



# Chief Internal Auditor 2014 Annual Report

**Item 10**  
April 16, 2015  
Building, Investment, Finance  
and Audit Committee

**To:** Building, Investment, Finance and Audit Committee      **Report:** BIFAC:2015-23  
**From:** Chief Internal Auditor  
**Date:** March 31, 2015      Page 1 of 11  
**Strategic Plan Priority:**      **Service Excellence:**

- Demonstrate Value for Money and Public Accountability

## **PURPOSE:**

To provide the Building Investment, Finance and Audit Committee (“the Committee”) with the Chief Internal Auditor’s 2014 Annual Report.

## **RECOMMENDATIONS:**

It is recommended that the Committee receive the Chief Internal Auditor’s 2014 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 2014, pursuant to the Committee’s Charter.

## **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.

## 2014 Staffing Complement

During 2014 the Internal Audit unit consisted of:

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

## Matters Reported On

In 2014 Internal Audit issued 14 reports that were addressed in the public session of Committee meetings. These reports are set out in **Attachment 1** to this report.

Highlights of some of the recommendations set out in these reports include:

- Improving the review and approval process for staff cell phone usage;
- Improving the electronic approval process for staff time sheets;
- Reviewing the nature and substance of the public disclosure of TCHC Board member and employee expenses; and
- The need to take appropriate measures to ensure the accuracy of TCHC's public salary disclosure;

The reports contained 15 Recommendations, all of which were accepted by management.

One other report was issued and presented to an *in camera* session of the Committee.

## Annual Review of Previous Internal Audit Recommendations

Internal Audit conducts an annual follow-up process of all Internal Audit reports issued to ensure management has taken appropriate action to implement recommendations included in those reports.

Due to the fact that recommendations included in audit reports may take in excess of six months to implement, our annual follow-up is conducted only on reports that (i) contained recommendations and (ii) were addressed at a Committee meeting prior to July 1 of the current year.

When conducting our follow-up procedures, we acquire information and documents and performed tests necessary to satisfy ourselves that the recommendation had been implemented.

In 2014 reported on its review of recommendations made in audit reports issued prior to July 1, 2013. That engagement concluded that of the 11 applicable recommendations that had been made, all of them had been implemented by management.

**Status of the 2014 Internal Audit Work Plan**

The status of the Internal Audit 2014 Work Plan as at December 31, 2014 is set out in **Attachment 2** to this report.

Twenty one (87.5%) of Internal Audit Work Plan items were either completed or substantially started<sup>1</sup> as at December 31, 2014. These items are further broken down as follows:

<u>Status</u>	<u>Number</u>	<u>Percentage</u>
Audit report submitted to Committee	8	33.3
Audit report being drafted or reviewed	10	41.7
Fieldwork in progress	<u>3</u>	<u>12.5</u>
Subtotal	21	87.5
Items deferred to 2015	<u>3</u>	<u>12.5</u>
Total IA Work Plan Items	<u>24</u>	<u>100.0</u>

One of the Items Deferred to 2015 arose because TCHC is reviewing the process that will be subject to the Internal Audit review. Once that process has been implemented, and working for a period of time, Internal Audit will then conduct its follow up review.

The two other Items Deferred to 2015 simply were not started in 2014. This was a result of:

- Several other Internal Audit engagements taking longer than planned; and
- Resource challenges – one of the department’s Internal Audit Analysts left TCHC’s employ towards the end of 2014, leaving us short staffed for nearly two months.

**Employee Expense Control Clerk**

As is noted in the March 13, 2015 Internal Audit report “*Employee Expense Control Clerk 2014 Activities*” that is also on the agenda for the April 16, 2015 Committee meeting, since March 1, 2014 the Internal Audit position of Employee Expense Control Clerk (EECC) has been responsible for:

- Reviewing each employee and Board member Expense Claim prior to it being paid out to ensure that pursuant to the TCHC *Expense Reimbursement Policy* and *Expense Reimbursement Procedures* (the Expense Policy) (i) an appropriate expense was submitted, (ii) the proper documents to support the expense were included with the claim, and (iii) the claim was properly approved;
- Obtaining and reviewing the monthly reconciliations of the TCHC PCard accounts; and
- Accumulating and preparing the information and documents necessary for the

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<sup>1</sup> ‘Substantially Started’ is defined to mean (i) engagement planning has been completed and field work has started or (ii) field work is complete and the audit report is either being drafted or the draft report is under review.

- Quarterly reporting to the Committee; and
- Monthly public disclosure

of Board and Senior Management Expenses.

For all intents and purposes, the EECC has been continuously 'auditing' all Expense Claims and PCard reconciliations. The aforementioned report sets out in greater detail the work accomplished by the EECC. However, it should be noted that the EECC found errors in 15.9% of the expense claims submitted. Fortunately, these errors were discovered before the payment was made to the employee.

## Other Internal Audit Items

There have been a number of intangible accomplishments in 2014, 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;
- At the MIAA Fall 2015 Workshop I co-presented a session on whistleblower hotlines;
- The Internal Audit Department continued its membership in the Association of Local Government Auditors which allows us to utilize best practices from numerous municipal internal audit departments throughout North America. I also attended the ALGA 2014 annual conference, which had in attendance over 400 municipal internal auditors;
- On October 9, 2014 I conducted a webinar, "*Whistleblower Hotlines in a Social Housing Environment*", as part of the City and County of San Francisco's Fraud Hotline Webinar series;
- With the Director of the Fraud Unit in the City's AG office, and internal auditors from Sacramento and San Francisco, we have been approved to participate in a panel discussion on whistleblower hotlines at the ALGA annual conference in May 2015;
- I met regularly with the now-retired City of Toronto's Auditor General and his senior staff. I have also had the opportunity to meet informally several times with the incoming Auditor General, thereby continuing to maintain TCHC's working relationship with the Auditor General's office;
- I am a member of the City of Toronto Internal Audit Working Group. This group consists of the senior internal auditors from the City of Toronto, Toronto Police Services, the Toronto Transit Commission, the Toronto Parking Authority 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;

- The Internal Audit Department is often consulted by management on policy and guideline development; and
- Attendance at all Committee meetings and most Governance, Risk and Human Resources Committee meetings and most Board meetings, and provided guidance as required.

## **Internal Audit - Benefits**

In 2014 Internal Audit continued its focus on the review of internal controls and compliance with TCHC policies and procedures that could have a significant impact on operations. The reports issued in 2014 all contained recommendations for improvement. Management accepted all recommendations made.

The purpose of any audit process is not specifically to identify cost reductions or revenue increases, although we often select audit engagements that may realize such results.

Most of our recommendations in 2014 have not resulted in direct financial benefits to TCHC. They have, however, led to enhancements relating to:

- Policies and procedures;
- Operational efficiencies;
- Internal controls;
- Effective supervision over certain processes; and
- Reduction in reputational risk.

As a general comment, the Internal Audits that were reported on in 2014 illustrate to management, the public, and The City of Toronto that TCHC continues to positively turn the tide on matters related to financial, internal, and operational controls.

The Internal Audit function has, and will continue to, evaluate management's stewardship of TCHC.

## **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 Investigations 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 dependents;
  - 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 2014 Work Plan as at December 31, 2014 is set out in **Attachment 3** to this report.

There are five items that are in progress as at December 31, 2014. They will be completed in 2015. Two items have been deferred to 2015.

### **Investigations Statistics**

**Attachment 4** to this report sets out an overview of the scope, nature and type of complaints that have been received in 2014, along with comparative data for 2013.

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 2014 there was a decrease in the gross number of complaints received – a decrease of 108 or 9.1%. This trend was seen in most of the sources that we receive complaints from, though we did receive more complaints via email/letter.

Having said that, the receipt of nearly 1,100 complaints is not an insignificant sum. This is slightly less than that received by the City's Fraud and Waste Hotline.

## Net Complaints Received (Table 2)

In 2014 approximately 41% of the gross complaints received;

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

This is consistent with the results of 2013.

## Who the Complaints are About (Table 3)

This identifies on a net complaint basis who the complaints were about – staff, tenants, contractors or other. 92.8% of net complaints received in 2014 were about tenants, which is about the same level since the inception of the fraud hotline.

Complaints received about TCHC staff decreased again in 2014. They represented 5.6% of complaints received (8.9% in 2013).

## 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, as opposed to a fraud or more serious nature. 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.

The number of Staff Complaints – Other received in 2014 was 50% less than that received in 2013.

Tenants

Complaints about tenants have been broken down into five main subject areas. The three main tenant complaint subject areas are set out in the following table:

<u>Nature of Tenant Complaint</u>	<u>2014</u>		<u>2013</u>	
	<u>No.</u>	<u>%<sup>2</sup></u>	<u>No.</u>	<u>%</u>
Unreported members in a unit	270	42.3	281	41.0
Unit/Room being sublet	137	21.4	172	25.1
Unreported income	<u>97</u>	<u>15.2</u>	<u>92</u>	<u>13.4</u>
Subtotal	<u>504</u>	<u>78.9</u>	<u>545</u>	<u>79.5</u>

These three complaint categories have consistently been the ‘top three’ types of complaints received since we started to keep these records, and their percentage of total net complaints received, both cumulatively and individually, have remained relatively the same as well.

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 C (Weston/Rexdale) contains 4.5% of TCHC’s units and in 2014 it received 3.0% of 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). The reason(s) behind this phenomena is unknown.

Hotline Usage (Table 6)

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

81.8% of the Hotline complainants have chosen to remain anonymous in 2014 (Table 6a). This is an increase over that for 2013 (77.0%).

There was a slight decrease in 2014 in those complainants accessing the Hotline using the Hotline internet portal – from 37.4% to 34.1% (Table 6b).

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<sup>2</sup> % of **all** Net Complaints received by TCHC.



Status of Complaints Received (Table 7)

This table sets out the status complaints received during 2014 and 2013, as at February 22, 2015.

It should be noted that these are cumulative status results for the time periods in question. For example, if a 2013 complaint was closed in 2014, that status will be reflected in the 2013 column. As such, there will always be a difference between the current year’s results and the previous year’s reported results.

Items to note from this table and other information include the following:

- As a result of a concerted effort throughout the year to assign files received as quickly as possible, there were only three unassigned files at the end of the year. The reason why they were still unassigned is that we have yet to determine what TCHC address is being complained about. In 2013 we reported that there were 73 unassigned files;
- Though this is not shown in Table 7, we were able to increase the number of complaints referred to Operating Unit and other departmental staff from 61.7% in 2013 to 73.7% in 2014; and
- Of the complaints received in 2014, we were able to close 70.6% in the same year. For the same data in 2013<sup>3</sup>, we disclosed that we had closed 42.2% files. This remarkable improvement is a direct result of Operating Units being referred more matters to review and completing the tasks assigned. We are very much appreciative of the assistance and work conducted by field staff in this regard.

Complaint Investigations Closed (Table 7)

During 2013 and 2014 the Investigations Unit received 1,246 complaints<sup>4</sup>.

As at February 22, 2015, the number of complaints that had been reviewed and closed by the Investigations Unit and other TCHC staff is summarized as follows:

	<u>Complaints Received</u>	<u>No. Cases Closed</u>	<u>Cases Closed %</u>
2014	596	421	70.6
2013	<u>650</u>	<u>514</u>	79.1
<b>Total</b>	<u>1,246</u>	<u>935</u>	75.0

In my 2013 Annual Report it was noted we had only closed 43.2% of the combined 2012 and 2013 complaints received. The 2014 reporting of a cumulative closure rate of 75.0% is a significant achievement and reflects the evolution and maturation of the complaints review process over the past 2 ½ years. Again, I have to recognize the

<sup>3</sup> 2013 data is from the Chief Internal Auditor’s 2013 Annual Report.

<sup>4</sup> This amount does not include Staff Performance complaints nor Market Rent complaints. These complaint types are automatically referred to the appropriate Operating Unit or TCHC department.

efforts of (i) other TCHC staff (particularly Operating Unit staff) and (ii) the Investigations Unit.

Results of Closed Complaint Investigations (Table 7)

When the review of a complaint is concluded, the result will either be Founded or Unfounded.

A complaint is considered to be Founded when sufficient evidence is obtained to support the allegation made.

A complaint is considered to be Unfounded when:

- Insufficient evidence is found to support the allegations made; or
- The complaint is without any merit whatsoever.

Of the 2014 and 2013 complaints that had been closed as at February 22, 2015, the results of the reviews is summarized as follows:

	<u>No. Cases Closed</u>	<u>Unfounded</u>		<u>Founded</u>	
		No.	%	No.	%
2014	421	285	67.7	136	32.3
2013	<u>514</u>	<u>374</u>	72.8	<u>140</u>	27.2
<b>Total</b>	<u>935</u>	<u>659</u>	70.5	<u>276</u>	29.5

The 2014 cumulative results of 70.5% of complaints received not being validated is similar to the 70.9% reported in my 2013 Annual Report.

**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 2014 **60 vacancies** have been created, directly or indirectly, arising from complaints received.

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 2014 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”*

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

- Attachments:**
- 1: Internal Audit Reports Issued in 2014
  - 2: Internal Audit - 2014 Work Plan – Status Update - as at December 31, 2014
  - 3: Investigations - 2014 Work Plan – Status Update - as at December 31, 2014
  - 4: Internal Audit - Complaints Received January 1, 2014 – December 31, 2014

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

**Attachment 1**  
**Internal Audit Reports Issued in 2014**

<b>Report Name</b>	<b>Date of Report</b>	<b>Committee Meeting<sup>1</sup></b>
<i>Update on Internal Audit Recommendations from Internal Audit Reports</i>	January 29, 2014	March 6, 2014
<i>Chief Internal Auditor 2013 Annual Report</i>	February 21, 2014	March 6, 2014
<i>Internal Audit Report: Cell Phone Usage Compliance Audit</i>	February 27, 2014	March 6, 2014
<i>Internal Audit Report: Employee Expense Claims 2013 Follow Up Review</i>	June 4, 2014	June 27, 2014
<i>Internal Audit Report: Public Disclosure of Board Members and Employee Expenses</i>	June 4, 2014	June 27, 2014
<i>Review of Board, President and CEO, and Senior Management Expenses Q1 2014</i>	June 5, 2014	June 27, 2014
<i>Internal Audit Report: Review of TCHC Payroll Processing (June 18, 2014);</i>	June 18, 2014	June 27, 2014
<i>Review of Board, President and CEO, and Senior Management Expenses Q2 2014</i>	September 11, 2014	September 23, 2014
<i>Internal Audit Report: Review of TCHC 2013 Public Sector Salary Disclosure</i>	September 11, 2014	September 23, 2014
<i>Internal Audit – Complaints Received January 1, 2014 to June 30, 2014</i>	September 12, 2014	September 23, 2014
<i>Internal Audit: 2014 Work Plan Update</i>	September 15, 2014	September 23, 2014
<i>Review of Board, President and CEO, and Senior Management Expenses Q3 2014</i>	November 17, 2014	November 27, 2014
<i>Internal Audit: 2014 Budget</i>	November 19, 2014	November 27, 2014
<i>Internal Audit: 2014 Work Plans</i>	November 20, 2014	November 27, 2014

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<sup>1</sup> Date of Committee Meeting the report was reviewed by the Committee.

**ATTACHMENT 2****INTERNAL AUDIT - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**

<b>Item No</b>	<b>2014 Work Plan Item</b>	<b>Project Description</b>	<b>Status</b>	<b>To BIFAC (Est)</b>
<b>Completed</b>				
2013B8a	Cellular telephone usage.	To determine if staff use of TCHC cellular telephones is within TCHC policies.	Completed, reviewed at March 6, 2014 CAAC meeting.	N/A
2013C4	Random review of employee expense claims.	Semi-annual review of employee expense claims.	Completed, reviewed at June 27, 2014 CAAC meeting (CAAC is the predecessor name to BIFAC).	N/A
2013C6	Payroll.	Review of internal controls in the TCHC Payroll Department.	Completed, reviewed at June 27, 2014 CAAC meeting.	N/A
2013D1 2013D2	Follow Up on pre-July 1/13 Internal Audit Recommendations.	Fleet and mileage reports.	Completed, reviewed at March 6, 2014 CAAC meeting.	N/A
2014IA04	Accuracy of TCHC salary disclosure to the Province of Ontario.	A review of the 2013 annual salary disclosure to the Province of Ontario to determine if it is compliant with the requirements of the <i>Public Sector Salary Disclosure Act, 1996</i> .	Completed, reviewed at September 23, 2014 CAAC meeting.	N/A
2014IA07	Employee Expense Control Clerk	The Employee Expense Control Clerk (EECC) is responsible for the (i) final review of all employee expense claims prior to payment to ensure claims are in compliance with TCHC policies and procedures and (ii) gathering of information and documentation required for the monthly public disclosure of employee and Board member expenses.	Completed - this position has been staffed since February 2014.  A 2014 annual summary of the activities of the EECC will be submitted to the April 16, 2015 BIFAC meeting.	N/A

**ATTACHMENT 2**  
**INTERNAL AUDIT - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**

Item No	2014 Work Plan Item	Project Description	Status	To BIFAC (Est)
2014IA10	Continuous controls monitoring.	Development of a continuous controls monitoring program, using data analysis tools to identify emerging trends, and to prevent and detect internal control weaknesses and/or fraud.	Program was developed.	N/A
<b>In Progress - Field Work Completed, Draft Report Completed and Being Reviewed</b>				
2013A1	Petty cash audit.	Internal audit of TCHC petty cash holdings and cash advances.	Report presented at February 5, 2015 BIFAC meeting.	Q115
2013B8b	Internet usage.	To determine if staff use of the internet is within TCHC policies.	Draft report being reviewed.	Q215
2014IA08	Social Investment Fund grants.	A review of the status of past Social Investment Fund grants issued by TCHC.	Draft report being reviewed, further fieldwork required.	Q215
2014IA09	Inventory controls on photocopiers.	A review of the inventory controls and procedures with respect to photocopiers used by TCHC.	Draft report being reviewed.	Q215
2014IA15	Annual Review Process for TCHC Employees who are TCHC tenants	<b>This was added to the work plan in 2014.</b> A review of the Annual Review process for TCHC employees who are also TCHC tenants.	Draft report being reviewed.	Q215

**ATTACHMENT 2**  
**INTERNAL AUDIT - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**

<b>Item No</b>	<b>2014 Work Plan Item</b>	<b>Project Description</b>	<b>Status</b>	<b>To BIFAC (Est)</b>
2013B1	Major contracts review.	Review all TCHC major contracts 2008 - 2011 (both competitive and single tendered) awarded by TCHC in order to determine that such contracts were awarded appropriately (source is Auditor General 2010 TCHC Procurement Report Recommendations 6 and 16). (3rd Party)	These five items are being reviewed simultaneously. Though final report is completed and dated in March 2015, the first available BIFAC meeting to present the report will be April 16, 2015 (which is in Q215).	Apr 16/15
2013B3	Conduct random review of all tenders to ensure compliance with TCHC policies.  Review all instances where open tendering process circumvented.	Review will include TCHC'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 TCHC Procurement Report Recommendations 14 and 15).		Apr 16/15
2013C2	Random reviews of tenders to ensure compliance.	Random reviews of 2013 tenders (source is Auditor General 2010 TCHC Procurement Report Recommendation 14).		Apr 16/15
2014IA01	In-depth review of procurement practices.	Compliance review of TCHC procurement practices.		Apr 16/15

**ATTACHMENT 2**  
**INTERNAL AUDIT - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**

Item No	2014 Work Plan Item	Project Description	Status	To BIFAC (Est)
2014IA02	Development of a procurement self-review program.	In consultation with the Strategic Procurement Department, develop a self-review program that can be used by the department that will monitor compliance with TCHC procurement policies, procedures, and protocols.		Apr 16/15
<b>In Progress - Fieldwork Being Completed</b>				
2014IA03	TCHC Risk Assessment review.	The City of Toronto Auditor General's 2014 Work Plan includes the AG's once-every-five-years risk assessment of City operations and major corporations within its mandate. Included in that review will be a risk assessment of TCHC. TCHC will be given an opportunity to review the methodology and results of that risk assessment. This will assist the TCHC Internal Audit Department to evaluate areas of audit risk and prioritize future audit projects.	AG's interviews of TCHC staff was delayed and not completed until January 2015. Awaiting receipt of AG's results of their review.	N/A
2014IA11	IT access for terminated and transferred staff.	A review of the controls and processes with respect to information technology access for terminated and transferred staff.	Fieldwork underway. Waiting for more info and data from ITS	



**ATTACHMENT 2**  
**INTERNAL AUDIT - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**

Item No	2014 Work Plan Item	Project Description	Status	To BIFAC (Est)
2014IA14	Follow up on the implementation of recommendations from previous Internal Audit reports.	A review to determine the status of recommendations made in Internal Audit reports issued prior to July 1, 2014.	Planning was completed and fieldwork started mid-December 2014.	Q215
<b>Not Started in 2015, To Be Deferred to 2015</b>				
2014IA06	Monitoring of extra capital repair funds received from the City of Toronto.	The City has approved TCHC's 10 year capital funding program, which includes the receipt of extra capital funds from the City. Internal Audit will monitor the reporting and tracking controls of these funds that will be put in place by the TCHC CFO.		2015
2014IA12	Spot audit on the completion of tenant Annual Review forms.	Spot audit on the completion of tenant Annual Review forms.	The TCHC annual review process is being revised, pursuant to recommendations contained in the Ombudsman's report on seniors. We will conduct our review subsequent to the changes being implemented.	Not known, dependent on TCHC implementation of revisions to annual review process.
2014IA16	Review of the financial internal controls of Access Housing Connections.	<b>This was added to the work plan in 2014.</b> The General Manager of Access Housing Connections has requested a review of their financial internal control framework.		2015

**ATTACHMENT 2**  
**INTERNAL AUDIT - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**

Item No	2014 Work Plan Item	Project Description	Status	To BIFAC (Est)
<b>Cancelled</b>				
2014IA05	Assist with the monitoring and implementation (if applicable) of recommendations contained in previous, non-TCHC related Auditor General reports.	In the AG's 2010 TCHC procurement report, it was recommended that TCHC review previous AG reports to determine if recommendations in those reports are applicable to TCHC. We will assist TCHC management in developing and implementing a program with respect to the continuous monitoring of the implementation of the applicable recommendations.	At the time this work plan item was developed (November 2013) the status of TCHC's implementation of the AG's recommendation was 'in progress'. In February 2014 the AG's office concluded that this recommendation had been implemented. Accordingly, this work plan item is no longer applicable.	N/A
2014IA13	Bi-annual review of employee expense reports.	This task was requested by the AG in his Dec 2010 Employee Expenses report.	As reported to CAAC at its June 27, 2014 meeting, the creation of the EECC position in Internal Audit renders a bi-annual review of employee expenses obsolete. Refer to work plan item 2014IA07 above.	N/A

**ATTACHMENT 3****INVESTIGATIONS - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**

<b>Item No</b>	<b>2013 Work Plan Item</b>	<b>Project Description</b>	<b>Status</b>	<b>Est. Complete Date</b>
<b>Completed Items</b>				
2013Inv1	Complaints database management.	Conversion of the Complaints Database from an Excel Spreadsheet to a database program.	Program went live mid-December.	N/A
2014Inv1	Develop a revised fraud presentation for field staff.	This will provide an update to staff of the fraud presentations presented in 2011.	Was presented as a Common Ground session May 2014.	N/A
<b>2013 Work Plan Items in Progress</b>				
2013Inv2	Complaint prioritization methodology.	Development of a methodology that will allow us to prioritize the cases that are to be investigated.	In progress.	Q215
2013Inv3	Development of a process and protocols to refer complaints to field level staff.	Will be rolled out in conjunction with new fraud reviewing training program for field staff.	In progress.	Q215
2013Inv4	Development of a process and protocol for field staff to use when they come across a matter themselves.	Will be rolled out in conjunction with new fraud reviewing training program for field staff.	In progress.	Q215

**ATTACHMENT 3  
INVESTIGATIONS - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**

<b>Item No</b>	<b>2013 Work Plan Item</b>	<b>Project Description</b>	<b>Status</b>	<b>Est. Complete Date</b>
2013Inv6	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.	In progress.	Q215
2014Inv2	CCTV video requests.	A review of the CCTV video requests procedures and record keeping protocols.	In progress.	Q215

**New 2014 Investigation Projects - Not Yet Scheduled, To be Deferred to 2015**

2014Inv3	Protocol re: recovery of revenue and assets.	Develop a protocol with Legal and Operations with respect to the recovery of revenue and/or assets from tenants, where applicable.		Q215
2014Inv4	Intelligence database development.	Develop an intelligence database and protocol so that information received in Investigations with respect to drugs, guns, or anti-social behaviour can be shared with the Community Safety Unit.		Q215

**ATTACHMENT 3  
INVESTIGATIONS - 2014 WORK PLAN - STATUS AS AT DECEMBER 31, 2014**



Item No	2013 Work Plan Item	Project Description	Status	Est. Complete Date
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2013Inv5	Training of field staff with respect to completion of tenant forms and receipt of documents during the tenant Annual Review process.	Will be conducted via lunch and learns, subsequent to the Internal Audit spot audit of tenant Annual Review form preparation.	The TCHC annual review process and forms are being revised, pursuant to recommendations contained in the Ombudsman's report on seniors. Staff to receive training sometime in 2015. Will consider this as a potential Internal Work Plan item in 2016.	N/A
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## Attachment 4

**Internal Audit - Complaints Received  
January 1, 2014 - December 31, 2014**
**Table 1  
Source of Complaints - Gross**

*- this shows the sources of ALL complaints received*

	2014		2013		Change 2013 to 2014	
	No.	%	No.	%	No.	%
Fraud Hotline	555	51.2	623	52.3	-68	(10.9)
EasyTrac	322	29.7	336	28.2	-14	(4.2)
Other						
City Fraud Line	29	2.7	32	2.7	-3	(9.4)
Call In	9	0.8	17	1.4	-8	(47.1)
Staff/Internal	100	9.2	142	11.9	-42	(29.6)
Letter/Email	69	6.4	36	3.0	33	91.7
Walk In	0	0.0	4	0.3	-4	(100.0)
Other	0	0.0	2	0.2	-2	0.0
	<u>1,084</u>	<u>100.0</u>	<u>1,192</u>	<u>100.0</u>	<u>-108</u>	<u>(9.1)</u>

**Attachment 4**  
**Internal Audit - Complaints Received**  
**January 1, 2014 - December 31, 2014**

**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*

	2014		2013		Change 2013 to 2014	
	No.	%	No.	%	No.	%
Total Complaints Received 'Gross' (Table 1) <b>(A)</b>	1,084	100.0	1,192	100.0	-108	(9.1)
<b>Other Matters</b>						
Item Reported is Not Fraud	138	12.7	235	19.7	-97	(41.3)
Item Reported More Than Once	239	22.0	213	17.9	26	12.2
Not a TCH Tenant or Unit	68	6.3	59	4.9	9	15.3
Address Unknown	0	0.0	0	0.0	0	0.0
<b>Total Other Matters (B)</b>	445	41.1	507	42.5	-62	(12.2)
<b>'Net' Complaints Received (A) - (B)</b>	639	58.9	685	57.5	-46	(6.7)

**Attachment 4**  
**Internal Audit - Complaints Received**  
**January 1, 2014 - December 31, 2014**

**Table 3**  
**'Net' Complaints Received Were About**

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

	2014		2013		Change 2013 to 2014	
	No.	%	No.	%	No.	%
Staff	36	5.6	61	8.9	-25	(41.0)
Tenants	593	92.8	614	89.6	-21	(3.4)
Contractors	4	0.6	5	0.7	-1	(20.0)
Other	6	0.9	5	0.7	1	-
<b>Total 'Net' Complaints</b>	<b>639</b>	<b>100.0</b>	<b>685</b>	<b>100.0</b>	<b>-46</b>	<b>(6.7)</b>



**Attachment 4**  
**Internal Audit - Complaints Received**  
**January 1, 2014 - December 31, 2014**

**Table 4**  
**Nature of Complaints**

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

	2014		2013		Change 2013 to 2014	
	No.	%	No.	%	No.	%
<b>Staff</b>						
Staff Performance Complaints	15	2.3	17	2.5	-2	(11.8)
Staff Complaints - Other	21	3.3	42	6.1	-21	(50.0)
Waste	0	0.0	2	0.3	-2	(100.0)
<b>Total Staff Complaints</b>	36	5.6	61	8.9	-25	(41.0)
<b>Tenants</b>						
Unreported Extra Members in Unit	270	42.3	281	41.0	-11	(3.9)
Unit/Room Being Sublet	137	21.4	172	25.1	-35	(20.3)
Unreported Income	97	15.2	92	13.4	5	5.4
Miscellaneous Fraud	43	6.7	32	4.7	11	34.4
Over housed Unit	18	2.8	19	2.8	-1	(5.3)
Market Rent Units	28	4.4	18	2.6	10	55.6
<b>Total Tenant Complaints</b>	593	92.8	614	89.6	-21	(3.4)
<b>Contractor</b>	4	0.6	5	0.7	-1	(20.0)
<b>Other</b>	6	0.9	5	0.7	1	-
<b>Total 'Net' Complaints</b>	639	100.0	685	100.0	-46	(6.7)

**Attachment 4**  
**Internal Audit - Complaints Received**  
**January 1, 2014 - December 31, 2014**

**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

	2014			2013			Change 2013 to 2014	
	<u>Complaints</u> No.	%	% of Total Units	<u>Complaints</u> No.	%	% of Total Units	No.	%
OUA - Seniors & Single Family East	22	3.4	11.6	29	4.2	13.3	-7	(24.1)
OUB - Seniors & Single Family West	20	3.1	11.0	36	5.3	11.0	-16	(44.4)
OUC - Weston/Rexdale	19	3.0	4.5	25	3.6	5.4	-6	(24.0)
ODU - York Black Creek	41	6.4	6.1	35	5.1	6.1	6	17.1
OUE - Etobicoke South High Park	39	6.1	7.3	37	5.4	7.3	2	5.4
OUF - Yorkdale Lawrence	36	5.6	3.7	16	2.3	3.7	20	125.0
OUG - Willowdale Don Valley	49	7.7	4.1	55	8.0	4.1	-6	(10.9)
OUH - Scarborough	22	3.4	3.9	25	3.6	5.1	-3	(12.0)
OUI - Scarborough Southwest	54	8.5	5.8	62	9.1	5.8	-8	(12.9)
OIJ - Grange Bathurst St Lawrence	44	6.9	6.3	45	6.6	6.3	-1	(2.2)
OIK - Central Sherbourne	63	9.9	5.8	102	14.9	6.7	-39	(38.2)
OIL - Don Valley Beaches	35	5.5	5.2	35	5.1	5.2	0	0.0
OIM - Central Parliament	25	3.9	3.2	20	2.9	3.2	5	25.0
OIW - Contract Managed West	40	6.3	6.6	41	6.0	5.7	-1	(2.4)
OIX - Contract Managed Central	43	6.7	4.8	31	4.5	4.0	12	38.7
OIY - Contract Managed East	54	8.5	10.1	44	6.4	7.1	10	22.7
Community Safety Unit	0	0.0	N/A	1	0.1	N/A	-1	0.0
Housing Connections	2	0.3	N/A	10	1.5	N/A	-8	(80.0)
Rent Supplement	7	1.1	N/A	2	0.3	N/A	5	0.0
Staff and Other Non-OU	24	3.8	N/A	34	5.0	N/A	-10	(29.4)
<b>Total 'Net' Complaints</b>	<b>639</b>	<b>100.0</b>	<b>100.0</b>	<b>685</b>	<b>100.0</b>	<b>100.0</b>	<b>-46</b>	<b>(6.7)</b>

**Attachment 4**  
**Internal Audit - Complaints Received**  
**January 1, 2014 - December 31, 2014**

**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)

	2014		2013		Change 2013 to 2014	
	No.	%	No.	%	No.	%
<b>Table 6a - Anonymous vs. Not Anonymous</b>						
Anonymous	454	81.8	480	77.0	-26	(5.4)
Not Anonymous	101	18.2	143	23.0	-42	(29.4)
	555	100.0	623	100.0	-68	(10.9)
	555	100.0	623	100.0	-68	(10.9)
<b>Table 6b - Method Used to Access Hotline</b>						
Internet	189	34.1	233	37.4	-44	(18.9)
Telephone	365	65.8	390	62.6	-25	(6.4)
Email	1	0.2	0	0.0	1	0.0
Letter	0	0.0	0	0.0	0	0.0
	555	100.0	623	100.0	-68	(10.9)
	555	100.0	623	100.0	-68	(10.9)

**Attachment 4**  
**Internal Audit - Complaints Received**  
**January 1, 2014 - December 31, 2014**

**Table 7**  
**Status of Complaints Received**

*- for 'net' complaints received up to December 31 of the year noted, this sets out the status of the complaint, cumulatively as at February 22, 2015.*

		Complaints Received	Closed				In Progress		To Be Assigned	
			Unfounded No.	%	Founded No.	%	No.	%	No.	%
<b>Tenants</b>										
Unreported Extra Members in Unit	<b>2014</b>	270	151	55.9	41	15.2	77	28.5	1	0.4
	<b>2013</b>	281	145	51.6	66	23.5	70	24.9	0	0.0
Unit/Room Being Sublet	<b>2014</b>	137	55	40.1	47	34.3	34	24.8	1	0.7
	<b>2013</b>	172	106	61.6	37	21.5	29	16.9	0	0.0
Unreported Income	<b>2014</b>	97	38	39.2	18	18.6	40	41.2	1	1.0
	<b>2013</b>	92	69	75.0	8	8.7	15	16.3	0	0.0
Miscellaneous Fraud	<b>2014</b>	43	20	46.5	12	27.9	11	25.6	0	0.0
	<b>2013</b>	32	18	56.3	7	21.9	7	21.9	0	0.0
Overhoused Unit	<b>2014</b>	18	8	44.4	4	22.2	6	33.3	0	0.0
	<b>2013</b>	19	8	42.1	9	47.4	2	10.5	0	0.0

**Attachment 4**  
**Internal Audit - Complaints Received**  
**January 1, 2014 - December 31, 2014**

**Table 7 (cont'd)**  
**Status of Complaints Received**

		<u>Complaints Received</u>	<u>Closed</u>				<u>In Progress</u>		<u>To Be Assigned</u>	
			<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
<b>Staff</b>										
Other	<b>2014</b>	21	10	47.6	8	38.1	3	14.3	0	0.0
	<b>2013</b>	42	22	52.4	9	21.4	11	26.2	0	0.0
Waste	<b>2014</b>	0	0	-	0	-	0	-	0	-
	<b>2013</b>	2	2	100.0	0	0.0	0	0.0	0	0.0
Contractor	<b>2014</b>	4	2	50.0	1	25.0	1	25.0	0	0.0
	<b>2013</b>	5	3	60.0	0	0.0	2	40.0	0	0.0
Other	<b>2014</b>	6	1	16.7	5	83.3	0	-	0	-
	<b>2013</b>	5	1	20.0	4	80.0	0	-	0	-
<b>Total</b>	<b>2014</b>	596	285	47.8	136	22.8	172	28.9	3	0.5
<b>Total</b>	<b>2013</b>	650	374	57.5	140	21.5	136	20.9	0	0.0

*NB: 2014 and 2013 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.*