



AUDITOR GENERAL'S REPORT ACTION REQUIRED

Toronto Community Housing Corporation – Results of Follow-up of Previous Audit Recommendations

Date:	April 4, 2014
To:	Board of Directors of the Toronto Community Housing Corporation
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

This report provides the results of the follow-up of audit recommendations for five reports issued by the City's Auditor General to the Board of Directors of the Toronto Community Housing Corporation (TCHC) in 2011 and 2012. The reports are:

- 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>

Our 2011 audit reports contained a total of 41 recommendations. Our 2012 audit reports contained an additional 39 recommendations. At this point last year, we reported that out of the original 80 recommendations, 30 recommendations had been implemented, 37 remained outstanding, and 3 were no longer applicable.

The purpose of this review was to determine whether the remaining 37 recommendations have been implemented. The result of our review indicates that TCHC have fully implemented 19 out of the remaining 37 recommendations made in the five audit reports issued by the Auditor General's Office. The implementation of the remaining recommendations is in progress.

Audit recommendations that have been fully implemented in the past year are listed in Attachment 1. Audit recommendations not fully implemented, as well as management's comments and action plan, are included in Attachment 2. The recommendations not yet fully implemented will be carried forward to our next follow-up review in approximately 12 months.

Finally, we would like to express our appreciation to all TCHC staff involved in the recommendation implementation process for their dedication and effort.

RECOMMENDATIONS

The Auditor General recommends that:

1. This report be forwarded to the City's Audit Committee for information.

Financial Impact

The Auditor General reports have resulted in significant changes to the day-to-day operating environment at the TCHC. These changes have had profound and far-reaching effects that cannot all be quantified in financial terms.

We originally estimated that cost savings as a result of increased competition pertaining to the procurement process could be anywhere from \$4 million to \$10 million. Our March 28, 2013 report "Results of Follow-up of Previous Audit Recommendations", indicated that as a result of the new Procurement Policy, Procedures and Protocols adopted by TCHC in October 2012, and based on preliminary TCHC staff reports, that actual savings were anticipated to be at the upper end of the range initially reported.

- Since that time, TCHC has adopted an industry standard procurement metric to monitor the efforts and impact of the Procurement Unit and the value being generated on behalf of the Shareholder. It is our understanding that in 2013, TCHC Procurement issued 159 invitational and public requests for proposals and quotations for a total value of \$38,733,744. Management of TCHC calculated the

cost avoidance on these procurements to be over \$8.0 million, or 21 per cent of the value of the projects.

- Further evidence of the potential for cost avoidance through competitive processes, is specific to one of the significant sole sourced contracts identified in our original report. TCHC subsequently conducted an open and competitive procurement process to award a new contract for similar work commencing January 1, 2013. TCHC management indicated that, in general, the baseline unit prices under the new contract are in a range of 4 per cent to 25 per cent less than the previous unit prices. Actual savings is dependent on the nature and volume of actual work completed. Assuming annual volumes of work consistent with 2013 and a 4 per cent savings on previously contracted unit prices, the savings are conservatively estimated to be at least \$320,000 annually.
- TCHC has also realized savings by leveraging opportunities with the City and other levels of government. For example, in 2013, TCHC estimated one-time savings of at least \$600,000 for purchases of new IT hardware and software through the use of Provincial Vendors of Record (VOR) and ongoing savings from a reduction of annual software maintenance costs of \$90,000.

In 2012, we indicated that the potential consolidation and coordination of certain TCHC and subsidiary activities had the potential for cost savings and efficiencies; however, the extent of any resources required or potential cost savings resulting from implementing the recommendations was not determinable at the time. TCHC management has reported anticipated annual savings of \$416,000 from the dissolution of its subsidiary, Housing Services Inc. Although the dissolution will result in a more effective deployment of staff, management of TCHC has indicated that there will not be any additional cost savings from the re-integration of subsidiary staff into the parent organization, because increased staffing is needed to meet its growing capital needs. However, this does have a distinct impact in that the more effective deployment of staff will allow for enhanced efforts towards capital repairs.

ISSUE BACKGROUND

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 have 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.

We conducted this follow-up audit in accordance with generally accepted government auditing standards. The 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.

COMMENTS

In response to the audit reports issued in 2011 and 2012, TCHC took extensive corrective action, such as:

- Developing a Policy Management Framework that will apply to ongoing policy development, review or amendment;
- Reviewing over 30 reports containing more than 340 recommendations issued by the Auditor General to the City and other agencies and corporations to consider where recommendations would be relevant to TCHC operations;
- Increased oversight of purchases by the Strategic Procurement Unit on a financial risk-based approach including the implementation of the requirement for review of purchases exceeding \$50,000 by the Vendor Award Committee, and approval of such purchases by the CEO;
- Revising the Employee Expense Policy to provide for improved controls and closer scrutiny of employee expenses;
- Having ongoing discussions between TCHC and the City to explore opportunities to share services and transferring of TCHC fleet to the City;
- Approving the dissolution of TCHC subsidiary Housing Services Inc.; and
- Revising the Framework for Establishing Subsidiaries to be approved by the TCHC Board of Directors in 2014, which takes into account the amended Shareholder Direction from the City.

The follow-up review process requires that management provide the Auditor General a written response on the status of each recommendation contained in our audit reports. For those recommendations noted as implemented, audit work was conducted by audit staff to ensure the accuracy of management assertions. Where management indicated that a recommendation was not implemented, audit work was not performed.

Table 1 represents the results of our current follow-up on audit recommendations for TCHC.

Table 1:**RESULTS OF THE CURRENT REVIEW**

Report Title and Date	Total No. of Recs.	Previously Reported		Results of Current Review		
		Fully Implemented	Not Applicable	Fully Implemented	Not Fully Implemented	Not Applicable
Toronto Community Housing Corporation – Procurement Policies and Procedures Are Not Being Followed, February 2011.	31	13	1	10	7	0
Toronto Community Housing Corporation – Controls Over Employee Expenses Are Ineffective, February 2011.	10	7	0	2	1	0
Toronto Community Housing Corporation – Review of Controls Over Procurement and Payment Functions at TCHC Subsidiary: Housing Services Inc., February 2012	19	7	2	3	7	0
Toronto Community Housing Corporation – The City and Toronto Community Housing Corporation Needs to Strengthen its Oversight of Subsidiaries and Other Business Interests, February 2012	9	2	0	4	3	0
Toronto Community Housing Corporation Fleet Management - Lack of Central Oversight Has Led to Control Deficiencies, February 2012	11	11	0	N/A	N/A	N/A
Total	80	40	3	19	18	0

As reported by management at the March 6, 2014 meeting of the Corporate Affairs and Audit Committee, TCHC submitted 26 out of the 37 remaining recommendations for post-implementation review.

The result of our review indicates that TCHC have fully implemented 19 out of the remaining 37 recommendations made in the five audit reports issued by the Auditor General's Office. Management has implemented processes to address another three

recommendations; however, sufficient time has not passed since the implementation of these processes to confirm their ongoing effectiveness. For the remaining four recommendations identified as fully implemented, while process improvements have been implemented, further evidence of ongoing compliance is needed. TCHC's Internal Audit Work Plan currently includes plans to review these areas during 2014. We will review these recommendations together with the audit recommendations that management identified as not fully implemented as part of our next follow up review.

A consolidated report will be tabled at the June 27, 2014 meeting of the City's Audit Committee on the results of the current follow-up of audit recommendations relating to the City's Agencies and Corporations for reports issued by the Auditor General's Office from July 1, 2008 to June 30, 2013. The results of the current follow-up review for the TCHC will be included in that report.

CONTACT

Jerry Shaubel, Director, Auditor General's Office
Tel: (416) 392-8462, Fax: (416) 392-3754, E-Mail: JShaubel@toronto.ca

SIGNATURE

Jeffrey Griffiths, Auditor General

ATTACHMENTS

Attachment 1: Audit Recommendations – Fully Implemented
Attachment 2: Audit Recommendations – Not Fully Implemented

**TORONTO COMMUNITY HOUSING CORPORATION
AUDIT RECOMMENDATIONS – FULLY IMPLEMENTED**

**Report Title: TORONTO COMMUNITY HOUSING CORPORATION –
PROCUREMENT POLICIES AND PROCEDURES ARE NOT
BEING FOLLOWED**

Report Date: FEBRUARY 25, 2011

Recommendations:

- (1) The Chief Executive Officer in consultation with the City Manager review areas where opportunities exist to consolidate or coordinate operations at the TCHC and the City in order to achieve cost savings. The Chief Executive Officer be required to report to the Board of Directors by September 30, 2011 on the results of these consultations. Further, the City Manager be requested to report to City Council at the same time.
- (6) The Chief Executive Officer in consultation with the Internal Audit Unit review all major procurement decisions to determine whether contracts were awarded appropriately and in the best interest of the TCHC. Where this is not the case, consultation be held with legal counsel to determine an appropriate course of action.
- (7) The Chief Executive Officer review all reports issued by the Auditor General in order to determine the applicability of the recommendations contained in the reports. The reports to be reviewed include, but not be limited to those contained in Exhibit 1.
- (8) The Chief Executive Officer report back to the Board of Directors by September 30, 2011 on the implementation progress of all relevant recommendations contained in each one of the reports included in Exhibit 1.
- (9) The Chief Executive Officer ensure that any revision of Board approved policies and procedures take into account current policies and procedures at the City.
- (15) The Chief Executive Officer review all instances where the open tendering process has been circumvented. In instances where value for money has not been obtained consultations be held with legal counsel to determine an appropriate course of action.
- (16) The Chief Executive Officer review all major single tendered contracts to ensure that they represent value for money. Future single tender procurements should be approved by the Chief Executive Officer.

- Single tendering be approved only under the circumstances contained in TCHC policy.
 - Detailed documentation be made available in support of any single tender procurement.
 - The extent and details of single tendered contracts be tracked in the financial information system and be reported to the Board of Directors on an annual basis.
- (20) The Chief Executive Officer direct staff that procurement or purchase order transactions not be “split” in order to circumvent procedures. Staff be advised that failure to comply will be subject to discipline.
- (24) The Chief Executive Officer in consultation with Legal Counsel develop protocols and procedures for addressing bid irregularities such as correction of mathematical errors. The Chief Executive Officer communicate with vendors on a regular basis to emphasize the importance of ensuring tender responses are accurate and complete and include all mandatory information.
- (26) The Chief Executive Officer develop protocols in connection with circumstances when the Strategic Procurement Unit or a third party Fairness Commissioner should be involved in the tender evaluation process.

Report Title: TORONTO COMMUNITY HOUSING CORPORATION – CONTROLS OVER EMPLOYEE EXPENSES ARE INEFFECTIVE

Report Date: FEBRUARY 25, 2011

Recommendations:

- (2) Senior Management be directed to ensure that all expenses incurred by staff are in compliance with policy. Under no circumstances should expenses be approved and processed without supporting, appropriate, sufficient documentation. Further, employees should not approve their own expenditures.
- (3) The internal audit unit be directed to conduct ongoing audits of all expense claims and report any instances of non-compliance to the Chief Executive Officer. The Chief Executive Officer take appropriate action when instances of non-compliance are identified.

Report Title: TORONTO COMMUNITY HOUSING CORPORATION – REVIEW OF CONTROLS OVER PROCUREMENT AND PAYMENT FUNCTIONS AT TCHC SUBSIDIARY: HOUSING SERVICES INC.

Report Date: FEBRUARY 3, 2012

Recommendations:

- (4) The Chief Executive Officer, in consultation with Toronto Community Housing Corporation Executive Management, develop and communicate a procurement plan that closely aligns with Toronto Community Housing Corporation’s long term business and capital plans.
- (13) The Chief Executive Officer implement procedures to document the rationale for non-competitive procurement. Such procedures include:
 - a. Guidelines to define what constitutes an emergency or urgent situation and requirements to provide adequate support that the cost of purchases for the emergency are reasonable
 - b. Guidelines on the approvals required prior to awarding the contract, based on the value of the contract being awarded.
- (16) The Chief Executive Officer develop and implement procedures to monitor compliance with the revised change order process and delegated financial signing authorities for purchase order revisions.

Report Title: TORONTO COMMUNITY HOUSING CORPORATION – THE CITY AND TORONTO COMMUNITY HOUSING CORPORATION NEEDS TO STRENGTHEN ITS OVERSIGHT OF SUBSIDIARIES AND OTHER BUSINESS INTERESTS

Report Date: FEBRUARY 3, 2012

Recommendations:

- (3) The Chief Executive Officer prepare a report to the Shareholder on:
 - a. The business case for each existing subsidiary corporation and significant investment interest, providing background information on purpose, governance, and other such information as may be relevant. Such information be reported in each Annual Report to the Shareholder;

- b. Any new subsidiaries or significant investment interests established by Toronto Community Housing Corporation, at the earliest possible opportunity, in keeping with the Shareholder Direction; and
 - c. Requirements for financial and performance reporting to the City regarding Toronto Community Housing Corporation subsidiary corporations and significant investment interests.
- (4) The Chief Executive Officer, in consultation with the City Manager, update and clarify the governance and accountability framework between the City and Toronto Community Housing Corporation regarding both Toronto Community Housing Corporation and its subsidiaries. Such framework include a direction regarding the composition of Boards of Toronto Community Housing Corporation subsidiary corporations and significant investment interests.
- (7) The Chief Executive Officer evaluate the feasibility and associated risks of integrating subsidiaries within Toronto Community Housing Corporation, giving consideration to potential operational efficiencies, staff resource re-allocation, and cost savings that can be gained from a more integrated operating structure.
- (8) The Chief Executive Officer, in conjunction with the recommended review of the benefits of integration, conduct a comprehensive review of each subsidiary to evaluate whether the goals and benefits of their separate existence are being achieved and continues to be the most appropriate governance structure.

**TORONTO COMMUNITY HOUSING CORPORATION
AUDIT RECOMMENDATIONS – NOT FULLY IMPLEMENTED**

**Report Title: TORONTO COMMUNITY HOUSING CORPORATION –
PROCUREMENT POLICIES AND PROCEDURES ARE NOT
BEING FOLLOWED**

Report Date: FEBRUARY 25, 2011

Recommendations:

No.	Recommendation	Management’s Comments and Action Plan/Time Frame
(11)	The Chief Executive Officer, as required by the Board approved Policy, implement a structured and ongoing program of procurement reviews. Such reviews should address ongoing compliance with policies and procedures and where instances of non-compliance are identified appropriate action be taken.	<p>The oversight of Operating Unit purchases is to be centralized within the Dispatch group in Q2 2014 which will eliminate local purchases and reduce risk of non-compliance.</p> <p>Procurement has also created a new non-compliance tracking system (PPAR) to collect data on purchases made without an approved Purchase Order which was rolled-out in mid-March 2014.</p> <p>Internal Audit, with the assistance of the City’s Internal Audit Dept, gained an understanding of procurement processes and controls to develop a draft audit work plan. Internal Audit will perform regular and random reviews in 2014 to ensure compliance with procurement policy and procedures.</p> <p>Timeline: December 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(12)	The Chief Executive Officer direct all staff to comply with procurement policies and procedures and advise them that non-compliance will result in disciplinary action. If necessary, training be provided to staff involved in the procurement process.	<p>Procurement is developing additional tracking reports to measure Spend under Procurement Management (which was 84% in 2013) to ensure non-compliance is reduced even further.</p> <p>Additional training is being rolled out for new employees in Q2 2014.</p> <p>Timeline: December 2014</p>
(14)	The Chief Executive Officer direct staff that all future tenders be required to comply with the TCHC's open tender policy. The Internal Audit Unit conduct regular and random reviews of all future tenders to ensure compliance. Where instances of non-compliance are identified appropriate disciplinary action be taken.	<p>Internal Audit, with the assistance of the City's Internal Audit Department, gained an understanding of procurement processes and controls to develop a draft audit work plan. Internal Audit will perform regular and random reviews of RFPs in 2014 to ensure compliance with open competition requirements.</p> <p>Timeline: December 2014</p>
(21)	The Chief Executive Officer establish a process whereby unusual procurement transactions are identified and reviewed on a regular basis. Appropriate action be taken on those items identified. The financial information system be adapted to provide ongoing exception reports.	<p>Procurement is sourcing a Metrics Analyst and Manager, Procurement Systems and Analytics effective April 1, 2014. Responsibilities include developing in-depth analytics, exception reporting, KPIs and trending, and monitoring compliance with procurement procedures across the organization.</p> <p>Management has identified a need to consolidate our work order, purchase order, construction management, financial, etc. systems and has been working towards implementing this change, which would provide a greater ability to monitor procurement transactions and identify exceptions.</p> <p>Timeline: December 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(29)	<p>The Chief Executive Officer review the current process for establishing and maintaining the current vendor list. Where significant purchases are made from one supplier an open competitive tender process be initiated. Consideration be given to establishing common terms and conditions and pricing for the duration of the contract and the regular monitoring of vendor performance.</p>	<p>Procurement sets up rosters of pre-qualified vendors for a maximum of three years with options for two additional one-year extensions, depending on performance. The hiring of the Metrics Analyst and Manager, Procurement Systems and Analytics will provide greater visibility into corporate-wide spend through trending and analysis, thus enabling Procurement to anticipate and consolidate significant smaller dollar value purchases from one or more suppliers. Contracts and vendor terms and conditions are standardized.</p> <p>TCHC is rolling out the City's Project Contractor Performance Evaluation (CPE) program effective in April 2014 to regularly monitor vendor performance.</p> <p>Timeline: December 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(30)	<p>The Chief Executive Officer, during her review of the procurement process ensure that an appropriate level of attention is also given to the Accounts Payable system. In particular, internal control deficiencies relating to the payment of invoices be immediately addressed.</p>	<p>With the wind up of HSi, TCHC is in the process of streamlining two previous transaction flows representing underlying business processes that precede invoice payment, i.e. centralized vendor selection, firm purchase order amounts, and centralized receipt monitoring. Once these business changes are invoked, the business control environment will allow for the improvement of financial controls as they pertain to invoice payment.</p> <p>Management has implemented, or is in the process of implementing, the following processes to address weaknesses in the timely recording and payment of invoices:</p> <ul style="list-style-type: none"> • Monitoring POs and closed WOs to request invoices, where the vendor has not provided in a timely manner. • Monitoring vendor statements on a monthly/quarterly basis. • Monitoring aging of payables to ensure timely payment of valid invoices and resolution of disputed invoices. • Stamping invoices with "Received by A/P" stamp upon receipt to provide ability to monitor time to input invoice from receipt, and adjust processes and resources accordingly. <p>Timeline: October 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(31)	<p>The Chief Executive Officer take appropriate steps to ensure compliance with the Corporate Finance Policy and Procedures. Supplier invoices be recorded in the financial information system on a timely basis.</p>	<p>With the wind up of HSi, TCHC is in the process of streamlining two previous transaction flows representing underlying business processes that precede invoice payment, i.e. centralized vendor selection, firm purchase order amounts, and centralized receipt monitoring. Once these business changes are invoked, the business control environment will allow for the improvement of financial controls as they pertain to invoice payment.</p> <p>Management has implemented, or is in the process of implementing, the following processes to address weaknesses in the timely recording and payment of invoices:</p> <ul style="list-style-type: none"> • Monitoring vendor statements on a monthly/quarterly basis. • Monitoring aging of payables to ensure timely payment of valid invoices and resolution of disputed invoices. • Monitoring POs and closed WOs to request invoices, where the vendor has not provided in a timely manner. • Stamping invoices with "Received by A/P" stamp upon receipt to provide ability to monitor time to input invoice from receipt, and adjust processes and resources accordingly. <p>Timeline: October 2014</p>

Report Title: TORONTO COMMUNITY HOUSING CORPORATION –
CONTROLS OVER EMPLOYEE EXPENSES ARE
INEFFECTIVE

Report Date: FEBRUARY 25, 2011

Recommendations:

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(9)	The Chief Executive Officer review the controls relating to the issue of cash advances and make appropriate changes as required.	<p>For all payments to employees, Finance will confirm whether the nature of the payment is an advance, including situations where the employee is expected to distribute funds for business purposes and provide receipts in support of use of funds.</p> <p>All payments that are, in substance, an advance, will be recorded as such in the financial system. Approved requests must be in the form of an approved Cash Advance Form, and be settled by providing receipts and a Cash Advance Settlement form. Cheque requisitions will not be accepted for this type of payment.</p> <p>Timeline: July 2014</p>

Report Title: TORONTO COMMUNITY HOUSING CORPORATION –
**REVIEW OF CONTROLS OVER PROCUREMENT AND
 PAYMENT FUNCTIONS AT TCHC SUBSIDIARY:
 HOUSING SERVICES INC.**

Report Date: FEBRUARY 3, 2012

Recommendations:

No.	Recommendation	Management’s Comments and Action Plan/Time Frame
(8)	<p>The Chief Executive Officer ensure call documents for the pre-qualification of vendors clearly outline the process for using the list, including:</p> <ul style="list-style-type: none"> a. Method(s) for adding and removing vendors from the list and the period of time the list remains valid b. The scope of work that can be awarded through the vendor list c. Upper limits of the value of future awards including the maximum value of work that can be awarded through the list without an open tender d. Procedures for awarding or assigning work to vendors e. Procedures for evaluating vendor performance and the impact on future work assignments. 	<p>Procurement ensures all RFx documents specify all details required to manage the vendors and contracts:</p> <ul style="list-style-type: none"> a. Pre-qualification requirements for adding vendors, and the duration of the roster. Vendor disqualification process is outlined in Procurement Protocol #12. b. Scope of work to be awarded is based on service categories and vendors can only be used within their qualified categories. c. Approval limits are documented in the Procurement Procedures including limits for invitational bids and public procurements. d. While invitational bids are awarded on lowest price, TCHC also awards contracts to several vendors on a standard equal price. Vendors can be allocated the work based on a pre-set geography, or on a rotational basis. e. Procedures for evaluating vendor performance and the impact on future work assignments are being developed and rolled out in Q2 2014 based on the City’s CPE program <p>Timeline: December 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(9)	The Chief Executive Officer implement procedures to ensure vendor lists are used in accordance with processes set out in pre-qualification call documents.	<p>Management has identified a requirement for centralized selection and dispatch of vendors for demand repair work and has been working towards implementing this change in business process across the organization. All awards over \$50,000 currently follow the processes set out in pre-qualification call documents.</p> <p>Timeline: December 2014</p>
(10)	<p>The Chief Executive Officer, in consultation with legal counsel, develop and implement formal procedures regarding vendor performance which describe:</p> <ul style="list-style-type: none"> a. Vendor performance monitoring practices, both during a contract and at its conclusion b. Impact of poor performance on the assignment of work or award of future contracts to vendors c. The steps that will be taken to suspend vendors from submitting bids and from being assigned work through the vendor lists, period of time vendors can be suspended from bidding on Housing Services Inc. contracts, steps to rescind suspensions, and requirements for approval of suspensions by the Board of Directors. 	<p>TCHC is rolling out the City's Project Contractor Performance Evaluation (CPE) program effective in April 2014 to regularly monitor vendor performance on all projects over \$50,000.</p> <ul style="list-style-type: none"> a. Vendors will be rated on every job and scores will be accumulated and reviewed each year end. Vendors with poor performance results will be removed from the TCH rosters. b. Performance results will be shared with the City and other City Agencies and Vendors will be disqualified from future work. c. The vendor disqualification process has already been outlined in Procurement Protocol #12. Two vendors were disqualified for 12 months for health and safety violations in 2013 using the Protocol. <p>Timeline: December 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(11)	<p>The Chief Executive Officer enhance processes and controls to ensure equitable distribution of work amongst vendors. Enhancements should include reporting of the distribution of work which clearly explains and supports any significant variances.</p>	<p>Management has identified a requirement for centralized selection and dispatch of vendors and has been working towards implementing this change in process across the organization using the MERX Vendor Management module.</p> <p>Management has identified a need to consolidate our work order, purchase order, construction management, financial, etc systems and has been working towards implementing this change, which would provide a greater ability to monitor procurement transactions and identify exceptions.</p> <p>Procurement has sourced a Metrics Analyst effective April 1, 2014. Responsibilities would include developing in-depth analytics, exception reporting, KPIs and trending, and monitoring compliance with procurement procedures across the organization.</p> <p>Timeline: December 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(12)	<p>The Chief Executive Officer implement procedures to enforce compliance with requirements to establish blanket contracts through open and competitive tendering processes. Procedures should:</p> <ul style="list-style-type: none"> a. Ensure contract extensions beyond those specified in call documents are not employed to circumvent open competition b. Include periodic reports to the Board of Directors regarding the total value of work awarded through blanket contracts and the length of time since work was last tendered through an open competition. 	<p>Procurement continues to work with Asset and Facilities Management to scope and develop call documents for open competition of legacy contracts.</p> <ul style="list-style-type: none"> a. Contracts are only extended if allowed within the wording of the contract. b. Blanket Purchase Orders are issued for a maximum of 12 months and must be renewed annually. <p>Procurement is building upon current reporting to provide more in depth and robust information to the Executive Leadership Team and Board of Directors on a quarterly basis.</p> <p>Timeline: December 2014</p>
(15)	<p>The Chief Executive Officer implement procedures to ensure appropriate monitoring and enforcement of procurement procedures and controls. Monitoring should include:</p> <ul style="list-style-type: none"> a. Spot checks or audits of compliance with competitive procurement thresholds by staff independent of the contract award b. Periodic review of exception reports identifying any non-compliance or overrides to the electronic approval process. 	<p>Procurement is sourcing a Metrics Analyst and Manager, Procurement Systems and Analytics effective April 1. Responsibilities would include developing in-depth analytics, exception reporting, KPIs and trending, and monitoring compliance with procurement procedures across the organization.</p> <p>Management has identified a need to consolidate our work order, purchase order, construction management, financial, etc systems and has been working towards implementing this change, which would provide a greater ability to monitor procurement transactions and identify exceptions.</p> <p>Timeline: December 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(17)	<p>The Chief Executive Officer implement and enforce procedures to ensure:</p> <ul style="list-style-type: none"> a. All purchase orders and/or contracts issued specify the itemized prices to be charged b. All invoices specify quantities and itemized prices to be charged in accordance with purchase orders c. All construction invoices approved for payment be accompanied by a Certificate for Payment issued by a third-party architect, consulting engineer or in-house engineer affirming the accuracy of actual quantities invoiced. 	<p>Where applicable, procurement call documents specify requirements for itemized vs. lump sum charges. Where procurement is awarded on a unit priced basis, the purchase order is set up using unit pricing and quantities.</p> <p>A risk-based approach has been developed that outlines when third-party certificate for payment is required vs. sign off by in-house engineers.</p> <p>Management has identified a requirement for centralized selection and dispatch of vendors and has been working towards implementing this change in process across the organization with a target of July 2014.</p> <p>Timeline: December 2014</p>

Report Title: TORONTO COMMUNITY HOUSING CORPORATION – THE CITY AND TORONTO COMMUNITY HOUSING CORPORATION NEEDS TO STRENGTHEN ITS OVERSIGHT OF SUBSIDIARIES AND OTHER BUSINESS INTERESTS

Report Date: FEBRUARY 3, 2012

Recommendations:

No.	Recommendation	Management’s Comments and Action Plan/Time Frame
(1)	The Chief Executive Officer review, and update as necessary, the original Framework for the Establishment of Subsidiary Corporations with a view to briefing the new Board of Directors and reporting publicly to the Shareholder regarding this Framework.	<p>Management has updated the Subsidiary and Joint Venture Governance Framework. The Framework was presented publically to GRHRC on November 29, 2013. GRHRC to provide further comments and management will be presenting to GRHRC for final approval at its May 28, 2014 meeting and then to the Board at its June 19, 2014 meeting.</p> <p>The framework will be forwarded to the City Manager upon final TCHC Board approval.</p> <p>Timeline: July 2014</p>
(2)	The Chief Executive Officer, in consultation with the City Manager, review the current Shareholder Direction in order to ensure that all provisions contained in the Shareholder Direction are complied with.	<p>Management, in consultation with the City Manager, updated TCHC’s Shareholder Direction. The Subsidiary and Joint Venture Governance Framework is aligned to the Shareholder Direction – footnotes in the Framework reference the applicable section of the Shareholder Direction. In addition, subsidiary Shareholder Directions reflect provisions in TCHC’s Shareholder Direction with the City.</p> <p>With the passage of time, TCHC will be able to demonstrate sufficient data to the Office of the Auditor General to support the implementation of this recommendation.</p> <p>Timeline: August 2014</p>

No.	Recommendation	Management's Comments and Action Plan/Time Frame
(5)	<p>The Chair of the Toronto Community Housing Corporation Board of Directors, as well as the Chairs of the subsidiary Boards of Directors, in consultation with Legal Counsel, implement a confidential reporting protocol with a view to reporting in public to the greatest extent possible.</p>	<p>The Subsidiary and Joint Venture Governance Framework, approved by the GRHRC, implements a confidential reporting protocol in line with that of TCHC's Board.</p> <p>Board procedures for subsidiaries controlled by TCHC are set out under Chapter II Parent Oversight of the Subsidiary, Section B Governance Structure, Paragraph 7. Meetings of the Subsidiary Board shall follow TCHC's Board of Directors' Meeting Procedures that sets out when meetings are open or closed to the public.</p> <p>With the passage of time, TCHC will be able to demonstrate sufficient data to the Office of the Auditor General to support the implementation of this recommendation.</p> <p>Timeline: August 2014</p>