



## **AUDIT, FINANCE AND ADMINISTRATION COMMITTEE REPORT 19-010**

9:30 a.m.

July 11, 2019

Council Chambers

Hamilton City Hall

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**Present:** Councillors C. Collins (Chair), M. Wilson, B. Clark, M. Pearson B. Johnson, L. Ferguson, A. VanderBeek and J. Partridge

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### **THE AUDIT, FINANCE AND ADMINISTRATION COMMITTEE PRESENTS REPORT 19-010, AND RESPECTFULLY RECOMMENDS:**

**1. Professional and Consultant Services Roster 2017-2018 (PW19048 / PED19130 / FCS19052) (City Wide) (Item 7.1)**

That Report PW19048 / PED19130 / FCS19052, respecting the Professional and Consultant Services Roster 2017-2018, be received.

**2. 2019 First Quarter Request for Tenders and Proposals Report (FCS19041) (City Wide) (Item 7.2)**

That Report FCS19041, respecting the 2019 First Quarter Request for Tenders and Proposals Report, be received.

**3. 2019 First Quarter Emergency and Non-competitive Procurements Report (FCS19042) (City Wide) (Item 7.3)**

That Report FCS19042, respecting the 2019 First Quarter Emergency and Non-competitive Procurements Report, be received.

**4. First Quarter Non-compliance with the Procurement Policy Report (FCS19043) (City Wide) (Item 7.4)**

That Report FCS19043, respecting the First Quarter Non-compliance with the Procurement Policy Report, be received.

**5. Tax and Rate Operating Budget Variance Report as at April 30, 2019 – Budget Control Policy Transfers (FCS19055) (City Wide) (Item 9.1)**

That, in accordance with the “Budgeted Complement Control Policy”, the 2019 complement transfer transferring complement from one department / division to another with no impact on the levy, as outlined in Appendix “A” to Audit, Finance and Administration Report 19-010, be approved.

**6. Fraud and Waste Hotline Launch (AUD19011) (City Wide) (Item 9.2)**

- (a) That Report AUD19011 respecting the launch of the City of Hamilton's Fraud and Waste Hotline be received;
- (b) That the name of the Audit Services Division be amended to the Office of the City Auditor in all corporate systems, so that the independent and objective nature of the work performed is more easily understood by the public and staff;
- (c) That the position Director of Audit Services be known as the City Auditor and this be updated in all corporate systems; and,
- (d) That the relevant By-laws be updated (By-law 12-073 and By-law 09-227) to reflect the change from Audit Services Division to Office of the City Auditor and Director of Audit Services to City Auditor.

**7. Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017) (City Wide) (Item 9.3)**

That Report HUR19017, respecting the Human Rights, Diversity and Inclusion Strategic Plan Presentation Update, be received.

**8. Diversity and Inclusion Strategic Plan Annual Report (HUR19016) (City Wide) (Item 10.1)**

That Report HUR19016, respecting the Diversity and Inclusion Strategic Plan Annual Report, be received.

**9. 2018 City of Hamilton Financial Report and Audited Financial Statements (FCS19048) (City Wide) (Item 10.2)**

That the 2018 City of Hamilton Financial Report and Audited Financial Statements, attached as Appendix "B" to Audit, Finance and Administration Report 19-010, be approved.

**10. Audit Report - Housing Services Division: Capital (AUD19004) (City Wide) (Item 10.3)**

- (a) That the Management Responses as detailed in Appendix "C" to Audit, Finance and Administration Report 19-010 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.

**11. Virtual Reality Stations for the Canadian Warplane Heritage Museum (Added Item 11.1)**

WHEREAS, the Canadian Warplane Heritage Museum is one of the premier tourist attractions in Hamilton with over 88,000 visitors annually;

WHEREAS, this Museum is developing both Virtual Reality (VR) and Augmented Reality (AR) program plans and are on the new threshold of “edutainment”;

WHEREAS, the Museum is currently offering a visitor experience through Virtual Reality technology;

WHEREAS, the Education and Youth Services program at the Museum provides specialized programming and instruction to over 20,000 students annually;

WHEREAS, in accordance with its stated mandate to “instruct and educate”, the Museum proposes to purchase 6 VR stations and related accessories at the cost of \$29,514; and,

WHEREAS, the John C. Munro Hamilton International Airport has offered to cover 50% of the total cost of the VR stations;

THEREFORE, BE IT RESOLVED:

That that the City of Hamilton fund the remaining 50% of the total cost of the Virtual Reality Stations for the Canadian Warplane Heritage Museum, in an amount not to exceed \$14,757, to be funded from Corporate Financials Dept ID 211090.

**12. Invocation of the Residential Municipal Relief Assistance Program (Added Item 11.2)**

WHEREAS, the City of Hamilton invoked the Residential Relief Assistance Program for basement flooding from record Lake Ontario water levels in 2017;

WHEREAS, the 2019 Lake Ontario level surpassed the 2017 levels impacting municipal infrastructure and private properties in the Beach Neighbourhood; and

WHEREAS, the Beach Boulevard Community has been identified as particularly vulnerable to rising lake levels given its low lying elevation;

THEREFORE BE IT RESOLVED

- (a) That for the purpose of invoking the Residential Municipal Relief Assistance Program for basement flooding, City Council declare a disaster for the record lake levels of 2019 for all properties experience basement flooding from March 31, 2019 to July 11, 2019 and within the area bounded on the west by Beach Boulevard Park 2, on the east by Fifty Road, on the north by Lake Ontario, and on the South by the Queen Elizabeth Highway;

- (b) That payment of claims be based on compassionate grounds only and not to be construed as an admission of liability on the part of the City of Hamilton;
- (c) That the eligibility criteria for the Residential Municipal Disaster Relief Assistance Program as previously approved in Report FCS06007 respecting the Proposed Residential Municipal Disaster Relief Assistance Program for Basement Flooding be applied;
- (d) That each eligible property be limited to one grant only for this enactment of the grant program;
- (e) That the costs associated with these claims be funded from the Storm Sewer Reserve 108010; and,
- (f) That staff be authorized, if required, to retain an independent adjuster for the administration of claims under the Residential Municipal Disaster Relief Assistance Program and that these administrative costs be funded from the Storm Sewer Reserve 108010.

**13. IBI Group Project Management Assignments (PW19066) (Ward 8) (Item 14.1)**

That the contents of Report PW19066, respecting the IBI Group Project Management Assignments remain confidential.

**FOR INFORMATION:**

**(a) CHANGES TO THE AGENDA (Item 2)**

The Committee Clerk advised of the following changes to the agenda:

**1. DELEGATION REQUESTS (Item 6)**

- 6.5 Kojo Dampety, Hamilton Centre for Civic Inclusion, respecting the Diversity and Inclusion Strategic Plan Annual Report (HUR19016) & Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017) (For today's meeting)

**2. NOTICES OF MOTION (Item 12)**

- 12.1 Virtual Reality Stations for the Canadian Warplane Heritage Museum
- 12.2 Invocation of the Residential Municipal Relief Assistance Program

**3. GENERAL INFORMATION / OTHER BUSINESS (Item 13)**

13.1 Amendments to the Outstanding Business List

13.1(a) Proposed Due Dates:

Item: C

Outstanding Uncompleted Audit Recommendations (AF&A Report 16-006)

Proposed Due Date: August 2019

Item: E

Everyone Rides Initiative Pilot Project (PW16086)

Proposed Due Date: October 2019

Item: 19-A

Correspondence from the Federation of Canadian Municipalities (FCM) respecting the 2019-2020 Membership Invoice - Advocacy Fund Contribution along with Appendix A (AF&A Report 19-002 - Item 1)

Proposed Due Date: August 2019

Item: 19-E

Converting Contractual Positions to Permanent (GIC - Final Operating Budget Report 19-002 - Item (i)(3)(dd))

Proposed Due Date: October 2019

Item: 19-H

Academic and Student Residence Development Grant Program (AF&A Report 19-008 - Item 13)

Proposed Due Date: October 2019

Item: 19-I

Access By Design Policy (AF&A Report 19-009 - Item 11)

Proposed Due Date: Q3 2019

The agenda for the July 11, 2019 Audit, Finance and Administration Committee meeting was approved, as amended.

**(b) DECLARATIONS OF INTEREST (Item 3)**

Councillor Clark declared an interest in Item 6.4 a Delegation Request from Sean Ferris, Habitat for Humanity Hamilton, respecting reimbursement of specific fees paid to the City related to building permits for the construction of these homes, as he has a former professional relationship with Habitat for Humanity Hamilton.

**(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)**

**(i) June 6, 2019 (Item 4.1)**

The Minutes of the June 6, 2019 meeting of the Audit, Finance and Administration Committee were approved, as presented.

**(d) DELEGATION REQUESTS (Item 6)**

**(i) The following Delegation Requests were approved for a future meeting:**

- (1) Karin Dearness, Andy Stone, Philip Toms, and John Ariens respecting reimbursement of rezoning and development charges related to a laneway house at 390.5 Aberdeen Avenue, Hamilton (Ward 1) (For a future meeting) (Item 6.1)
- (2) Mark R McKenzie, Hamilton District Heavy Construction Association (HAND), respecting opposition to proposed Social Procurement initiative (For a future meeting) (Item 6.2)
- (3) Manuel Bastos, LIUNA 837, respecting a presentation on Social Procurement (For a future meeting) (Item 6.3)
- (4) Sean Ferris, Habitat for Humanity Hamilton, respecting reimbursement of specific fees paid to the City related to building permits for the construction of these homes (For a future meeting) (Item 6.4)

**(ii) Kojo Dampsey, Hamilton Centre for Civic Inclusion, respecting the Diversity and Inclusion Strategic Plan Annual Report (HUR19016) & Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017) (For today's meeting) (Added Item 6.5)**

The delegation request from Kojo Dampsey, Hamilton Centre for Civic Inclusion, respecting the Diversity and Inclusion Strategic Plan Annual Report (HUR19016) & Human Rights, Diversity and Inclusion Strategic Plan Presentation Update(HUR19017), was approved for today's meeting.

**(e) PUBLIC HEARINGS / DELEGATIONS (Item 8)**

**(i) Terry MacDougall, respecting an appeal to a water bill amount (Approved June 6, 2019) (Item 8.1)**

Terry MacDougall, addressed the Committee respecting an appeal to a water bill amount.

The delegation from Terry MacDougall, respecting an appeal to a water bill amount, was received.

**(ii) Supporting Documentation Provided by Staff respecting Terry MacDougall's water bill (Item 8.1(a))**

The supporting documentation provided by staff respecting Terry MacDougall's water bill, be received.

**(iii) Kojo Dampthey, Hamilton Centre for Civic Inclusion, respecting the Diversity and Inclusion Strategic Plan Annual Report (HUR19016) & Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017) (Added Item 8.2)**

Kojo Dampthey, Hamilton Centre for Civic Inclusion, addressed the Committee respecting the respecting the Diversity and Inclusion Strategic Plan Annual Report (HUR19016) & Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017), with the aid of a handout.

The delegation from Kojo Dampthey, Hamilton Centre for Civic Inclusion, respecting the Diversity and Inclusion Strategic Plan Annual Report (HUR19016) & Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017), was received.

A copy of the handout is available on the City's website at [www.hamilton.ca](http://www.hamilton.ca) or through the office of the City clerk.

For further disposition, refer to Items 7 and 8.

**(f) STAFF PRESENTATIONS (Item 9)**

**(i) Tax and Rate Operating Budget Variance Report as at April 30, 2019 – Budget Control Policy Transfers (FCS19055) (City Wide) (Item 9.1)**

Brian McMullen, Director Financial Planning Administration and Policy, addressed the Committee respecting Tax and Rate Operating Budget Variance Report as at April 30, 2019 - Budget Control Policy Transfers, with the aid of a presentation.

The presentation respecting Tax and Rate Operating Budget Variance Report as at April 30, 2019 - Budget Control Policy Transfers, was received.

A copy of the presentation is available on the City's website at [www.hamilton.ca](http://www.hamilton.ca) or through the office of the City Clerk.

For further disposition of this matter, refer to Item 5.

**(ii) Fraud and Waste Hotline Launch (AUD19011) (City Wide) (Item 9.2)**

Charles Brown, Director of Audit Services, and Brigitte Minard, Deputy City Auditor, addressed the Committee respecting the Fraud and Waste Hotline Launch, with the aid of a presentation.

The presentation respecting the Fraud and Waste Hotline Launch, was received.

A copy of the presentation is available on the City's website at [www.hamilton.ca](http://www.hamilton.ca) or through the office of the City Clerk.

For further disposition of this matter, refer to Item 6.

**(iii) Human Rights, Diversity and Inclusion Strategic Plan Presentation Update (HUR19017) (City Wide) (Item 9.3)**

Jodi Koch, Director of Talent and Diversity, addressed the Committee respecting the Human Rights, Diversity and Inclusion Strategic Plan Presentation Update, with the aid of a presentation.

The presentation respecting the Human Rights, Diversity and Inclusion Strategic Plan Presentation Update, was received.

A copy of the presentation is available on the City's website at [www.hamilton.ca](http://www.hamilton.ca) or through the office of the City Clerk.

For further disposition of this matter, refer to Item 7.

**(g) NOTICES OF MOTION (Item 12)**

**(i) Virtual Reality Stations for the Canadian Warplane Heritage Museum (Added Item 12.1)**

Councillor Johnson introduced her Notice of Motion respecting Virtual Reality Stations for the Canadian Warplane Heritage Museum.

The rules of order were waived to allow for the introduction of a Motion respecting Virtual Reality Stations for the Canadian Warplane Heritage Museum.

For further disposition of this matter, refer to Item 11.



Councillor Collins relinquished the Chair to introduce the following Notice of Motion.

**(ii) Invocation of the Residential Municipal Relief Assistance Program  
(Added Item 12.2)**

Councillor Collins introduced his Notice of Motion respecting Invocation of the Residential Municipal Relief Assistance Program.

The rules of order be waived to allow for the introduction of a Motion respecting Invocation of the Residential Municipal Relief Assistance Program.

For further disposition of this matter, refer to Item 12.

Councillor Collins assumed the Chair.

**(iii) Restorative Practices Council and Senior Leadership Team Workshop  
(Added Item 12.3)**

Councillor Clark introduced the following Notice of Motion.

WHEREAS the city of Hamilton is committed to proactive civic engagement,

WHEREAS the City of Hamilton is committed to the successful implementation of our Human Rights, Diversity and Inclusion Strategic plan;

WHEREAS the City Council and Senior Leadership Team regularly meets and consults with a wide variety of residents, associations, stakeholders, and businesses;

WHEREAS our communities are advising us that they are experiencing an increase in hateful, bigoted and oppressive racism;

WHEREAS a key to any successful consultation or dialogue is the ability to see issues and concerns through the lenses of different communities and individual; and

WHEREAS the restorative practices circles have been tremendously successful in broadening the perspectives, understanding and active listening skills of participants

**THEREFORE, BE IT RESOLVED**

That the City Manager be directed to organize a one-day Restorative Practices Council and Senior Leadership Team Workshop with two facilitators from the John Howard Society, Garth Bell and Ruth Greenspan.

**(h) GENERAL INFORMATION / OTHER BUSINESS (Item 13)**

**(i) Amendments to the Outstanding Business List:**

The following amendments to the Audit, Finance & Administration Committee's Outstanding Business List, were approved:

**(a) Proposed Due Dates:**

Item: C

Outstanding Uncompleted Audit Recommendations  
(AF&A Report 16-006)

Proposed Due Date: August 2019

Item: E

Everyone Rides Initiative Pilot Project (PW16086)

Proposed Due Date: October 2019

Item: 19-A

Correspondence from the Federation of Canadian Municipalities (FCM) respecting the 2019-2020 Membership Invoice - Advocacy Fund Contribution along with Appendix A (AF&A Report 19-002 - Item 1)

Proposed Due Date: August 2019

Item: 19-E

Converting Contractual Positions to Permanent (GIC - Final Operating Budget Report 19-002 - Item (i)(3)(dd))

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Academic and Student Residence Development Grant Program (AF&A Report 19-008 - Item 13)

Proposed Due Date: October 2019

Item: 19-I

Access By Design Policy (AF&A Report 19-009 - Item 11)

Proposed Due Date: Q3 2019

**(i) PRIVATE AND CONFIDENTIAL (Item 14)**

The Committee moved into Closed Session respecting Item 14.1, pursuant to Sub-sections (d) and (e) of the City's Procedural By-law 18-270, and Section 239(2), Sub-sections (d) and (e) of the Ontario Municipal Act, 2001, as amended, as the subject matter pertains to labour relations or employee negotiations; litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board.

**(i) IBI Group Project Management Assignments (PW19066) (Ward 8)  
(Item 14.1)**

Staff were provided with direction in Closed Session.

For further disposition of this matter, refer to Item 13.

**(j) ADJOURNMENT (Item 15)**

There being no further business, the Audit, Finance and Administration Committee adjourned at 12:26 p.m.

**CARRIED**

Respectfully submitted,

Councillor Collins, Chair  
Audit, Finance and Administration  
Committee

Loren Kolar  
Legislative Coordinator  
Office of the City Clerk

**CITY OF HAMILTON  
BUDGETED COMPLEMENT TRANSFER SCHEDULE**

**STAFF COMPLEMENT CHANGE**

**Complement Transfer to another division or department <sup>(1)</sup>**

ITEM #	TRANSFER FROM				TRANSFER TO			
	Department	Division	Position Title (2)	FTE	Department	Division	Position Title (2)	FTE
1.1	Public Works	Environmental Services	Cemeteries Preneed Sales Coordinator	1.00	Public Works	Environmental Services	Cemeteries Marketing and Family Services Coordinator	1.00
	<b>Explanation:</b> Requesting approval to convert the Cemeteries Preneed Sales Coordinator position into a Cemeteries Marketing and Family Services Coordinator, from a CM Grade TO (Part Time) to a C5 Grade J. The budget impact will be zero.							
1.2	Public Works	Engineering Services	P2846 Environmental Planning Support Technician (J6469)	1.00	Public Works	Engineering Services	Project Manager Envir Transp Plng (J6478 PM 5)	1.00
	<b>Explanation:</b> Requesting approval to convert the Environmental Planning Support Technician (I) position into a Project Manager (5). The net budget impact will be zero as these positions are funded from the Capital Budget.							
1.3	Public Works	Engineering Services	Capital Budget Coordinator	1.00	Public Works	Engineering Services	Program Specialist	1.00
	<b>Explanation:</b> The Capital Budget Coordinator position will become vacant, requesting approval that it be converted into a Program Specialist position, from a C1 Grade K to a CA Grade 5. The cost differential between the two positions of \$19,988 will be absorbed within the operating budget.							
1.4	Healthy and Safe Communities	Recreation	Marketing Supervisor	1.00	City Manager	Strategic Partnerships and Communications	Marketing Officer	1.00
	<b>Explanation:</b> Transfer of positions from Healthy and Safe Communities to City Managers Office as part of the next phase of Centralization of Support Services identified in Report HUR17007/CM17012/FCS17056 .							
1.5	Healthy and Safe Communities	Recreation	Desktop Publisher	1.00	City Manager	Strategic Partnerships and Communications	Graphic Designer	1.00
	<b>Explanation:</b> Transfer of positions from Healthy and Safe Communities to City Managers Office as part of the next phase of Centralization of Support Services identified in Report HUR17007/CM17012/FCS17056 .							

**Note** - Complement transfers include the transfer of corresponding budget.

**(1)** - All other budgeted complement changes that require Council approval per Budgeted Complement Control Policy must be done through either separate report or the budget process (i.e. Increasing/decreasing budgeted complement).

**(2)** - If a position is changing, the impact of the change is within 1 pay band unless specified.

**CITY OF HAMILTON  
AUDIT REPORT  
HOUSING SERVICES – CAPITAL FUNDING**

**INTRODUCTION**

Safe, affordable and appropriate housing is vital to the well-being of individuals and communities across the City of Hamilton. Housing influences many aspects of life, including personal health, educational achievement, social connections, employment opportunities and community identity.

"Everyone has a home...home is the foundation." This is the collective mandate that has been endorsed by the City of Hamilton and the Hamilton community. The City of Hamilton as Service Manager under the Housing Services Act, 2011 (HSA) is required to establish and administer local policies and procedures for social housing and housing programs in Hamilton. The 'Housing Continuum' for the City of Hamilton, which includes all types of housing, encompasses:

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

Social Housing refers to rental housing developed with the assistance of government and subsidized by Municipal and Federal government for individuals, families and seniors with low to moderate incomes, or people with special needs who can live with support in the community. There are currently 42 Social Housing Providers in the City of Hamilton. Hamilton's aging social housing stock is in dire need of capital funding and suffers from a significant backlog in repairs. As of 2018, social housing in Hamilton will need about \$632 million in maintenance and repairs by 2027.

In December 2013, Hamilton City Council approved the 10-year Housing and Homelessness Action Plan. The Action Plan is a 10-year solution, focused on a person-centered approach that establishes strategies, targets, and outcomes for addressing affordable housing and homelessness issues in the community.<sup>1</sup> The mandate of the Action Plan is focused on implementing 54 strategies that fall under five outcome areas and require collective action by all stakeholders and community members.<sup>2</sup>

The five outcomes and targets of the 10-year plan are:

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<sup>1</sup> Housing and Homelessness Action Plan – 2014 Report to the Community

<sup>2</sup> Housing and Homelessness Action Plan in Hamilton – Annual Report to Province - 2016

- **Supply: More affordable housing in Hamilton to meet the need and demand.**

Targets:

- 300 new affordable rental housing units per year, of which:
  - At least 25% in areas not adequately served by affordable ownership housing
  - At least 10% for persons with disabilities
  - At least 10% for large families
  - At least 50% that meet deep affordability (affordable to households up to the 40th income percentile)
  - At least 10% attached to housing supports

- **Affordability: People's housing affordability, stability and choice is increased.**

Targets

- Reduction in social housing waitlist by 50% by 2023
- 100% density and housing type targets designated in approved secondary plans achieved
- Reduction in rental households paying more than 50% of income on rent by 15% by 2023 (based on 2021 Census – this represents three census periods and a 5% drop for each census)
- 2,100 new housing allowances by 2023

- **Supports: People have the individualized supports they need to help them obtain and maintain housing.**

Targets

- Each emergency shelter sector (men's, women's, youth and family) identify and achieve annual targets for shorter shelter stays
- No one is discharged into a shelter or onto the street from an institutional setting
- 100% of the social housing providers in Hamilton adopt eviction prevention practices by 2014

- **Quality: People living in housing that is good quality, safe and suitable for their needs.**

Targets

- 100% of social housing providers implement community development plans by 2018
- Incidents of bed bugs complaints are reduced by 25% by 2018
- Incidents of bed bug re-infestation in social housing is reduced by 50% by 2023
- 3,500 residential units are rehabilitated by 2023, of which:
  - 2,000 are rental

- 1,500 are ownership (300 are modified for persons with disabilities)
- **Equity: People receive respectful, quality services within a “user-friendly” system and experience equality in housing.**

#### Targets

- The City of Hamilton Housing Services Division adopts a citizen engagement model by 2015
- All service providers with a funding relationship with the Housing Services Division of the City of Hamilton demonstrate citizen engagement by 2018
- Tenant-led applications to the Landlord and Tenant Board increase to 20% by 2018
- Uncontested eviction hearings decrease to 25% by 2018

### **AUDIT SCOPE**

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 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 Social Housing.

#### **Capital Funding**

Social Housing Administration funds, monitors and supports all social housing providers that own and operate social housing (including CityHousing Hamilton). In addition, this section oversees “Access to Housing” which maintains a central waiting list for subsidized housing units across the City. “Access to Housing” was previously outsourced and brought in-house to the “Social Housing” portfolio in April 2017 as the City determined that there was an opportunity to better integrate existing services and infrastructure. Other legislated tasks include managing the Ontario Community Housing Assistance Program (OCHAP), rent supplement programs, Municipal Housing Allowance, and capital funding.

The scope of this audit reviewed capital funding within the Social Housing program. There has been an influx of capital funding since 2016. A new Senior Project Manager was added to the team in 2017, to handle all capital funding projects. Prior to this arrangement, capital funding was managed by the Housing Officers for their individual housing portfolios.

The programs, all provincially funded, that have been 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.

The audit was comprised of operational and compliance testing of the SHARP and SHIP projects as these were higher dollar value projects and nearing their project completion stage. During the planning phase of the audit, Housing Services management was in the initial stages of executing SHAIP; hence this funding was not selected for audit review. Audit Services also performed a high-level value for money review of the management tool, called the Asset Planner.

### **AUDIT OBJECTIVES**

The objectives of this audit were to determine if the City's use of capital funding meets legislative requirements.

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

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

The scope of this audit included all areas within the Housing Services Division from January 2016 – December 2018. Historical information from previous calendar years was used for comparative benchmarking purposes or for specific audit procedures where applicable.



## **METHODOLOGY**

The audit included the following types of work:

- Review of applicable policies, procedures, reports, agreements and legislation
- Interviews with various City personnel
- Examination of reports, transactions and supporting documents and
- Assessment of the level of control and oversight exercised by management.

The audit relied on publicly available information as well as procedures, accounting records, and other documents as well as explanation and interviews with personnel to form the basis of the audit report and recommendations.

## **AUDIT FINDINGS**

### **1. Social Housing Apartment Retrofit Program (SHARP)**

The City of Hamilton received funding of \$7.17M from the Social Housing Authority Retrofit Program (SHARP) for allocation to Social Housing Providers with eligible housing projects in Hamilton. The program objective is the reduction of greenhouse gas emissions. The observations are outlined as follows:

- Only City Housing Hamilton (CHH) and Victoria Park were eligible and applied for the SHARP funding. Victoria Park owns and operates "The Village", which consists of two buildings that met the eligibility criteria for SHARP. Victoria Park submitted five project proposals at The Village. Out of the five projects, the biggest project for building cladding for \$1.9M did not meet the application requirement as the proposed completion date was beyond the program guideline completion date. Another project did not meet the criteria as it related to water savings, which was out of scope. The three remaining projects were in scope but were not supported with Green House Gas (GHG) emission reduction estimates and therefore not considered for funding.

After the application deadline of November 18, 2016, the applications were reviewed, and letters were sent out to City Housing Hamilton (CHH) and Victoria Park on November 22, 2016. 100% of the \$7.17M funding was allocated to the thirteen projects submitted by CHH.

- Audit Services reviewed the applications submitted by the two Social Housing Providers and noted that although Victoria Park did not provide the estimated reductions in GHG, they had specialists determine their savings and were willing to perform the required pre-retrofit audit. CityHousing Hamilton's figures of greenhouse gas emissions reductions were based on estimates; however Audit Services could not find supporting documents for these estimates. There was no evidence that Housing Services Division sought clarification or questioned the submissions sent by CHH or Victoria Park. We determined that there was an improvement opportunity for management to document correspondence with

Social Housing Providers related to their submissions and to enhance oversight over review of supporting documentation.

- The Housing Services Division informed Audit Services that they performed an evaluation then allocated funding based on the submissions, knowledge of current facts and communication with the Social Housing Providers. However, Audit Services could not substantiate that or conclude on the comprehensiveness of the process because there was no documented evidence. According to the "Call for Applications" guidelines, an Evaluation Committee should have been established to undertake the evaluation and selection process.
- The payment structure required CHH to submit certain documents such as pre-retrofit audit, WSIB and insurance, for the initial 42.5% of funding to be released. Audit Services found that not all required documents were submitted, even though the funding was released.
- CHH was required to provide quarterly progress reports on the state of the retrofit and financial reports; no such reports were received by the Housing Division. Without these reports, the Housing Service Division can't meet the Ministry of Municipal Affairs and Housing reporting requirements.

## **2. Social Housing Improvement Program (SHIP)**

The Province of Ontario announced Federal/Provincial housing investments under the 2016 Social Infrastructure Fund (SIF) to improve the quality and increase the supply of affordable housing while also stimulating economic growth. The program targeted capital repairs and improved water and energy efficiency in existing social housing units. Hamilton's funding allocation for the program was \$11.5M and was distributed to 47 projects across various Social Housing Providers. CHH received funding for 14 out of the 47 projects (30%) amounting to 55% of the total funding allocation.

According to the Ministry of Municipal Affairs and Housing Program Guidelines for SHIP funding the Housing Services Division was responsible for selecting and approving all eligible SHIP projects, monitoring progress and completion of projects and quality of work.

Audit Services reviewed 11 of 47 total projects funded (10 projects belonged to City Housing and one to another Social Housing Provider) amounting to \$5.2 million or 45% of the total value of the program and the following was observed:

- Management indicated that funding was allocated to various Social Housing Providers via multiple meetings amongst management staff where each project was reviewed to determine eligibility. However, there was no documented evidence substantiating that an evaluation of applications was conducted by the Housing Services Division. According to the Call for Applications, a SHIP Review

Committee should have been established to undertake the evaluation and selection process.

- The funding applications submitted by CityHousing Hamilton did not have any supporting documentation for the capital retrofit funding requested, as required by the Call for Applications. There was no documented correspondence from the Housing Services Division seeking justification or clarity on the submission.
- The Milestone and Payment schedule required Social Housing Providers to submit certain documents for the initial advance funding to be released. It was noted that not all necessary documents were submitted prior to release of advance funding. According to the Ministry of Municipal Affairs and Housing Program Guidelines for SHIP funding, the Housing Services Division must flow funds to the housing providers based on pre-established project milestones for their respective projects.
- For 10 of the 11 projects reviewed by Audit Services, no invoices had been received by the Housing Services Division as of August 2018. As per the provincial guidelines, repairs should have commenced within three months of the date of funding commitment which was December 2016. Without invoices or any other evidence, we could not determine if repairs had initiated as per provincial guidelines.

Based on the findings stated above, not all the projects met Ministry of Municipal Affairs and Housing and Housing Services Division's own requirements. The process for evaluating and overseeing the administration of capital grants requires improvement.

### 3. Asset Planner

Asset Planner is a web-based software platform that provides housing providers and social housing managers with a capital planning tool to help them better understand and track the physical condition of their portfolio of buildings and to make informed decisions about capital expenditures. It was purchased so the advanced decision-making capabilities of the system could assist City of Hamilton in making strategic capital investments.

In 2015, the City of Hamilton began paying the subscription fee for Asset Planner software and for training. The annual invoice is based on the number of housing units multiplied by the base price. The total invoice amount for 2018 was \$38,720 for 5,145 units. From 2016-2018, the total amount spent on the software was \$110,842.

The following was observed:

- The Housing Services Division issued a purchase order and approved invoices without signing any formal written contract with the vendor of the software, namely Housing Services Corporation (HSC) and without the involvement of Information Technology Division. Accordingly, in 2018, the number of units and base price stated on the invoice increased however Audit Services could not validate the invoice changes due to lack of a formal contract.
- Asset Planner software was not being used to its full potential and the functionality and capability of the tool was not being completely utilized. There is no procedure or monitoring tool to ensure accuracy of changes to the system or when the changes should be made.
- CityHousing Hamilton which has approximately half of the approximately 14,000 social housing units is using another version of the same software. However, the two systems cannot be amalgamated as initially presumed. Management needs to strategically review how they will be using the software for making informed decisions given the current set up of two different versions of the same software.
- Value for Money: Audit Services reviewed the Asset Planner from a cost effectiveness perspective. This perspective includes considering economy, efficiency and effectiveness. The following observations were noted:

Efficiency: Having two separate systems for CityHousing Hamilton and other Social Housing Providers creates extra work. At this time, the city has not yet merged the data from both systems to understand the complete capital funding requirements.

Economy and Effectiveness: The City began paying for the tool in 2015. It has been three years and the capability of the software is not yet fully understood nor fully utilized. Audit Services could not ascertain if the Asset Planner has shown any value or assisted in better informed decisions since the time it was acquired.

## **RECOMMENDATIONS**

### **Social Housing Apartment Retrofit Program (SHARP) and Social Housing Improvement Program (SHIP)**

1. The evaluation conducted by the Housing Services Division should be documented; all underlying documentation of how and why funds were allocated needs to be fully supported. Social Housing Providers should be requested to provide clarity for any assumptions and estimates. Any follow up questions or clarifications should be maintained on file.
2. The payment structure needs to be clear and realistic on the expectations from the Social Housing Provider and internally within the Housing Services Division. For example, if the Social Housing Provider submits invoices to demonstrate work in progress or that work is complete, the Division needs to establish the criteria for review of invoices and the release of funds.
3. Management needs to work with Social Housing Providers to ensure quarterly reporting and other reporting requirements are met. Any follow up, correspondence or meeting with Social Housing Providers regarding status of project work should be documented.
4. It is recommended that Management work with Social Housing Providers to ensure all work is initiated as per Provincial guidelines and as per the timelines committed to by the Social Housing Provider when requesting funding. Evidence of follow ups and meeting minutes should be documented.

### **Asset Planner**

5. It is recommended that Management work with Housing Services Corporation (Asset Planner vendor) in formalizing the contract. Management should also review the invoice for accuracy annually and commit to involving the Information Technology Division with such major purchases especially considering the possible need of integration with CHH.
6. That management strategically consider how to make best use of Asset Planner. Checks and balances should be put in place regarding responsibilities and timelines for updating the system. Data from the two systems, City Housing Hamilton and Asset Planner, should be amalgamated for enhanced decision-making.

## **CONCLUSION & NEXT STEPS**

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

Audit Services concludes that while management worked swiftly to obtain capital funding within short timeframes for the City, improvements were required in the of the decision-making process and allocation of funds to Social Housing Providers. Management review of capital funding requests requires enhanced involvement and oversight to ensure supporting documentation is sufficient. It is recommended that Management improve monitoring of the overall programs (such as timeline spanning from the project initiation to completion of work and related payments) to ensure the program meets legislative and City requirements.

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

Audit Services concluded that it is undetermined if the Asset Planner tool is being used most efficiently or whether value for money is being achieved. Going forward, it is recommended that management understand the true usefulness of the tool and how it aligns with management's long-term goals.

## **MANAGEMENT RESPONSES:**

The Housing Services Division is the Service Manager for social housing administration, providing oversight to 12,888 social housing units across Hamilton. Funding management and monitoring is a key function within the social housing portfolio.

Housing Services staff executed an application process to allocate Provincial funding (SHIP and SHARP) in accordance with Procurement Policy 22, Schedule B(b) – "Accommodations provided as part of City approved programs and projects for the homeless and others living in poverty". Management agrees with the recommendations given the context provided. The findings of the audit highlight an opportunity for the Social Housing Administration unit to outline a process for the evaluation and allocation of funding, which includes increased rigor in documentation, contract monitoring and financial reconciliation. In 2019, Housing Services staff will develop a procedural guide which will ensure appropriate documentation of funding related activities. While the capital funding programs discussed in this audit are ending within the next year, these findings will inform the planning delivery of future capital programs.

### **SHARP**

Housing Services staff underwent an application process to allocate the funding. The information provided in the project proposals were assessed against the Provincial guidelines. Only those projects which met these criteria were considered for funding. The evaluation committee was not struck as there was enough funding for all eligible projects.

### **SHIP**

Housing Services staff underwent an application process to allocate the funding. The information provided in project proposals were evaluated by a committee which met on three separate occasions to review the proposals. Project proposals were only required to meet eligibility terms as outlined by the Province therefore a rigorous evaluation exercise was not undertaken.

### **Asset Planner**

Asset Planner provides a repository for all building condition assessments for social housing providers, except for City Housing Hamilton which oversees their own due to the volume of units in their portfolio. While there may be opportunity to improve efficiencies by having all information stored on one centralized database, it is not a Service Manager requirement. Housing Services staff has access to the CHH database and information is centralized through an excel spreadsheet as required.

The Social Housing Administration unit will explore the feasibility of maximizing asset planner's functions to carry out service manager responsibilities.