



Implementation of Auditor General Recommendations: Status Report

Item 1
April 6, 2011

BOARD OF DIRECTORS

To: Board of Directors

Report: TCHC:2011-01

From: Howie Wong
General Counsel

Date: March 21, 2011

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PURPOSE:

To provide the Board with the monthly status report on the implementation of the Auditor General recommendations and the Corporate Compliance Initiative.

RECOMMENDATIONS:

It is recommended that the Board receive this report for information.

REASONS FOR RECOMMENDATIONS:

Auditor General Recommendations

On March 3, 2011, the Auditor General delivered to the Board his Reports re: employee expenses and procurement. The Board unanimously resolved to:

- receive the Reports
- completely agree with the Auditor General's 41 recommendations contained in the Reports (see Attachment No. 1)

Since the release of the Reports, the following recommendations were implemented in Q1 2011, some in advance of management's time frame commitment to the Auditor General.

- New Employee Expense Directive issued with clear rules on appropriate business expenses
- Internal audit workplan started with random audit of expense claims
- All purchasing cards were cancelled

Implementation of Auditor Generals Recommendations

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- Internal audit started the review of inappropriate expenses identified by the Auditor General. The following are the results of the review to date:

| | |
|---|----------|
| Employee Warning Letters | 14 |
| Suspensions | 1 |
| Employees no longer with the organization (departures and terminations) | 7 |
| Expenses recovered | \$17,492 |
| Expenses sent to legal counsel for review and recovery | \$4,474 |

- Internal audit has also started the audit of expenses similar to those identified as inappropriate for the same audit period covered by the Auditor General.

Corporate Compliance Initiative

The Auditor General reports highlight the need for a significantly greater compliance culture at Toronto Community Housing.

Sound governance requires a strong compliance culture that emanates from the top down and must permeate throughout Toronto Community Housing's business and operations. The compliance commitment must be unequivocal, unwavering and constant. Compliance with laws and policies are crucial to ensuring organizational integrity and building confidence with the City of Toronto, tenants, taxpayers and other stakeholders.

The Board of Directors determines the organization's policies and values. In turn, senior management is charged with ensuring policy compliance in its day-to-day business. In this regard, the Executive Team issues directives to provide procedural direction on policy implementation.

The Corporate Compliance Initiative uses the Auditor General recommendations as the base upon which to build out a robust compliance program comprised of continuous monitoring, reporting, risk analysis and staff training. This compliance program will enable the Board and senior management to fulfill their responsibility of ensuring a culture of compliance.

The Corporate Compliance Initiative is an integral part of the Enterprise Risk Management outcome in the 2010-2012 Community Management Plan and its rollout will be reported on to the Board as part of the quarterly Community Management Plan status reports.

Implementation of Auditor Generals Recommendations

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The following are the key components of the Corporate Compliance Initiative.

- Establish Corporate Governance and Audit Committee of the Board with the mandate to oversee risk and compliance
- Appoint an Executive to oversee organizational compliance program reporting to the CEO
- Develop integrated organizational wide monitoring and audit process to ensure compliance
- Develop focused compliance and Code of Conduct training customized for staff based on job responsibilities and compliance vulnerabilities
- Expand terms of reference of senior management risk committee to include compliance oversight and issues identification
- Implement Vendor Code of Ethics with access to the Ethics Hotline

IMPLICATIONS AND RISKS:

The implementation of both the Auditor General recommendations and the Corporate Compliance Initiative are vital to providing assurances that Toronto Community Housing operates its business well, creates sustainable value and embraces ethical conduct.

"Howie Wong"

Howie Wong
General Counsel

Attachment: 1: Management's Responses to the Auditor General's Reports re: Employee Expenses and Procurement

**Management's Response to the Auditor General's Review of
Toronto Community Housing Corporation - Controls Over Employee Expenses Are Ineffective**

| Rec. No | Recommendation | Agree (X) | Disagree (X) | <u>Management Comments:</u> (Comments are required only for recommendations where there is disagreement.) | Action Plan/Time Frame |
|---------|---|-----------|--------------|--|--|
| 1. | The Chief Executive Officer review the current expense policy in detail to ensure that it is comprehensive and very clearly articulates expenditures which are not appropriate. Expenses which serve no direct business purposes such as those incurred on staff celebrations be immediately discontinued. | X | | <p>When Toronto Community Housing was created from a merger of three separate municipal, metropolitan and provincial housing companies, each with very different staff cultures, management placed a high priority on organizational support for team-building, recognition, and diversity outreach. As a result, there has been a strong culture that supports activities to recognize staff achievements, promote a healthy workplace, and celebrate diversity.</p> <p>In light of the Auditor General's findings, the CEO has suspended all financial supports for staff celebrations. Approaches for staff recognition and healthy workplaces will be developed to reflect this new policy. The new policy will ensure clear parameters are in place that governs acceptable forms of recognition.</p> | <p>Action Plan: The CEO has launched an internal review to revise all existing policies and procedures for employee expenses, and put in place controls and processes that strengthen accountability and transparency.</p> <p>Timeline: Q2</p> |

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|---------|---|-----------|--------------|--|--|
| 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. | X | | <p>Currently all monthly purchasing card reconciliations are centralized with the Finance Department. Approval by the Director/Executive and all supporting documentation is attached to support the business expenses.</p> <p>Monthly reports are being prepared for the CFO for "non-filers" and for purposes of follow up with the appropriate Executive.</p> | <p>Action Plan: Later this year, Toronto Community Housing will implement its new Expenses Policy as per Recommendation 1, in conjunction with a new Fraud Policy. We will also launch a staff education program to strengthen awareness and understanding of the need to comply with policies and procedures and exercise sound judgment.</p> <p>Timeline: Q3</p> |
| 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. | X | | This work has already begun and will continue as a routine action. | <p>Action Plan: The Internal Audit Unit will dedicate resources to conduct random audits of expense claims.</p> <p>Timeline: Q2 and ongoing</p> |

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|---------|--|-----------|--------------|--|---|
| 4. | The Chief Executive Officer review the ongoing use of purchasing cards in order to determine whether or not their issue to current staff is appropriate. Purchase cards be cancelled where appropriate. | X | | <p>Effective immediately, all purchase card transactions require the approval of a director or executive, pending the new purchasing card policy</p> <p>Plan is to eliminate all purchasing cards by March 31, 2011 and to have staff submit business expenses on their own cards for reimbursement.</p> <p>Finalization of plan is subject to obtaining confirmation that no notice period is required for bulk card cancellation and that no additional costs will be incurred for cancellation.</p> | <p>Action Plan: The Executive will review the use of purchase cards and take appropriate actions.</p> <p>Timeline: Q3 and ongoing</p> |
| 5. | The Chief Executive Officer ensure that expenses which are recoverable from third parties are followed up on a timely basis. | X | | | <p>Action Plan: Toronto Community Housing will seek reimbursement on all recoverable expenses.</p> <p>Timeline: Q2 and ongoing</p> |

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| 6. | The Chief Executive Officer review audit reports previously issued by the Auditor General, particularly those related to the use of purchasing cards and employee expenses in order to ensure that the recommendations contained in those reports are addressed and implemented at the Toronto Community Housing Corporation. | X | | | <p>Action Plan: This recommendation will be carried out in conjunction with recommendations 1 and 4. The CEO will report back to the Board of Directors by September 30, 2011 on the company’s progress in implementing the recommendations.</p> <p>Timeline: Q3 and ongoing</p> |
| 7. | The Chief Executive Officer ensure that recommendations contained in this report are also implemented at the Toronto Community Housing Corporation's subsidiary companies. | X | | | <p>Action Plan: The CEO will notify subsidiary companies of the Auditor General’s recommendations, and action items arising from them. A quarterly update from the subsidiary Board’s will be required to update on progress and compliance.</p> <p>Timeline: Q1 notification; and Q4 and ongoing for implementation.</p> |

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|---------|--|-----------|--------------|---|---|
| 8. | <p>The Chief Executive Officer follow up on all expenditures which appear to be inappropriate and:</p> <p>a. recover any Toronto Community Housing Corporation funds which were used for non TCHC business purpose;</p> <p>b. review with legal and other appropriate staff a proposed course of action towards those employees who have knowingly used purchase cards inappropriately; and</p> <p>c. discontinue the use of purchase cards until appropriate policies and oversight processes are put in place.</p> | X | | In February 2011, we started review each case and took steps to recover funds used for non-business purposes or expenses considered unreasonable. We also took a range of disciplinary actions with staff. These actions have ranged from warning letters, reprimands to suspensions, cost recovery, and termination of employment. | <p>Action Plan: Recommendations 8(a) and 8(b) will be carried out in conjunction with Recommendation 5.</p> <p>Timeline: Q2</p> <p>Action Plan: Recommendations 8(c) is already in place. Pending a review, all purchase card transactions for any reason require approval of a director or executive. Discontinuance of purchase cards underway for Q2.</p> <p>Timeline: Immediate</p> |
| 9. | The Chief Executive Officer review the controls relating to the issue of cash advances and make appropriate changes as required. | X | | | <p>Action Plan: This recommendation will be carried out in conjunction with Recommendation 1.</p> <p>Timeline: Q2</p> |

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|---------|--|-----------|--------------|---|---|
| 10. | The Chief Executive Officer take immediate action to recover expenditures which are non business related and in consultation with the Legal Division take appropriate action towards those staff responsible for incurring such expenditures. | X | | | Action Plan: This recommendation will be carried out in conjunction with recommendations 5, 8(a), and 8(b). Timeline: Q2 |

**Management’s Response to the Auditor General’s Review of
Toronto Community Housing Corporation – Procurement Policies and Procedures Are Not Being Followed**

| Rec. No | Recommendation | Agree (X) | Disagree (X) | <u>Management Comments:</u> (Comments are required only for recommendations where there is disagreement.) | Action Plan/Time Frame |
|---------|--|-----------|--------------|---|--|
| 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. | X | | <p>In 2001, City Council formed TCHC as a wholly owned business corporation to operate at arm’s length from the City with a separate board of directors to ensure maximum flexibility on service delivery models to meet the needs of tenants and the portfolio. This mandate will need to be incorporated into the consultations with the City Manager.</p> <p>A review has commenced of all areas where ‘synergies’ may result. (e.g., Procurement/Purchasing, Fleet, and Information Technology)</p> | <p>Action: The CEO will meet with the City Manager to identify opportunities for cost savings. TCHC currently participates in a number of City bulk programs for utilities, energy projects, and information technology. A report on these consultations will be presented to the Board.</p> <p>Timeline: Q3</p> |
| 2. | The Chief Executive Officer review the 2005 Report of Madame Justice Bellamy and the Auditor General’s report entitled “Procurement Processes Review.” The purpose of the review should be to develop a work plan to implement all appropriate recommendations. | X | | <p>In the interim, the CFO has currently implemented a plan of personally being informed and approving all RFPs/Tenders before their release and before they are awarded.</p> <p>Monthly reporting process, to the CFO, has been implemented which reports all RFPs/Tenders released, outstanding, and awarded.</p> | <p>Action: The CEO and CFO will work with the senior procurement manager to review the best practices arising from the Bellamy Report and Auditor General’s report. The current work plan will be revised to include these best practices.</p> <p>Timeline: Q3</p> |

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|---------|--|-----------|--------------|--|---|
| 3. | The Chief Executive Officer, give consideration to the hiring of outside expertise to address all recommendations, including those contained in this report, as well as to provide ongoing advice on the management of the procurement process. Resources at the City be used where possible. | X | | | <p>Action: The CEO will hire a senior procurement manager and review whether the procurement function should remain in the Finance Division or report to the CEO's Office on an interim basis in 2011 to address all the Auditor General recommendations. The CEO will work with the City to access resources for best practices and to avoid duplication of effort.</p> <p>Timeline: Q2.</p> |
| 4. | The Chief Executive Officer ensure that all of the issues identified in this report are addressed during any external review of the procurement process. | X | | | <p>Action: The CFO and senior procurement manager will review this report as part of Recommendation #2 above.</p> <p>Timeline: Q4</p> |

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|---------|--|-----------|--------------|--|---|
| 5. | The Chief Executive Officer be required to report to the Board of Directors on a quarterly basis the progress made in implementing all such recommendations. | X | | | <p>Action 1: The Board will receive quarterly reports on implementation progress.</p> <p>Timeline: Reporting to begin in Q3 on Q2 results.</p> <p>Action 2: The CEO will submit internal audit findings to the Board's Corporate Affairs Committee within 30 days of completion.</p> <p>Timeline: Reporting to begin in Q3 on Q2 results.</p> |
| 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. | X | | All internal audit findings are reported immediately to the CEO and CFO for immediate corrective action to be implemented. | <p>Action: The CEO and the Internal Audit Unit will re-examine the major procurement decisions and report recommended actions to the Board.</p> <p>Timeline: Q4</p> |

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|---------|--|-----------|--------------|--|--|
| 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. | X | | | Action: The CEO and CFO will work with the senior procurement manager to review these reports in conjunction with Recommendations #2 and #4. Timeline: Q4 |
| 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. | X | | | Action: Implementation progress reports will be provided to the Board as per Recommendation #5. Timeline: Q3 |

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|---------|--|-----------|--------------|--|--|
| 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. | X | | | <p>Action: The new senior procurement manager will review the current policies and procedures of the City in conjunction with the reviews as per Recommendations #2, #4 and #7.</p> <p>The CEO will meet with the City Manager’s Office to ensure access to the City’s policies and procedures.</p> <p>New and revised policies proposed to the Board will include information on related City policies and procedures, if applicable.</p> <p>Timeline: Q4</p> |
| 10. | The Chief Executive Officer review the management structure, reporting relationships, the roles and responsibilities of the Strategic Procurement Unit and assign clear accountability for each step in the procurement process, including the responsibility for ensuring compliance with various policies and procedures. | X | | CFO has commenced discussions with procurement staff to further clarify and re-define accountabilities and their responsibilities to strengthen the monitoring and compliance of the current policies. | <p>Action: Upon completion of the review of the procurement policies and process, the CEO and CFO will evaluate the procurement unit’s roles, responsibilities, and capacity.</p> <p>Timeline: Q3</p> |

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|---------|--|-----------|--------------|--|--|
| 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. | X | | | <p>Action: As part of the review of the procurement policies and process, the senior procurement manager will develop an ongoing procurement review cycle in conjunction with the Internal Audit Unit.</p> <p>Timeline: Q4</p> |
| 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. | X | | Face to face meetings with all managers have taken place. | <p>Action: A CEO directive will be sent to all staff to address this recommendation.</p> <p>Managers will meet with all staff to reinforce messaging.</p> <p>Timeline: Q2</p> |
| 13. | The Chief Executive Officer amend the tender requirements contained in the procedures document particularly as they pertain to transactions below \$10,000. | X | | The discontinuance of purchasing cards will reduce the risks related to the volume of transactions below \$10,000. | <p>Action: The CFO will evaluate the requirements for transactions below \$10,000. This will be done in conjunction with the reviews as per Recommendations #2, #4, #7 and #9.</p> <p>Timeline: Q4</p> |

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|---------|---|-----------|--------------|--|---|
| 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. | X | | | <p>Action 1: This recommendation will be addressed in the CEO Directive to all staff, in conjunction with Recommendation #12.</p> <p>Timeline: Q2</p> <p>Action 2: Routine audits to evaluate the compliance with the open tender policy will be included and conducted in the Internal Audit schedule.</p> <p>Timeline: Q4</p> |
| 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. | X | | | <p>Action: Internal Audit Unit will review the open tendered contracts and the CEO will take appropriate actions.</p> <p>Timeline: Q4</p> |

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| 16. | <p>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.</p> <ul style="list-style-type: none"> • 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. | X | | | <p>Action 1: The senior procurement manager will evaluate the requirements for single tenders. This will be done in conjunction with the reviews as per Recommendations #2, #4, #7, #9 and #13. This will include ensuring the procedures provide clear guidelines for documenting single tenders.</p> <p>Timeline: Q4</p> <p>Action 2: The CEO will review all single tender procurements.</p> <p>Timeline: Q2</p> <p>Action 3: A yearly report on single tendered contracts will be delivered to the Board.</p> <p>Timeline: Q1/2012</p> |

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| 17. | The Chief Executive Officer review the propriety of current arrangements related to the overseas procurement of products such as kitchen and bathroom fixtures. Competitive pricing be obtained to determine whether the current procurement arrangements represent the best value for money taking into account all ancillary costs including brokerage, agency fees, transportation, storage, security and warranty fees. | X | | CFO has requested that the Strategic Procurement Unit inform the CFO of any “out of Canada” transactions. CFO will in turn bring this to the attention of the CEO/Board. | Action: The overseas procurement arrangements have been terminated and will only be re-activated as part of a competitive procurement process going forward. As a result, there is no current overseas procurement to review. Timeline: Completed |
| 18. | The Chief Executive Officer communicate to staff the requirement to comply with the TCHC Conflict of Interest Policy. Conflicts be declared prior to and not subsequent to procurements. All declarations be in writing. | X | | | Action: This recommendation will be addressed in the all staff Directive as per Recommendations #12 and #14. Timeline: Q2 |

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|---------|--|-----------|--------------|--|---|
| 19. | The Chief Executive Officer review the City policy pertaining to unsolicited quotations or proposals and give consideration to the development of such a policy. | X | | | <p>Action: The new senior procurement manager will review the City policy in conjunction with the reviews as per Recommendations #2, #4, #7, #9, #13, and #16.</p> <p>Timeline: Q4</p> |
| 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. | X | | | <p>Action 1: This recommendation will be addressed in the all staff Directive in conjunction with Recommendations #12, #14 and #18.</p> <p>Timeline: Q2</p> <p>Action 2: Internal Audit will implement a monitoring process to ensure compliance as noted in Rec. 21.</p> <p>Timeline: Q4</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. | X | | | <p>Action: Internal Audit will establish and conduct random audits until an IT upgrade of the financial information system is completed. Results to be reported to the CEO for action.</p> <p>Timeline: Random audits to begin in Q4, with IT solution planned for 2012.</p> |

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|------------|---|--------------|-----------------|---|---|
| 22. | The Chief Executive Officer direct all staff to comply with TCHC procedures regarding tender openings. Tenders should be opened in public and in the presence of tenderers or their representatives who wish to attend. The name of the tenderer and the total amount of each tender should be read aloud and recorded when opened. A complete record of the tender opening should be maintained. Consideration be given to recording the results of tender openings on TCHC's Web site. | X | | | <p>Action 1: The first part of the recommendation (directing staff regarding tender opening procedure) will be addressed in the all staff Directive from the CEO in conjunction with Recommendations #12, #14, #18 and #20.</p> <p>Timeline: Q2</p> <p>Action 2: The senior procurement manager will review website disclosure as part of Recommendations #2, #4, #7, #9, #13, #16 and #19.</p> <p>Timeline: Q4</p> |

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| 23. | The Chief Executive Officer ensure that tender documents are complete and prepared in accordance with procedure. Complete evaluation criteria information should be included in all tender documents. | X | | | <p>Action 1: This recommendation will be addressed in the all staff Directive from the CEO in conjunction with Recommendations #12, #14, #18 and #22.</p> <p>Timeline: Q2</p> <p>Action 2: CFO to develop checklist to accompany all tender documents prior to award.</p> <p>Timeline: Q2</p> |
| 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. | X | | | <p>Action 1: General Counsel will develop procedure for addressing bid irregularities.</p> <p>Timeline: Q2</p> <p>Action 2: CFO to issue communication to vendors emphasizing accuracy and completeness.</p> <p>Timeline: Q2</p> |

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| 25. | The Chief Executive Officer maintain on file documentation supporting the results of the vendor selection process including information pertaining to disqualified respondents, evaluation results of each individual on the evaluation team and information pertaining to any conflicts of interest declared by staff. | X | | | <p>Action: Record keeping expectations for the vendor selection process will be addressed in the all staff Directive from the CEO in conjunction with Recommendations #12, #14, #18, #22 and #23.</p> <p>Timeline: Q2</p> |
| 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. | X | | | <p>Action: The CFO will develop a protocol for when the Strategic Procurement Unit or Fairness Commissioner is required. This will be done in conjunction with the reviews as per Recommendations #2, #4, #7, #9, #13, #16, #19 and #22</p> <p>Timeline: Q4</p> |
| 27. | The Chief Executive Officer review the process relating to TCHC's Fair Wage Policy in order to ensure that the policy is enforceable. | X | | | <p>Action: The senior procurement manager will review the enforceability of the Fair Wage Policy.</p> <p>Timeline: Q4</p> |

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|---------|---|-----------|--------------|--|---|
| 28. | The Chief Executive Officer, direct all staff that financial security requirements in all tender documents must be complied with. Where required financial security is not provided in response to a tender then the tender should be disqualified. Under no circumstances should staff be allowed to negotiate terms and conditions which are different from the tender document. | X | | | Action: This recommendation will be addressed in the all staff Directive from the CEO in conjunction with Recommendations #12, #14, #18, #22 and #25. Timeline: Q2 |
| 29. | 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. | X | | | Action: The new procurement manager will evaluate the current process for establishing and maintaining the current vendor list. This will be done in conjunction with the reviews as per Recommendations #2, #4, #7, #9, #13, #16, #19, #22 and #26 Timeline: Q4 |

**Management's Response to the Auditor General's Review of
Toronto Community Housing Corporation – Procurement Policies and Procedures Are Not Being Followed**

| Rec. No | Recommendation | Agree (X) | Disagree (X) | <u>Management Comments:</u> (Comments are required only for recommendations where there is disagreement.) | Action Plan/Time Frame |
|------------|---|--------------|-----------------|---|---|
| 30. | 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. | X | | CFO has discussed the processes that need be changed with A/P staff. The plan that is being developed will immediately centralize invoicing (all invoices from third parties will come to Main Office) to ensure all invoices are immediately recorded. In addition, strengthened financial controls are implemented requiring monthly reporting of all over 90 days unpaid invoices to be provided in a report to the Controller/ CFO for review and follow up with the appropriate persons. | Action: The CFO will evaluate the current Accounts Payable system. This will be done as part of the reviews identified in Recommendations #2, #4, #7, #9, #13, #16, #19, #22, #26 and #29 Timeline: Q4 |

**Management's Response to the Auditor General's Review of
Toronto Community Housing Corporation – Procurement Policies and Procedures Are Not Being Followed**

| Rec. No | Recommendation | Agree (X) | Disagree (X) | <u>Management Comments:</u> (Comments are required only for recommendations where there is disagreement.) | Action Plan/Time Frame |
|---------|---|-----------|--------------|--|---|
| 31. | 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. | X | | | <p>Action 1: This recommendation will be addressed in the all staff Directive from the CEO in conjunction with Recommendations #12, #14, #18, #22, #25 and #28.</p> <p>Timeline: Q2</p> <p>Action 2: CFO piloting centralized receipt of supplier invoices to ensure timely entry.</p> <p>Timeline: Q2</p> <p>Action 3: Internal Audit will add random audits to their workplan to ensure compliance.</p> <p>Timeline: Q4</p> |