Ottawa

Office of the Auditor General

Follow-up to the 2017 Audit of Social Housing Registry

**Tabled at Audit Committee
April 27, 2021**

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Executive summary

The Follow-up to the 2017[1] Audit of the Social Housing Registry was included in the Auditor General's 2020 Audit Work Plan.

The key findings of the original 2017 audit included:

- **Protection of applicant information and continuity of services**

  o There was appropriate level of security awareness among Social Housing Registry (SHR) personnel as well as the existence of formal procedures regarding the handling and protection of personal/confidential information;

  o Electronic backup files which were being transported offsite were not encrypted;

  o SHR's central file room lacked a tracking system for the removal and return of files;

  o The SHR plan to support business continuity in response to a disruptive event, had not been updated and lacked sufficient detail. A proposed new agreement between the City and the SHR was expected to include provisions to develop a Business Continuity Plan to support the Pandemic/Emergency Plan.

- **Efficiency and Effectiveness of SHR Operations**

  o The City had taken steps to enhance its Service Agreement with the Registry to further strengthen reporting and better support continuity of operations in the event of a disruption;

  o Reports provided by the Registry were not being effectively analyzed by the City;

  o The City did not have any formal processes in place to ensure that the Registry was complying with the Registry Service Agreement.

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[1] The audit was underway in 2017 when a decision was taken to suspend the audit due to the flooding of the building which houses the Registry's offices. The audit recommenced in 2018.

- **Compliance with applicable acts, regulations and other requirements**
  - Both the Service Manager Policy and Procedure Manual which addresses the City's obligations under the HSA and the Registry Service Agreement which outlines the Registry's obligations to the City were out of date.

- **Maintaining the Centralized Waiting List**
  - SHR staff were following the procedures set out in its Policy and Procedures document;
  - While the SHR's Policy and Procedures document was found to fully support Provincial priorities, it did not address re-assessing the eligibility of applicants with local priority status.

Table 1: Summary of status of completion of recommendations

Recommendations	Total	Complete	Partially complete	Not started	No longer applicable
Number	6	3	2	1	0
Percentage	100%	50%	33%	17%	0%

Conclusion

Management made progress by completing three out of six recommendations. However, two recommendations are partially complete, and one recommendation was not started.

The two partially complete recommendations relate to implementing an alternative process for the backup and safeguarding of electronic information within the CWL; and, updating the City's Service Manager Policy and Procedure Manual to ensure that roles and responsibilities align with Provincial requirements.

The original audit found that weekly electronic backups of the Central Waiting List (CWL) were stored offsite. These backups were not encrypted and were physically transported by the SHR staff. Our follow-up found that while the SHR has improved its interim procedures to backup and archive data, these measures do not fully address the risks associated with the compromise of privacy information.

The original audit had also found that the City's Service Manager Policy and Procedure Manual and the Registry Service Agreement were both out of date. Our follow-up found that the City's Service Manager Policy and Procedures Manual has not been updated. Management informed us that the Province plans to develop and release new regulations by early 2022 and that they are waiting for them before updating the Manual.

The recommendation that was not started relates to the City formalizing processes to assess the Registry's compliance with the Registry Service Agreement. The original audit found that the City did not have formal processes to ensure the Registry's compliance with the Registry Service Agreement. Our follow-up found that no such formal review process had been implemented. We recognize the impact of COVID-19 on the City's ability to conduct such an operational review. We support management's intention to reschedule it once the emergency order is lifted and normal operations can resume.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded to the audit team by management and the Registry.

Detailed report – Assessment of implementation status

The following information outlines management's assessment of the implementation status of each recommendation as of July 2020 and the Office of the Auditor General's (OAG) assessment as of November 2020.

Recommendation #1

Table 2: Status

Management update	OAG assessment
Partially complete	Partially complete

Audit recommendation:

That the Registry, with support from the City, explore and implement an alternative process for the backup and safeguarding of electronic information within the CWL.

Original management response:

Management agrees with this recommendation.

The City has led the development of a new web based, encrypted CWL IT system, which is in the final stages of development and testing. Implementation is scheduled to occur in Q4 2019. This system will replace the current Lotus Notes IT system used by the SHR. This new IT system has the highest level of data storage and IT security protocols available in Canada.

Until such time as the new web-based IT system is fully functional, City staff continue to work with the Registry to develop safeguarding processes and alternate backup of electronic information currently stored within the existing Lotus Notes CWL database. To date this includes the development of a formal data backup and data transfer protocol, including the implementation of a locked security data case, for the transfer of backup data to the alternate storage site.

Management update:

City staff continues to work with the Registry to enhance safeguarding processes and alternate backup of electronic information currently stored within the existing Lotus Notes CWL database. To date this includes the development of a formal data backup and data transfer protocol, including the implementation of a locked security data case, for the transfer of backup data to the alternate storage site.

A new upgraded server and modem has been installed to further enhance the security of the database.

Development of the new web based encrypted CWL IT system continues to be in development and is near completion. Software enhancements, regulation changes related to RGI administration, and the COVID-19 pandemic have resulted in the requirement for additional software development time. It is anticipated that IT system testing will occur in 2020, with implementation and replacement of Lotus Notes to occur in 2021.

OAG assessment:

While the SHR has improved its interim procedures to backup and archive data, these measures do not fully address the risks associated with the compromise of privacy information while it is being physically transported by the SHR staff to OCH.

We expect adequate backup and safeguarding procedures will be in place when the new web based, encrypted CWL IT system is fully functional.

Recommendation #2

Table 3: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the Registry implement a tracking system/log for the file room to ensure files are properly accounted for.

Original management response:

Management agrees with this recommendation and it has been implemented.

The Registry has implemented a formal tracking system for files within the central file room. This includes both a sign in/out logbook located at a designated area within the file room, along with a weekly electronic scan and electronic storage of the logbook. Staff are required to sign out a file when removing the file from the file room and then signing the file back in when it is returned.

Management update:

Implementation of this recommendation is complete as indicated in the original management response.

OAG assessment:

SHR has developed and implemented a manual sign in/out log form to strengthen the controls over the management of physical files. The sign in/out log sheets are located at the entrance of the file room. However, we note that the new process for logging files as they are removed or returned to the filing room is not yet documented in the Registry's Policy and Procedure Manual.

Recommendation #3

Table 4: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the City incorporate into the new Registry Service Agreement mechanisms to better support continuity of Registry operations in the event of a disruption and to provide information that will better support the City's monitoring and oversight.

Original management response:

Management agrees with this recommendation.

The City continues to work with the Registry to finalize the updated Service Agreement to meet City requirements. This will be completed by Q3 2019. The updated Service Agreement clearly identifies and outlines a protocol in the event of a disruption, with the right to require the Registry to perform services from an adequate City-owned facility until such time as the Registry's office becomes suitable to serve clients.

The Service Agreement also requires an extensive and enhanced list of reports to better support monitoring and oversight. The new web-based IT system will allow the City direct access to information and will provide an IT platform to facilitate robust, multi-dimensional reports.

Management update:

The City and the Registry continue to operate under the original Service Agreement. Both the governing Housing Services Act and the Service Agreement have a number of clauses that prescribe operational processes, monitoring, evaluation and provide mechanisms to direct the Registry.

The City issued a direction to the Registry to develop and provide a copy of their continuity plan in the event of a temporary or long-term service disruption. This was recently updated to incorporate the current COVID-19 pandemic.

The Service Agreement provides the City with the ability to require reports and conduct reviews to monitor and oversee the services being delivered. The mechanism to better oversee and monitor services has been implemented through the operational review process and recent regulatory amendments.

OAG assessment:

The City was in negotiations with SHR for a new Registry Service Agreement with the Registry until August 2019. At that time the Board of the Social Housing Registry advised the City that it was opting to continue to operate under the 2006 agreement.

Regardless, the City issued a Service Manager E-Bulletin on March 19, 2020 which directed Housing Providers, and the SHR to have an up-to-date continuity plan and to provide it to the City. SHR's plan was submitted to the City.

Recommendation #4

Table 5: Status

Management update	OAG assessment
Partially complete	Not started

Audit recommendation:

That the City formalize processes to assess the Registry's compliance with the Registry Service Agreement.

Original management response:

Management agrees with this recommendation.

The City has several processes in place to monitor compliance with the Service Agreement. City staff are regularly in direct contact with the Registry to assess compliance. This includes formal and informal site visits, regular and annual operational reports, daily communication (both written and verbal), Service Manager Directives and Guidelines, and the review of audited financial statements.

City staff will implement an annual formal operational review process to assess the Registry's compliance with the Service Agreement by Q3 2019.

Management update:

The City has several processes in place to monitor compliance with the Service Agreement. City staff are regularly in direct contact with the Registry to assess compliance. This includes formal and informal site visits, regular and annual operational reports, daily communication (both written and verbal), Service Manager Directives and Guidelines, attendance at Annual General Meetings and the review of audited financial statements.

A detailed operational review was scheduled for Q3 2019 but was deferred due to the unanticipated illness and absence of key Registry staff (due to an emergency family matter). The review was rescheduled to occur at the end of Q1 2020, but again was deferred due to COVID-19 and public health and emergency order requirements. The operational review will be rescheduled once the emergency order is lifted and normal operations can resume.

OAG assessment:

Management has not implemented formal processes to assess the Registry's compliance with the 2006 Registry Service Agreement and have not completed the operational review referred to in their original response to the recommendation.

We recognize the impact of COVID-19 on the City's ability to conduct an operational review. We support management's intention to reschedule it once the emergency order is lifted and normal operations can resume.

Recommendation #5

Table 6: Status

Management update	OAG assessment
Complete	Partially complete

Audit recommendation:

That the City update the Service Manager Policy and Procedure Manual and ensure that roles and responsibilities align with Provincial requirements and those in the new Registry Service Agreement.

Original management response:

Management agrees with this recommendation.

The City anticipates that the Province will be revising relevant provincial legislation in 2019. Once these legislative revisions occur, City staff will work with the Registry to update the Service Manager Policy and Procedure Manual to reflect both the provincial and new Service Agreement roles and responsibilities by Q4 2019.

Management update:

Provincial requirements continue to evolve, requiring ongoing updates to polices and procedures.

The Province implemented three new regulations under the Housing Services Act in late 2019. The regulations took effect January 1, 2020 and July 1, 2020. The Service Manager has updated all necessary policies and procedures and has issued Service Manager Directives related to these regulatory changes.

The provincial Protecting Tenants and Strengthening Community Housing Act, 2020 (Bill 184) received Royal Assent on July 22, 2020. There will be ongoing work over the next two years to develop regulations. The City will update policies and procedures to reflect new regulations as they become available.

As noted in the update for Recommendation #3, no revisions are required related to the Service Agreement, as the original Registry Service Agreement remains in place.

OAG assessment:

The Service Manager Policy and Procedures Manual is a composite document that sets out the responsibilities and requirements associated with the City's role as a Service Manager and helps ensure compliance with Provincial regulations. Although Service Manager Directives are being issued as regulations change over time, we believe it is also important that the policy and procedures manual be kept current.

The City's Service Manager Policy and Procedures Manual has not been updated since 2011. Management informed us that it is waiting for all of the new regulations associated with Bill 184 before updating the Manual. Management also informs us that the Province plans to develop and release all new regulations by early 2022.

Recommendation #6

Table 7: Status

Management update	OAG assessment
Complete	Complete

Audit recommendation:

That the Registry formally document procedures to review and update files with local priority status to ensure applicants continued local priority eligibility.

Original management response:

Management agrees with this recommendation.

The Registry has protocols and utilizes a number of formal documents to review eligibility for a local priority status and to update and to ensure ongoing eligibility for such status. This includes but is not limited to specific applications and supporting verification documentation for each local priority, verification specialist (staff) checklists and sign-off forms confirming the status of eligibility, along with processes to ensure ongoing eligibility verification at the household annual review.

City staff will work with the Registry to formally document these processes in a procedure to be included within their Policy and Procedure manual by Q2 2019.

Management update:

The Registry updated their Policy and Procedures manual in 2019 to include processes to update files with local priority status to ensure ongoing applicant eligibility.

OAG assessment:

The Registry's practices to re-assess the eligibility of applicants with local priority status have been formally documented in a new Section 24, titled "Local Priority Access Status (LPAS) Updates" of the Registry 2019 Policy and Procedures manual.

Table 8: Status legend

Status	Definition
Not started	No significant progress has been made. Generating informal plans is regarded as insignificant progress.
Partially complete	The City has begun implementation; however, it is not yet complete.
Complete	Action is complete, and/or structures and processes are operating as intended and implemented fully in all intended areas of the City.
No longer applicable	The recommendation is obsolete due to time lapses, new policies, etc.