



**CITY OF HAMILTON**  
**CITY MANAGER'S OFFICE**  
**Audit Services Division**

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	July 11, 2019
<b>SUBJECT/REPORT NO:</b>	Audit Report - Housing Services Division: Capital (AUD19004) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Brigitte Minard CPA, CA, CIA, CGAP 905-546-2424 x3107 Sana Malik CIA, CCSA, CFE 905-546-2424 x4886
<b>SUBMITTED BY:</b>	Charles Brown CPA, CA, CPA (Illinois) Director, Audit Services City Manager's Office
<b>SIGNATURE:</b>	

**RECOMMENDATIONS**

- (a) That the Management Responses as detailed in Appendix “A” of Report AUD19004 be approved; and
- (b) That the General Manager of Healthy and Safe Communities be directed to instruct the appropriate staff to have the Management Responses (attached as Appendix “A” to Report AUD19004) implemented.

**EXECUTIVE SUMMARY**

The 2016-18 Audit Work Plan approved by Council included an audit of the Housing Services Division. The ‘Housing Continuum’ for the City of Hamilton encompasses:

- Supports for people who are homeless
- Emergency Shelter
- Housing with Supports (Supported, Supportive and Transitional Housing)
- Social Housing (including Rent Geared to Income, Rent Supplement programs, etc.)
- Affordable Rental (Market)
- Affordable Homeownership

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

The Housing Division within the City of Hamilton has not been audited at the division-wide level, previously a program-specific approach was taken. As part of the audit planning phase, all areas of the Housing Division were reviewed, meetings were held with Division Management and a preliminary risk assessment was performed.

Due to the size and complex nature of the Housing Services Division, it has been determined that the audit will be conducted as a series of projects that will vary in size and complexity, with each project focusing on a different area of the Division and being reported on separately. Based on the preliminary risk assessment, the first area selected for audit was Capital Funding within Social Housing.

Recommendations were made to identify opportunities to improve documentation, enhance management oversight over capital program administration, and obtain better value for money from the Asset Planner system.

The results of this audit are presented in a formal Audit Report (Appendix “A” to Report AUD19004) containing observations, recommendations and management responses.

#### **Alternatives for Consideration – Not Applicable**

#### **FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: None.

Staffing: None.

Legal: None.

#### **HISTORICAL BACKGROUND**

This audit was scheduled as part of the 2016-2018 audit work plan approved by Council. The audit fieldwork was completed in Q4 2018. The results of this audit are attached as Appendix “A” to Report AUD19004.

The Audit, Finance and Administration Committee receives and approves audit reports as part of its responsibilities for the oversight of governance.

#### **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

None.

## **RELEVANT CONSULTATION**

Appendix “A” to Report AUD19004 includes management responses provided by the management responsible for the administration of the Capital Funding within the Housing Services Division.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATIONS**

### **Capital Funding**

The scope of this audit was capital funding within the Social Housing program. There has been an influx of capital funding since 2016, primarily from the Provincial Government. The programs implemented since 2016 include the following:

1. Social Housing Apartment Retrofit Program (SHARP) (\$7.1 million over 2 years)
2. Social Housing Improvement Program (SHIP) (\$11 million over 2 years)
3. Social Housing Apartment Improvement Program (SHAIP) (\$12 million for year one of SHAIP and up to \$17 million for year two through four). With the closure of the Cap and Trade program by the Ontario government, years 2-4 of SHAIP funding were cancelled in 2018.
4. Green On (\$550,000) – This program was cancelled, and no funding was received.
5. There is also the Poverty Reduction Fund approved by council which will provide Housing Services and CityHousing Hamilton \$1 million per year for 10 years respectively. In addition, block funding is to be provided by the City in the amount of \$500,000/year. The block funds are subject to Council approval each year.
6. The city purchased a software solution called “Asset Planner” to monitor building conditions, etc.

For this audit, the SHARP and SHIP projects were selected due to the large dollar value of the programs. Both had projects that were in the execution phase during audit fieldwork. Both of these programs have requirements that are set by the Housing Services Division, along with requirements from the Provincial Government.

### **Audit Objectives:**

This audit had two objectives:

**Objective 1: Evaluate whether Housing Services is effectively allocating and managing capital funding provided to Housing Providers, as per program requirements.**

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Objective 2: Evaluate and determine if the Asset Planner, a computer application and management tool, is strategically utilized for informed management decision-making.

The focus was on compliance/operational testing for SHARP/SHIP projects, as this required assessment before a value-for-money lens could successfully be applied. Audit Services also performed a high-level value-for-money assessment of the Asset Planner software.

**Audit Findings and Recommendations:**

Audit Services made six recommendations to strengthen and improve documentation, enhance management oversight over capital program administration and obtain better value for money from the Asset Planner system. These recommendations can be found on Page 9 of Appendix “A” to Report AUD19004.

Management agreed with all six of the recommendations and provided management responses for implementation. Management responses can be found in the attached Audit Report (Appendix “A” to Report AUD19004).

**ALTERNATIVES FOR CONSIDERATION**

Not applicable.

**ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

**Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

**Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

**Built Environment and Infrastructure**

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report AUD19004