



AUDITOR GENERAL'S REPORT ACTION REQUIRED

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

Date:	April 1, 2016
To:	Board of Directors of the Toronto Community Housing Corporation
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's Office conducts an annual follow-up review on the implementation status of recommendations contained in previously issued audit reports.

In 2011 and 2012, the Auditor General provided five audit reports to the Board of Directors of the Toronto Community Housing Corporation (TCHC). During previous follow-up processes, we had determined that all 71 recommendations from the following four audit reports had either been implemented or were no longer applicable.

- Toronto Community Housing Corporation – Procurement Policies and Procedures Are Not Being Followed, 2011
- Toronto Community Housing Corporation – Controls Over Employee Expenses Are Ineffective, 2011
- Toronto Community Housing Corporation – Review of Controls over Procurement and Payment Functions at TCHC Subsidiary: Housing Services Inc., 2012
- Toronto Community Housing Corporation Fleet Management – Lack of Central Oversight Has Led to Control Deficiencies, 2012

This report provides the status of the implementation of the audit recommendations included in the 2012 audit report entitled “Toronto Community Housing Corporation – The City and Toronto Community Housing Corporation Needs to Strengthen its Oversight of Subsidiaries and Other Business Interests”. All three of the remaining audit recommendations have been fully implemented.

TCHC has now addressed all 80 recommendations contained in the five audit reports issued by the Auditor General. We would like to express our appreciation to all TCHC staff involved in the recommendation implementation process for their efforts and for their cooperation during the follow-up reviews conducted over the past five years.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Board of Directors of the Toronto Community Housing Corporation receive this report for information.

Financial Impact

There is no financial impact resulting from receipt of this report.

ISSUE BACKGROUND

The Auditor General conducts an annual follow-up process to ensure management has taken appropriate action to implement recommendations contained in audit reports.

In accordance with the Auditor General's Work Plan, we have reviewed the status of outstanding audit recommendations from the 2012 audit report entitled "Toronto Community Housing Corporation – The City and Toronto Community Housing Corporation Needs to Strengthen its Oversight of Subsidiaries and Other Business Interests".

We conducted this follow-up 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.

COMMENTS

The follow-up review process requires that management provide the Auditor General with a written response regarding the implementation status of each audit recommendation. Where management indicates that recommendations have been implemented, audit work is conducted by audit staff to ensure the accuracy of management assertions.

Table 1 presents the results of our current follow-up on audit recommendations included in the 2012 audit report entitled "Toronto Community Housing Corporation – The City and Toronto Community Housing Corporation Needs to Strengthen its Oversight of Subsidiaries and Other Business Interests".

Table 1:**RESULTS OF THE CURRENT FOLLOW-UP 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 – The City and Toronto Community Housing Corporation Needs to Strengthen its Oversight of Subsidiaries and Other Business Interests, 2012	9	6	0	3*	0	0

* The three recommendations implemented during 2015 are listed in Attachment 1.

Table 2 outlines audit reports issued to the TCHC where recommendations were addressed and reviewed during previous follow-up processes.

Table 2:**AUDIT REPORTS WITH NO OUTSTANDING RECOMMENDATIONS**

Report Title and Date	Total No. of Recs.	Previously Reported	
		Fully Implemented	Not Applicable
Toronto Community Housing Corporation – Procurement Policies and Procedures Are Not Being Followed, 2011	31	30	1
Toronto Community Housing Corporation – Controls Over Employee Expenses Are Ineffective, 2011.	10	10	0
Toronto Community Housing Corporation – Review of Controls Over Procurement and Payment Functions at TCHC Subsidiary: Housing Services Inc., 2012	19	17	2
Toronto Community Housing Corporation Fleet Management - Lack of Central Oversight Has Led to Control Deficiencies, 2012	11	11	0
Total	71	68	3

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. The resulting improvements and cost savings were outlined in previous follow-up reports, including the report entitled “Toronto Community Housing Corporation – Results of 2015 Follow-up of Previous Audit Recommendations”.

<http://www.toronto.ca/legdocs/mmis/2015/au/bgrd/backgroundfile-81436.pdf>

TCHC has now addressed all 80 recommendations contained in the five audit reports issued by the Auditor General. Three of the recommendations were previously determined to be no longer applicable. Ongoing implementation and maintenance of the 77 applicable audit recommendations, such as policy and procedure enhancements or improved controls, will rely on management’s continuous efforts beyond the audit follow-up process.

Next Steps

A consolidated report on the results of the implementation status of all recommendations that relate to City's Agencies and Corporations will be issued by the Auditor General and tabled at the June meeting of the City's Audit Committee. The status of the implementation of TCHC's recommendations will be included in that report.

CONTACT

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SIGNATURE

Beverly Romeo-Beehler, Auditor General

ATTACHMENTS

Attachment 1: Audit Recommendations – Fully Implemented

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

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:

- (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.
- (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.
- (5) 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.