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

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Presentation Overview

1. Background, Audit Objectives and Scope

2. Key Themes from the Audit

3. Key Audit Findings and Recommendations

4. Recap and Conclusion
Why This Audit is Important
Background: Decentralized RGI Administration

200+ housing providers received nearly $385 million in funding in 2018
Audit Objectives and Scope

1. Are households receiving RGI eligible?

2. Are providers exercising due diligence in reviewing RGI eligibility?

3. Is SSHA exercising sufficient oversight of its providers to make sure they are carrying out their responsibilities?
Key Themes

The City needs to:

1. Detect and investigate indicators of RGI ineligibility
2. Centralize key aspects of RGI administration to provide stronger oversight
3. Expand integration of income-based programs
1. Detecting and Investigating Indicators of RGI Ineligibility

- Unreported property ownership
- Unreported income or assets
- Unauthorized occupants or sub-letting
- Irregular, altered, or falsified documents
Unreported Property Ownership

• Over 500 RGI households linked to properties
  o In a sample of 60 we reviewed, 15% owned property
  o In many cases, properties were not disclosed to providers

• Our search was limited to properties in Toronto
  o People may own property outside Toronto or foreign property

• Do people who own residential properties or benefit from proceeds of their sale need subsidized housing?
Unreported Income or Assets

- 18% of files we reviewed with potential unreported sources of income and/or assets

- Bank statements not available in over 30% of files
  - Used for detecting unreported income and assets
  - Important when City implements asset limits
Significant bank drafts out of account

Potential source of unreported income

Significant deposits and transfers into account

Basic 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?
Unauthorized Occupants or Sub-letting

- Example: provider suspected an unreported occupant but household denied the allegation
  - Current driver’s licence shows RGI unit address

- Income from unreported occupants is not included in RGI rent determination – households may be undercharged for rent

- Some households may be sub-letting
Irregular, Altered, or Falsified Documents

• 5% of files we reviewed:
  o Information was inconsistent with other documents
  o NOA, pay stubs, employment letters appeared altered or falsified

• Impacts:
  o Eligibility
  o RGI rent payable / amount of assistance
TO WHOM IT MAY CONCERN
This is to acknowledge the reader that is 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 28th day of December, 2016

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Dates appear to be manually altered

Amounts don’t match
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<tr>
<th>Line</th>
<th>Description</th>
<th>$ Final amount</th>
<th>CR/DR</th>
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<td>150</td>
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<td>Deductions from total income</td>
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<td>236</td>
<td>Net income</td>
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<td>428</td>
<td>Net Ontario tax</td>
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- **Inconsistent font**
- **Numbers are not properly aligned**
- **Unusual spacing between numbers**
- **Does not equal line 420 + 428**
- **Does not equal line 435 - 482**
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1. Detecting and Investigating Indicators of RGI Ineligibility

City can better support housing providers by:

1. Enhancing **training**

2. Strengthening **guidance**

3. Sharing internal and external **data**

4. Establishing **Eligibility Review Officer** role
1. Detecting and Investigating Indicators of RGI Ineligibility

Other Key Actions

• Complete eligibility reviews and track results – address issues identified by Auditor General

• Develop a strategy for comprehensive reviews using available data, based on risk

• Direct providers to obtain bank statements and recent Notices of Assessment
1. Detecting and Investigating Indicators of RGI Ineligibility

Key Legislative Changes to Eligibility Rules

• A household is ineligible if it:
  ◦ Refuses an offer while on wait list (*previously 3 offers*)
  ◦ Does not file an income tax return (*new*)
  ◦ Pays market rent for 24 months (*previously 12 months*)

  – other RGI eligibility criteria and local rules remain unchanged –

• Providers still need to review eligibility and verify that all income and assets are reported
2. Centralize Key Aspects of RGI Administration to Provide Stronger Oversight

- **1st**: Housing Provider Eligibility Review
- **2nd**: Secondary Reviews (e.g. Internal Audit)
- **3rd**: Service Manager (i.e. City)

**Gaps in Oversight**
- City oversight needs improvement
- Limited secondary review
- Not always identifying or addressing issues

- **1st**
  - **Housing Provider Eligibility Review**
  - **2nd**
    - **Secondary Reviews (e.g. Internal Audit)**
  - **3rd**
    - **Service Manager (i.e. City)**
2. Centralize Key Aspects of RGI Administration to Provide Stronger Oversight

• $385 million in funding provided for subsidized housing
  o No centralized database of all RGI recipients
  o Providers use a variety of systems and mostly manual, paper-based processes

• Centralized data supports more effective and efficient oversight of RGI eligibility
City:

- Performs eligibility reviews incl. income and asset verification for waiting households and at time of housing
- Shares information with providers

Household:
- Provides documents and information

Centralized database of waiting and existing RGI households

Human Services Integration (HSI)

Income Data from CRA
Data from other sources
Strong client consent forms

Provider:
- Uses information for ongoing eligibility reviews
- Refers potential concerns to ERO
- Collects rent

City:
- Conducts risk based, quality assurance reviews
- ERO conducts investigation of eligibility concerns referred by providers
2. Centralize Key Aspects of RGI Administration to Provide Stronger Oversight

• Data is key to effective and efficient reviews
  o Internal: TESS, CS, MLS
  o External: CRA, MTO, credit bureaus

• Collect and share information for eligibility verification purposes
  o Review privacy considerations
  o Establish protocols and agreements for information sharing
  o Develop appropriate declaration and consent forms
2. Centralize Key Aspects of RGI Administration to Provide Stronger Oversight

Key Actions

• City directly performs reviews of new / waiting households
• Develop an integrated database of RGI households
• Implement risk-based approach to SSHA quality assurance reviews of RGI files
• Enhance operational reviews and review of RGI files
3. Expand Integration Amongst Income-Based Subsidy Programs

• Increased information sharing helps:
  o Identify inconsistent information
  o Prevent subsidy overpayments
  o Effectively investigate potential fraud

• Key Actions
  o Information sharing protocol
  o Common fraud investigations
Conclusion

*It is important that those receiving limited RGI funding are in fact eligible*

• Effective eligibility reviews ensures funding helps people who genuinely need RGI

• City needs to take a greater role in administering RGI

City management have agreed to all 13 recommendations and are taking action
Report fraud, waste or wrongdoing

Call our 24/7 hotline

416-397-STOP (7867)

AuditorGeneral@toronto.ca

• Email us
• Fill out a secure form
• Mail a letter