



*Office of the Auditor General / Bureau du vérificateur général*

**AUDIT OF THE ASSESSMENT AND MONITORING OF ELIGIBILITY  
FOR SOCIAL HOUSING SUBSIDIES**

**2008**

**VÉRIFICATION DE L'EXAMEN ET DU SUIVI DES ÉVALUATIONS  
D'ADMISSIBILITÉ AUX SUBVENTIONS POUR LOGEMENTS SOCIAUX**



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## EXECUTIVE SUMMARY

### *Introduction*

On May 14, 2008 the City Council approved the following motion:

- That Council request the Auditor General to conduct an audit of the eligibility assessment and on-going monitoring processes of the Service Manager or designate for social housing applicants and tenants as part of the 2008 work plan;
- That Council request the Auditor General to conduct an audit of the role and mandate of the Housing Branch as part of his 2008 work plan.

As such, these two audits were added to the 2008-2009 work plan for the Office of the Auditor General.

### *Background*

There are eight different social housing programs and six rent supplement programs administered by the Service Manager. The City funds Rent Geared to Income (RGI) subsidies in six of the social housing programs and all of the rent supplement programs. In general terms, RGI subsidies cover the gap between what low-income tenants can afford to pay for the housing unit, based on spending no more than 30% of their gross household income or the Ontario Works (OW) and Ontario Disability Support Program (ODSP) scale rents, and the actual market rent for the unit.

Currently, in Ottawa there are approximately 16,500 rent-geared-to-income subsidy units and 1,900 rent supplements under the Social Housing Reform Act (SHRA). These are managed by 56 local housing providers (HP) or through agreements between the City and more than 50 private landlords (See Appendix C for details).

Subsidizing social housing is a significant cost to the City. Overall, housing providers and landlords with Rent Supplement agreements in Ottawa received \$107.8 million in operating subsidies in 2008 (2007 - \$104.7 million). The City received \$32.7 million in funding from the Federal government in 2008 and 2007, and \$2.7 million for rent supplements from the Province in 2008 and 2007, leaving a net cost of \$72.4 million to the City in 2008 (2007 - \$69.3 million).

There are almost 10,000 households on the centralized waiting list (CWL) for RGI social housing. The number on the waiting list has been relatively constant over the last five years. Approximately 20% of the list is housed each year. The average wait time is five to eight years, with seniors, singles and those with either a local or provincial placement priority being housed more quickly, such as victims of abuse, the homeless, and persons requiring urgent safety or are a medical priority.

## **Audit Objectives**

The Audit of the Assessment and Monitoring of Eligibility for Social Housing Subsidies is intended to provide assurance to the City that households deemed to be eligible for social housing are in fact eligible and that the related calculation of the RGI is accurate and updated to reflect a household's changing circumstances, such as income levels and/or a household's composition. The objective was to conduct a thorough compliance audit of all aspects related to the processes and controls that the City has in place for assessing and monitoring eligibility for social housing subsidies as mandated under the SHRA. In addition, the audit assessed any processes and controls that are in place to ensure that the funding paid by the City to the housing providers is used for the intended purposes. Finally, the audit reviewed the processes and controls with respect to the determination of the benchmark market rents, which are used to calculate the RGI subsidies, to ensure that the risk of overpayment is minimized. The specific criteria for the audit are detailed, by organization audited, in Section 4 of this report.

The audit methodology and approach included a planning, execution, and reporting phase. The details of our findings are summarized in the observations and recommendations sections of this report. A summary of the findings and recommendations are presented below by Organization.

In addition to the audit of Assessing and Monitoring Eligibility for Social Housing Subsidies, Council requested an audit of the Role and Mandate of the Housing Branch. This audit began in the fall of 2008 however at the conclusion of the planning phase management's corporate re-organization resulted in the disbanding of the Housing Branch and the elimination of the Director of Housing position. As a result of this re-organization the audit of the role and mandate of the Housing Branch was halted. Based on the work that was completed, management was provided a set of observations and suggested actions. These are summarized below.

## **Observations and Recommendations**

### **Assessing and Monitoring Eligibility - The City of Ottawa (the City)**

Overall, the City needs to improve its management controls and practices with respect to the RGI Administration processes and oversight function as Service Manager in the following areas:

- RGI oversight functions need to be formalized by drafting procedures to guide the staff in carrying out their duties, including those to be performed during Housing Provider (HP) site visits such as testing the RGI subsidy calculations.
- Not all HP Service Agreements between the HPs and the City are signed by both parties and there is not always a signed copy maintained on file.

- The Annual Information Returns (AIR) reconciliation process is often subject to significant delays. A thorough analysis of the major causes for this is required along with a plan of action for remedying the situation. This could result in the redistribution of responsibilities related to this task.
- The follow up process related to HP Site Visit Report recommendations is not always completed on a timely basis. A record of any form of communication with the HPs is not maintained in the HP file for future reference and follow up.
- A risk profile to identify HPs that should be given priority during the site visit cycle would make the process more effective and efficient.
- Periodic site visits to the Registry are required to test the Registry's compliance with the SHRA and with the Registry's Agreement with the City.

### **Assessing and Monitoring Eligibility - The Social Housing Registry of Ottawa (Registry)**

With regard to the Registry:

- Consideration should be given to expanding the role of the Registry beyond the current assessment of residency status to include an initial needs assessment based on the applicant's current income status. This would ensure a more consistent approach to needs assessment, allow for more efficient oversight by the City of this process and increase the accuracy of the Central Waiting List (CWL).
- A reduction in the types of documentation accepted to assess applicants' residency status would increase efficiency and reliability.
- Documentation of the rent arrears verification process can be improved.

### **Assessing and Monitoring Eligibility - Ottawa Community Housing Corp. (OCHC) and Other Housing Providers**

With respect to Ottawa Community Housing and other HPs we noted a lack of standard policies and procedures related to RGI administration. However, it must be noted that the OCHC is in the process of preparing a policy and procedures manual that will include RGI administration. The City should be involved in this process to assist and ensure that all HPs are managing the RGI processes and controls in a consistent and equitable manner.

### **Assessing and Monitoring Eligibility - Rent Supplement Office (RSO) of the City**

With respect to the RSO, we noted that the Office is duplicating the efforts of the Registry in the area of residency verification, which could be eliminated.

### **Role and Mandate of the Housing Branch**

As explained above, although the audit of the role and mandate of the Housing Branch was halted due to a re-organization of this function during the audit,

detailed observations and suggested actions were provided to management on a number of issues based on the work completed, including:

- Balancing the Service Manager's dual role as regulator and facilitator
- Actively monitoring the effectiveness of the central waiting list function
- Ensuring reliable and accessible records and information
- Considering new affordable housing options and strategies and
- Ongoing development of the Housing Strategy and communications with Council Members

## ***Recommendations***

### **Recommendation 1**

**That the City develop formal procedures for all RGI administration oversight functions including procedures to be performed during Housing Provider site visits such as testing the RGI subsidy calculations.**

#### **Management Response**

Management agrees with this recommendation.

Although informal procedures have been in place for a number of years, staff are in the process of planning and developing a detailed procedure manual. The procedure manual will capture and formalize in writing, the procedures for all RGI administration oversight functions including procedures to be performed during Housing Provider site visits. This process will be completed in Q1 2011.

### **Recommendation 2**

**That the City ensure all HP Service Agreements between the HPs and the City are formalized (i.e., signed by both parties) and that a signed copy is maintained on file.**

#### **Management Response**

Management agrees with this recommendation.

A review of all HP Service Provider Agreements has been completed. The review clarified that a total of four agreements were either missing or not properly executed. Appropriate action is underway to rectify the situation and will be completed in Q1 2010.

### **Recommendation 3**

**That the City review and analyze the major cause(s) of the delays in the AIR reconciliation process and establish a plan of action for eliminating these delays.**

**Management Response**

Management agrees with this recommendation.

A review has been completed and action is now underway to create a second Financial Co-ordinator position by eliminating an existing position. The job description for the Financial Co-ordinator has been updated to appropriately reflect the responsibilities regarding RGI administration, reconciliation and duties related to the SHRA. Staffing will be completed in Q2 2010.

**Recommendation 4**

**That the City implement a process for periodic validation of the HP self-assessment of compliance.**

**Management Response**

Management agrees with this recommendation.

It is current practice for the Program Administrator to review and confirm accuracy of the HP self-assessment during a site visit with a housing provider. This review also includes a governance practices review, a property management review, a tenant file review and a review of RGI calculations. This process, which includes a tracking system, will be formalized through the development of the policy and procedure manual referenced in management's response to Recommendation 1. The procedure manual will be completed in Q1 2011.

**Recommendation 5**

**That the City ensure follow up of the Site Visit Report recommendations is completed on a timely basis and that a record of any form of communication with the HPs be maintained in the HP file for future reference and follow up.**

**Management Response**

Management agrees with this recommendation.

Staff will incorporate standardized procedures in the policy and procedure manual for RGI administration (refer to management's response to Recommendation 1) to ensure timely reporting to and from the Housing Provider regarding Site Visit Reports. A tracking system has been implemented to ensure reporting timelines are met with appropriate notification and follow-up according to a prescribed schedule. The procedure manual will be completed in Q1 2011.

**Recommendation 6**

**That the City develop a risk profile to identify the sample of HPs that should be given priority for site visits.**

**Management Response**

Management agrees with this recommendation.

A risk assessment tool will be incorporated into the procedure manual referenced in management's response to Recommendation 1. The risk assessment tool will take into consideration information received through the Annual Information Review (AIR) process and site visits. It will include an evaluation on how the Housing Provider meets the housing standards outlined in the Social Housing Standards document which was developed by housing providers and the City in 2008. The procedure manual will be completed in Q1 2011.

**Recommendation 7**

**That the City perform periodic site visits to the Registry to test the Registry's compliance with the SHRA and with the Registry's Agreement with the City.**

**Management Response**

Management agrees with this recommendation.

A formal site visit and operational review will be conducted in the winter of 2010. Site visits are scheduled to occur every three years or more often if the Service Manager deems it necessary. The formal site visit and operational review will be completed in Q2 2010.

**Recommendation 8**

**That Council petition the Ministries of Community and Social Services and Municipal Affairs and Housing to develop legislation that allows greater sharing of social assistance information across municipal programs.**

**Council Response**

Management agrees with this recommendation.

The item will be brought forward to Council in Q2 2010.

**Recommendation 9**

**That the City ensure the job descriptions of the positions involved in the RGI administration process are current and specifically include responsibilities related to RGI administration and other duties related to the SHRA.**

**Management Response**

Management agrees with this recommendation.

A majority of the job descriptions involved in the RGI administration process have been updated (Program Administrator, Technical Assessor, Financial Coordinator, Rent Supplement Clerk, Housing Officer). The remaining job descriptions will be updated by the end of Q3 2010.

**Recommendation 10**

**That the City pursue an expansion of the role of the Registry to include an initial needs assessment.**

**Management Response**

Management agrees with this recommendation.

Completing an initial household income verification at the time of application would assist in determining if households are eligible for the “below market rent” (BMR) income threshold. If eligible, they can be placed on the BMR waiting list in addition to the social housing Centralized Waiting List which, will improve options for housing. This, however, will not replace the requirement that household income verification be completed by the housing provider at time of offer. The rent subsidy is based on a unit specific calculation of household income in relation to the market rent for the specific unit offered and income. Those contributing to the income in a household may, and often do, change between the time of the initial application and the time of offer which may be several years later.

The income verification process and procedure will be completed by Q2 2010 and will be included in the procedure manual referenced in management’s response to Recommendation 1. In addition, a directive will be issued to the Registry regarding this issue.

**Recommendation 11**

**That the City seek Council direction on the desire to petition the Ministry of Municipal Affairs and Housing to allow the City to require confirmation that anyone claiming abuse has commenced legal proceedings.**

**Management Response**

Management disagrees with this recommendation.

Individuals fleeing abuse may lack financial or other resources required to commence legal proceedings, or they may not be ready or willing to do so. Although confirmation that legal proceedings have commenced would be helpful in documenting an individual's situation, a letter signed by a doctor, social worker, or other acceptable representative, as is the current requirement, is a more appropriate indicator of need.

**Recommendation 12**

**That the Registry reduce the types of documents that establish that a household meets the residency eligibility requirements by only allowing for example the following types of proof:**

- **Canadian passport**
- **Birth Certificate issued by a Canadian Province or Territory**

- **Landed Immigrant Status paper**
- **Residency card issued by the Canadian Government**

### **Management Response**

Management disagrees with this recommendation.

Management agrees that the list of acceptable documentation should be limited but also believes that the Service Manager needs to retain flexibility so as not to deny an eligible household who may be without the aforementioned documents at the time of application. Examples of such circumstances could include: a household fleeing abuse or a family becoming homeless because of a fire in their residence – leaving their documentation behind. It takes time and money to re-establish residency and some temporary discretion should be allowed in situations such as these. In addition, current legislation allows and promotes flexibility in residency eligibility documentation in cases of provincial housing priority (Special Provincial Priority) for households experiencing domestic violence.

Management believes that it is reasonable to substitute alternative documents such as Ontario Works (OW) or Ontario Disability Support Program (ODSP) pay stubs as proof of residency status. OW and ODSP have rigorous standards which must be satisfied confirming residency status before funds are issued.

### **Recommendation 13**

**That the Registry document that arrears checking has been performed in all cases.**

### **Management Response**

Management agrees with this recommendation.

A directive has been issued to the Registry to ensure this procedure is followed. Compliance with this requirement will be monitored through site visits and normal exchange of data. Site visits are scheduled to occur every three years or more often if the Service Manager deems it necessary.

### **Recommendation 14**

**That the City work with HPs to develop standardized procedures for Housing Placement, Annual Review Process, Changes to Household Occupancy and Overhoused Households, including:**

- **Placement decision processes to ensure only Provincial- and City-mandated criteria are used and other criteria (i.e., ethnic, religious, etc.) are not;**
- **Calculating the RGI subsidy under various circumstances;**
- **Utilizing T1 Assessments for all household members;**
- **Requiring a second person to check the RGI calculations for households reporting self-employment income;**

- **Calculating interest income; and,**
- **Proof of residency to be obtained for cases where an occupant is added to a household.**

**Management Response:**

Management agrees with this recommendation and will work with Housing Providers to meet the objectives as outlined in the recommendation. However, requiring a second person to check RGI households for self-reporting income may not be feasible for the smaller providers who rely on only one half-time coordinator to manage the administration of the building. In these cases, there is no other employee to check RGI calculations. By developing clear and consistent guidelines for the calculation of RGI including those households with self-employment income, the risk of error will be minimized. Standardized procedures (refer to management’s response to Recommendation 1) will be completed in Q1 2011.

**Recommendation 15**

**That Housing Providers ensure all households with overhoused units are placed on the Registry’s CWL within one year of becoming overhoused and that these lists are updated on a quarterly basis.**

**Management Response:**

Management agrees with this recommendation.

This requirement will be incorporated into the standardized procedures being developed in response to Recommendation 1. A directive has been sent to all Housing Providers regarding this requirement, and the Service Manager will check for compliance as part of site visits by the end of Q1 2010.

**Recommendation 16**

**That the City establish a clear timeframe for elimination of duplicate RGI calculations by the Rent Supplement Office.**

**Management Response:**

Management agrees with this recommendation. Staff are currently testing a revision of the SHAMIS software that will eliminate the need for manual calculations. Commencing Q1 2010, staff will use only the SHAMIS software to complete calculations.

**Recommendation 17**

**That the RSO rely on the residency verification performed by the Registry and discuss the file transfer process with the Registry to ensure that a mutually agreeable timeframe can be established for the transfer of the files.**

**Management Response:**

Management agrees with this recommendation. However, management wishes to clarify that if a household has changed composition since the last update to the application file at the Registry, the RSO will still need to verify that anyone added meets the residency verification. The RSO and the Registry will develop a protocol to ensure the timely transfer of files by the end of Q1 2010.

**Conclusion**

The objective of this audit was to provide assurance that households deemed to be eligible for social housing are in fact eligible and that the related calculation of the Rent Geared to Income (RGI) is accurate and updated to reflect a household's changing circumstances, such as income levels and/or a household's composition. Individual Housing Providers remain the key player in ensuring this as they have been delegated the responsibility for assessing and monitoring need. The City's process for financial oversight of HPs to ensure funds are used appropriately is comprehensive. However, its effectiveness is limited by ongoing delays in procedures such as AIR reconciliation and site visit follow-up. It is important to note the City's jurisdiction in this regard is limited by the fact that, with the exception of OCHC, HPs are fully independent bodies governed by Boards that do not report to Council.

The lack of consistent and formalized procedures and the current gaps in the City's process for monitoring Housing Providers via validation of self-assessments, site visits and follow-ups makes it difficult to provide complete assurance. There is a perception among some citizens that there are instances of abuse in this area. The lack of consistency in many areas creates the real risk that these concerns are more than just perception. Although no specific cases of abuse were identified in the audit, action on the recommendations contained herein is intended to minimize these risks and result in greater assurance that those most in need are receiving the available assistance.

**Acknowledgement**

We would like to acknowledge the transparent and continued cooperation of all the Social Housing & Shelters Management Branch personnel contacted and interviewed throughout the course of this audit. We also wish to acknowledge the cooperation and input of the representatives of the Registry, the Rent Supplement Office (of the City), Ottawa Community Housing Corporation, as well as the other HPs that were contacted and provided information during this audit.

## RÉSUMÉ

### ***Introduction***

Le 14 mai 2008, le Conseil municipal a adopté la motion suivante :

- le Conseil demande au vérificateur général d'intégrer à son plan de travail pour 2008 une vérification des évaluations d'admissibilité et des procédures de suivi continu auxquelles a recours le gestionnaire de services (ou son remplaçant désigné) auprès des demandeurs de logement social et des locataires; et
- le Conseil demande que le vérificateur général intègre à son plan de travail pour 2008 une vérification du rôle et du mandat de la Direction du logement.

Ces deux vérifications ont donc été ajoutées au plan de travail du Bureau du vérificateur général pour 2008-2009.

### ***Contexte***

Le gestionnaire de services administre huit programmes distincts de logement social et six programmes de supplément de loyer. La Ville verse des subventions de loyer proportionné au revenu par le biais de six des programmes de logement social et de l'ensemble des programmes de supplément de loyer. Dans l'ensemble, les subventions de loyer proportionné au revenu comblent l'écart entre ce que les locataires à faible revenu peuvent payer pour un logement, en se fondant soit sur une dépense pour le loyer équivalant au plus à 30 % du revenu brut du ménage, soit sur l'échelle de loyers du programme Ontario au travail et du Programme ontarien de soutien aux personnes handicapées, et le coût réel actuel du loyer selon le marché.

À l'heure actuelle, il y a, à Ottawa, environ 16 500 logements faisant l'objet de subventions de loyer proportionné au revenu et 1 900 logements s'inscrivant dans des programmes de supplément de loyer qui relèvent de la *Loi sur la réforme du logement social*. Ces logements sont gérés par 56 fournisseurs de logement locaux ou par le biais d'accords entre la Ville et plus de 50 propriétaires privés (consultez l'Annexe C pour obtenir des détails).

Les subventions accordées pour les logements sociaux représentent des coûts importants pour la Ville. Globalement, les fournisseurs de logement et les propriétaires d'Ottawa ont reçu 107,8 millions de dollars en 2008 (et 104,7 millions en 2007) en subventions d'exploitation dans le cadre des accords de supplément de loyer. La Ville a reçu, pour les suppléments de loyer, un financement de 32,7 millions de dollars du gouvernement fédéral en 2007 et 2008, et de 2,7 millions de dollars du gouvernement provincial pour les suppléments de loyer en 2007 et

2008; le coût net pour la Ville a été de 72,4 millions de dollars en 2008 (et de 69,3 millions de dollars en 2007).

Près de 10 000 ménages figurent à la liste d'attente centralisée pour l'obtention d'un logement dont le loyer est proportionné au revenu. Le nombre d'inscrits à la liste est demeuré relativement constant au cours des cinq dernières années. Chaque année, environ 20 % des inscrits obtiennent un logement. Le temps d'attente moyen est de cinq à huit ans, un logement étant attribué plus rapidement aux aînés, aux personnes vivant seules et aux personnes jugées prioritaires selon des critères municipaux ou provinciaux (comme les victimes de violence, les sans-abri et les personnes qui doivent se trouver en sécurité sans tarder ou qui font l'objet d'une priorité médicale).

### **Objectifs de la vérification**

La vérification de l'examen et du suivi des évaluations d'admissibilité aux subventions pour logements sociaux visait à fournir à la Ville l'assurance que les ménages jugés admissibles à un logement social le sont vraiment. On cherchait également à vérifier si le calcul des subventions de loyer proportionné au revenu est juste et mis à jour de façon à tenir compte des circonstances changeantes des ménages, comme la variation de leur niveau de revenu et de leur composition. L'objectif consistait à effectuer une vérification complète de la conformité de tous les aspects des procédures et mesures de contrôle que, conformément à la *Loi sur la réforme du logement social*, la Ville a mises en place relativement à l'examen et au suivi des évaluations d'admissibilité aux subventions pour logements sociaux. La vérification a aussi porté sur les procédures et mesures de contrôle utilisées pour s'assurer que les subventions versées par la Ville aux fournisseurs de logement sont véritablement utilisées aux fins prévues. Finalement, la vérification a permis d'examiner les procédures et mesures de contrôle au regard des montants de référence fixés pour les loyers du marché dans le calcul des subventions de loyer proportionné au revenu, et ce, en vue de minimiser le risque de versement excédentaire. Vous trouverez, à la section 4 de ce rapport, le détail, par organisme vérifié, des critères particuliers utilisés aux fins de la vérification.

La méthodologie et l'approche de la vérification prévoyaient les phases suivantes : planification, mise en œuvre et rapport. Les détails des constatations sont résumés dans les sections de ce rapport portant sur les observations et recommandations. On trouve également ci-dessous un sommaire, par organisme, des constatations et des recommandations.

Outre la vérification de l'examen et du suivi des évaluations d'admissibilité aux subventions pour logements sociaux, le Conseil a demandé une vérification du rôle et du mandat de la Direction du logement. Cette vérification a commencé à l'automne 2008; toutefois, au terme de la phase de planification, le processus de remaniement organisationnel de la direction a mené au démembrement de la

Direction du logement et à l'élimination du poste de directeur de la Direction du logement. Dans la foulée de cette réorganisation, on a suspendu la vérification du rôle et du mandat de la Direction du logement. La direction a néanmoins reçu une série d'observations et de suggestions de mesures basées sur les travaux qui ont été effectués. En voici le sommaire ci-dessous.

## **Observations et recommandations**

### **Examen et suivi des évaluations d'admissibilité : la Ville d'Ottawa (la Ville)**

Dans l'ensemble, la Ville doit améliorer ses pratiques de gestion et mesures de contrôle relativement aux processus d'administration des subventions de loyer proportionné au revenu et à la fonction de surveillance du gestionnaire des services, et ce, dans les aspects suivants :

- Les fonctions de surveillance associées aux subventions de loyer proportionné au revenu doivent être officialisées par l'établissement de procédures visant à guider le personnel dans l'accomplissement de ses tâches, y compris celles effectuées pendant la visite des logements auprès des fournisseurs (comme la vérification du calcul des subventions de loyer proportionné au revenu).
- Les accords de services entre les fournisseurs de logement et la Ville ne sont pas tous signés par les deux parties; de plus, les documents signés ne figurent pas toujours au dossier.
- Le processus de rapprochement associé aux rapports d'information annuels présente souvent des retards importants. Il convient d'effectuer une analyse approfondie des principales causes de cette situation et d'élaborer un plan d'action pour y remédier. Il se peut qu'on ait à redistribuer les responsabilités associées à ces tâches.
- Les procédures de suivi associées aux recommandations du rapport sur les visites de logements auprès des fournisseurs ne sont pas toujours effectuées dans les délais prévus. Les dossiers des fournisseurs de logement ne contiennent aucune trace des échanges qu'on a entretenus avec eux, information pourtant utile à titre de référence et en prévision des suivis.
- Élaborer un profil de risque pour cibler les fournisseurs de logement à prioriser dans le cycle des visites de logements permettrait d'améliorer l'efficacité et l'efficacité du processus.
- Des visites périodiques au Registre sont aussi nécessaires pour vérifier si celui-ci se conforme à la *Loi sur la réforme du logement social* et à l'accord entre le Registre et la Ville.

**Examen et suivi des évaluations d'admissibilité : le Registre du logement social d'Ottawa (le Registre)**

En ce qui a trait au Registre :

- On devrait envisager d'étendre la responsabilité du Registre au-delà de son rôle actuel de vérification du statut de résidence pour y inclure une évaluation initiale des besoins fondée sur le niveau de revenu courant du demandeur. Cette mesure permettrait d'améliorer la constance dans l'évaluation des besoins, l'efficacité du rôle de surveillance de la Ville dans ce processus et l'exactitude des données de la liste d'attente centralisée.
- On améliorerait l'efficacité et la fiabilité du processus en réduisant les types de documents acceptés dans l'évaluation du statut de résidence des demandeurs.
- On pourrait aussi mieux documenter le processus de vérification des arriérés de loyer.

**Examen et suivi des évaluations d'admissibilité : la Société de logement communautaire d'Ottawa et les autres fournisseurs de logement**

Nous avons noté que la Société de logement communautaire d'Ottawa et les autres fournisseurs de logement ne disposent pas de politiques et procédures standards pour administrer les subventions de loyer proportionné au revenu. Il convient toutefois de noter qu'un manuel de politiques et procédures – portant aussi sur l'administration des subventions de loyer proportionné au revenu – est en cours de préparation à la Société. La Ville devrait prendre part à ce processus pour apporter son soutien et veiller à ce que les procédures et mesures de contrôle associées aux subventions de loyer proportionné au revenu sont gérées de manière constante et équitable par l'ensemble de fournisseurs de logement.

**Examen et suivi des évaluations d'admissibilité : Bureau des programmes de supplément de loyer de la Ville**

Nous avons observé que le Bureau des programmes de supplément de loyer effectue en double le travail du Registre en matière de vérification du statut de résidence; cette fonction pourrait donc être éliminée.

**Rôle et mandat de la Direction du logement**

Comme nous l'avons expliqué plus haut, on a suspendu la vérification du rôle et du mandat de la Direction du logement en raison de la réorganisation de celle-ci durant la vérification; la direction a tout de même reçu une série d'observations détaillées et de suggestions de mesures basées sur les travaux qui ont été effectués, notamment :

- Établir un équilibre entre les deux aspects du rôle du gestionnaire de services, soit ceux d'autorité de réglementation et de facilitation.

- Surveiller activement l'efficacité de la fonction associée à la liste d'attente centralisée.
- S'assurer d'avoir accès à des dossiers et à des données fiables.
- Envisager de nouvelles options et stratégies de logement abordable.
- Développer constamment la stratégie sur le logement et les communications avec les membres du Conseil.

## ***Recommandations***

### **Recommandation 1**

**Que la Ville établisse des procédures officielles pour contrôler l'administration de l'ensemble des programmes offrant des subventions de loyer proportionné au revenu, y compris des procédures qui seront effectuées pendant la visite des logements auprès des fournisseurs (comme la vérification du calcul des subventions de loyer proportionné au revenu).**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Bien que des procédures informelles soient en place depuis des années, le personnel planifie maintenant l'élaboration d'un manuel de procédures détaillées. Ce manuel de procédures officialisera par écrit les procédures relatives à l'ensemble des tâches de contrôle associées à l'administration de ces programmes de subventions de loyer proportionné au revenu, y compris les procédures à suivre pendant la visite des logements auprès des fournisseurs. Ce processus prendra fin au premier trimestre de 2011.

### **Recommandation 2**

**Que la Ville s'assure que tous les accords de services entre les fournisseurs de logement et la Ville soient officialisés (c.-à-d. signés par les deux parties) et que les documents signés demeurent au dossier.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

On a procédé à l'examen de tous les accords de services signés avec les fournisseurs de logement. Cet examen a montré que, au total, la documentation associée à quatre accords est soit manquante, soit mal remplie. Les mesures appropriées ont été prises en vue de rectifier cette situation, ce qui sera fait au premier trimestre de 2010.

### **Recommandation 3**

**Que la Ville passe en revue et analyse les causes majeures des retards observés dans le processus de rapprochement associé aux rapports d'information annuels et établisse un plan d'action pour mettre fin à ces retards.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

À la suite d'un examen, on a pris les mesures nécessaires pour créer un second poste de coordonnateur des services financiers par l'élimination d'un poste actuel. On a mis à jour la description de ce poste pour refléter de façon appropriée les responsabilités qui vont de pair avec l'administration des programmes liés aux subventions de loyer proportionné au revenu, ainsi que les tâches associées au rapprochement et à l'application de la *Loi sur la réforme du logement social*. Le recrutement sera terminé au deuxième trimestre de 2010.

### **Recommandation 4**

**Que la Ville mette en place un processus de validation périodique des auto-évaluations de conformité remplies par les fournisseurs de logement.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Le gestionnaire de programmes a l'habitude de passer en revue les auto-évaluations des fournisseurs de logement et d'en confirmer l'exactitude pendant la visite des logements. On vérifie par la même occasion les pratiques de gouvernance, la gestion immobilière, le dossier des locataires et le calcul des subventions de loyer proportionné au revenu. Ce processus, qui comprend un système de suivi, sera officialisé dans le cadre de l'élaboration d'un manuel de politiques et procédures (auquel on fait référence dans la « réponse de la direction » à la recommandation 1). Ce manuel de procédures sera prêt au premier trimestre de 2011.

### **Recommandation 5**

**Que la Ville veille à ce que les suivis associés aux recommandations du rapport sur les visites de logements soient effectués dans les délais prévus et que des données figurent au dossier des fournisseurs de logement quant aux échanges qui ont eu lieu, et ce, à titre de référence et en prévision de futurs suivis.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Le personnel intégrera à ce manuel de politiques et procédures relatives à l'administration des programmes de subventions (voir la « réponse de la

direction » à la recommandation 1) des procédures standardisées permettant de s'assurer que les rapports associés aux visites des logements soient présentés par les fournisseurs de logement et soient transmis à ces derniers dans des délais raisonnables. Un système de suivi, qui prévoit des avis et un suivi dans les délais prescrits, a été mis en place pour s'assurer qu'on respecte les échéanciers. Le manuel de procédures sera prêt au premier trimestre de 2011.

### **Recommandation 6**

**Que la Ville élabore un profil de risque pour cibler un échantillon de fournisseurs de logement pour qui les visites de logements sont prioritaires.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Un outil d'évaluation du risque sera intégré au manuel de procédures (auquel on fait référence dans la « réponse de la direction » à la recommandation 1). Cet outil d'évaluation du risque tiendra compte des données recueillies par le biais des rapports d'information annuels et des visites de logements. On y inclura une évaluation de la façon dont les fournisseurs de logement répondent aux normes exposées dans le document sur les normes en matière de logement social élaboré conjointement par les fournisseurs de logement et la Ville en 2008. Le manuel de procédures sera terminé au premier trimestre de 2011.

### **Recommandation 7**

**Que la Ville effectue des visites de logements périodiques au Registre pour vérifier si ses activités sont conformes à la *Loi sur la réforme du logement social* et à l'accord entre le Registre et la Ville.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Des visites de logements et un examen opérationnel officiels seront menés à l'hiver 2010. Les visites de logements sont prévues aux trois ans, ou plus fréquemment si le gestionnaire de services le juge nécessaire. Les visites de logements et l'examen opérationnel officiels seront terminés au deuxième trimestre de 2010.

### **Recommandation 8**

**Que le Conseil fasse pression auprès du ministère des Services sociaux et communautaires et du ministère des Affaires municipales et du logement afin d'introduire des mesures législatives qui permettent un meilleur partage de renseignements sur l'aide sociale entre les programmes municipaux.**

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**Réponse du Conseil municipal**

La direction est d'accord avec cette recommandation.

Ce point sera soumis au Conseil au cours du deuxième trimestre de 2010.

**Recommandation 9**

**Que la Ville s'assure que soient mises à jour les descriptions de postes associés au processus d'administration des subventions de loyer proportionné au revenu et que ces descriptions fassent état précisément des responsabilités liées à ce processus et des autres tâches relatives à l'application de la *Loi sur la réforme du logement social*.**

**Réponse de la direction**

La direction est d'accord avec cette recommandation.

On a mis à jour la plupart des descriptions de postes associés à l'administration des programmes de subventions de loyer proportionné au revenu (gestionnaire de programmes, évaluateur technique, coordonnateur des services financiers, commis aux programmes de supplément de loyer, commis à l'hébergement). Les autres descriptions de postes seront mises à jour avant la fin du troisième trimestre de 2010.

**Recommandation 10**

**Que la Ville continue d'étendre le rôle du Registre pour y inclure une évaluation initiale des besoins.**

**Réponse de la direction**

La direction est d'accord avec cette recommandation.

Le fait de procéder, au moment de la présentation de la demande, à une vérification initiale des revenus des ménages contribuerait à déterminer si ceux-ci se situent dans la fourchette de revenus correspondant au « loyer inférieur à celui du marché ». S'ils y sont admissibles, ces ménages pourraient être inscrits non seulement à la liste d'attente centralisée en matière de logement social, mais aussi à celle du « loyer inférieur à celui du marché », ce qui améliore leurs options en matière de logement. Toutefois, cette mesure ne dispense aucunement les fournisseurs de logement de leur obligation de vérifier le revenu du ménage au moment de lui présenter une offre. Les subventions pour le loyer sont déterminées en fonction d'un logement et d'un revenu particulier en comparant le loyer du marché au logement et au revenu en question. Il arrive parfois, et même souvent, que les personnes qui contribuent au revenu du ménage changent entre le moment de la présentation de la demande et celui de l'offre, car plusieurs années peuvent s'écouler entre-temps.

Le processus et les procédures associés à la vérification du revenu seront terminés au deuxième trimestre de 2010; on en tiendra aussi compte dans le manuel de procédures auquel on fait référence dans la « réponse de la direction » à la recommandation 1. De plus, on transmettra une directive au Registre à ce sujet.

### **Recommandation 11**

**Que la Ville demande le concours du Conseil dans sa requête auprès du ministère des Affaires municipales et du logement en vue de permettre à la Ville de demander confirmation que des poursuites judiciaires ont été intentées à la suite d'une plainte pour abus.**

#### **Réponse de la direction**

La direction n'est pas d'accord avec cette recommandation.

Les personnes qui fuient des situations de mauvais traitements ne disposent pas nécessairement des ressources financières (ou autres) pour entreprendre des poursuites judiciaires; elles n'y sont pas nécessairement prêtes ou n'ont pas toujours la volonté de le faire. Il serait utile d'obtenir une confirmation que des poursuites ont (ou n'ont pas) été intentées pour documenter la situation d'un demandeur; toutefois, l'exigence actuelle (à savoir une lettre signée par un médecin, un travailleur social ou tout autre représentant approprié) fournit un meilleur indicateur des besoins.

### **Recommandation 12**

**Que le Registre limite les types de documents qui prouvent qu'un ménage satisfait aux exigences en matière de statut de résidence en acceptant seulement, par exemple, les types de documents suivants :**

- Passeport canadien
- Acte de naissance délivré au Canada par un gouvernement provincial ou territorial
- Preuve du statut d'immigrant reçu
- Carte de résidence délivrée par le gouvernement canadien

#### **Réponse de la direction**

La direction n'est pas d'accord avec cette recommandation.

Bien qu'elle soit aussi d'avis que la liste des documents acceptés devrait être réduite, la direction estime que le gestionnaire de services doit disposer d'une certaine marge de manœuvre pour ne pas se voir dans l'obligation de refuser les demandes de ménages admissibles qui n'auraient pas en leur possession, au moment de présenter leur demande, les documents énumérés ci-dessus. Voici des exemples de telles circonstances : un ménage ou une famille qui laisse ses

documents derrière en fuyant une situation de mauvais traitements ou en se trouvant à la rue à la suite d'un incendie. Il faut du temps et de l'argent pour se reloger; ce type de situations nécessite qu'on fasse preuve d'une certaine latitude. De plus, la législation actuelle permet, et même encourage, le fait de faire preuve de souplesse quant aux documents d'admissibilité à un logement dans les cas jugés prioritaires selon les critères provinciaux d'attribution de logements (critères provinciaux spéciaux en matière de priorité) pour les ménages exposés à la violence familiale.

La direction estime qu'il est raisonnable d'utiliser, à titre de document de remplacement, les talons de chèque de paye du programme Ontario au travail ou du Programme ontarien de soutien aux personnes handicapées comme preuve du statut de résidence. Ces programmes appliquent tous deux des normes rigoureuses pour confirmer le statut de résidence avant qu'une subvention soit attribuée.

### **Recommandation 13**

**Que le Registre effectue et documente la vérification de tous les cas d'arriérés de loyer.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

On a transmis au Registre une directive visant à s'assurer qu'on suive cette procédure. On vérifiera si cette exigence est respectée au moment d'effectuer les visites de logements et par l'échange de données habituel. Une série de visites de logements est prévue aux trois ans, ou plus fréquemment si le gestionnaire de services le juge nécessaire.

### **Recommandation 14**

**Que la Ville collabore avec les fournisseurs de logement en vue d'établir des procédures normalisées pour ce qui est de l'attribution des logements, du processus d'examen annuel et de la notification de changements dans la situation des ménages (occupant additionnel non éligible) et logement sous-peuplé (diminution du nombre d'occupants par rapport au nombre de chambres à coucher), notamment dans les secteurs suivants :**

- **Processus de décision dans l'attribution des logements qui garantit le recours unique aux critères prescrits par la province et la Ville, à l'exclusion des autres (p. ex. origine ethnique, religion);**
- **Calcul des subventions de loyer proportionné au revenu adapté à diverses circonstances;**
- **Utilisation des données du T1 pour tous les membres du ménage;**

- **Recours à une deuxième personne pour vérifier les calculs des subventions de loyer proportionné au revenu dans le cas des ménages déclarant des revenus d'un travail indépendant;**
- **Calcul des revenus en intérêts; et,**
- **Obtention d'une preuve du statut de résidence lorsqu'un ménage compte un nouvel occupant.**

### **Réponse de la direction**

La direction est d'accord cette recommandation et travaillera de pair avec les fournisseurs de logement pour atteindre les objectifs présentés dans la recommandation. Toutefois, le fait d'exiger qu'une seconde personne passe en revue les calculs des subventions lorsque des ménages déclarent eux-mêmes leur revenu n'est pas nécessairement faisable dans le cas des petits fournisseurs de logement qui ne disposent que d'un coordonnateur à mi-temps pour veiller à l'administration de l'immeuble. Dans de tels cas, on ne peut compter sur un second employé pour vérifier le calcul des subventions. On minimise le risque d'erreur en établissant des lignes directrices claires et cohérentes pour le calcul des subventions de loyer proportionné au revenu, y compris pour les cas des ménages qui déclarent des revenus d'un travail indépendant. Le manuel de procédures normalisées (voir la « réponse de la direction » à la recommandation 1) sera terminé au premier trimestre de 2011.

### **Recommandation 15**

**Que les fournisseurs de logement s'assurent que tous les ménages occupant un logement sous-peuplé soient inscrits à la liste d'attente centralisée du Registre dans un délai inférieur à un an (de la date de diminution du nombre d'occupants par rapport au nombre de chambres à coucher) et que la liste soit mise à jour chaque trimestre.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

On tiendra compte de cette exigence dans l'élaboration des procédures normalisées qui sera effectuée dans la foulée de la recommandation 1. Une directive a été transmise à tous les fournisseurs de logement relativement à cette exigence; le gestionnaire de services vérifiera si l'on s'y conforme pendant la visite des logements d'ici la fin du premier trimestre de 2010.

### **Recommandation 16**

**Que la Ville établisse un échéancier clair pour l'élimination du travail effectué en double au Bureau des programmes de supplément de loyer quant au calcul des subventions de loyer proportionné au revenu.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation. À l'heure actuelle, le personnel fait l'essai d'une nouvelle version du logiciel SHAMIS, qui élimine la nécessité d'effectuer les calculs manuellement. Dès le premier trimestre de 2010, le personnel n'utilisera que le logiciel SHAMIS pour effectuer les calculs.

### **Recommandation 17**

**Que le Bureau des programmes de supplément de loyer s'appuie sur le processus de vérification du statut de résidence effectué au Registre et s'entende avec celui-ci sur une procédure permettant le transfert des données dans des délais raisonnables pour les deux organismes.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation. Toutefois, la direction souhaite préciser que, si la composition d'un ménage a changé après la dernière mise à jour de la demande présentée au Registre, le Bureau des programmes de supplément de loyer doit tout de même vérifier le statut de résidence de la personne qui s'est jointe au ménage (le cas échéant). Le Bureau des programmes de supplément de loyer et le Registre mettront en place, d'ici la fin du premier trimestre de 2010, une procédure permettant de transférer les données dans des délais raisonnables.

## **Conclusion**

L'objectif de cette vérification consistait à s'assurer que les ménages jugés admissibles à un logement social le sont vraiment; on cherchait également à vérifier si le calcul des subventions de loyer proportionné au revenu est juste et mis à jour de façon à tenir compte des circonstances changeantes des ménages, comme la variation de leur niveau de revenu et leur composition. Les fournisseurs de logement sont les mieux placés pour s'en assurer, car on leur a délégué la responsabilité d'évaluer les besoins et d'en faire le suivi. Nous jugeons adéquat le processus de surveillance financière instauré par la Ville en vue de vérifier l'utilisation appropriée faite par les fournisseurs de logement des fonds versés. Toutefois, l'efficacité de ce processus est compromise en raison des retards constants observés dans la procédure, notamment dans le cas du rapprochement associé aux rapports d'information annuels et des suivis des visites de logements. Il est important de noter que la Ville ne détient qu'une autorité limitée à cet égard, car les fournisseurs de logement sont, à l'exception de la Société de logement communautaire d'Ottawa, des organismes totalement indépendants dirigés par des conseils d'administration qui ne relèvent pas du Conseil.

Par ailleurs, il est difficile d'obtenir des garanties complètes en raison de l'absence de procédures officielles stables et des variations dans les procédures municipales

de surveillance des fournisseurs de logement quant à la validation des auto-évaluations, aux visites de logements et aux suivis. Ainsi, certains citoyens sont amenés à croire qu'il y a abus dans ce domaine. Certes, le manque de constance dans certains secteurs s'accompagne d'un véritable risque que ces doutes s'avèrent fondés. Bien que la vérification n'ait permis de déceler aucun cas particulier d'abus, l'application des recommandations contenues dans le présent rapport vise à minimiser les risques et à obtenir une plus grande assurance que l'aide offerte parvient bien à ceux et celles qui en ont le plus besoin

## **Remerciements**

Nous souhaitons souligner le souci de transparence et la coopération continue de l'ensemble des membres du personnel de la Direction du logement social et de la gestion des refuges que nous avons contactés ou interviewés dans le cadre de cette vérification. Nous remercions également de leur coopération et de leurs commentaires les représentants du Registre, le Bureau des programmes de supplément de loyer (de la Ville), la Société de logement communautaire d'Ottawa, ainsi que les autres fournisseurs de logement que nous avons contactés et qui nous ont renseignés dans le cadre de cette vérification.



## 1 INTRODUCTION

On May 14, 2008 the City Council approved the following motion:

- That Council request the Auditor General to conduct an audit of the eligibility assessment and on-going monitoring processes of the Service Manager or designate for social housing applicants and tenants as part of the 2008 work plan;
- That Council request the Auditor General to conduct an audit of the role and mandate of the Housing Branch as part of his 2008 work plan.

As such, these two audits were added to the 2008-2009 work plan for the Office of the Auditor General.

## 2 BACKGROUND

The Social Housing Reform Act (SHRA, or “the Act”) was passed in December 2000 and came into effect on April 1, 2002. This provincial legislation transferred the responsibility for the funding and administration of existing social housing programs to municipalities. As such, the City was designated the Service Manager for the transferred social housing portfolio in the City of Ottawa.

The role of the Service Manager within the Act is to administer existing social housing programs with prescribed social housing providers within the City. Among a number of other responsibilities, the Service Manager is mandated to:

- Maintain the Centralized Waiting List (CWL) for Rent Geared to Income (RGI) housing, including assessing general eligibility for RGI assistance and for eligibility for local housing priorities;
- Administer and oversee the delivery of RGI assistance to eligible households; and,
- Maintain the social housing arrears database for all social housing providers.

There are eight different social housing programs and six rent supplement programs administered by the Service Manager. The City funds RGI subsidies in six of the social housing programs and all of the rent supplement programs. In general terms, RGI subsidies cover the gap between what low-income tenants can afford to pay for the housing unit, based on spending no more than 30% of their gross household income or the Ontario Works (OW) and Ontario Disability Support Program (ODSP) scale rents, and the actual market rent for the unit.

Currently, in Ottawa there are approximately 16,500 rent-geared-to-income subsidy units and 1,900 rent supplements under the SHRA. These are managed by 56 local

housing providers or through agreements between the City and more than 50 private landlords (see Appendix C for details).

Subsidizing social housing is a significant cost to the City. Overall, housing providers and landlords with Rent Supplement agreements in Ottawa received \$107.8 million in operating subsidies in 2008 (2007 - \$104.7 million). The City received \$32.7 million in funding from the Federal government in 2008 and 2007, and \$2.7 million for rent supplements from the Province in 2008 and 2007, leaving a net cost of \$72.4 million to the City in 2008 (2007 - \$69.3 million).

There are almost 10,000 households on the centralized waiting list for RGI social housing. The number on the waiting list has been relatively constant over the last five years. Approximately 20% of the list is housed each year. The average wait time is five to eight years, with seniors, singles and those with either a local or provincial placement priority being housed more quickly, such as victims of abuse, the homeless, and persons requiring urgent safety or are a medical priority.

### **3 AUDIT OBJECTIVES, SCOPE AND APPROACH**

#### **3.1 Assessing and Monitoring Eligibility**

The objective of this audit was to conduct a thorough compliance audit of all aspects to the processes and controls that the City has in place for assessing and monitoring eligibility for social housing subsidies as mandated under the SHRA. In addition, the audit assessed any processes and controls that are in place to ensure that the funding paid by the City to the housing authorities is used for the intended purposes. Finally, the audit reviewed the processes and controls with respect to the determination of the benchmark market rents, which are used to calculate the RGI subsidies, to ensure that the risk of overpayment is minimized. The specific criteria for the audit are detailed, by organization audited, in Section 4 of this report.

Our audit was limited to the adequacy of the framework and the methodologies in place at the City, the Social Housing Registry of Ottawa (the Registry), the district offices of Ottawa Community Housing Corporation (OCHC), the Rent Supplement Office of the City (RSO) and a few smaller housing providers.

##### **3.1.1 Audit Planning Phase**

Further to the audit objectives described above, the audit team carried out procedures to gain an understanding with respect to the overall legislative and policy framework (Appendix A), as well as the processes relevant to the audit scope at the City, The Social Housing Registry of Ottawa and at the Housing Provider (HP) levels. Initially, interviews were conducted with City personnel having responsibilities related to social housing. The HP level assessment included on-site visits and interviews at the RSO, OCHC main office and one district office, as well as a visit to one smaller HP and to the Registry.

We performed an examination of the processes and controls for assessing and monitoring eligibility for social housing subsidies within the City through the review of documentation and by conducting interviews with key employees. Specific audit criteria, a detailed audit plan, and flowcharts were developed for the processes (Appendix B). The flowcharts were validated with the respective organizations.

### **3.1.2 Execution Phase**

Subsequent to the planning phase, the auditors performed on site visits at the City, the Registry, the RSO, the four OCHC district offices, as well as six smaller HPs. The objective of these visits was to substantiate the initial findings from the planning stage, as well as to perform reviews of files related to the initial and on-going eligibility for housing subsidies under the SHRA, including testing the benchmark rents and the RGI subsidy calculation processes.

To assess whether the management control framework with respect to assessing and monitoring eligibility for social housing subsidies was adequate, the audit reviewed the legislative framework, interviewed City employees responsible for these functions and reviewed a sample of HP files with respect to the annual reconciliation process surrounding payments to the HPs, as well as HP site monitoring visit files.

As part of the audit, we conducted a survey with the smaller HPs, most of which were not subject to on-site visits or file reviews. However, we did perform on-site visits at six smaller providers to gain a greater understanding of the processes, to identify possible process inconsistencies, or to find areas where general improvements could be made. These six smaller HPs ranged in size from approximately 40 RGI units to 270 RGI units. Although we use the term smaller housing provider for purposes of this section of the report, for better clarity we should state that the survey included HPs that range in size from approximately 12 to 600 RGI units.

At the end of the site visits, fact sheets were prepared and discussed with the relevant organizations to obtain their feedback. The details contained in these fact sheets are summarized in the observations and recommendations sections of this report, and are presented by the individual organizations.

## **3.2 Role and Mandate of the Housing Branch**

In addition to the audit of the Assessment and Monitoring of Eligibility for Social Housing Subsidies, Council requested an audit of the Role and Mandate of the Housing Branch.

The objectives of this audit were to assess the:

- Appropriateness of the present mandate/role;

- Clarity of the role;
- Current effectiveness of the Branch in delivering on this role; and,
- Anticipated capacity for the Branch's success in fulfilling its mandate.

Background documents were collected and reviewed, preliminary interviews were conducted with management and staff across the Housing Branch, interviews were held with all interested City Councillors and one preliminary interview was held with the Chief Executive Officer of OCHC.

This audit began in the fall of 2008 however at the conclusion of the planning phase management's corporate re-organization resulted in the disbanding of the Housing Branch and the elimination of the Director of Housing position. As a result of this re-organization the audit of the role and mandate of the Housing Branch was halted. Based on the work that was completed, management was provided a set of observations and suggested actions.

## **4 OBSERVATIONS AND RECOMMENDATIONS**

### **4.1 Assessing and Monitoring Eligibility - The City of Ottawa**

#### **Roles and Responsibilities**

Under the SHRA, the City was assigned the role of the local Service Manager for the delivery of social housing services. As such, the City is ultimately responsible for the adequacy and effectiveness of the social housing program in Ottawa. The accountability for social housing is within the City Operations portfolio, more specifically the Social Housing and Shelter Management Branch, which is part of the Community and Social Services Department. There are 12 employees who support the RGI administration, and act as support for and provide guidance to the HPs.

Part of the City's oversight function includes responsibility for the flow of funding for social housing from a variety of provincial and federal programs. There are two types of subsidies provided to the HPs: an RGI subsidy and an operations subsidy. The operations subsidy is intended to cover operational costs related to the RGI units that each HP maintains each year. The RGI subsidy represents the difference between the benchmark rents established by the Province each year (or market rents established by the HP if lower than the benchmark rents) and the RGI rental revenue earned by the HP. The City obtains the benchmark rents/rent increases from the Province by region and by type of unit. Based on this information, the City calculates each HPs benchmark rents for each RGI unit (see Appendix B, Chart #1, Control Point #1).

Both the RGI subsidies and the operations subsidies paid to the HPs are formula derived, and are calculated electronically using an internal database called SHAMIS

(Social Housing Administrative Management Information System) (see Appendix B, Chart #1, Control Points #2 and #3). The subsidies calculated by SHAMIS are reviewed and analyzed by the Financial Coordinator and approved by the Senior Program Administrator at the City, and any unusual amounts or inconsistencies are followed up before the subsidies are determined and officially communicated to the HPs (see Appendix B, Chart #1, Control Point #4).

While the City is responsible for the oversight of the RGI programs, it is allowed under the SHRA flexibility to delegate certain responsibilities. The City has delegated certain RGI administration functions to the HPs by establishing HP Service Agreements. On an annual basis, the HPs are required to provide audited financial statements, special auditor's reports, and other financial and statistical information to the City as part of the Annual Information Return (AIR) process, within five months of the respective HPs year end. The City performs reconciliations and analysis of this information using an AIR Checklist (see Appendix B, Chart #2, Control Point #1). All of this information is entered into an Access database (see Appendix B, Chart #2, Control Point #2), which is then consolidated to create the Service Manager Annual Information Return (SMAIR). The SMAIR summarizes the financial, operating and statistical information concerning social housing programs and is reported to the Province. The Province then audits this information on an annual basis. To date, the City has not received any feedback from the Province regarding these audits other than verbal feedback at the time of the audits to indicate that if there were problems the Province would follow up.

In a similar fashion that the City has delegated certain Service Manager responsibilities to the HPs, it has also delegated to the Registry the responsibility to maintain the Centralized Waiting List (CWL) for an annual fee. To formalize these responsibilities, the City entered into an Agreement with the Registry which became effective January 1, 2006. Prior to this, a letter of understanding between the City and the Registry dated in 2002 outlined operating protocols, outcome expectations and roles and responsibilities. The Agreement details the Registry's responsibilities with respect to maintaining the CWL, assessing eligibility, determining applicants' priority status, providing applicant lists to HPs, verifying and updating of applications, and conducting internal reviews as requested. This agreement was amended in July 2007. Further, effective April 2009, the Registry and the Housing Providers no longer conduct internal reviews. These are now done by a Service Manager directed panel. Essentially, under the Agreement the Registry takes on certain powers of a Service Manager under the SHRA. Also under the Agreement, the Registry is responsible for providing a list of very specific financial and statistical reports to the City on a quarterly or annual basis, including the annual audited financial statements of the Registry.

The following criteria were used to assess the processes and controls at the City level:

- Formal policies, procedures and guidelines exist to direct employees responsible for RGI administration
- Roles and responsibilities are detailed in the HP Service Agreements
- The RGI administration oversight processes are being performed adequately and in a timely manner
- There are processes in place to ensure value for money is being achieved and that funds are being used for the intended purpose
- Job descriptions properly outline the roles and responsibilities of City employees involved in the RGI administration and oversight functions

#### **4.1.1 Criterion – Formal policies, procedures and guidelines exist to direct employees responsible for RGI administration**

While the City employees are well versed on the processes required to perform their duties, the City does not have formal written policies and procedures relating to the oversight function of RGI administration. The City assumed the role of Service Manager in 2002 and has since implemented many processes to discharge its responsibilities under the SHRA, including the AIR reconciliation process and the HPs site visits. The lack of formal procedures creates a risk that the processes may not be applied consistently and equitably by different individuals, thereby resulting in a variety of conclusions for the same issue.

#### **Recommendation 1**

**That the City develop formal procedures for all RGI administration oversight functions including procedures to be performed during Housing Provider site visits such as testing the RGI subsidy calculations.**

#### **Management Response**

Management agrees with this recommendation.

Although informal procedures have been in place for a number of years, staff are in the process of planning and developing a detailed procedure manual. The procedure manual will capture and formalize in writing, the procedures for all RGI administration oversight functions including procedures to be performed during Housing Provider site visits. This process will be completed in Q1 2011.

#### **4.1.2 Criterion – Roles and responsibilities are detailed in the HP Service Agreements**

The City enters into legal agreements with HPs that detail the terms and conditions of the relationship, namely the Housing Provider Service Agreement and the Assignment of Authority for the Management of the Waiting List for Modified Units Without Support Services Agreement. The audit found that some HP agreements are not signed by the HPs and/or by the City because either they have been misplaced en route between the HP and the City or turnover in staff has resulted in delays in the signing of new agreements. This creates a risk that if the City encounters an issue with a HP related to the City's oversight function of RGI administration, there is no legal agreement to enforce the terms and conditions. The impact could be disputes that are difficult to resolve in the absence of a formal signed agreement.

#### **Recommendation 2**

**That the City ensure all HP Service Agreements between the HPs and the City are formalized (i.e., signed by both parties) and that a signed copy is maintained on file.**

#### **Management Response**

Management agrees with this recommendation.

A review of all HP Service Provider Agreements has been completed. The review clarified that a total of four agreements were either missing or not properly executed. Appropriate action is underway to rectify the situation and will be completed in Q1 2010.

#### **4.1.3 Criterion – The RGI administration oversight processes are being performed adequately and in a timely manner**

##### **4.1.3.1 Reconciliation Process**

The City has an annual reconciliation process with respect to the Annual Information Returns (AIR), which are to be submitted by the HPs to the City within five months after their respective year ends. This process includes verifying the HPs' annual financial and statistical information provided in the AIR, reviewing the financial statements and special auditor's reports, comparing actual RGI units to the targets, and assessing whether the HP is within the financial parameters set in the annual budget as established by the Province's indexed revenue and expense ratios.

One of the outcomes of this reconciliation process is the determination of the amount of funding owed to/from the provider for that fiscal year and the funding payments to be made to the provider throughout the upcoming fiscal year (retroactive adjustments to funding are made prospectively - i.e., in the year that the reconciliation is completed). The audit found that the AIR reconciliations are

approximately nine months behind schedule. The risk here is that if the City is owed funds back, which frequently seems to be the case, this delays the receipt of such funds. In addition, and perhaps more importantly, other reconciliation issues may not be identified on a timely basis, such as budget overruns or a HPs financial on-going viability. This represents a significant financial management and operational risk which could impact City resources. It should be considered a priority for action. Addressing this issue may require a redistribution of responsibilities related to this task.

### **Recommendation 3**

**That the City review and analyze the major cause(s) of the delays in the AIR reconciliation process and establish a plan of action for eliminating these delays.**

#### **Management Response**

Management agrees with this recommendation.

A review has been completed and action is now underway to create a second Financial Co-ordinator position by eliminating an existing position. The job description for the Financial Co-ordinator has been updated to appropriately reflect the responsibilities regarding RGI administration, reconciliation and duties related to the SHRA. Staffing will be completed in Q2 2010.

#### **4.1.3.2 Site Visits**

As previously mentioned, as part of its oversight responsibilities, the City performs site visits to selected HPs, which involves a physical and operational review of each site. The process includes sending the selected HP a questionnaire (Provincial-Reformed Housing Provider Compliance Checklist) to complete prior to the site visit. This form includes a variety of questions related to the HPs compliance with SHRA, including a section on RGI administration. It is the responsibility of the HP to self-assess whether they are in compliance. At the site visit the City's Program Administrator (PA) follows up with the HP on any areas where it has indicated non-compliance. At present, there is no process in place to validate this self-assessment to ensure its accuracy and completeness. To-date, the Social Housing and Shelter Management Branch has performed site visits for approximately one half of the HPs. Site visits are a compliance measure. During the site visit, corporate documents including policies and procedures are reviewed. Samples of RGI calculations are audited. The Self Assessment completed by the Housing Provider is reviewed for accuracy.

At the conclusion of the site visit, the PA prepares a Site Visit Report that is provided to the HP and is maintained on file by the City. The Site Visit Report includes a variety of different findings and recommendations for improvement, and a cover letter indicating a due date of when the HP must respond to the findings/recommendations in the Site Visit Report. We noted that this deadline is

not always respected by the HPs and follow up by the City's PA is not always timely. Based on discussions with the PAs, the follow up has been done verbally but no documentation on file indicates that fact. A spreadsheet is maintained by the Program Support Clerk showing when the responses are due back from each HP and when a response has been received. However, this process does not appear to be used to trigger the Program Administrators to follow up on overdue responses. Also, when a HP has been contacted by phone or e-mail, this information is not communicated back to the Program Support Clerk in order for the spreadsheet to be updated. Presently the Program Support Clerk does not communicate to each Program Administrator on a regular basis which of their respective HPs has an overdue response. This communication would be the trigger for the Program Administrator to follow up with the HPs. In turn, the Program Administrators should inform the Program Support Clerk when follow up has been performed with the HP so that the status on the spreadsheet can be updated.

The site visit process is a fundamental component of the City's oversight responsibility. Without a periodic validation of the HPs self-assessment and with the delay in HP responses and in the City's follow-up there is risk that non-compliance may go undetected and improvements at the HP level may be slower to implement or may not be implemented at all. The development of a risk profile to identify HPs that should be given priority for the site visit cycle would help make the process more effective and efficient by identifying the sample of HPs that would most benefit from a site visit.

We also noted that while the City performs site visits to the HPs to ensure that they are abiding by the SHRA and by the HP Agreements entered into with the City, to date no site visits have been performed by the City at the Registry. The risk is that the Registry is not adhering to the SHRA or to the Registry Agreement and that this would go undetected by the City thereby resulting in the City unknowingly not discharging its Service Manager responsibilities.

#### **Recommendation 4**

**That the City implement a process for periodic validation of the HP self-assessment of compliance.**

##### **Management Response**

Management agrees with this recommendation.

It is current practice for the Program Administrator to review and confirm accuracy of the HP self-assessment during a site visit with a housing provider. This review also includes a governance practices review, a property management review, a tenant file review and a review of RGI calculations. This process, which includes a tracking system, will be formalized through the development of the policy and procedure manual referenced in management's response to Recommendation 1. The procedure manual will be completed in Q1 2011.

### **Recommendation 5**

**That the City ensure follow up of the Site Visit Report recommendations is completed on a timely basis and that a record of any form of communication with the HPs be maintained in the HP file for future reference and follow up.**

#### **Management Response**

Management agrees with this recommendation.

Staff will incorporate standardized procedures in the policy and procedure manual for RGI administration (refer to management's response to Recommendation 1) to ensure timely reporting to and from the Housing Provider regarding Site Visit Reports. A tracking system has been implemented to ensure reporting timelines are met with appropriate notification and follow-up according to a prescribed schedule. The procedure manual will be completed in Q1 2011.

### **Recommendation 6**

**That the City develop a risk profile to identify the sample of HPs that should be given priority for site visits.**

#### **Management Response**

Management agrees with this recommendation.

A risk assessment tool will be incorporated into the procedure manual referenced in management's response to Recommendation 1. The risk assessment tool will take into consideration information received through the Annual Information Review (AIR) process and site visits. It will include an evaluation on how the Housing Provider meets the housing standards outlined in the Social Housing Standards document which was developed by housing providers and the City in 2008. The procedure manual will be completed in Q1 2011.

### **Recommendation 7**

**That the City perform periodic site visits to the Registry to test the Registry's compliance with the SHRA and with the Registry's Agreement with the City.**

#### **Management Response**

Management agrees with this recommendation.

A formal site visit and operational review will be conducted in the winter of 2010. Site visits are scheduled to occur every three years or more often if the Service Manager deems it necessary. The formal site visit and operational review will be completed in Q2 2010.

#### **4.1.3.3 Synergies Between Housing and Employment and Financial Assistance (EFA)**

One concept that was discussed during the audit related to the possible sharing of information between Housing and EFA with the objective of finding potential efficiencies. For example, as part of the information gathering process related to EFA, the City would verify the residency status and collect income information. This same information is gathered by the Registry and the HPs for social housing eligibility and for RGI subsidy calculation purposes. There is currently no formal sharing of information between the two groups as there are legislative barriers to do this which are based on privacy concerns. However, the City did advise us that there is a Provincial Inter-Ministerial Group that has been formed to discuss the resolution of these issues. Part of the group's mandate is to look for possible solutions that will enable the transfer of information between parties. The group has been in existence for one year but no changes have been implemented as yet.

There are on-going discussions with the Ministry of Municipal Affairs and Housing and the Ministry of Community and Social Services to try to arrive at a consensus concerning what synergies would be suitable. Since currently no formal approval exists to share personal information, the City cannot acquire specific information concerning a prospective or existing social housing resident. Efforts to identify what and how the work performed can translate into efficiencies or synergies between EFA and Housing continue however, it would be beneficial for Council to petition the Ministry to encourage greater sharing of information across these functional areas.

#### **Recommendation 8**

**That Council petition the Ministries of Community and Social Services and Municipal Affairs and Housing to develop legislation that allows greater sharing of social assistance information across municipal programs.**

#### **Management Response**

Management agrees with this recommendation.

The item will be brought forward to Council in Q2 2010.

#### **4.1.4 Criterion – There are processes in place to ensure value for money is being achieved and that funds are being used for the intended purpose**

This criterion focused on what processes are in place at the City and at the HPs to ensure that funding provided to the HPs is well managed. There are four main processes used to ascertain that funding is being utilized for the intended purposes, including the following which are discussed more fully below:

- i. AIR reconciliation process;
- ii. Provincial benchmarks for HP revenues and expenses;

- iii. The initial and on-going eligibility processes by the HPs and the RSO; and,
- iv. Site Visits.

In addition, the HP survey responses indicate that the HPs' Board of Directors are very involved in the review of financial information, approval of budgets, and spending decisions that deviate from budgeted amounts. Generally, the Boards meet on a monthly basis, with only a handful meeting less regularly (i.e., nine times per year or quarterly).

The HPs' financial results are also audited by an external auditing firm on an annual basis. The audited financial statements are approved by the HPs' Boards and are to be submitted to the City five months following each HP's fiscal year end, along with the AIR and a special audit report on the financial information found on the AIR.

It is important to note the City's jurisdiction in regard to monitoring financial management practices of the HPs is limited by the fact that, with the exception of OCHC, HPs are fully independent bodies governed by Boards that do not report to Council. In order for the City to exercise greater control, substantial changes to the current organizational and governance structure of the social housing sector would be necessary along with significant legislative changes.

#### **4.1.4.1 AIR Reconciliation Process**

As described above, the City performs reconciliations and analysis of the HPs' financial and statistical information using the Annual Information Returns (AIR) Checklist. This checklist is a detailed list of procedures to assess accuracy, completeness, and compliance and ensure that the HP has remained within the budgeted amounts and that the AIR information reconciles to the audited financial statements. One of the results of this analysis and reconciliation is to determine the HPs subsidies for the year under review.

When completed, the AIR reconciliation provides a comprehensive assessment of adequacy with which HPs are managing their respective finances. Unfortunately, these reconciliations are significantly behind schedule. As a result, the City's ability to monitor HP performance on a timely basis is limited. Several of the recommendations cited above are intended to address this situation.

#### **4.1.4.2 Provincial Benchmarks for HP Revenues and Expenses**

The City bases the HPs' annual funding on the Board-approved budget, which is based on revenues and expenses established using Provincial benchmarks, indices and guidelines for rental revenue and operating expenses. The Province establishes these on an annual basis (in percentage terms) for regional market rents and HP operating expenses. For each HP file selected, we tested the Provincially

established rates used to calculate the funding amounts and no exceptions were noted.

The City uses the Provincial guidelines to analyze HP financial results and budgets on an annual basis. Thorough analysis is being performed by City staff to ensure that the HPs stay within these Provincial guidelines. If a HP was to deviate from these, the City works more closely with the HP and/or its Board of Directors to correct the situation. Evidence exists in the City files to indicate that this analysis is being performed as part of the annual HP budgeting process, AIR reconciliation process, and subsidy determination. The delays in the AIR reconciliation process described above influence the effectiveness of this process. However, no exceptions or errors were encountered in the files to indicate that this process of analyzing the HPs information is not functioning as expected. This mitigates the risk that the flow of funding for both RGI and operating subsidies may be subject to misappropriation.

#### **4.1.4.3 Initial and On-going Eligibility Processes by HPs and RSO**

Section 4.3 of this report describes the issues encountered during the audit regarding the initial and on-going processes used by the HPs in determining and monitoring eligibility. By addressing the related recommendations, these processes will provide greater assurance that the funding is being used appropriately and effectively.

#### **4.1.4.4 Site Visits**

In addition to the above-mentioned controls, the City performs site visits of the HPs, which includes a physical inspection of the premises. This control provides a good indication to the City whether the HP is wisely spending its capital budget, which is also pre-approved by the HP's Board. Any recommendations for the improvement of the physical premises are included in the City's site visit report. As discussed earlier, however, we noted that follow-up by the City to the site visit report recommendations are not always done on a timely basis.

#### **4.1.5 Criterion – Job descriptions properly outline the roles and responsibilities of City employees involved in the RGI administration and oversight functions**

The City has written job descriptions for each position related to the administration of housing programs. The criterion focused on ensuring that the roles and responsibilities for City employees who are involved with the social housing monitoring processes are documented and current. Some of the job descriptions have not been updated since 2004 and are now outdated. Most of the job descriptions do not specifically refer to the SRHA or to the City's role as Service Manager in describing the position's key responsibilities and duties. For example, the job description for the Coordinator, Finance and Operational Support, who is

one of the key people in the City's oversight of RGI administration, does not list duties related to the housing providers' AIR reconciliation process. This could result in the employees not having a clear understanding of their duties, resulting in the City not discharging all of its Service Manager responsibilities. This is currently not a significant risk because most of the employees working in the administration of RGI have been performing their jobs for a long time and understand their duties. However, as staff turnover occurs, this issue will have a greater impact.

### **Recommendation 9**

**That the City ensure the job descriptions of the positions involved in the RGI administration process are current and specifically include responsibilities related to RGI administration and other duties related to the SHRA.**

#### **Management Response:**

Management agrees with this recommendation.

A majority of the job descriptions involved in the RGI administration process have been updated (Program Administrator, Technical Assessor, Financial Coordinator, Rent Supplement Clerk, Housing Officer). The remaining job descriptions will be updated by the end of Q3 2010.

## ***4.2 Assessing and Monitoring Eligibility - The Social Housing Registry of Ottawa (The Registry)***

### **Roles and Responsibilities**

As previously stated, the Service Manager is responsible for oversight of the RGI programs and is allowed flexibility under the SHRA to delegate certain responsibilities, which the City has done with respect to the Centralized Waiting List (CWL). To formalize these responsibilities, the City has entered into an Agreement with the Registry, which became effective January 1, 2006. Prior to this, a letter of understanding between the City and the Registry dated in 2002 outlined operating protocols, outcome expectations and roles and responsibilities. The Agreement details the Registry's responsibilities with respect to maintaining the CWL, assessing eligibility (see Appendix B, Chart #3, Control Point #1), determining applicants' priority status (see Appendix B, Chart #4, Control Point #1), verifying and updating of applications, and conducting internal reviews for priority situations as required. The Registry also checks for any rent arrears or money owed for damages relevant to a previous social housing occupancy. Essentially, under the Agreement, the Registry takes on certain powers of a Service Manager under the SHRA. Under the Agreement, the Registry is responsible for providing a list of very specific financial and statistical reports to the City on a quarterly basis or an annual basis, including the annual audited financial

statements of the Registry. The Agreement with the Registry was amended in July 2007 to redefine the amount that the City will pay the Registry for the service provided under the Agreement. Further, effective April 2009, the Registry and the Housing Providers no longer conduct internal reviews. These are now done by a Service Manager directed panel.

The Registry is the first point of contact with households who wish to be on the Centralized Waiting List. Applications are received and an Applications Worker reviews the application to make sure it is complete and ensures that the required documentation to prove the household is eligible to be on the CWL is included. This review is related to proof of age and verification of the residency status and as such is not income related. A file is created and the application and support documents are filed, as well as the information entered into the CWL database (Lotus Notes). Income information may be self-disclosed at this stage but proof is not required due to the likely time lag before actual placement. As such, it is important to note the assessment done by the Registry is not based on income or need. Although income verification would be required again once actual placement is to occur, consideration should be given to expanding the role of the Registry beyond the current assessment of residency status to include an initial needs assessment based on the applicant's current income status. This would ensure a more consistent approach to needs assessment, allow for more efficient oversight by the City of this process and increase the accuracy of the Central Waiting List (CWL).

### **Recommendation 10**

**That the City pursue an expansion of the role of the Registry to include an initial needs assessment.**

#### **Management Response**

Management agrees with this recommendation.

Completing an initial household income verification at the time of application would assist in determining if households are eligible for the "below market rent" (BMR) income threshold. If eligible, they can be placed on the BMR waiting list in addition to the social housing Centralized Waiting List which, will improve options for housing. This, however, will not replace the requirement that household income verification be completed by the housing provider at time of offer. The rent subsidy is based on a unit specific calculation of household income in relation to the market rent for the specific unit offered and income. Those contributing to the income in a household may, and often do, change between the time of the initial application and the time of offer which may be several years later.

The income verification process and procedure will be completed by Q2 2010 and will be included in the procedure manual referenced in management's response

to Recommendation 1. In addition, a directive will be issued to the Registry regarding this issue.

### **Local Priorities**

The Registry also assesses each applicant's case and collects information to support any special housing priority situation, and then classifies them under the appropriate Provincial or Local priority category. These include victims of abuse, the homeless, and persons requiring urgent safety or who are a medical priority. Applicants who are rejected as a priority case are notified in writing and placed on the general (chronological) waiting list.

There has been some speculation that the 'victims of abuse' priority is being manipulated in order to gain access to subsidized housing sooner. This is difficult to verify when applicants have provided, as required, a letter signed by a doctor, social worker, or other acceptable representative. More importantly SHRA states:

***O. Reg. 298/01, s. 24.***

*The service manager, supportive housing provider or lead agency shall not require information as to whether the member making the request or the abused member has commenced legal proceedings against the abusing individual and shall not require information or documents relating to such proceedings. O. Reg. 298/01, s. 24 (11); O. Reg. 182/02, s. 2.*

As a result, should the City wish to strengthen its ability to ensure this priority is reaching those truly in need, it would require a change to the current Provincial legislation. It is suggested that management seek Council's direction on this in order to clarify expectations in the future.

### **Recommendation 11**

**That the City seek Council direction on the desire to petition the Ministry of Municipal Affairs and Housing to allow the City to require confirmation that anyone claiming abuse has commenced legal proceedings.**

#### **Management Response**

Management disagrees with this recommendation.

Individuals fleeing abuse may lack financial or other resources required to commence legal proceedings, or they may not be ready or willing to do so. Although confirmation that legal proceedings have commenced would be helpful in documenting an individual's situation, a letter signed by a doctor, social worker, or other acceptable representative, as is the current requirement, is a more appropriate indicator of need.

The following criteria were used to assess the processes and controls at the Registry:

- Formal policies and guidelines exist to direct employees responsible for CWL administration.
- The CWL administration processes being performed are adequate and that appropriate documentation is obtained to support that they are discharging their obligations adequately.

#### **4.2.1 Criterion – Formal policies and guidelines exist to direct employees responsible for CWL administration**

The Registry has adequate formal policies and guidelines to direct employees responsible for the CWL administration and, therefore, no recommendations are required in this area.

#### **4.2.2 Criterion – The CWL administration processes being performed are adequate and that appropriate documentation is obtained to support that they are discharging their obligations adequately**

##### **4.2.2.1 Eligibility Requirement**

One of the eligibility requirements in subsection 7 (1) of the SHRA stipulates that a household is eligible for geared-to-income assistance if each member of the household is a Canadian citizen, has applied for permanent resident status, or is a refugee claimant.

The Registry has the responsibility to determine the eligibility of an applicant to be placed on the CWL. Part of the process is obtaining proof of citizenship or landed immigrant status. We observed that many types of proof are accepted other than birth certificates, passports, landing papers, or Canadian residency cards. Such other proof includes documents such as Ontario Health Cards, Ontario Disability Support Program (ODSP) cards, Ontario Works slips, and occasionally Social Insurance Number cards. It was also noted that for proof of birth for some persons born in Quebec, the records were produced by a religious institution. The main reason why the Registry accepts the various types of documentation as proof of residency is because there is an assumption that the other agencies are making the appropriate checks to ensure they have proper residency status. Furthermore, the Registry's procedures do not specify what is considered acceptable evidence to support residency. There is a risk that a person who may not be eligible is assumed to be eligible by the Registry. Although the current procedures of obtaining different types of proof to establish residency greatly reduces the risk that a household would not meet the residency requirement, we have made the following recommendation to further decrease the risk.

## **Recommendation 12**

**That the Registry reduce the types of documents that establish that a household meets the residency eligibility requirements by only allowing for example the following types of proof:**

- Canadian passport
- Birth Certificate issued by a Canadian Province or Territory
- Landed Immigrant Status paper
- Residency card issued by the Canadian Government

### **Management Response**

Management disagrees with this recommendation.

Management agrees that the list of acceptable documentation should be limited but also believes that the Service Manager needs to retain flexibility so as not to deny an eligible household who may be without the aforementioned documents at the time of application. Examples of such circumstances could include: a household fleeing abuse or a family becoming homeless because of a fire in their residence – leaving their documentation behind. It takes time and money to re-establish residency and some temporary discretion should be allowed in situations such as these. In addition, current legislation allows and promotes flexibility in residency eligibility documentation in cases of provincial housing priority (Special Provincial Priority) for households experiencing domestic violence.

Management believes that it is reasonable to substitute alternative documents such as Ontario Works (OW) or Ontario Disability Support Program (ODSP) pay stubs as proof of residency status. OW and ODSP have rigorous standards which must be satisfied confirming residency status before funds are issued.

#### **4.2.2.2 Monitoring of Arrears**

Another part of the process at the Registry level is to check the Ottawa and Provincial arrears databases. (See Appendix B, Chart # 5, Control Point # 1.) These databases were created to contain a repository of names of persons who owe money to any HP that includes units eligible for RGI subsidies. This database was created to ensure that an applicant does not have any arrears owing, as this would make that applicant ineligible to be on the CWL. Since there can be a lag of time between the initial arrears check (at the time of initial application) and the respective landlord notifying appropriate officials to update the database, the Registry performs a monthly procedure whereby the CWL is cross-referenced to the arrears database (see Appendix B, Chart 5, Control Point # 2). Any exceptions are followed up and the household is contacted and advised that they must rectify the situation. If the household does not provide proof that the arrears were paid or that there is an agreement to repay the arrears, then the household is removed from the CWL.

Although there was evidence that the initial arrears check is functioning (by observing cases where exceptions were noted), in cases where there were no arrears found, the Registry did not deem it necessary to include evidence of the arrears check on file. Without this audit trail on file, the risk is that if an arrears check was not performed, it would go undetected and an assumption could be made that applicants are not in arrears when in fact they may be.

### **Recommendation 13**

**That the Registry document that arrears checking has been performed in all cases.**

#### **Management Response**

Management agrees with this recommendation.

A directive has been issued to the Registry to ensure this is procedure is followed. Compliance with this requirement will be monitored through site visits and normal exchange of data. Site visits are scheduled to occur every three years or more often if the Service Manager deems it necessary.

## ***4.3 Assessing and Monitoring Eligibility - Ottawa Community Housing (OCHC) and Other Housing Providers***

### **Roles and Responsibilities**

Currently, in Ottawa there are over 18,000 social housing units and approximately 3,000 rent supplements under the SHRA, managed by 56 local housing providers or through agreements between the City and more than 50 private landlords. Within this housing stock approximately 16,500 units are rent-geared-to-income subsidy units.

As previously mentioned, the City has delegated certain Service Manager responsibilities to the HPs, including OCHC, and has entered into "Housing Provider Service Agreements" and "Assignment of Authority for the Management of the Waiting List for Modified Units without Support Services Agreements" with the HPs who provide RGI units. These Agreements became effective on April 1, 2002 and describe the HPs duties delegated from the Service Manager relating to applications for RGI assistance, eligibility rules for RGI assistance, households with special priority status, occupancy standards, waiting lists and priority rules, calculation of RGI rent, decisions, internal reviews, and notices, and insurance, amongst others.

Under the Agreement signed with the City, HPs must provide to the Service Manager any reports, documents and information requested by the Service Manager, which are related to the performance of the Service Manager's duties and exercise of the Service Manager's powers under the Act.

The two main processes with respect to RGI subsidies and the on-going monitoring process relates to the initial placement of an applicant into a household (see Appendix B, Chart # 6) and the monitoring of RGI Units (see Appendix B, Chart # 7).

The following criteria were used to assess the processes and controls at the OCHC district offices and other HPs:

- Formal policies and guidelines exist to direct employees responsible for the initial and on-going assessment of eligibility for RGI subsidies.
- The initial and on-going assessment of eligibility for RGI subsidies oversight processes being performed are adequate and are completed in a timely manner.
- The roles and responsibilities are adequately detailed in the HP agreements.

#### **4.3.1 Criterion – Formal policies and guidelines exist to direct employees responsible for the initial and on-going assessment of eligibility for RGI subsidies**

As part of good governance structures, formal policies and procedures should exist, particularly with respect to the on-going RGI administration such as the annual update process and calculations of RGI subsidies. We noted that there is no formal City of Ottawa policy and procedures manual that addresses RGI Administration, including RGI subsidy calculations (the SHRA and the regulations provide the framework for the RGI calculations and sector organizations in Ontario (e.g., ONPHA) provide guidebooks and templates that are used by HP's). At OCHC, each district office has created its own guiding documents. For example, some offices may use the RGI on-line binder as the source, and one office had created its own informal policy binder. Until now this has not been given priority since most employees have been doing these tasks for a long time and they have established standard practices in performing their duties. The risk is that in absence of formal guidance, different practices will occur. However, it must be noted that the OCHC is in the process of preparing a policy and procedures manual that will include RGI administration.

We also noted that there is a lack of formalized procedures concerning the RGI administration processes at the other HPs. These smaller organizations have not been provided with a standard set of policies and procedures to use, and the limited resources at each of these smaller HPs would make it inefficient for each HP to create its own manual. This may result in inconsistencies in how certain rules are applied from HP to HP. One example is in the area of documentation maintained on file as it relates to the Privacy legislation. There appears to be confusion amongst the smaller HPs visited regarding what type of documentation the HPs should and should not maintain on file to conform to the privacy legislation.

Some specific examples of the lack of a consistent approach across all HPs include:

- Lack of standardized forms from HP to HP (i.e., annual review forms, some of which have not changed for 20 years);
- Method of calculating annual income for purposes of RGI calculation varies from HP to HP and also within the same HP (i.e., either the last few pays are used, or the year-to-date gross income is used and divided by the number of weeks worked);
- There is a variety of different systems being used by the HPs to calculate RGI (Lotus, Excel, HM Worx, manual);
- Some HPs maintain all information received from the Registry regarding the initial application; whereas others shred it and start a new file of their own;
- The calculation of income using a T1 Assessment varies from HP to HP;
- Some smaller HPs do not require a T1 Assessment for self-employed situations;
- Some HPs maintain an overhoused list, others do not;
- Some HPs have started implementing the rule to place overhoused situations on the CWL after one year, while others have not;
- Some HPs require their employees to complete the RGI On-Line Training, while others do not;
- Some HPs have a second person verifying some of the RGI calculations, while others do not; and,
- Some HPs calculate a deemed interest earned on asset balances (when calculating income for RGI purposes) using the Canada Savings Bond rate, and others use the actual interest earned on those assets.

Overall these inconsistencies can be categorized into the following four main processes related to the initial and on-going assessment of eligibility:

- i. Housing Placement
- ii. Annual Review Process
- iii. Changes to Household Occupancy
- iv. Overhoused Households

#### **4.3.1.1 Housing Placement**

When a RGI unit becomes available, the HP must fill the unit using the prioritized CWL received from the Registry, or an Internal Transfer List which is maintained by them to deal with internal transfers such as overhoused households (see Appendix B, Chart #6, Control Point #1). Overhoused situations relates to households where the number of occupants decreases resulting in the number of bedrooms being too high based on the current number of occupants. The OCHC

has the ability to generate the waiting lists by remotely accessing the Registry's database. Once a tenant is selected and that tenant accepts the offer, income documentation for verification purposes is received from the tenant in order to calculate the RGI subsidy (see Appendix B, Chart #6, Control Point #2). Once the RGI unit has been filled, the HP informs the Registry that an applicant on the CWL has been housed (see Appendix B, Chart #7, Control Point #1). The Registry then forwards the applicants' file to HP.

In order to test whether the households placed were the next in line according to the directives, we reviewed the files for evidence that this was occurring as it should be. The result is that there is no documentation maintained on file (audit trail) to support the placement decision concerning a subsidized unit because this has never been considered necessary, nor has it been suggested in the past. The implication of not having this documentation on file is that the City does not have any assurance that the HP is placing the next applicant that is entitled to be selected. The risk is that the next eligible applicant does not get the placement to which they are entitled which in turn means that the HP may be utilizing criteria (e.g., religious, ethnic, etc.) other than the CWL for placement decisions. This finding is also relevant to the Rent Supplement Office.

#### **4.3.1.2 Annual Review Process**

On an annual basis, or more frequently as required, the HP performs a review to ascertain continued eligibility for all RGI households. This process commences approximately six months prior to the anniversary date of the lease, and includes obtaining the most current information from the tenant regarding proof of income and household composition. An annual update form is to be completed and signed by the household occupants that includes details concerning all of the occupants residing in the premises and the related income for these individuals. The documents are reviewed and the RGI subsidy is recalculated based on the new income information. A new RGI subsidy may result from this process (see Appendix B, Chart #7, Control Point #2), or it may be determined that the household is no longer eligible for a RGI subsidy and has to begin paying market rent. The household can remain in market rent status for twelve months, during which time they may qualify once again for a RGI subsidy (i.e., if their income level decreases). However, if they are still at a market rent level after twelve months, they are no longer eligible for RGI assistance and the household becomes a market unit, instead of a RGI unit.

The initial and on-going RGI eligibility and subsidy calculation is the responsibility of the HPs. This includes obtaining a variety of types of evidence to support the declared income, such as ODSP statements, Ontario Works statements, pay slips, letters from employers or the Federal Government and T1 assessments from the Canada Revenue Agency (CRA).

When determining the subsidy, income is calculated in two different ways for working persons providing pay slips. Either the last few current pays are used or the year to date gross income is divided by the number of weeks worked. This has become the practice over the years and, in absence of a formal standard policy on how to calculate income, this practice has remained. The risk is that the RGI subsidy calculations for persons earning employment income are not consistent or accurate.

Typically, HPs do not require CRA T1 Assessments for establishing income, except for cases where self-employed income is involved. The risk of not obtaining T1 Assessments from all tenants is that the incomes may be under reported resulting in the RGI subsidy calculation being too high. Although we recognize that the information on the T1 Assessment is not as timely as other forms of support, such as pay slips, this can still act as an overall reasonableness check in addition to the results of processes being currently applied with respect to income verification.

Self-employment income represents the biggest risk in terms of misrepresentation of income for purposes of establishing a RGI subsidy. As such, we specifically requested some files that included self-employed income situations. The finding was that in all self-employed cases it is the practice of the HP to obtain a CRA T1 Assessment and in some cases, the statement of business activities (income and expenses) from the taxpayer's income tax return. This means that the HPs are obtaining the highest level of assurance that exists, short of conducting financial audits on this self-employment income. It is widely suspected, and is a real risk, that self-employed persons may understate revenues or overstate expenses. However, in our opinion, this issue is more relevant to CRA than to the HP. If CRA has accepted this as accurate then it is reasonable for a HP to make the same assumption. We did note that the OCHC is changing the timing of the annual update requests for cases where there is self-employment income to better coincide with the expected timing for the receipt of T1 Assessments.

Under the SHRA, the Service Manager can enter into agreements with Government Agencies to open possible lines of communication. This could apply to CRA, more from the perspective that the HP could call to verify income reported. The City did pursue such discussions; however this suggestion was not met with enthusiasm by CRA due to privacy concerns. The reality remains that there will always be a certain number of persons who are not forthright when disclosing income to CRA. This in turn, affects the HPs and ultimately the subsidy calculated. The issue for an appropriate management control framework is to mitigate these risks by applying appropriate procedures. In this regard, we concluded that the HPs are exercising due diligence in the determination of self-employment income. It does not seem reasonable to replace CRA's function of monitoring Canadian taxpayer's declarations by imposing a higher standard on the HPs when it comes to assessing the income reported.

One issue related to self-employment income that we noted was that the RGI subsidy calculations are not always verified by a second person. Some isolated errors were detected when reviewing the files. As this is the most difficult type of RGI subsidy calculation, it is more prone to errors or inconsistent treatment and should be subject to a higher level of supervisory control than for other simpler income calculation types such as persons in receipt of ODSP or Ontario Works benefits.

Finally, we observed that one OCHC district office calculates deemed interest income using Canada Savings Bonds rates (based on bank and investment accounts). This methodology would not respect the SHRA in cases where this interest is not actually earned and received. Although the amounts calculated were very small (several dollars) it highlights the need for greater financial control and policy direction to ensure consistency.

#### **4.3.1.3 Changes to Household Occupancy**

For persons being added to a household there are several factors that need to be verified. These parallel the initial eligibility assessment requirements verified by the Registry to ensure that they meet the requirements under the SHRA. This includes verifying the residency status for any additional occupant.

We noted that the HP does not always obtain residency proof for persons added to a household. The risk is that an ineligible person resides in a household that is subject to RGI, contravening the SHRA, as each member of the household must be a Canadian citizen, have applied for permanent resident status, or be a refugee claimant.

#### **4.3.1.4 Overhoused Households**

One of the challenges faced by HPs relates to households where the number of occupants decreases over time, such as when the children leave home. This puts the household in an “overhoused” situation and, therefore, in non-compliance with the occupancy standards, as there are too many bedrooms for the number of occupants. This is a particular challenge for OCHC given the number of units and tenants under its jurisdiction. Part of the annual update process is to obtain the information concerning who occupies the unit. Although there is an obligation for households to immediately report such changes, this is more likely to be identified during the annual update process. Once it is established that there is an overhoused situation, the household is notified as such and they are put on an internal overhoused list. In situations where the HP does not have an appropriate sized unit within their portfolio, the household is to be immediately placed on the CWL.

HPs will make efforts to relocate the household as units meeting the current bedroom requirement become vacant. These overhoused tenants are maintained on this internal list for up to one year. At that point they are to be placed on the

overhoused list at the Registry to increase the chances of being relocated to a smaller unit. It should be noted that there have been recent changes with respect to the overhoused policy. In the past, the household could be very restrictive in terms of where they were willing to move. This resulted in less timely re-location of households. The new policy requires that the household choose a minimum of ten location selections after the first year of being overhoused, thus at the time the household is to be put on the CWL at the Registry and then a minimum of twenty selections after two years.

Persons overhoused are not always put on the Registry's overhoused list after one year of being in overhoused status with the HP. The risk is that applicants who are entitled to a particular size of unit may not be housed quickly enough because that unit is being occupied by an applicant who is not entitled to it.

In general, with regard to ensuring greater consistency across all HPs, efforts such as that currently underway at OCHC to prepare a policy and procedures manual that will include RGI administration should continue and consider the findings in this report. The revised and documented procedures will ensure increased transparency and guidance with respect to:

- Placement decision processes;
- Calculating the RGI subsidy under various circumstances;
- Utilizing T1 Assessments for all household members;
- Requiring a second person to check the RGI calculations for households reporting self-employment income;
- Interest income; and,
- Proof of residency to be obtained for cases where an occupant is added to a household.

#### **Recommendation 14**

**That the City work with HPs to develop standardized procedures for Housing Placement, Annual Review Process, Changes to Household Occupancy and Overhoused Households, including:**

- **Placement decision processes to ensure only Provincial- and City-mandated criteria are used and other criteria (i.e., ethnic, religious, etc.) are not;**
- **Calculating the RGI subsidy under various circumstances;**
- **Utilizing T1 Assessments for all household members;**
- **Requiring a second person to check the RGI calculations for households reporting self-employment income;**
- **Calculating interest income; and,**
- **Proof of residency to be obtained for cases where an occupant is added to a household.**

### **Management Response**

Management agrees with this recommendation and will work with Housing Providers to meet the objectives as outlined in the recommendation. However, requiring a second person to check RGI households for self-reporting income may not be feasible for the smaller providers who rely on only one half-time coordinator to manage the administration of the building. In these cases, there is no other employee to check RGI calculations. By developing clear and consistent guidelines for the calculation of RGI including those households with self-employment income, the risk of error will be minimized. Standardized procedures (refer to management's response to Recommendation 1) will be completed in Q1 2011.

### **Recommendation 15**

**That Housing Providers ensure all households with overhoused units are placed on the Registry's CWL within one year of becoming overhoused and that these lists are updated on a quarterly basis.**

### **Management Response**

Management agrees with this recommendation.

This requirement will be incorporated into the standardized procedures being developed in response to Recommendation 1. A directive has been sent to all Housing Providers regarding this requirement, and the Service Manager will check for compliance as part of site visits by the end of Q1 2010.

#### **4.3.2 Criterion – The initial and on-going assessment of eligibility for RGI subsidies oversight processes are being performed adequately and in a timely manner**

The inconsistencies mentioned in section above resulting from the fact that there are no standard procedures in place for RGI administration, indicate there are opportunities to improve the adequacy and timeliness of the initial and on-going assessment of eligibility for RGI subsidies oversight processes. The lack of standards and a consistent approach in the areas identified above has contributed to the belief by some members of the public that controls in these areas are weak and that advantage is being taken of the situation. The absence of consistent and formalized procedures in many areas identified above creates the real risk that these concerns are more than just perception. A concerted effort to develop consistent procedures and the oversight of these will assist in mitigating these risks.

#### **4.3.3 Criterion – The roles and responsibilities are adequately detailed in the HP Service Agreement**

The service agreements between the City and the HPs clearly defines the roles and responsibilities delegated by the City. No further recommendations are required.

#### **4.4 Assessing and Monitoring Eligibility - Rent Supplement Office (RSO)**

##### **Roles and Responsibilities**

The Rent Supplement Office (RSO) is part of the City. The RSO deals with situations where a private landlord has agreed to offer rental units to person(s) who are eligible for RGI subsidies. The RSO pays the landlord directly for the amount being subsidized. The RSO checks for any arrears themselves, at the time of placement into a household. The RSO was not certain if the rent arrears database was available to them, which it is not; however, they call the previous HP to verify that there are no arrears with the last tenancy. The RSO also oversees the administration of Rent Supplements that are within the portfolios of social housing providers. In these cases, the Housing Provider deals directly with the household and maintains the overall file administration including RGI calculation. The RSO processes the overall monthly subsidy requirement from each of the social housing providers (they do not deal directly with the household in these cases).

Although SHAMIS has been in use as a live system for administering the Rent Supplement portfolio since April 2007, the RSO continues to calculate the RGI subsidy manually as well. They ensure that the two calculations reconcile. However, the goal is to eliminate the manual calculation, once they are confident with the accuracy of SHAMIS. The RSO employees request citizenship information themselves as they stated that the files might not come fast enough from the Registry to their office. However, they do understand that the Registry has this information already. In terms of the on-going monitoring process, the RSO requests T1 Assessments issued by CRA for all rent supplement recipients. In addition, they ask for T4's and T5's in cases where the T1 income looks higher than the amounts disclosed through the annual update forms.

The subsidy recipients' files have a "Tenant Information Sheet" attached to the file cover that provides tombstone data, including number of bedrooms, family members, address, landlord and income sources. There is a "Letter of Understanding" in the file signed between the Rent Supplement Office and the tenant to detail the rules related to the rent supplement.

The RSO has good procedures with respect to the initial and on-going monitoring of eligibility, including the RGI calculations. The procedures established at the RSO were the strongest amongst all of the HPs visited. The main reason for this was the fact that they require a T1 Assessment from CRA for each household that is in receipt of a rent supplement. In addition, for adult household members that show zero income, they still require a T1 Assessment or a letter from CRA stating that no tax return was filed for that individual. This significantly decreases the risk that a household will understate its income.

## **Recommendation 16**

**That the City establish a clear timeframe for elimination of duplicate RGI calculations by the Rent Supplement Office.**

### **Management Response**

Management agrees with this recommendation. Staff are currently testing a revision of the SHAMIS software that will eliminate the need for manual calculations. Commencing Q1 2010, staff will use only the SHAMIS software to complete calculations.

### **4.4.1 Criterion – The initial and on-going assessment of eligibility for rent supplements processes are being performed, are adequate and are completed in a timely manner**

Generally, the initial and on-going assessment of eligibility for rent supplements processes at the RSO are being performed well, are adequate, and are completed in a timely manner. The only observation noted was that the RSO conducts a verification of an applicant's residency, in addition to the Registry performing the same procedure due to the possible untimely transfer of the file from the Registry. This results in an unnecessary duplication of effort.

## **Recommendation 17**

**That the RSO rely on the residency verification performed by the Registry and discuss the file transfer process with the Registry to ensure that a mutually agreeable timeframe can be established for the transfer of the files.**

### **Management Response**

Management agrees with this recommendation. However, management wishes to clarify that if a household has changed composition since the last update to the application file at the Registry, the RSO will still need to verify that anyone added meets the residency verification. The RSO and the Registry will develop a protocol to ensure the timely transfer of files by the end of Q1 2010.

## **4.5 Role and Mandate of the Housing Branch**

As explained above, although the audit of the role and mandate of the Housing Branch was halted due to a re-organization of this function during the audit, detailed observations and suggested actions were provided to management on a number of issues based on the work conducted prior to terminating this project. The following presents a brief summary of the issues and recommendations:

1. Balancing the Service Manager's dual role as regulator and facilitator:
  - Re-assessing the distribution of workload between the Program Administrator positions; and,

- Developing new tools and streamlining communications and regulatory processes used with providers.
2. Actively monitoring the effectiveness of the central waiting list function:
    - Regularly assessing the effectiveness of the Registry's services and its delivery against contract provisions;
    - Determining whether front-line service delivery should involve multiple locations across the City (i.e., via client service centres); and,
    - Considering any changes needed to the current reporting structure and/or contract provisions to facilitate effective oversight of this function.
  3. Ensuring reliable and accessible records and information:
    - Providing, on a priority basis, ready access to reliable Housing data and reports to support the Service Manager function and the overall analysis of outcomes and housing strategies;
    - Improving Housing staff supports for the implementation of SHAMIS (i.e., training, writing a user manual, troubleshooting);
    - The feasibility of relocating RSO staff to the Constellation site; and,
    - Upgrade tools available to the Technical Assessor.
  4. Considering new affordable housing options and strategies:
    - Establishing a process for periodically soliciting feedback and input from staff in Housing Programs and Residential & Support Services regarding common issues/trends and possible options to consider in pursuing new housing; and,
    - Exploring:
      - The need for larger units (i.e., townhouses, large apartments) and the cost of force-fitting larger households into small units (i.e., rate of repairs and effects on long-term costs);
      - Whether rooming houses represent an underutilized opportunity; and,
      - Providing feedback and influencing the quality of building inspections (i.e., quantify, to the extent possible, the impact on housing costs of inadequate standards/QA and the resulting structural deficiencies).
  5. Ongoing development of the Housing Strategy and communications with Council Members:

- Develop clear roles and accountability for strategic planning, research and performance reporting related to Housing; and reporting to Community & Protective Services Committee on the Housing mandate;
- Further explore best practices in Housing strategies and property management practices via contacts with key players and leading experts across Canada and internationally. (I.e., attendance at conferences, industry research); and,
- Maintain regular communications with Council Members regarding Housing to improve awareness and to answer specific questions related to:
  - Mandatory Housing programs;
  - Related discretionary activities, their rationale and quantified benefits;
  - Affordable Housing strategies and options being pursued;
  - Funding; and,
  - Ward-specific issues that arise.
- In reporting to Committee and Council, aim to develop messages that are direct and concise.

## 5 CONCLUSION

The objective of this audit was to provide assurance that households deemed to be eligible for social housing are in fact eligible and that the related calculation of the Rent Geared to Income is accurate and updated to reflect a household's changing circumstances, such as income levels and/or a household's composition. Individual Housing Providers remain the key player in ensuring this as they have been delegated the responsibility for assessing and monitoring need. The City's process for financial oversight of HPs to ensure funds are used appropriately is comprehensive. However, its effectiveness is limited by ongoing delays in procedures such as AIR reconciliation and site visit follow-up. It is important to note the City's jurisdiction in this regard is limited by the fact that, with the exception of OCHC, HPs are fully independent bodies governed by Boards that do not report to Council.

The lack of consistent and formalized procedures and the current gaps in the City's process for monitoring Housing Providers via validation of self-assessments, site visits and follow-ups makes it difficult to provide complete assurance. There is a perception among some citizens that there are instances of abuse in this area. The lack of consistency in many areas creates the real risk that these concerns are more than just perception. Although no specific cases of abuse were identified in the audit, action on the recommendations contained herein is intended to minimize these risks and result in greater assurance that those most in need are receiving the available assistance.

## **6 ACKNOWLEDGEMENT**

We would like to acknowledge the transparent and continued cooperation of all the Social Housing & Shelters Management Branch personnel contacted and interviewed throughout the course of this audit. We also wish to acknowledge the cooperation and input of the representatives of the Registry, the Rent Supplement Office (of the City), Ottawa Community Housing Corporation, as well as the other HPs that were contacted and provided information during this audit.



## Appendix A – The Legislative Framework

A policy and governance framework review was conducted to gain an understanding of the program design and the legislative and policy documents relevant to the program.

### *Provincial/Federal Regulation and Act*

The Local Services Restructuring Act effectively made social housing a municipal responsibility in 1998. While municipalities had begun paying the cost for social housing in their new capacities as Consolidated Municipal Service Managers, the administrative responsibility still resided with the Provincial and Federal governments. In 1999, the Canada/Ontario Social Housing Agreement was signed which paved the way for Federal administration responsibilities to be passed to the Province, along with supporting funding. The Province, in turn, passed the administrative responsibility for housing programs to local municipalities through the *Social Housing Reform Act S.O. 2000* (SHRA), which was proclaimed in December of 2000.

By this Act, all rights and obligations are transferred to the Municipal level, and the municipalities must abide by these provincial requirements. Some of the sections of the Act that set out the main rules for social housing are as follows:

- Section 4 sets up the right of the Province to establish “service areas” and appoint a “service manager” for those areas;
- Section 23(1) allows the Province to create local housing corporations;
- Section 34(1) then allows the Province to transfer various assets, liabilities, rights and obligations owned by the Province to the local housing authority, including the employees. This means employees who were under the authority of another provincial organization became the employees of the local housing authority (section 52);
- Applications for rent geared to income are made to the service manager (section 65(1));
- The Province retains the right to pass regulations that govern eligibility rules to receive accommodation in homes that have rent geared to income (Section 75);

- Section 87 prohibits the service manager from entering into any agreements that establish different eligibility rules;
- Section 88(3) allows the government to transfer powers of a service manager to a “lead agency”;
- Section 93 sets out a list of duties of a HP;
- Section 94 allows for certain local standards to be enforced; and,
- Section 134 allows the Provincial government to distribute Federal government funds to service managers, as the Provincial government deems appropriate.

Under the SHRA, the City was assigned the role of the local Service Manager for the delivery of social housing services. Under section c. 27, s.14 (1) of the SHRA, within five months after this Act was introduced, each service manager was to prepare and submit to the Minister a plan for carrying out its duties under the Act. This is referred to as the Joint Local Transfer Plan.

The SHRA and its related regulations is the cornerstone legislation that provides the ultimate framework for the administration of Rent-Geared-to-Income (RGI) programs. The relevant regulations as well as Other Provincial legislation impacting social housing are as follows:

#### Associated SHRA Regulations:

- O.Reg. 298/01 - RGI Assistance and Special Needs Housing (last amended to O.Reg. 309/07);
- O.Reg. 339/01 - Housing Projects Subject to Part VI of the Act (last amended to O.Reg. 535/07);
- Reg. 368/01 - General (last amended to O.Reg. 378/08);
- Reg. 369/01 - Transfer of Administration for Housing Programs and Projects (last amended to O.Reg. 379/08);
- O.Reg. 456/01 - Supportive Housing Providers under section 64 of Act (last amended to O.Reg. 311/07);
- O.Reg. 644/00 - Local Housing Corporations and Successor Housing Providers (last amended to O.Reg. 559/05); and
- O.Reg. 17/02 - Social Housing Services Corporation (last amended to O.Reg. 313/07).

Other Provincial legislation that impacts Social Housing programs includes:

- *Residential Tenancies Act, S.O. 2006*, which replaced the previous legislation known as the *Tenant Protection Act*. However, there are some particularities; for example, standard credit checks are not necessarily performed for social housing.
- *Human Rights Code, R.S.O. 1990*, impacts the social housing legislative framework in that it requires protection of human rights.
- *Municipal Freedom of Information and Protection of Privacy Act, R.S.O. 1990*, which requires the Service Manager to hold in confidence any personal information of the applicants or tenants of social housing.

### *Municipal Regulations*

In accordance with c. 27, s. 14(1) of the SHRA, the City prepared the Joint Local Transfer Plan and Council approved it on April 9, 2001 for submission to the Minister of Municipal Affairs and Housing, within the five months required by the legislation. The Joint Local Transfer Plan outlined the appointment of the Director of Housing as the Service Manager responsible to fund and administer housing programs.

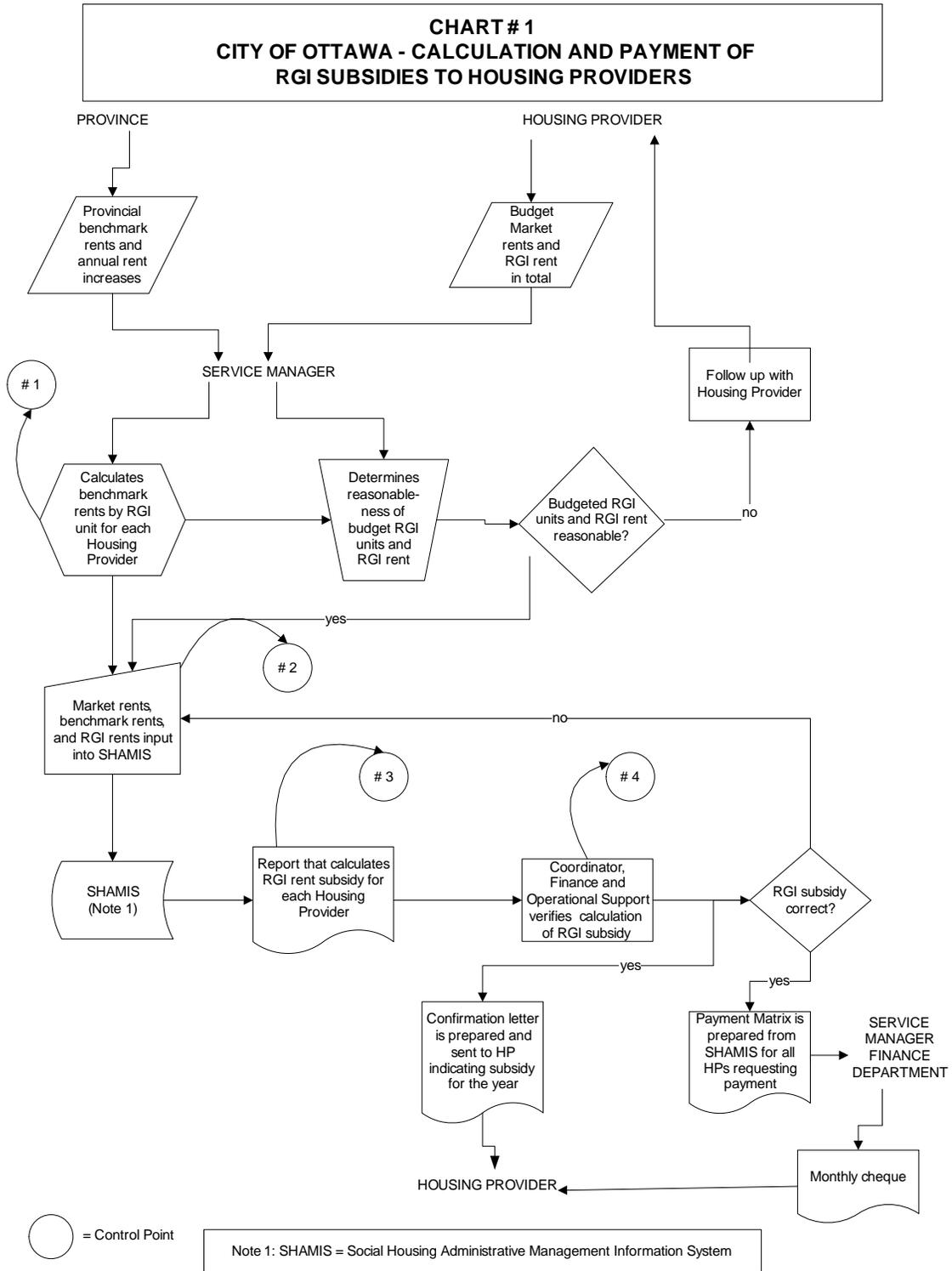
Section 94 of the SHRA allows for certain local standards to be created and enforced by the Service Manager. Therefore, the City has created certain policies related to social housing. There were 56 local policies and priorities approved in 2002. These have been subsequently reviewed by the firm of KPMG, who issued a report in March 2008. Following this, Housing developed a report of recommendations with respect to these priorities. These recommendations were approved by Council on September 24<sup>th</sup>, 2008. The local policies continue to guide the City with respect to social housing.

The City has developed a framework for social housing standards based on the SHRA, the Local Priorities, the Local Priority recommendations, as well as based on input from the HPs. These were introduced to the Housing Providers in February 2009. These standards include:

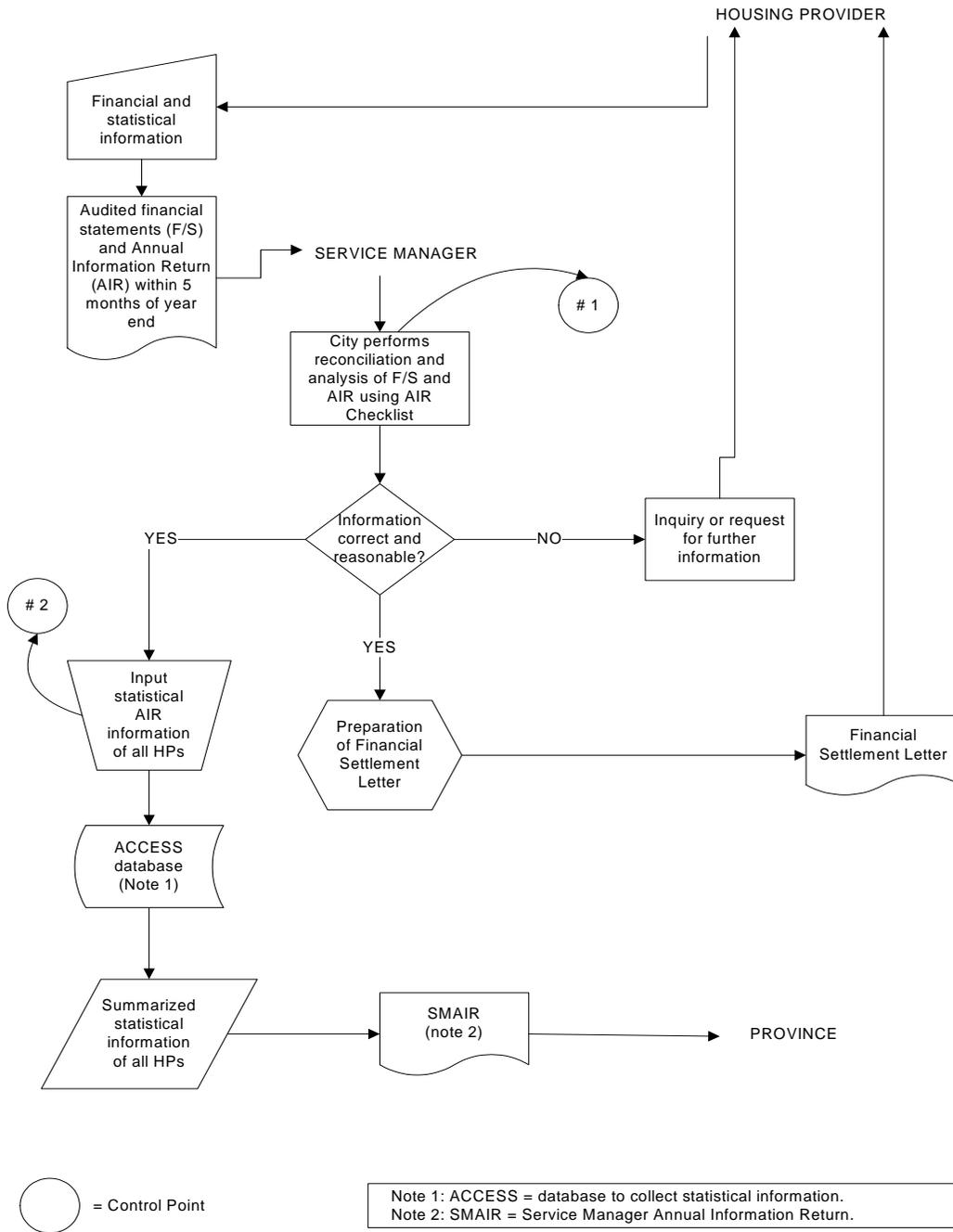
- Governance and organizational management;
- Administrative systems;
- Asset management;
- Human resource management;
- Residential selection and on-going household administration;
- Residence participation, rights and responsibilities; and,
- Working with the community.

In addition, there are several guides with respect to social housing. Specifically, the *Guide to Rent-Geared-to-Income Assistance*, issued by the Housing Policy Branch of the Ministry of Municipal Affairs & Housing (MMAH) (November 2007). Also the “*Guide to Special Needs, Housing Policy Branch*” (MMAH) (February 2008). These are designed to help the Service Manager and its delegates to interpret the SHRA.

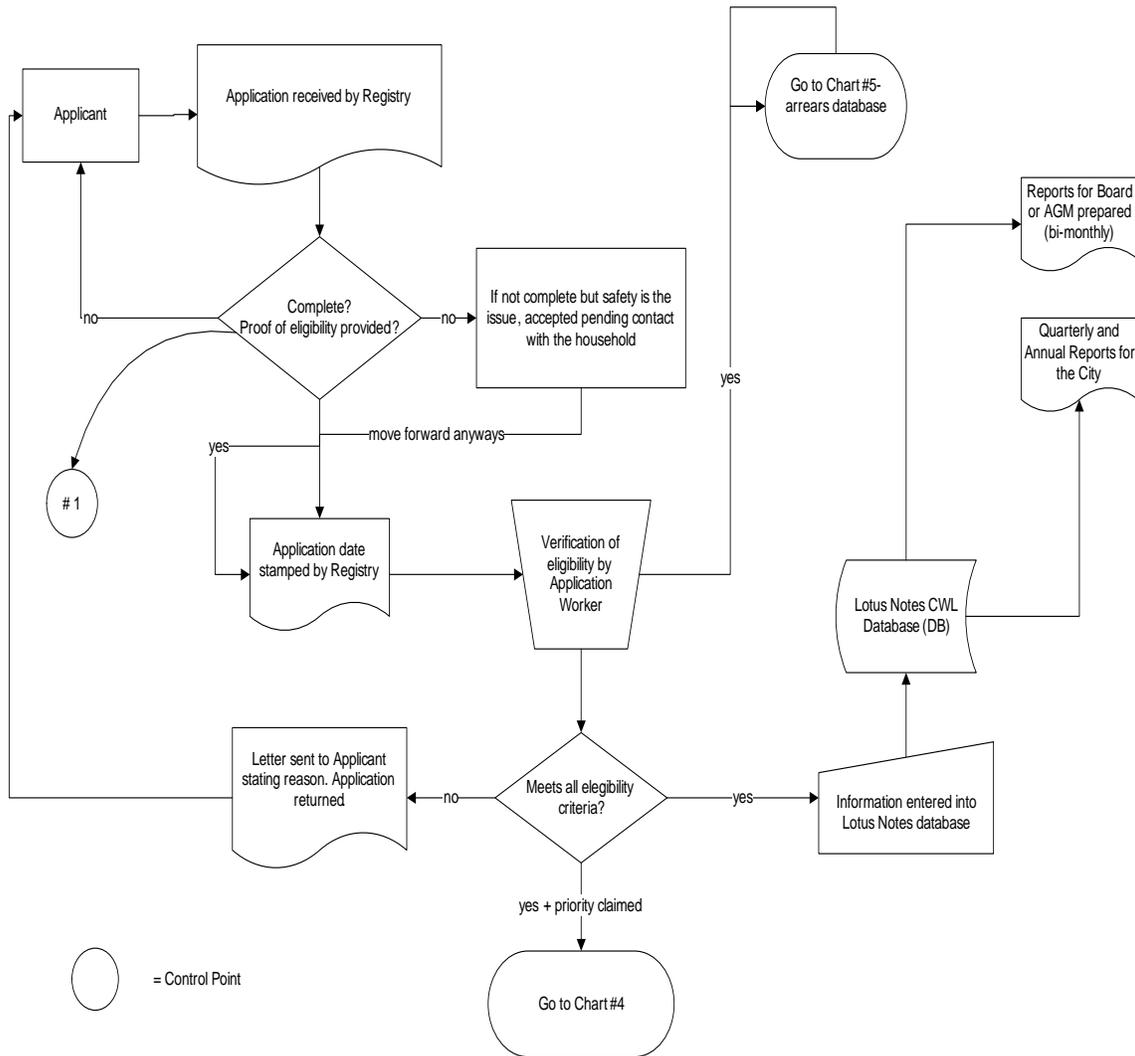
## Appendix B – Process Flowcharts

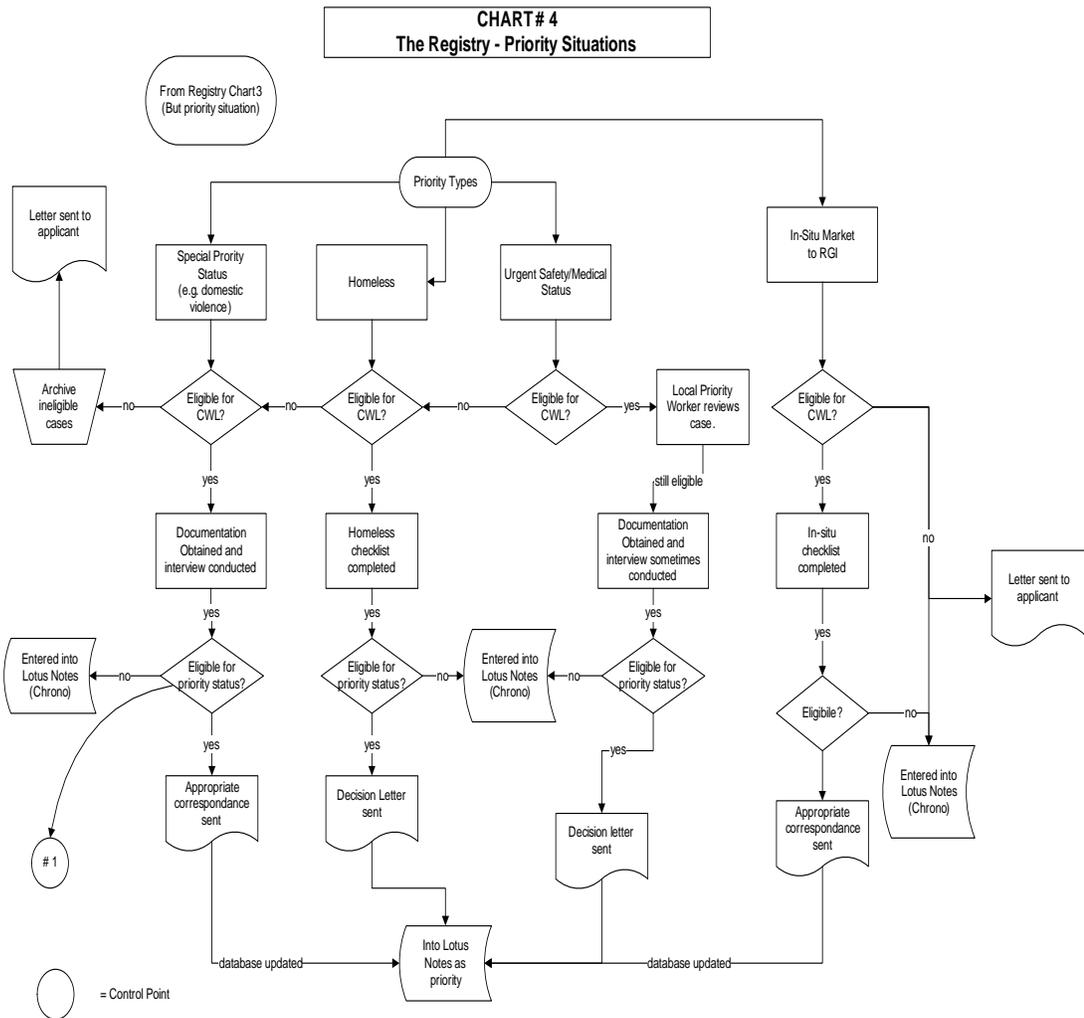


**CHART # 2  
CITY OF OTTAWA - REPORTING PROCESS BY HOUSING PROVIDERS TO SERVICE  
MANAGER AND HOUSING MANAGER TO PROVINCE**

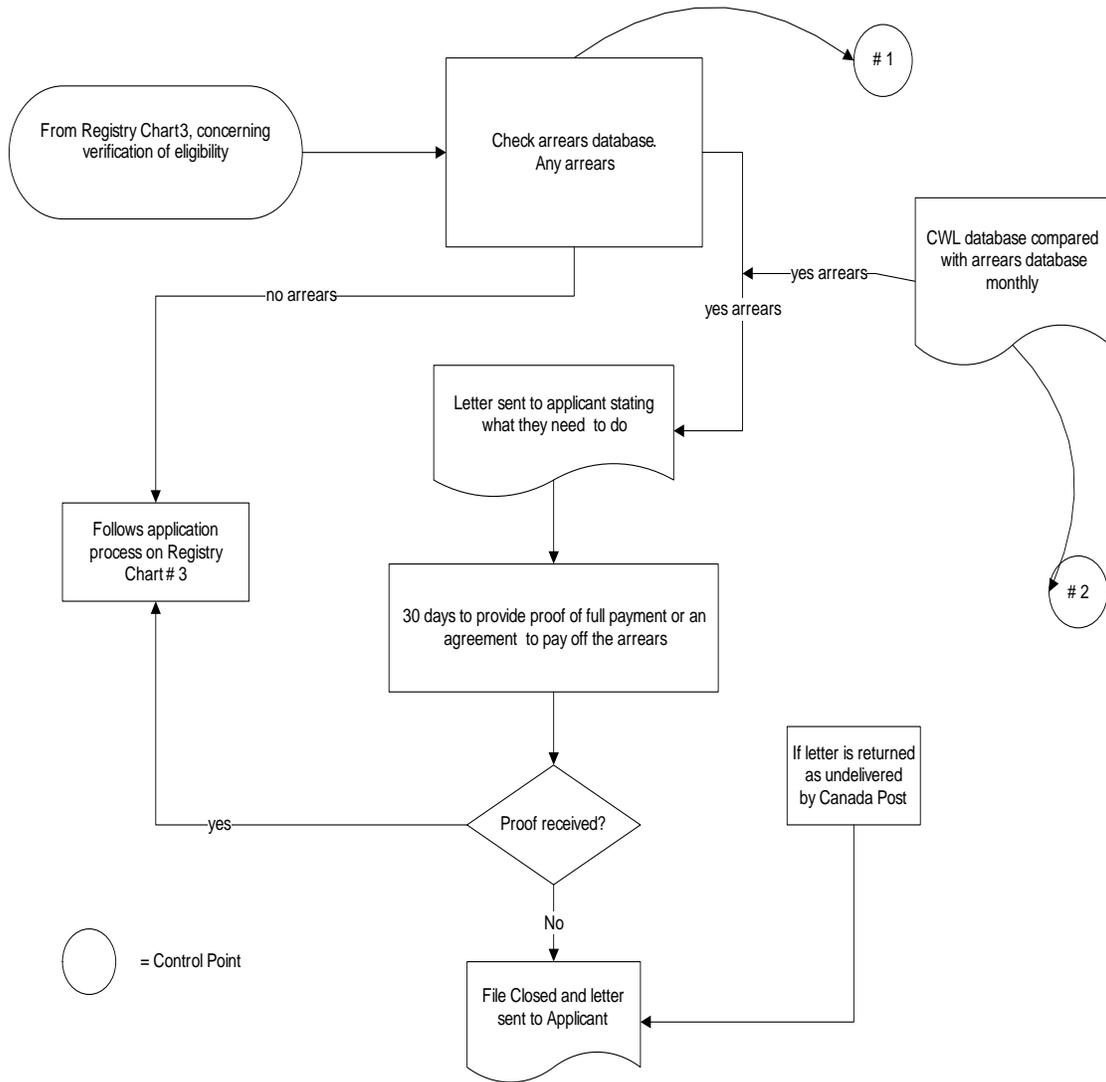


**CHART # 3**  
**The Registry - The Application Process**

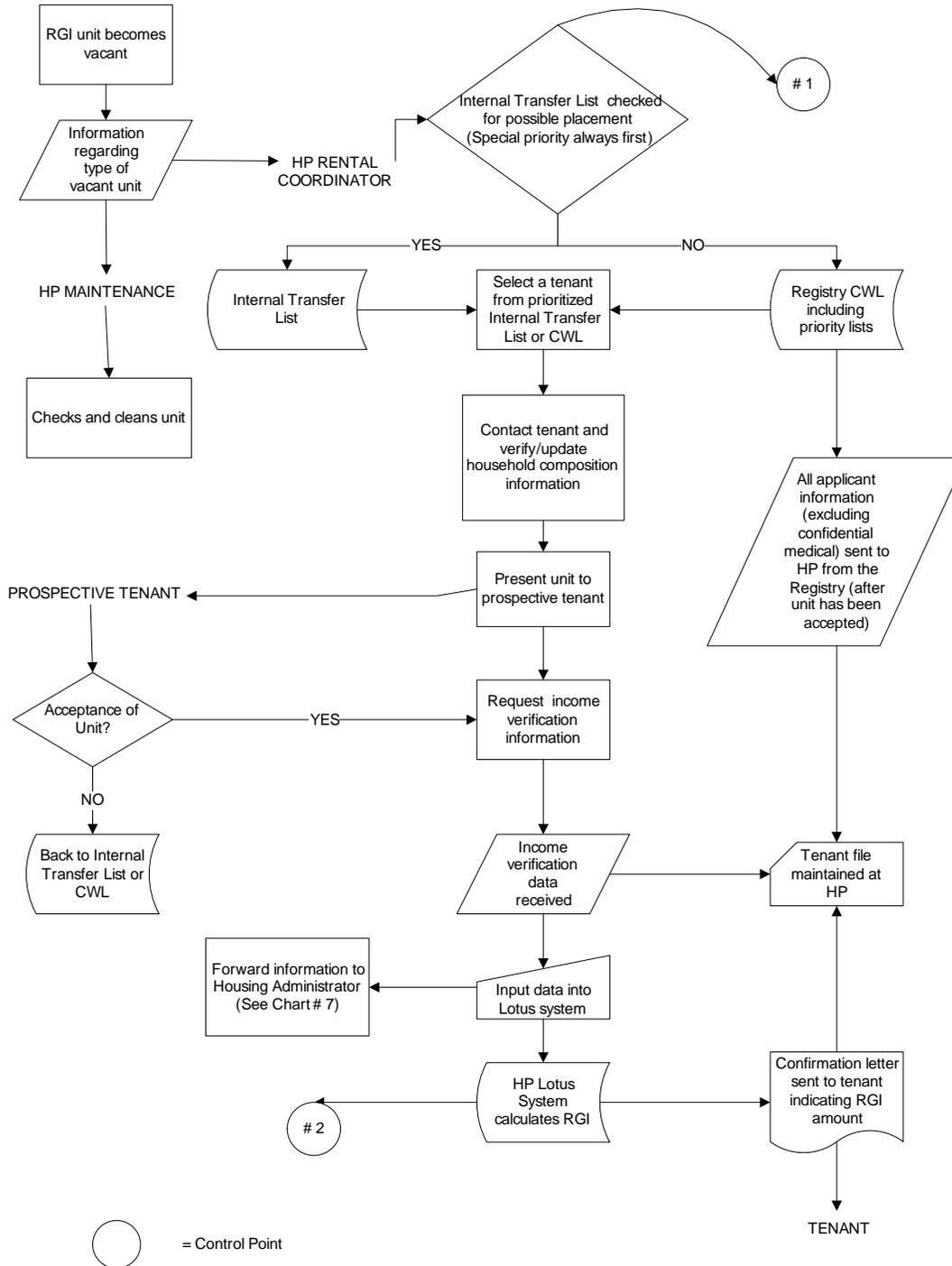




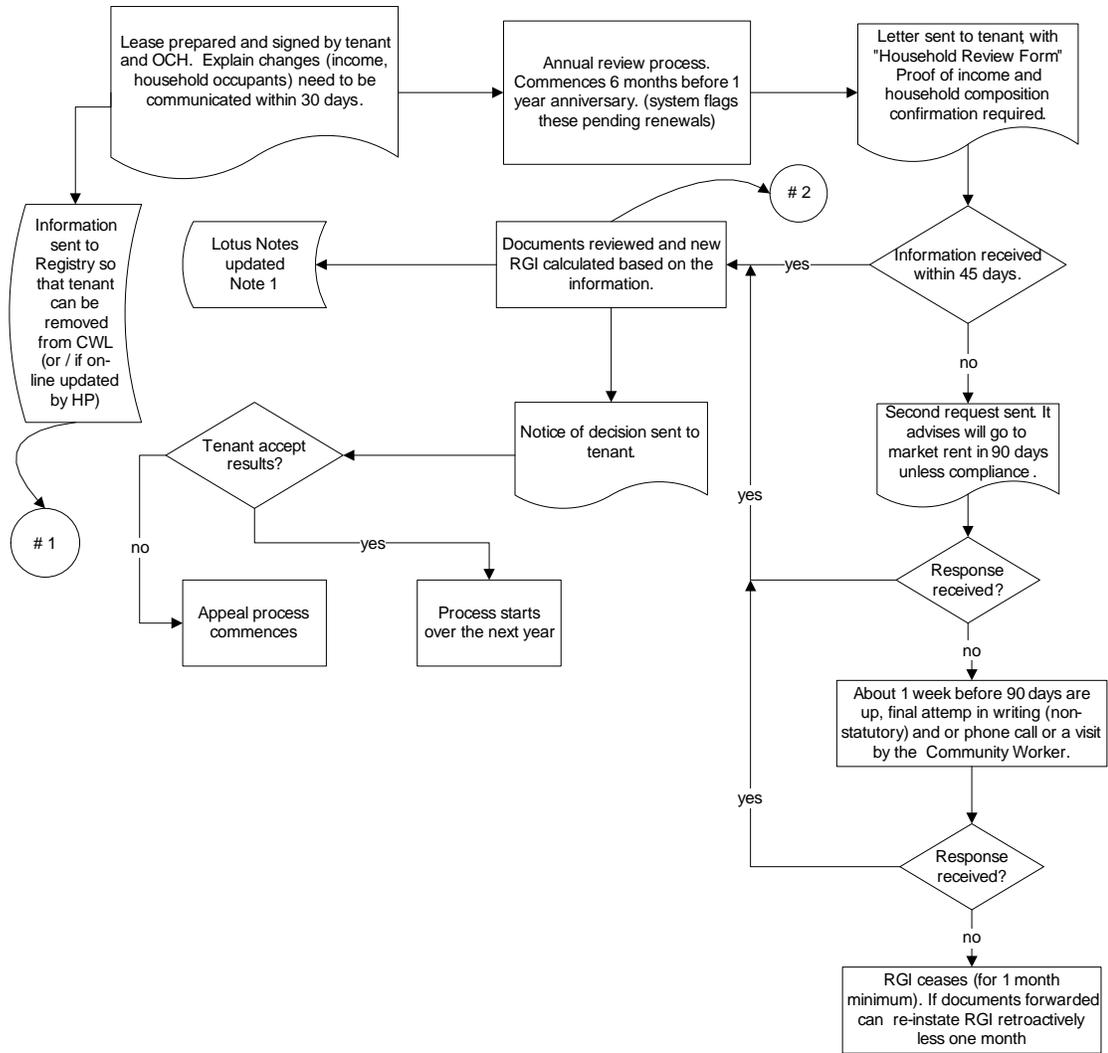
**CHART # 5**  
**The Registry - The Arrears Database**



**CHART # 6**  
**OTTAWA COMMUNITY HOUSING - FILLING A VACANT RGI UNIT**



**CHART # 7  
OTTAWA COMMUNITY HOUSING - MONITORING OF RGI UNITS  
(HOUSING ADMINISTRATOR)**



Note 1: If income documents result in the RGI as zero (market rent). There is a 1 year period where if the household income drops they are still RGI eligible . After 1 year, the tenant would need to re-apply to the registry. Some housing providers may use Excel or another manual process to update the RGI calculation.

= Control Point

## Appendix C: Housing Providers – May 2008

Corporate Name	Funding Program	Total Units	Market Units	Rent Supp Units (Target)
Asher Christian Seniors Inc.	Provincial	64	25	
Barrhaven Non-Profit Housing Inc.	Provincial	41	4	
Better Living Residential Co-operative Inc.	Co-op	50	15	
Cardinus Housing Co-operative Inc.	Co-op	78	24	
Carpenter Housing Co-operative Inc.	Co-op	84	21	
Cartier Square Housing Co-operative Inc.	Co-op	67	16	
Centretown Citizens Ottawa Corporation	PROVINCIAL REFORM	731	214	
Centretown Citizens Ottawa Corporation	SEC 95 PRIVATE NON PROFIT	325	325	
Centretown Citizens Ottawa Corporation	SEC 27 NON PROFIT SUBTOTAL	152	75	77
<b>Centretown Citizens Ottawa Corporation - TOTAL</b>	<b>TOTAL UNITS - CCOC</b>	<b>1,208</b>	<b>614</b>	
Communityworks Non-Profit Housing Corp.	PROVINCIAL REFORM TOTAL	178	29	
Conservation Co-operative Homes Incorporated	Co-op	84	29	
Coopérative d'Habitation Côté Est Inc.	Co-op	84	25	
Coopérative d'Habitation Desloges Inc.	Co-op	129	34	
Coopérative d'Habitation St. Georges Inc.	Co-op	69	20	
Coopérative d'Habitation Voisins Inc.	Co-op	76	31	
Cumberland Housing Corporation	PROVINCIAL REFORM TOTAL	66	29	
Dalhousie Non-Profit Housing Co-operative Inc.	PROVINCIAL REFORM COOP TOTAL	33	3	
Daybreak Non-Profit Shelter (Ecumenical) Corp.	Provincial	7	0	
Daybreak Non-Prof Shelter (Ecumenical) Corp.	SEC 95 PRIVATE NON PROF TOTAL	27	20	
Dobbin Housing Co-operative Incorporated	Co-op	47	12	
Eagleson Co-operative Homes Inc.	Co-op	45	13	
Ellwood House (Ottawa) Inc.	Provincial	30	12	
Emily Murphy Non-Profit Housing Corporation	Provincial	39	0	
Gignul Non-Profit Housing Corporation	SEC 95 URBAN NATIVE Post 85 TOTAL	162	162	
Glenn Haddrell Housing Co-operative Inc.	Co-op	85	25	
Gloucester Non-Profit Housing Corporation	PROVINCIAL REFORM TOTAL	252	0	
Goulbourn Non-Profit Housing Corporation	PROVINCIAL REFORM TOTAL	64	32	
Hazeldean Housing Co-operative Inc.	Co-op	78	25	
Inuit Non-Profit Housing Corporation	SEC 95 URBAN NATIVE Post 85	45	45	
Inuit Non-Profit Housing Corporation	SEC 95 URBAN NATIVE Pre-86	18	18	
<b>Inuit Non-Profit Housing Corporation - TOTAL</b>	<b>TOTAL UNITS - INUIT</b>	<b>63</b>	<b>63</b>	
John Howard Society Of Ottawa-Carleton	Section 27 Non-Profit	16	16	
Kanata Baptist Place Incorporated	Provincial	96	30	
Kanata Co-operative Homes Inc.	Co-op	86	22	
L.I.U.N.A. Local 527 Non-Profit Housing Corp.	Provincial	122	31	
Vanier Non-Profit Housing Authority	Provincial	34	4	
Lao Village Housing Co-operative Inc.	Co-op	84	30	
Maison-Decision-House	Sec. 95 Private Non-Profit	12	12	
Mario de Giovanni Housing Co-operatives Inc.	Co-op	123	31	
Vietnamese Canadian Non-Profit Housing Corp.	Provincial	70	0	
Nepean Housing Corporation	PROVINCIAL REFORM TOTAL	387	114	
OCISO Non-Profit Housing Corporation	Provincial	62	10	
Osgoode Non-Profit Housing Corporation	PROVINCIAL REFORM SUBTOTAL	24	2	

Corporate Name	Funding Program	Total Units	Market Units	Rent Supp Units (Target)
Osgoode Non-Profit Housing Corporation	SEC 95 MUNICIPAL NON PROFIT	34	34	
<b>Osgoode Non-Profit Housing Corporation - TOTAL</b>	<b>TOTAL UNITS - OSGOODE</b>	<b>58</b>	<b>36</b>	
Ottawa City Union of the International Order of The King's Daughters & Sons Apt. Ltd.	Section 26 Limited Dividend Non-Profit	70	70	
Ottawa Community Housing Corporation	PROVINCIAL REFORM SUBTOTAL	2,693	83	
Ottawa Community Housing Corporation	PUBLIC HOUSING SUBTOTAL	8,618	0	
Ottawa Community Housing Corporation	SEC 95 MUNICIPAL NON PROFIT	1,044	384	
Ottawa Community Housing Corporation	SEC 26 LIMITED DIVIDEND SUBTOTAL	574		573
Ottawa Community Housing Corporation	SEC 27 NON-PROFIT SUBTOTAL	445	161	284
<b>Ottawa Community Housing Corporation - TOTAL</b>	<b>OCHC TOTAL EXCL. EQUITY PROJECTS</b>	<b>13,374</b>	<b>628</b>	
Rankin Terrace Non-Profit Housing Corp.	Sec. 95 Private Non-Profit	52	52	
Rideau Non-Profit Housing Inc.	Sec. 95 Municipal Non-Profit	30	15	
Serson Clarke Non-Profit Housing Corporation	Provincial	44	3	
Shikun Oz Non-Profit Sr. Citizen Residence Corp.	Sec. 95 Private Non-Profit	60	48	12
St. Vladimir's Russian Residence of Ottawa Inc.	Provincial	63	14	
Taiga Non-Profit Housing Corporation	Provincial	104	26	
Tannenhof Co-operative Homes Inc.	Co-op	74	21	
The Chinese Community (Ottawa) Building Corporation (1990)	Sec. 95 Private Non-Profit	46	22	24
The Muslim Non-Profit Housing Corporation of Ottawa-Carleton	Provincial	57	0	
The Shefford Heritage Housing Co-operative Incorporated	Co-op	36	15	
Unitarian House of Ottawa	Sec. 95 Private Non-Profit	115	115	
West Carleton Non-Profit Housing Corporation	Provincial	25	10	
West Nepean Ecumenical Residential Projects	Sec. 95 Private Non-Profit	60	34	26
Yule Manor Co-operative Homes Inc.	Co-op	96	14	
<b>TOTAL - ALL PROJECTS EXCL. RENT SUPP IN EQUITY &amp; PRIVATE LANDLORD</b>		<b>18,666</b>	<b>2,706</b>	<b>996</b>
<b>RENT SUPPLEMENT UNITS</b>				
From programs listed above.				<b>996</b>
Nepean				70
OCHC - Equity - former S 26				128
OCHC - Equity - former S 27				42
OCHC - Equity - other				18
CCOC - Equity				5
<b>Subtotal - Non profit Equity units</b>				<b>263</b>
<b>Private landlords</b>				
52 landlords (SHAMIS May'08)				<b>1265</b>
<b>Strong Communities</b>				
OCHC				90
Nepean				39
Gignul				11
CCOC				12
31 Priv Landlords (SHAMIS May'08)				198
<b>TOTALS - FROM SHAMIS MAY 2008</b>	<b>Subtotal - Strong Communities units</b>			<b>350</b>

Corporate Name	Funding Program	Total Units	Market Units	Rent Supp Units (Target)
<b>TOTAL - RENT SUPPLEMENTS</b>				
			<b>2,706</b>	
<b>Operating Agreement Ended</b>				
Ottawa YM/YWCA	Section 26 Limited Dividend Non-Profit	215		
Osgoode Non-Profit Housing Corporation	Sec. 95 Municipal Non-Profit	49		
<b>GRAND TOTAL</b>		<b>18,930</b>	<b>2,706</b>	<b>2874</b>