

## Fwd: BC Housing TOR

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**From:** Salter, Shannon PREM:EX <Shannon.Salter@gov.bc.ca>  
**To:** Smith, Matt PREM:EX <Matt.Smith@gov.bc.ca>  
**Sent:** November 23, 2022 9:32:19 AM PST  
**Attachments:** BC Housing TOR FINAL.pdf, image001.jpg  
Here are the TOR for the ongoing forensic audit.

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**From:** Fischer, Carl M FIN:EX <Carl.Fischer@gov.bc.ca>  
**Sent:** Wednesday, November 23, 2022 9:28:30 AM  
**To:** Salter, Shannon PREM:EX <Shannon.Salter@gov.bc.ca>  
**Subject:** FW: BC Housing TOR

The TOR for the forensic engagement might provide useful context in response to questions on this issue.

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**From:** Kortum, Alex FIN:EX <Alex.Kortum@gov.bc.ca>  
**Sent:** November 23, 2022 9:25 AM  
**To:** Fischer, Carl M FIN:EX <Carl.Fischer@gov.bc.ca>  
**Subject:** BC Housing TOR

**Alex Kortum**  
Executive Director  
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## Introduction

Ernst & Young LLP, under the direction of The Comptroller General, completed a Compliance and Integrity Assessment (the "Assessment"), report date June 20, 2022, to ensure specific internal controls of British Columbia Housing Management Commission (BC Housing) are in place and operating as described. The Assessment identified issues at BC Housing related to its:

- Record retention and decision-making documentation practices
- Conflict of interest protocols
- Procedures for funding service-providers

The Comptroller General and the Ministry of Attorney General have determined that further action is warranted. The Comptroller General will undertake a forensic engagement of the issues identified in the Assessment.

The Comptroller General is responsible for the procurement and management of a service provider (the "Provider") to undertake the forensic engagement.

The Comptroller General's authority and duties are defined in the *Financial Administration Act* (the "FAA"). The Comptroller General is retaining the Provider to assist the Comptroller General in executing the powers and duties set out in the FAA.

## Purpose

The purpose of the forensic engagement is to provide the Comptroller General with sufficient evidence to confirm or dispel the issues set out in the Assessment, and if applicable, quantify any financial loss the Province of British Columbia may have incurred, and identify whether public money has been applied for the purpose for which it was provided to BC Housing.

## Scope

The scope of the assignment to the Provider will include an examination and written report to:

1. Confirm or dispel the issues reported to the Comptroller General in the Assessment, including to:
  - a. Quantify and evaluate the relationship between BC Housing and Atira Women's Resource Society (the "Society").
  - b. Evaluate BC Housing's record keeping and decision-making for financial transactions entered into with the Society.
  - c. Assess the financial decision-making methods and practices of the Chief Executive Officer and Chief Financial Officer of BC Housing.

- d. Evaluate if the Society used grants or advances of public money, or the borrowings of which may be guaranteed by the Government of British Columbia, for their required purposes.
2. Undertake a risk-based analysis of cash outflows to selected housing providers and perform limited data analytic procedures on other payments made by BC Housing considering potential fraud risks faced by the organization.
3. As identified through this forensic engagement, provide recommendations for improvement of BC Housing's processes or procedures.

The examination must include transactions that occurred during the last seven completed fiscal years, and the current fiscal year to date. The period under examination may be extended if the Comptroller General authorizes adjustments to the forensic engagement scope.

### **Approach**

Subject to the direction and approval of the Comptroller General, the Provider may determine their own processes and procedures provided that:

1. the forensic engagement process is impartial and fully considers the matters described above.
2. the Provider takes all reasonable steps to ensure that the forensic engagement process remains confidential and each participant in the process is advised by the Provider of this requirement during the process.
3. the Provider conducts interviews with any person who, in their professional opinion, could contribute information related to the issues.
4. persons being interviewed are provided with the option of being accompanied by another person.
5. evidence accumulated that confirms or dispels the concerns meets the balance of probabilities and burden of proof.
6. the Provider adheres to Standard Practices for Investigative and Forensic Accounting (IFA) Engagements as published by the Chartered Professional Accountants of Canada.
7. the Provider must at all times comply with all applicable laws, act only on the instruction and direction of the Comptroller General and ensure that the principles of administrative fairness are upheld throughout the forensic engagement process.

On the direction of the Comptroller General, the Provider is entitled to request records of ministries and Crown agencies, and specified service-providers, that are relevant to the Provider's process. With the approval of the Comptroller General, the Provider is entitled to access facilities and employees during regular business hours. The Provider may request persons attend in-person interviews in Vancouver, British Columbia.

At the time of entering into this agreement, the Comptroller General is not aware of any actions by any persons related to the forensic engagement that would be considered criminal in nature. If at any time during the forensic engagement the Provider discovers information that may suggest any criminal activity has occurred, the Provider must immediately stop the forensic engagement and provide that information to the Comptroller General. The Comptroller General will assess that information and determine if the matter should be referred to the appropriate law enforcement officials.

### **Timeframe & Reporting**

The forensic engagement must only commence following execution of the Service Agreement between the Province of British Columbia, as represented by the Comptroller General, and the Provider.

The Provider must provide sufficient information on a regular basis for the Comptroller General to assess that the forensic engagement purpose, scope, and timing remain relevant. Progress update meetings are to be held at minimum every two weeks, or sooner if determined by the Comptroller General or Provider.

The Provider's written report must be issued to the Comptroller General.

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s.13 ; s.14 ; s.17 ; s.22