

**AUDIT
AT A GLANCE****WHY THIS AUDIT MATTERS**

The City's Basement Flooding Protection Subsidy Program assists homeowners in taking steps to prevent flooding on their private properties. The City-wide Subsidy Program has been in place for over ten years.

It is essential to periodically assess whether programs, like this Subsidy Program, are having the desired impact and whether monies can be repurposed to fund other high priority areas for Toronto Water.

BACKGROUND

Toronto is experiencing more severe storms. These storms increase the pressure on the sewer systems and overland drainage routes such as roads, local rivers and streams.

The City has made and continues to make significant investments to refurbish and upgrade sewer and storm water infrastructure through the Basement Flooding Protection Program. This is a multi-year and comprehensive program to improve sewer system and overland drainage route infrastructure.

The Basement Flooding Protection Subsidy Program, the subject of this audit, is a part of the overall Basement Flooding Protection Program.

BY THE NUMBERS

- \$36.5 million in subsidies paid to the end of 2016
- 7% or 21,500 of the 298,000 eligible homes have received subsidies to the end of 2016
- 80% of homeowners who had flooding between 2012 and 2016 did not apply for a subsidy

Improving the Effectiveness of the Basement Flooding Protection Subsidy Program**What's Working Well**

Toronto Water is effectively managing the day-to-day administration and processing of subsidy applications.

Areas for Continuous Improvement**Enhance Monitoring of Subsidy Program Objectives and Outcomes**

- The Subsidy Program has been in place for over ten years as a City-wide program.
 - Approximately 7% or 21,500 of the 298,000 eligible homes have received a subsidy over a ten-year period to 2016.
 - A formal review should be conducted to consider whether to continue the Program, for how long, and how to sunset the Program.
 - A strategic phase out of the Subsidy Program in areas of the City where infrastructure improvements are complete can free up funds and resources that can be repurposed to fund other high priority areas for Toronto Water.
- Participation in the Program is voluntary; therefore, Toronto Water does not establish targets for Program uptake.
 - 80% of homeowners who had flooding between 2012 and 2016 have not applied for a subsidy.
 - Toronto Water does not regularly analyze reported basement flooding against subsidies granted, making it difficult to assess if the Subsidy Program is effective in assisting homeowners to prevent flooding.
 - Where measurable targets for Program uptake cannot be easily set, Management should look to the broader objectives of the Basement Flooding Protection Program to define key milestones and performance measures for the Subsidy Program.

Improve the Efficiency and Effectiveness of Application Processing

- Quality of data input into the subsidy database should be improved:
 - The largely paper-based review and approval processes are inefficient and is prone to data input errors and omissions.
 - The subsidy database contains errors and omissions for certain subsidies processed before 2015 because of data migration issues.
 - Key fields in the system are not protected and can be overridden.
- We identified a few areas where steps taken to verify compliance with eligibility conditions, such as contractor licencing, downspout disconnection, and parking pads, should be strengthened.
- Certain eligibility conditions require clarification to ensure that they are applied correctly and consistently for all subsidy applicants.

How Recommendations will Benefit the City

The report includes eight recommendations to help the City continue to improve controls, administration and performance monitoring of the Subsidy Program. These recommendations will also help lay the foundation for the Program to achieve its objectives going forward.