

Presentation to TCHC's Building Investment, Finance and Audit Committee
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Toronto Community Housing Corporation (TCHC)

Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services

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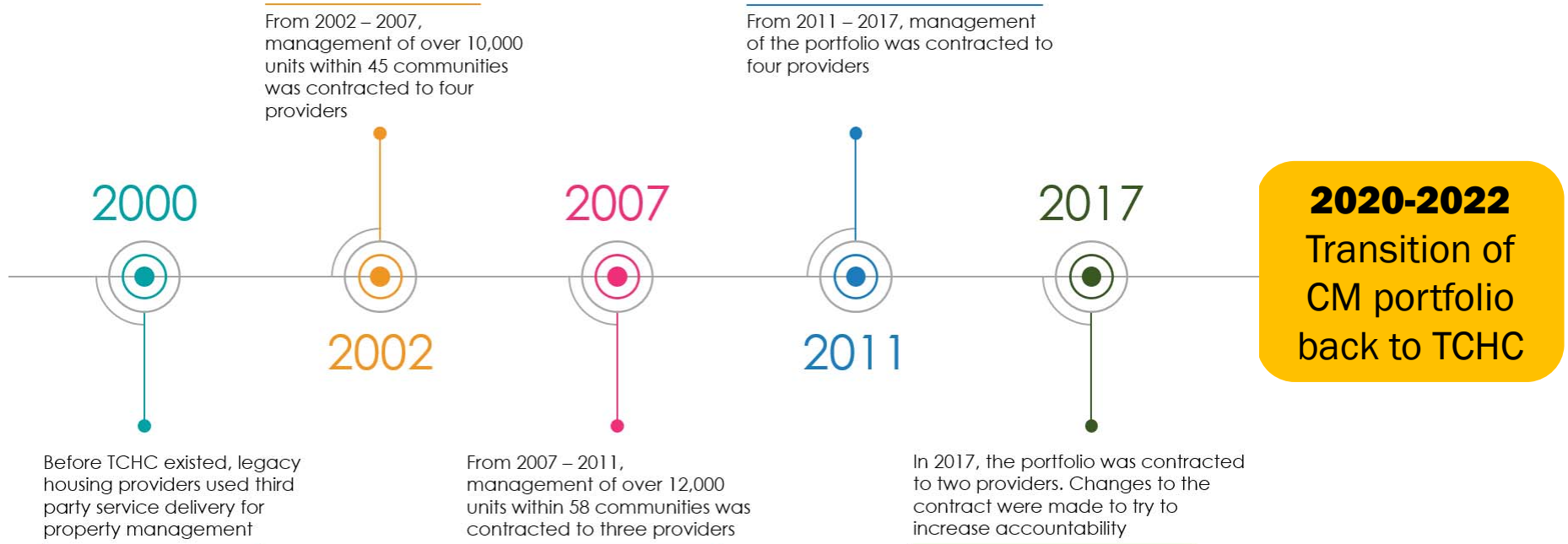
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Background

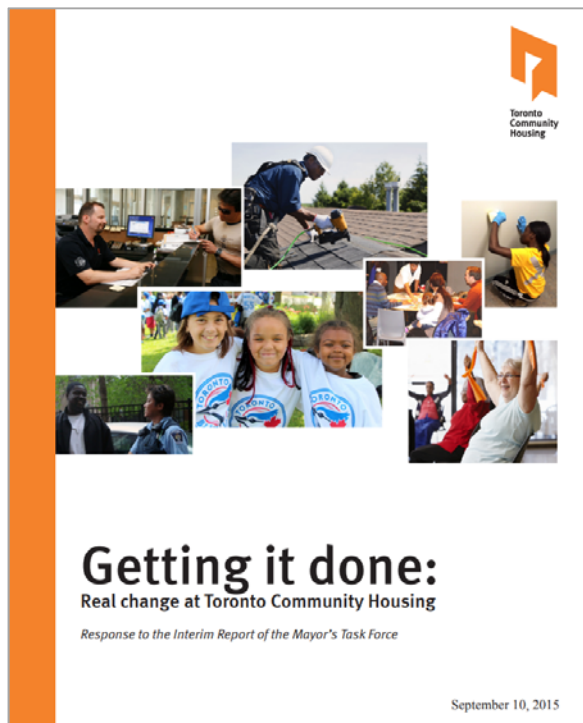
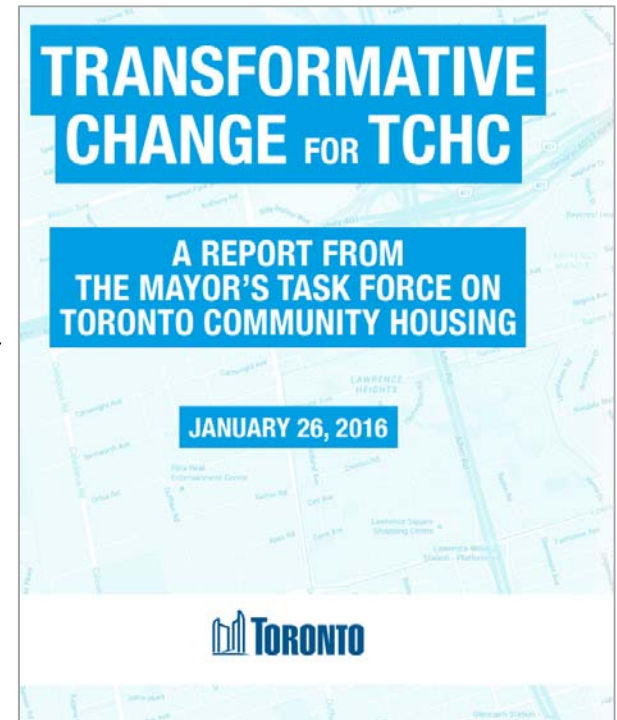


TCHC restructuring plan announced on September 13, 2019 included changes to decentralize operations, add frontline resources, empower local decision-making and bring services closer to where tenants live

Key reports

Mayor's Task Force

- *Improved Living at Toronto Community Housing: Priority Actions (2015)*
- *Transformative Change for TCHC (2016)*



- ▶ TCHC's *Getting it done: Real change at Toronto Community Housing (2015)*
- ▶ TCHC's Evaluation of Contract Managed Properties (2016) and Contract Award: Property Management Services (2017)

TCHC committed to change by saying it would be:

1. adopting stronger contracts with clear, well-defined and measurable performance expectations
2. having a clear set of KPIs and accountabilities for the delivery of the work
3. “continuously and rigorously” monitoring quality of work and vendor performance

Many key changes and improvements did not fully materialize in practice. Concerns continue to persist

Audit objective & lessons learned

To assess TCHC's oversight of contracted property management service delivery and performance.

▶ **Going forward the focus should be embedding accountability into service delivery by:**

1. Setting clear, consistent performance expectations and measures
2. Monitoring performance to hold service providers accountable for quality
3. Building trust and confidence through accurate, transparent, data-driven reporting

Lesson 1: Set clear, consistent performance expectations and measures

- ▶ TCHC Goal: To provide residents consistently good service no matter where they live

- ▶ What we found:
 1. Technical specifications and service requirements for DM and CM buildings not consistent
 2. TCHC not tracking, monitoring or acting on KPIs
 3. Need better performance measures to improve service delivery (i.e., quality, tenant satisfaction)

Lesson 1: Set clear, consistent performance expectations and measures

► Recommendations:

1. Set clear and consistent requirements for all TCHC buildings
2. Establish measures or KPIs that support desired outcomes
3. Gather reliable data to track performance and enhance reporting that will drive decisions to continuously improve

Lesson 2: Monitor performance and quality

- ▶ TCHC Goal: To “continuously and rigorously monitor” performance
- ▶ What we found: TCHC's oversight and monitoring was not sufficient
 1. Reactive rather than proactive approach
 2. Insufficient records to show proper monitoring and inspection of work was occurring
 3. Better tracking of performance issues needed

During site visits we found:

- ▶ Records missing
- ▶ Other records should be kept

Table 1: Records Retained for Other Categories of Operating Expenditures

Areas of Services	Contracted record retention requirements	Review Results
Cleaning	No requirement for the CM companies to retain documents for cleaning services performed.	Both CM companies did not retain service tickets or logs of cleaning services performed.
Plaster and Painting	No requirement for the CM companies to retain service tickets for plaster and painting services.	<ul style="list-style-type: none"> • One CM company tracked the service requests and delivery monthly on a spreadsheet. • The other CM company did not track service requests to ensure they were fulfilled as per contract terms.
Snow Removal Services	RFP requires the CM companies to record snow and ice log on a daily basis (October – April).	<ul style="list-style-type: none"> • One CM company does not keep any records. • The other CM company kept some records. Based on our review at 7 buildings, the retention of snow logs varied from 3%- 59%, with an average of 33%, during the period from May 2017 to December 2019.
Landscaping	No requirement for the CM companies to retain documents for landscaping services performed.	Both CM companies did not retain service tickets or logs of landscaping services performed.
Monthly Pest Treatment	RFP requires the CM companies to retain service tickets for pest management services.	<p>Based on sample testing.</p> <ul style="list-style-type: none"> • one CM company retained 32% of the service tickets • the other CM company only retained approximately 21% of service tickets.

- ▶ TCHC staff should be monitoring performance

Lesson 2: Monitor performance and quality

► Recommendations:

1. Monitor and verify that:
 - expenses are valid
 - work is completed in accordance with specifications
 - work is of sufficient quality
 - contracts represent value for money
2. Independent reviews or internal audits to confirm monitoring controls are working
3. Implement process for documenting, escalating, and following up on performance issues

Lesson 3: Building trust and confidence – Accurate, transparent, data-driven reporting

▶ What we found:

1. Management committed to changes and improvement
2. Issues we observed during our audit were not new
3. Key changes and improvements did not fully materialize in practice

Lesson 3: Building trust and confidence – Accurate, transparent, data-driven reporting

▶ Goal: Moving forward:

1. Embed accountability by clarifying expectations
2. Stronger oversight, monitoring, and management of service delivery is critical to earning and improving trust
3. Providing transparent, data-driven information to the Board will lead to increased confidence

Conclusion

- ▶ 10 recommendations for embedding accountability into service delivery

Lesson learned from this audit are relevant, regardless of who delivers the service

- ▶ Management agreed with all 10 recommendations
- ▶ We express appreciation for the cooperation and assistance we received from TCHC management and staff and contacted property managers

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