

# **Audit of Toronto Shelter and Support Services – Warming Centres and Winter Respite Sites: Understanding and Addressing Demand While Improving Financial Accountability to Stretch Dollars Further**

**Date:** February 3, 2025

**To:** Audit Committee

**From:** Auditor General

**Wards:** All

## **SUMMARY**

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The Toronto Shelter and Support Services Division (TSSS) is responsible for managing a coordinated and effective system of shelter and homelessness services. TSSS' top priority is "to ensure that those experiencing homelessness have access to temporary accommodation when they need it, as well as wrap-around and housing-focused supports to help ensure homelessness is rare, brief and non-recurring."

People experiencing homelessness are particularly vulnerable to illness and injury as a result of exposure to cold temperatures. Each year, the City releases a Winter Services Plan to provide additional capacity (including through Warming Centres and Winter Respite Sites) and services to support individuals experiencing homelessness during the cold winter months (November 15 to April 15), when health and safety risks are higher than normal. TSSS works with various community partners to provide these services and programs.

The Auditor General's [2024 Work Plan](#) included an audit of the City's Winter Respite Sites and Warming Centres for people experiencing homelessness. This report presents the results of the audit.

Our audit identifies opportunities for TSSS to stretch its funding further and make more beds available in warm indoor spaces to people experiencing homelessness during the winter season by:

- A. Making improvements to better understand and address demand for Winter Respite Site and Warming Centre beds
- B. Improving financial accountability, including more thorough reviews of budgets and actual costs incurred

## RECOMMENDATIONS

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The Auditor General recommends that:

1. City Council request the General Manager, Toronto Shelter and Support Services, in collaboration with Winter Respite Site and Warming Centre operators, to review methodologies for collecting data to better understand unmet demand and how many winter program spaces are needed, by taking into consideration:

- a. the number of overflow space users each day (i.e., people who are able stay inside at a site but are not able to access a bed therein); and
- b. the number of individuals who try to access a bed on a drop-in basis but are turned away, directed elsewhere, or leave without accessing a bed or overflow space each day.

2. City Council request the General Manager, Toronto Shelter and Support Services, to review procedures and practices for deactivation (including leaving beds vacant), taking into consideration information on demand, unmatched callers, overflow, and turnaway. Such review should evaluate the costs and benefits of different practices for deactivation that do not compromise client health and safety (potentially informed by pilots to determine the impacts on unmet demand and turnaway).

3. City Council request the General Manager, Toronto Shelter and Support Services (TSSS), in collaboration with the Corporate Real Estate Management Division where necessary, to maximize the beds made available (within funding constraints) by Winter Respite Sites, Warming Centres, and Surge Sites during the winter period by:

- a. negotiating lease terms that allow access to the premises for these operations for the entirety of the winter period, and working to secure temporary sites for periods when this is not possible;
- b. signing operating agreements and completing necessary planning, capital and site preparation work so that all funded beds can be made available at the start of the winter season or as early as possible after the start of the agreement period;
- c. standardizing TSSS methodology to determine reasonable timelines for ramping up and ramping down Winter Respite programs and communicating such guidelines to operators;
- d. evaluating the costs and benefits of closing programs on April 15 and/or staggering program closures beyond the end of the winter period;
- e. prioritizing the use of public real estate assets for future Winter Respite Sites, Warming Centres, and Surge Sites; and

- f. developing a formal contingency plan to make spaces available when the shelter system is full, including Winter Respite Sites and Warming Centres, during the winter period.
4. City Council request the General Manager, Toronto Shelter and Support Services, to review the services provided at winter programs, taking into consideration the costs and benefits of opportunities to offer some degree of case management and support services that aligns with the needs of their clients.
5. City Council request the General Manager, Toronto Shelter and Support Services, to
  - a. review costs related to the 2023/24 winter season as reported by third-party operators of Warming Centres and Winter Respite Sites, including requesting further information and supporting records, where necessary; and
  - b. expedite the finalization of costs and recover any surplus funds paid to the operators related to the 2023/24 winter season.
6. City Council request the General Manager, Toronto Shelter and Support Services, to establish and implement procedures and guidelines to review the reasonableness and appropriateness of reported costs and obtain documented explanations of budget-to-actual variances that are supported by source documents provided by operators. Reconciliations should be reviewed and approved by management, as appropriate.
7. City Council request the General Manager, Toronto Shelter and Support Services (TSSS), to enforce contractual requirements for third-party operators of Warming Centres and Winter Respite Sites to provide, on an annual basis, an audited financial statement and reconciliation report with respect to the services provided by the Service Provider pursuant to their agreements with the City, where TSSS needs to obtain a higher level of assurance from third-party operators of the accuracy and validity of reported costs by program / site.
8. City Council request the General Manager, Toronto Shelter and Support Services (TSSS), to implement processes requiring third-party operators of Warming Centre and Winter Respite Sites to obtain pre-approval, in writing, for any significant changes that may have an impact on operations and/or costs before the changes are implemented, as well as, for any reallocation or redeployment of funding or resources designated for the operation of Warming Centres and Winter Respite Sites to other programs. TSSS should consider whether any changes are needed to the purchase of service agreements with its third-party operators to reflect these requirements.
9. City Council request the General Manager, Toronto Shelter and Support Services, to make sure staff have sufficient financial knowledge and/or training to analyze and review the operating budget to ensure rates and assumptions are consistent and reasonable, as well as to ensure actual reported costs are accurate, valid, and appropriate.

10. City Council request the General Manager, Toronto Shelter and Support Services (TSSS), to establish procedures, guidelines, benchmarks for rates or ratios for key cost categories, and/or criteria to ensure that when TSSS staff develop and review program and site-specific budgets, that they:

- a. determine what rates are considered reasonable for different cost categories;
- b. identify and follow-up on inconsistencies;
- c. request and review source documentation (e.g. third-party operators' agreements with their vendors) or additional information to corroborate explanations; and
- d. identify opportunities to reduce costs and stretch funding further to serve more clients, when possible.

11. City Council request the General Manager, Toronto Shelter and Support Services, in consultation with the Purchasing and Materials Management Division, to review its catering contracts for opportunities to obtain better pricing and further savings including the potential for:

- a. leveraging economies of scale to provide catering services to multiple shelter locations and programs; and
- b. scaling and cooperative purchasing with other City program areas, like Long-Term Care Homes and Children's Services, who also require meal services.

12. City Council request the General Manager, Toronto Shelter and Support Services, to review the practice applied to deactivating and closing Warming Centres (including how sites are prioritized for deactivation and closure) taking into consideration the client experience, cost structure, and potential opportunities to stretch existing funds further and potentially provide more beds.

13. City Council request the General Manager, Toronto Shelter and Support Services, to ensure that, going forward for winter 2025/26 and beyond, all Purchase of Service agreements with third-party operators for Warming Centres and Winter Respite programs are executed before sites begin operation.

14. City Council request the General Manager, Toronto Shelter and Support Services, to strengthen the review and analysis of budget information submitted in response to the Requests for Expression of Interest and/or Requests for Proposals for Warming Centres, and other shelter programs, as appropriate.

15. City Council request the General Manager, Toronto Shelter and Support Services, to review the Auditor General's observations and recommendations to strengthen financial controls for applicability to the other shelter programs operated by third-party service providers, and implement the recommendations for those programs, as appropriate.

## FINANCIAL IMPACT

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Implementing the 15 recommendations contained in this report will help TSSS improve the efficiency, effectiveness, and economy of Winter Respite Sites and Warming Centres, by maximizing the number of bed nights programs offer, improving policies, procedures, and data collection, and taking action on opportunities to stretch funding further. TSSS can then recommend to City Council how to use the funding to help more people experiencing homelessness to access indoors spaces when it is cold outside and/or to further its work towards ensuring people who use shelters have access to the services and supports they need to help them achieve a suitable housing outcome.

The resulting financial implications of any anticipated efficiencies and/or resources needed to address the recommendations could not be determined at the time of this report.

## DECISION HISTORY

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The Auditor General's [2024 Work Plan](#) included an audit of the City's Winter Respite Sites and Warming Centres for people experiencing homelessness.

## COMMENTS

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

The attached audit report provides the Audit Committee and members of Council with the detailed audit results and recommendations together with management's response. Management has agreed to all 15 recommendations.

## CONTACT

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## **SIGNATURE**

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Tara Anderson  
Auditor General

## **ATTACHMENTS**

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Attachment 1: Audit of Toronto Shelter and Support Services – Warming Centres and Winter Respite Sites: Understanding and Addressing Demand While Improving Financial Accountability to Stretch Dollars Further