



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

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Auditor General

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# Table of Contents

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Executive Summary .....	1
Background .....	14
Audit Results .....	19
A. Detecting and Investigating Indicators of RGI Ineligibility.....	19
A. 1. Households Own Properties While Receiving RGI Assistance .....	20
A. 2. Households May Not be Disclosing All Sources of Income and Assets.....	23
A. 3. Insufficient and Inappropriate Documents are Provided as Proof of Income.....	28
A. 4. City Must Work with Housing Providers to Address Eligibility Concerns.....	31
A. 5. Ineligible Households Continue to Occupy RGI Units .....	34
B. Centralizing Key Aspects of RGI Administration to Promote Stronger Oversight .....	37
B. 1. City, as Service Manager, Should Know Who is Receiving RGI Assistance .....	38
B. 2. Centralized Data Supports More Effective and Efficient Oversight of RGI Eligibility .....	39
B. 3. Data Collection and Sharing Supports More Effective and Efficient Eligibility Reviews .....	44
C. Increasing Integration Amongst Income-Based Subsidy Programs .....	49
C. 1. Increase Information Sharing for Eligibility Verification Purposes.....	50
C. 2. Coordinate Investigations of Potential Eligibility Issues and Suspected Fraud.....	51
Conclusion.....	53
Audit Objectives, Scope and Methodology .....	54
Exhibit 1 – Summary of RGI Eligibility Criteria .....	56
Exhibit 2 – Summary of RGI File Reviews.....	57
Exhibit 3 – Additional Guidance Needed for Housing Providers.....	59
Appendix 1: Management's Response to the Auditor General's Report Entitled: “Safeguarding Rent-Geared-to-Income Assistance: Ensuring Only Eligible People Benefit” .....	61

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# Executive Summary

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## Operational review of the Shelter, Support and Housing Administration Division

The Auditor General's Annual Work Plan includes a series of ongoing and upcoming audits along the housing continuum, as illustrated in Figure 1. One of the projects is an operational review of Shelter, Support and Housing Administration (SSHA), the Division responsible for housing and homelessness services in Toronto. These audits are being conducted in phases.

Figure 1: Housing Continuum



### ***Opening Doors to Stable Housing* recommended strengthening eligibility reviews for centralized waiting list applicants**

It is well known that there is a shortage of social housing units to meet the need for deeply affordable housing in Toronto. The City and its housing providers play a vital role in providing stable housing to people with low income.

In the report *Opening Doors to Stable Housing*, the Auditor General identified opportunities to more effectively manage the centralized waiting list for rent-gear-to-income (RGI) assistance. We found 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. The report also recommended strengthening eligibility reviews for centralized waiting list applicants.

The *Opening Doors to Stable Housing* report highlighted that an overly decentralized RGI administration process contributes to inconsistencies, creates system inefficiencies, and limits the ability to detect and address risks for potential fraud. The Auditor General recommended that the City strengthen local eligibility rules by including income and asset limits that should be applied when households are placed on the centralized waiting list and when housing is provided.

**Audit focuses on ongoing eligibility for RGI assistance**

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

**Why this audit is important**

Although it appears the majority of people receiving RGI are eligible, some people appear to be obtaining RGI assistance dishonestly. There are others who may be receiving more assistance than their circumstances warrant, even though they may not be intentionally misrepresenting their circumstances or failing to provide relevant information.

**Maintaining public confidence in the social housing system**

The City must ensure that eligible people with the greatest need are prioritized for RGI assistance. Providing subsidized housing to ineligible people wastes subsidy funding. This also impacts public trust in the social housing system and taxpayers' confidence in the City's oversight of public funds. Most importantly, there is a direct impact on the many individuals and families waiting years for help – some of whom can be the most vulnerable members of our society.

**RGI assistance is a scarce resource that should be protected**

In a city with thousands of individuals and families waiting years for subsidized housing, it is vital to ensure that the people who live in RGI units are eligible to receive assistance; otherwise, people who are in need of housing assistance and on the waiting list will wait even longer when RGI units are occupied by others who are not eligible.

**Not all RGI recipients may be eligible to receive assistance**

In the sample of files we reviewed, we identified a number of indicators that may impact certain households' eligibility for RGI assistance, including potential:

- undisclosed property ownership
- unreported sources of income or assets
- unauthorized household members or occupants living in RGI units

**In our view, there are strong indicators of fraud going unaddressed**

In some cases, we noted inconsistencies in the information reported by households and in certain cases, documents appeared to be altered or falsified.

All of these situations present a risk that the household may not be eligible for RGI. Our observations are not limited to a single housing provider – they are present across most providers we reviewed.

**Housing providers are key in identifying potential indicators of ineligibility**

The City has decentralized RGI administration by delegating certain functions to housing providers. These providers are the first line of defence in identifying potential indicators of eligibility issues and other red flags. Based on our file reviews, there was limited evidence to support that providers are exercising sufficient due diligence in verifying eligibility. We recognize that some housing providers may not have the capacity to effectively address RGI eligibility concerns. That said, the City is relying on them to ensure that those receiving RGI are eligible.

**Eligibility reviews should be data driven and integrated with other income-based subsidy programs**

The City should take greater responsibility for confirming eligibility and verifying income and assets. Centralizing key aspects and enhancing the quality of eligibility reviews by leveraging data from multiple sources will enable the City to more effectively identify potential issues with households' eligibility for RGI assistance. Greater centralization also facilitates increased integration with other income-based subsidy programs – recommendations on integration have been made many times in prior audits.

In doing so, the City better supports housing providers and alleviates some of the capacity challenges housing providers face in identifying, investigating, and resolving potential eligibility issues. This in turn can free up provider time to focus on other core landlord services, such as providing clean, safe, well-maintained homes for the quiet enjoyment of their tenants.

In centralizing certain key aspects of RGI administration, the City should consider how existing resources in the City and at housing providers can be optimized to ensure cost-effectiveness.

### **What We Found and Recommend**

**Areas of audit focus**

This second phase of our operational review of SSHA focused on key aspects of RGI administration including:

- practices to ensure that RGI is being effectively and efficiently administered by housing providers in accordance with legislative requirements and City policies
- effectiveness of the oversight provided by the City, through the SSHA Division

**Key themes and recommendations**

The issues and recommendations discussed in this report can be categorized into three broad themes:

1. Decentralized RGI administration and weak monitoring controls have resulted in potential eligibility issues going undetected and unaddressed.
2. Centralizing key aspects of RGI eligibility reviews will provide greater assurance that people receiving RGI assistance are eligible.
3. Integrating RGI administration with other City program areas will create efficiencies and strengthen the City’s ability to assess eligibility and detect potential subsidy fraud.

The following are our key observations related to these themes.

**1. Detecting and Investigating Indicators of RGI Ineligibility**

**Indicators of ineligibility are not consistently being identified or acted on**

During our audit, we identified households with indicators that may impact their eligibility for RGI assistance. Additionally, some households may not be providing full and complete information<sup>1</sup>, which could impact the extent of assistance they receive. In many cases, the providers did not identify these potential issues. Even when providers identified potential issues, the resolution of these issues was not adequately documented raising into question if they were appropriately addressed.

More specifically, we identified the following indicators of potential eligibility issues:

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<sup>1</sup> Households who fail to notify a housing provider of a change or who fail to provide information requested by the provider may cease to be eligible for RGI

**a) Unreported property ownership**

**Households are not always disclosing property ownership as required by law**

We identified over 500 RGI households who appear to have one or more members who were linked to properties within Toronto. We selected a sample of 60 of these households for further review and found that approximately 15 per cent of households have members who either have a legal or beneficial interest in properties. In many cases, the households have not disclosed ownership of any properties to their providers.

A household will cease to be eligible for RGI assistance where any member of the household owns or has a beneficial interest in residential property (domestic or foreign) and has not divested it within six months of receiving RGI or acquiring the property. Housing providers may grant extensions under special circumstances which must be documented.

**There is no limit to assets – other than residential property – that households can own and still be eligible**

It should also be noted that, as previously highlighted in our report *Opening Doors to Stable Housing*, the City has not established limits for assets as one of its eligibility requirements. Consequently, a household who divests a property and benefits from the proceeds of disposition remains eligible for housing assistance – generally, any proceeds from the sale are not considered when determining the amount of financial assistance given to the household because RGI is based on income, not assets. A household that owns a property or benefits from the proceeds from its sale, may have a lesser need for subsidized housing than other people waiting for RGI.

**b) Unreported income and assets**

**Households may have unreported sources of income and assets**

Providers do not always ensure that households are adequately completing annual income and asset review forms<sup>2</sup>. The forms must be properly completed because they are the basis for the signed declarations that all information provided is true and complete. These forms also serve as the record of the households' consent to collect and share information in order to verify eligibility.

In our audit sample, we also found approximately 18 per cent of files with indicators of potential unreported sources of income or assets. In one example, an RGI file included two months of bank statements with transfers out of the account totalling over \$45,000. These transactions would typically be considered unusual for people requiring RGI assistance.

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<sup>2</sup> Households are required to submit an annual form to self-report income and assets. The form also includes a declaration of all assets and income reported and a consent for the City and housing providers to share and obtain information to verify eligibility and reported information



**Some RGI households are likely subletting their units**

We also noted instances of potential unreported household members and situations where RGI households are likely subletting their units. Undeclared and unauthorized occupants in RGI units present a problem since the income of all the members of the household must be included when determining the RGI rent payable by that household. Furthermore, given the long waiting times associated with obtaining a social housing unit, it is unfair that households may be by-passing the centralized waiting list or tenants may be profiting from the assistance they receive from the City.

**c) Irregular, altered, or falsified documents**

**5% of files with document irregularities**

We found approximately five per cent of files reviewed had instances where documents, such as employment letters, tax assessments, or pay stubs provided to support reported income were inconsistent with other sources of information provided by the tenant or appeared to be falsified.

These documents, which may not be legitimate, impact the RGI rent payable by households and the amount of subsidy funding paid by the City. For example, when a household's actual income is over certain thresholds, the household becomes ineligible for RGI assistance.

**Eligible people wait longer for RGI when ineligibility issues are not identified and addressed**

We found that providers are not consistently identifying and following-up on potential eligibility issues. When these issues are not effectively identified and addressed, people wait longer for subsidized housing units. When ineligible tenants occupy an RGI unit, there are less units in the system which is already constrained by limited supply.

**Centralizing investigations provides better support to front-line staff**

The creation of the Eligibility Review Officer (ERO) role as laid out in Provincial legislation could provide the City with additional authority<sup>3</sup> to be able to more effectively and efficiently conduct eligibility investigations. An ERO has the power to execute search warrants and is deemed to be engaged in law enforcement.

By creating this role, the City is recognizing that there are circumstances where front line staff or providers are unable to verify information provided by a household or are concerned that fraud or misrepresentation has occurred – in these circumstances staff or providers can refer these files to EROs to centrally address these concerns.

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<sup>3</sup> Under the Housing Services Act, an Eligibility Review Officer has the right to apply for and act under a search warrant and is deemed to be engaged in law enforcement for the purposes of the Freedom of Information and Protection of Privacy Act and the Municipal Freedom of Information and Protection of Privacy Act



**Upcoming legislative changes will not impact the need for effective eligibility reviews**

The Province's recently announced changes to the regulations under the Housing Services Act (HSA), which come into effect in 2020, focus on simplifying RGI rent calculations. Most existing eligibility criteria do not change and the need for effective reviews of household eligibility for RGI assistance remains. It is therefore important that the City take immediate action to address the potential eligibility issues described in this report.

## **2. Centralizing Key Aspects of RGI Administration to Provide Stronger Oversight**

**Weak oversight of housing providers**

Weaknesses in the City's oversight of housing providers has contributed to potential eligibility and non-compliance issues going undetected. The Auditor General's Office identified concerns with provider oversight in its 2014 audit report, *Strengthening the City's Oversight of Social Housing Programs*, and again in the 2019 report, *Opening Doors to Stable Housing*.

While the City has delegated responsibility for administering RGI to over 200 housing providers, it remains accountable to the Province for any responsibilities it has delegated, even if it does not perform these functions itself. The City's ability to effectively control and oversee the social housing system is hampered by:

- the absence of a standardized system for housing providers to track and record RGI household data
- gaps in how the City monitors providers' compliance with legislation
- the limited access the City has to RGI household data

**No central system to capture data requirements for RGI households**

The City does not mandate the use of any specific technology to administer RGI. Providers use many different systems and processes to track RGI rents and recipient information. The City does not have direct access to these systems.

**City does not know who is receiving RGI assistance even though this is key information for ensuring stewardship over funds**

The City also does not maintain a centralized database or records of past and current RGI recipients. Consequently, at any given time, the City is spending nearly \$385 million a year on subsidized housing without knowing who specifically is benefiting or whether they continue to be eligible to receive assistance.

The City relies on providers to accurately report the number of eligible RGI households in their buildings through an Annual Information Return (AIR). Funding is impacted by information reported in the AIR. While AIRs are reviewed by City staff for certain criteria, they do not regularly verify the validity of information regarding the number of RGI units, vacancies reported and who is living in the units.

While the Toronto Community Housing Corporation (TCHC) has an internal audit function, they review less than two per cent of total RGI files per year. TCHC Internal Audit advised that their recommendations to review more high risk files have not been implemented by TCHC management.

For all other providers, SSHA is not keeping up-to-date on the RGI reviews required as part of provider operational reviews. Furthermore, its current risk-based review structure does not include a clear schedule to cover all providers who administer RGI units. Without regular oversight by the City, these providers receive subsidy funding with limited assurance that they are complying with program requirements.

**Centralized data allows for more effective oversight of providers and RGI households**

As the City moves forward with implementing a new “choice-based”<sup>4</sup> system for selecting households to receive RGI assistance, it should consider the opportunity the system presents to centralize the collection of data on RGI households. An integrated system for waiting households and existing RGI households can support data driven eligibility verification.

**3. Increasing Integration Amongst Income-Based Subsidy Programs**

The Auditor General's report, *Opening Doors to Stable Housing*, highlighted the benefits of expanding and enhancing the scope of the Human Services Integration project<sup>5</sup>.

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<sup>4</sup> In July 2014, Council directed SSHA to take steps to implement a choice-based system across the City's entire social housing portfolio. The new system is expected to provide added functionality to support the management of the waiting list and will make information about vacant housing units available to relevant households. Those who express interest in the unit will be contacted in order of their ranking on the list

<sup>5</sup> In July 2014, Council authorized the Deputy City Manager, Cluster A (now Community and Social Services) to "take steps to integrate the administration of access to rent-geared-to-income housing with administration of other housing benefits and supports, and other income-tested human services by developing an integrated service delivery model for intake and eligibility determination for rent-geared to-income assistance, housing allowances and other housing and related City-administered human services."

**Integrating income-based subsidy programs will help create efficiencies**

Increased integration across income-based subsidy programs creates efficiencies, avoids duplication of activities and improves the client experience. Examples of service efficiencies include:

- establishing one point of income verification for clients to access City benefits across multiple programs
- preventing subsidy overpayments when programs have overlapping benefits that need to be coordinated
- proactively identifying and resolving inconsistencies in information
- coordinated investigations of eligibility issues across programs

**Housing Services Act and other social services legislation allows for information to be shared**

The law allows for the sharing of information collected under the HSA and other social services legislation<sup>6</sup> for eligibility verification purposes. Sharing information allows these programs to have more fulsome household income and asset information to determine eligibility.

**Data sources can be leveraged to detect potential RGI eligibility issues**

The City should also explore how data from other sources including government agencies like the Canada Revenue Agency (CRA), Land Registry Offices and Ministry of Transportation can support eligibility reviews. Additionally, non-governmental bodies like credit reporting agencies and banking institutions, can be appropriately leveraged for the purposes of assessing eligibility and verifying reported income and assets. Before undertaking any data sharing, a review of relevant privacy considerations should be performed. Other income-based subsidy programs in the City already have agreements in place to access some of these data sources for eligibility review purposes. Data can also be used to identify risk factors that enable SSHA to prioritize files to conduct more thorough eligibility reviews.

**Automate income verification and RGI rent calculations**

Increased access to data sources can create efficiencies by enabling income verification and the calculation of RGI rent to be automated. For example, we observed that many RGI recipients received either social assistance (e.g. Ontario Works and Ontario Disability Support Program) or government pension benefits (e.g. Canada Pension Plan, Old Age Security, Guaranteed Income Supplement) which could likely be validated through automated income verification.

**Strong consent forms are needed to ensure information needed to verify eligibility can be obtained**

To effectively collect and share information for eligibility verification purposes, the City will have to ensure information sharing agreements are in place. A stronger signed consent and disclosure form that is clear and understandable for RGI households is also needed to ensure the City has the proper authority to collect and disclose information. The current consent forms used by many providers are not effective.

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<sup>6</sup> Ontario Works Act, 1997, Ontario Disability Support Program Act, 1997, Child Care and Early Years Act, 2014



**Example of How an Integrated and Centralized Model Can Protect Subsidy Funding**

During our audit, we identified an individual listed as a household member for two different RGI units. Our review of information relating to the respective RGI households highlights many of the eligibility concerns and deficiencies with the City's oversight processes. This example illustrates how an integrated and centralized model of subsidy administration can help provide more effective stewardship of public funds.

An individual is listed as an RGI household member for two different units. The individual's mother is the head of household for one unit and their father is the head of household for the second unit.

At first glance, this might look like a shared-custody arrangement. The Auditor General chose to dig deeper.

At the Auditor General's request, the housing provider conducted unit visits and reported that they found evidence to suggest that the authorized RGI household members are not occupying the units. They are currently investigating the possibility that the households are subletting their units to unauthorized individuals.

The housing provider also indicated that a complaint was made against these units in 2012 for subletting and reported that it appears their property managers took no action to investigate the matter.

In 2013, the City's Children's Services Division also issued letters to the property managers indicating they were reviewing allegations that household members from both units were living together in one unit and requested confirmation on household occupants. There were no notes in the housing provider's file to indicate what, if any, actions were taken in response to those letters.

Our review of bank statements in one household's file showed unusual bank activity. There were no notes to suggest that this activity was adequately investigated.

We conducted a property title search that shows both the mother and the father recently jointly purchased a property outside of Toronto in August 2019 for over \$500,000.

Auditor General Recommendation	What Should Happen
Increase provider training and guidance so they can detect and act on potential eligibility concerns	Bank statements with unusual transactions for large amounts should have prompted the provider to document explanations and perform further follow-up actions. In a centralized model, providers can refer concerns to the City for further investigation.
A centralized system to record RGI household data and to support third party checks to verify eligibility information	Analysis of RGI household data to identify household members (a) listed as occupants in multiple RGI units and (b) undeclared assets or income. A centralized database of RGI household information would assist the City in identifying potential eligibility concerns and trends for further review.

<p>Centralize fraud detection and investigation with designated EROs</p>	<p>The provider reported that allegations were made in 2012 regarding the eligibility of both RGI households but there was a lack of adequate investigation activity and follow-up.</p> <p>A centralized fraud detection function can monitor such cases to ensure an appropriate resolution. The legislated powers of an ERO allow the City to take more effective action.</p>
<p>Increase information sharing among City income-based programs</p>	<p>Household members were also clients of the Children's Services Division who were investigating allegations similar to those received by the housing provider.</p> <p>Integrated information and a common investigation function would have likely promoted a more effective and efficient response.</p>

### Conclusion

**City should take a greater role in ensuring eligibility of RGI households**

The City is fully accountable to administer a complex social housing subsidy system. To ensure the City is fulfilling its legislated responsibilities and that eligible households are provided access to housing benefits, the City needs to take a greater role in administering RGI. With the upcoming legislative changes and a new Housing Opportunities Toronto Plan being finalized, this is an ideal time to review the current system.

**For every 1% of RGI households that are ineligible, \$4 million in unwarranted assistance is being provided**

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 one per cent of current RGI households that are ineligible, we estimate that the City is providing over \$4 million annually in unwarranted assistance which could be used to provide stable housing for over 650 households who are waiting and eligible.

**Making sure limited housing assistance goes to those who need it most**

Our audit makes 13 recommendations that 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.

Recommended short, medium and longer term actions are summarized in Table 1.

**Table 1: Priority Actions to Optimize RGI Administration**

<b>Short Term (Within Six Months)</b>
<ol style="list-style-type: none"><li>1. Complete reviews of households with <b>indicators of potential eligibility issues</b> identified by the Auditor General. Results should be tracked and monitored.</li><li>2. Develop and <b>implement new enhanced processes</b> for comprehensive RGI eligibility reviews beginning March 31, 2020. This will include partnering with housing providers during the transfer of responsibilities:<ol style="list-style-type: none"><li>a. City directly performs comprehensive RGI <b>eligibility reviews of applicants waiting and those that gain access</b> to RGI housing, including income and asset verification. Providers continue performing ongoing eligibility reviews.</li><li>b. <b>Identify key information</b> about all RGI households that will need to be obtained from housing providers for inclusion in a centralized database and assess what data is currently available.</li><li>c. Develop a strategy for <b>analyzing available data</b> to <b>identify potential risk indicators</b>.</li><li>d. Implement a <b>risk-based approach to quality assurance reviews</b> of providers' files, reviewing household's ongoing eligibility for RGI assistance. Results should be tracked and monitored.</li></ol></li><li>3. <b>Strengthen support</b> for housing providers to complete ongoing eligibility reviews:<ol style="list-style-type: none"><li>a. Enhance operational review process and <b>ensure operational reviews are performed</b> as per established divisional procedures. Develop <b>tracking mechanism</b> for centrally tracking and monitoring review results and ensuring remediation plans are implemented.</li><li>b. Develop and execute <b>enhanced provider training</b> to specifically address how to effectively identify and act on potential eligibility concerns or tenancy fraud.</li><li>c. Direct all housing providers to <b>request</b> last six months of <b>bank statements</b> and <b>recent Notices of Assessment</b> as part of all annual reviews to corroborate reported income and asset information.</li><li>d. Revise the RGI Administration Manual to <b>provide clear guidance</b> (including key information or documentation to request; analysis to perform; and key questions to ask) to help providers identify and address potential eligibility concerns, and the appropriate steps to take under the Residential Tenancies Act and the Housing Services Act when fraud is identified.</li></ol></li><li>4. Develop and implement <b>effective consent forms</b> to allow information to be collected and disclosed of across all City administered income-based programs. Require all housing providers to use the form in conducting annual reviews going forward.</li><li>5. Establish <b>information sharing agreements</b> with other City administered subsidy programs. Begin sharing information as part of comprehensive eligibility reviews led by the City.</li><li>6. Establish an <b>Eligibility Review Officer (ERO)</b> role and protocols for housing providers to refer files to the ERO for further review. Establish a case management process for such reviews. Ensure newly established function is adequately communicated to providers.</li></ol>

**Medium Term (Within One Year)**

7. Continue conducting **comprehensive eligibility reviews**, led by the City and in partnership with providers, of current RGI tenants **based on risk**. Results should be monitored to ensure adequate resolution.
8. Identify sources of **internal and external data** (such as Canada Revenue Agency, Land Registry Offices, Municipal Business Licences, credit reporting agencies and banks) to assist with **verifying RGI eligibility** and enter into agreements with data owners to access data.
9. **Integrate investigation** of RGI eligibility and potential fraud concerns with other City income-based programs to achieve efficiencies.
10. Evaluate and design a **centralized database to track RGI household information**, hold copies of household RGI documentation, and assess eligibility. The database should be capable of integrating with other City information systems and internal and external data sources, including the systems used to manage the centralized waiting list, and the "common client profile" used as part of the Human Services Integration strategy.

**Long Term (More Than One Year)**

11. Implement a **centralized database of RGI household information**.
12. **Provide data and support** to providers conducting ongoing eligibility reviews for existing RGI households and **automated calculation of RGI rent**.



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## Background

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**City is responsible for administering RGI in accordance with the Housing Services Act**

Rent-geared-to-income (RGI) is a housing program that makes housing affordable and stable for lower income households. Under the RGI program, the household's rent is generally capped at 30 per cent of gross income.

**City is accountable for duties delegated to housing providers**

In Toronto, the City is designated as service manager under the Housing Services Act, 2011 (HSA). The City has delegated responsibility for administering RGI assistance to over 200 housing providers, as highlighted in Figure 2. Under the HSA, the City is accountable for any delegated duties.

**Figure 2: Social Housing Providers in Toronto**



**Nearly \$385 million in funding for over 66,000 RGI and rent supplement households in 2018**

The City has an operating agreement with Toronto Community Housing Corporation (TCHC) to administer RGI for over 48,000 households. The City provided over \$240 million in operating funding to TCHC in 2018. RGI administration at TCHC is decentralized across 13 operating units<sup>7</sup>. In addition, TCHC contracts with two property management companies to perform these duties for tenants living in buildings they manage.

**TCHC is the City's largest housing provider**

Over 200 other housing providers are responsible for administering RGI and rent supplements for over 15,000 households. In addition, there are over 2,500 commercial rent supplement units directly managed by the City. These providers received over \$140 million from the City in 2018.

**City also oversees over 200 other providers**

Table 2 summarizes the number of RGI units in buildings operated by TCHC and the other 200 providers in the City.

**Table 2: RGI Social Housing Units by Provider in 2018**

Provider	# of RGI Units	% of Total RGI Units	Amount of Funding	%
TCHC	48,380	73%	\$ 241,300,000	63%
Others	15,450	23%	\$ 117,190,000	30%
Private Rent Supplement	2,510	4%	\$ 26,160,000	7%
Total	66,340 <sup>8</sup>		\$ 384,650,000	

**Role of the City as Service Manager**

**SSHA is responsible for administering and funding Toronto's social housing program**

The Shelter, Support and Housing Administration (SSHA) Division performs the following duties for the City, as service manager, under the HSA:

- managing a centralized waiting list for people applying for RGI assistance
- providing RGI and operating funding for subsidized housing programs – the Federal and Provincial governments provide some funding to the City to administer a variety of housing programs and services
- providing oversight and making sure housing providers follow RGI rules

<sup>7</sup> Near the completion of our audit, TCHC announced a restructuring plan which replaces operating units with 134 local service hubs

<sup>8</sup> The City provided assistance to 66,340 RGI households in 2018. Not all of these households are counted towards the City's mandated service levels under the Housing Services Act. The City reported 64,391 units occupied by households receiving RGI assistance to the Ontario Ministry of Municipal Affairs and Housing in their 2018 Service Manager Annual Information Return

## **Role of Housing Providers in the RGI Administration Process**

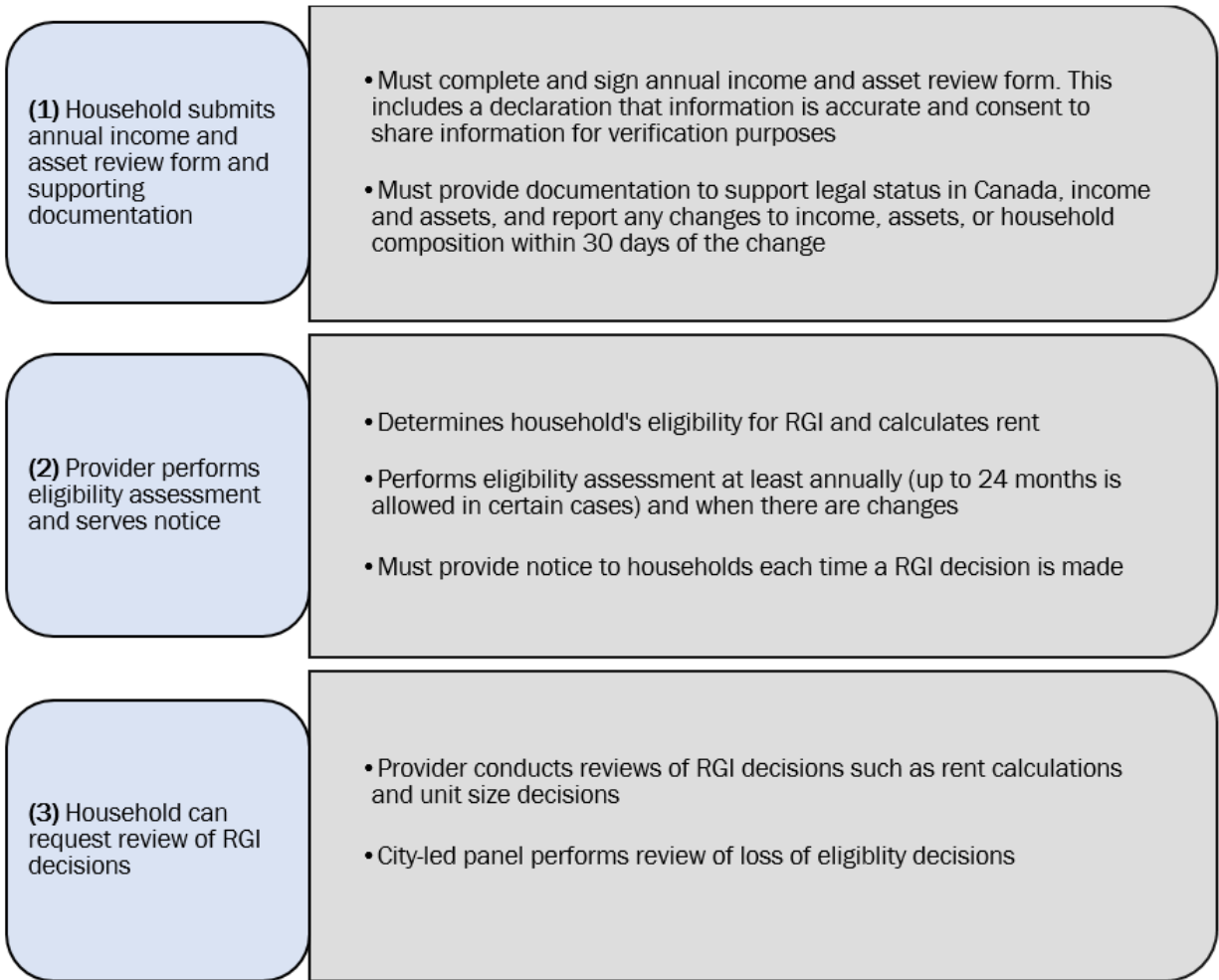
**Housing providers administer RGI on behalf of the City**

Housing providers are responsible for performing a variety of activities to administer RGI, including:

- providing contracted minimum number of RGI units
- housing RGI applicants through the centralized waiting list or other approved agreements when social housing units become vacant
- making sure that households are eligible for RGI assistance
- applying the City's occupancy standards to ensure households are in the right unit size
- verifying each RGI household's income and assets
- calculating how much rent each RGI household will pay based on their income
- performing most household requested reviews of RGI decisions
- managing the personal information of RGI households
- identifying potential fraud indicators and taking the appropriate action to address them

The main activities for administering RGI are highlighted in Figure 3. While providers perform these activities, the City, as service manager, is ultimately accountable to ensure that they are carried out in the manner prescribed by legislation and in accordance with City policies and contract terms.

**Figure 3: Key Responsibilities in the RGI Administration Process**



**Requirements for administering RGI, including determining eligibility, are outlined in the RGI Administration Manual**

Requirements for RGI assistance are governed by Provincial legislation and local rules. The City provides direction to housing providers through its RGI Administration Manual and local rules which are based on the HSA. Housing providers must be knowledgeable and understand eligibility criteria, as well as other administrative requirements, in order to perform their responsibilities in compliance with their respective agreements with the City.

## **Basic Eligibility Requirements for RGI**

### **Legislated eligibility requirements**

In order to qualify for social housing and receive RGI assistance, households must meet all basic criteria:

- at least one member of the household is 16 years or older
- at least one member of the household is able to live independently, with or without support services
- each member of the household can prove status in Canada as a Canadian citizen, a permanent resident of Canada, has applied for Canadian permanent resident status, or is a refugee claimant or Convention refugee

There are also a number of other criteria that impact eligibility which are outlined in Exhibit 1.

### ***Opening Doors to Stable Housing* included findings on income and asset rules**

In her 2019 report *Opening Doors to Stable Housing*, the Auditor General recommended that the City should establish local eligibility rules regarding income and asset limits. Management has agreed to implement these changes.

## **How Providers are Funded**

### **City allocates RGI and operating subsidies to providers**

The majority of providers are funded according to the provisions of the HSA. The City gives most providers funding for household RGI rent and/or operating subsidies.

The amount of annual funding is calculated prior to the beginning of a provider's fiscal year and is based on estimates including average RGI rent paid by households and number of RGI units. Funding is distributed to providers in monthly installment payments. At the end of each fiscal year, providers submit an Annual Information Return (AIR) which includes financial information and the actual number of vacant and occupied RGI units for each month - funding may be adjusted in response to changes reported in the AIR. Providers must also submit a copy of their audited financial statements to the City.

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# Audit Results

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This section of the report contains the findings from our audit work followed by specific recommendations.

## A. Detecting and Investigating Indicators of RGI Ineligibility

The City and its housing providers play a vital role in providing deeply affordable housing to people with low income.

**Not all RGI recipients may be eligible to receive assistance**

During this audit, we identified files with inconsistent information and indicators that may impact the amount of RGI assistance a household receives, or whether they continue to be eligible for RGI assistance. These include potential:

- unreported property ownership
- unreported income or assets
- unauthorized household members or occupants living in RGI units
- irregular, altered or falsified documents

Although it appears that most people receiving RGI are eligible, some people may be obtaining RGI assistance dishonestly. There are others who benefit from potentially higher subsidies than their circumstances warrant, even though they may not be intentionally misrepresenting their circumstances or failing to provide relevant information.

**Ineligibility impacts people living in social housing and those waiting for help**

The City must ensure that those who receive RGI assistance are eligible to receive it. When ineligible people occupy subsidized housing it wastes subsidy funding and impacts taxpayers' confidence in the City's oversight of public funds for social housing. There is also a direct impact on the people waiting years to get housing assistance – some of whom can be the most vulnerable members of our society.

**For every 1% of RGI households that are ineligible, \$4 million in unwarranted assistance is being provided**

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 one per cent of current RGI households that are ineligible, we estimate that the City is providing over \$4 million annually in unwarranted assistance which could be used to provide stable housing for over 650 households who are waiting and eligible.

**Issues were present at most providers we reviewed**

Our observations are not limited to a single provider but are present across most of the providers we reviewed. Therefore, it is important that the City take immediate action to implement effective controls and set the tone that proper stewardship of subsidy funding is of utmost importance.

**Strengthen eligibility reviews performed by housing providers**

The City must ensure that all providers are applying the necessary level of care and due diligence to identify, question, and investigate indicators of potential ineligibility. If they remain undetected and are not corrected, these issues undermine the integrity of the social housing system.

## **A. 1. Households Own Properties While Receiving RGI Assistance**

### **Ownership of Residential Property is Not Being Declared**

**Households are not disclosing property ownership as required by law**

During our audit, we identified over 500 RGI households who appear to have one or more members who were linked to properties within the City of Toronto. We selected a sample of 60 of these households for further review and found that approximately 15 per cent had members with legal or beneficial interest<sup>9</sup> in properties. In many of these cases, there was no documentation to support that the household disclosed any property ownership to their provider. In other cases, we were unable to determine if the households had disclosed property ownership due to lack of sufficient information. Several of these examples are described below.

**Failing to disclose or divest property can result in loss of RGI eligibility**

A household may cease to be eligible for RGI assistance where any member of the household owns or has a beneficial interest in residential property (domestic or foreign) and has not divested their interest within six months of receiving RGI or after they acquired the property. Housing providers may grant extensions under special circumstances which must be documented.



#### **Example 1: RGI household owns multiple homes**

An RGI household living in a social housing unit paid around \$560 per month in rent as of May 2019. The market rent for this unit is \$1,557.

Household members acquired two different properties in 2016. The total value of these properties was approximately \$1,000,000 and mortgages were obtained in relation to the purchases.

These assets were not reported at the time the properties were acquired, and the household has not disclosed any assets to their housing provider since that time.

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<sup>9</sup> Beneficial interest means a household member has the right to receive benefits on assets held or owned by another party





### Example 2: RGI household pays minimum rent and owns a property

An RGI tenant living in a social housing unit since 2006 currently pays \$85 per month in rent, the minimum possible rent charge for any RGI unit. The market rent for the unit is \$1,293.

This tenant acquired a property in 2012 valued at \$450,000 and obtained a mortgage in relation to the property.

To date, the tenant has not disclosed the property to their provider on the annual income and asset review form.



### Example 3: Staff may be aware of property ownership but have taken no action

An RGI household comprised of three members pays approximately \$300 in rent. The market rent for the unit is \$1,554.

One member currently jointly owns a property with another party who is not a member of the household. For the period covered by our audit (2016 to 2018), we observed that the household has not declared any asset ownership.

A letter on file from 2017 indicates that the City's Toronto Employment and Social Services Division denied the member's application for Ontario Works assistance on the grounds that this member or his family have available assets that exceed the allowable asset level. The provider's staff documented this on file but there does not appear to be any further notes or investigation into asset or property ownership.

#### Some households transfer owned properties to others

We also identified instances where it appears that properties were owned by RGI household members at some point and then were transferred to other individuals not living in the RGI unit. While in most cases this may not be contrary to RGI rules, these circumstances may indicate that RGI households do not have a great need for social housing.

#### Households are not always divesting properties as required by law

#### Properties May Be Disclosed But Are Not Always Divested

We noted one case where a household had reported property ownership but had not divested the asset within the six months allowed under the law. We did not find any documented arrangements allowing the household an extension of time to dispose of the property. Under these circumstances, it is the housing provider's responsibility to enforce the RGI eligibility requirements, or, in extenuating circumstances, grant extensions to the deadlines for divestment. In such cases, formal agreements with the household must be documented and retained on file.



#### Example 4: Ongoing property ownership after agreed upon divestment deadline

A household member acquired a beneficial (1%) interest in property in 2009 – at that time the household was not an RGI tenant.

In 2017, the household moved into an RGI unit and agreed to sell their property within six months and provide proof of proceeds from the sale. They agreed they would no longer receive RGI if the property was not sold within six months.

We conducted a property title search in August 2019 that shows the household member continues to hold the beneficial interest. There is no agreement or notes on file indicating the housing provider approved an extension of the deadline to divest the property.

#### **RGI households may possibly own properties outside Toronto**

Our analysis was limited to property ownership within Toronto. It is possible that RGI households may own properties (domestic or foreign) outside Toronto which have not been disclosed.

#### **Property ownership raises questions of need**

When people own one or more properties, they may be generating investment and rental income from those properties. There is an additional risk this income goes unreported when property ownership is not disclosed. This also raises a question of need – do people who own residential properties need subsidized housing?

#### **Asset limits for RGI eligibility can reinforce equity of the social housing system**

Given the current constraints to meet demand for social housing and the limited resources available to fund the program, these examples illustrate the importance of ensuring those receiving RGI are eligible, as recommended in the Auditor General's report *Opening Doors to Stable Housing*.

The report highlighted that the City's local eligibility requirements do not include household asset limits. Consequently, a household who divests residential property to meet legislated eligibility requirements and benefits from the proceeds of disposition remains eligible for RGI assistance – generally, proceeds are not considered when determining the amount of financial assistance given to the household. An RGI household that owns property or benefits from the proceeds of property divestment, may have a lesser need for subsidized housing. Resultantly, others in greater need may wait longer for housing. Establishing asset limits is one step in helping address this inequity. Further legislative change may also be necessary.

The City needs to support providers with information to verify reported assets and to identify potential unreported properties. In doing this, the City will need to undertake a review of relevant privacy considerations.

## A. 2. Households May Not be Disclosing All Sources of Income and Assets

### **Households must declare all income and assets**

On an annual basis and when changes occur, RGI households are required to:

- report all sources of income and assets owned by any member of the household over 16 years old
- provide certain documents as proof to corroborate reported income and assets

The purpose of this annual review is to ensure ongoing eligibility for RGI assistance.

### **18% of files have indicators of undisclosed assets or income**

In the sample of files we reviewed, approximately 18 per cent of files had indicators of potential unreported sources of income and/or assets. In many cases, there is no evidence on file to indicate that staff performing eligibility reviews identified or asked probing questions regarding the reasonableness of information presented. Even in cases where questions appear to have been asked by housing provider staff, follow-up actions were not always timely or documented.

We also identified other files which included bank statements with transactions which may indicate there are other bank accounts or assets which were not reported by the household during the annual review process. These transactions range from ten dollars to hundreds and even thousands of dollars per month. To be conservative, we have not included small dollar amounts in the percentage above. Potential unreported bank accounts may contain significant assets which could be producing income and may impact RGI eligibility.

### **Bank statements can help identify potential unreported income and assets**

It is important to note that in over 30 per cent of samples we reviewed, providers did not request or retain household bank statements. This limited our ability to identify indicators of potential unreported income or assets.

As the City works towards implementing asset limits, it will be increasingly important for households to disclose all assets including bank accounts, and for providers to obtain bank statements to help identify potential unreported sources of income and assets.

### **People who do not report all their income will be undercharged rent**

The amount of rent payable by an RGI household is dependent on the total income of all unit occupants; therefore, it is important that providers are considering all potential sources of income and assets. Any unreported income will mean that the tenant may be undercharged rent. The household may not be eligible for RGI if their actual income is too high.



### Example 1: File with bank statements showing unusual transactions

An RGI tenant file includes bank statements showing transfers into the account totalling over \$30,000 and transfers out of the account totalling over \$45,000 over a two month period. These transactions would be unusual for most RGI tenants. An example of one such bank statement is included in Figure 4. While it appears that the housing provider may have noticed the transactions, there are no notes on file to indicate if any action was taken to ask the tenant for further clarification or information. For the same time period, housing provider staff report that the tenant owed arrears for late payment of rent. Figure 4 identifies the types of questions that the provider should have asked.

Figure 4: Bank Statement with Indicators of Undisclosed Income or Assets

Balance as of Apr 04, 2018: \$1,540.37  
Available Balance as of Apr 04, 2018\*: \$1,540.37

Reverse Date Order		Bottom		
Date	Description	Debit	Credit	Balance
Feb 28, 2018	PAPER STMT FEE	2.00		\$1,140.37
Feb 28, 2018	MONTHLY PLAN FEE	19.00		\$1,121.37
Feb 28, 2018	Uber BV - Canad MSP		241.66	\$1,218.46
Feb 27, 2018	DIGICELL [REDACTED]	210.00		\$978.46
Feb 27, 2018	[REDACTED] PAY		210.00	\$768.46
Feb 20, 2018	Uber BV - Canad MSP		117.29	\$976.75
Feb 16, 2018	CAD DRAFT [REDACTED]	25,007.50		\$859.46
Feb 16, 2018	GC [REDACTED] TRANSFER		2,000.00	\$25,166.96
Feb 16, 2018	GC [REDACTED] TRANSFER		5,000.00	\$25,166.96
Feb 16, 2018	GC [REDACTED] DEPOSIT		4,980.00	\$18,866.96
Feb 15, 2018	CAD DRAFT [REDACTED]	5,007.50		\$13,866.96
Feb 12, 2018	MCDONALD'S # [REDACTED]	11.29		\$18,894.46
Feb 12, 2018	[REDACTED]	31.04		\$18,905.75
Feb 12, 2018	[REDACTED]	17.33		\$18,936.79
Feb 09, 2018	[REDACTED] CAL	29.09		\$18,954.12
Feb 05, 2018	[REDACTED]	21.16		\$18,983.21
Feb 01, 2018	MJ MINI MART	5.65		\$19,004.37
Feb 01, 2018	CAPTL ONE MC [REDACTED]	800.00		\$19,010.02
Feb 01, 2018	NOFRILLS [REDACTED]	44.54		\$19,810.02
Feb 01, 2018	PETRO [REDACTED]	52.49		\$19,854.56

Top

\*Includes available overdraft limit and any funds subject to a hold.

#### Examples of Questions the Provider Should Have Asked:

- What is the nature of the large deposits from Uber? Have you reported all your income?
- What is the origin and source of the transfers and deposits into the account? Are they sources of income that should be included in the RGI calculation?
- What is the destination of the transfers out of the account? Have you reported all assets, including property ownership



## Example 2: Frequent bank deposits and transfers that go unquestioned

An RGI tenant with fluctuating income provided bank statements. In addition to their reported employment income, we noted other deposits and transfers on bank statements provided by the tenant totalling, on average, over \$2,500 monthly. An extract from one such bank statement is included in Figure 5. There was no evidence that provider staff had questioned the nature of these transactions until after they were brought to their attention by our office. Figure 5 identifies examples of questions that the provider should have asked.

Figure 5: Bank Statement with Unreported Funding Sources

Oct 10, 2018	OVERDRAFT HANDLING FEE 1 @ \$ 5.00	5.00		-1137.81
Oct 12, 2018	MONTHLY FEE	14.95		-1152.76
Oct 15, 2018	PTB DEPOSIT [REDACTED]		900.70	252.06
Oct 15, 2018	EMAIL TRANSFER		3000.00	2707.50
Oct 15, 2018	BG [REDACTED]	40.44		2107.50
Oct 15, 2018	PTB [REDACTED]	600.00		2074.56
Oct 15, 2018	FOOD BASICS [REDACTED]	32.94		174.56
Oct 15, 2018	EMAIL TRANSFER		2000.00	600.00
Oct 16, 2018	PTB WITHDRAWAL [REDACTED]	600.00		-534.78
Oct 17, 2018	OVERDRAFT INTEREST	8.75		366.51
Oct 22, 2018	PTB DEPOSIT [REDACTED]		900.70	2131.51
Oct 22, 2018	EMAIL TRANSFER		1765.00	4879.51
Oct 22, 2018	EMAIL TRANSFER		2748.00	1278.00
Oct 22, 2018	INTERAC/PLUS F [REDACTED]	1.50		474.28
Oct 22, 2018	NOFRILLS [REDACTED]	101.73		454.78
Oct 22, 2018	PTB WITHDR [REDACTED]	300.00		4154.78
Oct 22, 2018	PTB WITHDR [REDACTED]	21.50		2154.78
Oct 22, 2018	PTB [REDACTED]	300.00		2095.78
Oct 22, 2018	EMAIL TRANSFER		2000.00	1345.78
Oct 23, 2018	NIKKO FO [REDACTED]	99.00		1175.16
Oct 23, 2018	EMAIL TR [REDACTED]	750.00		1165.26
Oct 31, 2018	VALUE VIL [REDACTED]	170.62		1114.99
Oct 31, 2018	TIM HORT [REDACTED]	9.90		1083.11
Nov 01, 2018	BG FUELS [REDACTED]	50.27		1983.81
Nov 02, 2018	STEVEN'S [REDACTED]	31.88		483.81
Nov 05, 2018	PTB DEPOSIT [REDACTED]		900.70	391.66
Nov 05, 2018	PTB TRANSFER [REDACTED]		1500.00	389.66
Nov 05, 2018	LOAN INTEREST	92.15		
Nov 05, 2018	FIVE STAR [REDACTED]	2.00		

### Examples of Questions the Provider Should Have Asked:

- What is the origin and source of the transfers and deposits into the account? Are they sources of income that should be included in the RGI calculation?
- What is the destination of the transfers out of the account? Have you reported all bank and investment accounts?

### **Active Business Licences May Indicate a Source of Income**

**Over 600 RGI households have active business licences**

We also identified over 600 RGI households <sup>10</sup> who have active business licences in the City of Toronto. In some cases, these households reported earning no income.

The RGI Administration Manual directs providers to ask RGI households if any members have a current business licence as part of the annual eligibility review process. In cases where a licence is held, households are required to produce business income documents. The City should ensure that providers have the tools to identify who holds business licences and are able to ask the right questions to assess if additional income or assets exist. This should include Municipal, Provincial and Federally licensed businesses.



#### **Example 3: RGI household reports no income related to an active business licence**

An RGI tenant, who declared only employment income, maintains an active business licence which was recently renewed. A business licence is an indicator for potential unreported income. There is no documentation in the RGI file about the type of business or any related income. As no bank statements were on file, we were unable to assess if there was a potential for unreported income.

### **Unauthorized Occupants Could Indicate Households are Undercharged for RGI Rent**

**Households must report everyone living in the RGI unit**

RGI tenants are required to report the names, ages, gross incomes and assets of all individuals living in the unit. An unauthorized occupant is a person who regularly lives in the unit but who is not listed on the household's annual income and asset review form and who is not named on the lease or occupancy agreement. All unit occupants who are 16 or older must sign the lease.

**Income of unreported occupants impacts RGI rent**

Undeclared and unauthorized occupants in RGI units present a problem, since the income of all the members of the household must be included when determining the RGI rent payable by that household.

Where occupants are residing in the unit but their income is not reported, the RGI rent for the household will be undercharged.

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<sup>10</sup> Households were identified by an exact match of name and date of birth; there may be more when taking into account variations in how information is recorded (i.e. spelling of name)



**Providers must be notified when household composition changes**

Where a household fails to notify the housing provider of changes to the household composition (as is the case with an undeclared or unauthorized occupant), the household may cease to be eligible for RGI as described in Exhibit 1.

**Some households have indicators of undeclared occupants**

Based on a review of a sample of RGI tenant files, we found that some households had indicators to suggest that there were undeclared or unauthorized individuals potentially living in the RGI unit. An example is described below.



**Example 4: Household may not be reporting an individual living in the RGI unit**

A provider suspected an unreported individual living in an RGI unit and when confronted, the main tenant denied that this was the case.

**September 2017** – Provider issued a notice to the tenant indicating they found a lost driver's licence belonging to the suspected unreported occupant. The driver's licence was issued in October 2014 and lists the tenant's RGI unit as the individual's address.

**October 2017** – A note from the RGI tenant on file explains that the individual had briefly used the address in 2014 when relocating. The tenant provided an updated driver's licence for the individual issued July 2015 showing a different address.

**September 2019** – We have confirmed that the suspected unreported occupant's driver's licence and vehicle permit (ownership) currently lists the RGI unit as their address. Driver's licences must, by law, be updated within six days of any address change.



### A. 3. Insufficient and Inappropriate Documents are Provided as Proof of Income

**5% of files contained inconsistent or irregular documents**

Approximately five per cent of files we reviewed included documents, such as employment letters, tax assessments, or pay stubs provided to support reported income that were inconsistent with other sources of information provided by the tenant. Some documents also had the appearance of being altered or fabricated. The existence of discrepancies may indicate issues with the legitimacy of provided documentation; the amount of income reported may be inaccurate. TCHC's Internal Audit department has also identified similar concerns in the past.



#### **Example 1: Household provides documents that are inconsistent and appear altered**

An RGI tenant provided the same employment letter from a restaurant for several years, manually altering certain dates of the letter to re-use it in later years. The reported income did not agree to the income reported on the tenant's Notice of Assessment.

While there was a note on file that the provider had requested income documentation from the tenant, it was unclear if staff had identified or inquired about the discrepancy in documents, asked whether gratuities were earned, or asked why the household was submitting the same letter to support declared income.

The tenant's file did not include any bank statements or pay stubs for independent verification of the amount listed on the employment letter. The provider based the determination of RGI rent on this amount. Excerpts of the documents we reviewed have been included in Figure 6.

**Figure 6: Inconsistent Information Noted on Documents Provided**

**TO WHOM IT MAY CONCERN**

This is to acknowledge the reader that [REDACTED] s  
 under the employ of our restaurant as a waitress working 19 hours per week from  
 December 15, 2015 to December 25, 2016. Her annual income is \$8,127.00.  
 Dated the 28<sup>th</sup> day of December, 2016

**Dates appear to be manually altered**

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**TO WHOM IT MAY CONCERN**

This is to acknowledge the reader that [REDACTED] is  
 under the employ of our restaurant as a waitress working 19 hours per week from  
 December 15, 2015 to December 25, 2017. Her annual income is \$8,127.00.  
 Dated the 28<sup>th</sup> day of December, 2016

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**TO WHOM IT MAY CONCERN**

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 December 15, 2017 to December 25, 2016. Her annual income is \$8,127.00.  
 Dated the 28<sup>th</sup> day of December, 2016

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**Notice details**

Social insurance number [REDACTED]  
 Tax year 2017

**Tax assessment**

We calculated your taxes using the amounts below. The following summary is based on the information we have or you gave us.

We may review your return later to verify income you reported or deductions or credits you claimed. For more information, go to [canada.ca/taxes-reviews](http://canada.ca/taxes-reviews). Keep all your slips, receipts, and other supporting documents in case we ask to see them.

**Summary**

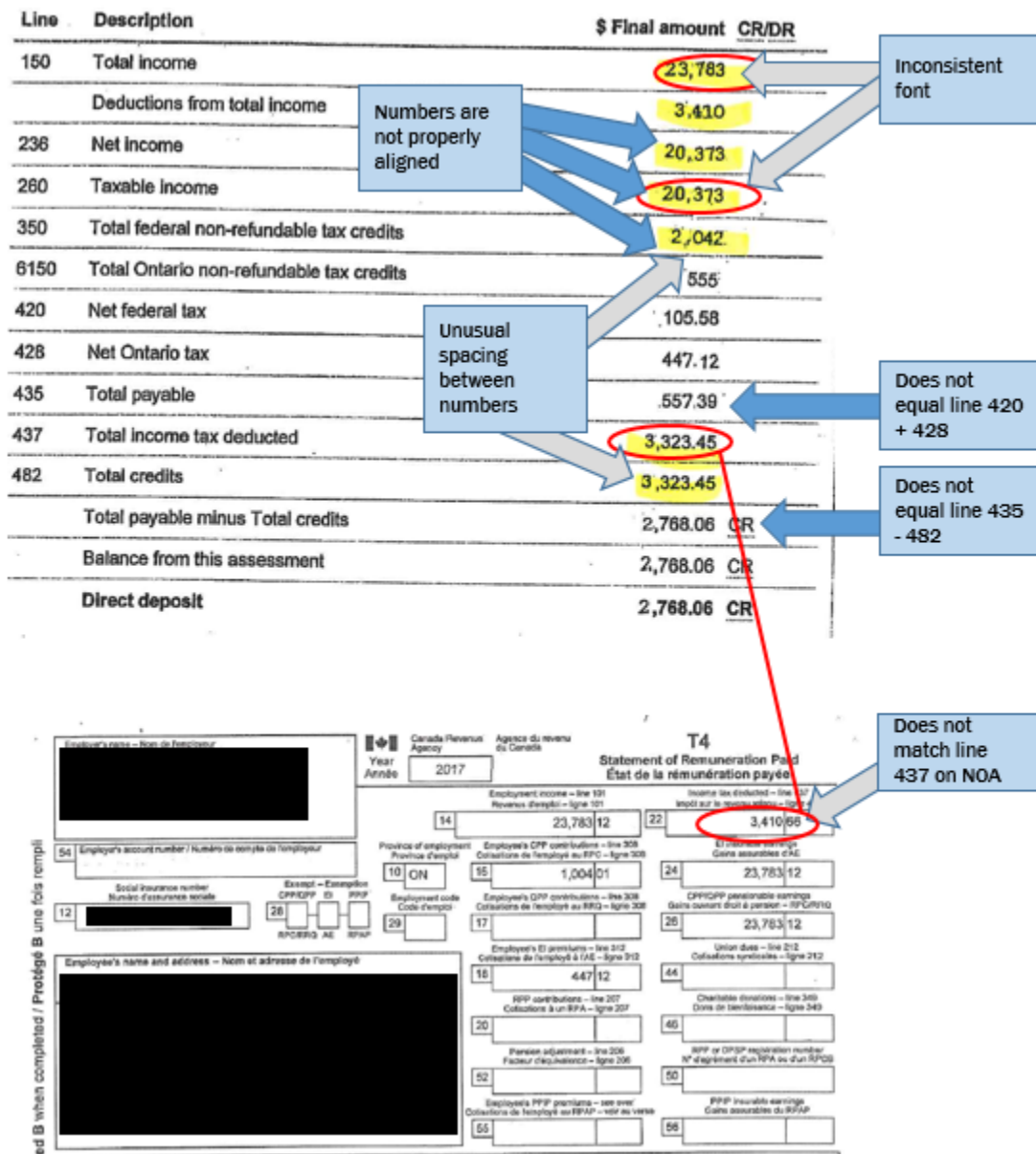
Line	Description	\$ Final amount	CR/DR
150	Total income	4,104	
236	Net income	4,104	
260	Taxable income	4,104	

**Amounts don't match**

**Irregularities include altered or fabricated tax documents**

Among the documents on file for RGI households, we noted some income tax Notice of Assessment (NOA) documents which may have been altered. Issues included spacing, font inconsistencies and line items that did not tie to source documents. An example of an NOA that has likely been altered or fabricated is shown in Figure 7, along with questions the provider should have asked.

**Figure 7: Notice of Assessment with Indicators of Alteration**



**Examples of Questions the Provider Should Have Asked:**

- Why is there a discrepancy between the amounts reported on your Notice of Assessment and other documents you provided?
- Do you have any unreported income not included in this Notice of Assessment?
- Will the information that you provided on this Notice of Assessment match what is on file with the Canada Revenue Agency?
- Why does this Notice of Assessment look like it has been altered?

**A. 4. City Must Work with Housing Providers to Address Eligibility Concerns**

**City must take immediate action**

Where there are eligibility concerns, the City must take immediate action. It must consider not only the financial impact of wasted subsidy funding, but also the impact to public trust in the social housing system, and taxpayers' confidence in the City's ability to be an effective steward of public funds. Most importantly, there is a direct impact on the many individuals and families waiting years for help – some of whom can be the most vulnerable members of our society. As such, the City should review and appropriately address all potential eligibility concerns that we identified during our audit.

In our view, there may be more files with potential eligibility issues in the RGI population. Given that we observed these issues across most of the providers we reviewed, we believe comprehensive eligibility reviews are warranted. This will ensure subsidy funding is being used in the manner intended to meet RGI program objectives.

**Supporting documents must be thoroughly reviewed**

The City should work with its housing providers to ensure they are identifying and adequately addressing any potential indicators of inconsistent or irregular income information. Providers must thoroughly review information provided by households and ask the right questions to identify any eligibility concerns. This will ensure that households are appropriately subsidized in accordance with their circumstances.

**Bank Statements and Notices of Assessment Provide Valuable Financial Information**

It is our view that all RGI recipients should be required to provide bank statements and income tax Notices of Assessment (NOA) issued by the Canada Revenue Agency (CRA). These documents are valuable for detecting other sources of income and assets.

**Bank statements are a powerful tool in identifying undisclosed income and assets**

Reviewing bank statements is an important tool in verifying that there are no undisclosed assets or sources of income, such as other support payments, foreign pension, foreign income, employment income, self-employment income, gratuities, investment income, and rental income. Yet, there is no mandatory requirement for RGI households to provide their bank statements as part of the eligibility review process or for housing providers to request and review them.

We observed that bank statements are generally only required for the purposes of verifying declared assets or where they are used as supporting documentation for verifying some income sources. When bank statements are not provided, it limits the provider's ability to validate and identify all income and asset sources.

**All households should be required to provide recent Notices of Assessment**

We also noted that RGI households are not required to provide NOA unless they are used to substantiate specific types of income. Still, some providers request tenants to provide their NOA in addition to other acceptable documents already provided. Reviewing the NOA gives providers another tool to help assess if all income has been disclosed and can also help providers verify address information.

**Achieving efficiencies from automated income verification**

The Province recently announced changes to the regulations under the HSA, which includes a requirement for most households to file a tax return. As discussed in Section B of this report, the City should pursue agreements with the CRA to obtain data to support automated income verification which will allow it to more efficiently assess eligibility and calculate RGI rent. Until such agreements are in place, the City should require providers to request NOA documents.

**Enhanced training for providers is needed**

The City requires housing provider staff to complete an online training course when commencing employment and again every five years. We reviewed the training curriculum and noted that there is limited guidance pertaining to identifying and addressing eligibility concerns. The City should provide enhanced training to providers so that they are better equipped to know what questions to ask and what additional information to obtain if there are unexplained transactions or inconsistencies in the information they are provided. Some of these questions are highlighted in Exhibit 3.

Any requests and responses received should be clearly documented and retained on file. The City should also develop a mechanism to centrally track any issues so that it can ensure that they are adequately investigated and resolved.

## **Corroborating Documentation from Multiple Sources**

**Multiple sources of information helps to corroborate eligibility information**

The RGI Administration Manual allows households to submit a variety of documents, including bank statements and NOA to satisfy documentation requirements. However, placing reliance on one specific document does not always provide a complete picture of all income and asset sources. Obtaining information from multiple sources allows for a more wholesome review so providers can more easily detect unreported income and assets.

For example, tax documents (NOA and tax slips) may not always capture all income if the tenant has not reported all income to the CRA. They may also be outdated as they are often only available for prior years.

## **Improving Guidance to Ensure Procedural Fairness and Thoroughness of Eligibility Reviews**

**Level of scrutiny to verify eligibility varies between providers**

We found that providers are requesting different types of documents from tenants to support income, assets and eligibility assessments. While providers are allowed to apply judgement in deciding what verification documents to request, the types of documents required and the level of scrutiny for each RGI household varies without notes on file to clearly document why this is the case.

**All RGI households should be required to meet the same general requirements**

To ensure procedural fairness and effectiveness of RGI processes, all RGI tenants should generally be expected to meet the same requirements. At the same time, we recognize that some exceptions must be permitted so that all households are treated in an equitable manner.

**Enhance guidance to support providers and strengthen eligibility reviews**

There are also opportunities to strengthen guidance in the RGI Administration Manual to better promote consistent household eligibility verification. For example, while the manual contains requirements that RGI households must notify providers of any changes to family composition and must establish rules to govern the temporary accommodation of guests in RGI units, there is no clear guidance for providers to follow when adding new members to an RGI household.

In order to prevent the addition of household members in an attempt to bypass the centralized waiting list or to assign or sublet RGI tenancy to another person, the City should establish clear and consistent requirements for all housing providers to follow when there are changes in household composition. This includes verifying if the household member owes arrears, has been convicted of an RGI offence, and verifying if the individual is currently living at another address. The City should develop basic common standards that providers should be required to include in their guest policies.



Furthermore, there are no requirements for providers to meet with household members as part of the annual review process. Face-to-face meetings and unit inspections allow providers to better identify potential sub-letting of units. Where there are indicators of potential eligibility issues including unreported occupants or potential sub-letting, the City should examine the benefits of unit visits to confirm that unit occupants match photo identification kept on file.

## **A. 5. Ineligible Households Continue to Occupy RGI Units**

**Social housing providers cannot request ineligible households to vacate their units**

Households who are no longer eligible for RGI assistance are not required to vacate the units – they may remain in their units paying market rent. In her 2017 Annual Report chapter on Social and Affordable Housing<sup>11</sup>, the Auditor General of Ontario highlighted that the Residential Tenancies Act (RTA) prevents housing providers from requesting tenants who are no longer eligible for social housing to vacate their units. The subsidy is stopped, but the unit is not available for a new tenant who is in need of RGI assistance.

Of particular note, is that the Auditor General of Ontario highlighted that legislation in four Canadian provinces – British Columbia, Alberta, Saskatchewan and Manitoba – specifically allow their housing departments to request ineligible tenants to vacate so that the province can house applicants who are waiting for social housing units.

**Those who intentionally withhold or misrepresent information can be evicted**

The RTA only allows housing providers to evict households who are no longer eligible for RGI, if they discover that the RGI tenants intentionally withheld or misrepresented information to receive subsidies they were not entitled to.

**It is against the law for anyone to knowingly obtain or receive RGI for which they are ineligible**

Under the HSA, it is a Provincial offence for a member of an RGI household to knowingly obtain or receive RGI for which they are ineligible. The RGI Administration Manual indicates that any household member who has been convicted by a court of this offence or a crime under the Criminal Code of Canada relating to the receipt of RGI cannot re-apply for RGI assistance for two years.

In these circumstances, the City's housing providers can legally request tenants to vacate units.

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<sup>11</sup> The Auditor General of Ontario's 2017 report on Social and Affordable Housing can be found at: [http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1\\_314en17.pdf](http://www.auditor.on.ca/en/content/annualreports/arreports/en17/v1_314en17.pdf)



**Take action where information to support eligibility has been misrepresented**

To better ensure that social housing subsidies are provided only to eligible tenants, the Auditor General of Ontario recommended that the Province:

- require all municipal service managers to conduct eligibility review investigations
- require that municipal service managers develop and implement policies and procedures that are consistent across the province for requesting ineligible tenants who misrepresent eligibility information to vacate

**City must ensure public confidence in the social housing system is maintained**

Given the current shortage of social housing units, it is important that the City take appropriate corrective action to stop instances of abuse and potential fraud, so that RGI assistance can be provided to eligible households. Actions to prevent and deter these occurrences maintains the public trust in the integrity of the social housing system.

Although the City is the service manager for the RGI system, providers are the landlords for RGI households. As such, the City must provide sufficient guidance and oversight to ensure that providers are taking the appropriate action to ensure that social housing units are being used for their intended purpose – providing deeply affordable housing for eligible households. Where fraud has been proven, the City should work with Provincial authorities to pursue charges under the HSA and/or Criminal Code of Canada in order to prevent future losses of RGI funding.

**Eligibility Review Officers with special powers would strengthen investigations**

To support this, the City should establish a process for conducting eligibility review investigations. Under the HSA, an Eligibility Review Officer (ERO) has the right to apply for and act under a search warrant and is deemed to be engaged in law enforcement for the purposes of the Freedom of Information and Protection of Privacy Act and the Municipal Freedom of Information and Protection of Privacy Act. Currently, the City and its housing providers do not have any staff designated as EROs. This type of designation could strengthen efforts to detect and investigate indicators of RGI ineligibility and potential fraud.

TCHC management reported that their Investigations Unit often encounters barriers when investigating RGI related fraud. They further noted that the ERO designation would assist them when investigating misrepresentation and RGI fraud. The City should consider whether it can leverage the experience of the TCHC Investigations Unit or whether their staff can be designated as EROs.

**Recommendations:**

- 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.**

## **B. Centralizing Key Aspects of RGI Administration to Promote Stronger Oversight**

**System for administering RGI is highly decentralized and heavily reliant on housing providers**

The City has delegated responsibility for administering RGI to over 200 housing providers. All providers must comply with the City’s RGI Administration Manual and the Housing Services Act (HSA). The mode of record keeping and systems used to administer RGI remain at the discretion of each individual provider.

**City needs to take greater control of RGI administration**

As service manager, the City is legislatively responsible for the administration of RGI in accordance with the HSA. It is ultimately accountable for the continued eligibility of all RGI recipients and provider compliance with policies and regulations. The City must answer and respond to any deficiencies or problems.

Strong action is needed to address problems with the quality of eligibility reviews discussed in Section A. The City needs to take a more central role in identifying and addressing eligibility issues. This will help to improve the oversight of housing providers.

**Resources allocated to eligibility verification should be reviewed system-wide**

In our report, *Opening Doors to Stable Housing*, we estimated that there are over 300 individuals involved in assessing initial and ongoing RGI eligibility, and verifying income to determine RGI rent. The City should assess how best to optimize existing resources within City divisions and at housing providers to reduce redundancies.

## **B. 1. City, as Service Manager, Should Know Who is Receiving RGI Assistance**

**City does not have ready access to provider systems**

The City does not maintain a centralized database or records of past and current RGI recipients. Consequently, at any given time, the City does not readily know the identities of the individuals receiving RGI assistance and/or their continued eligibility for RGI – only the providers that house them have this information.

**City does not know who is receiving RGI assistance even though this is key information for ensuring stewardship over funds**

This means the City is spending nearly \$385 million a year on subsidized housing without knowing who specifically is benefiting or whether they continue to be eligible to receive assistance. This also makes it difficult for the City to monitor actual RGI vacancy rates and to validate whether RGI units reported by housing providers are being filled by eligible households who have gone through the proper process to access RGI housing. These areas of concern were identified by the Auditor General in her report *Opening Doors to Stable Housing*.

As the City does not mandate the use of any specific system(s) to administer RGI, providers use many different systems to track household information and rents. Some providers rely heavily on manual processes to administer RGI.

**Current systems limit the City's and providers' ability to analyze data**

TCHC is one of the few providers with a system that is able to record many of the key pieces of information about its RGI households. However, the current system is outdated and contains various control weaknesses, including a lack of edit checks to validate accuracy of data entry and inadequate system access controls to prevent unauthorized creation and modification of household information.

TCHC's contracted property managers also use their own independent systems to track rent charges. They are not required to track and record the same information for the over 10,000 RGI households in buildings they manage.

**Household data is not always retained electronically**

While the other providers are able to produce rent rolls<sup>12</sup>, in many cases, information about RGI households such as the full name of all members of the household, dates of birth, and move-in/transfer chronology is only available in paper-based files, stored at individual provider locations. It is the responsibility of providers to be able to provide accurate and complete information about their City-funded RGI tenants on a timely basis.

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<sup>12</sup> Rent rolls are used primarily for accounting purposes and track the revenue received for each unit. The rent roll contains some identifying information but is usually limited to a partial name (i.e. initial and last name) and to the primary lease holder, not each member of the RGI household

**Providers should be required to capture and track key RGI household information in an electronic format**

About 20 per cent of providers were delayed in providing information about their RGI tenants when requested by our office. Many of these providers indicated that they would not be able to gather the information without expending a significant amount of resources. Furthermore, many providers do not maintain records for non-primary household members such as dependents, beyond what households report on their paper-based annual income and asset review forms.

Given the significant amount of funding given to providers, we would have expected that the City would have regularly requested and obtained this information in electronic form as part of the Annual Information Return (AIR) submission and operational reviews of providers – this was not the case.

**City should obtain providers' RGI household data to exercise proper monitoring and oversight**

If the City had data on RGI households, they would be able to perform analysis including verifying actual service levels, vacancy rates and appropriateness of RGI funding based on reported income. The City would also be able to identify those who gained access to RGI housing outside the centralized waiting list process.

## **B. 2. Centralized Data Supports More Effective and Efficient Oversight of RGI Eligibility**

### **Housing Providers are Key in Identifying Eligibility Issues**

**Housing providers are the first line of defence in identifying potential eligibility issues**

Given the decentralized model of RGI administration, effective housing provider eligibility reviews is the first line of defence in identifying potential indicators of eligibility issues and other red flags. Based on issues identified in our file reviews, it appears that providers need to exercise greater due diligence and consider potential fraud indicators. In cases where providers identified potential issues, they were not always followed up in a timely or effective manner. Clear documentation to indicate the outcome or steps taken was not always present in the files.

**Secondary reviews of RGI decisions occur infrequently**

There is seldom an independent or quality assurance review of RGI files at the provider level. Consequently, there is a risk that potential ineligibility, non-compliance, and fraud remain undetected. This is a problem as our audit identified strong indicators of fraud going unaddressed.

TCHC has an internal audit group, but it can complete an independent review of less than two per cent of RGI households each year. The department has identified issues including missing documentation, calculation errors, suspected fraudulent documentation and eligibility concerns. These are recurring issues which have been reported to management year-over-year for the last several years. The department also advised that their recommendations that TCHC management review more files at high risk of being involved in fraudulent activity have not been implemented because of resource constraints.

**City taking a greater role in eligibility reviews may free up provider time to focus on core landlord services**

This example highlights that providers may not have the necessary resources and expertise to ensure eligibility concerns and potential fraud are adequately identified, investigated and resolved. The City taking a greater role in reviewing eligibility and investigating suspected fraud may free up provider time to focus on landlord services to their tenants, such as providing clean, safe, well-maintained and affordable homes.

### **City Oversight Needs to be Strengthened**

**Weaknesses in oversight by the City**

Weaknesses in the City's oversight, including lack of timely operational reviews, have also contributed to the pervasiveness of these issues observed across all housing providers.

#### Periodic Operational Reviews of Providers

**Concerns with City oversight were identified by the Auditor General in 2014**

Weaknesses in operational reviews were first highlighted in the Auditor General's 2014 report, *Strengthening the City's Oversight of Social Housing Programs*, and then re-iterated in the Auditor General's 2019 report, *Opening Doors to Stable Housing*. For example, in 2014, the Auditor General recommended that the Shelter, Support and Housing Administration (SSHA) Division:

- develop a risk based process for reviewing eligibility files to ensure that housing providers are effectively administering rent-gearred-to-income assistance – a process was developed but the reviews are not always being performed as required
- provide tools and training for housing provider and City staff assigned to detecting and investigating irregular activities – yet in the files we reviewed, irregularities were not always being identified and investigated by provider staff

What is clear is that SSHA's oversight measures implemented to address the Auditor General's 2014 report are not being sustained and may not be sufficient. For example, the Division implemented a risk-based approach to completing operational reviews of housing providers to ensure they comply with legislative and regulatory requirements, including City guidelines.

**City has completed a fraction of required reviews of high-risk providers**

This was noted in the Auditor General’s recent report *Opening Doors to Stable Housing*, we found that only 35 per cent of providers have been reviewed within the Division’s established timelines; and, only 15 per cent of high-risk providers had a required review completed in the last two years.

**Not all providers are included in risk-based reviews**

Furthermore, SSHA’s current risk-based review structure does not include a clear schedule to cover all providers who administer RGI units. TCHC is not subject to operational reviews. While TCHC has an internal audit function, they are only able to review a small percentage of files per year based on limited resources.

**RGI files are not always reviewed as part of operational reviews**

We also noted deficiencies in the operational reviews SSHA had completed. While SSHA staff are required to review and assess a sample of the provider’s RGI files, sometimes they do not. Also, in some cases complete documentation to support review findings was not available. There were also issues with the timeliness of issuing review findings and obtaining a response from the provider.

**Other issues relating to administrative non-compliance**

In our own file reviews, further described in Exhibit 2, we identified a number of issues relating to administrative non-compliance including RGI calculation errors and sufficiency or completeness of documentation. These were in addition to the issues discussed in Section A of the report and emphasize the importance of assessing RGI files as part of the City’s operational reviews of providers. It is also important that non-compliance is tracked so that the City can ensure that recommended remediation plans are appropriately addressed.

Centrally tracking operational review results will help to identify trends that needed to be addressed through enhanced guidance in the RGI Administration Manual and in ongoing training for providers.

#### Review of Annual Information Returns

**City relies on providers to accurately report occupied and vacant RGI units**

The City relies on providers to accurately report the number of eligible RGI households they are providing assistance to. RGI funding allocated to providers is impacted by information reported by providers in their Annual Information Returns (AIR).

While AIRs are reviewed by City staff for certain criteria, staff do not regularly validate the number of RGI units and the number of vacancies to source records (e.g. rent rolls, RGI records, etc.). Verifying this information is important because lengthy vacancy periods need to be identified and followed up by the City. Without adequate oversight and verification, there is a risk that money is being given to providers who are not providing the reported number of subsidized housing units on an ongoing basis.



## **City to Take a More Central Role to Verify RGI Eligibility**

**City's role in verifying eligibility must increase**

It is our view that it would be more effective and efficient for the City to take greater responsibility for confirming eligibility and verifying income and assets of households applying for and obtaining access to RGI assistance.

**City should ensure eligibility before granting access to waiting RGI households**

By directly performing the initial RGI eligibility reviews for new households, the City can ensure only eligible households gain access. Prevention is always more effective than identifying and addressing problems after they have occurred. It can be a very difficult and time-consuming process to end a social housing tenancy or to take action against a tenant once they occupy a unit. Preventing eligibility issues through a robust screening by the City before a household moves into an RGI unit in the first place is more effective and efficient in the long term both for the City and its housing providers.

**Eligibility reviews should be data driven and integrated with other income-based subsidy programs**

Transforming its approach to eligibility reviews and enhancing the quality of reviews by leveraging data from multiple sources will enable the City to more effectively identify potential RGI eligibility issues. A data-centric, risk-based approach to reviewing all households in receipt of RGI will allow for a more effective and efficient assessment of eligibility. The City should consider how existing resources within City divisions and at housing providers can be best leveraged in this more centralized model.

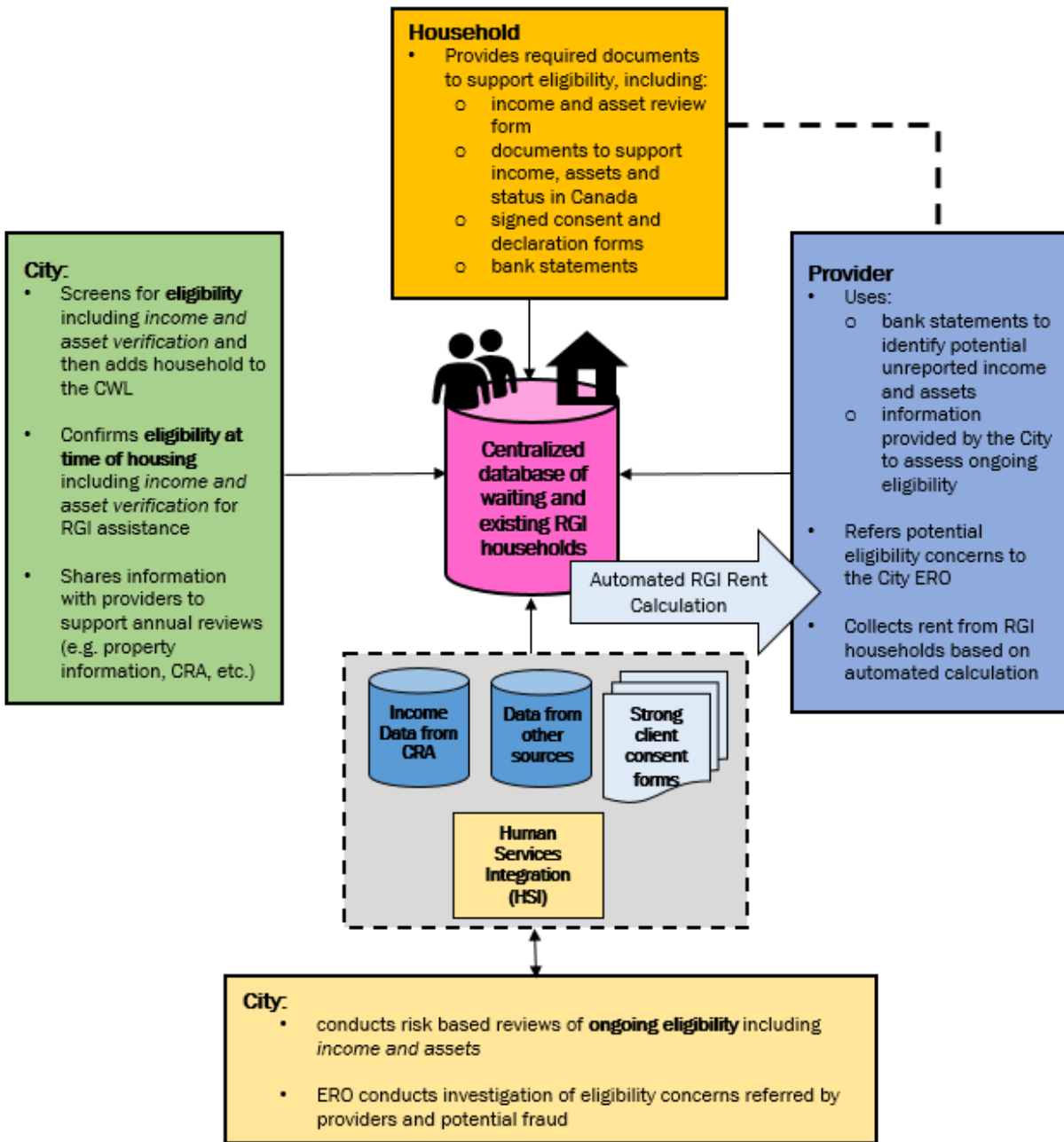
**City should have a centralized database for RGI household information**

A centralized system to collect and maintain data would allow the City and providers to have easy access to electronic records, enabling more effective and efficient review and monitoring of household eligibility for RGI assistance.

**Better systems and increased integration of RGI household data strengthens City oversight**

As the City moves forward with a "choice-based" system for selecting households to receive RGI assistance, it should consider whether this system can be used to record data on existing households. An integrated system for waiting and existing RGI households supports data driven eligibility verification throughout the duration of their tenancy. Figure 8 illustrates how this might work.

**Figure 8: Roles and Responsibilities where City Takes a Greater Role in RGI Administration**



### B. 3. Data Collection and Sharing Supports More Effective and Efficient Eligibility Reviews

**Obtaining external data may help identify potential eligibility concerns**

In order to support comprehensive eligibility reviews, it is key for the City to obtain and leverage both internal and external information sources that it can use to assist with verifying eligibility. These include:

- *Canada Revenue Agency*: income and other eligibility related information
- *Government benefit programs*: income and other eligibility related information from programs like Employment Insurance, Canada Pension Plan, Old Age Security, Ontario Works, and Ontario Disability Support Program
- *Land Registry Offices*: property ownership
- *Ministry of Transportation*: current address
- *Credit reporting agencies*: asset and employment information
- *Financial institutions*: confirmation of banking information
- *Registrar General*: vital statistics
- *Family Responsibility Office*: child and/or spousal support payment information
- *Toronto Municipal Licensing and Standards (MLS) Division*: business licence and address information.

For example, during our audit we identified RGI households that used a different address for business licensing purposes. These inconsistencies should be investigated as they may indicate the household is not living in their RGI unit and may be subletting it. The Auditor General has requested that the City follow-up and investigate these differences.

**Data sharing agreements are needed**

The City should consider establishing agreements with other government bodies and organizations for the purposes of administering RGI and determining eligibility.

**Gaining efficiencies by automating income verification**

As upcoming legislative changes will require most RGI households to file income tax returns annually, efficiencies can be gained by obtaining data from the Canada Revenue Agency (CRA) to automate income verification and RGI rent calculations based on adjusted family net income.

**Data analysis can identify risk factors**

Centralized analysis of RGI household data from internal and external sources can be performed to identify risk factors and potential eligibility concerns for further review.

**Examples of basic data analysis to identify risk indicators**

For example, analyzing data across providers can help to identify household members who may have access to multiple social housing units. Our analysis of data identified over 100 people who appear to be occupants of more than one unit. While we recognize that there are legitimate reasons for household members to occupy multiple units, such as children in shared custody arrangements, it is possible that households may be subletting<sup>13</sup> or renting their social housing units to other individuals. One such example was included in the Executive Summary.

We selected six RGI units with household members registered as occupants in multiple social housing units and asked the provider to perform a further review. Based on the work conducted, including entering the units, the provider confirmed that they believe some of the households were either subletting or preparing to sublet the units. Figure 9 contains pictures taken by the provider during a recent site inspection of a unit suspected of subletting. The Auditor General has referred the remaining RGI units to the provider to follow up and has requested that they investigate these matters thoroughly.

Given the long waiting times associated with obtaining a social housing unit, any instances of unauthorized subletting must be confronted to stop the abuse and to deter others from doing the same thing.

**Figure 9: Unit Under Investigation for Potential Sub-Letting**



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<sup>13</sup> Subletting is when an existing tenant rents all or part of their home to another individual. Social housing tenants are not permitted to sublet their units.

Analysis of arrears can also be performed to identify potential RGI units that are not being properly identified and reported as vacant by provider staff. For example, TCHC staff reported that a unit which had been vacant for almost one year was only identified for further action after the unit began to accumulate arrears. When the Office of the Commissioner of Housing Equity (OCHE) attempted to reach the tenant<sup>14</sup>, they discovered that the tenant had passed away and had been reported deceased a year prior.

The circumstances around the lengthy vacancy appear to be due to a breakdown in communication between TCHC staff and also that the tenant's death had not been adequately documented in TCHC systems. The unit was vacant the entire time and was not used to house an eligible RGI household. In a centralized system, the City could analyze data to better monitor unit vacancies and investigate units which have been vacant for extended periods of time.

### **Effective Consent Forms Needed to Obtain and Share Information**

**Collecting and sharing information is important in verifying RGI eligibility**

The City will need to work collaboratively with providers to collect and share the information needed to assess RGI eligibility. While formal protocols to effectively accomplish this will need to be developed, the HSA allows information to be shared between the service manager and providers in order to determine eligibility.

**Privacy considerations should be reviewed**

Before undertaking any data sharing, a review of relevant privacy considerations should be performed. Another key element is ensuring appropriate declaration and consent forms are retained on file for all RGI households.

Annual income and asset review forms are an important part of the RGI administration process as they serve as an official declaration by the household of all sources of income and assets.

**Income and asset review forms must be fully completed**

Households are required to submit a form to self-report income and assets each year. In many of the files reviewed, we found the annual income and asset review forms (which includes signed consents) had incomplete sections and in some cases were missing from the file. While in most cases households had provided documents to support income and assets, they had not documented these sources on the forms. When providers accept incomplete forms, it limits their ability to hold households accountable.

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<sup>14</sup> As per TCHC's arrears collection policy, vulnerable tenants in arrears for several months are referred to the Office of the Commissioner of Housing Equity (OCHE) for review prior to being referred for eviction

**Consent forms may not be sufficiently designed to verify RGI household eligibility**

Each member of the household over the age of 16 is also required to provide their signed consent allowing personal information to be collected and shared. The signed consents are supposed to enable housing providers to obtain information from other sources (e.g. tax authorities, other subsidy programs) to confirm reported income and assets.

**Over 60,000 consent forms are collected during each review cycle – many are not useful**

We found that the current consents on file at the providers are inadequate and contain vague wording. As a result, the Auditor General could not obtain access to sufficient information to confirm reported income with the tax authorities. Even the current template suggested by the City in the RGI Administration Manual may not be sufficient to gather the information to verify an RGI household's eligibility, income and asset information from organizations such as the CRA.

**A new consent should be developed centrally and all providers should be required to use it**

The City should ensure that required consent forms are adequately designed to ensure consent is voluntary, expressed, and informed to allow for the collection and sharing of information to verify eligibility. This includes ensuring consent forms contain:

- a clear, specific description and purpose of the information that will be collected, who it will be shared with, and under what legal authority it is being gathered
- duration of consent and use of the information collected
- clearly legible and identifiable name of person(s) consenting

To ensure that providers are collecting complete forms, the City should ensure that forms are available in alternative formats and languages so that RGI households clearly understand what is being asked of them. As households must provide all information requested to remain eligible for RGI assistance, the City should ensure appropriate action is taken where households fail to provide these forms.

#### **Recommendations:**

- 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.

### **C. Increasing Integration Amongst Income-Based Subsidy Programs**

**Integrating income-based services will help create efficiencies**

As mentioned in the Auditor General's report *Opening Doors to Stable Housing*, further integration of income based services through the Human Services Integration (HSI) strategy will create efficiencies across various income-based subsidy and financial assistance programs. This includes rent-geared-to-income assistance, Ontario Works (OW), and child care subsidies administered by the Shelter, Support and Housing Administration (SSHA), Toronto Employment and Social Services (TESS) and Children's Services (CS) divisions, respectively.

As part of the first operational phase of this project, the City is expected to launch the integrated Applications and Support Centre in December 2019. Staff will use a client relationship management (CRM) system to create a single client profile. The profile will also note which benefits or wait lists the client is on and record interactions with the Applications and Support Centre. Key data will be extracted from existing systems including the existing centralized RGI waiting list, OW recipients system, and individuals receiving and waiting for child care subsidies. Data will be entered into the CRM. Case workers will have access to originating systems for more detailed client information.

The City should consider creating a centralized database of RGI households that integrates with the CRM, since there are common data elements in client records.

### **C. 1. Increase Information Sharing for Eligibility Verification Purposes**

#### **Subsidy programs can share information**

The law allows for the sharing of information collected under the Housing Services Act, Ontario Works Act, Ontario Disability Support Program Act, and Child Care and Early Years Act for the purposes of verifying eligibility. For example, Toronto Community Housing Corporation and TESS share some information pertaining to some RGI households who are also OW recipients.

#### **Information sharing can help identify information inconsistencies**

Sharing information between programs can help to identify information inconsistencies for common clients that should be further reviewed and resolved. For example, we noted a number of RGI households who reported different addresses and/or family compositions for RGI and OW purposes. These inconsistencies should be investigated as they may indicate the household is not living in their RGI unit and may be subletting it. OW benefits are impacted by family composition – households may be reporting more people living together to obtain more benefits. The Auditor General has requested that the City follow-up on and investigate these discrepancies.

#### **Sharing data can help reduce unnecessary subsidy payments**

Improved information sharing may also help to reduce improper subsidy payments. For example, OW recipients are paid a shelter allowance to cover housing costs. SSHA relies on RGI recipients to notify TESS if the shelter allowance provided exceeds the RGI rent calculated by the housing provider. By sharing rent and shelter allowance information, this would eliminate the need for households to provide documentation to support the amount of shelter assistance received and would provide TESS with the actual amount of shelter expense paid.

#### **Protocols are needed to support information sharing**

The City should establish information sharing protocols between the SSHA, TESS, and CS divisions. In doing so, the City should also consider the use of a common consent form between all three programs to facilitate the collection and sharing of information.

## C. 2. Coordinate Investigations of Potential Eligibility Issues and Suspected Fraud

Expanded integration may also help promote more efficient and effective investigation of potential eligibility issues and suspected fraud.

**SSHA does not have its own enforcement and investigation function**

Currently, a formalized enforcement or investigation function does not exist within the Shelter, Support and Housing Administration Division to monitor and investigate potential RGI fraud. Investigations are ad-hoc based on tips received from other sources including the Auditor General's Fraud and Waste Hotline, and housing providers. With nearly \$385 million in funding provided for RGI housing, implementing effective controls to detect and investigate fraud is a worthwhile investment. Preventing wasted subsidy dollars may offset the cost of investigation and enforcement resources.

**Subsidy savings can offset the cost of an investigation function**

By way of comparison, other subsidy programs in the City have resources dedicated to detecting, investigating and enforcing indicators of misrepresentation and potential fraud. For example, in 2018:

- TESS spent over \$4.7 million on staff costs for 51 positions related to detecting and investigating overpayments and fraud. Almost \$25 million in overpayments were identified out of the \$831 million provided in financial assistance for Ontario Works.
- CS spent over \$658,000 on staff costs related to detecting and investigating overpayments and fraud. Over \$433,000 in overpayments were identified out of almost \$297 million in child care subsidies.

**Coordinated investigations may be more cost-effective than separate functions for each program**

Given that these programs have common clients, the City should consider establishing a central investigation function to oversee eligibility and fraud related investigations for all of the income-based programs it administers. Where this is the case, SSHA, TESS, and CS would not need separate stand-alone investigation functions.

### Recommendations:

- 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.**

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# Conclusion

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**Limited availability of RGI means that those receiving it must be eligible**

There is a limited supply of social housing resulting in long wait times for people seeking rent-geared-to-income (RGI) assistance. Given this shortage, it is important that those receiving limited RGI funding are in fact eligible. Effective eligibility reviews are a key safeguard for ensuring the nearly \$385 million in annual subsidy funding helps people who genuinely need RGI.

**City should take a greater role in ensuring eligibility of RGI households**

To ensure the City is fulfilling its legislated responsibilities and to ensure that eligible households are provided access to housing benefits, the City needs to take a greater role in administering RGI. With the upcoming legislative changes and a new Housing Opportunities Toronto Plan being finalized, this is an ideal time to review the current system.

**Making sure limited housing assistance goes to those who need it most**

Our audit makes 13 recommendations that 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.

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## Audit Objectives, Scope and Methodology

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### **Audit included in the 2018 work plan**

The Auditor General's 2018 Audit Plan included 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. This audit focused on the administration of the rent-geared-to-income (RGI) housing in Toronto including ongoing reviews of eligibility for RGI assistance and determination of the amount of RGI subsidies.

### **Audit focuses on the administration of RGI**

The objective of this audit was to assess if RGI assistance was being administered in accordance with legislative requirements and City policies; and, if adequate systems and processes were in place so that assistance is only received by eligible households.

As part of this audit, we reviewed how housing providers administer RGI including ongoing reviews of eligibility for RGI assistance and how the Shelter, Support and Housing Administration Division, in its role as service manager, oversees and directs the activities of housing providers.

### **Scope**

This audit focused on activities related to the administration of RGI from 2017 to 2019. Where relevant to our audit, we examined certain records and data outside of this period.

### **Audit methodology**

Our audit work included the following:

- Review of the *Housing Services Act, 2011* and other relevant legislation
- Review of the City's policies and procedures for administering RGI as included in the RGI Administration Manual
- Interviews with staff from the following City Divisions:
  - Shelter, Support and Housing Administration
  - Toronto Employment and Social Services
- Interviews with staff from Toronto Community Housing Corporation (TCHC) and other housing providers
- Analysis of RGI household data provided by TCHC and over 200 housing providers
- Review of documentation retained by the City and housing providers in a sample of over 160 RGI household files
- Review of a sample of operating agreements between the City and housing providers
- Research and interviews with other jurisdictions in Ontario, including review of their RGI policies and procedures

- Review of literature and audit reports related to social housing
- Other procedures as considered appropriate

**Limitations to our audit**

Our findings and conclusions were based on the information and data available at the time the audit was completed. In some cases, we were unable to obtain assurance on the reliability and accuracy of data used to perform analysis due to weaknesses in the information system as well as lack of centralized controls at many housing providers. The following areas were excluded from the scope of our audit, but may be included in future phases:

- Appeals process relating to loss of eligibility and other RGI provider issued decisions
- Provider funding models
- Provider vacancy management

**Compliance with generally accepted government auditing standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



## Exhibit 1 – Summary of RGI Eligibility Criteria

The following table outlines the major eligibility criteria for receiving RGI assistance as outlined in the City's RGI Administration Manual and the Housing Services Act, 2011 in effect at the time of our audit<sup>15</sup>. Certain exceptions to these rules apply.

<b>Basic eligibility requirements</b>
To be eligible to receive RGI assistance, a household must meet the following conditions: <ul style="list-style-type: none"> <li>• At least one member of the household is 16 years of age or older</li> <li>• At least one member of the household is able to live independently, with or without support services</li> <li>• Each member of the household is a Canadian citizen, a permanent resident of Canada, has applied for permanent resident status, or is a refugee claimant or Convention refugee</li> </ul>
<b>A household ceases to be eligible if any of the below apply:</b>
If a removal order has become enforceable under the Immigration and Refugee Protection Act (Canada) against any member of the household
Any member of the household owes, with respect to a previous tenancy in any housing project under any transferred housing program arrears or another amount relating to RGI assistance received by the household which it was not entitled to, or for damage caused by a current member of the household
Household fails to notify the service manager of any changes to any information or document required for the purposes of determining eligibility within 30 days
Household fails to provide information requested by the service manager to determine eligibility or amount of RGI rent payable
Any current or former household member has been convicted by a court of knowingly receiving RGI assistance that they were not entitled to or committing a crime under the Criminal Code of Canada in relation to RGI
Household pays market rent for 12 consecutive months
Housing provider believes that any member of the household who is not receiving income is eligible to receive said income type (e.g. Ontario Works) and has not complied
Any member of the household owns residential property (domestic or foreign) and has not divested it within six months of receiving RGI or acquiring the property, or within the time frame specified by the provider
Any member of the household establishes a leasehold (rental) interest or freehold (ownership) interest in another housing unit
Household receives a portable housing benefit
All members of the household have been absent from the unit for more than 90 consecutive days or all members of the household have been absent for more than 90 days in a 12-month period
Is overhoused and refuses three offers while on the centralized waiting list or cancels their application

<sup>15</sup> The criteria above reflect the legislative requirements at the time of our audit. The Province recently announced changes to the regulations under the Housing Services Act which will become effective in 2020 and will impact some of these items

## Exhibit 2 – Summary of RGI File Reviews

**Housing providers are expected to comply with the City's RGI Administration Manual**

The City's RGI Administration Manual is based on regulations under the Housing Services Act (HSA), as well as the City's local rules. The Manual provides direction on a number of areas, including assessing eligibility, determining and verifying household income, calculating RGI rent and making RGI decisions. Housing providers funded by the City must comply with these requirements.

**City is not ensuring that providers comply with the RGI Administration Manual**

We reviewed more than 160 RGI household files, of which over 63 per cent are managed by TCHC and the remaining 37 per cent by 11 other housing providers including the City's internal rent supplement group. We noted that housing providers were not always adhering to the City's RGI policies in areas including calculation of RGI rent and the sufficiency or completeness of documentation.

There were also a number of less significant issues that came to our attention during the audit. The Auditor General will issue a separate letter to management providing more detail regarding these instances and recommendations.

### **Insufficient documentation for RGI Households**

**Over 40% of RGI files reviewed had insufficient documentation**

Households are required to provide documentation to support reported income and/or assets, age and legal status in Canada. In over 40 per cent of the files we reviewed, documentation retained on file for RGI households was insufficient. For example:

- Full-time students are exempt from certain income requirements if they can provide documentation to prove full-time student status. We found that in some cases, this documentation was missing from the file or non-compliant with the requirements in the RGI Administration Manual.
- Files retained by some providers did not contain sufficient documentation to evidence that the provider had verified status in Canada for each member of the RGI household – a legislated eligibility requirement for RGI assistance.
  - We were advised by two providers that they do not require all RGI household members to provide status documents prior to receiving RGI assistance.
  - We reviewed several files where RGI households were receiving RGI benefits prior to having provided sufficient documentation to verify status – this contravenes the eligibility requirements for RGI specified under the HSA.

- An RGI household called our office to inquire why they were being asked to provide status documentation for children living in the household as the provider had never previously requested this information. The provider only requests status documents from household members over the age of 16.

### **RGI Calculation Errors**

#### **10% of files reviewed had RGI rent calculation issues**

In approximately 10 per cent of files reviewed, RGI rent was not calculated in accordance with guidelines resulting in households being under and/or overcharged. In most cases, the error resulted from the provider using the wrong document as a source of information to calculate rent or the calculation was not completed in the manner prescribed in the manual.

### **Centralization Will Help Support Compliance with RGI Requirements**

#### **Automated tools will help ensure compliance with RGI requirements**

Given the complexity of the RGI Administration Manual, specifically in the types of income to be included and excluded, there is an opportunity for the City to implement automated tools to ensure compliance with RGI rules.

The Province recently announced changes to the regulations under the HSA, which includes the requirement for most households to file a tax return so that it can be used to calculate RGI rent. While this should help with addressing some of the non-compliance issues noted above, the City can further reduce the occurrence of these issues through a centralized system that includes automated income verification and RGI rent calculations. However, as the HSA will exempt some households from having to provide tax returns, any implemented tools will need to be able to address these special circumstances.

Until such time the City is able to centralize the RGI rent calculation processes, an interim automated tool should be developed for providers to help ensure that relevant requirements in calculating RGI rent are considered and are consistently and accurately applied.

## Exhibit 3 – Additional Guidance Needed for Housing Providers

### Enhanced guidance is needed to support more effective eligibility reviews

The City should update the RGI Administration Manual and provide enhanced training so that providers are better equipped to know what questions to ask and additional information to obtain if there are unexplained transactions or data inconsistencies. In doing so, the City is better supporting housing providers' ability to perform thorough eligibility reviews. This includes the following:

#### Banking Information

### Bank information should have key components to be useful

To be a quality source of information, passbooks, bank statements, and downloaded online bank statements must clearly indicate the account number, name on the account, and all transactions. Based on our reviews of RGI tenant files, key pieces of information related to these bank documents are not always present. For example, it is difficult to ascertain who the owner of the account is when there is no name on the statement. The RGI Administration Manual allows for the use of passbooks which are not always conclusive pieces of documentation, especially when details are limited.

The City must provide additional guidance and training to housing providers on the types of indicators they should identify and questions to ask. For example:

- Is the name on the bank account the same as the tenant(s)?
- Is the address on the statement the same as the subsidized unit?
- Are there any unexplained transactions, such as significant or recurring transfers, deposits, or withdrawals?
- Does the cash flow into the account reflect the income declared?
- Are declared income sources accounted for in the bank statements provided? The absence of them may indicate undisclosed accounts
- Are applicable government credits and monthly living expenses being paid from the account(s)? If not, question how these expenses are being paid, as they may have another account or be using credit or cash.

## **Notices of Assessment (NOA)**

### **Guidance for reviewing Notices of Assessment**

The City should provide additional guidance on factors to consider when reviewing NOA. For example:

- Does the NOA agree with other corroborating documents (e.g. paystubs, employment letters)? If not, why?
- Does the total income reflected on the NOA reflect all reported income sources?
- Is the NOA formatting and font consistent?

Where providers note discrepancies with the amounts reported on the NOA, they should request a copy of the income tax return filed by the household, which will provide greater detail on the nature and amount of reported income sources. However, income tax returns should not be the sole source of information relied on, as this is non-compliant with the RGI Administration Manual and it is possible that they do not represent the final filing with the CRA.

## Appendix 1: Management's Response to the Auditor General's Report Entitled: "Safeguarding Rent-Geared-to-Income Assistance: Ensuring Only Eligible People Benefit"

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**Recommendation 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.

Management Response:  Agree       Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA has initiated, and will continue to prioritize, the review of all cases having potential eligibility issues identified by the Auditor General.

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**Recommendation 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.

Management Response:  Agree       Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA is working with providers to conduct household eligibility reviews. A risk-based approach will be developed to identify eligibility reviews that require additional review by City staff. Once identified, SSHA will conduct more in-depth reviews. Additional staff resources have been assigned to the social housing portfolio to support this work.

A review protocol and reporting mechanisms will be put in place to support housing providers in reporting concerns with household eligibility and SSHA in managing effective follow up, this work will be completed by Q2 2020.

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**Recommendation 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.**

**Management Response:**  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA will enhance the Rent-Geared-to-Income Manual and develop improved tools and training for a consistent approach by housing providers in response to potential fraud by Q2 2020.

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**Recommendation 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.**

**Management Response:**  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA is currently updating the Rent-Geared-to-Income Manual to include clear requirements for housing providers on obtaining supporting documentation, including criteria for exceptions, by Q2 2020.

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**Recommendation 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.**

**Management Response:**  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA will work with the City Solicitor to develop a process and reference materials for housing providers regarding pursuing appropriate action under the Housing Services Act, Residential Tenancies Act or the Criminal Code where instances of fraud exist. Additional information will be included in the updated Rent-Geared-to-Income Manual explaining the process to follow once eligibility related fraud has been identified. This will be completed by Q2 2020.

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**Recommendation 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.**

**Management Response:**  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA will review opportunities to establish an Eligibility Review Officer role to strengthen the ability to investigate Rent-Geared-to-Income related fraud by Q2 2020.

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**Recommendation 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.

**Management Response:**  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. Through the implementation of the new choice-based waitlist management system in Q4 2020, SSHA will centrally administer eligibility assessments of households prior to entering Rent-Geared-to-Income housing. SSHA will develop interim processes for income and asset verification for new rent-geared-to-income household and will begin implementation in Q1 2020. SSHA will also strengthen the communication and direction to housing providers to support the annual eligibility review process.

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**Recommendation 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.
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Management Response:  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. Management will work with Corporate I&T, the City's Chief Information Officer, Human Service Integration Partners, City Legal and others to assess technology solutions that include appropriate system access controls, input and validation controls – to prevent data validation errors and ensure conformance with Housing Services Act rules, allow for electronic record storage and provide database and reporting capabilities by Q4 2020. SSHA will consider the integration of this system with existing City databases and will develop an automated tool for housing providers to calculate Rent-Geared-to-Income, consistent with changes by the Province for new Rent-Geared-to-Income rules.

SSHA will determine appropriate data sets, both internally and externally and pursue necessary data sharing agreements that will assist with verification of income and assets to ensure proper review of eligibility by the housing provider by Q4 2020.

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**Recommendation 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.**

Management Response:  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA will work with the City Solicitor to develop a consent form and provide training and oversight to ensure consent forms are used and retained by Q2 2020. This will align with the Province's changes to the rules that govern the Rent-Geared-to-Income program.

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**Recommendation 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.**

Management Response:  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA will work with the City Solicitor to determine appropriate data sets and approach data owners to establish the appropriate agreements by Q4 2020.

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**Recommendation 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.

Management Response:  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. SSHA is prioritizing housing providers Rent-Geared-to-Income reviews, to ensure we are current with required per established divisional procedures. Additionally, SSHA will enhance existing processes to ensure housing providers respond and that appropriate follow-up is taken and documented by Q1 2020.

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**Recommendation 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.**

Management Response:  Agree  Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. Opportunities to establish a centralized fraud detection function will be considered in collaboration with the General Managers of Children's Services and Employment and Social Services, and will establish whether there is benefit to leverage this function across similar existing roles at the City by Q2 2020.

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**Recommendation 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.**

Management Response:  Agree       Disagree

**Comments/Action Plan/Time Frame:**

Management agrees with this recommendation. The Human Services Integration Project is a collaborative project overseen by a steering committee which includes the General Managers of Shelter, Support and Housing Administration, Children's Services and Toronto Employment and Social Services. Part of the project work involves the identification of common functions that could be more efficiently delivered through integrated processes.

The project will continue to explore opportunities for information sharing between/across programs within current legislative requirements by Q3 2020.

**AUDITOR  
GENERAL**  

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**TORONTO**

