



Chief Internal Auditor 2013 Annual Report

Item 7
March 6, 2014
**Corporate Affairs and Audit
Committee**

To: Corporate Affairs and Audit Committee **Report:** CAAC:2014-03

From: Chief Internal Auditor

Date: February 21, 2014

Page 1 of 9

Strategic Plan Priority: **Service Excellence:**

- Demonstrate Value for Money and Public Accountability

PURPOSE:

To provide the Corporate Affairs and Audit Committee (“the Committee”) with the Chief Internal Auditor’s 2013 Annual Report.

RECOMMENDATIONS:

It is recommended that the Committee receive the Chief Internal Auditor’s 2013 Annual Report for information.

REASONS FOR RECOMMENDATIONS:

The Internal Audit Department consists of two distinct functions – (i) Internal Audit and (ii) Investigations.

This report will present to the Committee a review of the activities of Internal Audit and Investigations in 2013.

INTERNAL AUDIT

Role of Internal Audit

The Internal Audit function (“Internal Audit”) is an independent, objective assurance and consulting activity designed to add value and improve the organization’s operations. It helps TCHC to accomplish its objectives by bringing a systemic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal Audit promotes continuous improvement by evaluating the adequacy and effectiveness of internal controls, identifying significant risk exposures, and monitoring and evaluating the effectiveness of TCHC’s risk management systems in TCHC related to:

- Adequacy, reliability, and integrity of financial and operational information;
- Compliance with contracts, policies, plans, procedures, laws and regulations;
- Achievement of established objectives and goals;
- Economical and efficient management of resources; and

- Safeguarding of assets.

2013 Staffing Complement

The unit consists of:

- The Chief Internal Auditor;
- Three Internal Audit Analysts;
- One Business Analyst; and
- One Employee Expense Control Clerk.

Matters Reported On

In 2013 the following reports were issued:

- *Internal Audit: 2013 Work Plan and Budget* (January 14, 2013);
- *Internal Audit: 2013 Budget* (February 25, 2013);
- *Internal Audit: 2013 Work Plan* (February 26, 2013);
- *Chief Internal Auditor 2012 Annual Report* (May 16, 2013);
- *Internal Audit: 2013 Work Plans Status Update* (May 16, 2013);
- *Internal Audit Report: Review of Employee Expense Claims* (July 8, 2013);
- *Internal Audit Report: Timely Recording of Supplier Invoices* (July 15, 2013);
- *Internal Audit Report: Review of OMERS Employee Attestation Program* (September 16, 2013);
- *Internal Audit – Complaints Received January 1, 2013 to June 30, 2013* (September 20, 2013);
- *Internal Audit: 2013 Work Plan Update* (September 23, 2013);
- *Internal Audit: 2014 Budget* (November 19, 2013); and
- *Internal Audi: 2014 Work Plan* (November 19, 2013).

Status of the 2013 Internal Audit Work Plan

The status of the Internal Audit 2013 Work Plan as at December 31, 2013 is set out in **Attachment 1** to this report.

Eight work plan items were completed during 2013 and 11 items were in progress as at year end.

Items Deferred in 2013

Four of the 2013 Work Plan items are being deferred:

- **Follow Up on Internal Control Recommendations from Richter Report** (Item B-7) – this has been now included in 2014 Work Plan item 201401 In-Depth Review of Procurement Practices;

- **TCHC Risk Assessment Review** (Item B-10) – as previously reported to the Committee, the City of Toronto’s Auditor General’s 2014 Work Plan includes a risk assessment of all City operations. This will include a risk assessment of TCHC. Internal Audit will be able to obtain the results of this review, accordingly there is no sense in duplicating resources and tasks by performing a review of our own;
- **Review of Internally Completed Procurement Reviews** (Item C-1) – there was a delay in the development of the actual procurement review program. As such, there were no procurement reviews to be reviewed by Internal Audit. This has been included in the Internal Audit 2014 Work Plan; and
- **Human Resources File Retention** (Item C-7) – in 2013 the Human Resources Department started the process of engaging a third party consultant to conduct a detailed review of the Human Resources Department’s practices. As such, it was decided to defer this item until that review has been completed.

Employee Expense Control Clerk

The Employee Expense Control Clerk position (“EECC”) was created in anticipation of the Board’s request that employee expense claims be publicly disclosed for all TCHC employees. The EECC will be the ‘final reviewer’ of all employee expense claims prior to payment being made to the claimant.

This role will ensure that the re-vamped employee expense policy and procedures are being adhered to. This position was filled mid-December 2013. Accordingly, there will be more to report on this position in my 2014 Annual Report.

Other Internal Audit Items

There have been a number of intangible accomplishments in 2013, including (in no particular order):

- Internal Audit continued its membership in the Municipal Internal Auditors Association of Ontario (“MIAA”). Internal Audit staff, including myself, attended the MIAA’s spring and fall workshops where we were able to network with over 70 other municipal internal auditors. In January 2014 I became a member of the MIAA Executive Committee;
- The Internal Audit Department became a member of the Association of Local Government Auditors which allows us to utilize best practices from numerous municipal internal audit departments throughout North America;
- I met regularly with the City of Toronto’s Auditor General and his senior staff;
- I am a member of the City of Toronto Internal Audit Work Group. This group consists of the senior internal auditors from the City of Toronto, Toronto Fire Services, Toronto Police Services, and TCHC. The group meets quarterly to discuss various internal audit matters and items as they relate to our collective operations;
- Our department has participated in various ‘one-off’ reviews as requested by management;

- We worked together with the City's Internal Audit Department to develop the Procurement self-assessment program; and
- Attendance at all Corporate Affairs and Audit Committee and Governance, Risk and Human Resources Committee meetings, and most Board meetings, and provided guidance as required.

Internal Audit - Benefits

In 2013 Internal Audit continued its more traditional approach towards internal audit assignments – reviewing the systems management has established to ensure compliance with policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports, and determining whether the organization is in compliance.

The TCHC Internal Audit function has evolved, literally, from the ashes of the Auditor General's 2010 Procurement and Employee Expenses reports. As a result, the procurement and some finance policies and procedures underwent a significant overhaul, which is still being implemented at the present time. As such, the review of these activities before the changes have been fully implemented would have been premature.

Our focus has been on those 'little items' that though they may not be material to the financial operation of the corporation, provide the greatest exposure to reputational risk. Reputational risk has no level of materiality – the '\$25 box of chocolates' can provide more damaging headlines in the media than a finding of purchase orders not being properly used.

The audits that have been completed in 2013, and those that are in process and will be reported on in the near future, have shown a marked improvement in the compliance with policies and procedures with respect to employee expenses, mileage claims, cell phone usage to name a few.

The financial savings arising from these internal audits are not known. However, there has been a significant reduction in reputational risk.

The Department's focus in 2014 will be the more substantive processes at TCHC, in particular the procurement function.

INVESTIGATIONS

Background

In general, the Investigations Unit ("Investigations") is responsible for:

- Conducting investigations about tenants, employees and contractors;
- Overseeing the operation of TCHC fraud hotlines;
- Educating staff on matters related to ethical conduct;
- Providing subject matter expertise in policy and procedures development; and
- Developing a network of contacts with law enforcement, other government agencies and organizations, and other regulatory bodies.

2013 Staffing Complement

The unit consists of:

- The Chief Internal Auditor;
- A Manager - Investigations;
- Two Investigators; and
- An Investigations Specialist.

Nature of Investigations

The nature and type of investigations conducted are wide and varied, though they generally fall within two broad categories:

- Tenant Investigations:
 - Misrepresentation of income, assets, number of dependants;
 - Subletting of tenant units (whole or in part); and
 - Unauthorized persons living in a unit.
- Employee Investigations:
 - Employee expense reviews; and
 - Employee misconduct.

Sources of Investigations

The sources of investigations include matters received from:

- TCHC Fraud Hotlines
- TCHC Senior Management
- Tenants
- City's 311 service
- TCHC EasyTrac system
- TCHC Staff
- City's Fraud and Waste Hotline
- Other social housing agencies
- TCHC Operations (e.g. unit inspections)

Status of the 2013 Investigations Work Plan

The status of the Investigations 2013 Work Plan as at December 31, 2013 is set out in **Attachment 2** to this report.

The five items that are in progress as at December 31, 2013 are all significant process items within Investigations. As a result, we found that they have taken longer than expected to complete.

Two items have been deferred to 2014:

- **Eligibility Review Officer Status** (Item 3); and
- **Procedures and Protocols for Complaints at Contract Managed Buildings** (Item 8).

Due to the high volume of complaints being investigated, these two items simply did not get started.

Investigations Statistics

Attachment 3 to this report sets out an overview of the scope, nature and type of complaints that have been received in 2013, along with comparative data for 2012.

The attachment sets out a number of reporting parameters with respect to the complaints received, as follows:

Source of Complaints – Gross (Table 1)

The data shows that in 2013 there was a marked decrease in the gross number of complaints received – a decrease of 215 or 15.3%. Though this trend was seen in most of the sources that we receive complaints from, it is most notable that we received 168 less complaints on the Hotline than we did in 2012 – a 21.2% decrease. One explanation for the decrease could be that since the Hotline for tenants was new in 2012 there may have been an initial spike in complaints received during 2012.

There was a 16.1% increase in the number of complaints submitted by staff (the vast majority of which were about tenants) and it is thought that this is due to an increased exposure and awareness of the Investigations Unit throughout the organization.

Net Complaints Received (Table 2)

In 2013 YTD approximately 42% of the gross complaints received;

- Were not fraud related;
- Were reported more than once;
- Did not pertain to a TCHC tenant, building or staff member; or
- Reported an unidentifiable address or tenant.

As a % of gross complaints received, this is a significant increase from 2012 (33.5%) for which there is no apparent reason.

Who the Complaints are About (Table 3)

This identifies on a net complaint basis who the complaints were about – staff, tenants, contractors or other. 90% of net complaints received in 2013 were about tenants, which is similar to 2012.

It is noted that complaints received about TCHC staff decreased by 45 (43.7%) in 2013 when compared to 2012.

Nature of Complaints (Table 4)

This sets out, on a net complaint basis, the broad subject matter of the complaint received. For staff and tenant complaints, the data is further broken down to more specific subject matters:

Staff

A 'Staff Performance Complaint' is one which relates to a performance issue about a staff member (e.g. the super is not keeping the hallways clean). These complaints are not reviewed by the Investigations Unit – they are forwarded to the appropriate Operating Unit or department for follow up.

'Staff Complaints – Other' include all other complaints received about a staff member.

As noted above, the number of Staff complaints received in 2013 decreased significantly.

Tenants

Complaints about tenants have been broken down into five main subject areas. Cumulatively, the three main tenant subject areas (unreported members in a unit, a unit/room being sublet, and unreported income) represent approximately 80% of all net complaints received by TCHC. This is slightly higher than for 2012 (74.8%).

Distribution by Operating Unit (Table 5)

This shows the number of net complaints received within a particular operating unit ("OU").

This table allows the reader to compare (i) an OU's % of Complaints Received to (ii) that OU's number of units as a % of Total TCHC units. For example, Operating Unit G (Willowdale Don Valley) contains 4.1% of TCHC's units and in 2013 it received 7.8% of the complaints received.

Though the results do fluctuate from year to year, there appears to be a pattern of some of the operating units being either consistently in the 'green' (less % of complaints than their population) or in the 'red' (more % complaints than their population).

There is no apparent reason why some OUs receive more complaints, as a % of Total TCHC units, than others.

Hotline Usage (Table 6)

Actually two tables (Table 6a and Table 6b), they show how complainants have been accessing the Hotline.

77% of the Hotline complainants have chosen to remain anonymous in 2013 (Table 6a). This is a decrease over that for 2012 (82.4%).

It is interesting to note that in 2013 there was a marked % increase in those complainants accessing the Hotline using the Hotline internet portal – from 30.2% to 37.4% (Table 6b).

Status of Complaints Received (Table 7)

This table sets out the status of the types of complaints received during 2013 and 2012, as at January 23, 2014.

It should be noted that these are cumulative status results for the time periods in question. For example, if a 2012 complaint was closed in 2013, that status will be reflected in the 2012 column. As such, there will always be a difference between the current year results and the previous year results because the previous year results have had a longer time period to be reviewed and concluded. This explains why the 2013 Closed Files of 279 is lower than 2012's 377 Closed Files.

The percentage of files that were in progress increased significantly in 2013 YTD. This is clearly a result of (i) having a year's experience in operating the Investigations Unit and (ii) amending our investigations model by using more often operating unit resources to review complaints received. The Investigations Unit is very much appreciative of the assistance and work conducted by field staff in this regard.

Though the investigations model has notably reduced the number of files that had not been assigned as at January 23, 2014, we are cognizant of the continued back log from 2012 and efforts are underway to address it.

With respect to the resolution of complaints that have been reviewed, we found that 30.1% of 2013 completed complaint reviews were found to be substantiated (2012: 28.4%). Cumulatively, 29.1% of completed complaint reviews were found to be substantiated.

We have not had the benefit of accumulating several years worth of data to determine if the trends shown in 2013 and 2012 are average or not.

Investigations- Potential Retro Rent Recoveries

In my 2012 Annual Report, I introduced the concept of 'Retro Rent'. When Investigations determines that a tenant has misrepresented their financial situation to TCHC, TCHC is permitted by law to charge the tenant a market rate rent, retroactively to the date we can prove the misrepresentation commenced. The cumulative difference between the Market Rate and the Rent Geared to Income rate is called Retro Rent.

The collection of Retro Rent is not a simple process - it usually involves obtaining a ruling and judgment from the Landlord and Tenant Board.

Though in 2013 and 2012 TCHC did, in fact, collect some retro rent payments, the possibility of TCHC collecting Retro Rent is generally slim. TCHC tenants in this position are usually impecunious and have no assets.

Though we can determine the amount of Retro Rent identified in 2013, it is for all intents and purposes not a real number per se. When presented in my 2012 Annual Report, there was confusion by readers as to what this amount was, what it represented, and the possibility of it being collected. Accordingly, this amount is not being presented in this report.

However, the Committee should know that where over the course of an investigation we determine that a TCHC tenant has assets against which we can lodge a financial claim (e.g. owns real property), we proceed with that matter vigorously.

In 2013, as a result of one of our investigations, TCHC Legal Services Department was able to obtain a first-ever judgment from the Landlord and Tenant Board with respect to Retro Rent, thereby laying the groundwork to make a claim.

Investigations - Vacancies Created

It is reasonable to expect our investigations would lead to additional vacancies in TCH units. Accordingly, this would lead to a decreased number of families on the housing wait list.

It is our estimate that in 2013 **40 vacancies** have been created arising from the work of Investigations (2012 – 50 vacancies created).

However, it should be noted that the number of vacancies created depends on the actions of field level staff after our investigation has been completed. For example, we may identify that a tenant has been subletting a room in the tenant’s apartment. Though this would be grounds to terminate the lease and create a vacancy, under certain circumstances field staff may issue a warning to the tenant and allow the tenant to remain in the unit, but without the additional person remaining in the unit.

IMPLICATIONS AND RISKS:

The Chief Internal Auditor’s Annual Report to the Committee gives the Committee an opportunity to review the previous year’s activities of the Chief Internal Auditor and the Internal Audit Department. It serves as a basis to evaluate the progress of the previous year’s Internal Audit Work Plans and be informed of other matters related to the Internal Audit Department.

“Michael Vear, CA, CPA, CPA (Illinois)”

Michael Vear, CA, CPA, CPA (Illinois)
Chief Internal Auditor

- Attachments:**
- 1: Internal Audit - 2013 Work Plan – Status Update - as at December 31, 2013
 - 2: Investigations - 2013 Work Plan – Status Update - as at December 31, 2013
 - 3: Internal Audit - Complaints Received January 1, 2013 – December 31, 2013

Staff Contact: Michael Vear 416-981-4065
Chief Internal Auditor michael.vear@torontohousing.ca

ATTACHMENT 1
INTERNAL AUDIT - 2013 WORK PLAN
STATUS UPDATE - AS AT DECEMBER 31, 2013

| Item No | 2013 Work Plan Item | Item Information/Notes | Status |
|------------------------|--|--|--|
| Items Completed | | | |
| A-2 | Employee expense claims. | Complete random reviews of employee expense claims and Pcard purchases (source is Auditor General 2010 TCH Employee Expenses Report Recommendation 3). | Submitted to July 2013 CAAC meeting. |
| A-3 | Supplier invoices. | Review to determine if supplier invoices are recorded in the financial information system on a timely basis (source is Auditor General 2010 TCH Procurement Report Recommendation 31). | Submitted to July 2013 CAAC meeting. |
| B-2 | Development of structured and ongoing program of procurement reviews for the Strategic Procurement Unit. | Development of a program of internal procurement reviews to be used by the Strategic Procurement Unit (source is Auditor General 2010 TCH Procurement Report Recommendation 11). (3rd party) | Program developed, to be implemented in 2014. |
| B-4 | Management's implementation of the recommendations contained the Auditor General's 2010 reports on: (i) Procurement; and (ii) Employee Expenses. | Subsequent to management's implementation of the Auditor General's 2010 recommendations, Internal Audit will conduct tests to verify the implementation (source is CAAC March 30, 2012 meeting). | Ongoing throughout 2013. |
| B-5 | Management's implementation of the recommendations contained the Auditor General's 2011 reports on: (i) Fleet Management; (ii) HSI Procurement; and (iii) TCH Subsidiaries. | Subsequent to management's implementation of the Auditor General's 2011 recommendations, Internal Audit will conduct tests to verify the implementation (source is CAAC March 30, 2012 meeting). | Ongoing throughout 2013. |
| B-9 | Audit analysis software. | Conduct a review to source the appropriate audit analysis software to be used by Internal Audit. This work plan item will include staff training once the software is chosen and installed. | ACL software chosen and now being implemented on a test basis. |

**ATTACHMENT 1
INTERNAL AUDIT - 2013 WORK PLAN
STATUS UPDATE - AS AT DECEMBER 31, 2013**

| Item No | 2013 Work Plan Item | Item Information/Notes | Status |
|----------------|--|---|---|
| C-3 | Development of a process to enable the Strategic Procurement Unit to monitor 'split' orders. | Internal Audit will assist the Strategic Procurement Unit to develop a process to monitor 'split orders' (source is Auditor General 2010 TCH Procurement Report Recommendation 20). | Program developed as part of Work Plan Item B-2 (above), to be implemented in 2014. |
| C-5 | Review of 2012 employee and company contributions to OMERS. | Requested by TCH CFO. | Submitted to September 2013 CAAC meeting. |

Items in Progress

| | | | |
|-----|---|---|--|
| A-1 | Petty cash audit. | Internal audit of TCH petty cash holdings and cash advances (source is Auditor General 2010 TCH Employee Expenses Report Recommendation 9). | Draft report in review stage, additional field work is required. |
| B-1 | Major contracts review. | Review all TCHC major contracts 2008 - 2011 (both competitive and single tendered) awarded by TCH in order to determine that such contracts were awarded appropriately (source is Auditor General 2010 TCH Procurement Report Recommendations 6 and 16). (3rd Party) | 2012 and 2013 fieldwork completed, awaiting final report from PwC. |
| B-3 | Conduct random review of all tenders to ensure compliance with TCH policies. Review all instances where open tendering process circumvented. | Review will include TCH's open tender policy, if open tenders have been circumvented, the tender opening process, a review of tender documents, and the financial security documents that are supposed to accompany tender documents (source is Auditor General 2010 TCH Procurement Report Recommendations 14 and 15). (3rd Party) | 2012 and 2013 fieldwork completed, awaiting final report from PwC. |

**ATTACHMENT 1
INTERNAL AUDIT - 2013 WORK PLAN
STATUS UPDATE - AS AT DECEMBER 31, 2013**

| Item No | 2013 Work Plan Item | Item Information/Notes | Status |
|----------------|---|--|---|
| B-6 | External auditor 2010 internal control recommendations. | In the 2010 Year End management letter from the external auditors, a number of internal control weaknesses were identified. Management has provided CAAC with an update on their progress in correcting them. Internal Audit will review management's implementation of same (source is CAAC November 24, 2011 and March 30, 2012 meetings). | In its 2012 Year-End report, PwC considered all but two of the 2010 recommendations as having been implemented. They also identified one new recommendation in 2012. Management has implemented the remaining two 2010 recommendations and the 2012 recommendation is being followed up by management. |
| B-8a | Cellular telephone usage. | To determine if staff use of TCH cellular telephones is within TCH Policies. | To be presented at March 6, 2014 CAAC meeting. |
| B-8b | Internet usage. | To determine if staff use of the internet is within TCH Policies. | Fieldwork is ongoing. |
| C-2 | Random reviews of tenders to ensure compliance. | Random reviews of 2013 tenders (source is Auditor General 2010 TCH Procurement Report Recommendation 14). | 2012 and 2013 fieldwork completed, awaiting final report from PwC. |
| C-4 | Random review of employee expense claims. | | Draft report in review stage. |
| C-6 | Payroll. | Review of internal controls in the TCH Payroll Department. | Awaiting Management's Response. |
| D-1 | Fleet Management Follow Up. | Follow up to determine if the recommendations in the 2011 Internal Audit Fleet Management report were implemented. | To be presented at March 6, 2014 CAAC meeting. |

**ATTACHMENT 1
INTERNAL AUDIT - 2013 WORK PLAN
STATUS UPDATE - AS AT DECEMBER 31, 2013**

| Item No | 2013 Work Plan Item | Item Information/Notes | Status |
|----------------|----------------------------|--|--|
| D-2 | Mileage Follow Up | Follow up to determine if the recommendations in the 2011 Internal Audit Mileage and Parking Expenses report were implemented. | To be presented at March 6, 2014 CAAC meeting. |

Items To Be Deferred

| | | | |
|------|--|---|------|
| B-7 | Internal control recommendations contained in a January 7, 2010 report from RSM Richter. | Internal Audit has been requested to test whether the weaknesses have been corrected (source is CAAC November 24, 2011 and March 30, 2012 meetings). | 2014 |
| B-10 | TCH risk assessment and Management Control Checklist Program. | Develop a program to assess TCH's areas of risk. The results of the review will form the basis of selecting future internal audits. This program may include the development of a Management Control Checklist program and Controls Monitoring. | 2014 |
| C-1 | Review of internally completed procurement reviews. | Spot audits of procurement reviews conducted by the Strategic Procurement Unit. | 2014 |
| C-7 | Human Resources file retention. | Review of file retention policies in Human Resources. | TBD |

**ATTACHMENT 2
 INVESTIGATIONS - 2013 WORK PLAN
 STATUS UPDATE - AS AT DECEMBER 31, 2013**



| Item No | 2013 Work Plan Item | Item Information/Notes | Status |
|---------|---------------------|------------------------|--------|
|---------|---------------------|------------------------|--------|

Items Completed

| | | | |
|---|---|---|------------------------------|
| 7 | Refinement of forms, reports, and correspondence. | In 2012 Investigations staff developed templates for working papers and reports. Through the past year's experience, some of these forms and reports could be refined. In addition, we will develop standard wording for information requests to third parties. | Ongoing throughout the year. |
|---|---|---|------------------------------|

Items in Progress

| | | | |
|---|---|---|--|
| 1 | Case database management. | Conversion of the Complaints Database from an Excel Spreadsheet to a database program. | Beta version being developed, testing expected in Q114. |
| 2 | Complaint prioritization methodology. | Development of a methodology that will allow us to prioritize the cases that are to be investigated. | In progress. |
| 4 | Development of a process and protocols to refer complaints to field level staff. | There are far too many complaints for Investigators to review. We will require the assistance of field staff to either (i) conduct the review for us or (ii) gather information to assist our investigation. We need to develop a process and protocol to accomplish this. | In progress. |
| 5 | Development of a process and protocol for field staff to use when they come across a matter themselves. | Field staff may come across a matter that requires further review and investigation. For the most part, field staff do not have the knowledge of what steps they should take and what documents they should obtain prior to sending the matter to an Investigator. We will develop the forms and protocols for them to do that. | In progress. Being developed in conjunction with item (4). |

**ATTACHMENT 2
INVESTIGATIONS - 2013 WORK PLAN
STATUS UPDATE - AS AT DECEMBER 31, 2013**

| Item No | 2013 Work Plan Item | Item Information/Notes | Status |
|----------------|--|--|---|
| 6 | Training of field staff with respect to completion of tenant forms and receipt of documents during the tenant Annual Review process. | We would like to conduct Lunch n' Learn training sessions with operating unit staff to emphasize the need during the tenant Annual Return process to (i) have the tenant Annual Return forms properly completed and witnessed, and (ii) obtain the proper documents, in the proper format, from tenants. | In progress. Being developed in conjunction with items (4) and (5). |

Items to be Deferred

| | | | |
|---|---|--|------------------------------|
| 3 | Eligibility Review Officer Status. | Having our investigators designated as Eligibility Review Officers will significantly increase our ability to obtain information and documents from third parties. That would in turn increase the effectiveness and efficiency of our investigations. This status must be conferred by the City's Service Provider and we will request that status from them. | Request to be sent out Q114. |
| 8 | Establish procedures and protocols for dealing with complaints at contract managed buildings. | Establish procedures and protocols for dealing with complaints at contract managed buildings. This does not now exist. | To be started in Q114. |

Attachment 3
Internal Audit - Complaints Received
January 1, 2013 - December 31, 2013

Table 1
Source of Complaints - Gross

- this shows the sources of ALL complaints received

| | 2013 | | 2012 | | Change 2012 to 2013 | |
|-----------------|-------|-------|-------|-------|------------------------|--------|
| | No. | % | No. | % | No. | % |
| Fraud Hotline | 623 | 52.4 | 791 | 56.3 | -168 | (21.2) |
| EasyTrac | 336 | 28.2 | 360 | 25.6 | -24 | (6.7) |
| Other | | | | | | |
| City Fraud Line | 32 | 2.7 | 34 | 2.4 | -2 | (5.9) |
| Call In | 17 | 1.4 | 27 | 1.9 | -10 | (37.0) |
| Staff/Internal | 130 | 10.9 | 112 | 8.0 | 18 | 16.1 |
| Letter/Email | 46 | 3.9 | 68 | 4.8 | -22 | (32.4) |
| Walk In | 4 | 0.3 | 1 | 0.1 | 3 | 300.0 |
| Other | 2 | 0.2 | 12 | 0.9 | -10 | (83.3) |
| | 1,190 | 100.0 | 1,405 | 100.0 | -215 | (15.3) |
| | 1,190 | 100.0 | 1,405 | 100.0 | -215 | (15.3) |

Attachment 3
Internal Audit - Complaints Received
January 1, 2013 - December 31, 2013

Table 2
'Net' Complaints Received

- this table eliminates duplicate complaints, complaints about non-TCH properties, and non-fraud related complaints to arrive at the 'true' (or 'net') number of complaints received

| | 2013 | | 2012 | | Change 2012 to 2013 | |
|---|-------|-------|-------|-------|------------------------|--------|
| | No. | % | No. | % | No. | % |
| Total Complaints Received 'Gross' (Table 1) (A) | 1,190 | 100.0 | 1,405 | 100.0 | -215 | (15.3) |
| Other Matters | | | | | | |
| Item Reported is Not Fraud | 235 | 19.7 | 207 | 14.7 | 28 | 13.5 |
| Item Reported More Than Once | 205 | 17.2 | 215 | 15.3 | -10 | (4.7) |
| Not a TCH Tenant or Unit | 43 | 3.6 | 46 | 3.3 | -3 | (6.5) |
| Address Unknown | 17 | 1.4 | 3 | 0.2 | 14 | 466.7 |
| Total Other Matters (B) | 500 | 42.0 | 471 | 33.5 | 29 | 6.2 |
| 'Net' Complaints Received (A) - (B) | 690 | 58.0 | 934 | 66.5 | -244 | (26.1) |

Attachment 3
Internal Audit - Complaints Received
January 1, 2013 - December 31, 2013

Table 3
'Net' Complaints Received Were About

- this table identifies if the 'net' complaints received were about Staff, Tenants, Contractors, or Other

| | 2013 | | 2012 | | Change 2012 to 2013 | |
|-------------------------------|------|-------|------|-------|------------------------|--------|
| | No. | % | No. | % | No. | % |
| Staff | 59 | 8.6 | 103 | 11.0 | -44 | (42.7) |
| Tenants | 621 | 90.0 | 821 | 87.9 | -200 | (24.4) |
| Contractors | 5 | 0.7 | 2 | 0.2 | 3 | 150.0 |
| Other | 5 | 0.7 | 8 | 0.9 | -3 | (37.5) |
| Total 'Net' Complaints | 690 | 100.0 | 934 | 100.0 | -244 | (26.1) |

Attachment 3
Internal Audit - Complaints Received
January 1, 2013 - December 31, 2013

Table 4
Nature of Complaints

- this sets out the general nature of the 'net' complaints received

| | 2013 | | 2012 | | Change 2012 to 2013 | |
|----------------------------------|------------|--------------|------------|--------------|------------------------|---------------|
| | No. | % | No. | % | No. | % |
| Staff | | | | | | |
| Staff Performance Complaints | 15 | 2.2 | 50 | 5.4 | -35 | (70.0) |
| Staff Complaints - Other | 42 | 6.1 | 45 | 4.8 | -3 | (6.7) |
| Waste | 2 | 0.3 | 8 | 0.9 | -6 | (75.0) |
| Total Staff Complaints | 59 | 8.6 | 103 | 11.0 | -44 | (42.7) |
| Tenants | | | | | | |
| Unreported Extra Members in Unit | 283 | 41.0 | 356 | 38.1 | -73 | (20.5) |
| Unit/Room Being Sublet | 174 | 25.2 | 195 | 20.9 | -21 | (10.8) |
| Unreported Income | 96 | 13.9 | 148 | 15.8 | -52 | (35.1) |
| Miscellaneous Fraud | 32 | 4.6 | 67 | 7.2 | -35 | (52.2) |
| Overhoused Unit | 21 | 3.0 | 30 | 3.2 | -9 | (30.0) |
| Market Rent Units | 15 | 2.2 | 25 | 2.7 | -10 | (40.0) |
| Total Tenant Complaints | 621 | 90.0 | 821 | 87.9 | -200 | (24.4) |
| Contractor | 3 | 0.4 | 2 | 0.2 | 1 | 50.0 |
| Other | 7 | 1.0 | 8 | 0.9 | -1 | (12.5) |
| Total 'Net' Complaints | 690 | 100.0 | 934 | 100.0 | -244 | (26.1) |

Attachment 3
Internal Audit - Complaints Received
January 1, 2013 - December 31, 2013

Table 5
Distribution by Operating Unit

- this shows the distribution of the 'net' complaints received by Operating Unit (OU)

- it also compares (i) the OU's % of Complaints Received to (ii) the OU's number of units as a % of Total TCH units

means the OU's % of Complaints Received is LESS than it's % of Total TCH units means it is GREATER than

| | 2013 | | | 2012 | | | Change 2012 to 2013 | |
|-----------------------------------|--------------------------|--------------|------------------------|--------------------------|--------------|------------------------|---------------------|---------------|
| | <u>Complaints</u> No. | % | % of Total Units | <u>Complaints</u> No. | % | % of Total Units | No. | % |
| OUA - Srs & Single Family East | 29 | 4.2 | 11.6 | 38 | 4.1 | 13.3 | -9 | (23.7) |
| OUB - Srs & Single Family West | 37 | 5.4 | 11.0 | 55 | 5.9 | 11.0 | -18 | (32.7) |
| OUC - Weston/Rexdale | 26 | 3.8 | 4.5 | 29 | 3.1 | 5.4 | -3 | (10.3) |
| ODU - York Black Creek | 35 | 5.1 | 6.1 | 80 | 8.6 | 6.1 | -45 | (56.3) |
| OUE - Etobicoke South High Park | 37 | 5.4 | 7.3 | 94 | 10.1 | 7.3 | -57 | (60.6) |
| OUF - Yorkdale Lawrence | 16 | 2.3 | 3.7 | 31 | 3.3 | 3.7 | -15 | (48.4) |
| OUG - Willowdale Don Valley | 54 | 7.8 | 4.1 | 69 | 7.4 | 4.1 | -15 | (21.7) |
| OUH - Scarborough | 26 | 3.8 | 3.9 | 30 | 3.2 | 5.1 | -4 | (13.3) |
| OUI - Scarborough Southwest | 63 | 9.1 | 5.8 | 71 | 7.6 | 5.8 | -8 | (11.3) |
| OIJ - Grange Bathurst St Lawrence | 46 | 6.7 | 6.3 | 61 | 6.5 | 6.3 | -15 | (24.6) |
| OJK - Central Sherbourne | 103 | 14.9 | 5.8 | 70 | 7.5 | 6.7 | 33 | 47.1 |
| OJL - Don Valley Beaches | 35 | 5.1 | 5.2 | 79 | 8.5 | 5.2 | -44 | (55.7) |
| OJM - Central Parliament | 21 | 3.0 | 3.2 | 33 | 3.5 | 3.2 | -12 | (36.4) |
| OJW - Contract Managed West | 40 | 5.8 | 6.6 | 49 | 5.2 | 5.7 | -9 | (18.4) |
| OJX - Contract Managed Central | 32 | 4.6 | 4.8 | 29 | 3.1 | 4.0 | 3 | 10.3 |
| OJY - Contract Managed East | 44 | 6.4 | 10.1 | 50 | 5.4 | 7.1 | -6 | (12.0) |
| Community Safety Unit | 1 | 0.1 | N/A | 8 | 0.9 | N/A | -7 | (87.5) |
| Housing Connections | 10 | 1.4 | N/A | 14 | 1.5 | N/A | -4 | (28.6) |
| Rent Supplement | 2 | 0.3 | N/A | 9 | 1.0 | N/A | -7 | (77.8) |
| Staff and Other Non-OU | 33 | 4.8 | N/A | 35 | 3.7 | N/A | -2 | (5.7) |
| Total 'Net' Complaints | 690 | 100.0 | 100.0 | 934 | 100.0 | 100.0 | -244 | (26.1) |

Attachment 3
Internal Audit - Complaints Received
January 1, 2013 - December 31, 2013

Table 6
Hotline Usage

- these two tables show how complainants have been accessing the Do What's Right Hotline
- Table 6a analyzes whether or not complainants choose to remain anonymous
- Table 6b shows how complainants access the Do What's Right Hotline (e.g. internet, telephone etc.)
- Tables 6a and 6b are based on the 'gross' number of complaints received on the Do What's Right Hotline (refer Table 1)

| | 2013 | | 2012 | | Change 2012 to 2013 | |
|---|------------|--------------|------------|--------------|---------------------|---------------|
| | No. | % | No. | % | No. | % |
| Table 6a - Anonymous vs. Not Anonymous | | | | | | |
| Anonymous | 480 | 77.0 | 652 | 82.4 | -172 | (26.4) |
| Not Anonymous | 143 | 23.0 | 139 | 17.6 | 4 | 2.9 |
| | <u>623</u> | <u>100.0</u> | <u>791</u> | <u>100.0</u> | <u>-168</u> | <u>(21.2)</u> |

Table 6b - Method Used to Access Hotline

| | | | | | | |
|-----------|------------|--------------|------------|--------------|-------------|---------------|
| Internet | 233 | 37.4 | 239 | 30.2 | -6 | (2.5) |
| Telephone | 390 | 62.6 | 538 | 68.0 | -148 | (27.5) |
| Email | 0 | 0.0 | 6 | 0.8 | -6 | (100.0) |
| Letter | 0 | 0.0 | 8 | 1.0 | -8 | (100.0) |
| | <u>623</u> | <u>100.0</u> | <u>791</u> | <u>100.0</u> | <u>-168</u> | <u>(21.2)</u> |

Attachment 3
Internal Audit - Complaints Received
January 1, 2013 - December 31, 2013

Table 7
Status of Complaints Received

- for 'net' complaints received up to June 30 of the year noted, this sets out the status of the complaint, cumulatively as at January 23, 2014

| | | Complaints Received | Closed | | | | In Progress | | To Be Assigned | |
|----------------------------------|-------------|------------------------|------------------|------|----------------|------|-------------|------|----------------|------|
| | | | Unfounded No. | % | Founded No. | % | No. | % | No. | % |
| Tenants | | | | | | | | | | |
| Unreported Extra Members in Unit | 2013 | 283 | 52 | 18.4 | 36 | 12.7 | 182 | 64.3 | 13 | 4.6 |
| | 2012 | 356 | 115 | 32.3 | 37 | 10.4 | 51 | 14.3 | 153 | 43.0 |
| | | | | | | | | | | |
| Unit/Room Being Sublet | 2013 | 174 | 83 | 47.7 | 22 | 12.6 | 58 | 33.3 | 11 | 6.3 |
| | 2012 | 195 | 56 | 28.7 | 28 | 14.4 | 53 | 27.2 | 58 | 29.7 |
| | | | | | | | | | | |
| Unreported Income | 2013 | 96 | 26 | 27.1 | 5 | 5.2 | 29 | 30.2 | 36 | 37.5 |
| | 2012 | 148 | 33 | 22.3 | 17 | 11.5 | 34 | 23.0 | 64 | 43.2 |
| | | | | | | | | | | |
| Miscellaneous Fraud | 2013 | 39 | 11 | 28.2 | 8 | 20.5 | 15 | 38.5 | 5 | 12.8 |
| | 2012 | 67 | 24 | 35.8 | 14 | 20.9 | 19 | 28.4 | 10 | 14.9 |
| | | | | | | | | | | |
| Overhoused Unit | 2013 | 21 | 4 | 19.0 | 8 | 38.1 | 4 | 19.0 | 5 | 23.8 |
| | 2012 | 30 | 6 | 20.0 | 5 | 16.7 | 3 | 10.0 | 16 | 53.3 |
| | | | | | | | | | | |

Attachment 3
Internal Audit - Complaints Received
January 1, 2013 - December 31, 2013

Table 7 (cont'd)
Status of Complaints Received

| | | Complaints Received | Closed | | | | In Progress | | To Be Assigned | |
|--------------|-------------|------------------------|------------------|-------|----------------|------|-------------|-------|----------------|------|
| | | | Unfounded No. | % | Founded No. | % | No. | % | No. | % |
| Staff | | | | | | | | | | |
| Other | 2013 | 41 | 16 | 39.0 | 5 | 12.2 | 17 | 41.5 | 3 | 7.3 |
| | 2012 | 45 | 22 | 48.9 | 6 | 13.3 | 7 | 15.6 | 10 | 22.2 |
| | | | | | | | | | | |
| Waste | 2013 | 2 | 2 | 100.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | 2012 | 8 | 8 | 100.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | | | | | | | | | | |
| Contractor | 2013 | 3 | 0 | 0.0 | 0 | 0.0 | 3 | 100.0 | 0 | 0.0 |
| | 2012 | 2 | 2 | 100.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | | | | | | | | | | |
| Other | 2013 | 1 | 1 | 100.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | 2012 | 8 | 4 | 50.0 | 0 | 0.0 | 2 | 25.0 | 2 | 25.0 |
| | | | | | | | | | | |
| Total | 2013 | 660 | 195 | 29.5 | 84 | 12.7 | 308 | 46.7 | 73 | 11.1 |
| Total | 2012 | 859 | 270 | 31.4 | 107 | 12.5 | 169 | 19.7 | 313 | 36.4 |

NB: 2013 and 2012 Total Complaints Received will not agree to Table 4 because this table does not include Staff Performance Complaints nor Market Rent Complaints. These complaint types are automatically referred to an Operating Unit.