

Safeguarding Rent-Geared-to-Income Assistance: Ensuring Only Eligible People Benefit

Date: October 9, 2019

To: Audit Committee

From: Auditor General

Wards: All

SUMMARY

The Auditor General's Annual Work Plan includes a series of ongoing and upcoming audits along the housing continuum. The focus of this audit is the administration of rent-geared-to-income (RGI) and the verification of each household's ongoing eligibility for RGI assistance while living in social housing.

It is well known that there is a shortage of social housing units to meet the need for deeply affordable housing in Toronto. The findings and recommendations from this audit can assist the City in taking greater responsibility for key aspects of the RGI administration process.

In a city with thousands of individuals and families waiting years for subsidized housing, it is vital to ensure that the people living in RGI units are eligible for the assistance they receive; otherwise, people who are in need of financial assistance and on the waiting list will have to wait even longer.

We have made recommendations that will help the City meet its legislated responsibilities and provide the tools and support that housing providers need to ensure households benefitting from RGI are eligible. These are categorized into three areas and highlight that the City needs to:

- 1. Ensure indicators of RGI eligibility issues are identified and resolved**, by effectively addressing existing eligibility concerns and empowering providers with adequate guidance, training and tools.
- 2. Centralize key systems and processes used to administer RGI** so that the City can provide more effective oversight, create efficiencies in how eligibility is assessed and better support housing providers in administering RGI.
- 3. Expand integration of income-based programs**, to create efficiencies in eligibility verification and addressing potential fraud through increased information sharing.

Our audit provides 13 recommendations that will help will help maintain public confidence in the City's oversight of social housing funding. More importantly, this will help prevent providing assistance to ineligible households and assist more waiting and eligible people to access stable housing.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council request the General Manager, Shelter, Support and Housing Administration Division, to ensure all rent-geared-to-income households identified by the Auditor General as having potential eligibility issues are appropriately reviewed.
2. City Council request the General Manager, Shelter, Support and Housing Administration Division, to develop a strategy to ensure housing providers complete comprehensive reviews of all rent-geared-to-income (RGI) households to identify potential eligibility issues including property ownership, indicators of undeclared sources of income or assets and irregular supporting documents. This should include:
 - a. a mechanism for providers to report potential eligibility issues to the City for monitoring purposes
 - b. a centralized process to track reported eligibility concerns and the follow-up action taken
 - c. a secondary review of RGI files by Shelter, Support and Housing Administration staff, selected based on risk, to ensure the quality of reviews being performed by housing providers. Risk identification should be data driven and based on analysis of data from various sources.
3. City Council request the General Manager, Shelter, Support and Housing Administration Division, to develop a training plan to enhance providers' abilities to more effectively identify and act on potential ineligibility and fraud indicators, including fake and forged documents, unauthorized occupants and subletting.
4. City Council request the General Manager, Shelter, Support and Housing Administration Division, to update the RGI Administration Manual to explicitly identify supporting documents to obtain, appropriate analysis of information to be completed and documentation requirements regarding actions taken to address exceptions. The Manual should emphasize the importance of maintaining good documentation of the steps performed when reviewing household eligibility. These requirements should be consistently applied except under circumstances where accommodation is required.
5. City Council request the General Manager, Shelter, Support and Housing Administration Division, in consultation with the City Solicitor, to:
 - a. develop a process for pursuing offence charges against RGI households where eligibility information has been misrepresented

b. provide guidance and support for housing providers when potential eligibility issues arise that indicate fraud, to ensure appropriate legal action is taken under the Residential Tenancies Act, Housing Services Act or the Criminal Code of Canada.

6. City Council request the General Manager, Shelter, Support and Housing Administration Division, to designate Eligibility Review Officers (ERO) in order to effectively investigate eligibility concerns and suspected fraud. Protocols should be established and communicated to housing providers on how to refer files to the ERO for further assessment. Appropriate case management processes should be implemented to track referred files and actions taken.

7. City Council request the General Manager, Shelter, Support and Housing Administration Division, to:

- a. directly administer the eligibility reviews for households seeking RGI assistance and entering into RGI housing
- b. work in partnership with housing providers to ensure adequate supports are in place for them to continue to manage the ongoing annual eligibility review process
- c. consider how resources can be optimized to ensure cost-effectiveness.

8. City Council request the General Manager, Shelter, Support and Housing Administration Division, to:

- a. create and maintain a centralized database that can be used by the City and its housing providers for the purposes of administering rent-geared-to-income (RGI) household data, assessing eligibility, and automating calculation of RGI rent
- b. establish a process for collecting and retaining all supporting documents in electronic format that are accessible by authorized individuals. This process should address retention policies for electronic records and the potential for households to electronically submit documents
- c. consider how a centralized database can be effectively integrated with other information systems and data sources for the purposes of data analysis and to verify eligibility
- d. obtain and leverage data from various sources to support the ability to identify any potential issues that require further review by both the provider and the City.

9. City Council request the General Manager, Shelter, Support and Housing Administration Division, in consultation with the City Solicitor, to:

a. develop adequate consent and disclosure forms that are understandable and allow for the collection of voluntary, expressed and informed consent to share information to verify rent-geared-to-income (RGI) eligibility. Consideration should be given to whether a common consent process can be used by all income-based assistance programs. These forms should be mandatory and electronic for all housing providers to use

b. ensure fully completed annual income and asset review and signed consent forms are retained on file for all RGI household members and that appropriate action is taken where households fail to provide these forms.

10. City Council request the General Manager, Shelter, Support and Housing Administration Division, in consultation with the City Solicitor, to:

a. consider both internal and external information sources that can support more efficient eligibility verification

b. establish agreements with data owners so that data can be accessed for the purposes of verifying rent-geared-to-income eligibility.

11. City Council request the General Manager, Shelter, Support and Housing Administration Division, to:

a. ensure monitoring controls, including operational reviews, are being performed as per established divisional procedures and in a timely manner

b. develop a centralized tracking process to monitor operational review results and provider responses. Strong remediation plans should be implemented for providers that fail to comply. A follow-up process should be developed to ensure that non-compliant providers are acting on recommended improvements in a timely fashion.

12. City Council request the General Manager, Shelter, Support and Housing Administration Division, to establish a centralized divisional investigation and fraud detection function. The City should consider the opportunity for efficiencies of combining this function with the other income-based assistance programs.

13. City Council request the Deputy City Manager, Community and Social Services, to expand the scope of the Human Services Integration to achieve even greater efficiencies from information sharing and a common fraud investigation function to optimize resources and ensure cost-effectiveness.

FINANCIAL IMPACT

The report identifies a number of areas where operating efficiencies can be achieved, however the precise extent of any resources required or potential efficiencies resulting from implementing the recommendations in this report is not determinable at this time.

The implementation of the recommendations in the report will assist the City in maintaining taxpayers' confidence in the City's oversight of public funds.

Annually, an average of about \$7,200 in RGI assistance is provided to each RGI household. While we expect that the vast majority of people are eligible, for every 1% of current RGI households that are ineligible, we estimate that the City is providing over \$4,000,000 annually in unwarranted assistance which could be used to provide stable housing for over 650 households who are waiting and eligible.

Addressing the recommendations in this report will help prevent providing assistance to ineligible households and assist more waiting and eligible people to access stable housing.

DECISION HISTORY

The Auditor General's Annual Work Plan includes an operational review of the Shelter, Support and Housing Administration Division. The operational review is being completed through a series of audits, each focusing on a specific operational component.

The Auditor General's work plan can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU1.7>

The Auditor General reported on the results of the first phase of the operational review, in her report *Opening Doors to Stable Housing: An Effective Waiting List and Reduced Vacancy Rates Will Help More People Access Housing*. The Auditor General identified opportunities to more effectively manage the centralized waiting list for rent-geared-to-income (RGI) assistance. The report highlights that the City was not prioritizing those most in need. Our recommendations focused on improving the data of the waiting list for people actively waiting and eligible for RGI assistance – so that the limited number of RGI units that become available can be filled fairly and as quickly as possible.

This report can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU3.14>

This second phase of the operational review focuses on RGI administration and the verification of each household's ongoing eligibility for RGI assistance while living in social housing.

COMMENTS

A high-level summary of the key audit findings are provided in the one-page Audit at a Glance.

The attached audit report provides the Audit Committee and members of Council with the detailed audit results and recommendations together with management's response. Management has agreed to all 13 recommendations.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Safeguarding Rent-Geared-to-Income Assistance: Ensuring Only Eligible People Benefit