



AUDITOR GENERAL'S REPORT ACTION REQUIRED

Toronto Community Housing Corporation - Update on Audit Recommendations

Date:	October 15, 2013
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

Over the past number of weeks, significant concerns have been raised in connection with the activities of one of the former subsidiary companies of Toronto Community Housing Corporation (TCHC). The Auditor General has had discussions with both the Chair of the Board and the President and Chief Executive Officer, in connection with this matter. The results of the investigation into the subsidiary company are currently under review by the Toronto Police Service and consequently, it is not appropriate to comment specifically on this matter further.

Any investigations conducted by TCHC are not conducted in isolation from the City. The Auditor General is apprised of all such investigations and meets on a regular basis with senior management at the TCHC as well as the Chief Internal Auditor. Investigative reports are shared with the Auditor General.

In addition, the Auditor General conducts a follow-up review on the status of all outstanding recommendations relating to audit reports issued by his office. In 2011 and 2012, the Auditor General issued five reports to the TCHC containing 80 recommendations. Each one of these recommendations has either been implemented or is in the course of being implemented. The implementation of these recommendations is receiving significant and ongoing attention and is being dealt with appropriately.

The Auditor General will report out on the status of all recommendations in June 2014.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council receive this report for information.

Financial Impact

The recommendation in this report has no financial impact.

COMMENTS

Over the past two years, the Auditor General has issued five audit reports to the TCHC as follows:

- Toronto Community Housing Corporation – Procurement Policies and Procedures Are Not Being Followed
<http://www.toronto.ca/legdocs/mmis/2011/ex/bgrd/backgroundfile-37418.pdf>
- Toronto Community Housing Corporation – Controls Over Employee Expenses Are Ineffective
<http://www.toronto.ca/legdocs/mmis/2011/ex/bgrd/backgroundfile-37417.pdf>
- Toronto Community Housing Corporation – Review of Controls Over Procurement and Payment Functions at TCHC Subsidiary: Housing Services Inc.
<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-46600.pdf>
- Toronto Community Housing Corporation – The City and Toronto Community Housing Corporation Needs to Strengthen its Oversight of Subsidiaries and Other Business Interests
<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-46601.pdf>
- Toronto Community Housing Corporation Fleet Management - Lack of Central Oversight Has Led to Control Deficiencies
<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-46602.pdf>

The 2011 audit reports contained a total of 41 recommendations. The 2012 audit reports contained an additional 39 recommendations.

The Auditor General conducts an annual follow-up process of all audit reports issued to City Divisions, Agencies and Corporations to ensure management has taken appropriate action to implement recommendations.

In accordance with the Auditor General's Work Plan, we reviewed the status of outstanding audit recommendations previously made by the City's Auditor General to the Board of Directors of the TCHC in 2011 and 2012. A report on this matter was issued to Audit Committee earlier this year. We will continue to report out annually on the status of recommendations until all such recommendations have been implemented.

We continue to have ongoing discussions with senior management at TCHC in connection with current developments as well as the ongoing implementation of our audit recommendations.

In the meantime, it is worth noting that the following changes have taken place at TCHC since the issue of the various audit reports.

- The dissolution of Housing Services Inc., a subsidiary company of TCHC is in progress
- Audits of all subsidiary companies have taken place
- Many policies have been revised particularly those relating to procurement and employee expenses
- Significant changes have taken place in senior and middle management
- TCHC has established a more robust, professional and independent internal audit function including the establishment of a Chief Internal Auditor position
- A more active, structured and informed Committee structure has been established
- There is now a much closer working relationship between the City and the TCHC. Opportunities to share services with the City have been initiated. In fact, the consolidation of TCHC's fleet with the City has already taken place.

CONCLUSION

Significant changes have taken place since the Auditor General's first audit reports were issued in 2011. These changes are ongoing. The Auditor General continues to work with Senior Management at the TCHC in order to ensure that changes continue.

CONTACT

Jeff Griffiths, Auditor General

Tel: 416-392-8461, Fax: 416-392-3754, E-mail: Jeff.Griffiths@toronto.ca

SIGNATURE

Jeff Griffiths, Auditor General