

Operational Review Report

Urban Native Homes Incorporated

Date of Review: Friday, January 29, 2016

Completed by: **George Gambioli, Housing Administration Officer**
City of Hamilton
Housing Services Division
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In Attendance: Christine Lenze, Urban Native Homes
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Municipal Freedom of Information and Protection of Privacy Act:

Please note that this report may include information which is protected under the Freedom of Information and Protection of Privacy Act. No private information contained in this report should be released without the written consent of the individual to whom the information relates.

Disclaimer:

The purpose of this operational review is to assist Urban Native Homes Incorporated in meeting the requirements of the Federal 56.1 Operating Agreement and the Housing Services Act 2011 and their responsibilities under these programs. This report does not provide a complete statement of issues and concerns arising from the operation of the housing portfolio which is the subject of this report. This report is not intended to be relied upon by any third party.

The City of Hamilton, its employees, consultants and agents are not liable for any injury or damage (including death), property loss, damage, costs or expenses sustained by or claims or actions against Urban Native Homes Incorporated, its directors, officers, employees, independent contractors, residents, members or any other third party, which may arise directly or indirectly from oral or written statements made by the City of Hamilton, its employees, consultants or agents as a result of the operational review conducted by the City of Hamilton.

Urban Native Homes Incorporated is advised to take all steps which may be needed to satisfy itself as to its compliance with the City of Hamilton's requirements under the program and at law.

Note to Reader:

The Directions and Recommendations provided in this Operational Review are intended to comprise an overview and consolidation of issues which have remained outstanding since the last Operational Review was completed in 2013 and additional items which been brought to the attention of the Service Manager throughout the course of the past year.

Until further direction from the Service Manager, these Directions are intended for discussion purposes only. The Service Manager explicitly reserves its right to exercise any and all of its remedies under the *Housing Services Act, 2011* and in no way do the Directions set out herein represent an opportunity to rectify under the legislation.

1.0 GENERAL INFORMATION

1.1 PROJECT DESCRIPTION

The portfolio consists of:

Project 1

229 Candlewood Drive, Stoney Creek
52
Townhouses
Provincial Reformed

Project 2

Scattered Units
156
Scattered Units
Federal 56.1

2.0 CORPORATE REQUIREMENTS

Note: Under this section – Corporate Requirements, the City of Hamilton, Service Manager, has adopted previous provincial standards set out in O. Reg. 339/01, sections 3(5), 4, 6 as interim standards to maintain status quo.

2.1 MEMBERS, OFFICERS and DIRECTORS

Section 3 of O. Reg. 339/01 requires that every housing provider be incorporated under one of the prescribed Acts under which non-profit or co-operative corporations are normally incorporated.

The *Corporations Information Act/Co-operative Corporations Act* requires that a "notice of change" be filed when there is a change of directors/officers and/or a change of their home address. The corporate status should be active, the member/director list should be current and all corporate reporting should be up-to-date.

Result	Indicators/ Elements	Comments
Yes	A list of current members/directors was provided by the group and reviewed.	At the time of conducting this Operational Review, there were four members. As of February 7, 2016, one member tendered her resignation. Recruitment of new members has been on hold pending resolution of outstanding issues.
No	The list of members/directors matches the last Corporate	
No	The group has been filing the appropriate "Notice of Change" forms with the Ministry of Consumer and Business Services.	Provider advised that it was suggested from its corporate counsel that it not file the Notice of Change until a new Board of Directors is in place.

The Provider's Bylaws for the required number of Board members and indemnity were reviewed:

Result	Indicators/ Elements	Comments
Yes	The list of Board members match the Bylaws required member number	The By-law establishes a maximum of seven Board members and requires four Board members to constitute quorum.
Yes	There are prolonged vacancies	Two long standing Board Members plus the former president have resigned. As of February 7, 2016, another Board member resigned and there is no quorum.
Yes	There is an orientation program in place for new members	
No	Individual Board members are liable in the case of an Ontario Human Rights Code violation	

Direction

The Board is directed to immediately call a special meeting of members to elect, at minimum, sufficient directors to achieve quorum in accordance with the provisions of the By-law.

2.2 MINUTES AND MEETINGS

The *Corporations Act* and *The Co-operative Corporations Act* require that a minute book be kept and that minutes are properly approved and certified. A minute book is not being kept. Minutes do not appear to be properly approved and certified.

Minutes were reviewed on-site for the period 17 September 2014 to 23 June 2015. Seven meetings were held during that period of time. Minutes are not available on-site for meetings held after June 23, 2015.

There is evidence in the minutes that the Board reviews their operations through Board review and approval of:

Result	Indicators/ Elements	Comments
No	the annual operating budget	There is no indication in the minutes that the annual operating budget is approved by the Board of Directors.
No	the audited financial statements	The last Audited Financial Statements completed are for year-end March 31, 2014. Audited Financial Statements for year-end March 31, 2015 remain outstanding.
Yes	monthly/quarterly financial reports	
Yes	the rental arrears report	
Yes	the vacancy, unit allocation and target plan report	
Yes	the maintenance report	
No	the resident relations report	
Yes	the personnel/staff report	
No	internal appeal report	
No	tenders and/or contracts	There have been tenders and contracts that were awarded without obtaining three quotes. Example: A forensic audit which cost approximately \$57,000 and a Building Condition Audit and Replacement Reserve Study

		which cost approximately \$80,000 were not tendered but single sourced.
No	a conflict was declared and the member vacated or abstained from voting	In all of the minutes that were reviewed it was noted that no Conflict of Interests were declared. However, there were Conflicts of Interest that were not declared. Example: the most recent Chief Financial Officer (who no longer works for Urban Native Homes) was hired by the Board of Directorsdid not declare a Conflict of Interest.
Yes	There is evidence in the minutes that money is loaned or being given away	

Direction

The Board is directed to approve, certify and sign all minutes of the Board of Director's Meetings and keep them in a Minute Book stored on-site. This should be completed by June 30, 2016.

Direction

The Board is directed to include clear reference to the receipt and all decisions made in its Minute Book, including, but not limited to the items listed in the Table above.

Direction

The Board is directed to obtain three quotes/tenders for all contracts over \$5,000 in conjunction with the new Conflict of Interest policy to be implemented by the group prior to any quotes/tenders being awarded to the successful proponent. This should be completed by June 30, 2016.

Direction

The Board is directed to declare any actual/perceived Conflicts of Interest and execute the appropriate Conflict of Interest declarations.

When an actual/perceived Conflict of Interest is declared, the Board Member with the actual/perceived conflict is required to the leave the room while the item related to the Conflict of Interest is being discussed and voted on by the Board. The executed Conflict of Interest declarations are to be kept in a separate file and reflected in the Minutes.

2.3 ANNUAL GENERAL MEETING

An annual general meeting (AGM) must be held every year and a separate set of AGM minutes maintained as required under the *Corporations Act/Co-operative Corporations Act* for the purposes of:

- The appointment of an auditor
- Election of directors and appointment of officers

According to Bylaw 1, the quorum size for the AGM is the greater of 8 or 20% of the members present to vote in person or by proxy..

It appears from reviewing the AGM meeting minutes, that a quorum was present at the last AGM.

The last AGM was held on Wednesday, September 17, 2014 and the Minutes were reviewed. At that meeting:

- an auditor was appointed;
- Election of directors and appointment of officers was completed; and
- the audited financial statements for the year-ended March 31, 2014 were approved.

There was no AGM held in 2015 and audited financial statements have not been completed, approved and submitted to the City of Hamilton.

2.4 QUORUM FOR BOARD MEETINGS

According to Bylaw One, the quorum size for Board Meetings is four.

It appears from reviewing the available Board of Directors' meeting minutes that a quorum was present at each of those meetings. This cannot be confirmed for those meetings for which the minutes and records are missing.

2.5 HOUSING SERVICES ACT, 2011, Regulations and O. Regs 298/01 and 339/01
REGULATIONS / MANUALS / DIRECTIVES

The review revealed that:

Result	Indicators/ Elements	Comments
No	The City of Hamilton Service Agreement has been fully executed and is on file	Original Service Agreement was executed in 2001 has expired. The City of Hamilton needs to issue new agreements.
Yes	The City of Hamilton's Communiqués are available for reference and filed/stored in a convenient location	
Yes	A copy of the <i>Housing Services Act, 2011</i> and related Regulations is stored in a convenient location	
Yes	The Service Manager's Guides: Operating Framework, Special Needs Housing and Central Waiting List & RGI Assistance are available for reference	
Yes	Access to Housing (ATH) policy and procedure information is available for the public's reference, including the internal review process	
No	The group has established an internal review process and has submitted a copy to the City of Hamilton	
Yes	The provider maintains an Internal Transfer Waiting List	
Yes	Absence Rule is communicated to all households including new residents	
Yes	Guest Policy is contained in the Lease or Rules or Bylaws or Tenant/Member Handout	
Yes	Guest Policy is communicated to all households including new residents	
Yes	A copy of the Guest Policy was submitted to the Service Manager <i>O. Reg. 339 s.21.5(3)</i>	
No	The Provider has established procedures for its internal review process and notifies the household of the right to request a review to the Social Housing Review Panel.	

Direction

The Board is directed to implement to approve an internal review process and submit a copy to the City of Hamilton by June 30, 2016.

Direction

The Board is directed to establish procedures for its internal review process and confirmation that it notifies households of the right to a review of its decisions by the Social Housing Review Panel and provide a copy of these procedures to the City of Hamilton by June 30, 2016.

2.6 PUBLIC INFORMATION

Urban Native Homes confirmed the following information is available to the public:

Results	Indicators/ Elements	Comments
Yes	The information provided under section 169 of the <i>Housing Services Act, 2011</i> to the housing provider by the service manager.	
Yes	Procedures for applications for rent-gearred-to-income assistance	
Yes	Local eligibility rules	
Yes	Occupancy standards	
Yes	Rules for selecting households	
Yes	Information on housing projects in the Service Manager's area	
Yes	Information about provincial eligibility rules	
Yes	Information about provincial priority rules	
Yes	Information concerning the types and sizes of units in its housing project.	
Yes	Policies and procedures for internal transfers.	
No	Procedures for internal reviews.	
Yes	The current Residential Tenancies Act (RTA) is available for reference.	
No	The organization's Bylaws are available for reference and for copying upon request.	
No	Board Policies are organized and available for reference in writing.	
Yes	Members of the public are allowed to make copies of the information at their own expense. <i>O.Reg.339/01, s.9 (2)</i> .	

Direction

The Board is directed to ensure that all of the Urban Native Homes By-laws and Board Policies are available for reference and upon request.

3.0 CONFLICTS OF INTEREST

3.1 CONFLICT OF INTEREST BYLAW

Note: The City of Hamilton has adopted the conflict of interest provisions set out in O. Reg. 339/01, s. 4 as the interim standard to maintain the status quo until such time that the City

has established its own conflict of interest standard. The states that:

Conflict of interest is defined by the regulation as a situation in which:

1. The personal or business interests of a director, officer, agent or employee of a housing provider are in conflict with the interests of the housing provider.
2. A personal gain, benefit, advantage or privilege is directly or indirectly given to or received by a director, officer, agent or employee of a housing provider, or a person related to one of them, as a result of a decision by the housing provider.

The Act requires that housing providers implement a conflict of interest policy/bylaw that is consistent with this directive. Policies in this directive may be reflected in a Conflict of Interest by-law, or a Code of Conduct By-Law, or a Spending/Financial By-Law.

The Conflict of Interest provisions of the bylaw(s) approved by the Board were reviewed for the following:

Result	Indicators/ Elements	Comments
No	The bylaw(s) meets all requirements.	
No	A copy was submitted to the Service Manager.	
No	The by-law has been amended since it was approved.	
Yes	The declaration of a Conflict of Interest is a standing agenda item at the Board meetings.	
No	A signed copy of the Conflict of Interest by staff, Board members and contractors is on file and available to view.	Board members have not executed Conflict of Interest declaration forms. Staff and contractors have executed Conflict of Interest declarations
No	The Service Manager is advised of all conflicts of interest.	
No	Conflict of Interest declarations are kept on file for minimum of 10 years in a separate file pursuant to the Business Corporations Act.	Conflicts of Interests have not been declared at Board Meetings There are no completed Board Members' Conflict of Interest declarations on file.
Yes	A description of the competitive process for hiring staff is included (Competitive Process – Property Management – O.Reg. 339/01, Sec.B)	

Direction

The current Board is directed to provide copies of the signed Conflict of Interested forms to the City of Hamilton by June 30, 2016.

Direction

The Board is directed to develop and approve a Conflict of Interest By-law utilizing the Conflict of Interest By-law endorsed by the Ontario Non-Profit Housing Association and provide a copy of the approved Conflict of Interest By-law to the City of Hamilton by June 30, 2016.

3.2 IDENTIFIED CONFLICT(S) OF INTEREST (COI)

Yes A review of the minutes and COI files and discussions with the Acting Executive Director Christine Lenze suggests that there have been known conflicts of interest.

No If a COI has occurred; it was appropriately disclosed and resolved to the Service Manager’s satisfaction.

Direction

The Board is directed to create a file containing records of declarations of Conflicts of Interest and their resolutions.

The Board is directed to approve a Board Resolution ensuring that all future Conflicts of Interest are declared in writing by the Board Member declaring the Conflict of Interest.

The Board is directed to notify the Service Manager in writing of Conflicts of Interest together with confirmation from the Chair/President that appropriate measures were taken to address the Conflict of Interest.

4.0 SUCCESSION PLANNING

Under the *HSA, subsection 69(5), O. Reg, 367/11, section 87*, the housing provider must develop a training plan and succession plan for key staff positions within the organization as well as for replacement of board members. Succession planning, especially for small housing providers is one of the most critical elements to daily operations. The concept of succession planning must be endorsed by all staff and all board members to be effective and it must be reviewed on a continual basis or when there is a required change to either key staffing position or board members.

The succession plan must include the following:

Result	Indicators/ Elements	Comments
No	A plan for training staff and volunteers involved in the operation of the designated housing project.	
No	A succession plan for replacement of board members.	
No	current job description that accurately reflect all of the duties and responsibilities of specific staff positions	
No	The provider has clearly identified the skill sets and expertise levels required by board members	
No	The board membership number is effective.	The result was acceptable as of the time of conducting the Operational Review on January 29, 2016. Since that time, there has been a resignation and there is an insufficient number of Directors to meet quorum.
N/A	** for Co-Operatives only** A plan for educating the members about the governance of the co-operative	

Direction

The Board is directed to create and approve a Succession Plan and provide and a copy to the City of Hamilton by October 31, 2016.

5.0 PROPERTY MANAGEMENT and PROCUREMENT PRACTICES

Note: Under this section–Property Management and Procurement Practices, the City of Hamilton, Service Manager, has adopted previous provincial standards set out in O. Reg. 339/01, section 8 as interim standards to maintain status quo.

The Section 8 of O. Reg. 339/01 requires that the housing provider follow an open and competitive selection process in hiring employees or engaging a property management company to manage its housing projects. The implementation and compliance with a tendering process is one of the most critical components for housing provider operations to ensure that there is not a conflict of interest incurred and that the services contracted are the most efficient financially for the housing provider.

5.1 PROPERTY MANAGEMENT AGREEMENT N/A

5.2 COMPETITIVE PROCESS FOR PROPERTY MANAGEMENT N/A

5.3 EMPLOYEE CONTRACTS

Copies of the current contracts and job descriptions for all employees were reviewed. The group has established Human Resources policies regarding hiring, discipline, benefits, record keeping, termination, regular performance reviews, etc. The group's solicitor had reviewed the contracts to ensure compliance with all applicable laws.

5.4 COMPETITIVE PROCESS

Hiring is to be documented, open, and competitive.

The Board did not use a competitive process to select the most recently contracted staff.

The Board did not provide confirmation to the City of Hamilton that all staff hired in the last year were selected after a documented, fair, open, competitive process. Documentation relevant to the hiring was not available.

For example, the most recent Chief Financial Officer (who no longer works for Urban Native Homes) was hired by the Board of Directors directly. There is no evidence that a competitive process was undertaken and one of the Directors was the candidate's brother. No conflict was declared

There was documentation relevant to the contracts for review (For example, advertisements, written quotes, description of goods/services to be provided, scope of work, list of contractors contacted, Board Minutes of Tender evaluation, W.S.I.B. Clearance Certificate, etc.).

6.0 FINANCIAL REVIEW

6.1 AUDITOR'S MANAGEMENT LETTER RECOMMENDATIONS

An audit has not been completed since March 31, 2014.

6.2 SUBSIDY ESTIMATES

Note: Under the authority of the *Housing Services Act, s.81*, the Service Manager can require subsidy estimates and adopt section 105 of the *Social Housing Reform Act*, as an interim rule requiring subsidy estimates or request estimates ad hoc.

The detail of the calculation of subsidy is set out in the *Housing Services Act, s.81*.

On receipt of the approved subsidy from the City of Hamilton, the Board reviews and revises their annual operating budget plan for internal use. The Board then submits their estimates for mortgage, property taxes and anticipated rent geared to income revenue. The City of Hamilton will then revise the operating budget.

Recommendation

It is recommended that the Board review their budget and make whatever adjustments are required to bring the budget in line with the approved budget.

6.3 ANNUAL INFORMATION RETURN (A.I.R.)
MANAGEMENT REPRESENTATION REPORT

Section 81 of the Housing Services Act requires that a housing provider submit an audited statement and an annual report to the service manager. If a housing provider fails to give the service manager its annual report in accordance with this section, section 81(4) of the HSA allows the service manager to reduce the amount of subsidy payments.

The group did not submit an Annual Information Return to the City of Hamilton within five months of their fiscal year end as required Since no A.I.R. has been submitted there was no Management Representation Report submitted with the Annual Information Return.

6.4 FINANCIAL REPORTS

Financial reports are provided to the Board on a sporadic basis.

The financial report was reviewed.

The Financial Reports were reviewed for the following:

Result	Indicators/ Elements	Comments
No	Financial reports are provided to the Board at least quarterly.	
No	Statements are prepared on an accrual basis.	
No	Statement format includes "Actual", "Budget", "Current Month" and "Year to Date".	
Yes	A rent roll is prepared quarterly.	
No	A balance sheet is prepared quarterly.	
Yes	Computer records are protected with regular backup and separately stored.	
Yes	The frequency of computer backup is acceptable and is at least once per month.	
Yes	The frequency of computer backup is acceptable and is at least once per month.	

Direction:

It is directed that the Board receive financial reports which includes year-to-date spending, forecasted year end spending and variances against the annual approved budget.

This information is essential for the Board’s financial decision making. Please provide a copy of the revised board financial package to the City of Hamilton by June 30, 2016.

6.5 REVENUES

The current rent arrears as of February 2, 2016 are \$146,486.24 representing 105 households.

The provider did not provide a policy for rent arrears, former tenant arrears and collection for damages to units.

Direction

The Board is directed to develop policies and procedures for collection of rent arrears, former tenant and for collection of damages. Copies of these policies and procedures are to be provided to the City of Hamilton by October 31, 2016.

Internal controls for revenues were reviewed for the following:

Result	Indicators/ Elements	Comments
Yes	Pre-number receipts are issued for cash received.	
Yes	Cash payments are discouraged whenever possible.	
Yes	Cash is stored securely and/or deposited frequently.	
Yes	Cheques are not cashed from current cash receipts.	
Yes	Cheques are immediately endorsed "for deposit only".	
Yes	Coins are emptied and deposited regularly.	
Yes	Two persons count revenue from coin laundry machines.	
No	HST filings are completed at least annually.	Audited Financial Statements need to be completed as soon as possible for the HST filings to be completed.
No	Units are classified correctly on the Annual Information Return.	AIR has not been submitted since March 31, 2014
No	Rent receipts were traced from deposit into the bank and through the system to posting to the General Ledger.	
No	Occupancy charge/rent amount on the rent roll agrees to tenant file.	
No	Rent deposit traced to bank statement and amount consistent (total rent amount match bank deposits).	
Yes	Board approved market rents are equal to or greater than benchmarked market rents.	

Direction:

From the documentation provided we were unable to track the rent receipts from deposit into the bank and through the system to posting to the General Ledger, nor are we able to trace rent deposits to the bank statements.

6.6 VACANCY LOSS MANAGEMENT

Vacancy loss information was not provided to the City of Hamilton.

Direction:

The Board is directed to provide vacancy loss statistics for the period commencing January 1, 2015 to the City of Hamilton by April 30, 2016.

6.7 INSURANCE

The group is not currently insured with a group insurance company as required by HSA. s.124 (a), O. Reg. 367/11, s.99:

Result	Indicators/ Elements	Comments
Yes	The provider has arranged alternate insurance at a lower cost.	
Yes	The insurance meets the minimum requirements required by Housing Services Corporation (HSC).	
Yes	The insurance policy contains the requirements set out in the Service Agreement.	
Yes	The premiums are up to date.	
Yes	The Certificate of Insurance for the provider is on file.	
No	Service Manager is endorsed as a third party.	
No	Certificate of Insurance is provided from the company to the Service Manager on an annual basis.	

Christine Lenze provided their system of reporting incidents (for example, accidents, emergencies, vandalism).

Direction

The Board is directed to make the provision for the City of Hamilton to be endorsed as a third party and to ensure that the City of Hamilton is provided a copy of the Policy on an annual basis. A copy of which is to be provided to the City of Hamilton by April 30, 2016.

6.8 BANK STATEMENTS

Insufficient documentation was available to complete this portion.

Result	Indicators/ Elements	Comments
No	Bank balance is reconciled monthly.	Monthly bank reconciliations are unavailable. Last known reconciliation was prepared for year-end March 31, 2014.
N/A	Bank deposit slips agree with the cash receipts journal and pre number.	Not provided.
N/A	Reconciliations are reviewed by an alternate person (preferably board Treasurer).	Not provided
N/A	There outstanding items on the bank reconciliation.	Not provided
N/A	Cash receipts deposited on a timely basis	Not provided
N/A	Mortgage payments were made on time	Not provided
N/A	Municipal taxes are current	Not provided
N/A	Utilities are paid within discount periods.	Not provided
N/A	Other payables listed.	Not provided
N/A	Bank deposit slips are reconciled with supporting cash receipts, journal entries and the pre-numbered receipts.	Not provided
N/A	Journal entries are posted on the day of the	Not provided

	receipt.	
N/A	Reconciliation variances of more than ten dollars are reported to the Board and investigated immediately.	Not provided
N/A	There are overdrafts and overdraft charges incurred by the provider.	Not provided
N/A	There is evidence of stops, holds or unusual suspension activity initiated by the financial institutions.	Not provided

Direction

The Board is directed to ensure that the documentation and responses regarding the above-referenced Bank Statement Review for the period December 1, 2015 to January 31, 2016 be submitted to the City of Hamilton by April 30, 2016.

6.9 USE OF CREDIT CARDS

Credit Card statements for the period December-15 to January-16 were reviewed for the following:

Result	Indicators/ Elements	Comments
Yes	There is a corporate credit card policy which is approved by the Board.	
No	Contractor invoices are paid by a credit card.	
Yes	Controls are in place to ensure appropriate use of credit cards, i.e., for direct provider expenses only.	
Yes	The assigned credit limit is reasonable based on the size of the provider.	
Yes	Monthly credit statements matched in date order to all applicable receipts.	
No	All receipts and credit card statements are signed by a Board member prior to payment of account.	
Yes	All credit card numbers are maintained on file in a secure place in case of theft or loss.	
Yes	Each employee with a credit card has signed an acknowledgement of the provider policy on credit card usage.	
Yes	The provider pays bills through a debit card or by internet/telephone banking.	Horizons Utility paid monthly through EFT
N/A	There is a debit card or internet/telephone banking policy approved by the Board.	

Direction

The Board is directed to have a Board Member (Treasurer) sign all receipts and credit card statements prior to any payment of the account. The Board Member who is assigned to the Treasurer position is to be provided to the City of Hamilton by April 30, 2016.

6.10 DISBURSEMENTS

Internal controls for disbursements were reviewed for the following:

Result	Indicators/ Elements	Comments
Yes	Written purchasing policies exist and are consistently followed.	The written purchasing policies were not being consistently followed.
No	Three (3) written quotations are obtained for goods/services costing from \$5,000 to \$49,999 and the lowest bids are accepted	
No	A public or pre-qualified or invitational tender (with minimum	Forensic audit which cost approximately \$57,000 without any

	of three invitations) is held for goods/services costing over \$50,000.	evidence of Board approval or competitive tendering. Building Condition Assessment and Replacement Reserve Study which cost approximately \$80,000 was not tendered but single sourced by previous Executive Director.
Yes	There are Board approved signing authorities and spending limits in place.	
Yes	Cheques and supporting invoices/documentation are reviewed by a board member and signed by two authorized signing authorities.	
Yes	Cheques are not signed in advance.	
Yes	Invoices are paid by the due date.	
Yes	Invoices are marked paid and the cheque number is entered on the invoice.	
Yes	All cheques are pre-numbered.	
Yes	Voided cheques are properly handled and maintained on file.	
No	Appropriate payroll remittances are being made to Canada Revenue Agency.	Meeting with Canada Revenue Agency on February 18, 2016 to discuss payroll remittances and necessary actions to be undertaken.
Yes	Petty cash is maintained in a secure location.	
Yes	Petty cash balances to the amount on the balance sheet.	
Yes	All receipts are signed and authorized.	
Yes	There is <u>no</u> evidence of borrowing from the petty cash fund.	
Yes	Reimbursement is by cheque only and is reviewed.	
Yes	Reimbursement is not made payable to cash.	
Yes	Petty cash is <u>only</u> used for shelter related out of pocket expenditures.	

Direction

The Board is directed to obtain three written quotations are obtained for goods/services costing \$5,000 to \$49,000 and the lowest bids are accepted.

Direction

The Board is directed to complete a public or pre-qualified tender (with a minimum of three invitations) is held for goods/services costing over \$50,000.

6.11 NON-SHELTER AGREEMENTS

There is no non-shelter space in this portfolio.

6.12 CAPITAL ASSET MANAGEMENT

Poor capital asset management will identify a provider as a project in difficulty using the three following indicators



N/A There are no annual Operating Deficits.
Yes The Capital Reserve is not depleted.
Yes There is insurance for Catastrophes.

It is unknown at this time whether or not there are annual Operating Deficits since audited financial statements have not been completed since March 31, 2014.

6.13 CAPITAL RESERVE FUND (O. Reg. 367/11, s. 98)

For federal providers the following is a recommendation;

Section 124(b) of the Housing Services Act, 2011 states the housing provider participates in a system for pooling capital reserves for investment purposes and shall follow such investment policies as may be established by the Housing Services Corporation.

The full amount of the Reserve Fund is: \$ 844,022.

Total Reserve Funds at the time of the review is: \$844,022Click here to enter text.

The review revealed that:

Result	Indicators/ Elements	Comments
Yes	The capital reserve fund is fully funded.	
Yes	The provider follows the investment policies established by HSC/HSCFI.	
Yes	The required funds been transferred to the required pooled investments.	
No	The Board regularly reviews the reserve fund statements from their accounting firm.	Financial statements have not been completed since March 31, 2014.
No	The provider regularly reviews and amends when necessary its investment by-law to ensure compliance with the legislation.	
No	The provider regularly reviews its capital plan to ensure it has a clear understanding of its future capital needs for repair and replacement.	
No	The provider's financial statements present a clear accounting of Capital Reserve Fund revenue and expenses separate from the Operating Statement.	Financial statements have not been completed since March 31, 2014.

Direction:

The Board is directed to regularly review and amend when necessary its investment by-law to ensure compliance with the legislation.

Direction:

The Board is directed to review its capital plan to ensure it has a clear understanding of its future capital needs for repair and replacement.

6.14 FINANCIAL POSITION

The financial position is unknown at this time since audited financial statements have not been completed since March 31, 2015.

6.15 CORPORATE RECORDS – ACCESS, CONFIDENTIALITY, RETENTION

Housing Services Act, s. 79(1) and s. 169

Access

The Board should have some provisions for gaining access to corporate records in the event staff is sick, during periods when staff is on vacation.

Retention & Confidentiality

The board should have clear policies on the storage and disposal of all files e.g. financial, legal, project data and tenant files.

The housing provider must keep records for at least seven years after the end of the fiscal year to which the record relates. HSA, s, 79(1) and O. Reg. 367/11, s, 102, ss.2 and ss.4

Christine Lenze confirmed that the following records have been kept for 7 years:

Result	Indicators/ Elements	Comments
Yes	The housing provider's financial records.	
Yes	Records relating to the housing project.	
N/A	Decisions to refuse to offer a unit, including a copy of the notice given to the household.	

Christine Lenze confirmed that the following records have been kept for five years: O. Reg. 367/11, s.102. s.3.

Result	Indicators/ Elements	Comments
Yes	Records relating to housing that occupies a unit for at least five years after the household last resides in a unit	

6.16 BUSINESS CONTINUITY PLANNING

Business continuity planning is the process whereby housing providers ensure the maintenance or recovery of operations, including services to members, when confronted with adverse events such as natural disasters, technological failures, human error, or change in staff or property management. The objectives of a BCP are to minimize financial loss to the corporation; continue to serve all housing shareholders; and to mitigate the negative effects of disruptions can have on a corporation's strategic plans, reputation, operations, liquidity, credit quality, rent ability, and ability to remain in compliance with applicable laws and regulations. Changing business processes and new threat scenarios require housing providers to maintain updated and viable BCPs.

A review indicated the following:

Result	Indicators/ Elements	Comments
No	The housing provider has a Business Continuity Plan in place	
Does the plan includes:		
Choose an item.	prevention and preparedness	
Choose an item.	reconciling recovery times with business unit requirements	
Choose an item.	disaster declaration and plan implementation processes	
Choose an item.	recovery progress reporting	
Choose an item.	testing of the plans	
Choose an item.	communication	
Choose an item.	backup and storage strategies for software and data files	
Choose an item.	personnel and responsibilities	
Choose an item.	technology components	
Choose an item.	backup recovery housing facilities	

Recommendation

It is recommended that a Business Continuity Plan be prepared and this be approved by the Board and a copy of the approved plan is to be submitted to the City of Hamilton by September 30, 2016.

7.0 RESIDENT/TENANT RELATIONS

7.1 LEASES/OCCUPANCY SUBSIDY AGREEMENT FOR TENANTS/MEMBERS RECEIVING RENT-GEARED-TO-INCOME (RGI)

The provincial requirements under the *Housing Services Act, 2011, s. 75, O. Reg. 367/11, s.96 and 100(5)* require the following:

Result	Indicators/ Elements	Comments
Yes	The housing provider must have a lease or occupancy agreement with the household before providing RGI.	
Yes	The household is informed of market rent for unit prior to receiving RGI	
N/A	The housing provide did not refuse to enter into a lease or occupancy agreement if the household was unable to pay charges (other than rent) at lease signing, and/or if household agreed to a payment schedule.	

Note: The City of Hamilton has adopted the previous provincial standards set out in *O. Reg. 339/01, s.21* as interim standards to maintain the status quo until such time as the City has set local standards regarding leases. *O. Reg. 339/01* requires that the housing provider enter into a written lease or occupancy agreement with each household occupying a RGI housing unit.

The lease/occupancy subsidy agreement for tenants/members were reviewed for the following required clauses:

Result	Indicators/ Elements	Comments
No	Does not exceed one year.	Initially one year and then monthly.
Yes	Reflects the market rent/housing charge for the unit.	
Yes	Reflects the geared-to-income rent payable by the household for one month.	
N/A	The initial fee for membership (co-ops only)	
N/A	Sector support levies(co-ops only)	
Yes	Additional charges allowable under the R.T.A.	
Yes	Adjustment for misrepresentation of, or failure to report income.	
Yes	Prohibition on subletting/assignment of units.	
Yes	Occupancy restricted to names on lease.	
Yes	Reporting changes in occupants.	
Yes	Services and utilities included in the rent.	The incorrect utility charges amounts are being utilized in the leases.
Yes	Additional charges allowable under O. Reg. 339/01, Section 22(3).	

Direction

The Board is directed to have the lease updated to reflect the requirements of the Housing Services Act 2011, Part VII. *O. Reg. 367/11, s.96* and *O. Reg. 339/01* and Residential Tenancies Act. ONPHA has an RGI lease that is updated and meets all of these requirements. All current RGI leases are to be replaced with an updated lease commencing in 2017 on the lease renewal dates.

7.2 TARGETING

Approved Targets for Portfolio established under section s.77 of the <i>Housing Services Act, 2011.</i>	Actual Targets as at 01/11/2015
RGI 37 Market 15	RGI 36 Market 15
TOTAL PORTFOLIO 52	TOTAL PORTFOLIO 51

Note: Under Section 77(5) of the *HSA*, a service manager may amend, terminate, or replace the targeting plan. Under Section 77(4) the service manager and housing provider may by written agreement amend, terminate or replace the targeting plan.

The group is on target for market units.

The Tenant files were reviewed for the following:

Result	Indicators/ Elements	Comments
Yes	The provider correctly classifies occupancies in accordance with the Housing Income Limits when managing the target plan	
Yes	RGI occupancies paying market rent as the result of income level are properly classified in the first 12 months	
Yes	A market unit was rented to an RGI applicant at a time the provider was under target for market units	
Yes	An in-situ market occupancy converted to RGI status complied with Reg 339/01 s. 14(1) and the City of Hamilton and ATH directives	

7.3 RENT SUPPLEMENT

Program Name Commercial:

Number of Units:25

Result	Indicators/ Elements	Comments
No	Written signed Rent Supplement agreement	
N/A	There are rent supplement units vacant	

The information reviewed does not confirm the provider is administering the Rent Supplement Agreement appropriately.

Direct or Recommend accordingly:

Direction

The Board is directed to authorize and execute the Rent Supplement Agreement and return to the Service Manager.

7.4 WAITING LIST

Note: The City of Hamilton, Service Manager has adopted the current centralized wait list as established and administered under the SHRA, s. 68 and O. Reg.298/01, s.35-38 as interim wait list to maintain the status quo as well as requirements set out in O. Reg. 339/01, s. 18 and 20 (exception of 18(1)(e)(f) as interim refusal to offer requirements.

A review of the provider’s waiting list revealed that the list is maintained in accordance with the following City of Hamilton requirements:

Result	Indicators/ Elements	Comments
Yes	Is in a modified chronological order	
Yes	Special Priority Status is granted for applicants in abusive or urgent situations	
Yes	Urgent status is given to disadvantaged groups (homeless, youth and newcomers)	
Yes	record of refusals was kept by the provider with proper notice and process	

7.5 INTERNAL TRANSFER WAIT LIST (NEW-Under Development)

The City of Hamilton is currently establishing local rules pursuant to HSA s. 47. On an interim basis the provider’s current practices were reviewed.

Yes The housing provider has an Internal Transfer Policy.

7.6 IN-SITU HOUSEHOLDS

Note: The City of Hamilton has adopted the requirements set out in O. Reg. 339/01, s.14.1 as interim in-situ requirements to maintain the status quo until such time that the City has developed in-situ rules.

Yes The housing provider is following the rules set out in O. Reg. 339/01, s. 14.1.

7.7 TENANT/MEMBER FILE REVIEW

All tenant files are currently being reviewed by a third party.
The Tenant/member files were reviewed for the following:

Result	Indicators/ Elements	Comments
No	rent calculations are correct	
Yes	eligibility is properly assessed	
Yes	over housed notices are given and followed up appropriately	
No	internal reviews are on file	
No	income is regularly reviewed and accurately determined	
No	eligible sources of income have been requested to be reported	
No	there is appropriate follow-up where household changes have not been reported within the required timeframe	
No	leases/occupancy agreements are properly completed	
No	proper notices of rent increases have been provided	

No	appropriate action is being taken to resolve the arrears	
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Direction

The Board is directed to take all necessary actions to ensure that the rent calculations are being completed correctly (for example, the percentage used in the rent calculations are incorrect and utility charges are incorrect).

Following the development and adoption of an Internal Review policy, copies of any internal reviews are to be kept on file.

That the income declaration form used includes all sources of income or a clause to permit the group to verify income.

That copies of documentation used to verify income (such as pension cheques, T5 slips, proof of reasonable efforts to obtain income entitlements etc.) must be included in the tenant files.

That appropriate follow-up is undertaken when household changes have not been reported within the required timeframe.

Households must be advised of any internal review process, the right to appeal to the Social Housing Review Panel and any timelines for making those requests.

8.0 BUILDING SAFETY, MAINTENANCE AND RENEWAL

8.1 WORK ORDERS

Christine Lenze advised that there are no municipal work orders/orders to comply in place.

There are no fire code violations in place.

8.2 ELEVATOR SAFETY

There are elevators on site or in the project.

The following was reviewed:

Result	Indicators/ Elements	Comments
Yes	The elevator inspection log book is available	
Yes	The log book is up to date	
Yes	The elevator license (or copy) is posted in the elevator or in the machine room	
Yes	The group has an elevator maintenance contract in place	
Yes	The group has a policy for reporting accidents (T.S.S.A. Act Reg. 209/01)	

8.3 FIRE SAFETY

Our review revealed that in accordance with requirements:

Result	Indicators/ Elements	Comments
N/A	The provider uses a contractor certified under the Ontario Fire Code (O.F.C.) for all necessary life safety inspections.	
N/A	The log book for inspections and tests is up to date	
N/A	The log book is available	
N/A	The group is aware of recent revisions to the OFC and CSA	

	standards	
N/A	There is a fire safety plan which has been approved by the Fire Department	
No	The fire safety plan is available on site. It covers compliance with the <i>Fire Code</i> and plans for emergency situations	
N/A	Exit routes are noted at elevators	
No	Exit signs are lit	
Yes	Carbon monoxide detectors are installed	
Yes	The tenants/members have received information on fire prevention and emergency response, and maintenance of smoke alarms and carbon monoxide detectors	

8.4 ROOF ANCHORS – N/A

8.5 ASBESTOS SAFETY

Christine Lenze confirmed and our review revealed:

Result	Indicators/ Elements	Comments
No	Comprehensive building survey has been completed by a Professional Engineer or Certified Industrial Hygienist (CIH)	
No	An asbestos management plan has been approved, and is available for viewing	
No	Staff is trained in asbestos awareness	
No	Procedures are in place for proper handling of asbestos	

An asbestos study has not been completed at this time since it is unknown whether or not there are sufficient funds to cover the cost of the asbestos study.

8.6 WHMIS - WORKPLACE HAZARDOUS MATERIAL INFORMATION SYSTEM

Our review revealed that in accordance with requirements:

Result	Indicators/ Elements	Comments
Yes	The provider is aware of W.H.M.I.S. requirements	
Yes	The provider is storing and/or using materials in accordance with the <i>Occupational Health & Safety Act</i> , W.H.M.I.S. Regulations	
Yes	There were Material Safety Data Sheets available on site for staff use/information	
Yes	Staff has received training on W.H.M.I.S. as is required under the <i>Occupational Health & Safety Act</i> .	

8.7 EMERGENCY MAINTENANCE PLAN

Christine Lenze confirmed there is a documented emergency maintenance plan in place.

Our review revealed the following:

Result	Indicators/ Elements	Comments
Yes	24 hour on-call system with access to property manager	
Yes	Emergency numbers are available (police, fire, etc.)	
Yes	Procedures for specific situations (e.g. water or heat disruption, power failure, elevator breakdown, etc.)	
Yes	List of pre-approved contractors to make emergency repairs	
No	Evacuation centers	

Yes	Recorded results	
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8.8 MAINTENANCE RECORDS

Christine Lenze confirmed that maintenance records are kept for each unit and/or for common areas.

Our review of maintenance records revealed the following:

Result	Indicators/ Elements	Comments
Yes	results of move-in/move-out inspections	
Yes	tracking of work using a work order system	

8.9 PREVENTATIVE MAINTENANCE

Christine Lenze confirmed that there is not a documented Preventative Maintenance Plan.

Our review of the plan revealed the following:

Result	Indicators/ Elements	Comments
No	A written plan	
No	Recorded results	
No	A log recording the frequency of preventive maintenance work on all relevant equipment	
N/A	The names of the persons(s) or contractor(s) responsible to perform the preventive maintenance	
No	A physical inventory of the equipment subject to the preventive maintenance plan	
N/A	Records of all work completed including the cost of the work	
There are recorded inspections of:		
No	Elevators	Not provided.
No	Hot water tanks, boilers, pressure vessels	Not provided.
No	Smoke detectors	Not provided.
No	Heating equipment	Not provided.
No	Air-conditioning equipment	Not provided.
No	Make-up air units	Not provided.
No	Roof	Not provided.
No	Annual unit inspections	Not provided.
No	Playground equipment daily, in accordance with the most recent CSA standard	Not provided.
No	Playground equipment annually by a certified inspector, in accordance with the most recent CSA standard	Not provided.
Choose an item.	Other	

Recommendation

It is recommended that the Board develop a documented preventive maintenance plan. The plan should include information about boiler, elevator, smoke detector, roof, playground, other inspections and HVAC equipment maintenance. A copy of this plan is to be submitted to the City of Hamilton by September 30, 2016.

8.10 CAPITAL RESERVE STUDY

Christine Lenze confirmed that a documented capital reserve study was completed on August 3, 2015 and is not being used as a planning tool.

Our review of the plan revealed the following:

Result	Indicators/ Elements	Comments
Yes	The study was completed within the last three	

	years	
No	The information is being used in planning capital work jobs	
No	A 5 year capital work plan has been submitted to the Service Manager	
No	The plan shows job priority and flexibility	

Direction

The Board is directed to update their capital work assessment by utilizing the replacement reserve study completed in 2015 and that results be utilized to create a 5 year capital work plan to be submitted to the Service Manager by September 30, 2016.

8.11 ASSET RENEWAL

Asset Management and Renewal was excluded from the scope of this Operational Review.

8.12 Accessible and Special Needs Units

Christine Lenze to provide the following list of their barrier free units.


Address	Unit #	# of Bedrooms	Modification Type (1 – 7)	Total Units

9.0 GENERAL REVIEWER COMMENTS

There are a number of Directions and Recommendations related to various governance, financial, operational and staffing issues. However, most notably, the issues are:

- Lack of audited financial statements for the year ending March 31, 2015 and inability to completed audited financial statements for the year ending March 31, 2016;
- Lack of executed minutes of board meetings verifying contracts, tendering processes, hiring processes, portfolio management decisions and other approvals as required;
- Commencement of a forsensic audit to investigate specific concerns and lack of evidence as to its termination and final disposition;
- Disproportionately high rental arrears; and
- Lack of clear, transparent Conflict of Interest declarations or management practices.

The Operational Review provides necessary Directions for Urban Native Homes to bring the organization into compliance with its obligations under the *Housing Services Act, 2011*.


George Gambioli
Housing Administration Officer

Feb. 12/2016
Date


Adam Sweedland
Manager- Social Housing Administration

Feb 12/2016
Date