

Policy:	Risk Assessment of Non-Profit/Co-operative Housing Providers Human Services Division Housing Department
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Legislative Authority:	Housing Services Act, 2011, Ch. 6, Sc. 1, sections 17 (5), 68. (1 -2), 69. (2), (4), 70, 71 (1 -4), 75 (1), 79 (1), 80 (1-4), 81 (1-3), 82 – 100
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Policy No.:	HDPOL21
Replacing Policy No.:	
Issue Date:	May 1, 2015
Revision Date:	February 4, 2015

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Background

As the Service Manager for social housing in Leeds and Grenville, the United Counties is responsible for the continued viability of non-profit housing providers. To manage the Counties overarching responsibility, a Non-Profit/Co-operative Housing Provider risk assessment process has been developed using the information from a board questionnaire, and the Annual Information Return (AIR), to identify projects that may be at risk of experiencing a triggering event, and/or suffering major financial loss and becoming a project in difficulty (PID).

Following the risk assessment, an operational review is conducted where the Service Manager assesses housing provider's compliance with legislation and supporting regulatory requirements, as well as to encourage "best practices" in social housing management. A four year Operational Review cycle has been established, including the use of a Board questionnaire mid-cycle to allow for earlier detection of serious issues, including financial instability, as well as to place a greater emphasis on board governance and accountability. The review process will also allow the Counties to identify issues and trends for training and education purposes.

Policy Statement

The United Counties of Leeds and Grenville will assess risk and conduct reviews of the operations of non-profit housing and co-operative housing projects to ensure the continued financial viability of projects, to protect the capital asset, and ensure rent-g geared-to-income assistance is administered according to local policies, directives, and governing legislation.

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Purpose

A risk assessment and operational review of housing providers in receipt of subsidy from the United Counties of Leeds and Grenville will be performed so as to:

- 1) Identify projects that may be at risk of a triggering event, and/or suffering major financial loss and becoming a project in difficulty (PID)
- 2) Verify compliance with legislation and local directives
- 3) Encourage good business practices
- 4) Build capacity and sustainability in providers and the sector

Definitions

Full Cycle Review: is a review conducted on all components of housing operations and compliance with applicable Acts, regulations and directives.

Mini or Targeted Review: A minimum or “mini” review would verify compliance in key areas such as corporate reporting, insurance, conflict of interest, property management contracts, or staffing issues. If concerns are noted, a full review of all elements of the operation or a targeted review would be undertaken. A **Targeted Review** is a review of key elements for all providers, such as RGI file review, unit activities, adherence to *Housing Services Act* (HSA) and local policy directives, governance or capital asset management.

Off-Cycle Review: An operational review that is either targeted or a full review may be undertaken of a specific provider or a group of providers (e.g. managed by one property management firm) if provider compliance, performance or the public interest warrants it. Some triggers for such a review may include:

- Review of AIR and audited financial statements
- History of late or incomplete submissions requested by Service Manager staff
- Significant capital or operating deficit
- Evidence of a potential or triggering event
- Board request
- Request for emergency capital to Service Manager (depleted reserves or not)
- Major turnover in board or senior staff
- Change in property management firm (contract is ended early or not renewed)
- Significant or persistent concerns raised with Service Manager staff, council, board member, MPP, tenants/members, neighbours, suppliers or other third party, and meriting more investigation.
- A targeted ongoing review as part of deficit reduction action plan, along with training and other Service Manager assistance.

Criteria

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1. The United Counties of Leeds and Grenville as Service Manager may adopt a differential approach to the frequency and depth of the review process and complete a minimum review, targeted review, emergency review or full cycle review of a non-profit housing provider's operations. The review may be based on assessment of the importance of these areas to the Counties, or observations across the Service Manager area from completed reviews.
2. A full review will be completed every four to five years for all rent-geared-to-income housing providers within the United Counties of Leeds and Grenville's service area. A minimum, targeted review or emergency review will be completed where a more frequent review of a Service Manager is required.
3. Housing providers will be assessed according to risk rating via information obtained from a board questionnaire and the Annual Information Return (AIR).
4. The housing provider Risk Assessment chart below outlines the recommended frequency for a review:

Rating	Description	Board Survey	Review
4.0-5.0 (79-100%)	<p>Full Compliance</p> <p>Housing provider is in full compliance, or is in compliance with few exceptions. The areas of non-compliance may not have an impact on the financial viability of the organization, but still require correction by the board.</p>	Every 2 years	Every 4-5 years
2.0-3.9 (39-78%)	<p>Financial Concerns/Significant Financial Risk</p> <ul style="list-style-type: none"> - Some financial concerns are noted, or significant financial risks are identified. Financial viability of organizations may be at risk if problems are not resolved. - The provider may or may not have notified UCLG within the past year of a situation that may give rise to a triggering event. - The provider is required to comply with UCLG directions and take action to correct/resolve problem to ensure the financial viability of the organization is not jeopardized. 	Every 2 years	As determined by Service Management Team
1.0-1.9 (20-38%)	<p>Major Financial Risk</p> <ul style="list-style-type: none"> - Major financial risks are identified. Housing provider is in immediate risk of suffering major financial loss and becoming a project in difficulty (PID). - Project may or may not have experienced a triggering event. - Immediate action from the board is necessary with ongoing monitoring by UCLG to ensure financial loss is minimized and to stabilize provider operations. - Failure to correct deficiencies could result in the application of remedies under Section 85 of the HSA, 2011. 	Annually, until no longer in difficulty	As determined by Service Management Team

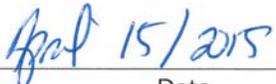
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Reviewed and Approved By:



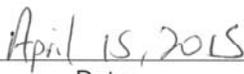
Chris Morrison,
Housing Manager



Date



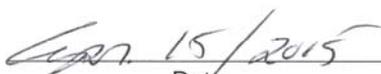
Allan Brown, Manager
Financial Services (CSS)



Date



Alison Tutak, Director
Human Services Division



Date

Appendices

- A. Risk Assessment of Non-Profit/Co-operative Housing Providers Procedure No. HDPROC24