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Julie Lavertu  
Audit Committee Secretariat  
City of Toronto  
10th floor, West Tower, City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

**Sent as an email attachment**

Dear Ms Lavertu:

**Re: Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services**

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At its meeting on December 9, 2021, the Toronto Community Housing Corporation (TCHC) Board of Directors considered the attached report entitled, "Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services."

The Board adopted the following recommendations, as made in the report:

1. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to:
  - a. review property management service delivery expectations for the maintenance, operation and repair of buildings and identify where minimum mandatory standards, specifications, and requirements vary from building to building.
  - b. clarify to its service providers (be it internal TCHC staff, TCHC vendors, or contracted property managers and their subtrades) any additional expectations and requirements not captured in existing contracts and service-level agreements to ensure performance requirements are consistently defined for the entire TCHC portfolio.
  - c. implement a process to ensure updated versions of relevant TCHC standards, specifications, and requirements are applied to all service providers whenever TCHC revises its requirements to support consistent service delivery across all TCHC buildings.
2. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review and update how TCHC measures and evaluates performance against its objectives, expectations and/or priorities for day-to-day property management across its entire portfolio. In doing so, TCHC should:
  - a. develop additional methods of measuring performance, including additional key performance indicators to monitor and measure performance against TCHC's desired outcomes. Such methods and measures should address, among other things, quality

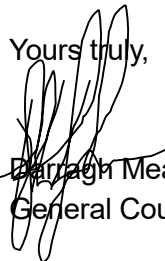
- of completed property management work (e.g. preventative maintenance, routine repairs and maintenance work orders, cleaning, etc.).
- b. develop ways to measure tenant satisfaction in order to decipher who is responsible for improving their performance (be it TCHC internal staff, TCHC vendors, or contracted service providers and their subtrades).
3. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure data used to assess, compare, and report on performance and outcomes is collected in a consistent manner across the TCHC portfolio, and that the data collected is accurate, complete and reliable.
  4. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to:
    - a. obtain and retain key supporting documents, including site sign-in/sign-out logs, service tickets, preventative maintenance reports, and other records to support expenditures charged to TCHC by its service providers.
    - b. verify the services are delivered in accordance with the RFP/contracts before payment is made.
    - c. implement a process for periodic internal audits or other independent reviews to confirm that internal controls to ensure expenses are valid and work has been completed, are consistently implemented in practice.
  5. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review third-party contracts for the maintenance, operation and repair of buildings across TCHC's entire portfolio to:
    - a. ensure they do not exceed the costs of similar contracts for residential properties of a similar type, age and condition.
    - b. identify opportunities to achieve better value for money through economies of scale, by procuring and awarding contracts that enable all vendors to provide services to all its buildings regardless of whether they are directly managed or managed by contracted property managers.
  6. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement robust monitoring processes to verify that property management (including operations and maintenance) service providers are meeting performance requirements, including the quality of workmanship and conformity to specifications and requirements. Such processes should include:
    - a. conducting, with sufficient frequency, site visits, inspections or reviews and documenting the results.
    - b. reviewing tenant complaints to identify trends in concerns with the conformity of specific categories of work.
    - c. enhanced monitoring in areas where there is a higher prevalence of tenant complaints, lower tenant satisfaction ratings, and potential for health and safety risks.

- d. documenting concerns raised and responses from service providers on any remedial action that has been taken.
7. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to strengthen how TCHC oversees the quality of subcontractors engaged to perform work in its buildings by:
    - a. verifying that subcontractors engaged meet TCHC's qualification requirements for its own vendors.
    - b. ensuring TCHC has an up-to-date list of all the subcontractors engaged to work in its buildings.
  8. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement a process for documenting, escalating, and following up on service provider performance issues to ensure corrections are made in a timely manner. Such processes should include documenting results of actions that respond to:
    - a. performance issues identified through inspections and review of records.
    - b. performance issues identified through comparison of performance to KPI, tenant complaints, and tenant satisfaction surveys.
    - c. performance issues identified in annual contractor performance evaluations.
    - d. performance issues identified in letters of non-compliance.
  9. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, in consultation with legal counsel, to review incentive fee structures in contracts and supporting processes to be able to exercise contract clauses in order to support continuous improvement of performance by service providers.
  10. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to provide data-driven reporting that supports the Board's decision making and ability to hold management accountable for continuous improvement and better outcomes.
  11. The Board forward this report to City Council for information through the City's Audit Committee.

A copy of the Secretary's Certificate regarding this matter is attached.

Please do not hesitate to contact me at (416) 981-4241 if you have any questions regarding this matter.

Yours truly,



Barragh Meagher  
General Counsel and Corporate Secretary

- c. Beverley Romeo-Beehler, Auditor General, City of Toronto  
Tim Murphy, Board Chair, TCHC Board of Directors  
Jag Sharma, President and CEO, TCHC