



REPORT FOR ACTION

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

Date: November 1, 2021

To: Board of Directors of Toronto Community Housing Corporation

From: Auditor General

Wards: All

SUMMARY

The attached audit report presents the results of the Auditor General's audit of contracted property management services at the Toronto Community Housing Corporation (TCHC). The objective of this audit was to assess TCHC's oversight of contracted property management service delivery and performance.

In response to the Mayor's Task Force, TCHC is implementing its plan to restructure the organization to provide better services to tenants. TCHC is transitioning all properties in its family portfolio to be directly managed by TCHC using the Hub-Based Service Model. The plan includes changes to decentralize operations, add frontline resources, empower local decision-making and bring services closer to where tenants live.

However, we found that certain key changes and improvements that TCHC management committed to in response to the Mayor's Task Force findings regarding contracted property management service delivery and performance, did not fully materialize.

Our audit report includes recommendations to support TCHC's efforts going forward to make sure goals are achieved. As TCHC is working to bring property management duties for their residential buildings back under its direct management, it should consider, as part of its continuous improvement strategies, the lessons learned from this audit of contracted property management. Many of those strategies will help TCHC to provide assurance to the Board about the effectiveness of its progress towards implementing the recommendations from the Mayor's Task Force.

It is our view that the findings and recommendations will help to improve oversight, monitoring, and management of site staff and site work that are relevant for TCHC's entire portfolio of approximately 60,000 household rental units in 2,100 buildings.

In addition to residents receiving more consistent service the measures should better support the protection of TCHC building assets by being able to analyze higher quality, more reliable performance data. This, in turn, will help support TCHC and its Board in decision making and in proactively identifying continuous improvement opportunities.

In our audit report, we highlight three key lessons learned to support TCHC's success in managing its buildings under the new structure:

1. Setting up successful service delivery by embedding accountability into the design of service agreements
2. Monitoring performance to hold service providers accountable for making sure services are getting done correctly
3. Building trust and confidence through accurate and transparent reporting

RECOMMENDATIONS

The Auditor General recommends that:

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.

FINANCIAL IMPACT

Implementing the recommendations contained in this report will assist TCHC to set up successful service delivery regardless of whether they are internally delivered by TCHC staff or through a contractor (and their subcontractors). The financial impacts resulting from implementing the recommendations in this report are not determinable at this time.

DECISION HISTORY

In 2015/16, the Mayor's Task Force on Toronto Community Housing was tasked with examining how TCHC served the people of Toronto and how it was governed. The ultimate goal of the Task Force was to recommend to the Mayor what adjustments to the governance and operation of TCHC were necessary to improve service to its residents. The Task Force issued an interim report "Improved Living at Toronto Community Housing: Priority Actions" and a final report "Transformative Change for TCHC".

The Mayor's Task Force report can be found at: [Item 11 - Mayor's Task Force Final Report Update - Attachment 2.pdf \(torontohousing.ca\)](#)

The Task Force made a number of recommendations that were relevant to this audit including a focus on:

- developing and implementing an action plan to improve building conditions, address tenant satisfaction concerns and improve quality of service
- reviewing current private sector management contracts and adopting clear performance standards to ensure equity in tenant services
- effective performance measurement and establishing measures to track performance and to regularly monitor performance with metrics

In response, TCHC management brought forth action plans in the report, [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

The [Auditor General's Office 2020 Work Plan \(toronto.ca\)](#) included an audit of contracted property management at Toronto Community Housing Corporation. As part of our audit, we reviewed the Mayor's Task Force recommendations and TCHC management's action plan commitments that were relevant in the context of our audit of contracted property management to assess whether concerns identified by the Mayor's Task Force in 2015/16 had been addressed. Our findings are discussed throughout the attached report.

COMMENTS

The attached report presents the detailed results of the Auditor General's audit of contracted property management services. The report includes 10 recommendations together with management's response.

A high-level summary of the key audit findings are provided in the one-page Audit at-a-Glance.

CONTACT

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SIGNATURE



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ATTACHMENTS

Attachment 1: Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services