



Chief Internal Auditor 2015 Annual Report

Item 10

April 15, 2016

Building Investment, Finance and Audit Committee

Report: BIFAC:2015-60

To: Building Investment, Finance and Audit Committee (BIFAC)

From: Chief Internal Auditor

Date: April 4, 2016

**Strategic Plan
Priority:**

Service Excellence:

- Provide Excellent Customer Service
- 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 2015 Annual Report.

RECOMMENDATION:

It is recommended that the Committee receive the Chief Internal Auditor’s 2015 Annual Report for information.

REASONS FOR RECOMMENDATION:

This report will present to the Committee a review of the activities of the Chief Internal Auditor and the Internal Audit Department in 2015, pursuant to the Committee’s Charter.

The Internal Audit Department consists of three distinct functions:

- Internal Audit;
- Employee Expense Control Clerk; and
- Investigations.

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.

2015 Staffing Complement

During 2015 the Internal Audit unit had an approved staffing complement of:

- The Chief Internal Auditor;
- Manager of Internal Audit
- Two Internal Audit Analysts; and
- One Business Analyst.

Matters Reported On

In 2015 Internal Audit issued 18 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 findings and recommendations set out in these reports include:

- Timely reconciliations of employee petty cash accounts;
- Reviewing inactive and/or dormant petty cash accounts;
- Develop revised procedures for TTC token reconciliations;
- Policy and procedures for employee cash advances are being followed;
- More timely reconciliation and receipt of settlement funds for tenant cash advances is required;
- There is general compliance of the TCHC revised procurement policy, procedures, and protocols;

- A protocol is required for the procurement change order process;
- A need was identified to increase the use of electronic signatures throughout various TCHC processes;
- Rent-Geared-to-Income (RGI) rent calculation monitoring and review function could be strengthened;
- The City of Toronto be contacted to consider the use of alternative source documents to verify income in the RGI calculation process; and
- Exploration of using electronic records retention systems.

The reports contained 17 Recommendations, all of which were accepted by management.

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 perform tests necessary to satisfy ourselves that the recommendation had been implemented.

In 2015 we reported on our review of recommendations made in audit reports issued prior to July 1, 2014. That engagement concluded that of the 25 applicable recommendations:

- 22 recommendations had been implemented; and
- 3 recommendations were still in progress.

In 2016 we will be reporting to the Committee the status of recommendations made in audit reports issued prior to July 1, 2015.

Status of the 2015 Internal Audit Work Plan

The status of the Internal Audit 2015 Work Plan as at December 31, 2015 is set out in **Attachment 2** to this report.

Thirteen (72.2%) of the Internal Audit Work Plan Items were either completed or substantially started¹ as at December 31, 2015. The status of the work plan items are further broken down as follows:

¹ '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 under review.

Status	Number	Percentage
Audit report submitted to Committee	9	50.0
Audit report being drafted or reviewed	3	16.6
Fieldwork in progress	<u>1</u>	<u>5.6</u>
Subtotal	13	72.2
Items Deferred to 2015	<u>5</u>	<u>27.8</u>
Total IA Work Plan Items	<u>18</u>	<u>100.0</u>

Not included in these numbers are six work plan items that were cancelled for such reasons as:

- The process behind the work plan item no longer existed and the need for an internal audit was no longer required;
- Management was in the process of developing a new program/procedure with respect to the matter at hand and it was decided to allow the program to develop and mature prior to conducting a review of its effectiveness; and
- Two items related to Access Housing Connections became ultra vires when the organization was transferred to the City of Toronto.

The 72.2% completion/in progress rate is a decrease from the 87.5% achievement in 2014. The main reasons for this decline are as follows:

- Staff shortages – (i) the hiring of the Manager Internal Audit position was delayed from an expected March 1, 2015 start date to July 1, 2015 and (ii) an Internal Audit Analyst resigned from the organization effective November 1, 2015. As a result, we were unexpectedly short staffed for half of the year;
- Extra time to complete engagements – two engagements, (i) review of the procurement process and (ii) follow up on previous Internal Audit recommendations, took considerably longer to complete than was planned;
- Resource allocation –
 - In late summer 2015 we were asked to complete our engagement on RGI calculations on an expedited basis in order to meet deadlines set by our external auditors. As such, it was decided to allocate more staff resources to this engagement; and
 - Similarly, we strategically decided to allocate more resources to our review of contract managed buildings (currently in process) so that the results of that engagement could be communicated to management sooner.

In addition, Internal Audit completed a number of consulting engagements which took resources away from planned work plan items. These include, in no particular order:

- Data analytics reviews for a couple of investigations;

- Advisory services related to a number of policy items;
- Membership in the Evictions for Cause Procedures Working Group;
- Assistance in the review and updating of employee expense procedures; and
- Enterprise Risk Management committee membership.

Other Internal Audit Items

Notwithstanding the items noted above, the Internal Audit function and I were involved in a number of other activities during 2015, including (in no particular order):

- The Municipal Internal Auditors Association of Ontario (“MIAA”) is an organization which is made up of internal audit representatives from municipalities, regions, school boards, municipally funded broader public sector entities and police services that have one thing in common – interest in the profession of auditing within the context of the municipal public sector. MIAA currently has over 43 member organizations made up of over 200 individual members. I have been on the Executive of MIAA since January 2013, and I became Chair of MIAA on January 1, 2015;
- The Internal Audit Department is a member of the Association of Local Government Auditors (ALGA) (a U.S. based organization similar to MIAA, but significantly larger) which allows us to utilize best practices from numerous municipal internal audit departments throughout North America;
- With the Director of the Fraud Unit in the City of Toronto’s Auditor General’s office, and internal auditors from Sacramento and San Francisco, we made a presentation on whistleblower hotlines at ALGA’s annual conference in May 2015;
- I am a member of the Government Relations Committee of the Toronto Chapter of the Institute of Internal Auditors;
- I met with the City of Toronto’s Auditor General and her senior staff as required;
- I am a member of the City of Toronto Internal Audit Work Group (“IAWG”). This group consists of the senior internal auditors from the City of Toronto Internal Audit Department, the Toronto Transit Commission, Toronto Police Services, 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;
- I liaise with TCHC’s external auditors, PriceWaterhouseCoopers, as required.
- 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 Board meetings, and provided guidance as required.

Internal Audit - Benefits

The reports issued in 2015 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 may select audit engagements that may realize such results.

Most of our recommendations in 2015 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 2015 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 will continue to evaluate management's stewardship of TCHC.

EMPLOYEE EXPENSE CONTROL CLERK

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
 - Quarterly reporting to the Committee; and
 - Monthly public disclosure
 of Board and Employee Expenses.

For all intents and purposes, the EECC has been continuously 'auditing' all Expense Claims and PCard reconciliations. The reviews are conducted before payment is made to the employee so as to avoid any potential incorrect payments.

Volume of Expense Claims Received

From January 1, 2015 to December 31, 2015 there were 276 Expense Claims received and reviewed by the EECC. This level of expense claims is consistent, on an expense

claim per month basis, with the number of claims processed during the March 1, 2014 to December 31, 2014 time period.

Frequency of Errors Made in Expense Claims

Of the 276 Expense Claims submitted, we found errors and/or missing information in 13 (4.7%) of them. This is a considerable improvement over the error rate of 15.9% in 2014. As we noted for 2014, once a claimant was advised of an error in an Expense Claim submitted, the claimant rarely made the same mistake a second time.

Errors in Expense Claim Forms Submitted

The errors found in employee expense claims submitted fall into the following categories:

- **HST Errors** – errors made in the calculation of HST;
- **Tips** – the tip paid on a meal or taxi fare exceeded the amount allowed;
- **Expense Claim Forms** – were not properly completed;
- **Confirmation of Payment** – was not submitted with the claim form; and
- **Meals Amounts** – the amount of the meal claimed was in excess of the amount allowed.

Expense Claim Turnaround Time

When the EECC position was created, there was a concern by TCHC staff that this additional review process would unduly delay the reimbursement of Expense Claims to employees. Given the nature of the TCHC inter-office mail system, the EECC Expense Claim review process does add at least one to two days to the reimbursement process.

It is the goal of the EECC Expense Claim review process to review and forward the Expense Claim to Accounts Payable on the same day it is received in our office.

For the 2015 calendar year 255 (92.4%) of Expense Claims reviewed were turned around on the day of receipt in our office. Again, this is a considerable improvement over the 'same day turnover rate' of 84.5% in 2014.

The number of days Expense Claims that were held in our office are summarized as follows:

No. of Days Held	No. Exp Claims
1	7
2	1
3	2
4	5
5	2
6	1
7	1
16	1

23	<u>1</u>
Total	<u>21</u>

In every one of these instances, the Expense Claims were held because we needed more information or additional documentation from the claimant.

One Expense Claim was returned to the claimant for more information and resubmission. The number of days for this Expense Claim to be resubmitted by the claimant was 23 days.

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.

2015 Staffing Complement

During 2015 the Investigations unit had an approved staffing complement of:

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

Nature of Investigations

As will be noted below, over 90% of the reviews and investigations are related to complaints received about tenants.

We also assist in employee investigations, as requested by the Human Resources department.

Sources of Investigations

The sources of investigations include matters received from:

- | | |
|--------------------------|----------------------------------|
| • TCHC Fraud Hotlines | • TCHC EasyTrac system |
| • TCHC Senior Management | • TCHC Staff |
| • Tenants | • City’s Fraud and Waste Hotline |
| • City’s 311 service | • Other social housing agencies |

- TCHC Operations (e.g. unit inspections)

Status of the 2015 Investigations Work Plan

The status of the Investigations 2015 Work Plan as at December 31, 2015 is set out in **Attachment 3** to this report.

Five of the Investigations Work Plan Items (71.4%) were either completed or substantially started as at December 31, 2015. The status of the work plan items are further broken down as follows:

Status	Number	Percentage
Items completed	4	57.1
Items in progress	<u>1</u>	<u>14.3</u>
Subtotal	5	71.4
Items not started	<u>2</u>	<u>28.6</u>
Total Investigations Work Plan Items	<u>7</u>	<u>100.0</u>

One of the items in progress as at December 31, 2015, training field staff with respect to identifiers of potential tenant fraud, has been developed. However, we were not able to secure a spot in the TCHC 2015 training schedule to start this training. We are optimistic that this training will occur in 2016.

The one item not started was the development of a protocol re: recovery of revenue and assets arising from a tenant investigation. This item will require significant coordination of resources with other TCHC departments. We anticipate that it will be completed by Q316.

Investigations Statistics

Attachment 4 to this report sets out an overview of the scope, nature and type of complaints that have been received in 2015, along with comparative data for 2014.

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 2015 there was a decrease in the gross number of complaints received – a decrease of 110 or 10.1%. Interestingly, the number of complaints received from the fraud hotline increased by 75 (13.5%) complaints and the number of complaints received from EasyTrac decreased by 158 (49.1%).

Having said that, the receipt of nearly 1,000 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 2015 approximately 30% of the gross complaints received;

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

This is actually an improvement over the 2014 rate of nearly 42%.

As such, though the gross number of complaints decreased by 10.1%, the number of net complaints actually increased in 2015 by 40 (6.3%).

Who the Complaints are About (Table 3)

This identifies on a net complaint basis who the complaints were about – staff, tenants, contractors or other. 94.8% of net complaints received in 2015 were about tenants. Though an increase from 2014, this is about the same level since the inception of the fraud hotline in 2012.

Complaints received about TCHC staff decreased again in 2015. They represented 3.2% of complaints received (5.5% in 2014).

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 2015 was 36.4% less than that received in 2014.

As noted earlier, complaints about staff are generally forwarded to the Human Resources department for review and investigation. Investigations will assist the Human Resources department when requested.

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>2015</u>		<u>2014</u>	
	<u>No.</u>	<u>%²</u>	<u>No.</u>	<u>%</u>
Unreported members in a unit	285	42.0	273	42.7
Unit/Room being sublet	142	20.9	134	21.0
Unreported income	<u>142</u>	<u>20.9</u>	<u>95</u>	<u>14.9</u>
Subtotal	<u>549</u>	<u>83.8</u>	<u>502</u>	<u>78.6</u>

These three complaint categories have consistently been the ‘top three’ types of complaints received since we started to keep these records. Though we saw a small spike in activity in 2015, their percentage of total net complaints received, both cumulatively and individually, have remained relatively the same over the years.

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 F (Yorkdale Lawrence) contains 3.7% of TCHC’s units and in 2015 it received 7.7% of complaints received.

Because nearly 95% of the complaints received are about tenants, this table is in no way whatsoever a reflection of the quality of service provided by TCHC staff or the third party vendors who manage the contract managed buildings.

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.

85.7% of the Hotline complainants have chosen to remain anonymous in 2015 (Table 6a). This is an increase from 81.7% in 2014.

There was a significant increase in 2015 of those complainants accessing the Hotline using the Hotline internet portal – from 34.0% to 42.6% (Table 6b).

² % of **all** Net Complaints received by TCHC.

Status of Complaints Received (Table 7)

This table sets out the status of complaints received during 2015 and 2014, as at February 15, 2015.

It should be noted that these are cumulative status results for the time periods in question. For example, if a 2014 complaint was closed in 2015, that status will be reflected in the 2014 column. As such, there will always be a difference between the current year's results and the previous years reported results.

There were only seven 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.

Due to the volume of complaints received we have to rely on the good work of operating unit staff to conduct the review and investigation of most of the tenant complaints received. This allows for the timely resolution of the complaint. Though this is not shown in Table 7, 73.7% of complaints received were referred to Operating Unit and other departmental staff. We are very much appreciative of the assistance and work conducted by field staff in this regard.

Complaint Investigations Closed (Table 7)

During 2015 and 2014 the Investigations Unit received 1,241 complaints³.

As at February 15, 2016, 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>
2015	643	461	71.7
2014	<u>598</u>	<u>555</u>	92.8
Total	<u>1,241</u>	<u>1,016</u>	81.9

Again, I have to recognize the 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.

³ 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.

A complaint is considered to be Unfounded when:

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

Of the 2015 and 2014 complaints that had been closed as at February 15, 2016, the results of the reviews are summarized as follows:

	<u>No. Cases Closed</u>	<u>Unfounded</u>		<u>Founded</u>	
		No.	%	No.	%
2015	461	272	59.0	189	41.0
2014	<u>555</u>	<u>368</u>	66.3	<u>187</u>	33.7
Total	<u>1,016</u>	<u>640</u>	63.0	<u>376</u>	37.0

In more simple terms, when cases are closed approximately 2/3 of the complaints are Unfounded and 1/3 are considered to be Founded.

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 the following number of vacancies have been created, directly or indirectly, from complaints received:

- 2015 – **58** vacancies created; and
- 2014 – **49** 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 an additional person is occupying the unit, but is not on the lease. Though this would be grounds to terminate the lease and create a vacancy, under certain circumstances field staff may legitimately add that person to the lease and the tenancy would continue.

IMPLICATIONS AND RISKS:

The Chief Internal Auditor's 2015 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”

Michael Vear, CA, CPA, CPA (Illinois)

Chief Internal Auditor

- Attachment:**
- 1: Internal Audit Reports Issued in 2015
 - 2: Internal Audit - 2015 Work Plan – Status Update - as at December 31, 2015
 - 3: Investigations - 2015 Work Plan – Status Update - as at December 31, 2015
 - 4: Internal Audit - Complaints Received January 1, 2015 – December 31, 2015

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Chief Internal Auditor michael.vear@torontohousing.ca

Attachment 1

Internal Audit Reports Issued in 2015

Report Name	Date of Report	Committee Meeting⁴
<i>Internal Audit Report: Petty Cash Compliance Audit</i>	January 27, 2015	February 5, 2015
<i>Internal Audit Report: Tenant and Employee Cash Advances Compliance Audit</i>	January 27, 2015	February 5, 2015
<i>Internal Audit Report: Procurement Compliance Review</i>	March 18, 2015	April 16, 2015
<i>Report on TCHC Programs</i>	March 31, 2015	April 16, 2015
<i>Chief Internal Auditor 2014 Annual Report</i>	March 31, 2015	April 16, 2015
<i>Review of Board, President and CEO, and Senior Management Expenses Q4 2014</i>	April 7, 2015	April 16, 2015
<i>Internal Audit: Employee Expense Control Clerk 2014 Activities</i>	April 7, 2015	April 16, 2015
<i>Review of Board, President and CEO, and Senior Management Expenses Q1 2015</i>	June 22, 2015	July 9, 2015
<i>Chief Internal Auditor: Semi-Annual Internal Audit 2015 Work Plan Status Update</i>	July 9, 2015 (verbal report)	July 9, 2015
<i>Internal Audit Update</i>	September 24, 2015 (verbal report)	September 24, 2015
<i>Internal Audit Report: Capital Repairs at 931 Yonge Building</i>	October 19, 2015	October 29, 2015 Board Meeting ⁵
<i>Review of Board, President and CEO, and Senior Management Expenses Q2 2015</i>	October 5, 2015	November 16, 2015
<i>Status Update on Audit Recommendations from Internal Audit Reports</i>	November 8, 2015	November 16, 2015

⁴ Date of Committee Meeting the report was reviewed by the Committee.

⁵ This report was submitted directly to, and considered by, the full Board on the date noted.

Report Name	Date of Report	Committee Meeting⁴
<i>Internal Audit: 2015 Work Plan Update</i>	November 9, 2015	November 16, 2015
<i>Internal Audit: 2016 Budget</i>	November 9, 2015	November 16, 2015
<i>Internal Audit 2016 Work Plans</i>	November 9, 2015	November 16, 2015
<i>Internal Audit Report: Rent-Geared-to-Income Calculation Review 2015</i>	November 10, 2015	November 16, 2015
<i>Internal Audit: Report on Complaints Received January 1 – August 31, 2015 (semi-annual reporting)</i>	November 16, 2015 (verbal report)	November 16, 2015

ATTACHMENT 2
INTERNAL AUDIT - 2015 WORK PLAN - STATUS AS AT DECEMBER 31, 2015

Item No	2015 Work Plan Item	Project Description	Status	To BIFAC (est.)
Completed				
2013A1	Petty cash audit.	Review of Petty Cash and Cash Advances.	Completed - February 5, 2015 BIFAC	N/A
2014IA03	TCHC Risk Assessment review.	Assist the City of Toronto Auditor General's risk assessment review of TCHC.	Completed, engagement did not require a report to be submitted to BIFAC	N/A
2014IA14	Follow up on the implementation of recommendations from previous Internal Audit reports (issued prior to July 1, 2014).	A review to determine the status of recommendations made in Internal Audit reports issued prior to July 1, 2014.	Completed - November 16, 2015 BIFAC	N/A
<i>Procurement Engagements</i>				
2013B1	Procurement - major contracts review.	These five items were consolidated into a single engagement - a review of the TCHC procurement process.	Completed - April 27, 2015 BIFAC	N/A
2013B3 2013C2	Procurement - review of tenders.			
2013C2	Random reviews of tenders to ensure compliance.			
2014IA01	In-depth review of procurement practices.			
2014IA02	Development of a procurement self-review program.			

ATTACHMENT 2
INTERNAL AUDIT - 2015 WORK PLAN - STATUS AS AT DECEMBER 31, 2015

Item No	2015 Work Plan Item	Project Description	Status	To BIFAC (est.)
2014IA12	Spot audit on the completion of tenant Annual Review forms (RGI Calculations)	A review of the accuracy and completeness of tenant Annual Review forms and annual rent calculations.	Completed - November 16, 2015 BIFAC	N/A
In Progress - Fieldwork Completed, Draft Report Completed and Being Reviewed				
2013B8b	Internet usage.	To determine if staff use of the internet complies with TCHC policies.	Draft report being reviewed.	Q216
2014IA08	Social Investment Fund grants.	A review of the status of past Social Investment Fund grants issued by TCHC.	Draft report being reviewed, follow up work is being conducted.	Q216
2014IA15	Annual Review Process for TCHC Employees who are TCHC tenants.	A review of the Annual Review process for TCHC employees who are also TCHC tenants.	Draft report being reviewed, follow up work is being conducted.	Q216
In Progress - Fieldwork Being Completed				
2015IA04	Contract managed buildings.	Review of the processes and procedures in place to monitor and evaluate those buildings that are managed by third party contractors.	Fieldwork underway.	Q216
Not Yet Scheduled - Carried Forward to 2016				
2015IA02	Continuous controls monitoring.	Development and implementation of a continuous controls process on various subject matters.		TBD
2015IA03	Accounts Payable process and system.	Review and identification of control weaknesses and process efficiencies.		TBD

ATTACHMENT 2
INTERNAL AUDIT - 2015 WORK PLAN - STATUS AS AT DECEMBER 31, 2015

Item No	2015 Work Plan Item	Project Description	Status	To BIFAC (est.)
2015IA05	Entry access to TCHC buildings.	Review of controls over who has access to TCHC properties.		TBD
2015IA07	Unit vacancy program	An evaluation of how units are turned around, from notice to vacate to the new tenant moving in.		TBD
2015IA08	Annual follow up of Internal Audit reports	Follow up on the implementation of recommendations from previous Internal Audit reports (issued prior to July 1, 2015).		TBD
Cancelled				
2014IA06	Monitoring of extra capital repair funds received from the City of Toronto.	Monitoring the reporting and tracking controls of extra capital funds received from the City.	Facilities Management submits detailed quarterly reports to BIFAC on the status of capital budget. Internal Audit monitoring is no longer required.	N/A
2014IA09	Inventory controls on photocopiers.	Review of inventory controls on photocopiers used by TCHC.	During the fieldwork phase of this engagement, TCHC replaced its entire inventory of photocopiers and printers. As such, the preliminary control weaknesses identified had been rectified and this engagement was no longer applicable.	N/A

ATTACHMENT 2
INTERNAL AUDIT - 2015 WORK PLAN - STATUS AS AT DECEMBER 31, 2015

Item No	2015 Work Plan Item	Project Description	Status	To BIFAC (est.)
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.	During fieldwork it was determined that (i) ITS now conducts regular reviews of IT access of terminated employees and (ii) TCHC's external auditors regularly test this control during the year end audit. Accordingly, a further review by Internal Audit would have been superfluous.	N/A
2014IA16	Review of the financial internal controls of Access Housing Connections.	This was added to the 2014 work plan during 2014. This was requested by the General Manager of Access Housing Connections (AHCI). Deferred from the 2014 Work Plan.	As AHCI has been transferred back to the City, this item is no longer relevant.	N/A
2015IA01	Wait List administration.	A review of how the wait list is administered and how it is accessed to place applicants in units.	As AHCI has been transferred back to the City, this item is no longer relevant. In addition, the City's Auditor General's office has included this topic on their 2015 work plan as a deferred item to be reviewed in the future.	N/A
2015IA06	Contractor performance	A look into the monitoring of contractor contracts with respect to dispatch, performance standards, and quality control.	Facilities management has recently started a substantive vendor management review and quality control program. Internal Audit will await for this program to develop and mature prior to conducting a review of its effectiveness. This will be deferred to a future Internal Audit Work Plan.	N/A

**ATTACHMENT 3
 INVESTIGATIONS - 2015 WORK PLAN - STATUS AS AT DECEMBER 31, 2015**

Item No	2015 Work Plan Item	Project Description	Status	Est. Complete Date
Completed				
2013Inv2	Complaint prioritization methodology.	Development of a methodology that will allow us to prioritize the cases that are to be investigated.	Completed.	N/A
2013Inv3	Development of a process and protocols to refer complaints to field level staff.	Will set out guidelines for referring matters to field staff.	Completed.	N/A
2013Inv4	Development of a process and protocol for field staff to use when they come across a matter themselves.	Will set out guidelines for steps field staff should undertake when they discover a potential tenant fraud.	Completed.	N/A
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.	Completed. This will be an ongoing activity of the Investigations Unit.	N/A
In Progress				
2014Inv2	CCTV video requests.	A review of the CCTV video requests procedures and record keeping protocols.	In progress.	Q316

**ATTACHMENT 3
 INVESTIGATIONS - 2015 WORK PLAN - STATUS AS AT DECEMBER 31, 2015**

Item No	2015 Work Plan Item	Project Description	Status	Est. Complete Date
To Be Deferred to 2016				
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 training sessions for field staff.	We were not able to find a spot in the TCHC 2015 training schedule to start this training. We will liaise with the Organizational Development department re: training dates in 2016.	TBD
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.	Not yet commenced.	Q316

Attachment 4
Internal Audit - Complaints Received
January 1, 2015 - December 31st, 2015

Table 1
Source of Complaints - Gross

- this shows the sources of ALL complaints received

	2015		2014		Change 2014 to 2015	
	No.	%	No.	%	No.	%
Fraud Hotline	631	64.7	556	51.2	75	13.5
EasyTrac	164	16.8	322	29.7	(158)	(49.1)
Other						
City Fraud Line	9	0.9	29	2.7	(20)	(69.0)
Call In - Telephone	5	0.5	9	0.8	(4)	(44.4)
Staff/Internal Emails	109	11.2	103	9.5	6	5.8
Letter/External Emails	57	5.8	67	6.2	(10)	(14.9)
Walk In/Person	0	0.0	0	0.0	0	0.0
Fax/Other	1	0.1	0	0.0	1	0.0
	<u>976</u>	<u>100.0</u>	<u>1,086</u>	<u>100.0</u>	<u>(110)</u>	<u>(10.1)</u>

Attachment 4
Internal Audit - Complaints Received
January 1, 2015 - December 31st, 2015

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

	2015		2014		Change 2014 to 2015	
	No.	%	No.	%	No.	%
Total Complaints Received 'Gross' (Table 1) (A)	976	100.0	1,086	100.0	(110)	(10.1)
Other Matters						
Item Reported is Not Fraud	48	4.9	144	13.3	(96)	(66.7)
Item Reported More Than Once	206	21.1	238	21.9	(32)	(13.4)
Not a TCH Tenant or Unit	43	4.4	65	6.0	(22)	(33.8)
Address Unknown	0	0.0	0	0.0	0	0.0
Total Other Matters (B)	297	30.4	447	41.2	(150)	(33.6)
'Net' Complaints Received (A) - (B)	679	69.6	639	58.8	40	6.3

Attachment 4
Internal Audit - Complaints Received
January 1, 2015 - December 31st, 2015

Table 3

'Net' Complaints Received Were About

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

	2015		2014		Change 2014 to 2015	
	No.	%	No.	%	No.	%
Staff	22	3.2	35	5.5	(13)	(37.1)
Tenants	644	94.8	595	93.1	49	8.2
Contractors	1	0.2	4	0.6	(3)	(75.0)
Other	12	1.8	5	0.8	7	140.0
Total 'Net' Complaints	679	100.0	639	100.0	40	6.3

Attachment 4
Internal Audit - Complaints Received
January 1, 2015 - December 31st, 2015

Table 4
Nature of Complaints

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

	2015		2014		Change 2014 to 2015	
	No.	%	No.	%	No.	%
Staff						
Staff Performance Complaints	7	1.0	13	2.0	(6)	(46.2)
Staff Complaints - Other	14	2.1	22	3.4	(8)	(36.4)
Waste	1	0.1	0	0.0	1	
Total Staff Complaints	22	3.2	35	5.5	(13)	(37.1)
Tenants						
Unreported Extra Members in Unit	285	42.0	273	42.7	12	4.4
Unit/Room Being Sublet	142	20.9	134	21.0	8	6.0
Unreported Income	142	20.9	95	14.9	47	49.5
Miscellaneous Fraud	21	3.1	47	7.4	(26)	(55.3)
Over housed Unit	25	3.7	18	2.8	7	38.9
Market Rent Units	29	4.3	28	4.4	1	3.6
Total Tenant Complaints	644	94.8	595	93.1	49	8.2
Contractor	1	0.1	4	0.6	(3)	(75.0)
Other	12	1.8	5	0.8	7	140.0
Total 'Net' Complaints	679	100.0	639	100.0	40	6.3

Attachment 4
Internal Audit - Complaints Received
January 1, 2015 - December 31st, 2015

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

	2015			2014			Change 2014 to 2015	
	<u>Complaints</u> No.	%	% of Total Units	<u>Complaints</u> No.	%	% of Total Units	No.	%
OUA - Seniors & Single Family East	23	3.4	11.6	23	3.6	11.6	0	0.0
OUB - Seniors & Single Family West	31	4.6	11.0	18	2.8	11.0	13	72.2
OUC - Weston/Rexdale	35	5.2	4.5	20	3.1	4.5	15	75.0
ODU - York Black Creek	31	4.6	6.1	41	6.4	6.1	(10)	(24.4)
OUE - Etobicoke South High Park	44	6.5	7.3	40	6.3	7.3	4	10.0
OUF - Yorkdale Lawrence	52	7.7	3.7	38	5.9	3.7	14	36.8
OUG - Willowdale Don Valley	55	8.1	4.1	48	7.5	4.1	7	14.6
OUH - Scarborough	30	4.4	3.9	22	3.4	3.9	8	36.4
OUI - Scarborough Southwest	49	7.2	5.8	54	8.5	5.8	(5)	(9.3)
OJJ - Grange Bathurst St Lawrence	35	5.2	6.3	42	6.6	6.3	(7)	(16.7)
OUK - Central Sherbourne	53	7.8	5.8	63	9.9	5.8	(10)	(15.9)
OUL - Don Valley Beaches	41	6.0	5.2	36	5.6	5.2	5	13.9
OUM - Central Parliament	27	4.0	3.2	25	3.9	3.2	2	8.0
OUW - Contract Managed West	36	5.3	6.6	41	6.4	6.6	(5)	(12.2)
OUX - Contract Managed Central	43	6.3	4.8	44	6.9	4.8	(1)	(2.3)
OUY - Contract Managed East	65	9.6	10.1	54	8.5	10.1	11	20.4
Corporate Offices/Staff	9	1.3	N/A	5	0.8	N/A	4	0.0
Rent Supplement	12	1.8	N/A	7	1.1	N/A	5	71.4
Non-TCHC	8	1.2	N/A	9	1.4	N/A	(1)	0.0
Other Unknown	0	0.0	N/A	9	1.4	N/A	(9)	(100.0)
Total 'Net' Complaints	679	100.0	100.0	639	100.0	100.0	40	6.3

Attachment 4
Internal Audit - Complaints Received
January 1, 2015 - December 31st, 2015

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)

	2015		2014		Change 2014 to 2015	
	No.	%	No.	%	No.	%
Table 6a - Anonymous vs. Not Anonymous						
Anonymous	541	85.7	454	81.7	87	19.2
Not Anonymous	90	14.3	102	18.3	(12)	(11.8)
	<u>631</u>	<u>100.0</u>	<u>556</u>	<u>100.0</u>	<u>75</u>	<u>13.5</u>
Table 6b - Method Used to Access Hotline						
Internet	269	42.6	189	34.0	80	42.3
Telephone	362	57.4	366	65.8	(4)	(1.1)
Email	0	0.0	1	0.2	(1)	0.0
Letter	0	0.0	0	0.0	0	0.0
	<u>631</u>	<u>100.0</u>	<u>556</u>	<u>100.0</u>	<u>75</u>	<u>13.5</u>

Attachment 4
Internal Audit - Complaints Received
January 1, 2015 - December 31, 2015

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 15, 2016.

		Complaints Received	Closed				In Progress		To Be Assigned	
			Unfounded No.	%	Founded No.	%	No.	%	No.	%
Tenants										
Unreported Extra Members in Unit	2015	285	146	51.2	85	29.8	54	18.9	0	0.0
	2014	273	199	72.9	59	21.6	15	5.5	0	0.0
Unit/Room Being Sublet	2015	142	46	32.4	53	37.3	43	30.3	0	0.0
	2014	134	69	51.5	60	44.8	5	3.7	0	0.0
Unreported Income	2015	142	38	26.8	32	22.5	67	47.2	5	3.5
	2014	95	50	52.6	28	29.5	17	17.9	0	0.0
Miscellaneous Fraud	2015	21	11	52.4	6	28.6	4	19.0	0	0.0
	2014	47	27	57.4	15	31.9	5	10.6	0	0.0
Overhoused Unit	2015	25	12	48.0	9	36.0	4	16.0	0	0.0
	2014	18	8	44.4	9	50.0	1	5.6	0	0.0

Attachment 4
Internal Audit - Complaints Received
January 1, 2015 - December 31, 2015

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>
Staff										
Other	2015	14	9	64.3	2	14.3	3	21.4	0	0.0
	2014	22	12	54.5	10	45.5	0	0.0	0	0.0
Waste	2015	1	1	100.0	0	-	0	-	0	-
	2014	0	0	-	0	-	0	-	0	-
Contractor	2015	1	1	100.0	0	0.0	0	0.0	0	0.0
	2014	4	3	75.0	1	25.0	0	0.0	0	0.0
Other	2015	12	8	66.7	2	16.7	0	0.0	2	16.7
	2014	5	0	0.0	5	100.0	0	0.0	0	0.0
Total	2015	643	272	42.3	189	29.4	175	27.2	7	1.1
Total	2014	598	368	61.5	187	31.3	43	7.2	0	0.0

NB: 2015 and 2014 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.