

AUDITOR GENERAL TORONTO

Toronto Community Housing Corporation

Embedding Accountability into Service Delivery:

**Lessons Learned from the Audit of Contracted Property Management Services
AT A GLANCE**

WHY THIS AUDIT MATTERS

TCHC management is accountable for achieving its core mission of providing clean, safe, well-maintained, affordable homes for residents.

The themes and lessons learned from our audit of contracted property management services can be applied to improve oversight, monitoring, and management of service delivery across TCHC's entire portfolio.

BACKGROUND

TCHC has a long history of using a contracted property management service delivery model. TCHC transitioned some of its contract-managed (CM) units back to direct service delivery in 2020. The remainder will be transitioned back to direct management in 2022.

Regardless of who delivers services, TCHC management is ultimately accountable for consistently good service across its entire portfolio.

BY THE NUMBERS

In 2019, there were:

- 2,100 buildings, with 60,000 rental units with 110,000 residents, of which 12,000 units (20%) are managed by 2 property management companies under contract
- \$6M in management fees paid to contracted property management companies in 2019
- \$22M in operating expenditures for contract-managed buildings – TCHC not sufficiently monitoring contractor performance and quality of services
- \$2M in "not-in-contract" and other expenditures
- 39 KPIs included in contract – many were not tracked and/or monitored by TCHC

WHAT WE FOUND

Responding to the [Mayor's Task Force on Toronto Community Housing](#), TCHC management recognized it was vital that residents receive consistently good service. TCHC management committed to ensuring contracted property management service providers meet the same service standards as expected at direct-managed (DM) buildings, by:

- adopting stronger contracts with clear, well-defined and measurable performance expectations
- having a clear set of KPIs and accountabilities for the delivery of the work
- continuously and rigorously monitoring quality of work and vendor performance

The audit found that many of the key changes and improvements did not fully materialize in practice. Concerns continue to persist. For example, TCHC did not:

A. Setup successful service delivery by providing clear, consistent specifications and incorporating better outcome measures

- Contracts did not always clearly set out TCHC's technical specifications and service requirements - service expectations for DM buildings and CM buildings were not always consistent
- Contracts did not include relevant performance measures for areas where TCHC wanted to improve service delivery – in particular, quality of work and factors impacting tenant satisfaction
- TCHC did not always track, monitor or take action on KPIs in the contracts

B. Monitor contractor performance sufficiently to ensure the work was getting done, and getting done right

TCHC did not continuously and sufficiently:

- Monitor \$22M in annual operating expenditures
- Monitor contract performance and service quality
- Ensure performance issues were properly communicated, escalated when needed, and resolved in a timely manner

Moving forward, it is critical that TCHC put in place the systems and monitoring processes it needs to provide reliable data to inform decision making and continuous improvements of service delivery and performance.

HOW RECOMMENDATIONS WILL BENEFIT THE CITY

Implementing the 10 recommendations in this report will result in more consistent services for residents, protection of TCHC building assets, and higher quality, more reliable performance data that supports TCHC and its Board in decision making and in proactively identifying continuous improvement opportunities.