engagement survey conducted in 2016. Results of exit surveys from departing employees and common themes/trends are also not analyzed to address areas of concern to help address turnover. Having a formalized process, including triage, tracking, and resolution of employee complaints and concerns, handled by management or the different responsible units, will help address the dissatisfaction levels noted in the 2024 AGO non-union employee survey results for the handling of employee complaints.

**Seven recommendations  
to improve TTC's  
workforce planning and  
management processes**

Implementing the seven recommendations contained in this report will help improve the TTC's non-union workforce planning and management processes, contributing to a positive impact on employee engagement and retention of its existing workforce. While this audit focused on the TTC's non-union workforce, many of the recommendations can also be applied in managing human resources for the rest of TTC's workforce.

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## Audit Objectives, Scope, and Methodology

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### **Audit included in the 2024 Work Plan**

The Auditor General's Office 2024 Work Plan included an audit to assess the Toronto Transit Commission's (TTC) workforce planning and management processes.

The scope for this audit was on TTC's non-union workforce and did not include the TTC's union workforce. An audit may be done in the future on the TTC's union workforce and is currently included in the backlog listing of the Auditor General's 2025 Work Plan.

### **Audit objectives**

The objective of this audit was to assess whether the TTC has established and implemented workforce planning systems, policies, procedures, and processes to ensure its non-union workforce meets operational requirements. This audit aimed to answer the following questions:

- 1) Does the TTC perform effective succession planning for non-union staff?
  - a. When hiring is needed to address vacancies where succession planning was not successful, is it being done in a fair, open, transparent, and competitive manner?
- 2) Is the TTC proactive in monitoring and addressing challenges in retaining its non-union staff?
  - a. Are there accurate, complete, and timely data and key performance indicators (e.g. turnover rate) in place for measuring, monitoring and decision making for the TTC to ensure it continues to have sufficient non-union workforce to meet operational requirements?
  - b. What steps are being taken to obtain feedback from employees (including employee engagement levels) and does TTC have plans and initiatives in place to address any major concerns?

### **Audit scope**

The audit scope focused on the workforce planning and processes relating to the non-union workforce at the TTC.

Complaints and allegations filed about the former Chief Executive Officer were not included in the scope of our review of the TTC's complaints policies and processes.

## **Limitations**

Our review of the complaints processes was limited to records and information retained and recorded in the complaint management systems. We were unable to review complaint records handled by management as there is no system that tracks these complaints.

We were also unable to verify if complaints referred between investigative units were addressed or the timeliness if/when resolved, as this information is not recorded in the systems and there is no tracking process to link these cases between the different systems.

## **Methodology**

Our audit methodology included the following:

- reviewing City bylaws, legislation, regulations, TTC budget information, Council decisions, staff reports, and internal and external reviews;
- evaluating operational policies (e.g., retirement policy, rehired pensioner policy, employment policy), procedures (e.g., employee complaints), and reports (e.g., Diversity and Culture Annual Report) from the People and Culture Group;
- reviewing a sample of 35 rehired pensioner transactions covering the period from January 2019 to July 2024 (41 per cent of the total 85 rehired pensioner transactions during the same period). Samples were selected based on the rehired pensioners' pay scale group or the length of their initial rehire contract, as these are deemed to be critical roles. Our findings and conclusions are based on the available information and data relating to the transactions sampled;
- reviewing a sample of 32 non-union retirements during the year of 2023 (32 per cent of the total 100 non-union retirements). Samples were selected based on the rehired pensioners' position or salary, as these are deemed to be critical roles. Our findings and conclusions are based on the available information and data relating to the retirements sampled;
- conducting employee and complaints data analysis using TTC systems (e.g., SuccessFactors, IAPRO, X-Fire and Clearview) to identify trends (e.g., key performance indicators, type and status of complaints);

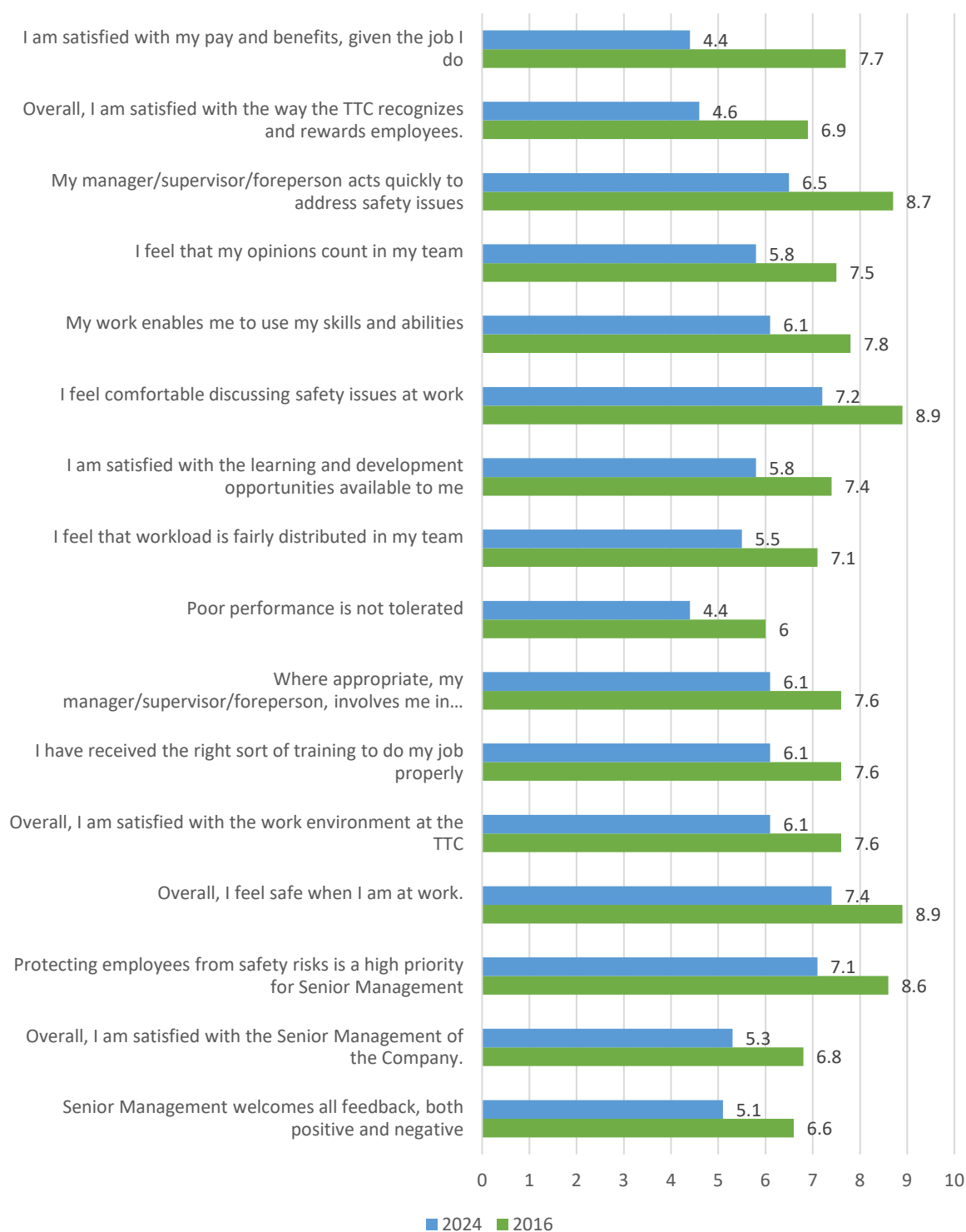
- interviewing management and staff from 7 groups and 21 departments, as well as the TTC Pension Plan (which is a separate legal entity);
- conducting an independent employee survey of all TTC non-union staff and analyzing results, including a comparison against the TTC's 2016 employee engagement survey and the TTC's employee exit survey results from January 2023 to July 2024;
- reviewing and analyzing the results of previous employee engagement surveys and exit surveys conducted by the TTC;
- examining best practices and standards from other jurisdictions, including a review of 21 other public sector organizations' retirement notification policies and processes; and
- performing other relevant procedures as necessary.

**Compliance with generally accepted government auditing standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



## Exhibit 1: 2024 AGO Survey Questions Where Average Satisfaction Score (Out of 10) Decreased By 1.5 or More Since TTC's 2016 Survey



Source: Data from the AGO Survey conducted in July and August 2024 and the 2016 TTC Survey

## Exhibit 2: 2023-2024 TTC Exit Survey Results and 2024 AGO Survey Results Comparison

Factor that had a Major or Contributory Influence on Staff's Decision to Leave TTC – from 2023-2024 TTC Exit Survey Respondents	Results of Related Questions from the 2024 AGO Survey
<b>Career-related Professional and Skill Development, Growth and Career Advancement:</b>	
<ul style="list-style-type: none"> <li>• 1 in 2 (53%) respondents stated growth and career advancement played a major or contributory influence on their decision to leave the TTC.</li> <li>• Almost 1 in 2 (48%) respondents indicated that opportunities for career-related professional and skill development had a major or contributory influence in their decision to leave the organization.</li> <li>• 2 in 5 (45%) respondents indicated that the degree to which their skills were used in their job had a major or contributory influence on their decision to leave the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 in 4 (26%) respondents disagreed they have growth and promotion opportunities at the TTC.</li> <li>• 1 in 5 (22%) respondents disagreed with having career related professional and skill development.</li> <li>• 1 in 3 (33%) respondents indicated there is not a clear training development plan which they have agreed to with their direct manager.</li> <li>• 1 in 4 (24%) respondents disagreed their skills and abilities were fully utilized in their current job.</li> </ul>
<b>Organizational Culture:</b>	
<ul style="list-style-type: none"> <li>• 1 in 2 (59%) respondents indicated that unhealthy organizational culture had a major and/or contributory influence on their decision of leaving the TTC.</li> <li>• Almost 1 in 2 (47%) respondents indicated that feeling their ideas and opinions are valued had a major or contributory influence on their decision to leave the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• 2 in 5 (42%) respondents indicated that poor performance is tolerated at the organization.</li> <li>• 30% of respondents indicated that if something goes wrong, people concentrate on blaming one another rather than the solution.</li> <li>• 29% of respondents strongly disagreed or disagreed that work is fairly distributed in their department.</li> <li>• 1 in 4 (28%) respondents did not agree that a healthy atmosphere (consisting of trust, mutual respect, good morale) existed at the TTC.</li> <li>• 1 in 4 (27%) respondents indicated they do not feel comfortable expressing their honest opinions at work.</li> <li>• 1 in 5 (21%) respondents did not feel their skills, ideas and opinions are valued.</li> </ul>

<b>Company's Direction/ Future and Executive/ Senior Leadership:</b>	
<ul style="list-style-type: none"> <li>• 1 in 2 (56%) respondents indicated that lack of trust in the executive/senior leadership had a major and/or contributory influence in their decision to leave TTC.</li> <li>• 2 in 5 (41%) respondents indicated their concerns relating to the company's future had a major or contributory influence on their decision to leave the organization.</li> <li>• 1 in 3 (39%) respondents indicated a change in the company's direction had a major or contributory influence on their decision to leave the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 in 3 (32%) respondents felt the senior management at TTC are not transparent and clearly communicating strategic changes and information in a timely manner.</li> <li>• 1 in 3 (31%) respondents felt the senior management at TTC does not provide clear direction of the future.</li> <li>• 1 in 3 (31%) respondents do not believe Senior Management sets a positive tone from the top and role model ethical practices, professionalism, and personal integrity.</li> <li>• 30% of respondents do not believe Senior Management welcomes all feedback (both positive and negative).</li> <li>• 30% of respondents do not have confidence and trust in TTC's Senior Management.</li> </ul>
<b>Work-life balance / Flexible Work Arrangement:</b>	
<ul style="list-style-type: none"> <li>• 2 in 5 (45%) respondents indicated that the lack of flexible work arrangement had major or contributory influence on their decision to leave the organization.</li> <li>• 2 in 5 (44%) respondents indicated poor work-life balance had a major or contributory influence on their decision to leave the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 in 2 (52%) respondents indicated that workload and/or stress impacts their willingness to work for the TTC.</li> <li>• 1 in 4 (24%) respondents are not satisfied with the workload and stress levels at the TTC.</li> <li>• 1 in 5 (23%) respondents indicated there is not a good balance between work and personal life.</li> <li>• 1 in 5 (21%) respondents indicated their department does not support flexible work arrangements.</li> </ul>
<b>Safety, Well-being, and Workplace Harassment and/or Discrimination and/or Violence:</b>	
<ul style="list-style-type: none"> <li>• 1 in 3 (35%) respondents indicated that the psychological safety of the work environment had a major or contributory influence on their decision to leave the organization.</li> <li>• 1 in 4 (29%) respondents indicated that discrimination towards them during their employment had a major or contributory influence on their decision to leave the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 in 4 (26%) respondents disagreed with the statement "TTC cares about and is committed to support my mental and physical health and well-being".</li> <li>• While the average scores remain relatively high, we noted that all of the 2024 satisfaction average scores for workplace safety questions decreased when compared to the 2016 survey.</li> </ul>

<ul style="list-style-type: none"> <li>• 1 in 7 (14%) respondents indicated that the physical safety of the work environment had a major or contributory influence on their decision to leave the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 in 5 (22%) respondents indicated they experienced workplace harassment and/or discrimination and/or workplace violence (threat of violence, any form of assault, attempted assault) at the TTC.</li> </ul>
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## Appendix 1: Management's Response to the Auditor General's Report Entitled: Audit of the Toronto Transit Commission's Non-Union Workforce Planning and Management

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**Recommendation 1:** The Board request the Chief Executive Officer, Toronto Transit Commission, to conduct a review of best practices and determine appropriate human resource Key Performance Indicators (KPIs) and metrics, along with definitions and targets, and formalize the process/system to regularly monitor and report on these KPIs to senior management.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  We can commit to conducting a review and materially advancing HR KPIs and metrics with reporting to the executive team by Q4 2025. This later date provides time for completion of our employee engagement survey and coordination with the metrics we will update through it. These will be reported to the TTC Board (HR Committee) in 2026.

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**Recommendation 2:** The Board request the Chief Executive Officer, Toronto Transit Commission, to develop and implement a corporate-wide succession planning program.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  Some key elements of succession planning have been initiated such as leadership training and development opportunities with external stakeholders (Rotman, APTA, UpSkill, etc.) and internal programs (LEAD, Leadership Advantage, LinkedIn memberships and tuition support). Work is currently underway to map out development programs for aspirational leaders at lower levels within the TTC.  Subsequent to the audit, succession planning activities have been initiated for the senior management levels, specifically levels 14-16 (Heads, Executive Directors, and Chiefs) to examine retirement eligibility/planning, target feeder positions and current employees identified as potential successors. Long-term temporary staffing situations (3 months or longer) were recently examined for levels 12-16 to ensure that permanent staffing solutions are established to improve workforce stabilization.  The new Corporate Plan strongly supports the development of a more robust process to support effective succession planning however resources are not currently in place to operationalize this. Current upskilling and reskilling within the People and Culture Group, anticipated organizational structure changes, and future investments for resources and systems to help collect and manage the data associated with effective succession planning, will be explored. Elements including leadership commitment; updated or new policy frameworks; workforce assessments including skills gap analysis, talent inventories and demographic analyses; critical role identification; performance management and pay for performance; diversity, equity and inclusion (DEI) goals; stakeholder engagement; and finally, ongoing communication, are all envisioned to be part of TTC's succession planning framework, with various elements in place sooner than others, depending on resource availability. A People Strategy is in the early stages of development (a vendor was recently secured to assist with this work) and will help to set the stage for how succession planning can unfold during the life of our corporate plan. We anticipate various elements of this recommendation to be either fully or partially implemented starting immediately (i.e., using pilots with targeted levels, organizational groups or job families) however full-cycle implementation is not likely to be in place until Q1 2028.

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**Recommendation 3: The Board request the Chief Executive Officer, Toronto Transit Commission (TTC), to strengthen the retirement policy and process and consider incorporating the following:**

- a. a requirement for notice (written, at a minimum) to the employee's supervisor, Department head, and the TTC's People and Culture Group;
- b. a minimum retirement notification period requirement; and
- c. timely initiation of successor hiring and knowledge transfer after retirement notice is received.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  TTC Pension Plan (TTCPP) is a separate legal entity reporting to a jointly administered Board comprised of TTC management and ATU executive members. The convention of employees first (and, in some cases, only) notifying the pension office has become an accepted practice. We will work with the TTCPP to implement updates to policy and practices regarding retirement notification, understanding that working within the existing governance framework will take time (requirement for approvals by both TTCPP and TTC Boards). Co-development with our ATU partners is required for changes to the policy and practices, however we will work to strongly encourage culture change in this area immediately with respect to retirement notification. Estimated timeframe for new notice requirements is dependent upon Board approvals and may require legal updates, therefore Q3 2026. Both culture change and tangible actions related to the initiation of successor hiring will start much sooner, estimate being Q2 2025.

**Recommendation 4: The Board request the Chief Executive Officer, Toronto Transit Commission, to strengthen its rehired pensioner policy by:**

- a. finalizing and obtaining approval of only one rehired pensioner policy and communicating the new policy to the organization;
- b. including restrictive measures to limit, minimize and/or prevent rehiring pensioners and their length of re-employment;
- c. including clear guidance as to when open and transparent job competitions are required;
- d. revisiting the need, including cost and benefit, for rehired pensioner pay premiums; and
- e. incorporating measures and processes for enhanced monitoring and increased accountability requirements from the operating department and their rehired pensioner(s) to achieve the goals they intended to complete during the contracted term initially requested, especially when considering contract extension requests.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree
<b>Comments/Action Plan/Time Frame:</b>  An update to the policy is timely and will be completed to address all concerns. The current proportion of rehired pensioners amounts to less than 0.7% of the non-union workforce. While this report attributed pensioner rehiring to (i) a lack of succession planning and (ii) retirement policies, there are equally if not more significant factors contributing to the need to rehire pensioners, such as pension portability into the TTC pension plan and the rapid rise of local competitors for talent in the transit industry in Toronto.

Understanding the need for improved succession planning behind outgoing employees, culture change starting with updated communication and guidance to hiring managers, emphasizing the need for longer notice periods, and the provision of tools and support to plan for backfills will commence immediately.

The policy will be updated by Q4 2025 but will necessarily include exception provisions to ensure safety and operational reliability are not compromised. This inclusion of rehired pensioners as a staffing strategy will be supported by more specific criteria and will be offset by periodic monitoring and accountability reporting as the policy will emphasize the need to recruit and/or advance from within. By Q3 2026, we anticipate the policy being operationalized and having data to review to assess impact.

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**Recommendation 5: The Board request the Toronto Transit Commission to regularly collect feedback from employees through engagement surveys and exit interviews and surveys, analyze the results, and take actions to address concerns, especially those that are impacting employee retention.**

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

A new framework for employee engagement, including regular surveys (frequency to be determined) is currently in development. This framework will include leadership accountability, consultation with stakeholders (such as unions) to raise awareness of the importance of participation, an understanding of what data will be collected and how it will be used, and privacy considerations. Estimated date of completion is Q1 2026.

A template for exit interviews will be developed and made accessible to management staff. Departing employees will be given the option to complete the interview in person, virtually, or through written submission. We will strongly encourage its receipt as a pre-condition for completion of the departure process. Estimated date of completion is Q1 2026.

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**Recommendation 6: The Board request the Toronto Transit Commission to update current policies and procedures to ensure clear roles and responsibilities for each investigative unit and other involved personnel including management, Employee Relations, and Human Resources, and communicate this information to employees.**

**Management Response:** ☒ Agree ☐ Disagree

**Comments/Action Plan/Time Frame:**

These challenges are currently being addressed through regular triaging of cases among the primary investigative units. Some of these investigative areas were recently realigned internally following guidance provided by industry/ legal /academic experts and/or the Toronto Ombudsman. We agree that communicating the expectations and timelines to affected employees is important and have embarked on process improvements to ensure this is accomplished. Work is currently underway, and we anticipate having a fully-staffed intake team within the Human Rights and Investigations Department by Q4 2025. Other activities including the review of roles and responsibilities for each investigative unit and various internal stakeholders, along with associated communications, will be completed by Q1 2026.

**Recommendation 7: The Board request the Chief Executive Officer, Toronto Transit Commission, to develop a formalized process for:**

- a. tracking complaints referred between investigative units;**
- b. tracking complaints submitted directly to management from employees or referred to management from investigative units; and**
- c. calculating and monitoring timeliness of complaint investigation and resolution (from initial submission to final closure).**

<b>Management Response:</b> <input checked="" type="checkbox"/> <b>Agree</b> <input type="checkbox"/> <b>Disagree</b>
<b>Comments/Action Plan/Time Frame:</b>  A high-level summary for tracking purposes is being developed by the working group referenced above who convene for the purposes of triaging complaints into the right investigative unit. This can be challenging as there are sometimes overlapping areas of complaint and one unit may be in the best position to lead on behalf of another.  Tracking of management complaints will start with those where HR services are engaged as these tend to be the most serious, repetitive or ones that have escalated. De-escalation training has been a priority for the TTC over the past 2-years and should help reduce the frequency and potential escalation of complaints going forward.  Through a recent re-organization, priority has been given to reducing the time in which complaints are dealt with while ensuring the parties are kept reasonably well informed. Progress is being made and targets are being set. In addition, a new case management system is currently being explored and subject to funding and compatibility assessment, may be adopted by Q1 2026. This would improve data tracking and reporting by Q3 2026.



**AUDITOR  
GENERAL**  

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