

Seniors and Housing—Follow-up Audit on Alberta Social Housing Corporation Contracting Policy

CONTEXT

Social housing, also called affordable housing, exists for people who are unable to access the private housing market because of financial, social or other circumstances. The Department of Seniors and Housing provides social housing through the Alberta Social Housing Corporation, a legal entity created by the department to hold the social housing portfolio. The ASHC owns or financially supports over 36,000 social housing units.

Social housing units are managed by management bodies, which run and maintain the units and also plan enhancements and extensions. Until 2011, if a management body wanted to repair a housing unit or carry out maintenance, it contracted the work directly and paid for it through a capital grant from the department. Since 2011, the department has stopped allowing housing management bodies to contract directly with vendors.

In our audit of the ASHC in 2011, we found that management bodies were not always managing contracts appropriately. We therefore recommended that the department develop a contracting policy for capital additions to its social housing portfolio and strengthen related contract management processes.

The objective of this follow-up audit was to determine whether the department had implemented our recommendation. We conducted our field work from June to October 2016 and substantially completed our audit on December 13, 2016.

WHAT WE FOUND

The department has implemented our 2011 recommendation¹ by putting in place a new contracting policy along with supporting procurement procedures.

CONTRACTING POLICY

Since our 2011 audit, the department has stopped allowing housing management bodies to contract directly with vendors. Now, if a management body identifies a need to build, expand or repair a social housing unit, the department must first review and approve that need. If it grants approval, the department itself will develop and issue a request for proposals, select a vendor and sign the contract with the vendor.

In January 2016, this practice was formalized when the department's contracting policy was approved. The Department of Seniors and Housing also initiated a contract review committee to review contracts over \$75,000 and ensure the contracts meet all policy requirements before being approved. We tested

¹ *Report of the Auditor General of Alberta—November 2011*, no. 17, page 120.

contracts from the period of January 1, 2016 to August 10, 2016 and confirmed that the contracting policy was followed for the contracts in the sample.

PROCUREMENT PROCESSES

In 2013, the department adopted Service Alberta's processes for procurement. These processes identify when and how to request RFPs, as well as how to select vendors. The processes also define how to ensure that vendors meet contractual requirements and that funds are not paid out until those requirements are met. Our testing confirmed that the department followed these processes, monitored contracts for compliance, and released funds only when deadlines and other requirements were met.