To: Chair & Committee Members, Audit Committee

Date: November 28, 2019

Areas Responsible: Tanya Haywood, DCM – Community Services
                            Judy Tobin, Manager – Housing

The table below summarizes the pending issues from the Internal Audit of Non-Profit Housing #16-01.

Recommendation	Status Update	Date
2.1 To assist management and staff in making decisions, completing job tasks and achieving outcomes required to move the City toward attaining its strategic directions, management should prepare a formal policy and procedures manual. All policies should be vetted through the Corporate Policy Committee and the policy and procedure manual should be approved by the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee.	Working with the Policy Analyst on this. The new timeline is early 2020.	Apr 2020 Previous Date: Dec 2019 TBD TBD Jan 2018
2.2 (i) To ensure the assignment of housing units to applicants is done in a fair and equitable manner, management should: develop a formal written set of criteria for assessing applicants and assigning housing units. The criteria should be approved by the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee and form part of the policy/procedures recommended in Issue 2.1. The criteria to	This will be a part of the policy and procedures being worked on with the Policy Analyst.	Apr 2020 Previous Date: Dec 2019 Apr 2019 Aug 2017

Recommendation	Status Update	Date
2.2 (i) Cont'd select tenants for housing should consider such items as: a. income levels; b. current address of applicant (will current St. John's residents have preference over applicants from outside St. John's); c. people with disabilities, d. victims of violence, e. seniors, f. current living conditions, etc.		
2.2 (ii) To ensure the assignment of housing units to applicants is done in a fair and equitable manner, management should: ii. develop a process to deal with any exceptions (fast-track applicants).	This will be a part of the policy and procedures being worked on with the Policy Analyst.	Apr 2020 Previous Date: Dec 2019 Apr 2019 Aug 2017
2.6 (i) In order to ensure that the City is in compliance with the CMHC "Global Agreements" management should: i. contact CMHC/NLHC to determine if the City's method of providing subsidies to affordable housing tenants are in compliance with the agreements. If the City is found not to be in compliance, then management should develop a plan to ensure the City comes into compliance as soon as possible. Management should ensure that any guidance/direction received from the CMHC/NLHC is in writing and this documentation should be maintained on file. The final outcome of this communication should be forwarded to the Deputy City	At the time of this Audit, we had 11 project areas under the CMHC/NLHC agreements. By Jan 1, 2019, we will only have 2 projects with these agreements. The CMHC/NLHC agreements references that recipients (CSJ) may establish a subsidy surplus fund. However, CSJ did not do so, instead it was decided internally to subsidize 10% per project area. Thereby making these projects more affordable than needed to be in the agreements. A phone conversation with Heather Harding, Director of Program Delivery, states that CSJ went above and beyond the terms of the agreement and are not in violation.	Apr 2020 Previous Date: TBD Jun 2018 Apr 2017

Recommendation	Status Update	Date
2.6 (i) Cont'd Manager, Community Services and the Community Services and Housing Standing Committee for their approval and the procedure for providing subsidies should be included in the division's policy and procedures manual.	Subsidies will also be added to the policies that will be worked on in 2020.	
3.1 (ii) In order for the Non-Profit Housing Division to determine if the Yardi system can provide the resources it needs to properly manage its operations and to ensure that it is operating efficiently and effectively, management should: use this information (from the training) to determine if the Yardi system can meet the divisions requirements. If it is found that Yardi is not meeting the division's needs then management should look for another solution, including taking a closer look at the system in use at the Newfoundland and Labrador Housing Corporation.	The Yardi system will continue to be used until we determine if NPH and NLHC waitlists can be merged. This process is now with Legal as the language in the City of St John's Act needs to change first before we can continue with the combining of waitlists	TBD Previous Date: TBD Mar 2019 Sep 2017
5.2 (i) In order to make the process of handling AES cheques more efficient, management should: i. contact AES and request that they record the name and address of the client/tenant on each cheque stub.	Several attempts to contact the Manger responsible has failed to get a response. I emailed general inquiries Nov 4, 2019 and received an email stating my request has gone to the Manager of Client Payment – Norine Boland for a response. To date no response has been provided.	TBD Previous Date: Apr 2019 Jul 2018 Oct 2017

Recommendation	Status Update	Date
5.2 (ii) In order to make the process of handling AES cheques more efficient, management should: ii. contact AES and request that they use the proper address when forwarding cheques.	Several attempts to contact the Manger responsible has failed to get a response. I emailed general inquiries Nov 4, 2019 and received an email stating my request has gone to the Manager of Client Payment – Norine Boland for a response. To date no response has been provided.	TBD <u>Previous Date:</u> Apr 2019 Jul 2018 Oct 2017

The following table summarizes the current status of all issues identified in the Internal Audit of Non-Profit Housing #16-01.

Total Recommendations	Closed	Pending
38	31 (82%)	7 (18%)

The Table below summarizes the closed issues from the Internal Audit of Non-Profit Housing #16-01.

Recommendation	Status Update	Date
1.1 In order to assist the Community Services and Housing Standing Committee ensure the Non-Profit Housing program is accomplishing its objectives, management should prepare terms of reference for the Committee and include in the terms, the frequency of meetings, membership and composition, membership length of term, etc. for approval by Council.	The Community Services and Housing Standing Committee no longer exists as a stand-alone committee. This function is now part of the Committee of the Whole.	No Longer Applicable Closed

Recommendation	Status Update	Date
1.2 Management should discuss with the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee the types of reporting they require to evaluate the success of the Non-Profit Housing program and to ensure they are aware of the issues and resources required for the program to achieve its goals and objectives. The discussion should also focus on the frequency of reporting, realizing that senior management may require reporting more frequently than the committee. At a minimum it is recommended that reporting to the committee occur on an annual basis.	Complete March 2018. Spoke to Councillor Jamieson and the DCM, Community Services. Yearly reports will be going to the Committee of the Whole starting February 2019. The rationale for that start date is to report on the full year prior and some plans for the current year.	Implemented Closed
1.3 (i) To help ensure the risks noted above fall within a risk tolerance level acceptable to the City and/or are appropriately mitigated management should: open a dialogue with the Deputy City Manager, Community Services, the Manager, Corporate Risk and Recovery and the City Solicitor regarding the potential liability risks of not obtaining a Certificate of Conduct from applicants for the City's housing programs,	Management advised that according to the City's Legal Department, requesting a certificate of conduct for potential tenants is a violation of the Human Rights Code.	Implemented Closed
1.3 (ii) To help ensure the risks noted above fall within a risk tolerance level acceptable to the City and/or are appropriately mitigated management should: use the results of this discussion for developing policy and/or procedure for the applicant review process,	Management indicated that no policy is needed.	Not applicable Closed

Recommendation	Status Update	Date
1.3 (iii) To help ensure the risks noted above fall within a risk tolerance level acceptable to the City and/or are appropriately mitigated management should: submit the policy and/or procedure to the Community Services and Housing Standing Committee for approval to ensure they are comfortable with the risk mitigation measures taken	Management indicated that no policy is needed.	Not applicable Closed
1.3 (iv) To help ensure the risks noted above fall within a risk tolerance level acceptable to the City and/or are appropriately mitigated management should: add the requirement for a Certificate of Conduct to the Applicant Checklist if required.	Management indicated that no policy is needed.	Not applicable Closed
2.3 (i) Management should advise and seek the approval or other direction of the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee regarding: the credit checks being discontinued.	Completed	Implemented Closed
2.3 (ii) Management should advise and seek the approval or other direction of the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee regarding: the number of tenants not having their income confirmed annually.	Completed	Implemented Closed

Recommendation	Status Update	Date
2.4 (i) To help provide guidance to management and staff when making decisions regarding applicants and tenants of the City's housing programs management should: review the income qualifications for the Lower End of Market program to determine if there should be a maximum income level. This should be discussed with the Deputy City Manager, Community Services and the final decision should be approved by the Community Services and Housing Standing Committee.	Completed	Implemented Closed
2.4 (ii) To help provide guidance to management and staff when making decisions regarding applicants and tenants of the City's housing programs management should: develop a policy/procedure to deal with the issue of tenants whose incomes exceed the maximum income levels for each housing program and ensure it is properly approved.	Completed	Implemented Closed
2.5 (i) In order to ensure that rental rates are reasonable, management should provide: the current years rental rates by location charged by the City,	Complete	Implemented Closed

Recommendation	Status Update	Date
2.5 (ii) In order to ensure that rental rates are reasonable, management should provide: documentation of the maximum allowable rental rates by location from NLHC.	An email message from the Manager, Tenant & Community Relations, at NLHC dated May 31, 2017 states the LEM rates are determined by a number of factors. These factors include data from CMHC, local rental rates and property assessments within NLHC. There isn't a chart or guide that is sharable.	Not Available Closed
2.5 (iii) In order to ensure that rental rates are reasonable, management should provide: the proposed rental rates to be charged by the City for the upcoming year to the Deputy City Manager, Community Services and the Community Services and Housing Standing Committee for information purposes/approval on an annual basis. This should be included in the procedures of the division.	Complete	Implemented Closed
2.6 (ii) In order to ensure that the City is in compliance with the CMHC "Global Agreements" management should: contact the CMHC/NLHC and request documentation regarding the transfer of responsibilities from CMHC to NLHC. This documentation should also be maintained on file.	Information regarding the transfers of responsibilities from CMHC NLHC could not be located.	Not Available Closed

Recommendation	Status Update	Date

2.7 (i) In an effort to decrease risk and improve the audit trail and accountability over the applicant checklist process management should: modify the Applicant's Checklist form to:
 	
   a. include spaces, in each section, for the employee who completes the checklist to sign and date, and
 	
   b. record the various current sources of income, total income and monthly gross income, along with the corresponding dates;
	Completed July 2018.	Implemented
		
		Closed

2.7 (ii) In an effort to decrease risk and improve the audit trail and accountability over the applicant checklist process management should: discuss the risks of not completing the Past Landlord References / Home Visit/Inspection section of the checklist with the Deputy City Manager, Community Services to determine if the costs of completing the section outweigh the benefits. If it is decided not to complete the section, then it should be deleted from the checklist.	Completed. Management noted the section will remain and will be prepared at the discretion of NPH staff.	Implemented Closed
3.1 (i) In order for the Non-Profit Housing Division to determine if the Yardi system can provide the resources it needs to properly manage its operations and to ensure that it is operating efficiently and effectively, management should: contact the Information Services Division to obtain training on the full capabilities of the Yardi system.	Done May 2018. We have received guidance from IT and will continue to be in touch on an as needed basis.	Implemented Closed

Recommendation	Status Update	Date
3.2 (i) In order to ensure that the applicant waitlist is accurate, management should: discuss the issues that the division is having with the Yardi waitlist with the Information Services Division during the training session recommended in Issue 3.1 to determine which list better provides the information needed by the Non-Profit Housing Division to track the applicants.	Completed March 2019. With the help of Information Services, the Yardi application has been cleaned up and is accurate. Ongoing yearly checkups are now scheduled every March for Yardi.	Implemented Closed
3.2 (ii) In order to ensure that the applicant waitlist is accurate, management should: depending on which method is used, ensure the list is up to date	Completed May 2018. Yardi is up to date. Yardi will be updated annually from a go forward basis. Spreadsheets are maintained as back up.	Implemented Closed
3.3 In order to improve system security management should complete the Network Access – Delete/Disable Request form and forward it to the Information Services Division to disable system access for the Word Processor III employee until their return to work.	Completed	Implemented Closed
4.1 (i) In order to provide an audit trail of follow-up work resulting from the Move-In and Annual inspections and to ensure safety issues are identified and resolved, management should: record, on the inspection reports, whether or not damages/deficiencies identified warrant repair work and if so, record the work order number and date that the City Buildings Division was contacted.	Completed October 2018.	Implemented Closed

Recommendation	Status Update	Date
4.1 (ii) In order to provide an audit trail of follow-up work resulting from the Move-In and Annual inspections and to ensure safety issues are identified and resolved, management should: ensure all Annual Inspection reports have each section "checked" and signed by the employee conducting the inspection.	Completed October 2018.	Implemented Closed
4.2 In order to ensure that there is a proper audit trail around the income verification process management should ensure that all current income is verified and recorded on the Application Checklist in the appropriate sections.	Completed	Implemented Closed
4.3 (i) In an effort to strengthen internal controls over documents management should: ensure that all applications are numbered when received and that the numeric sequence of the applications are monitored.	Management have implemented an alternate method to address this issue.	No Longer Applicable Closed
4.3 (ii) In an effort to strengthen internal controls over documents management should: place a name/title on the form which records changes to tenant information.	Completed.	Implemented Closed
4.3 (iii) In an effort to strengthen internal controls over documents management should: ensure all sections/pages of the application are on file.	Management advised the last 2 pages on the application is not necessarily relevant to accepting an application. Some applicants do not submit them.	Not Applicable Closed

Recommendation	Status Update	Date
4.4 To ensure the webpage is complete and accurate, management should update the webpage to include the 13 units at 15-39 Cuckhold's Cove Road for LEMS.	Completed April 2019. The website now includes all our properties to date.	Implemented Closed
5.1 (i) In order to strengthen internal controls over the processing of revenue and make the process more efficient, management should: have the AES cheques received directly by the Citizen Services Centre, whose staff have been trained in proper cash handling techniques, for processing and deposit. A minimal amount of training may be needed.	Completed	Implemented Closed
5.1 (ii) In order to strengthen internal controls over the processing of revenue and make the process more efficient, management should meet with the Deputy City Manager, Finance & Administration to discuss if the collection of the non-payment of rent should be Finance & Administration's responsibility.	It has been determined that the collection of the non-payment of rent cannot be the sole responsibility of the Department of Finance and Administration due to nuances and requirements in the Residential Tenancy Act.	Implemented Closed
5.1 (iii) In order to strengthen internal controls over the processing of revenue and make the process more efficient, management should: meet with the Deputy City Manager, Finance & Administration to discuss if the printing of the receipts is necessary.	Done March 2018. Since the City switched to MS Govern in 2010 we no longer need to print any receipts for tenant files. These can be reviewed in MS Govern.	Implemented Closed

Recommendation	Status Update	Date
6.1 (i) Management should meet with the Deputy City Manager, Public Works to determine if all maintenance phone calls, preparation of all work orders and filing of invoices should be handled by the City Buildings Division as they make the decisions as to the work that will be done. This may make the processing of the work orders more efficient.	Management decided that the processing of Work Orders should stay with NPH.	Implemented Closed