



**Office of the Auditor General: Review of the
Management of Emergency Shelter Providers –
Contract Management, Tabled at Audit
Committee – November 30, 2017**



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Acknowledgments

The team responsible for this review, comprised of Mario Ferrante of Virtus Consulting Inc. and Janet Onyango from the Office of the Auditor General (OAG), under the supervision of Ed Miner, Deputy Auditor General and the direction of Ken Hughes, Auditor General, would like to thank those individuals who contributed to this project, and particularly, those who provided insights and comments as part of this review.

Original signed by:

Auditor General

Executive summary

Purpose

This review was conducted as a result of a report to the Fraud and Waste Hotline. It assessed the effectiveness of the City's controls for ensuring that third party emergency shelter providers comply with specific contracted requirements. The review covered the 2015/2016 annual review cycle.

Background and rationale

The City has a service agreement with the Ministry of Housing to administer funding to emergency shelter operators using monies from the Community Homelessness Prevention Initiative (CHPI). There are approximately 950 permanent shelter spaces in eight shelters operated by community providers and two City-operated shelters. The City pays shelter operators approximately \$15.3 million annually to provide emergency shelter services for individuals and families experiencing homelessness.

As the administrator for CHPI funds, the City is accountable for ensuring that emergency shelter services are equitable for all clients; are delivered in compliance with the purchase of service agreement that the City has with shelter providers; and that per diem funding is applied only for eligible clients and services. The City's role also includes inspecting shelter premises and sharing information/resources that support both client services and develop shelter operators' organizational capacity. Effective control processes are essential for the City to fulfill its oversight role and ensure that shelters deliver service to an acceptable minimum level and receive the correct amount of funding.

Findings

The key findings related to the two aspects of the City's controls for managing emergency shelter agreements are as follows:

1. Emergency shelter provider compliance with Emergency Shelter Standards

The review found that the City has established *Emergency Shelter Standards* which provide shelters operators with a framework for delivering services to an acceptable basic level. The review also found that the City has up-to-date executed agreements with each shelter provider. The agreements require that they comply with *Emergency*

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Shelter Standards, report annually on financial and service results and allow the City access to shelter premises to fulfil its oversight responsibility.

The City's *Emergency Shelter Standards* have not been reviewed or updated since 2005. They also do not cover some areas that are covered in the standards of other Ontario municipalities that we reviewed. These areas include collection and disclosure of personal information, destruction of personal property and managing abstinence from substances. In addition, in a number of areas the City's standards do not have clearly identifiable measurements of what constitutes minimum acceptable service.

We found that required City inspections are occurring on a timely basis. However, we noted an absence of an overall inspection framework and gaps in some tools and processes used to conduct the inspections and reviews. All of the requirements set out in the agreements and corresponding inspection results are not tracked in a consolidated manner and records of the corrective actions taken as a result of inspections are not maintained.

2. Payment of accurate amounts to emergency shelter providers for services provided

In order to assess the accuracy of payments made to shelter providers, we reviewed the controls over determining clients' contributions towards their shelter cost and the controls over the processing of monthly shelter provider invoices.

Shelter clients are required to contribute to the cost of their shelter based on an assessment of their income. To test the extent to which income sources were identified in the shelters' intake processes, we reviewed the social assistance information for a sample of 10 shelter clients. We found in all four cases where the clients had Ontario Works income, it had been reflected in the national homelessness system that is used to track client contributions. However, we found that the City does not periodically conduct similar tests or review shelter providers' intake procedures during inspections.

We reviewed a sample of the City's payment files for shelter operators and found that monthly shelter invoices complied with the per diem fee amounts in the agreements and the number of shelter nights provided reconciled to the national homelessness system. However, the City does not have documented policies or procedures to guide staff in completing a number of key financial processes.

We also found that the City has an informal policy to pay shelters in cases where they provide lengthy/intensive services to clients even if the clients do not stay overnight.

Monthly invoices from some of the shelters itemize separately the clients receiving these services, the length of their stay at the shelter and the amount invoiced for the service. Controls over these payments are limited, reflecting their informal nature.

Conclusion

The overall objective of this review was to assess the City's management of its responsibility to ensure that the emergency shelter providers respect the terms and conditions of their agreements. We found that while some improvements are needed, particularly the need to refresh the City's Emergency Shelter Standards, on the whole, the City is carrying out its responsibilities.

Up-to-date shelter agreements are in place with each provider, the agreements contain reference to the standards and City staff conduct inspections to ensure compliance. These inspections could be improved however as staff do not document in sufficient detail, the scope and depth of inspection activity undertaken.

Invoice verification processes ensure that monthly shelter invoices are correctly calculated using the per diem fee amounts set out in the agreements. Improvements can be made however in documenting invoice verification processes, and clarifying through formal policy, certain invoice practices that have been accepted by the City.

Recommendations and responses

Recommendation #1

That the City review and update its Emergency Shelter Standards so that they are more comprehensive, detailed and measurable.

Management response:

Management agrees with this recommendation.

Housing Services will review the Emergency Shelter Standards used in other municipalities for best practices to ensure that a comprehensive detailed set of standards to guide the operations of emergency shelter providers is in place. A working group of shelter stakeholders and other ancillary partners will be formed to review, revise and update the 2005 Emergency Shelter Standards.

Proposed revised standards will be reported to Community and Protective Services Committee/City Council in Q1 2019.

Recommendation #2

That the City continue with its efforts to consolidate the tracking of shelter agreement requirements and the related oversight activities.

Management Response:

Management agrees with this recommendation.

New tracking processes were put in place in Q3 2017 to consolidate the tracking of shelter agreement requirements and related oversight activities. The Master Shelter Tracking Sheet includes the following information:

- Document Checklist – tracks the receipt of all annual documentation that is required as part of each agency’s Service Agreement with the City of Ottawa;
- Inspection Tracking – records the dates, inspection types, details, corrective actions, and follow-ups of all shelter inspections (annual inspections and compliance reviews);
- Billing – records the details of each agency’s monthly per diem invoices, HIFIS data confirmations, and dates/notes regarding the verification process;
- Contributions and Purchase Orders – records annual client contributions and the approved Purchase Order amounts for each agency;
- The Family Shelter Bed Nights – records the HIFIS bed nights for the two City Family Shelters as well as each of the offsite locations that are used each month.

Recommendation #3

That the City improve its emergency shelter inspection process:

- a. Maintain a list of completed corrective actions with the date that the corrective action was confirmed.
- b. Develop documentation that describes the overall inspections process framework which includes guidance when a status report on inspection findings is to be provided and when a re-inspection is to occur.
- c. Develop inspection tools directly linked to the Emergency Shelter Standards, which can capture the exact nature and extent of what was inspected and support the conclusion of whether specific standards were met or not met.
- d. Have City staff manage from start to finish the survey process undertaken as part of inspections.

- e. Develop and document the survey methodology that ensures objectivity in the survey process by having the City manage the entire survey process from start to finish. The survey methodology should be developed and implemented to ensure reasonable conclusions can be drawn from survey results. Such methodology should provide guidance on developing survey questions, sample selection and sizes and the mode of posing questions and collecting responses.
- f. Obtain signatures of Emergency Shelter operators acknowledging that they have understood the results of the inspections.

Management response:

Management agrees with this recommendation.

- a. An Inspection Tracking tool was created in Q3 2017 and is in use to record corrective actions and follow-ups for all shelter inspections (annual inspection and compliance reviews).
- b. Housing Services will develop guidelines and procedures to guide the inspections/re-inspection process by Q4 2018.
- c. Current inspection tools are linked to the 2005 Emergency Shelter Standards. They will be revised to more clearly define the nature and extent of what is being inspected and detail more explicitly expected minimum requirements and supporting documents required. Once the 2005 Emergency Shelter Standards are reviewed, updated and approved by City Council in Q1 2019, the Inspection Tool will be revised to align with any updates to the standards. This will be completed by the end of Q2 2019.
- d. Housing Services will review the survey purpose and process prior to the next annual review inspection cycle in Q2 2018, in addition to other mechanisms that are already in place or could be implemented, to measure client services in relation to the standards. If the survey is still considered a valuable tool to measure client satisfaction and gather feedback on services, Housing Services will oversee the process from start to finish.
- e. If the survey is adopted, Housing Services will review methodologies and best practices used in other municipalities to survey clients and staff. Challenges such as recruiting participants, access to online technology and access to participants during the day will be considered when developing the survey process. The methodology will be documented and will focus on ensuring

sample sizes are large enough to draw meaningful conclusions. This will be completed by Q2 2018.

- f. Shelter providers will now be asked to sign the Inspection report and findings to acknowledge receipt and understanding of the inspection findings and any required remedial actions. This will be implemented in Q3 2018.

Recommendation #4

That the City implement controls for determining whether shelter providers properly assess the financial needs of emergency shelter clients to determine whether clients should co-pay. Changes might include:

- a. Add intake activities to the Housing Services inspection processes.
- b. On a sample basis compare client's income reported in HIFIS with their income reported/assistance received in the Ontario Works system.

Management response:

To further encourage contributions and follow-up:

- a. Housing Services will review other municipalities' best practices and shelter standards pertaining to intake processes, including client contributions. Adopted changes will be included in any revisions to the 2005 Emergency Shelter Standards and, aligned with the Inspection Checklist for Annual Inspections and Compliance Reviews. A standardized line of inquiry will be developed for the intake process to support consistency and reinforce the contributions expectation. This will be completed by Q2 2018.
- b. On an annual basis, Housing Services will select a client sample to compare client income reported in HIFIS with their income reported/assistance received in the Social Assistance Management System (SAMS). This will begin in Q4 2018.

Recommendation #5

That the City improve the emergency shelter invoice verification process:

- a. Develop documentation guiding and explaining the monthly invoice verification process.
- b. Maintain original copies of reports supporting invoice verification on file.
- c. Reconcile the HIFIS system at pre-defined intervals and ensure that changes made to the HIFIS system subsequent to invoice approval are properly accounted for.

- d. Develop and communicate to the shelters a formal policy regarding cases where lengthy/intensive services are provided without a corresponding overnight stay.
- e. Develop procedures to verify the accuracy of amounts invoiced by shelters lengthy/intensive services provided to clients without a corresponding overnight stay.

Management response:

Management agrees with this recommendation.

- a. Housing Services will develop procedures to guide and explain the monthly invoicing process by Q2 2018.
- b. Original copies of all reports supporting income verification are now being retained as of Q3 2017.
- c. Housing Services will reconcile the HIFIS system semi-annually to ensure that changes made to the HIFIS system subsequent to invoice approval are properly accounted for. This will begin semi-annually in Q2 2018.
- d. The practice of emergency shelter billing for per diem expenses where an overnight stay has not occurred but lengthy/intensive services are provided, will be reviewed. Should this practice continue, a formal policy will be developed and communicated to all emergency shelters by Q2 2018.
- e. As per the response above, should the practice be continued, procedures will be developed to track and verify the accuracy of amounts invoiced by shelters for this service. This will be completed by Q3 2018.

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The detailed section of this report is currently available in English only. The French version will be available shortly. For more information, please contact Ines Santoro at 613-580-2424, extension 26052.

La partie détaillée de ce rapport n'existe qu'en anglais. Elle sera disponible en français sous peu. Pour tout renseignement, veuillez communiquer avec Ines Santoro, 613-580-2424, poste 26052.

Detailed review report

Review of the Management of Emergency Shelter Providers

Introduction

As a result of a Fraud and Waste Hotline report, the Office of the Auditor General (OAG) conducted a review of the City's management of emergency shelter providers.

Background and context

Emergency shelters serve individuals and families experiencing homelessness. The City subsidizes approximately 950 permanent shelter spaces in two City-operated family shelters, eight community shelter providers and overflow facilities as needed. The City works for and with the Province to provide this important service.

The City of Ottawa is accountable to the Ministry of Housing¹ for ensuring that:

- Clients have equitable access to core services
- Services are delivered in compliance with the purchase of service agreement that includes the Emergency Shelter Standards
- The shelter service system is coordinated and supported. Per diem funding is expended only for eligible clients and services

To accomplish this, the City is to:

- Conduct regular site visits to shelters
- Be available for sharing information, resources, etc. that support both client services and developing organizational capacity

¹ City of Ottawa Emergency Shelter Standards

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- Conduct complete Shelter Standards Reviews at least once every 30-month period
- Conduct partial reviews as deemed necessary by the City or by the Ministry and/or as requested by the shelter operator
- Support each shelter operator as a contributing member of the overall service system for the homeless and at risk population in Ottawa
- Pay the shelter operators approximately \$15.3 million annually for the provision of emergency shelter

The City has agreements with eight third-party emergency shelter providers that operate most of the shelters in Ottawa:

- Shepherds of Good Hope
- Ottawa Mission
- Catholic Immigration Centre Ottawa
- Salvation Army
- YMCA
- Youth Services Bureau – Shelter for Women
- Youth Services Bureau – Shelter for Men
- Cornerstone/Le Pilier

One of these, Cornerstone/Le Pilier, is operated by a third-party emergency shelter provider in a City-owned building. In addition to the emergency shelters operated by third-parties listed above, the City owns and operates the Carling Family Shelter and the Forward Family Shelter.

Previously, the City's authority to enter into shelter agreements was pursuant to Ontario Regulation 135/98, s.6 as the delivery agent under the Ontario Works Act, S.O. 1997, c.25, Sch. A. This changed in 2013 when Provincial funding for emergency shelter services was transferred from the Ministry of Community and Social Services to the Ministry of Municipal Affairs and Housing (now the Ministry of Housing). The Ministry of Housing consolidated the emergency shelter system with other homelessness funding under the Community Homelessness Prevention Initiative (CHPI). CHPI, which is Provincially funded, allows for funding under four service categories, one of which is Emergency Shelter Solutions. As the Administrator, the City's Housing Services branch now has authority to amend, extend and execute these CHPI funded agreements under the Delegation of Authority By-law's Schedule B subsection 7(2).

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Financially, the eight agreements essentially provide that per diem funding will be paid (using CHPI funding) to providers for the delivery of services to people who are homeless and in need of emergency shelter. This per diem rate is then reduced if the financial circumstances of the client permits them to contribute. In order to ensure consistency in the providers' determination of a client's ability to pay for services, the Housing Services branch has developed a guideline. This guideline is issued to providers and is applicable to clients who receive social assistance or are in receipt of other income.

The system used to support the emergency shelters in their operations is the Homeless Individuals and Family Information System (HIFIS). HIFIS was developed by the Government of Canada in partnership with communities and emergency shelter operators across Canada. It is a computer software system designed to assist emergency shelter providers with daily operations such as collecting demographic data, recording service-related details and producing financial and statistical reports. HIFIS has been used by Ottawa's emergency shelter providers since 1997. In order to improve service quality and operational/system planning capabilities, the City of Ottawa and the emergency shelter community identified the need to amalgamate their HIFIS data into a single database. In early 2007, the City and the emergency shelters merged their HIFIS data, with the City of Ottawa becoming the host organization for HIFIS.

Review objectives and criteria

The overall objective of this review is to assess the City's management of its responsibility to ensure that the emergency shelter providers respect the terms and conditions of their agreements. More specifically:

1. Assess the effectiveness of controls to ensure that emergency shelter providers comply with the Emergency Shelter Standards.
2. Assess the effectiveness of controls to ensure that emergency shelter providers are paid accurate amounts for services provided.

Appendix A provides the detailed review criteria applicable to the objectives of this review.

Review scope

The scope of this review is City's management of third-party emergency shelter providers and the 2015 Compliance Review Cycle/2016 Annual Inspections Cycle.

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Excluded from the scope of this review are the Carling Family Shelter and the Forward Family Shelter which are owned/operated by the City.

Review approach and methodology

The review approach and methodology included the following activities:

- Interviews and process walkthroughs with City staff involved in the management of emergency shelter providers.
- Review of relevant documentation, e.g., the organizational charts, inspection reports, monthly invoices, etc.

We reviewed the most recent cycle of inspections conducted by Housing Services and Ottawa Public Health (OPH), followed up on the resolution of findings identified in these inspections, reviewed information obtained as part of the shelter annual reporting requirements, tested a sample of monthly invoices and reviewed supporting documentation.

Visits to emergency shelters were not conducted.

Review observations and recommendations

Review objective #1

Assess the effectiveness of controls to ensure that emergency shelter providers comply with the Emergency Shelter Standards.

1.1 Clarity and definition of emergency standards

The review expected to find that standards exist in key areas and are clearly defined. We found that the City defines its shelter standards in the *Emergency Shelter Standards*. These standards were developed to:

- Provide a framework of consistent shelter services for all homeless individuals and families in Ottawa.
- Ensure that these services are delivered to at least a minimum acceptable standard.
- Provide a tool to ensure accountability for the purchase of these shelter services by the City of Ottawa.

The City's standards have not been reviewed or updated since 2005. We found that other Ontario municipalities have more current standards (e.g. City of Toronto updated

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in 2015 and City of London 2011), and they cover a wider range of areas. For example, there are a number of areas in the City of Toronto's standards that are not in the City's standards. These include standards on diversity, business continuity, weapons and prohibited items, managing abstinence from substances, incident reporting and capital planning.

A number of the allegations made in the Fraud and Waste Hotline report related to issues that are not addressed in the City's standards, or are not addressed in sufficient detail. Examples include the unlawful collection, use and disclosure of personal information, unreasonable/inappropriate eviction, destruction of personal property and an absence of a formal complaints process.

We find that the City's standards could be improved with more detail with respect to the minimum requirements expected from shelter providers. A number of the City's standards are not written in a manner that allows for easily identifiable measurements. For example, the standards require that shelters have an Emergency Preparedness plan; however, there is no description of the minimum requirements to be included in such a plan. As a contrast, the City of Toronto's standards are more prescriptive and clearly define the minimum requirements that shelters must adhere to. In the absence of minimum requirements and identifiable measures, it is difficult to ensure that the shelters provide a consistent minimum level of service.

The City's standards require that all emergency shelters subsidized by the City must comply with the standards. The review expected to find up-to-date shelter agreements in place for each provider, that the agreements contain reference to the standards and that the City conducts oversight to ensure compliance with the terms and conditions of the agreement. We found that:

- Executed agreements are in place with each third-party emergency shelter provider, and the agreements are up to date.
- The agreements contain clauses which require compliance with the standards and for providers to fulfill reporting requirements. The agreements also contain a clause giving the City the right to ask for required information and to perform required inspections.
- Shelter providers are supplying the City with annual reports, as per the terms and conditions of the shelter agreements.

- Housing Services staff conduct oversight activities aimed at ensuring compliance with the terms and conditions of the agreements. However, these activities occur through formal and informal mechanisms, and there is no consolidated tracking of all aspects of shelter contract requirements. This had also been identified as an area for improvement by Housing Services, and it plans to implement a centralized tracking process. Consolidated tracking of all agreement requirements and formally documenting oversight activities will minimize the risk that aspects of the shelter agreement requirements are not followed up and will demonstrate due diligence by the City in its oversight role.

Recommendation #1

That the City review and update its Emergency Shelter Standards so that they are more comprehensive, detailed and measurable.

Management response:

Management agrees with this recommendation.

Housing Services will review the Emergency Shelter Standards used in other municipalities for best practices to ensure that a comprehensive detailed set of standards to guide the operations of emergency shelter providers is in place. A working group of shelter stakeholders and other ancillary partners will be formed to review, revise and update the 2005 Emergency Shelter Standards.

Proposed revised standards will be reported to Community and Protective Services Committee/City Council in Q1 2019.

Recommendation #2

That the City continue with its efforts to consolidate the tracking of shelter agreement requirements and the related oversight activities.

Management Response:

Management agrees with this recommendation.

New tracking processes were put in place in Q3 2017 to consolidate the tracking of shelter agreement requirements and related oversight activities. The Master Shelter Tracking Sheet includes the following information:

- Document Checklist – tracks the receipt of all annual documentation that is required as part of each agency's Service Agreement with the City of Ottawa;

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- Inspection Tracking – records the dates, inspection types, details, corrective actions, and follow-ups of all shelter inspections (annual inspections and compliance reviews);
- Billing – records the details of each agency’s monthly per diem invoices, HIFIS data confirmations, and dates/notes regarding the verification process;
- Contributions and Purchase Orders – records annual client contributions and the approved Purchase Order amounts for each agency;
- The Family Shelter Bed Nights – records the HIFIS bed nights for the two City Family Shelters as well as each of the offsite locations that are used each month.

1.2 Processes for the inspection of emergency shelter providers and follow up of findings

The review expected to find effective processes to inspect emergency shelter providers and follow-up on inspection findings to ensure they are resolved on a timely basis. The review found that:

- The City is conducting a variety of emergency shelter inspections. The following inspections are occurring on a timely basis:
 - 30-month Housing Services compliance inspection
 - Annual Housing Services inspection
 - Annual Ottawa Public Health food safety inspection
 - Annual Ottawa Public Health residential facility inspection
 - Annual fire safety inspection
- Corrective actions required as a result of inspections are tracked and followed-up. However, only outstanding corrective actions are kept on the City’s corrective action tracking spreadsheet. Completed corrective actions are deleted once they have been satisfactorily addressed and only the current version of the spreadsheet is saved. Therefore, we could not fully test the spreadsheet to confirm that all corrective actions were added to the spreadsheet and then addressed.
- There is an absence of documentation, such as a shelter inspection manual, to guide the overall inspections process. Such documentation could set out expectations on areas such as when a status report on inspection findings should be provided and when a re-inspection should occur.
- Inspection checklists are available and they are completed during the inspection process. However, the checklists are very high level with only “Yes”, “No” and “N/A”.

They do not provide detail as to the exact scope and depth of inspection activity undertaken in order to support the conclusion of whether specific standards were met/not met. For example, the checklist lists “Mattresses”. The completed checklists that we reviewed did not detail what was inspected regarding the mattresses or how many mattresses were inspected.

- As the standards do not fully set out the City’s minimum requirements and they are not all written in a way that can be easily measured (see Objective #1), there is often no clear benchmark against which to conduct the inspections. This can result in inconsistent inspection activities and inconsistent levels of services received from the shelters. For example, inspection activities relating to pest control are not clearly defined. Are City inspectors expected to discuss pest control practices with shelter staff, review a copy of the shelter’s pest management plan or verify that the shelter is implementing its plan? As a result, different inspectors could conduct different degrees of inspection at different shelters.
- We compared the checklists used by Housing Services with those used by OPH for food and for facility inspections. We found that the OPH inspection tools provide more detail regarding the inspection activities to be undertaken and the benchmark against which to evaluate.
- Checklists used by Housing Services generally relate back to the standards. However, a direct linkage to the checklist could not be made for all sections of the standards. For example, intake process, shelter procedures, personal support and service restrictions are not covered on the checklists.
- In recent years, the Housing Services onsite inspection times were reduced from two days to a half-day per shelter. The reduction was largely due to replacing interviews with online surveys. However, we found that the current survey process is not completely objective:
- Each shelter recruits the participants and facilitates the completion of: three client surveys, three employee surveys, and one management survey. While this is the same number of people that previously were interviewed, having the shelters identify the individuals to be surveyed increases the risk that only individuals with favourable views will be selected.
- The survey is not based on a documented methodology that would ensure sample sizes are large enough to be able to draw meaningful conclusions.
- An electronic survey may exclude clients who are hard to reach or have special needs.

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- Inconsistencies were noted in obtaining acknowledgement from shelter providers that they have understood the results of the inspections. Obtaining a signature from shelter providers on Housing Services inspection reports is not required; whereas, it is a requirement of OPH inspection reports. However, we did observe a number of instances where the OPH inspection reports did not have the shelter provider's signature.

Improving the inspection process will help ensure that the City provides objective, comprehensive and consistent oversight of shelter providers and that shelter providers understand and comply with the requirements of the standards.

Recommendation #3

That the City improve its emergency shelter inspection process:

- a. Maintain a list of completed corrective actions with the date that the corrective action was confirmed.
- b. Develop documentation that describes the overall inspections process framework which includes guidance when a status report on inspection findings is to be provided and when a re-inspection is to occur.
- c. Develop inspection tools directly linked to the Emergency Shelter Standards, which can capture the exact nature and extent of what was inspected and support the conclusion of whether specific standards were met or not met.
- d. Have City staff manage from start to finish the survey process undertaken as part of inspections.
- e. Develop and document the survey methodology that ensures objectivity in the survey process by having the City manage the entire survey process from start to finish. The survey methodology should be developed and implemented to ensure reasonable conclusions can be drawn from survey results. Such methodology should provide guidance on developing survey questions, sample selection and sizes and the mode of posing questions and collecting responses.
- f. Obtain signatures of Emergency Shelter operators acknowledging that they have understood the results of the inspections.

Management response:

Management agrees with this recommendation.

- a. An Inspection Tracking tool was created in Q3 2017 and is in use to record corrective actions and follow-ups for all shelter inspections (annual inspection and compliance reviews).
- b. Housing Services will develop guidelines and procedures to guide the inspections/re-inspection process by Q4 2018.
- c. Current inspection tools are linked to the 2005 Emergency Shelter Standards. They will be revised to more clearly define the nature and extent of what is being inspected and detail more explicitly expected minimum requirements and supporting documents required. Once the 2005 Emergency Shelter Standards are reviewed, updated and approved by City Council in Q1 2019, the Inspection Tool will be revised to align with any updates to the standards. This will be completed by the end of Q2 2019.
- d. Housing Services will review the survey purpose and process prior to the next annual review inspection cycle in Q2 2018, in addition to other mechanisms that are already in place or could be implemented, to measure client services in relation to the standards. If the survey is still considered a valuable tool to measure client satisfaction and gather feedback on services, Housing Services will oversee the process from start to finish.
- e. If the survey is adopted, Housing Services will review methodologies and best practices used in other municipalities to survey clients and staff. Challenges such as recruiting participants, access to online technology and access to participants during the day will be considered when developing the survey process. The methodology will be documented and will focus on ensuring sample sizes are large enough to draw meaningful conclusions. This will be completed by Q2 2018.
- f. Shelter providers will now be asked to sign the Inspection report and findings to acknowledge receipt and understanding of the inspection findings and any required remedial actions. This will be implemented in Q3 2018.

Review objective #2

Assess the effectiveness of controls to ensure that emergency shelter providers are paid accurate amounts for services provided.

2.1 Assessing financial needs of emergency shelter clients

The review expected to find that the City ensures that the financial needs of emergency shelter clients are properly assessed. The review found that intake processes are defined through the standards. However, the City has no procedures in place to ensure that shelter providers are properly considering client income in order to determine the amount of client contribution, if any. For example, Housing Services does not verify monthly invoicing against the Ontario Social Assistance Management System (SAMS) to ensure that any social assistance being received by a client has been identified in HIFIS.

In our testing, we selected a random sample of 10 shelter clients and checked to see if they had income recorded in HIFIS. We then checked SAMS to see if they had received Ontario Works (OW) assistance or had reported income. We found that four of the individuals were in receipt of OW assistance and all four had this reflected in HIFIS.

Client contributions amounted to \$440,779 during the March 2016 – February 2017 timeframe. Given that client contributions reduce the amount that the City pays to the shelter providers, although no errors were found, there is still a risk of overpayment by the City.

Recommendation #4

That the City implement controls for determining whether shelter providers properly assess the financial needs of emergency shelter clients to determine whether clients should co-pay. Changes might include:

- a. Add intake activities to the Housing Services inspection processes.
- b. On a sample basis compare client's income reported in HIFIS with their income reported/assistance received in the Ontario Works system.

Management response:

To further encourage contributions and follow-up:

- a. Housing Services will review other municipalities' best practices and shelter standards pertaining to intake processes, including client contributions. Adopted changes will be included in any revisions to the 2005 Emergency

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Shelter Standards and, aligned with the Inspection Checklist for Annual Inspections and Compliance Reviews. A standardized line of inquiry will be developed for the intake process to support consistency and reinforce the contributions expectation. This will be completed by Q2 2018.

- b. On an annual basis, Housing Services will select a client sample to compare client income reported in HIFIS with their income reported/assistance received in the Social Assistance Management System (SAMS). This will begin in Q4 2018.

2.2 Payments to emergency shelter providers

The review expected to find that payments to emergency shelter providers are based on invoices and that these invoices are:

- In accordance with per diem fee amounts as provided by the emergency shelter agreements and City guideline
- Correctly calculated
- Only for services provided
- Verified by City staff

We reviewed a sample of paid invoices and found that:

- Monthly shelter invoices were in accordance with per diem fee amounts as provided by the emergency shelter agreements and the City's guideline. The invoices were correctly calculated as the number of per "bed nights" a client has stayed at the shelter multiplied by the per diem rate less client contributions.
- Housing Services staff verify the monthly shelter invoices primarily by comparing the invoice to reports generated from HIFIS. However, there is an absence of documentation guiding and explaining this process.
- Housing Services staff do not maintain documentation of their review of monthly shelter provider invoices. The HIFIS reports that are generated to compare to the invoices are not kept. As a result, in order for us confirm the verification of monthly invoices, reports had to be re-run from the HIFIS System.
- Testing of the monthly invoices using the newly-run HIFIS reports identified minor discrepancies. These discrepancies were caused by retroactive changes made by shelter staff in the "bed night" stays by clients made in HIFIS system, subsequent to invoice approval by Housing Services. We found that most, but not all, of the changes were accounted for by the shelters on subsequent invoices. When we reviewed these discrepancies with Housing Services staff, they proactively decided

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to augment their controls. They are planning to add a new process to reconcile shelter invoices to the data in HIFIS at regular intervals (semi-annually or annually) to ensure that changes made to the HIFIS system subsequent to invoice approval are properly accounted for.

- The agreements with shelter providers set out that invoicing is to be based on a “per diem and per bed overnight stay”. However, City staff make exceptions to permit shelters that provide lengthy/intensive service to clients to invoice the City even if the client does not stay overnight. Monthly invoices from some of the shelters itemize separately the clients receiving these services, the length of their stay at the shelter and the amount invoiced for the service.

While payments in such cases are understandable, there is no formal policy permitting this practice. Inconsistencies also occur as not all the shelters that provide these services invoice the City for them. In addition, Housing Services is unable to verify in detail the accuracy of these additional amounts because HIFIS only identifies the shelter where the client had an overnight stay. Housing Services staff do however track the overall amounts, and they indicate that they follow-up with shelters if there is an unusual volume.

Improvements to invoicing practices and invoice verification are necessary to ensure that emergency shelter providers are paid accurate amounts for services provided.

Recommendation #5

That the City improve the emergency shelter invoice verification process:

- a. Develop documentation guiding and explaining the monthly invoice verification process.
- b. Maintain original copies of reports supporting invoice verification on file.
- c. Reconcile the HIFIS system at pre-defined intervals and ensure that changes made to the HIFIS system subsequent to invoice approval are properly accounted for.
- d. Develop and communicate to the shelters a formal policy regarding cases where lengthy/intensive services are provided without a corresponding overnight stay.
- e. Develop procedures to verify the accuracy of amounts invoiced by shelters lengthy/intensive services provided to clients without a corresponding overnight stay.

Management response:

Management agrees with this recommendation.

- a. Housing Services will develop procedures to guide and explain the monthly invoicing process by Q2 2018.
- b. Original copies of all reports supporting income verification are now being retained as of Q3 2017.
- c. Housing Services will reconcile the HIFIS system semi-annually to ensure that changes made to the HIFIS system subsequent to invoice approval are properly accounted for. This will begin semi-annually in Q2 2018.
- d. The practice of emergency shelter billing for per diem expenses where an overnight stay has not occurred but lengthy/intensive services are provided, will be reviewed. Should this practice continue, a formal policy will be developed and communicated to all emergency shelters by Q2 2018.
- e. As per the response above, should the practice be continued, procedures will be developed to track and verify the accuracy of amounts invoiced by shelters for this service. This will be completed by Q3 2018.

Appendix A – Review objectives and criteria

Overview of the review objectives and criteria

Review objective #1: Assess the effectiveness of controls to ensure that emergency shelter providers comply with the Emergency Shelter Standards.	
1.1	Emergency standards exist in key areas and are clearly defined.
1.2	Review agreements with shelter providers contain reference to the Emergency Shelter Standards.
1.3	Effective processes (i.e. processes that are clearly defined and are implemented on a comprehensive, consistent and timely basis) exist for the inspection of emergency shelter providers and for ensuring that inspection findings are followed up and resolved in a timely basis.
Review objective #2: Assess the effectiveness of controls to ensure that emergency shelter providers are paid accurate amounts for services provided.	
2.1	Financial needs of emergency shelter clients are properly assessed.
2.2	<p>Payments to emergency shelter providers are based on invoices that are:</p> <ul style="list-style-type: none"> • In accordance with per diem fee amounts as provided by the emergency shelter agreements and City guideline. • Correctly calculated. • Only for services provided. • Verified by City staff.