

**Presentation to the Audit Committee
on October 25, 2019
Agenda Item AU4.5**

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

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Auditor General

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Assistant Auditor General

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

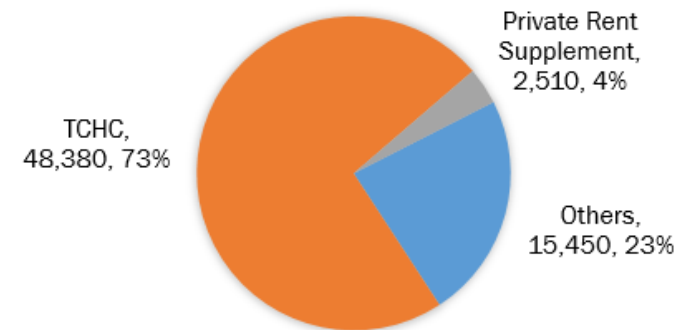


Background: Decentralized RGI Administration

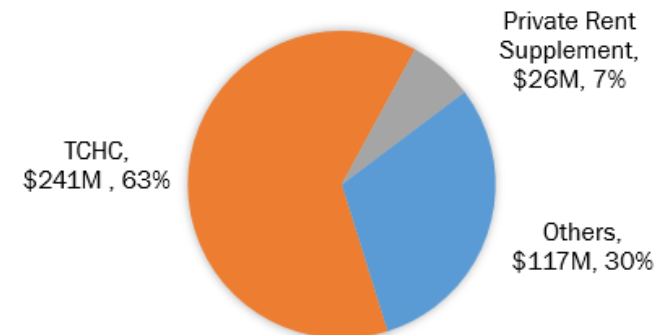


200+ housing providers received nearly \$385 million in funding in 2018

NUMBER OF RGI UNITS



AMOUNT OF FUNDING



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

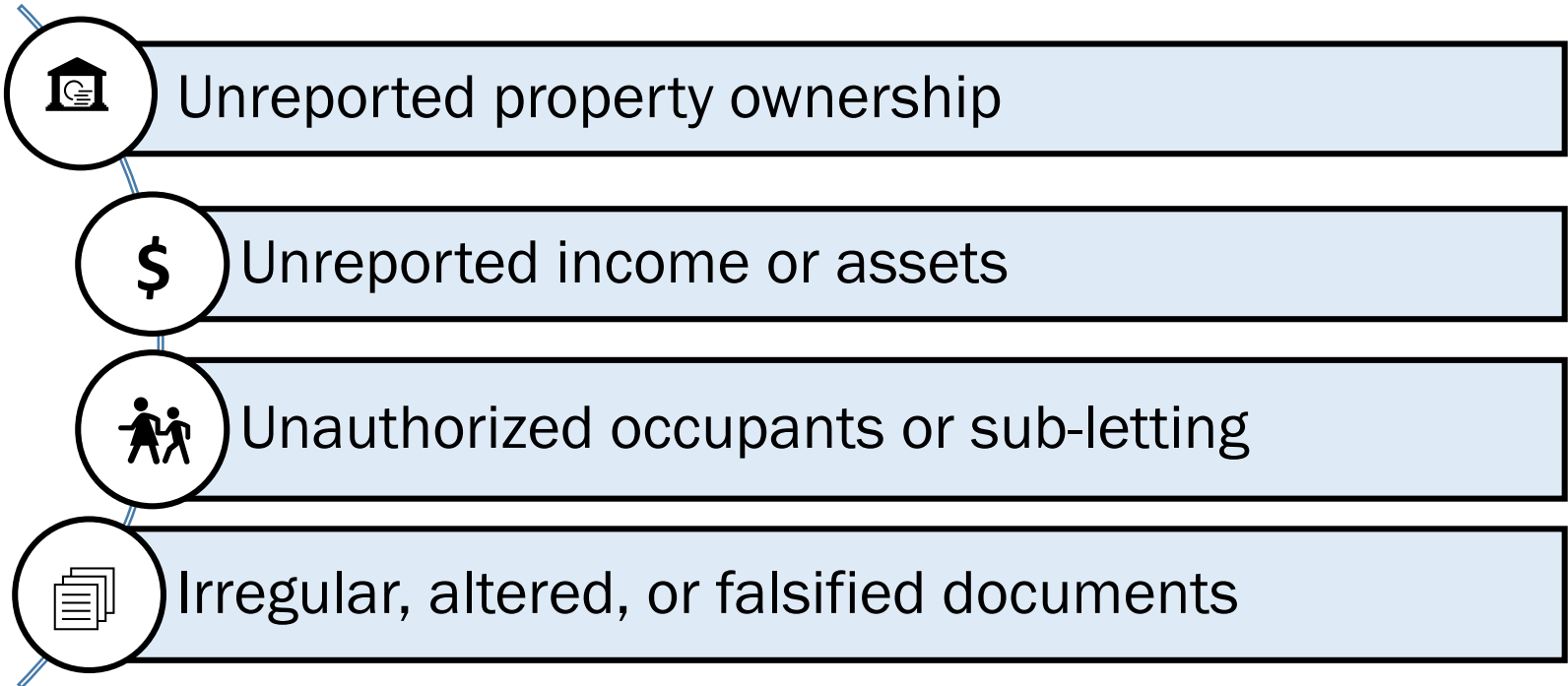
Centralize key aspects of RGI
administration to provide
stronger oversight

3

Expand integration of
income-based programs



1. Detecting and Investigating Indicators of RGI Ineligibility





Unreported Property Ownership

- Over 500 RGI households linked to properties
 - In a sample of 60 we reviewed, 15% owned property
 - In many cases, properties were not disclosed to providers
- Our search was limited to properties in Toronto
 - 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

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			\$1,197.41
Feb 28, 2018	MONTHLY PLAN FEE	19.00		\$1,199.41
Feb 28, 2018	Uber BV - Canad MSP		241.66	\$1,218.41
Feb 27, 2018	DIGICELL [REDACTED]	210.00		\$976.75
Feb 27, 2018	[REDACTED] PAY		210.00	\$1,186.75
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	\$25,866.96
Feb 16, 2018	GC [REDACTED] TRANSFER		5,000.00	\$23,866.96
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		\$936.79
Feb 09, 2018	[REDACTED] PICAL	29.09		\$954.12
Feb 05, 2018	WAL-MART # [REDACTED]	21.16		\$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
Date	Description	Debit	Credit	Balance

Top

Potential source of unreported income

Significant bank drafts out of account

Significant deposits and transfers into account

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

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:
 - Information was inconsistent with other documents
 - NOA, pay stubs, employment letters appeared altered or falsified
- Impacts:
 - Eligibility
 - RGI rent payable / amount of assistance

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, 2016. Her annual income is \$8,127.00.
Dated the 28th 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. 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	

Dates appear to be manually altered

Amounts don't match

Line	Description	\$ Final amount	CR/DR
150	Total income	23,783	
	Deductions from total income	3,410	
236	Net income	20,373	
260	Taxable income	20,373	
350	Total federal non-refundable tax credits	2,042	
6150	Total Ontario non-refundable tax credits	555	
420	Net federal tax	105.58	
428	Net Ontario tax	447.12	
435	Total payable	557.39	
437	Total income tax deducted	3,323.45	
482	Total credits	3,323.45	
	Total payable minus Total credits	2,768.06	CR
	Balance from this assessment	2,768.06	CR
	Direct deposit	2,768.06	CR

Numbers are not properly aligned

Unusual spacing between numbers

Inconsistent font

Does not equal line 420 + 428

Does not equal line 435 - 482

Does not
match line 437
on NOA

15

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

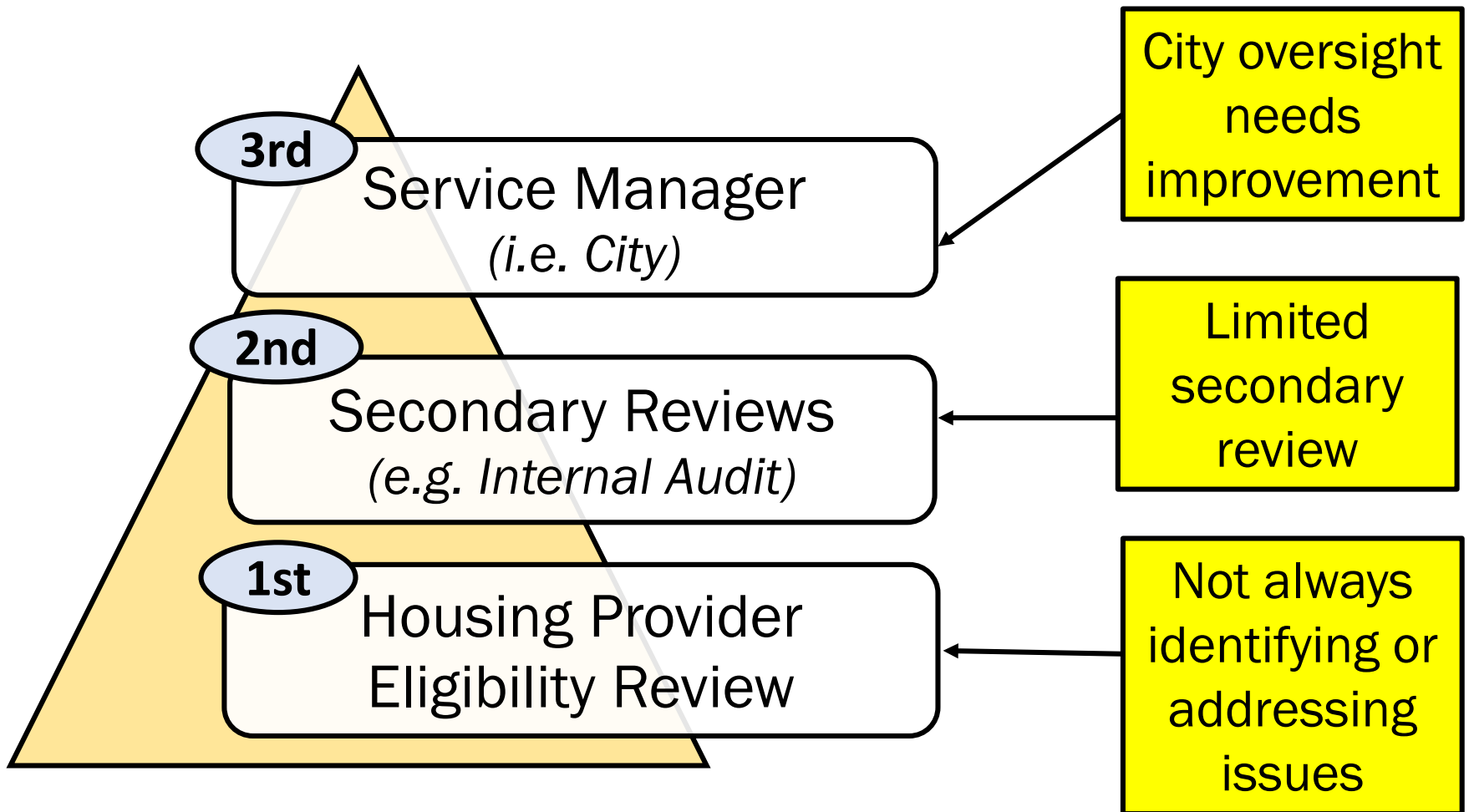
1. Detecting and Investigating Indicators of RGI Ineligibility

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

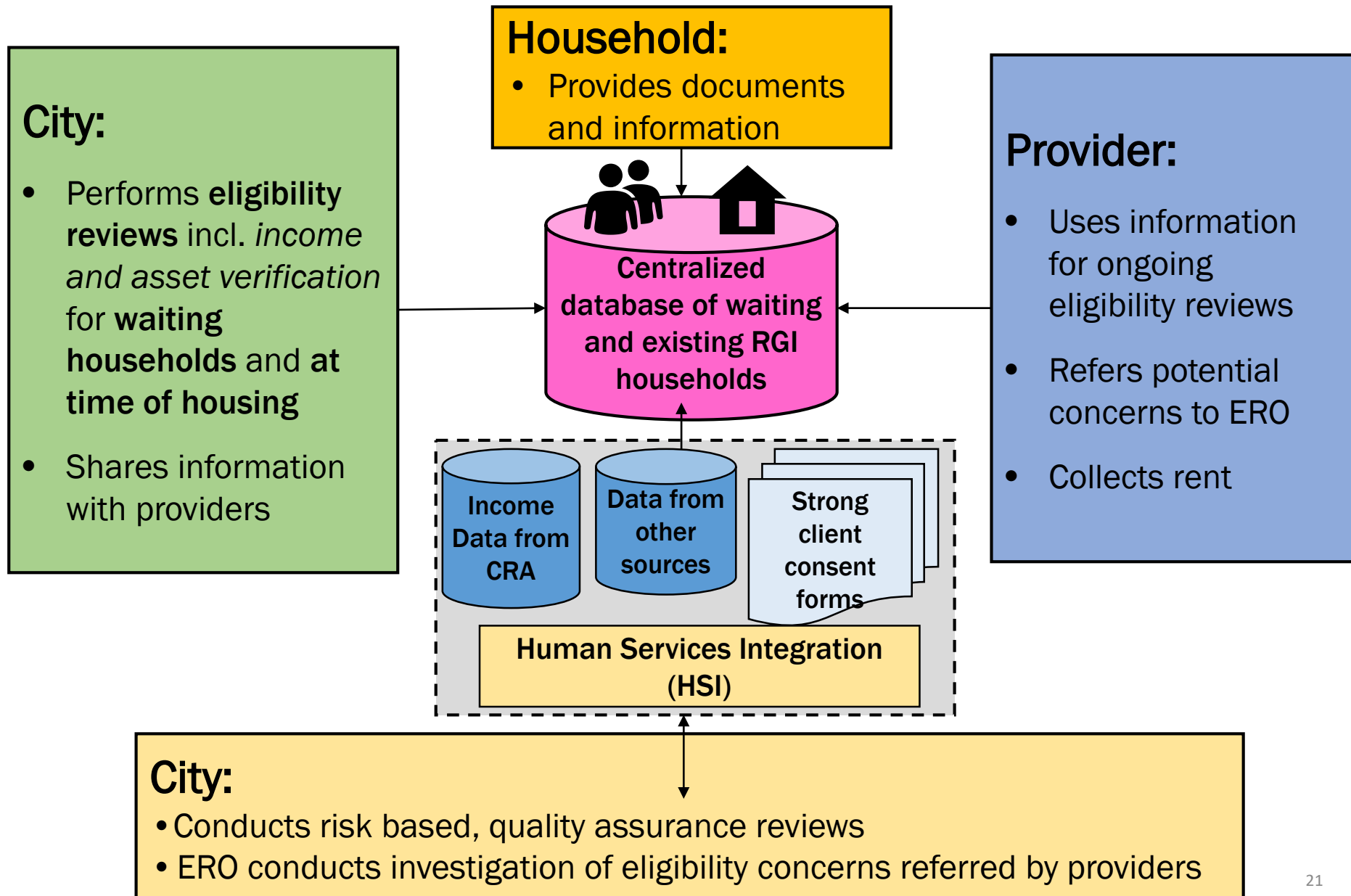
Gaps in Oversight



2. Centralize Key Aspects of RGI Administration to Provide Stronger Oversight

- \$385 million in funding provided for subsidized housing
 - No centralized database of all RGI recipients
 - Providers use a variety of systems and mostly manual, paper-based processes
- Centralized data supports more effective and efficient oversight of RGI eligibility

City Should Take a More Central Role to Verify Eligibility



2. Centralize Key Aspects of RGI Administration to Provide Stronger Oversight

- Data is key to effective and efficient reviews
 - Internal: TESS, CS, MLS
 - External: CRA, MTO, credit bureaus
- Collect and share information for eligibility verification purposes
 - Review privacy considerations
 - Establish protocols and agreements for information sharing
 - 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:
 - Identify inconsistent information
 - Prevent subsidy overpayments
 - Effectively investigate potential fraud
- **Key Actions**
 - Information sharing protocol
 - 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

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416-397-STOP (7867)

AuditorGeneral@toronto.ca

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

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