

**Management’s Response to the Auditor General’s
Review of Affordable Housing Project at 2350 Finch Avenue West**

<u>Rec No</u>	<u>Recommendation</u>	Agree (X)	Disagree (X)	<u>Management Comments:</u> <i>(Comments are required only for recommendations where there is disagreement.)</i>	<u>Action Plan/ Time Frame</u>
1.	<p>The Deputy City Manager responsible for the Affordable Housing Office coordinate with the City Solicitor to ensure City contracts with proponents developing affordable housing projects provide that:</p> <ul style="list-style-type: none"> - adequate controls are followed in hiring of contractors and consultants; - contracts include standard performance bonds and warranties; and - proponents prepare business case justifications for actions that deviate from the normal business practices, such as awarding a contract to the bidder other than the lowest bidder. 	X			<p>The Affordable Housing Office continues to improve project requirements, including improvements to the Contribution Agreement entered into between the City and affordable housing Proponents. All subsequent Contribution Agreements are to be amended to include:</p> <ol style="list-style-type: none"> 1. The requirement to demonstrate that a competitive process will be used prior to the awarding of any major contract or, in the alternative that a business case be submitted, for Affordable Housing Office approval, supporting an alternative process. The rationale for approval in this latter instance will be documented by AHO. 2. The requirement that all construction contracts entered into with Proponents include standard performance bonds clauses and that all major contracts, including the construction contract include standard warranty clauses or, in the alternative that a business case be submitted prior to proceeding for Affordable Housing Office approval, setting out reasons these contract terms are proposed to not be included; The rationale for approval in this latter instance will be documented by AHO.

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					<p>3. The general requirement that any intended deviation from standard business practices be the subject of a business case, submitted to the Affordable Housing Office for approval. The rationale for approval will be documented by AHO.</p> <p>Responsible for Implementation: Director Affordable Housing Office</p>
2.	<p>The Deputy City Manager responsible for the Affordable Housing Office develop procedures to monitor the controls exercised by proponents responsible for developing affordable housing projects.</p>	X			<p>The Affordable Housing Office has since its inception in 2005 undertaken a continuous improvement program to enhance project monitoring.</p> <p>Working with proponents the Affordable Housing Office currently conducts regular project reviews to ensure that the project is proceeding in a manner consistent with the approved proposal.</p> <p>The Affordable Housing Office has implemented a process to enhance the requirements for documenting any changes to the overall scope, timing or funding of the project to ensure ongoing project viability and consistency with approved project.</p> <p>Under the enhanced requirements any proposed changes are reviewed, evaluated for cost impacts and</p>

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					<p>documented.</p> <p>Recognizing the importance of project monitoring by Boards of Directors additional support will be provided with the Affordable Housing Office hosting two proponent sessions annually to review project status and update proponents on existing and emerging requirements within the Contribution Agreements and other program policies.</p> <p>The Affordable Housing Office will also work with sector organizations, including the Ontario Non-Profit Housing Association, to provide enhanced training for Boards of Directors developing new projects.</p> <p>Such training will include best practices and how to select and supervise consultants and contractors.</p> <p>Responsibility for Implementation: Director, Affordable Housing Office</p>