

BUILDING INVESTEMENT, FINANCE AND AUDIT COMMITTEE MEETING AGENDA PUBLIC SESSION

Date: March 11, 2021
Time: 9:30 a.m. – 10:55 a.m.

Location: Virtual (NOT in person)

Agenda

Time	Description	Action	Pre-read	Presenter	Page #
Public Agenda					
9:30	1. Chair's Remarks	Information	Verbal Report <i>5 minutes</i>	Chair	-
9:35	2. Consent agenda		<i>5 minutes</i>		
	a) Approval of Public Meeting Agenda	BIFAC Approval	Agenda	Chair	1
	b) Chair's Poll re: Conflict of Interest	Declaration	Agenda and Conflict of Interest Policy	Chair	-
	c) Confirmation of the Public Meeting Minutes of February 5, 2021	BIFAC Approval	Minutes	Chair	3
	d) Status Update on Audit Recommendations from Internal Audit Reports as of December 31, 2020	Information	BIFAC:2021-20	Manager, Internal Audit	11

Time	Description	Action	Pre-read	Presenter	Page #
9:40	3. Business Arising from the Public Meeting Minutes and Action Items Update	Information	Action Item List <i>5 minutes</i>	Chair	19
9:45	4. Tenants First: Transition of Development Function from Toronto Community Housing	Presentation	BIFAC:2021-19 <i>45 minutes</i>	Director, City of Toronto City-Wide Real Estate Program, Senior Vice President, CreateTO & TCHC's Chief Development Officer	21
10:30	5. Internal Audit Department's Annual Report for 2020	Information	BIFAC:2021-21 <i>10 minutes</i>	Manager, Internal Audit	25
10:40	6. Facilities Management Reports				-
10:40	a) Contractor Award: Garage Restoration Services at Trimbee Court (30 Denarda Street) (RFQ 20288-PP)	Approval	BIFAC:2021-22 <i>5 minutes</i>	Vice President, Facilities Management	36
10:45	b) Design Services Funding Agreement: St. James Town Public Realm and Open Space Plan	BIFAC & Board Approval	BIFAC:2021-23 <i>10 minutes</i>	Vice President, Facilities Management	40

TERMINATION



Building Investment, Finance and Audit Committee

931 Yonge Street,
Toronto, M4W 2H2

Page 1 of 8

The Building Investment, Finance and Audit Committee (“BIFAC”) of the Toronto Community Housing Corporation (“TCHC”) held a virtual Public meeting on February 5, 2021, via WebEx, commencing at 9:50 a.m.

BIFAC Directors Present: Adele Imrie, Chair
Amanda Coombs
Nick Macrae
Brian Smith

BIFAC Directors Absent: Deputy Mayor Ana Bailão

Management Present: Kevin Marshman, President & Chief Executive Officer (“CEO”)
Sheila Penny, Chief Operating Officer (“COO”)
Darragh Meagher, General Counsel & Corporate Secretary
Luisa Andrews, Vice President, Information Technology Services (“ITS”)
Allen Murray, Vice President, Facilities Management
Karim Jessani, Manager, Internal Audit
Rose-Ann Lee, Chief Financial Officer & Treasurer
Vincent Tong, Chief Development Officer
Paula Knight, Vice President, Strategic Planning & Communications
Barbara Shulman, Vice President, Human Resources
Jill Bada, General Manager, Seniors Housing Unit
Boyd Dyer, Director, Smart Buildings & Energy

Management
Ceilidh Wilson, Assistant Corporate Secretary

A quorum being present, Ms. Imrie, serving as Chair, called the meeting to order, and Ms. Wilson served as recording secretary.

ITEM 1 CHAIR'S REMARKS

The Chair welcomed everyone to the BIFAC meeting, noted the Acknowledgement of the Land and notified everyone that due to the need for social distancing to limit the spread of COVID-19, TCHC's holding this BIFAC meeting virtually.

COVID-19 Update

TCHC's COVID-19 response is now in its eleventh month, and the Chair thanked employees for the exemplary work they are doing to deliver essential services and support TCHC tenants.

Many of TCHC's communities are among the hardest hit by the virus, and employees have stepped up to support tenants who are self-isolating and help agencies deliver food and other essentials to seniors and vulnerable tenants.

In particular, the Chair recognized the contributions of staff who work in TCHC buildings. Given the resurgence of COVID-19 cases, TCHC's maintaining the extended 10-hour shift schedules that are enabling TCHC to deliver enhanced cleaning protocols that are preventing the spread of the virus and keeping people safe.

Lastly, the Chair thanked everyone at the company for setting a good example by following public health advice at work and at home.

DEPUTATIONS

The following verbal deputation was received in relation to the following item:

- Item 6B – Direct Award: Integrated Project Delivery (Design and Construction) of an Energy Retrofit at Leslie Finch (*Cheryl Duggan*)

ITEM 2A APPROVAL OF PUBLIC MEETING AGENDA

Motion carried **ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Macrae and carried, the BIFAC approved the Public meeting agenda for the BIFAC’s February 5, 2021 meeting.

ITEM 2B CHAIR’S POLL RE: CONFLICT OF INTEREST

The Chair requested members of the BIFAC to indicate any agenda item in which they had a conflict of interest, together with the nature of the interest. **No conflicts were declared.**

ITEM 2C CONFIRMATION OF MINUTES OF THE PUBLIC BIFAC MEETING OF NOVEMBER 16, 2020

Motion carried **ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Macrae and carried, the BIFAC confirmed the above-captioned minutes without amendments.

ITEM 2D INTERNAL AUDIT UPDATE: Q4-2020 BIFAC:2021-06

Motion carried **ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Macrae and carried, the BIFAC received

ITEM 2E	Q4 2020 PAC AWARDS AND REVENUE CONTRACTS	BIFAC:2021-07
<i>Motion carried</i>	ON MOTION DULY MADE by Ms. Coombs, seconded by Mr. Macrae and carried, the BIFAC received	
ITEM 2F	Q4 2020 UPDATE ON TENANTS FIRST	BIFAC:2021-08
<i>Motion carried</i>	ON MOTION DULY MADE by Mr. Smith, seconded by Mr. Macrae and carried, the BIFAC received	
ITEM 2G	APRIL 2021 LOAN RENEWAL WITH CITY OF TORONTO	BIFAC:2021-09
<i>Motion carried</i>	ON MOTION DULY MADE by Mr. Smith, seconded by Mr. Macrae and carried, the BIFAC unanimously approved	
ITEM 2H	INFORMATION TECHNOLOGY SERVICES REPORT: Q4 2020 UPDATE	BIFAC:2021-12
<i>Motion carried</i>	ON MOTION DULY MADE by Mr. Smith, seconded by Mr. Macrae and carried, the BIFAC received	
ITEM 3	BUSINESS ARISING FROM THE PUBLIC MEETING MINUTES AND ACTION ITEMS UPDATE	
<i>Motion carried</i>	ON MOTION DULY MADE by Mr. Smith, seconded by Mr. Macrae and carried, the BIFAC received the matters reported as Business Arising from the Public Meeting Minutes and Action Items Update for its information.	

ITEM 4 2021 INTERNAL AUDIT WORK PLAN BIFAC:2021-10

The above-captioned report (BIFAC:2021-10) was circulated to BIFAC members prior to the meeting.

Mr. Jessani was available to answer questions of the BIFAC. Highlights of the discussion include:

- This plan was developed in consultation with the Enterprise Risk Management (“ERM”) team and the City’s Internal Audit and Auditor General offices, as well as through consideration of the past five years of audit work and requests from Management.
- To ensure delayed projects from 2020 are completed, there is one less project in the 2021 work plan compared to the 2020 work plan.
- The Committee and Management recognized Mr. Jessani’s leadership in bringing discipline to the Internal Audit department to get projects completed as scheduled.

Motion carried **ON MOTION DULY MADE** by Mr. Macrae, seconded by Mr. Smith and carried, the BIFAC unanimously approved the 2021 Internal Audit Work Plan as set out in Attachment 1 to Report BIFAC:2021-10.

ITEM 5 Q4 2020 – HOMES PROJECT UPDATE BIFAC:2021-11

The above-captioned report (BIFAC:2021-11) was circulated to BIFAC members prior to the meeting.

Ms. Andrews was available to answer questions of the BIFAC. Highlights of the discussion include:

- In November 2020 Track 2 was decoupled into two separate tracks, which was approved by the HoMES Steering Committee. The implementation plan was revised to reflect this change.
- All activities for Track 1B were completed and it went live January 25, 2021.
- Track 2A configuration of the tenant management module was

completed and testing began February 1, 2021.

- Costs for Track 3 are reflected in the project plan and budget.

Motion carried **ON MOTION DULY MADE** by Mr. Macrae, seconded by Mr. Smith and carried, the BIFAC received the Q4 2020 HoMES Project Update as set out in Report BIFAC:2021-11 for its information.

CHANGE ORDER: ADDITIONAL COMPLIANCE MEASURES FOR CONSTRUCTOR ROLE AND UNFORESEEN CONDITIONS TO THE ENVELOPE REPAIRS AND STRUCTURAL REHABILITATION PROJECT AT

ITEM 6A MORNELLE ELLESMERE BIFAC:2021-13

The above-captioned report (BIFAC:2021-13) was circulated to BIFAC members prior to the meeting.

Mr. Murray was available to answer questions of the BIFAC. Highlights of the discussion include:

- The previous change orders for this project include \$60K for constructor services in February 2020, and \$189K for changes regarding envelope work as required by Toronto Fire Services in March 2020.

Motion carried **ON MOTION DULY MADE** by Mr. Macrae, seconded by Mr. Smith and carried, the BIFAC unanimously approved and forwarded to the Board of Directors for approval the recommendations in Report BIFAC:2021-13 to:

1. Approve the change order of the work up to \$478,607.79 (exclusive of taxes) to the contract awarded to Tritan Inc. for envelope repairs and structural rehabilitation at Mornelle Ellesmere (110 Mornelle Court) as follows:

- \$50,000.00 for ongoing constructor role requirements on-site; and
- \$428,607.79 to address unforeseen site conditions; and

2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**DIRECT AWARD: INTEGRATED PROJECT
DELIVERY (DESIGN AND
CONSTRUCTION) OF AN ENERGY
RETROFIT AT LESLIE FINCH**

ITEM 6B

BIFAC:2021-14

Verbal deputation was received from Cheryl Duggan with respect to this item.

The above-captioned report (BIFAC:2021-14) was circulated to BIFAC members prior to the meeting.

Mr. Murray was available to answer questions of the BIFAC. Highlights of the discussion include:

- This project is sole sourced to The Atmospheric Fund (“TAF”) due to the existing relationship them as well as the funds TAF is bringing to the table, which help to supplement the existing capital plan.
 - TAF is the only provider with access to these funds.

Motion carried

ON MOTION DULY MADE by Mr. Smith, seconded by Mr. Macrae and carried, the BIFAC unanimously approved and forwarded to the Board of Directors for approval the recommendations in Report BIFAC:2021-14 as follows:

1. Approve the direct award to The Atmospheric Fund for an upset limit of \$7,821,068.00 (exclusive of taxes) for the integrated project delivery of an energy retrofit at Leslie/Finch as follows:

- \$3,236,200.00 of TCHC capital funding;
 - \$2,841,800.00 loan from The Atmospheric Fund;
and
 - \$1,743,068.00 of interest for the loan based on 5%
per annum over a 20 year term (the effective
interest rate is 2.58%); and
2. Authorize the appropriate staff to take the necessary
actions to give effect to the above recommendation.

ITEM 7 2021 PUBLIC BIFAC WORK PLAN BIFAC:2021-15

The above-captioned report (BIFAC:2021-15) was circulated to BIFAC members prior to the meeting.

Motion carried **ON MOTION DULY MADE** by Mr. Macrae, seconded by Mr. Smith and carried, the BIFAC unanimously approved the 2021 Public BIFAC Work Plan as set out in Attachment 1 to report BIFAC:2021-15.

TERMINATION

The public meeting terminated at 10:16 a.m.

Secretary

Chair, Building Investment,
Finance & Audit Committee



Status Update on Audit Recommendations from Internal Audit Reports as of December 31, 2020

Item 2D

March 11, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-20

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

From: Manager, Internal Audit

Date: February 23, 2021

PURPOSE:

The purpose of this report is to provide the BIFAC with a report on Internal Audit's follow-up on outstanding recommendations set out in public Internal Audit reports submitted to the BIFAC as of December 31, 2020.

RECOMMENDATIONS:

It is recommended that the BIFAC receive this report for information.

REASONS FOR RECOMMENDATIONS:

Background

The Internal Audit Department annually reports to the BIFAC on our follow-up of all public Internal Audit reports issued to ensure management has taken appropriate action to implement recommendations included in those reports.

Reports Issued

This report presents the review of the outstanding recommendations from the following public Internal Audit report:

Report Name	Covering Report Date	Date of BIFAC Meeting
<i>Tenant Parking Charges Monitoring</i>	April 3, 2018	April 12, 2018

Summary of Findings

The implementation status of the recommendations contained in the above report is summarized in the following table:

Report Name	Total No. of Recs	Implemented	In Progress	Not Started
<i>Tenant Parking Charges Monitoring</i>	6	0	1	5
Total	6	0	1	5

Attachment 1 to this report sets out the recommendations that are in progress. Attachment 2 to this report sets out the recommendations that have not been started.

IMPLICATIONS AND RISKS:

Recommendations from Internal Audit reports are meant to improve the internal controls and processes of TCHC. Such recommendations hold little value if they are not fully and properly implemented by management. By conducting follow-up procedures, we are able to measure management's implementation of previous Internal Audit recommendations.

SIGNATURE:

"Karim Jessani"

Karim Jessani
Manager, Internal Audit

ATTACHMENTS:

1. Toronto Community Housing Corporation Internal Audit Department, Internal Audit Recommendations – In Progress as on December 31, 2020.
2. Toronto Community Housing Corporation Internal Audit Department, Internal Audit Recommendations – Not Started as on December 31, 2020.

STAFF CONTACT:

Karim Jessani, Manager, Internal Audit

416-981-4052

Karim.Jessani@torontohousing.ca



Recommendation:	Status Update:	Target Date:	Staff:
	<p>Asset Management conducted an inventory count of all parking spaces by mid- December 2018.</p> <p>Asset Management is in the process of reconciling the results of the inventory count to the parking spreadsheets for the accuracy of data.</p> <p>Staffing turnover and shortages has resulted in a delay in completing this recommendation.</p>	<p>Revised from Q3 2018</p>	

Item 2D – Status Update on Audit Recommendations from Internal Audit Reports as of December 31, 2021
 BIFAC Public Meeting – March 11, 2021
 Report: BIFAC:2021-20



Attachment 2
Toronto Community Housing Corporation Internal Audit Department
Internal Audit Recommendations – Not Started as at
December 31, 2020

Report: Tenant Parking Charges Monitoring
Presented to BIFAC on: April 3, 2018

Recommendation:	Status Update:	Target Date:	Staff:
<p>1(b) Management take steps necessary to ensure the security and integrity of the data in the parking spreadsheets (e.g. access controls, version control, audit trails).</p>	<p>Integrity of data to be reconciled and cleansed prior to the transfer of data to HoMES.</p> <p>To commence on completion of parking inventory which is in progress. (Recommendation #1(a)).</p> <p>As part of the transition of the Operations Division staff will be transferred to the Regional Offices on March 31, at which point vacancies in the parking team will be filled, and there will be capacity to address the recommendations.</p>	<p>Q2-2021</p> <p>Revised from Q4 2020</p> <p>Revised from Q2 2018</p>	<p>William Anderson</p>
<p>2. Management perform a periodic analysis of a sample of tenant parking data to billing information for both DM and CM buildings, as a detective control to ensure</p>	<p>Process to build into a refresh of the Parking Program and Yardi/Voyageur will be leveraged to run standardized reports.</p>	<p>Q2-2021</p>	<p>William Anderson</p>

Recommendation:	Status Update:	Target Date:	Staff:
tenants are paying for parking.		<p>Revised from Q4 2020</p> <p>Revised from Q2 2018</p>	
<p>3. Management support the PEO enforcement process by (i) replacing the current barcode reader program/process with a simpler, more viable option and (ii) ensuring the PEOs can access up-to-date parking data and information from the field.</p>	<p>Work to replace the current Barcode Parking Permit with a more cost efficient Permit type is ongoing. Yardi / Voyageur to be leveraged to simplify the ability of PEO's to access up to date Parking data.</p>	<p>Q2-2021</p> <p>Revised from Q4 2020</p> <p>Revised from Q1 2019</p>	<p>William Anderson</p>
<p>4. Management develop a risk-based method of parking enforcement assignments in order to make the best use of limited resources.</p>	<p>In 2021 The administration of The Parking Program will transition to the CSU. CSU to leverage parking data to inform effective enforcement strategies.</p>	<p>Q2-2021</p> <p>Revised from Q4 2020</p>	<p>William Anderson</p>

Recommendation:	Status Update:	Target Date:	Staff:
		Revised from Q3 2018	
<p>5. Management review the functionality of all processes and systems used to record parking permits and offence data and, where feasible (i) increase the automation of the data capture and (ii) identify fewer systems to replace the current legacy systems.</p>	<p>This will require investments in handheld and other parking enforcement related technology.</p>	<p>Q2-2021</p> <p>Revised from Q4 2020</p> <p>Revised from Q1 2019</p>	<p>William Anderson</p>
<p>6. Management determine the feasibility, including the cost/benefit, of increasing the use of a third-party service provider to administer all or part of the TCHC Parking Program, including enforcement.</p>	<p>Staff recommendation is to consider eliminating the reliance on 3rd party providers to manage this program. Consideration should be given examining the feasibility of bringing this work In-House in an effort to reduce Overhead and provide real time information that can be leveraged to inform effective enforcement strategies.</p>	<p>Q2-2021</p> <p>Revised from Q4 2020</p> <p>Revised from Q1 2019</p>	<p>William Anderson</p>



Report on Business Arising from Public Meeting Minutes
BIFAC Action Item List

Report No. and Meeting Date	Description	Status	Target Date	Assigned To
1. BIFAC:2019-100 November 20, 2019	HoMES Project Update Management to provide report outlining impact of new IT software on TCHC's business, on staff and tenants, and anticipated efficiencies to be created.	In progress	November 3, 2021 (as part of Q3 HoMES project update)	Vice President, Information Technology Services
2. BIFAC:2019-102 November 20, 2019	Seniors Housing Unit Management to provide a presentation, in conjunction with City staff, at a future BIFAC meeting as to the manner in which the implementation of the Seniors Housing Corporation will impact TCHC's staffing model and the services that are provided to impacted senior tenants.	In progress	May 18, 2021	General Manager, Seniors Housing Unit
3. BIFAC:2020-34 September 14, 2020 BIFAC:2020-73 November 16, 2020	Status of Facility Condition Index ("FCI") The Vice President, Facilities Management to provide the BIFAC with a 2020 year-end report outlining where we are and where we plan to be in	In progress	May 18, 2021	Vice President, Facilities Management

Report No. and Meeting Date	Description	Status	Target Date	Assigned To
	<p>terms of lowering FCI throughout the portfolio as a result of the 10-year capital plan.</p> <ul style="list-style-type: none">In the 2020 FCI report, Management to include both the FCI projections and actuals to identify any variance between the two.			



Tenants First: Transition of Development Function from Toronto Community Housing

Item 4

March 11, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-19

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

From: Chief Development Officer

Date: March 2, 2021

PURPOSE:

The purpose of this report is to provide BIFAC with an update on the implementation of the Development Transition mandated as part of the Tenants First initiative.

RECOMMENDATIONS:

It is recommended that the BIFAC receive the presentation submitted as Attachment 1 to this report for its information.

REASONS FOR RECOMMENDATIONS:

Decision History

On January 28, 2016, the Mayor's Task Force on Toronto Community Housing tabled its Final Report, Transformative Change for Toronto Community Housing Corporation, at Executive Committee. Executive Committee referred the Final Report to the City Manager with direction to report to Executive Committee recommending an overall approach and guiding principles for how best to move forward with the transformation of

Toronto Community Housing Corporation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX11.21>

Implementing Tenants First (Page 7 of 22) – On July 12, 2016, City Council adopted Tenants First: A Way Forward for Toronto Community Housing and Social Housing in Toronto and directed staff to develop an implementation plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.11>

On May 24, 2017, City Council adopted the City-Wide Real Estate Transformation that included the creation of a new City realty agency, now known as CreateTO, to manage the City's real estate portfolio and develop City lands for municipal purposes. TCHC and Toronto Hydro were to be considered later once the first phase was completed.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.9>

On July 4, 2017, City Council adopted Tenants First Phase One Implementation Plan and directed staff to return to further develop the governance and service model of the Seniors Housing and Services Entity, and report back on further financial analysis and the results of an REOI for the scattered portfolio.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.2>

On January 31, 2018, City Council adopted Implementing Tenants First – TCHC Scattered Portfolio Plan and an Interim Selection Process for Tenant Directors on the TCHC Board.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX30.2>

On May 22, 2018, City Council adopted Implementing Tenants First – Creating a Seniors Housing Unit at Toronto Community Housing Corporation and Transitioning towards a Seniors Housing and Services Entity at the City.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX34.3>

On April 16, 2019, City Council adopted Accelerating the City's Tenants First Project which included a proposed timeframe of recommendations coming forward in 2019 including recommendations on governance,

accountability and mandate for Toronto Community Housing's key business areas.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX4.3>

On July 16, 2019, City Council adopted Implementing Tenants First: A New Seniors Housing Corporation and Proposed Changes to Toronto Community Housing's Governance through which it approved in principle the transfer of Toronto Community Housing Corporation's real estate development functions to CreateTO and/or the City in alignment with the City-wide real estate model.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX7.1>

The presentation that is Attachment 1 to this report provides an update to BIFAC in relation to the implementation of the Development Transition mandated as part of the Tenants First initiative. This same presentation was made to the Board of Directors of CreateTO, at its meeting of March 8, 2021.

IMPLICATIONS AND RISKS:

Reporting of measures to implement the Development Transition, as mandated as part of the Tenants First initiative, provides BIFAC with the opportunity to identify risks and/or areas of concern specific to that Transition.

SIGNATURE:

“Vincent Tong”

Vincent Tong RPP
Chief Development Officer

ATTACHMENT:

1. Presentation (to follow)

STAFF CONTACT:

Vincent Tong, Chief Development Officer

416-981-4372

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Internal Audit Department's Annual Report for 2020

Item 5

March 11, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-21

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

From: Manager, Internal Audit

Date: February 23, 2021

PURPOSE:

The purpose of this report is to provide BIFAC with the Internal Audit Department's Annual Report for the year 2020.

RECOMMENDATION:

It is recommended that BIFAC receive the Internal Audit Department's Annual Report for 2020 for information.

REASONS FOR RECOMMENDATIONS:

Background

This report presents to the Committee a review of the activities of the Internal Audit Department for 2020 including:

- 1) Purpose and governance structure;
- 2) Corporate and rent-geared-to-income ("RGI") projects completed during the year and reports presented to BIFAC; and
- 3) Outlook for the year 2021.

IMPLICATIONS AND RISKS:

The information contained in this report has no financial impact.

SIGNATURE:

“Karim Jessani”

Karim Jessani
Manager, Internal Audit

ATTACHMENT:

1. Internal Audit Department’s Annual Report for 2020

STAFF CONTACTS:

Karim Jessani - Manager, Internal Audit
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Yan Chen - Internal Audit Analyst
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INTERNAL AUDIT

Annual Report for 2020

March 11, 2021

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THE INTERNAL AUDIT FUNCTION

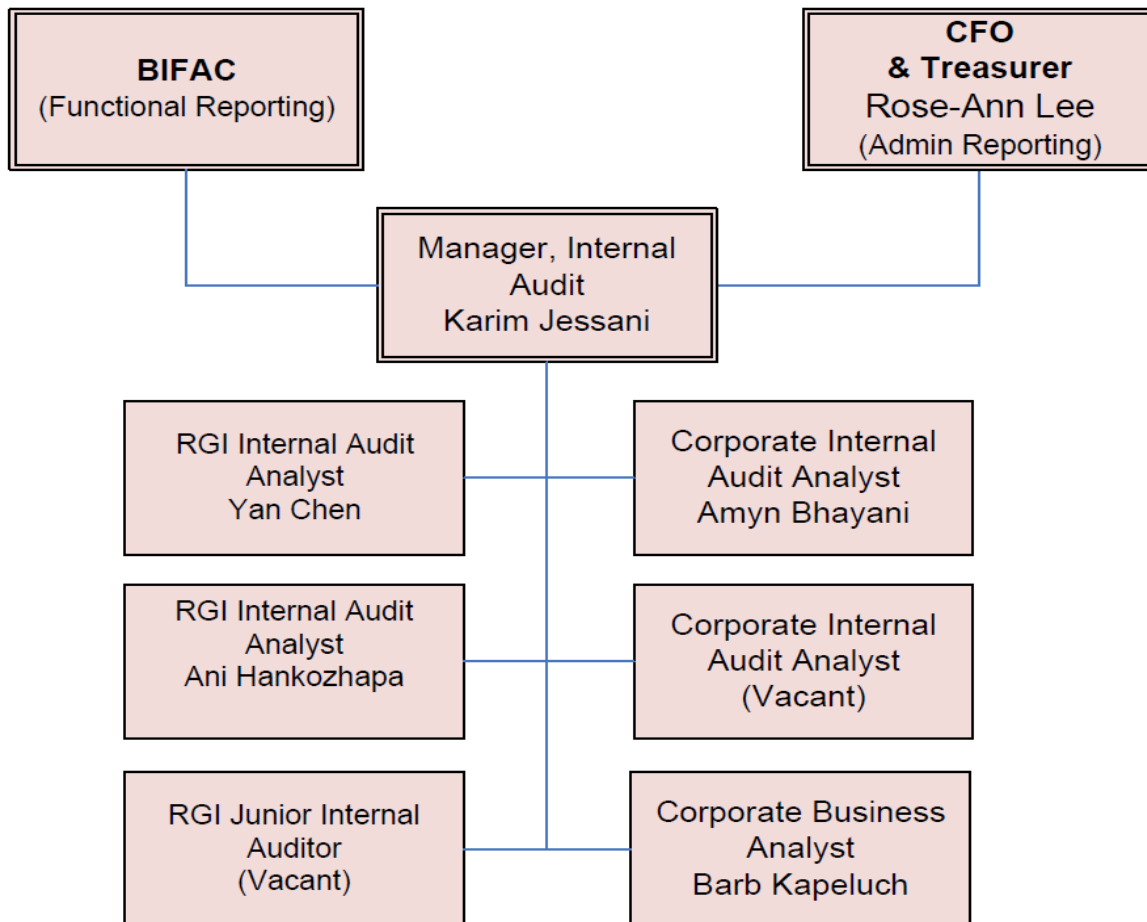
The Internal Audit Department provides independent, objective assurance and consulting services designed to add value and improve TCHC's operations. The Department helps TCHC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The department's core responsibilities are to conduct risk based operational and compliance audits and provide advisory services as and when requested.

GOVERNANCE STRUCTURE

Internal Audit reports functionally to the Building Investment, Finance and Audit Committee (BIFAC) and administratively to the Chief Financial Officer and Treasurer (CFO).

Internal Audit Department Organization Chart

(As of December 31, 2020)



As depicted in the organization chart above, Internal Audit consists of two distinct functions:

- Corporate Internal Audit
- Rent Geared to Income Review (RGI)

Our staff comes from a wide variety of professional backgrounds and experiences. Some of the staff hold professional designations and certifications such as Certified Public Accountant (CPA), Chartered Professional Accountant (CPA), Chartered Accountant (CA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), etc. Some staff are also working towards obtaining other professional certifications in 2021. They abide by the standards and ethics of their respective professional organizations.

HIGHLIGHTS FOR 2020

- Despite COVID-19 challenges and reduced staffing level for part of the year, Corporate Audit Team substantially completed all planned audits for the year and made a total of 49 recommendations. (For details, please refer table on page 3);
- First ever Internal Audit Rolling Plan for the year 2021 to 2023 was presented to BIFAC in January 2020 to provide line of sight beyond the upcoming year;
- Due to the restrictions brought by COVID-19 pandemic, obtaining tenants' files became a challenge. When provincial emergency was announced in March 2020, the RGI team moved quickly to plan the work for its annual Contract Management (CM) project by obtaining and scanning files which enabled the team to complete this project on time while we were under work from home orders. Debrief meeting was held virtually with CM directors and Management. (For details, please refer table on page 4);
- In consultation with Management, RGI team also conducted various data analytics projects to use the available time in an optimal manner. The findings of these projects resulted in a total of 13 recommendations (For details, please refer table on page 4);
- RGI Audit Team worked collaboratively with Investigations Unit under Legal Division to support them on various tasks such as reviewing the files received from SSHA which were originally referred by AG's office, conducting data analysis on appliances, etc. A total of 135 hours were spent on those projects;
- One IAD team member completed CIA and another completed CFE certification during 2020 and one moved closer towards obtaining CPA certification by passing several exams;
- All RGI Audit Team members successfully completed and passed a 3-months RGI online course offered by Ontario Non-Profit Housing Association and received a certificate of achievement.

Corporate audit projects completed in 2020:

Project		No. of Recommendations	Status as on Dec. 31, 2020
1	Arrears Audit	10	Completed Presented to BIFAC in-camera session on September 14, 2020
2	IT Security Audit	2	Completed Presented to BIFAC in-camera session on September 14, 2020.
3	Hiring and Onboarding Audit	12	Completed Presented to BIFAC in-camera session on February 05, 2021.
4	Insurance Coverage & Claims Audit	13	Completed Presented to BIFAC in-camera session on February 05, 2021.
5	Appliances Review	12	Completed Report being presented to BIFAC in-camera session on March 11, 2021.
6	Follow Up on the Implementation of Recommendations from Previous Internal Audit Reports.	N/A	June 30, 2020 status was presented to BIFAC on September 14, 2020. December 31, 2020 status being presented to BIFAC on March 11, 2021.
		49	

Attachment 1 to this report provides a brief summary of all projects completed and reports presented by Internal Audit in 2020.

RGI audit projects completed in 2020:

Project – RGI Rent Calculation		No. of files reviewed
1	PwC RGI audit - Direct Management (DM)	95
2	Contract Management (CM) RGI audit	95
3	Future Dated audit - DM	39
4	Follow up RGI audit - CM	21
5	RGI/Fraud on demand audit	20
	Total	270

Project – Data Analysis		No. of Recommendations
1	Over-housed process not followed analysis – DM & CM	3
2	Incorrect Utility Charges analysis – DM & CM	3
3	Market Rent Table analysis – DM	4
4	Staff Compliance analysis – DM & CM	3
	Total	13

OUTLOOK FOR 2021

- Corporate Audit Team will execute the Corporate Annual Audit Plan approved by BIFAC on February 5th, 2021 under which 4 audit engagements have been planned. The first audit project is expected to be initiated in Q1-2021. These audits are in addition to our Continuous Controls Monitoring project (CCM) and assignments anticipated via Management requests;
- Rolling Audit Plan for the period 2022 to 2024 was presented to BIFAC on February 5th, 2021. This plan will be updated towards the end of the year to review risk rankings and incorporate direction provided by BIFAC as well as requests from the Management, if any. The updated plan will be presented to BIFAC for approval;
- Corporate Audit Team will continue CCM data analysis in 2021. New areas of CCM data analysis will be identified in Q4-2021;
- Corporate Audit Team will provide support to the City's Internal Audit Department on their 'Financial Statement Review A&Cs' for which further details are awaited;
- RGI Audit Team will execute RGI Annual Audit Plan projects such as RGI audit for CM, Future Dated Audit, Follow-up Audits for both CM and DM and other requests from the Management, if any;
- RGI Audit Team will continue to assist TCHC's external auditors on RGI audits in addition to providing support to AG's office as and when requested.
- RGI Audit Team will participate in HoMES' testing during Q1-2021 and provide comments for improvements;
- Both audit teams will continue to provide consulting and advisory services as and when requested by the Management.

Internal Audit work plan projects completed in 2020		
Project	Objective	Conclusion
1 Arrears Audit	To review that arrears related numbers are calculated and reported correctly and consistently. Additionally, we also reviewed: > Availability and adequacy of policies and procedures related to arrears management; > Timely identification of arrears and application of adequate procedures; > Actions taken on long outstanding arrears; > Development and management of repayment agreements; and > Adequacy of IT access rights.	Overall, arrears related numbers are calculated and reported correctly and consistently. Arrears Collection Process (ACP) defines the roles of different departments including timelines and documentation requirements, as applicable. 10 Recommendations were made.
2 IT Security Audit	To review the current state of IT security risks at TCHC by evaluating the effectiveness of the information security program and framework for data protection.	Overall, the IT security program needs enhancement in order to effectively mitigate security risks that could have a negative impact on TCHC services and information security. 2 Recommendations were made.
3 Insurance Coverage & Claims Audit	To review the adequacy of insurance coverage and claims management process and to evaluate the adequacy and effectiveness of internal controls.	Overall, TCHC has obtained more coverage compared to minimum identified by Housing Services Corporation (HSC) to lower the risk exposure. TCHC has also developed well defined claims management SOP that covers both the liability and the property claims. Periodic analysis of claims are also conducted. 13 Recommendations were made.
4 Hiring and Onboarding Audit	To evaluate the following related to hiring and onboarding: > Availability and adequacy of policies and procedures; > Compliance with policies, procedures and applicable legislations; > Efficiency and effectiveness of the processes; > Internal and external reporting; and > IT access rights to HR related systems.	Overall, TCHC Recruitment Unit has well developed policies and procedures, however, a number of these have not been reviewed and updated as scheduled or not updated at all. This may result in noncompliance of policies and procedure with laws and regulations and that the policies and procedures would not address new systems/technology being implemented by TCHC. 12 Recommendations were made.

Internal Audit work plan projects completed in 2020			
Project	Objective	Conclusion	
5	Rent Geared to Income continuous auditing (2020)	To provide an independent and objective assessment of the accuracy of RGI rent calculations.	Three different projects completed in 2020. We used both random and risk based sampling methodology.
6	Follow Up on the Implementation of Recommendations from Previous Internal Audit Reports	To provide the BIFAC with a report on Internal Audit's follow-up on outstanding recommendations set out in Internal Audit reports submitted to the BIFAC as of December 31, 2020.	Overall, of the 34 recommendations that we made as of December 31, 2020: <ul style="list-style-type: none"> • 6 are implemented • 23 are in progress • 5 have not been started
7	Management's requests	To perform process review and data analytics for various business areas.	<ol style="list-style-type: none"> 1. Appliances related processes were reviewed to evaluate adequacy of internal controls and operational efficiency. Report being presented to BIFAC on March 11, 2021. 2. Over-housed Process Analysis was performed to identify RGI over-housed households where over-housed process was not followed. Report was provided to the Management on August 24, 2020. 3. Market Rent Table Analysis for DM properties was performed to identify households where Annual Rent Increase Guidelines were not followed. Report was provided to the Management on August 24, 2020. 4. Utility Charges were analyzed for consistency and accuracy. Report was provided to the Management on November 4, 2020. 5. Staff Compliance Analysis was performed to provide the Management IAD's data analysis on RGI rent calculation compliance rate by staff. Report was provided to the Management on December 9, 2020. 6. Supported Investigations Unit on request received from SSHA on files referred by AG's office.



Contractor Award: Garage Restoration Services at Trimbee Court (30 Denarda Street) (RFQ 20288-PP)

Item 6A

March 11, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-22

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

From: Vice President, Facilities Management

Date: February 11, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC's approval to award a contract for garage restoration services at Trimbee Court (30 Denarda Street) based on the outcome of Request for Quotations ("RFQ") 20288-PP.

BIFAC approval is required for this contractor award as it exceeds the \$2.5 million financial approval limit of TCHC's Procurement Award Committee ("PAC").

RECOMMENDATIONS:

It is recommended that the BIFAC approve the following recommendations:

- (a) Approve the award of the work to Roma Building Restoration Ltd. for \$2,893,920.00 (exclusive of taxes) for garage restoration services at Trimbee Court based on the outcome of Request for Quotations (RFQ) 20288-PP; and
- (b) Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

REASONS FOR RECOMMENDATIONS:

Trimbee Court (30 Denarda Street) consists of a 15-storey building with 255 units. The garage was built in 1983 and has two levels at the north side and three levels at the south side of the building. There are a total of 281 parking stalls inside the garage. There is also a childcare center with a playground above the garage.

Part of the garage was closed and temporary structural supports were installed in January 2020. In response to concerns regarding the condition of the garage, an engineering firm was retained and conducted an investigation, noting concrete deterioration and structural damage. The firm also provided recommendations, specifications and the scope of work based on the results of the investigation.

The recommended scope of work includes drainage improvement, partial slab replacement and localized concrete repair to prevent further deterioration of the structural components. Garage restoration will be delivered under a phased approach, with phase one taking place in 2021, phase two in 2022, and phase three in 2023.

PROCUREMENT PROCESS:

An RFQ was issued on November 5, 2020 and closed on December 7, 2020. Seven submissions were received. The submissions were evaluated to determine the best price. The Confidential Attachment provides a summary of the submissions.

Roma Building Restoration Ltd. submitted the lowest price and is recommended for the work. Overall, Roma Building Restoration Ltd.'s submission satisfied all mandatory requirements and surpassed the standard required to permit consideration of its pricing proposal. The recommendation is based on awarding the work as per the RFQ requirements.

The Procurement Award Committee approved the recommendation to award the work to Roma Building Restoration Ltd. at its meeting on January 21, 2021, subject to BIFAC approval. At that time, the Committee took note of the following considerations:

- The award is within reasonable and acceptable range for the scope of work;

- The recommended proponent has performed similar work for TCHC with satisfactory results; and
- The recommended proponent has confirmed they have the capability and capacity to deliver the scope of work.

IMPLICATIONS AND RISKS:

The scope of work is recommended to address structural damage and concrete deterioration of the parking garage. This work is required to maintain its structural integrity and ensure all building codes are met.

Parking relocation of 50 tenant vehicles during each of the construction phases within the existing garage is required. The garage has a sufficient number of parking stalls to accommodate the closure of 50 stalls. Timely and appropriate notification will be provided to tenants to notify them of planned parking relocations.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractor during the course of the project. The engineering firm will provide contract administrative services to ensure the work is delivered in accordance with the design and specifications, and is on budget and on time. A third-party health and safety monitoring agent will also be retained to conduct health and safety site inspections during construction. Performance will be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88). Phase two and three will be awarded upon availability of funding and general contractor performance.

SIGNATURE:

"Allen Murray"

Allen Murray
Vice President, Facilities Management

Attachment 1: RFP Submissions

Reason for Confidential Attachment: Third party commercial information supplied in confidence and commercial information belonging to TCHC that has monetary value or potential monetary value and whose disclosure could reasonably be expected to be injurious to its financial interests

STAFF CONTACT:

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Design Services Funding Agreement: St. James Town Public Realm and Open Space Plan

Item 6B

March 11, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-23

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

From: Vice President, Facilities Management

Date: March 03, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC approval and the approval of the Board of Directors (the "Board") to execute a Design Services Funding Agreement with the City of Toronto ("City"), for the St. James Town Public Realm and Open Space Plan (the "Plan").

The Plan is a partnership between the City and Toronto Community Housing Corporation ("TCHC") to renew underused open space in the St. James Town neighbourhood by enhancing the public realm, improving pedestrian connections and creating a City-run park.

BIFAC and Board approval is required as execution of the Design Services Funding Agreement is contingent upon approving major terms of a lease agreement, which will provide, to the City, a portion of TCHC's property to operate, maintain and manage as a City park.

RECOMMENDATIONS:

It is recommended that the BIFAC approve and forward to the Board for approval the following recommendations:

1. Authorize TCHC to execute a Design Services Funding Agreement for landscaping design services for Phases 1, 2, 3 and 4 of the St. James Town Connects Framework, Key Project #2, TCHC Open Space Plan/Ontario Street South, as approved by City Council in July 2018;
2. Authorize TCHC to execute a lease agreement with the City of Toronto for the operation, maintenance and management of a City park on the following terms:
 - Leased premises consists of the surface area of Phases 1 and 2 of the St. James Town Public Realm and Open Space Plan, which is adjacent to 275 Bleecker Street and 200 Wellesley Street East;
 - Term shall be 50 years less a day; and
 - Rent shall be nil, provided the City of Toronto shall pay all operating, maintenance and repair costs;
3. Authorize the Vice President of Facilities Management, or his designate, to take the necessary actions and execute all necessary documents to give effect to the above recommendations, including the Design Services Funding Agreement and lease agreement in a form acceptable to the General Counsel.

REASONS FOR RECOMMENDATIONS:Project Background

In July 2018, City Council approved the St. James Town Connects Framework, which aims to “improve St. James Town’s public realm and open space by creating safer, greener and more usable open spaces and pedestrian connections” (City Report TE34.90). The Public Realm and Open Space Plan is one of the key projects included in this Framework.

The concept for this project is to rehabilitate the open space and create a City park, shown as Phases 1, 2, 3 and 4 in the attached concept design and phasing plan (Attachment 1).

The proposed City park will include a natural play space, a water play area, an open stage, a barbeque area, large open lawn, games tables, community gardens and a market area. The main features of the park were determined in partnership with the City's Parks, Forestry and Recreation division and Councillor Wong-Tam, and in consultation with TCHC tenants and the wider St. James Town community.

TCHC will execute design and construction, in partnership with the City. Landscaping of the open space will be undertaken in conjunction with a TCHC project to restore the underground parking garage at 275 Bleeker Street, directly below Phases 1 and 2. The restoration of the underground parking garage is slated for construction in 2023.

The City has proposed the transfer of a total of \$5,130,000.00 to TCHC for design and construction services over the next three years. To date, the City has only approved the transfer of \$515,000.00 in 2021 for design costs, and is expected to authorize the transfer of the remaining funds within the next one to two years. The funding breakdown as proposed by the City is as follows:

- \$515,000.00 in 2021 for design;
- \$615,000.00 in 2022 for design and construction contract administration; and
- \$4,000,000.00 in 2023 for construction.

TCHC has committed \$120,000.00 in design costs and \$1,100,000.00 in construction costs for improvements that are outside the leasing boundary

Design Services Funding Agreement

In December 2020, City Council approved the execution of a Design Services Funding Agreement with TCHC, for \$515,000.00 as a contribution for the landscaping design costs for the project (City Report TE21.62). City Council's approval to execute the agreement requires that TCHC agree to major terms of the lease for the surface area of Phases 1 and 2 of the St. James Town Public Realm and Open Space Plan.

TCHC has issued and will oversee the Request for Proposal for the design, and approvals to award the work to the successful consultant, and will follow TCHC's Procurement Policies and Protocols.

Construction Funding Agreement (future)

The City has not yet authorized the payments of \$615,000.00 or \$4,000,000.00 referred to above. When the City authorizes such payments, as expected in the next one to two years, TCHC will seek Board authorization to enter into a Construction Funding Agreement with the City to transfer the balance of the funds for project construction costs.

TCHC will issue and oversee the Request for Proposal for the construction contractor, and approvals to award the work to the successful proponent will follow TCHC's Procurement Policies and Protocols.

Lease

The lease agreement will be prepared in accordance with the major terms of the lease agreement, as attached to the Design Services Funding Agreement, in form acceptable to TCHC's General Counsel. The lease agreement will be executed upon completion of project construction.

IMPLICATIONS AND RISKS:

The Design Services Funding Agreement does not require the City to contribute to cost overruns for design services, however TCHC will require that the agreement include a provision that the City consider TCHC's requests to approve amounts for cost overruns. In the event that such approval is not granted, TCHC will require that the agreement include a provision that TCHC is not obligated to continue the design work, beyond both the City's and TCHC's initial contributions.

Upon execution of the lease, the City will take control of the surface area of Phases 1 and 2, as these will become a public park. The boundary of the lease will stop short of the buildings, leaving TCHC with control over the sidewalks adjacent to its buildings, with access rights over the park for repairs and maintenance of the adjacent building and parking garage below.

Beyond significant funding, this project is an opportunity to collaborate with the City on an important piece of City building. This partnership project will transform an under-used asset into a reinvigorated, large-scale public park that will improve the quality of life for TCHC tenants and the wider St.

James Town community. Rehabilitating the public realm, establishing community spaces and creating pedestrian connections will facilitate a safer, greener and more livable neighbourhood and vibrant community.

SIGNATURE:

“Allen Murray”

Allen Murray,
Vice President, Facilities Management

ATTACHMENT:

1. St. James Town Public Realm and Open Space Plan: Concept Design and Phasing Plan

STAFF CONTACTS:

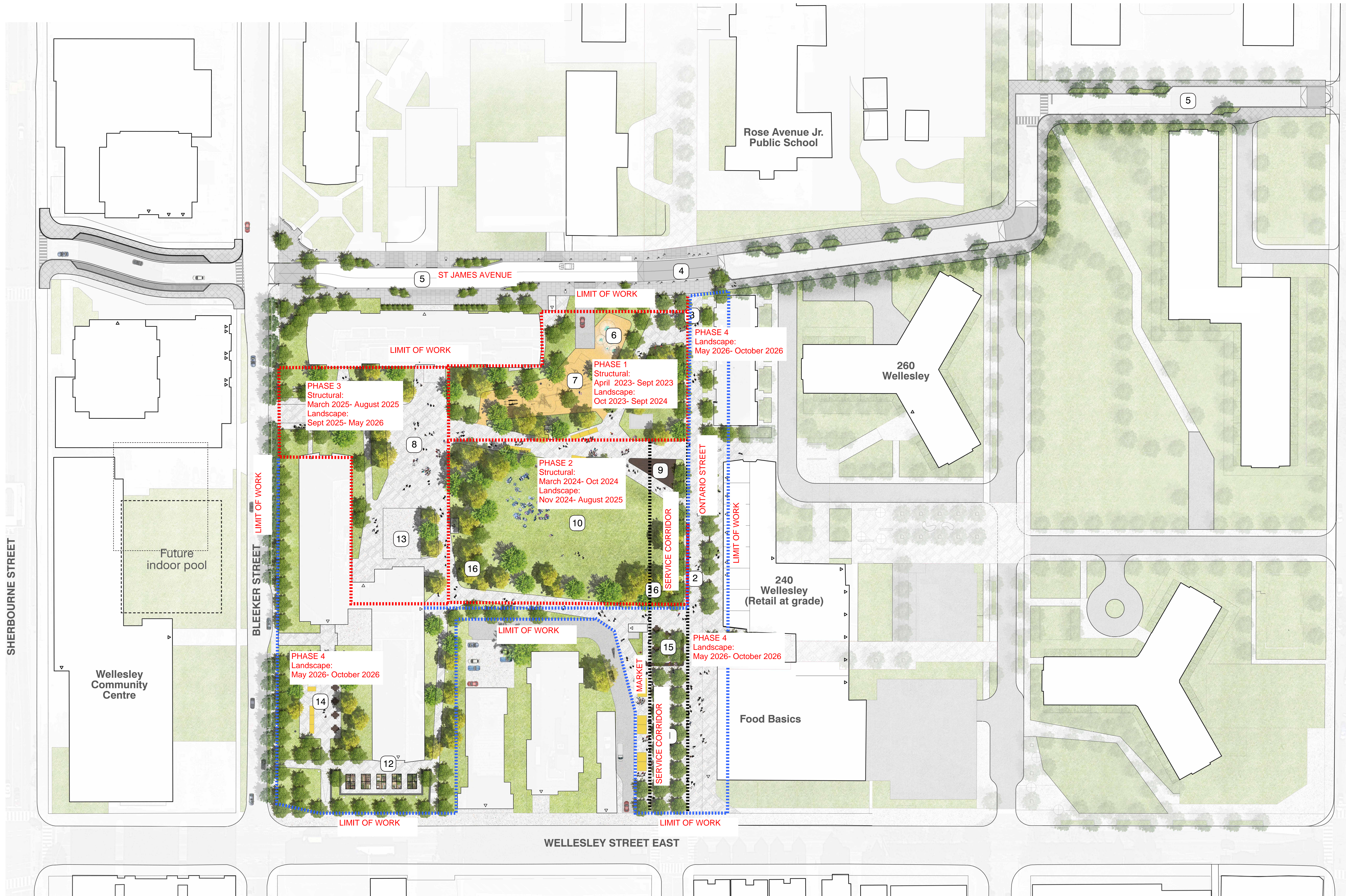
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ATTACHMENT 1- CONCEPT DESIGN AND PHASING PLAN

ST. JAMES TOWN PUBLIC REALM IMPROVEMENTS

REVISED OCTOBER 8, 2020

NOTE: LIMIT OF WORK IDENTIFIED



DESIGN DRIVERS:



Flexible spaces



A variety of spaces and furnishings



Open sight lines



Designed for longevity - simple materials

- | | |
|------------------------------|----------------------------|
| ① The Market | ⑨ The Stage |
| ② The Promenade | ⑩ The Lawn |
| ③ St. James Plaza | ⑪ Community Tables and BBQ |
| ④ St. James Avenue Table Top | ⑫ Community Gardens |
| ⑤ St. James Avenue | ⑬ Garbage Bay Area |
| ⑥ Water Play | ⑭ Games Room |
| ⑦ Natural Play | ⑮ The Deck |
| ⑧ Open Paved Courtyard | ⑯ Low Landforms |