Ottawa

Office of the Auditor General

Audit of the Social Housing Registry

Tabled at Audit Committee
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Acknowledgements

The team responsible for this audit, conducted by Orbis Risk Consulting, under the supervision of Ed Miner, Deputy Auditor General and the direction of Ken Hughes, Auditor General, would like to thank those individuals who contributed to this project, and particularly, those who provided insights and comments as part of this audit.

Original signed by:

Auditor General

Executive summary

Purpose

The Audit of the Social Housing Registry (SHR) examined the integrity, security and availability of Ottawa's Centralized Waiting List (CWL) of households which are eligible for social housing under the Ontario Housing Services Act (2011). This audit was included in the Office of the Auditor General's (OAG's) 2017 Audit Work Plan as approved by City Council in December 2016. The audit was underway in 2017 when a decision was taken to suspend the audit in light of the flooding of the building which houses the Registry's offices. The audit recommenced in 2018.

Rationale

Since 2001, Ontario municipalities have been responsible for social housing. Specifically, the *Housing Services Act, 2011* (HSA) requires the City of Ottawa to establish, administer and fund social housing in Ottawa. Part of this responsibility is to ensure that at least 16,502 subsidized rental housing units are available to eligible low and moderate-income households.

The City has contracted the Social Housing Registry of Ottawa ("the Registry" or "the SHR"), a local non-profit organization, to manage and maintain a Centralized Waiting List (CWL) of eligible households. Thousands of applications are received from households by the Registry every year. Each application is assessed for eligibility and, if eligible, prioritized based on a variety of factors and placed on the CWL. Eventually they are offered housing by social housing providers based on their priority when an appropriately sized unit becomes available.

The ongoing availability and integrity of the CWL, and the consistent enforcement of rules related to eligibility and assignment of priority status, are crucial to support fair and equitable access to social housing. In addition, maintaining the security and privacy of applicants is also very important given the highly personal and confidential information collected as part of an application.

Findings

The audit focused on the following items as they relate to the integrity, security and availability of a Centralized Waiting List (CWL):

- Protection of applicant information and continuity of services;
- Efficiency and effectiveness of SHR operations;
- Compliance with applicable acts, regulations and other requirements; and
- Maintaining the Centralized Waiting List.

Key findings associated with each of these items are as follows:

Protection of applicant information and continuity of services

The SHR regularly receives personal information (e.g. income, medical notes, police records, etc.) in support of a household's application. As such, the audit examined controls to ensure that applicant's information, whether in electronic or hard copy format, is secure and protected. The also audit examined plans and safeguards to support the continuity of services in the event of a disruption.

Audit interviews, observation and document review revealed an appropriate level of security awareness among SHR personnel as well as the existence of formal procedures regarding the handling and protection of personal/confidential information.

Electronic information stored on the CWL server which is secured in a locked room and access to electronic files is controlled by a central coordinator. In 2018, upgrades to the CWL server were made to ensure it met the City's security standards. In terms of backups, Ottawa Community Housing (under a service agreement with SHR) stores weekly electronic backups of the CWL. These backups are not encrypted and are physically transported by the SHR systems coordinator to OCH on a weekly basis. These backup practices are not sufficiently robust and create a number of risks.

Hard copies of applicant files are maintained in a central file room within SHR which is locked each evening. Moreover, access to SHR's offices is secured with locked doors and a security system which is armed after hours. While no major issues were identified, the SHR's file room does lack a tracking system (e.g. sign-in/sign-out sheet). A tracking system would reduce the risk of a lost file.

The SHR has also established a plan to support business continuity in response to a disruptive event. However, it has not been updated and lacks sufficient detail regarding the steps to be taken to ensure continuation of services. A proposed new Registry

Service Agreement between the City and the SHR is expected to include provisions to develop a Business Continuity Plan to support the Pandemic/Emergency Plan.

Efficiency and effectiveness of SHR operations

The audit expected that the City would have tools and practices to support oversight regarding the efficiency and effectiveness of Registry operations.

The audit found evidence of frequent communications, periodic reporting and other interaction between the City and the Registry. It also found that the City has taken steps to enhance its Service Agreement with the Registry to further strengthen reporting and better support continuity of operations in the event of a disruption. However, the audit also identified that the reports provided by the Registry were not being effectively used by the City to support oversight or to identify trends or risks. Further, the audit found that the City does not have any formal mechanisms or processes in place to ensure that the Registry is complying with the Registry Service Agreement. Missing/weak controls in this area increase the risk that the City would not be aware of any compliance, efficiency or other concerns associated with the Registry's operations.

There is an initiative currently underway to introduce new technology to host the CWL. While this new system, which will be hosted and administered by the City, is expected to introduce a number of efficiencies, some potential concerns were identified. These relate to the risk of operational disruptions, hardware requirements and the need for training and testing. The City is expected to work closely with the Registry and housing providers to ensure that implementation plans address these concerns.

Compliance with applicable acts, regulations and other requirements

The OAG expected to identify policies, procedures and practices to ensure that both the City and the SHR maintain compliance with the HSA, applicable regulations and City Directives.

Key to this expectation was an effective *Service Manager Policy and Procedure Manual* which addresses the City's obligations under the HSA and a *Registry Service Agreement* which outlines the Registry's obligations to the City. Both of these documents are out of date. While the Registry Service Agreement was in the process of being updated during the audit, there is a risk that the roles and responsibilities set out in the Service Manager Policy and Procedure Manual may no longer align with Provincial requirements.

Maintaining the Centralized Waiting List

We expected to see that the SHR's operations ensure that applicant information is appropriately assessed, maintained, and reported; and that mechanisms were in place to support the ongoing integrity of the CWL.

We found that SHR staff were following the procedures set out in the SHR's Policy and Procedures document. Detailed testing of a sample of files indicated the following:

- The Registry's service standard of inputting information of eligible applicants within 10 days was being met;
- Required applicant documentation was obtained and filed;
- File documentation included support for any denial of priority status; and
- Files are actively updated to ensure information is as current as possible.

While the SHR's Policy and Procedures document was found to fully support Provincial priorities (SPP), there was a gap in terms of re-assessing the eligibility of applicants with local priority (LP) status. Our interview found a reliance on the experience of employees to update these files. The lack of documented procedures creates a risk that some of these files may no longer be eligible for LP status.

Finally, though the SHR does not have a formal "program" in place to assure the integrity of information within the CWL, the audit identified a number of effective quality control processes and practices in place at the Registry. These processes and practices include:

- Annual (at least) validation and updating of an applicant's file;
- Quarterly and annual reports to Housing Services; and
- A formal review process where applicant can dispute and validate decisions related to their files.

Conclusion

Overall, we found effective controls to support the integrity, security and availability of the Centralized Waiting List (CWL). These controls are supported by formal procedures, standards, physical and technological safeguards, training, quality control, oversight and other mechanisms. In particular, our testing of CWL electronic records found them to be supported by the appropriate documents.

However, the audit also identified a number of areas where improvements are needed both within the City and within the Registry. These include updating service agreements

and procedures, implementing more robust electronic file backup procedures, improving physical file management practices and active monitoring by the City of the Registry's compliance with requirements. In some of these areas, the City and/or the Registry have already begun to address the issues, while others require further attention.

Potential savings

This audit identified opportunities for potential savings. These include efficiencies that could be realized through the introduction of the new CWL system and improvements to the City's oversight practices which could identify additional opportunities for efficiency. While such improvements would be expected to generate cost savings over time, the audit did not quantify these amounts due to lack of information.

Recommendations and responses

Recommendation #1

That the Registry, with support from the City, explore and implement an alternative process for the backup and safeguarding of electronic information within the CWL.

Management response:

Management agrees with this recommendation.

The City has led the development of a new web-based, encrypted CWL IT system, which is in the final stages of development and testing. Implementation is scheduled to occur in Q4 2019. This system will replace the current Lotus Notes IT system used by the SHR. This new IT system has the highest level of data storage and IT security protocols available in Canada.

Until such time as the new web-based IT system is fully functional, City staff continue to work with the Registry to develop safeguarding processes and alternate backup of electronic information currently stored within the existing Lotus Notes CWL database. To date this includes the development of a formal data backup and data transfer protocol, including the implementation of a locked security data case, for the transfer of backup data to the alternate storage site.

Recommendation #2

That the Registry implement a tracking system/log for the file room to ensure files are properly accounted for.

Management response:

Management agrees with this recommendation and it has been implemented.

The Registry has implemented a formal tracking system for files within the central file room. This includes both a sign in/out log book located at a designated area within the file room, along with a weekly electronic scan and electronic storage of the log book. Staff are required to sign out a file when removing the file from the file room and then signing the file back in when it is returned.

Recommendation #3

That the City incorporate into the new Registry Service Agreement mechanisms to better support continuity of Registry operations in the event of a disruption and to provide information that will better support the City's monitoring and oversight.

Management response:

Management agrees with this recommendation.

The City continues to work with the Registry to finalize the updated Service Agreement to meet City requirements. This will be completed by Q3 2019. The updated Service Agreement clearly identifies and outlines a protocol in the event of a disruption, with the right to require the Registry to perform services from an adequate City-owned facility until such time as the Registry's office becomes suitable to serve clients.

The Service Agreement also requires an extensive and enhanced list of reports to better support monitoring and oversight. The new web-based IT system will allow the City direct access to information and will provide an IT platform to facilitate robust, multi-dimensional reports.

Recommendation #4

That the City formalize processes to assess the Registry's compliance with the Registry Service Agreement.

Management response:

Management agrees with this recommendation.

The City has a number of processes in place to monitor compliance with the Service Agreement. City staff are regularly in direct contact with the Registry to assess compliance. This includes formal and informal site visits, regular and

annual operational reports, daily communication (both written and verbal), Service Manager Directives and Guidelines, and the review of audited financial statements.

City staff will implement an annual formal operational review process to assess the Registry's compliance with the Service Agreement by Q3 2019.

Recommendation #5

That the City update the Service Manager Policy and Procedure Manual and ensure that roles and responsibilities align with Provincial requirements and those in the new Registry Service Agreement.

Management response:

Management agrees with this recommendation.

The City anticipates that the Province will be revising relevant provincial legislation in 2019. Once these legislative revisions occur, City staff will work with the Registry to update the Service Manager Policy and Procedure Manual to reflect both the provincial and new Service Agreement roles and responsibilities by Q4 2019.

Recommendation #6

That the Registry formally document procedures to review and update files with local priority status to ensure applicants continued local priority eligibility.

Management response:

Management agrees with this recommendation.

The Registry has protocols and utilizes a number of formal documents to review eligibility for a local priority status and to update and to ensure ongoing eligibility for such status. This includes, but is not limited to: specific applications and supporting verification documentation for each local priority, verification specialist (staff) checklists and sign-off forms confirming the status of eligibility, along with processes to ensure ongoing eligibility verification at the household annual review.

City staff will work with the Registry to formally document these processes in a procedure to be included within their Policy and Procedure manual by Q2 2019.

Detailed audit report

Audit of the Social Housing Registry

Introduction

The Audit of the Social Housing Registry was included in the Office of the Auditor General's (OAG) 2017 Audit Work Plan as approved by City Council in December 2016.

Background and context

Since 2001, Ontario municipalities have been responsible for social housing. Specifically, the *Housing Services Act, 2011* (HSA) designates the City of Ottawa as a "Service Manager" (SM) with responsibility to establish, administer and fund social housing in Ottawa. Part of this responsibility is to ensure that Rent Geared to Income (RGI) assistance is provided to a minimum of 16,502 households within the City of Ottawa (the Service Manager's "Service Area"). RGI assistance provides subsidized rental housing to eligible low and moderate-income households. This 16,502 service level figure has not changed since the HSA became effective in 2001.

In order to access RGI housing, households must complete an application, which is used to determine their basic eligibility and priority status, where applicable. All eligible households are added to the Centralized Waiting List (CWL), which can be accessed by the 47 prescribed local social housing providers in Ottawa. In addition to the 16,502 units that are required under legislation to be accessible through the CWL, an additional 1,691[1] rent supplement units have been funded outside of HSA programs since 2001. As such, a total of 18,193 units are currently accessed via the CWL.

There are very specific rules to determine a household's priority status on this waitlist. The rules regarding priority status are based on a number of formally defined factors, which are established from time to time by:

- The Province – under the Special Priority Policy (SPP); or
- Ottawa City Council – as a Local Priority (LP).

In general, SPP or LP status is provided to households based on risk factors such as safety/abuse, medical needs or homelessness. When a household is eligible for RGI

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[1] As of December 2017

housing but does not qualify for a priority status and they are not currently "over housed" in an RGI unit, they are added to the CWL and assigned a chronological status based on the date they were added to the CWL.

The table below provides key CWL statistics as of December 31 for each of the last five years.

Table 1: CWL statistics as of December 31 for each of the least five years

Description	2013	2014	2015	2016	2017
Number of active files (not including 'on offer' files)	10,089	10,224	10,099	10,052	10,597
Number of active SPP files	107	116	106	162	117
Number of active LP files (not including "over housed"[2])	577	553	512	577	577
Number of applicants already in receipt of RGI assistance and waiting for a transfer to a different RGI assisted social housing unit (included in number of active files above)	2,531	2,648	2,529	2,467	2,525

The wait time associated with each category of waitlisted households reflects the priority status given to the eligible household. The figure below provides a view of the average priority level of active files in the CWL for the period 2013 through 2017. The figure also provides average wait times until placement, based on applicants placed during the same period. Pursuant to current Council-approved local rules, housing providers are to select one local priority status household for every four chronological households (i.e. 1 in 5 offers are to be made to a priority status household).

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[2] Although they are not officially a Local Priority, the City directed placement process prioritizes over housed applicants. An existing RGI household becomes over housed when it no longer qualifies for as many bedrooms in a unit as they once did as a result of a change to the household composition.

Average Composition of the CWL (2013 - 2017)

SPP
122 files
Avg. Wait Time
= 270 Days

LP
559 files
Avg. Wait Time
= 491 Days

Non-SPP/LP
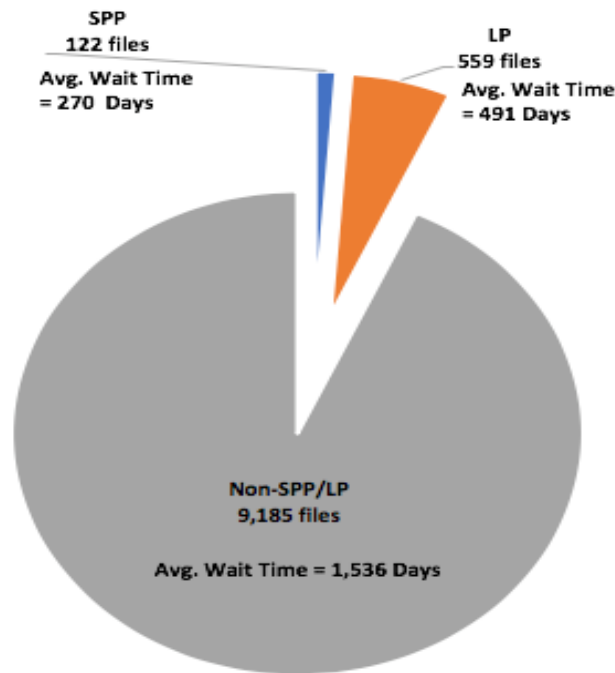9,185 files
Avg. Wait Time = 1,536 Days

Figure 1: Average composition and related wait times of active files in the CWL
for the period 2013 through 2017

Under the terms of a Service Agreement, the City has contracted the Social Housing Registry of Ottawa ("the Registry" or "the SHR"), a local non-profit organization, to manage the CWL on its behalf. As per the Service Agreement, the Registry is responsible for the receipt and retention of RGI applications; the assessment of household and RGI eligibility; the assessment of applications requesting priority status and assignment of the priority where warranted; administering the CWL; and providing prescribed housing providers with access to the CWL to fill vacant RGI units.

Thousands of applications from households are received by the Registry every year to be placed on the CWL. They are assessed for eligibility and prioritized based on a variety of factors to eventually be selected by social housing providers when an appropriately sized unit becomes available. The CWL list is continuously adjusted as the priority status of waiting applicants change and new applicants join with varying priority status of their own. Enforcement of the rules related to eligibility and assignment of priority status are crucial to ensuring that all applicants are assessed fairly and consistently. The increasing demand and need for social housing raise a number of risks. These risks must be considered in ensuring the integrity of the CWL and the

ongoing ability of the Registry to fulfill its obligations to the City, including compliance with legislated and regulatory requirements.

On October 30, 2017, Ottawa experienced a significant rain event, which resulted in flooding of the building that includes the Registry's offices at 2197 Riverside Drive. This flooding rendered the building uninhabitable for a period of months. During this time, the Registry's operations were re-located to City of Ottawa offices at 100 Constellation Drive. The Registry's operations returned to the Riverside Drive location on March 2, 2018.

Audit objectives and criteria

The overall objective of this audit was to provide an independent assessment of the integrity, security and availability of the Centralized Waiting List (CWL). This overall objective was comprised of the following four audit objectives:

Audit objective #1

Assess the extent to which there are mechanisms to support ongoing compliance with applicable acts, regulations and other requirements.

Criteria:

- The City (or "Service Manager"), and the Registry (or "Service Provider") have established appropriate mechanisms and practices to maintain compliance with relevant acts and regulations
- The Registry has established appropriate mechanisms and practices to meet its requirements under the Service Agreement and Service Manager Directives

Audit objective #2

Assess the extent to which the Registry's operations support the integrity of the CWL.

Criteria:

- Applicant information within the CWL is appropriately captured, assessed, maintained and reported
- The Registry has an effective program to support the ongoing integrity of the CWL

Audit objective #3

Assess the extent to which the Registry supports protection of applicant information and the continuity of its services.

Criteria:

- Personal/confidential information maintained by the Registry is secure and is protected from being compromised
- The Registry has effective plans and safeguards in place to support the continuity of services in the event of a disruption

Audit objective #4

Assess the efficiency and effectiveness of the City's operations to ensure the Registry meets its obligations.

Criteria:

- The City has adequate visibility of the Registry operations, leading to effective oversight and sufficient information is available to support effective oversight
- The City has effective mechanisms to support monitoring and oversight of the Registry's ongoing compliance
- The City has established processes to oversee the efficiency of the Registry's operations

Scope

Based on the assessment of risks during the planning phase of this audit, the scope of this engagement focused on assessing:

1. The extent to which there are mechanisms to support ongoing compliance with applicable acts, regulations and other requirements;
2. The extent to which the Registry's operations support the integrity of the CWL;
3. The extent to which the Registry supports protection of applicant information and the continuity of its services; and
4. The efficiency and effectiveness of the City's operations to ensure the Registry meets its obligations.

For greater clarity, the scope of this audit did not involve:

- An assessment of the City's service delivery model (i.e. outsourcing the management and administration of the CWL);
- An assessment of the technical functionality of the IT system used to create and maintain the CWL; and
- An assessment of the City's responsibilities as they relate to housing providers.

Audit approach and methodology

In accordance with the OAG's Audit Standards and City Audit Protocol, the audit methodology included three phases comprising planning, fieldwork and reporting. Audit techniques included the following:

- Interviews with management and staff both within the City's Housing Services and within the Social Housing Registry of Ottawa;
- Reviews of relevant City and Registry documentation (e.g. Housing Service Act 2011, Service Manager Directives, Service Agreement, Policy and Procedures Manual, Registry Annual Reports, etc.);
- Testing of CWL files (e.g. to examine documentation supporting RGI eligibility and priority status, evaluate evidence of updates and achievement of service standards, etc.);
- Walkthrough of application intake and assessment processes and physical inspection of security controls;
- Analysis of CWL data (e.g. to reconcile with reporting, identify relevant statistics and trends, etc.); and
- Other audit techniques as required.

Audit planning occurred from September to November 2017 when a decision was taken to suspend the audit in light of the flooding of the Registry's offices. The audit recommenced in June 2018 with the fieldwork continuing until August 2018.

Audit observations and recommendations

1.   Protection of applicant information and continuity of services

The SHR regularly receives personal and/or confidential information during normal operations. This is typically to support a household's application and any request they may have for SPP or LP status. Personal/confidential information provided by applicants

can include (depending upon their situation) income levels, contact information, social insurance numbers, medical notes, police records, among others. As such, the audit expected to see that the SHR has processes in place to ensure that the personal and confidential information it maintains is secure and protected from being compromised. Further, the audit expected to see that plans and safeguards have been put in place to support the continuity of services in the event of a disruption.

We found that SHR staff are made aware of their obligations related to maintaining and securing personal/confidential information at hiring, by signing a mandatory Oath of Confidentiality agreement. Further, procedures related to the handling of personal/confidential information are embedded within operating procedures in the SHR's Policy and Procedures document. Interviews with staff and a site walkthrough undertaken by the audit team confirmed that staff are aware of their obligations and take the necessary steps to protect this information. These steps are discussed in more detail throughout this section.

Personal/confidential information is maintained both electronically within the CWL and physically within hard copy applicant files. In terms of securing electronic information, the CWL server is maintained at the SHR's office in a locked room. SHR's systems coordinator is responsible for granting and maintaining system access to the CWL. All eleven SHR staff members are provided read and write access, while selected City staff and housing provider representatives are provided with read access and write access that is limited to relevant fields (e.g. housing providers enter housing offers).

In early 2018, due to the temporary relocation of the Registry's operations to City of Ottawa offices, City IT Services staff conducted a review of the CWL server. They implemented upgrades including new hardware and an updated firewall. As a result of this work, the security associated with the CWL server was upgraded to meet the City's security standards.

Ongoing IT support for the CWL server is provided by Ottawa Community Housing (OCH) under a service agreement with the SHR. OCH also maintains weekly backups on behalf of the SHR. These backups are unencrypted and are physically transported by the SHR systems coordinator to OCH on a weekly basis. This backup practice introduces risk around the safeguarding of electronic information from the CWL.

In terms of securing physical information, hard copy applicant files are maintained in a central file room at the SHR's Riverside Drive offices. This file room is accessible by SHR staff for purposes of accessing or filing of files through each business day and is

locked each evening. All staff also have access to locking cabinets to store working files as needed. Physical access to the SHR's office is limited to two locked doors, each with a keypad access. The office also has an alarm in place where management is notified when it is triggered after hours. The audit team conducted a site walkthrough, which did not identify any significant security issues. Discussions with management indicated that this finding was consistent with those resulting from a similar exercise conducted by the City's IT Services Branch in March 2018. While no significant issues were identified, the audit did note that the SHR's file room lacked a tracking system (e.g. sign-in/sign-out sheet). The lack of a tracking system introduces risk around file management, particularly in the event of a file being misplaced. It should be noted however that SHR staff were able to produce all hard copy files that were requested during audit testing.

To support continuity of services, the SHR conducts backups of the CWL on a regular basis. The weekly backups provided to OCH are on tape and are not transferred from the tape to OCH's systems. Rather, the backup tapes are simply stored at OCH facilities. The SHR also conducts a backup on a daily basis and maintains those within the same locked room as the server. Overall, the OCH maintains approximately three years of backed up CWL information, and the SHR maintains approximately six years of digital information on-site.

The SHR has also established a Pandemic/Emergency Plan to support business continuity in response to a disruptive event. However, it has not been recently updated; and interviewees stated that it dates to the SARS outbreak of 2003. While it provides guidance on communications to clients and staff in the event of an emergency or shutdown, it does not detail the steps to be taken to ensure continuation of services. However, interviews with City staff indicated that the new Registry Service Agreement is expected to include provisions to develop a Business Continuity Plan to support the Pandemic/Emergency Plan. The absence of a Business Continuity Plan introduces risk that the SHR could not quickly resume operations and that clients would experience reduced service levels after a disruption. This risk is further addressed in Recommendation #5 in the next sub-section.

Recommendation #1

> That the Registry, with support from the City, explore and implement an alternative process for the backup and safeguarding of electronic information within the CWL.

Management response:

Management agrees with this recommendation.

The City has led the development of a new web-based, encrypted CWL IT system, which is in the final stages of development and testing. Implementation is scheduled to occur in Q4 2019. This system will replace the current Lotus Notes IT system used by the SHR. This new IT system has the highest level of data storage and IT security protocols available in Canada.

Until such time as the new web-based IT system is fully functional, City staff continue to work with the Registry to develop safeguarding processes and alternate backup of electronic information currently stored within the existing Lotus Notes CWL database. To date this includes the development of a formal data backup and data transfer protocol, including the implementation of a locked security data case, for the transfer of backup data to the alternate storage site.

Recommendation #2

That the Registry implement a tracking system/log for the file room to ensure files are properly accounted for.

Management response:

Management agrees with this recommendation and it has been implemented.

The Registry has implemented a formal tracking system for files within the central file room. This includes both a sign in/out log book located at a designated area within the file room, along with a weekly electronic scan and electronic storage of the log book. Staff are required to sign out a file when removing the file from the file room and then signing the file back in when it is returned.

2. Efficiency and effectiveness of SHR operations

The City has delegated some of its Service Manager responsibilities under the HSA and related Regulations to the SHR. These are set out under the Registry Service Agreement, which at the time of the audit was in the process of being updated. This agreement includes provisions which require the Registry to maintain records and provide reports as well as to cooperate with any audit or operational reviews that may be undertaken at the City's discretion.

Given the importance of ensuring compliance with its obligations, the audit expected that the City would have implemented tools and practices to support effective and

ongoing oversight of Registry operations. Moreover, this oversight would support the City's compliance with the HSA and include mechanisms to monitor and evaluate the Registry's efficiency in discharging its responsibilities.

Our interviews and document review found evidence of frequent (i.e. daily) communications and other interactions between Housing Services and the Registry. These included phone calls, emails, in-person visits, periodic reporting of key statistics and surveys provided to Housing Services, and attendance at the Registry's Annual General Meeting[3]. In addition, Housing Services has taken steps to include more prescriptive reporting requirements in the updated Service Agreement. It has also undertaken an analysis of the Registry's finances with a view to identifying opportunities for efficiency and for purposes of informing the updated Service Agreement. Similarly, the business interruption caused by the October 2017 flood has led Housing Services to formally identify opportunities to better support continuity of operations in the event of a future disruption.

Housing Services is involved in a significant project to introduce new technology that would host the CWL. Compared to the current CWL, which is a Lotus Notes-based system, this new system is expected to introduce a number of efficiencies (through automation, self-serve options, more reporting capabilities, etc.). Also, unlike the current system which is administered and hosted by the Registry, this new system would be hosted and administered by the City.

While the audit identified that periodic reporting was provided by the Registry, it did not appear that these reports were being effectively used by Housing Services to support oversight or to identify trends or risks. Further, the audit noted that Housing Services does not have any formal mechanisms or processes in place to ensure that the Registry is complying with the Registry Service Agreement, nor has it undertaken an "operational review" of the Registry (as permitted by the existing Service Agreement). In the absence of such mechanisms or processes, along with the lack of operational reviews, there is an increased risk that the City would not be aware of any compliance issues.

Finally, while there are clear benefits associated with implementing the proposed new CWL platform, some concerns were identified. Specifically, the risk of operational disruptions, hardware requirements and the need for training and testing. We expect

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[3] Note: The City is not represented on the Registry's Board of Directors and does not attend regular Director meetings.

that Housing Services will work closely with the Registry and housing providers to ensure that implementation plans address these concerns.

Recommendation #3

That the City incorporate into the new Registry Service Agreement mechanisms to better support continuity of Registry operations in the event of a disruption and to provide information that will better support the City's monitoring and oversight.

Management response:

Management agrees with this recommendation.

The City continues to work with the Registry to finalize the updated Service Agreement to meet City requirements. This will be completed by Q3 2019. The updated Service Agreement clearly identifies and outlines a protocol in the event of a disruption, with the right to require the Registry to perform services from an adequate City-owned facility until such time as the Registry's office becomes suitable to serve clients.

The Service Agreement also requires an extensive and enhanced list of reports to better support monitoring and oversight. The new web-based IT system will allow the City direct access to information and will provide an IT platform to facilitate robust, multi-dimensional reports.

Recommendation #4

That the City formalize processes to assess the Registry's compliance with the Registry Service Agreement.

Management response:

Management agrees with this recommendation.

The City has a number of processes in place to monitor compliance with the Service Agreement. City staff are regularly in direct contact with the Registry to assess compliance. This includes formal and informal site visits, regular and annual operational reports, daily communication (both written and verbal), Service Manager Directives and Guidelines, and the review of audited financial statements.

City staff will implement an annual formal operational review process to assess the Registry's compliance with the Service Agreement by Q3 2019.

3. Compliance with applicable acts, regulations and other requirements

The City has contracted out parts of its responsibility under the HSA and its associated regulations to the SHR, specifically assessing the eligibility of applicants and maintaining a CWL of applicants. As such, the audit expected mechanisms and practices had been established to ensure that the City and the SHR maintained compliance with the Act, applicable regulations and City Directives. The audit also expected the SHR to establish its own controls to ensure it was fulfilling the responsibilities to which it had been delegated. With the exception of an outdated policy and procedure manual, we found these mechanisms, practices and controls to be in place.

The City has a Service Manager Policy and Procedure Manual that sets out the range of responsibilities and requirements associated with the City's role as a Service Manager, including those intended to support compliance with relevant acts and regulations. Section B of the manual, together with the Registry Service Agreement, set out the responsibilities that have been delegated to the SHR. However, both the manual and the agreement are outdated, with the former last updated in 2011 and the latter in 2009. As described above, City staff indicated that they expect the updated agreement to be finalized in the fall of 2018. However, the Service Manager Policy and Procedure Manual being outdated presents risk that roles and responsibilities set out in this document may not fully align with Provincial requirements.

In terms of the City ensuring the SHR's compliance with requirements, we found that this was undertaken primarily through open and ongoing communication as opposed to formal spot checks. Both Housing Services and SHR management cited regular communication via emails, phone calls, site visits, meetings at the SHR's office, as well as more formal reporting. As discussed above in Section 2, we recommend that formalized processes to assess the Registry's compliance be incorporated into the new Registry Service Agreement.

In the event of changes to Provincial or local requirements, Housing Services is notified of these and communicates them to the SHR, usually via email. Changes to local priorities are also set out in City Directives, which are shared with the SHR.

In terms of the SHR's controls to help ensure that it is fulfilling its responsibilities, the SHR has a Policy and Procedures document which sets out a range of business and administrative practices, as well as service objectives and principals. The document references both the HSA and the City as sources of policy guidelines and business

procedures. This document is further supported by job descriptions that set out more granular roles and responsibilities for each position at the SHR.

SHR's process is to update its Policy and Procedures when there are changes to legislation or directives. SHR's process is then to share its Policy and Procedures with Housing Services for their review after each update. While we confirmed that this has taken place in the past, the latest update in May 2018 had not yet been shared with Housing Services at the time of the audit. SHR management indicated that they were waiting for anticipated changes to the Provincial priority rules that would require further updates, prior to providing them to Housing Services for review. We concurred that this approach was reasonable.

Recommendation #5

> That the City update the Service Manager Policy and Procedure Manual and ensure that roles and responsibilities align with Provincial requirements and those in the new Registry Service Agreement.

Management response:

> Management agrees with this recommendation.

> The City anticipates that the Province will be revising relevant provincial legislation in 2019. Once these legislative revisions occur, City staff will work with the Registry to update the Service Manager Policy and Procedure Manual to reflect both the provincial and new Service Agreement roles and responsibilities by Q4 2019.

4. Maintaining the Centralized Waiting List

The CWL is in a Lotus Notes application, which is maintained on a server at the SHR's office. It is the responsibility of the SHR to assess the eligibility of applicants and update the CWL as required. The housing providers remotely access the CWL in real-time to select an applicant to be offered an available social housing unit that meets the applicant's requirements. The applicant selected is based on several factors including: priority status, duration on the CWL, desired location and number of bedrooms required. As such, it is critically important that the CWL be complete and accurate at all times to ensure that applicants are treated fairly.

We expected to see that the SHR's operations ensure that applicant information is appropriately assessed, maintained, and reported; and that mechanisms were in place

to support the ongoing integrity of the CWL. Overall, we found that SHR operations are adequately effective in maintaining the integrity of the CWL.

In terms of input and assessment, the audit found that SHR staff were following the procedures set out in the SHR's Policy and Procedures document. Application workers are the client-facing staff at the SHR. At the time of submission (either in-person, by mail, or by fax) they assess applications for RGI eligibility. This requires at minimum a completed application, a proof of income and a proof of residency. Once deemed eligible, they input the applicant's information into the CWL. Per the SHR's service standards, this is done within 10 days of receiving the complete application. Our interviews with application workers found that these procedures were well understood.

We tested a sample of 25 applicant files to assess compliance with the policy and procedures and the 10-day service standard. Generally, we found that these procedures were both effectively executed and completed within the SHR's service standards:

- Twenty-three of 25 files contained all the required documentation to support RGI requirements. The two exceptions were missing a proof of income and/or a proof of residency[4].
- Twenty-three of the 25 files were input into the CWL within 10 days. One of the two exceptions was a 29-year old file that pre-dated the SHR's existence, and the other was a 13-year old file with an input time of just over a month.

Application workers also ask applicants whether they wish to apply for SPP or LP status. If an applicant chooses to apply, the applicant's file is transferred to the Priority Assessment or Local Priority worker who then assesses the applicant's situation and collects the additional documentation required from the applicant. Documentation requirements to support special or local priority status are set out in Provincial regulation or City Directives respectively. Again, we found that documented assessment procedures were being followed and were effective. Seven of the 25 files that we tested had special or local priority status. We found that all seven of these files contained the required documentation. Further, we observed multiple instances in our testing of non-priority files where special or local priority status was denied due to the applicant's situation not fulfilling the priority's criteria and/or insufficient documentation to support the applicant's claim.

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[4] Note: Both of these files were dated prior to the requirement that the SHR obtain proof of income and residency.

General file maintenance procedures are also set out in the SHR's Policy and Procedures document. SHR staff, regardless of position, are expected to verify and update file information in the CWL each time that they are in contact with an applicant and to make note of the interaction. The SHR also undertakes a quarterly update process. Each quarter a list is generated from the CWL of all applicants that have not had contact with the SHR within the last 12 months. SHR staff send an "update package" to these applicants requesting that they verify basic file information (i.e. contact info, income levels, location preferences, etc.).

We tested 20 "active" files and confirmed that these procedures were being followed. Nineteen of the 20 files tested contained evidence in the CWL that they had been updated within the previous 12 months. The one exception was due to the October 2017 flood, which delayed SHR's update process that had been scheduled for the fall of 2017.

The Policy and Procedures document also sets out conditions and procedures for removing special priority status of an applicant. We found that these conditions were aligned with the requirements set out in Provincial legislation. However, practices to re-assess the eligibility of applicants with local priority status have not been formally documented. Interviews with SHR management and staff indicate that the local priority worker is a longstanding employee and has established and follows practices to update these files; however, these practices have never been formally documented. This lack of documented procedures results in a risk that a subset of these files may no longer be eligible for that status and may receive housing prior to an eligible applicant.

In terms of reporting, the SHR provides quarterly and annual reports to Housing Services. These reports include CWL status data (e.g. number of active files, breakdown of new applicants), work demands data (e.g. number of calls received, number of in-person interactions), and a breakdown of housed applicants over the last reporting period by housing provider. To confirm the accuracy of the information reported, we compared the figures in the 2015 and 2016 year-end SHR reports to historic CWL data extracted from SHR backups made on December 31 of each year.

Table 2: Comparison of the figures in the 2015 and 2016 year-end SHR reports to historic CWL data extracted from SHR backups made on December 31 of each year

Number of households	From annual reports		From CWL backups	
	2015	**2016**	**2015**	**2016**
New applications (including all household types)	4,147	4,403	4,146	4,397
Active waiting list (does not include pending or 'on-offer' status)	10,099	10,052	10,087	10,032
Number of households currently in social housing	2,529	2,467	2,574	2,462
Number of households currently "On Offer"	149	106	138	109

As demonstrated in the above table, the figures were close, but did not exactly match. We were able to attribute these minor discrepancies in the data to the differences in the timing of when the data for the annual report was extracted from the CWL (i.e. near year-end) and when the backup data was generated (i.e. precisely at the end of business on December 31). CWL data changes on an hourly, or even minute-by-minute basis.

While the SHR does not have a formal "program" in place to assure the integrity of information within the CWL, a number of effective quality control processes and practices have been implemented. These include processes discussed above such as the practice of validating and updating an applicant's file each time they are in contact with the SHR, and the quarterly update process. Another key quality control process is the internal review process, which enables applicants to dispute and validate decisions related to their files (i.e. special/local priority status). Applicants have 31 days after a decision to request an internal review, which is conducted by a three-person panel comprised of a representative from the City, an independent social housing provider (not the applicant's landlord) and an advocacy organization. Interviews with City staff indicated that, in the rare instances where a decision has been overturned, it is usually because additional documentation was provided by the applicant during the hearing.

Recommendation #6

That the Registry formally document procedures to review and update files with local priority status to ensure applicants continued local priority eligibility.

Management response:

Management agrees with this recommendation.

The Registry has protocols and utilizes a number of formal documents to review eligibility for a local priority status and to update and to ensure ongoing eligibility for such status. This includes, but is not limited to: specific applications and supporting verification documentation for each local priority, verification specialist (staff) checklists and sign-off forms confirming the status of eligibility, along with processes to ensure ongoing eligibility verification at the household annual review.

City staff will work with the Registry to formally document these processes in a procedure to be included within their Policy and Procedure manual by Q2 2019.