

For Information

REPORT TITLE: **Update on Contract Management Processes for Emergency Shelters**

FROM: Janice Sheehy, Commissioner of Human Services

OBJECTIVE

To update the Audit and Risk Committee on the contract management processes implemented in response to internal audit findings.

REPORT HIGHLIGHTS

- In 2019, an internal audit of the contract management practices of the adult shelters determined that effective contract management controls were not in place.
 - In response to the audit findings, action plans were developed by management and reviewed by Enterprise Risk and Audit Services.
 - Most of the action plans have been implemented and Enterprise Risk and Audit Services has verified the implementation.
 - Implementation of one action plan remains outstanding and will be completed by the end of the summer 2021.
 - The Audit and Risk Committee requested an update on the action plans before year end 2020.
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DISCUSSION

1. Background

Region of Peel Emergency Adult Shelters have been managed and operated by the Salvation Army under the current contract since 2014. During that period, informal contract management practices were in place. Historically, it was felt these informal practices have provided staff with the information and assurances needed to conclude that the provider was operating in accordance with the terms of the contract.

In May 2019, an audit of the shelter operations contract management practices was initiated for the adult shelter contract. The audit was completed in the fall of 2019, and the results reported to the Audit and Risk Committee on April 16, 2020. The audit concluded that Housing Services did not have effective contract management controls and oversight in place in accordance with the contract agreement.

Action plans, reviewed by Enterprise Risk and Audit Services, to address the audit observations were also presented to the Audit and Risk Committee. The committee requested that an update on the action plans be brought back before the end of 2020. This

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report is designed to provide the Audit and Risk Committee with an update on the contract management changes that have been implemented in response to the audit findings. Most of the findings have been addressed; one action remains outstanding. This action relates to the review and verification of allowable expenses for the operation of the shelters and is anticipated to be implemented by the end of the summer 2021. This review needs to be completed by a third-party auditor. The issuing of the Request for Proposal was delayed due to the reassignment of staff resources to COVID-19 response related initiatives.

2. Implementations as a Response to Audit Findings

To address the audit findings, immediate changes to the adult shelter contract management practices were implemented. These changes advanced the informal oversight and contract management practices in place at the adult shelters, into formal contract management practices, thereby addressing the risks identified through the audit process. Below is an update on the changes that have been implemented.

Action Item	Action: Region of Peel	Action: Shelter Operator	Update/Outcome
Audit and Compliance Checklist and Tool	Conduct quarterly audit and compliance reviews with the Shelter Operator	Provide up to date information and act if non-compliance is identified	Q1, Q2 and Q3 Audit Compliance reviews completed. Q4 is underway. Shelter Operator to improve on consistently providing client discharge surveys
Hiring and On-boarding procedures	Request and collect quarterly updates on all hiring and on-boarding, and organizational structure	Update and submit quarterly a new hires reporting sheet and update all on-boarding	Shelter Operator has provided quarterly hiring, org charts, and on-boarding documentation
Length of Stay (LOS)/Case Management Review	Formal spreadsheet implemented by Program Supervisor to review monthly case management and length of stay at each shelter	Participate in monthly length of stay meetings with Program Supervisor and discuss action plans	Monthly meetings have been conducted and documented regarding length of stay, case management, and action plans.
Implementation of Agency Narrative	Program Supervisor and Housing Program Analyst to maintain an Agency Narrative	n/a	Agency Narrative, which is a record of all communication and direction given to our service provider, has been developed and utilized to document performance issues, compliance issues, financial issues

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Action Item	Action: Region of Peel	Action: Shelter Operator	Update/Outcome
Improved process to reconcile overflow expenses	Develop spreadsheet to reconcile overflow expenses by cross-referencing Shelter Operator client list with Salesforce; Shelter Operator motel/hotel cost with motel/hotel invoices	Investigate all variances identified on the overflow discrepancy report, including motel invoices, food invoices, occupancy numbers in Salesforce	Motels/hotels invoices streamlined for more accurate per month reconciliation. Reconciliation of motel/hotel invoices and occupancy numbers performed monthly
Fire Safety and Evacuation Plan	Report to be designed by Housing Services to communicate completion of fire drills and evacuation drills to Client Services	Provide notification and information of all new hires to be trained at Fire and Evacuation Drills	New monitoring process documented and in place
Development of an audit binder	Develop and compile audit binder to maintain all up to date insurance and WSIB documentation and updated contracts	Provide all documentation required for the Audit Binder	Binder completed with all updated insurance, WSIB, and contract information. Addition of a Shelter Operator Policies and Procedures binder
Client Feedback Process	Update previous client satisfaction survey to reflect the current needs of shelter residents. Conduct survey annually.	Collect and provide to the Region more regular feedback surveys from clients not solely at discharge.	Client satisfaction survey has been revised. Due to COVID-19 survey has not been conducted but planned for December 2020. Commenced regular collection of client feedback surveys. At two weeks after intake, every month thereafter

As requested by the Audit and Risk Committee, an organizational structure diagram is attached as Appendix III. It provides a breakdown for the Housing Services Division of the program areas, responsibilities, staff numbers and outcomes (where applicable).

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3. Next Steps

To further mitigate risks identified in the audit findings, additions and revisions have been made to the new Emergency Shelters Request for Proposal (RFP) and the 2020 Region of Peel Emergency Shelters Standards. These revisions and additions include:

- Addition of Performance Measures and Key Performance Indicators to RFP scope;
- Addition of an Employee Performance Management System to RFP scope;
- Conducting the Client Satisfaction Survey semi-annually;
- Overflow facilities to be contracted out by the Region and not the shelter operator;
- Revision to Shelter Operator payment procedures and invoice requirements, as advised by Procurement;
- More formalized client complaint process;
- New quarterly revenue and expense reporting to include more detailed, itemized breakdowns of expenses;
- Additional reporting requirements from the vendor;
- Clarifying accountability internally for contract management by assigning the Housing Program Analysts as the contract managers and centralizing this function on one team with a common supervisor; and,
- Revising the Regional Shelter Standards to bring them in-line with Housing First principals, increase accountability of Shelter Operator and include more defined parameters to determine non-compliance.

The new contract management practices will be extended to all Housing Services contracts including Peel's Outreach Program, the youth shelters, and transitional housing during the spring of 2021.

RISK CONSIDERATIONS

An audit of the contract management practices of the adult shelter system concluded that Housing Services does not have effective contract management controls and oversight in place in accordance with the contract agreement. A lack of effective contract management controls increases the risk that the Region of Peel does not have the information it needs to accurately determine if the shelter operator is providing services in accordance with the terms of the contract.

To mitigate this risk, management action plans were developed and implemented to address the audit findings. These action plans were reviewed, and subsequent implementation of the actions verified by Enterprise Risk and Audit Services.

CONCLUSION

To address audit findings and strengthen internal controls, immediate changes to the adult shelter contract management practices have been put in place. Additionally, revisions to the Emergency Shelters Request for Proposal and 2020 revisions to the Region of Peel Shelter Standards have been made to further mitigate risks identified in the audit. These changes advance the informal oversight and contract management practices in place at the adult shelters, into formal contract management practices, thereby addressing the risks identified through the audit process.

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APPENDICES

Appendix I – Summary of Shelter Standards

Appendix II – Management Action Plan

Appendix III – Housing Services Organizational Flow Structure

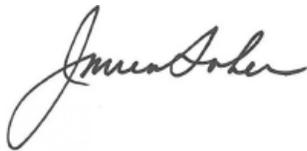
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Reviewed and/or approved in workflow by:

Department Commissioner and Division Director.

Final approval is by the Chief Administrative Officer.



J. Baker, Chief Administrative Officer