



**Report of the Auditor General
of Canada to the Legislative
Assembly of Nunavut**

Nunavut Housing Corporation

May 2008



Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

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Auditor General of Canada
Vérificatrice générale du Canada

To the Honourable Speaker of the Nunavut Legislative Assembly:

I have the honour to transmit herewith my report on the Audit of the Nunavut Housing Corporation to the Nunavut Legislative Assembly in accordance with the provisions of section 48 of the *Nunavut Act*.

Yours sincerely,

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, 22 May 2008

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Nunavut Housing Corporation

Main Points

What we examined

The Nunavut Housing Corporation is a public agency established in 1999 to create, coordinate, and administer housing programs that provide families and individuals in Nunavut with fair access to a range of affordable housing options. The Corporation's Public Housing Program annually spends more than \$120 million, 75 percent of NHC's operating budget, and has a portfolio of more than 4,000 units. Through agreements with the Corporation, 25 community partners are responsible for managing unit allocations, rental assessments and collections, and maintenance and repairs.

In 2006, the federal government provided the Government of Nunavut with \$200 million to increase the number of available and affordable housing units in Nunavut. This key investment, known as the Nunavut Housing Trust, will be used to build about 725 new public housing units in the 25 Nunavut communities.

We examined whether the Corporation manages the delivery of the Public Housing Program appropriately and ensures that its community partners comply with its policies and the terms of its agreements. We examined the Corporation's delivery of new public housing units in Nunavut to determine whether the Corporation planned and delivered those units according to the Nunavut Housing Trust Delivery Strategy and the Northern Housing Trust Agreement. We also examined whether the Corporation has appropriate governance practices to promote good management and whether it reports adequately on its results.

Why it's important

Nunavut faces unique housing challenges, with a northern climate, a geographic area encompassing one fifth of Canada's landmass, and a scattered population of around 29,000 residents who live in 25 remote communities accessible only by air or sea. Public housing units, which are managed by the Corporation, account for more than 50 percent of all dwellings in Nunavut.

Good maintenance of existing public housing and the construction of new units under the Nunavut Housing Trust are necessities, given the overcrowding situation in Nunavut and a population that increased

by 10 percent from 2001 to 2006. According to Statistics Canada's 2006 Census, dwellings with more than one person per room (a strong indicator of overcrowding) account for 18 percent of all dwellings in Nunavut, compared with the Canadian average of 1.5 percent. Inadequate and overcrowded housing can contribute to social problems, such as domestic violence, and health problems such as respiratory diseases. Providing more homes and improving the condition of existing homes are crucial steps in beginning to address social problems faced by children and families.

What we found

- The Corporation does not monitor the activities of its community partners well enough to ensure that they comply with its policies and procedures in delivering the public housing program. Nor does it adequately monitor the maintenance of public housing units and the overall condition of its housing portfolio. Our own review of community partners' files found that they do not fully comply with the Corporation's policies in assessing applications for housing, allocating public housing units, and rating the condition of units. Furthermore, the Corporation is not meeting its obligation to regularly assess the operations of its community partners, although this is a key monitoring activity required under its agreements with them.
- The Corporation conducted appropriate consultation and assessment of housing needs under the Nunavut Housing Trust Delivery Strategy. In 2006, one of its designs received an award from Canada Mortgage and Housing Corporation for best practices in affordable housing. However, the delivery strategy did not plan for known risks, such as lack of interest in construction work among contractors and poor attendance of workers on some construction sites. As a result, the construction schedule for the first year suffered delays, and the education and training objectives of the Strategy as well as its objective of building 725 public housing units by 2010 might not be met.
- Managing its own programs is a significant challenge for the Corporation, with 23 of its 89 positions vacant at the end of 2007. The Strategy represents a major addition to the workload of already stretched staff. The Corporation needs to develop a long-term strategic plan that clearly describes how it intends to carry out its responsibilities with the human and financial resources it has available.

***The Corporation has responded.** The Corporation is in agreement with the report and its recommendations. In its responses to each recommendation throughout the report, the Corporation has indicated the actions it has taken, will take, or will consider taking.*

Introduction

1. The Nunavut Housing Corporation (the Corporation), a public agency of the Government of Nunavut (the Government), was created in 1999 under the *Nunavut Housing Corporation Act*. The Corporation reports to the Legislative Assembly through the responsible minister. Its mandate is to create, coordinate, and administer housing programs that provide families and individuals in Nunavut with fair access to a range of affordable housing options.
2. The Corporation has 89 full-time positions and a yearly operating budget of about \$160 million—more than \$120 million (about 75 percent) of which goes to the Corporation’s public housing program.
3. The Corporation’s headquarters are in Arviat, and its directorate is located in Iqaluit. Its housing programs are delivered in 25 communities, under agreements with community partners: local housing organizations, housing authorities, and hamlets. The delivery of services to the 25 communities is supported by three Corporation district offices: Cape Dorset for the Baffin (Qikiqtaaluk) Region, Arviat for the Kivalliq Region, and Cambridge Bay for the Kitikmeot Region.
4. Public housing is intended to provide affordable accommodations to people who would otherwise have to spend more than 30 percent of their total household income on adequate or suitable shelter—that is, households considered to be in “core need.” Households with gross incomes that fall below the core need income threshold can apply for housing assistance.
5. Public housing units, which are managed by the Corporation, account for more than 50 percent of all dwellings in Nunavut. The Corporation manages more than 4,000 public housing units, most of them transferred from the Canadian Mortgage and Housing Corporation (CMHC) in the late 1990s. Fifty percent of these units are at least 25 years old.
6. Overcrowding is a major issue related to the management of the public housing program. According to Statistics Canada’s 2006 Census, dwellings with more than one person per room (a strong indicator of overcrowding) account for 18 percent of all dwellings in Nunavut, compared with the Canadian average of 1.5 percent. In 13 of the Nunavut communities, the rates are more than 20 percent; in Repulse Bay and Kugaaruk, the rates are more than 40 percent.

7. According to experts, inadequate and overcrowded housing can contribute to social problems, such as domestic violence, and to health problems, such as respiratory diseases.

8. In 2007, there were more than 1,200 people on the waiting lists for public housing. According to the Nunavut Ten-Year Inuit Housing Action Plan, Nunavut needs to provide 273 additional units each year just to keep pace with population growth. Currently, 3,000 additional units are needed to bring Nunavut's overcrowding rates in-line with the rest of Canada.

9. In 2006, through the Northern Housing Agreement, the federal government provided Nunavut with \$200 million for new, affordable housing. The Government of Nunavut plans to use this key investment to build about 725 affordable units across Nunavut by 2010. This investment represents about 10 percent of the \$1.9 billion that the Housing Plan identified as necessary.

Focus of the audit

10. We examined the Corporation's delivery of the public housing program to determine whether the Corporation manages the program appropriately and whether it complies with its own policies and its agreements with community partners.

11. We also examined the Corporation's delivery of new public housing units in Nunavut to determine whether the Corporation planned and delivered those units according to the Nunavut Housing Trust Delivery Strategy and the Northern Housing Trust Agreement. In addition, we looked at whether the Corporation has appropriate governance practices to promote good management and whether it reports fairly on its results.

12. Our audit did not include the Staff Housing Program and the Homeownership Program.

13. More details on the audit objectives, scope, approach, and criteria are in the **About the Audit** at the end of this report.

Observations and Recommendations

Management and delivery of the public housing program

Agreements between the Corporation and its partners clearly outline roles and responsibilities

14. The Corporation's public housing program is delivered by 25 community-based partners, according to agreements that outline the roles and responsibilities of both the Corporation and the community partner. Its partners include local housing organizations (LHOs) in 21 communities, a housing authority in Iqaluit, and three hamlets that deliver the housing program. Each community partner has a board of directors or an equivalent. They also have management and staff who are responsible for housing services and day-to-day delivery of public housing activities in their community.

15. We found that the agreements clearly define the roles and responsibilities of each party involved in the delivery of the public housing program. The Corporation is responsible for regularly monitoring and assessing the operations of its community partners to ensure that they deliver its public housing program effectively and in accordance with established policies and procedures.

16. The agreements also clearly set out information on schedules, responsibilities, and sources for the reports that the community partners are required to submit to the Corporation. In addition, the agreements clearly identify the policies and procedures that the community partners are to comply with.

Community partners are not following allocation procedures consistently

17. Under the agreements, community partners are required to follow the Corporation's policies and procedures when allocating public housing units. This includes keeping enough documentation in the files to support their decisions. The Corporation's policies and procedures state that the allocation of public housing units shall be based on an applicant's housing needs relative to other applicants: households in greatest need should receive assistance first.

18. Community partners must use the following to evaluate each application for public housing (Exhibit 1):

- eligibility criteria, which must be met before any other criteria are considered;
- core need criteria, which include the adequacy, suitability, and affordability of the applicant's present housing; and
- other criteria, which are established by each community partner.

19. We expected the Corporation to regularly monitor community partners to determine whether they follow these policies and procedures when they allocate public housing units to applicants.

Exhibit 1 Eligibility, core need, and community-specific criteria

Eligibility criteria	
Age	Applicant must be 19 years of age or older.
Residency	Applicant must meet the residency requirement (usually 3 to 6 months in the community).
Application in good standing	Applicant must not owe money to the Nunavut Housing Corporation or a community partner and must be eligible to have an account with the Nunavut Power Corporation.
Verification of income	Applicant must supply income information for all household members age 15 years or older. Household income is considered when the Core Need Income Threshold is calculated.
Core Need Income Threshold	Applicant's gross household income must be lower than the minimum household income established for the community (between \$80,000 and \$94,500 depending on the community).
Core need criteria	
Criteria to be used by all community partners (Maximum 60 points)	
Suitability (Maximum 25 points)	A household has a suitability (overcrowding) problem if there are not enough bedrooms for the size of the family. Five points are given for every bedroom shortage in the applicant's current housing.
Adequacy (Maximum 25 points)	Points are given if the physical condition of the applicant's current accommodation does not meet national basic health and safety standards.
Affordability (Maximum 10 points)	Applicants who spend 30 percent or more of their gross household income for basic shelter costs have affordability problems and will be given points.
Community specific criteria	
Determined by community partners (Maximum 40 points)	
Lower income (as compared with the core need income threshold)	Points are given to lower-income applicant households according to their gross income.
Time on the waiting list	Points are given to eligible applicants who have been on the waiting list for an extended period of time.
Victims of violence	With written documentation from the proper authorities (for example, the RCMP, a hospital, or Social Services), points are given to an applicant who is a victim of violence.
Health aggravated by accommodation	If supporting medical documentation shows that the current accommodation is aggravating the health of the applicant, points may be given.
Two or more nuclear groups (families) in one unit	Points may be given when two or more nuclear groups (families) occupy a unit because of shortage of housing.

Source: Adapted from NHC Tenants Relations Officer Manual

20. Application of eligibility criteria. To be allocated a public housing unit, applicants must meet basic eligibility criteria before being evaluated using the core need criteria and community criteria. We expected to find documentation in the community partners' files to show that successful applicants had met all of the eligibility criteria. We did not find documented evidence that eligibility criteria had been applied consistently.

21. In the 80 files we looked at from prospective tenants at the six community partners, we found

- no record of the applicant's income in 71 of the applications;
- no documentation in 53 of the applications to show that community partners had verified or documented whether the applicants owed money to the Corporation or community partners, or whether they were eligible to have an account with the Nunavut Power Corporation; and
- no applicant residency information in 29 applications.

22. As a result, for at least 71 of the 80 files, we could not conclude whether these applicants were eligible for public housing.

23. Recommendation. The Nunavut Housing Corporation should take steps to ensure that community partners assess applicants against all eligibility criteria and that their applications are supported by the required documentation.

Management's response. The Corporation agrees with the recommendation. The Community Development Officer-Programs are responsible for monitoring the allocation of housing units and rental assessments as well as for the delivery of homeownership programs. The Corporation realizes that both of these roles are very demanding and it needs to review the job functions and related activities to determine if the Program Officer responsibilities should be split between rental housing support and homeownership delivery in order to ensure adequate resources are dedicated to regularly monitor the allocation process. This review will be done in 2008.

24. Application of the point rating system. Once applicants have met the eligibility criteria, an Applicant Point Rating Form is completed. Community partners use the form to assign points based on the level of overcrowding the applicant is experiencing as well as the condition and cost of the current housing unit. Points are also given for factors related to housing in the particular community (including time spent on the waiting list, health factors, and social issues, such as family violence). The total points awarded by the community partner

staff determine the applicant's position on the waiting list for the appropriate type of housing unit. Applicants may be disqualified if they owe any rent or money for property damage.

25. We reviewed 80 applications from prospective tenants at the six community partners we visited. We found that community partners had

- failed to document an evaluation of the condition and cost of the applicant's current housing—all 80 files;
- awarded more than the maximum points (10) allowed for time spent on the waiting list—41 files;
- assessed overcrowding situations without sufficient information—23 files;
- did not correctly assess the applicant's information to determine the extent of the overcrowding situations—20 files;
- awarded more than the maximum points (40) allowed for community-specific criteria—11 files; and
- allocated community-specific points based on supporting letters from parties other than those allowed under the Corporation's policies—4 files.

26. As a result of these deficiencies in assessing applications, many applicants did not receive the correct number of points. This may have affected the fairness of the applicants' positions on waiting lists, and housing may not have been provided to households with the greatest need.

27. **Application of the allocation process.** For the six community partners that we visited, we selected 72 allocation files from tenants who received housing, and we reviewed their allocation processes. During our review, we found that 45 of the 72 allocation decisions (63 percent) complied with the Corporation's policies.

28. However, we also found that 14 of the 72 files did not include sufficient information for us to reach a conclusion about the allocation process. In addition, we found that, for some of the files, community partners applied one or more procedures incorrectly. Without properly documenting their reasons or providing justification, community partners

- gave priority to seven applicants who qualified for housing assistance but received fewer points than other qualified applicants;

- allocated units to four applicants who were point-rated, but were not on the waiting list;
- allocated units to two applicants who would normally not have qualified for housing assistance, because they owed rent or money for property damage; and
- in two cases, allocated housing by awarding discretionary points.

29. We were told in our interviews that some community partner organizations experience high turnover rates. We noted that, although the Corporation's district offices have provided some community partner staff with training, the Corporation did not provide consistent training to all community partner staff responsible for assessing applications and allocating housing units. Consistent training will help ensure that community partners apply the Point-Rating System consistently when they assess an applicant for housing assistance and allocate the unit.

30. Finally, we noted that the Corporation has made no provision for applicants who feel they have been treated unfairly by community partners in the public housing allocation process to make an independent appeal. Officials from the Corporation told us that an informal appeal process already takes place through various channels. We encourage the Corporation to clarify the appeal options available to applicants and tenants and to formalize the process within the Corporation by clarifying procedures that will be used to manage the appeal.

31. Recommendation. The Nunavut Housing Corporation should

- provide consistent training to community partner staff in the correct application of its policies and procedures;
- ensure that community partners follow the Corporation's policies in making allocation decisions and documenting those allocation decisions;
- perform periodic reviews of applicants' files to confirm that the Point-Rating System is used correctly and that units are allocated correctly; and
- clarify the appeal process for applicants and tenants who feel they have been treated unfairly, and clarify the internal corporate procedures for managing the appeal.

Management's response. The Corporation agrees with the recommendation. Training and regular monitoring of the point-rating system should be conducted to determine adherence to the process. The Corporation is planning to hold workshops to train and update Program Officers and

Local Housing Organization (LHO) Tenant Relations Officers in Rental Support administration in the near future. This training will include a need for periodic spot checks by program officers on LHO rental files. Applicants who have concerns with point ratings and allocations usually appeal through their locally elected Board of Directors or their members of the legislative assembly (MLA)s or directly to the Corporation. The Corporation will consider clarifying the procedures used to manage the appeal.

Inspections and condition ratings of public housing units are not adequately monitored

32. The Corporation is responsible for the prudent management and stewardship of its public housing portfolio, which represents a significant ongoing investment for the Government. As set out in its agreements with the community partners, the Corporation delegated the responsibility for all maintenance work to the community partners; it provides them with annual funding for repairs and maintenance.

33. In the 2007–08 fiscal year, the Corporation’s maintenance budget for its more than 4,000 public housing units was over \$19 million. We therefore expected that it would regularly monitor and report on the condition of its public housing stock, for decision-making and accountability purposes.

34. Under their agreements with the Corporation, community partners are required to annually inspect housing units and to rate and report on the condition of each unit, using the Corporation’s Maintenance Management Program (MMP). They are also required to use the Corporation’s Maintenance and Management Operations System to regularly report any housing maintenance they perform to the Corporation. The objectives of the MMP are to help provide housing that is safe and secure and to protect and maintain the Corporation’s housing assets through regular maintenance and repairs.

35. “Condition ratings” are intended to help community partners assess the physical condition and functionality of the housing units and to develop annual maintenance and repair budgets and work programs. Without annual property inspections and regular maintenance of its public housing stock, the Corporation is at risk of higher maintenance and repair costs in the future and of potential legal liability for health and safety issues.

36. We found that the Corporation was using incomplete and outdated information about the condition of its units. According to the Corporation’s compilation of the condition ratings (produced in December 2006), more than 550 (14 percent) condition rating reports

were missing and more than 1,800 (47 percent) were not up-to-date. The Corporation is currently working to complete the condition ratings for 2007.

37. We reviewed 110 condition rating reports in six communities to assess the consistency of the data prepared by the community partners and to determine how the reports were completed and the ratings were calculated.

38. We found that 59 (54 percent) condition rating reports contained errors. In 33 of the 59 reports, the rating methodology was not used properly for units with multiple bedrooms and, in 29 reports, the ratings contained mathematical errors. As a result, condition ratings did not show the actual condition of the units.

39. We also found that not all condition ratings were complete. Only one of the six community partners had identified the estimated costs of

- repairs and maintenance,
- modernization and improvement, and
- property damage by tenants.

40. The Corporation's procedures require that community partners provide those estimates. If it does not have this information, the Corporation's ability to determine the overall status of its units, to estimate future maintenance and repair costs, and to determine priorities is hindered.

41. Recommendation. The Corporation should

- improve its monitoring of community partners to ensure that they perform the annual property inspections of housing units and provide timely condition rating reports;
- perform random property inspections to determine whether condition ratings are appropriate;
- ensure that all community partners estimate the costs of maintenance and repairs, enter the estimates in the Corporation's Maintenance Management Operations System, and use the system to report regularly on their maintenance activities;
- provide training on how to use the system, if necessary; and
- regularly report to stakeholders on the condition of its public housing stock.

Management's response. *The Corporation agrees with the recommendations and agrees that regular monitoring and reporting on the condition of public housing stock is a key management responsibility and a critical management tool. The Corporation supports the recommendation to perform random property inspections. In addition, as part of its commitment to monitoring and reporting on the public housing portfolio, the Corporation has contracted a consultant to review and assess the Local Housing Organization (LHO) and/or Corporation usage of the Maintenance Management Operating System (MMOS), inventory controls, and infrastructure support such as warehousing. Training for Corporation technical staff will begin in April 2008. Training for LHO staff will follow. The Corporation will request regular reports from LHOs on the condition of public housing stock. Updated manuals will be produced to facilitate use of MMOS.*

Regular reviews and updates of operational manuals are necessary

42. When Nunavut was created, the Corporation inherited policies, operating procedures, and manuals—which outlined how the Corporation and the community partners should conduct business—from the Northwest Territories Housing Corporation. Up-to-date manuals can help ensure that community partners comply with the Corporation's programs, policies and procedures.

43. We noted that the policies and procedures have since been updated and that ad hoc training has been provided to community partners. However, two key reference manuals have yet to be reviewed and updated:

- **LHO Board Manual.** This manual has not been updated since 1995. It is the only complete reference tool available to community partner's boards that contains information on board governance, board responsibilities for housing, Corporation programs, and ethics.
- **Maintenance Management Program Manual.** This manual, which describes daily maintenance activities and is intended to ensure the same standard of basic housing maintenance in all communities, has not been updated since 1996.

44. In light of the various findings at the community partners—involving allocation processes and condition ratings—it is important that the Corporation keep such manuals up to date.

45. **Recommendation.** The Nunavut Housing Corporation should periodically review its manuals and procedures to ensure that they are complete and up to date.

***Management's response.** The Corporation agrees with the recommendation that manuals and procedures should be reviewed periodically to ensure that they are complete and up to date. The Corporation revised the Local Housing Organization (LHO) Personnel Manual and distributed it to LHOs in early 2007. The Corporation is currently updating the Tenant Relations Officers Manual as time and resources allow.*

The Corporation needs to review its obligation to assess and report on community partners' operations

46. It is the Corporation's role to monitor and support community partners. Agreements between the Corporation and its community partners describe the 29 different reports that the community partners are expected to produce. These agreements also set out the Corporation's responsibility to assess and report on each community partner's operations every two years; monitoring responsibilities are also included in some of the Corporation's employee job descriptions.

47. We found that the Corporation did not receive regular reports from community partners, and there was little evidence that it analyzed the reports it did receive. We could not find guidelines for Corporation employees on what they should look for in the reports or what actions they should take if they find discrepancies.

48. We also found that the Corporation did not complete the required assessment reports, which would have provided key information on each community partner's financial, technical, administrative, and governance affairs.

49. In fact, we found that the Corporation completed only one assessment report on a community partner in 2006 and one in 2005. Since 2000, the Corporation has

- completed only eight assessment reports on community partners,
- initiated but not completed another six reports, and
- not assessed the remaining eleven community partners.

50. Without complete assessment reports, the Corporation is not able to know whether the community partners are functioning as expected. Having this information would help the Corporation determine whether there is a need for additional training and support.

51. Timely and ongoing monitoring of community partners' activities could identify financial or operational constraints early and allow for any necessary corrective actions.

- 52. Recommendation.** The Corporation should determine
- whether it needs all the information required by its agreements with community partners,
 - how it intends to use that information,
 - how often and in what form the community partners should report the needed information, and
 - whether it needs to adjust the agreements accordingly.

The Corporation should also

- complete timely assessment reports on its community partners,
- share the information with community partners, and
- follow up on any necessary corrective action.

***Management’s response.** The Corporation agrees with the recommendation. The Corporation agrees that it needs to review the types of information required from local housing organizations (LHOs) as well as the timeliness and format of the information. The Corporation is currently conducting an analysis of which LHO reports referenced in the LHO Partnership Agreements are really necessary, and this list will be available later this year. As a result, the Corporation is looking at modifying the level of reporting required from LHOs.*

The Corporation has engaged contractors to initiate six or seven LHO assessments which should to be completed by the fall of 2008. The Corporation will review these reports, share the reports with community partners, and follow up with corrective action, if necessary.

**The Nunavut Housing Trust
Delivery Strategy**

53. In 2006, through the Northern Housing Trust, the federal government provided the Government of Nunavut with \$200 million for new affordable housing. This housing was to be delivered using the Nunavut Housing Trust Delivery Strategy. The objectives of this strategy are to build about 725 new public housing units across Nunavut (the Territory) by 2010 and to help ensure that 35 to 40 apprentices, in the building trades, meet their training requirements to become licensed tradespeople. As a result, communities will benefit from having skilled tradespeople available locally—a critical part of developing local economies.

54. We expected the Corporation to have adequately planned for the building of new public housing units across the Territory and to have delivered the units planned for 2007 in accordance with the Nunavut Housing Trust Delivery Strategy.

55. The Nunavut Housing Trust Delivery Strategy is being implemented over a three-year period. However, our audit covered only activities that took place before 21 December 2007, when our field work ended. Any activity or event that occurred after that period is not reflected in this report.

The types of housing units needed were assessed properly

56. Given the overcrowding situation and the growing need for public housing units, it is important that the Corporation determine which types of public housing are needed in Nunavut. We found that the Corporation had appropriately identified the necessary types of housing.

57. The Corporation obtained input from territorial officials, communities, and various other stakeholders, including hamlets, local housing organizations, Nunavut Tunngavik Incorporated (which received lands and financial compensation under the Nunavut Land Claims Agreement), and officials of the Canada Mortgage and Housing Corporation (CMHC). It also obtained feedback on specific needs in each community.

58. In addition, the Corporation used the experience it had gained in 2005, building the **five-plex units** that were funded through the Canada Strategic Infrastructure Fund. In 2006, this new design earned the CMHC Best Practices in Affordable Housing award. The CMHC award recognizes significant contributions to the advancement of Canadian housing, such as best practices in energy efficiency and healthy housing in addition to other important concerns such as cost-effectiveness and culturally appropriate design.

59. For the first two to three years of the Nunavut Housing Trust Delivery Strategy, the Corporation's main plan is to deliver five-plex units. Our review of public housing waiting lists confirmed that two-bedroom units are most needed across the territory. Other community-specific needs, such as single-family dwellings, will be considered for summer 2010 (during the last construction year of the strategy).

The Corporation was not fully prepared for the housing project

60. The Corporation usually manages an annual budget of about \$160 million. Responsibility for carrying out the Nunavut Housing Trust Delivery Strategy added another \$74 million to its budget for the 2007–08 fiscal year, \$54 million for 2008–09, and \$55 million for 2009–10. The level of construction planned under the strategy

Five-plex units—Five two-bedroom apartments that will accommodate five households. The design of these units incorporated

- culturally appropriate features such as common kitchen, living, and dining areas to accommodate large gatherings of people for traditional activities such as sewing, crafts, and feasts, and an area designed for processing and preparing traditional foods;
- additional insulation and enhanced air sealing that significantly improve the energy performance of units; and
- a shared central heating utility and heat recovery ventilator for the entire five-plex to help lower monthly heating bills while improving air quality.

is unprecedented in Nunavut. Already short-staffed, with 23 out of 89 positions vacant at the end of December 2007, the Corporation is facing a significant challenge in carrying out the strategy, even with the additional staff positions authorized for the strategy.

61. We did not find a detailed work plan that set out how the strategy would be carried out. Nor did we find any assessment of how the additional workload would affect the roles and responsibilities of Corporation employees.

Risks were not managed adequately

62. Delivering major projects usually requires planning for what needs to be done, when it needs to be done, what could go wrong, and what can be done to lessen risks or lessen the impact.

63. We found that the Corporation did not plan adequately for dealing with the risks associated with the Nunavut Housing Trust Delivery Strategy. In fact, difficulties began to develop as soon as it began, including

- lack of interest from contractors in doing the construction work,
- workers not showing up to construction sites,
- delays in shipments of materials, and
- uncertainty about whether apprentices could work the required number of hours to become licensed tradespeople.

64. Because it had not identified and assessed the risks or planned to manage them, the Corporation had to react to events as they happened; this has put its delivery of the housing strategy under constant pressure. The lack of risk identification and assessment could also hinder the Corporation's ability to monitor activities carried out under the strategy and to proactively identify and plan to manage other potential problems.

65. **Recommendation.** The Nunavut Housing Corporation should establish a process to identify what it needs to do to successfully deliver the planned new housing units and the training of apprentices, whether it has the capacity to do it, and what the key risks are, including the

- availability of contractors,
- capacity of contractors or the capacity of community partners to build the housing units on time, and

- potential for other problems to develop in the future and how they might be managed.

The Corporation should also periodically measure its progress against the objectives of the Nunavut Housing Trust Delivery Strategy and, if necessary, take corrective action or adjust the strategy.

***Management's response.** The Corporation agrees with the recommendation. The Corporation agrees that there is a need to identify a process for the successful delivery of the Nunavut Housing Trust, to manage the related risks, and to measure the progress of the delivery against the objectives of the Nunavut Housing Trust Delivery Strategy.*

The Corporation will monitor Nunavut Housing Trust delivery and provide regular reports on Nunavut Housing Trust activities for the 2006–07 and 2007–08 units by community. These reports will allow the Corporation to take corrective action on unexpected issues as they arise, to report on Nunavut Housing Trust progress to the Minister and the Legislature, and to respond to inquiries. In addition to the above, the Corporation has requested a consultant to prepare an evaluation on the efforts to achieve the objectives of the Nunavut Housing Trust. Upon receipt of this report, the Corporation can take corrective action to adjust the strategy so that it can achieve its goals.

There are delays in constructing the new units

66. The Nunavut Housing Trust Delivery Strategy called for 96 public housing units to be built in summer 2007, but by the end of December 2007, only 20 units had been completed. However, on average, in the 76 remaining units, work was

- 66 percent complete in the Kivalliq District,
- 48 percent complete in the Kitikmeot District, and
- 81 percent complete in the Baffin District.

67. According to the Nunavut Housing Trust Delivery Strategy, the plan was to build 725 units by the end of 2010, with the following targets to be met each year:

- 2007—96 units,
- 2008—236 units,
- 2009—310 units, and
- 2010—83 units.

68. The fact that the tendering process for labour was not successful across Nunavut contributed to construction delays. In six communities, either the contractors showed no interest in bidding for contracts, or, because their bids were too high, the contract was not awarded. The Corporation had originally planned for community partners to manage the construction of new units in nine communities. However, it actually depended on the community partners in twelve communities. We found that two of the contractors who were originally interested in offering their services withdrew their proposals, because they felt they could not meet the training and education objectives of the strategy. The Corporation's district offices acted as project managers in all 12 cases, which added to the workload of staff who were already overworked.

69. Delivery of some construction material was delayed, sent to the wrong communities, left in a Montreal warehouse, or damaged. In addition, worker attendance on construction sites was poor in some communities. These delays could hinder the Corporation's ability to meet the objectives of the strategy, particularly the building of the planned number of units within the planned timeline and within budget.

The selection process for the contract to deliver building materials was weak

70. The Nunavut Housing Trust Delivery Strategy called for hiring a contractor who would be responsible for receiving and repackaging building material and delivering it directly to communities in Nunavut. Contractors were invited to submit proposals in a competitive contracting process. The expectations were clearly outlined in the request for proposals, as were the requirements of the Nunavummi Nangminiaqtunik Ikajuuti (NNI) policy (a Government of Nunavut policy to maximize the participation of Nunavut, Inuit, and community-based businesses in government contracting).

71. Overall, we found that the process for evaluating proposals was weak. When we reviewed the three proposals that contractors submitted to the Corporation, we found that each was incomplete. For example, they did not explain how the material would be delivered to the communities, nor did they indicate what, if any, experience the contractor had with similar work. We also found that the Corporation did not validate the information that it did receive. Contractors were given points for employing Inuit on the project, but one proposal that listed a number of Inuit employees in a remote area did not indicate how they were involved in the project.

72. We expected the Corporation to challenge and validate the information submitted by contractors. However, we found no documented explanation for the number of points allocated in the assessment of each proposal.

73. For example, for one of the proposals we examined, if the Corporation had done the necessary background checks, it might have found that the contractor it selected had limited experience in marshalling and repackaging construction material and limited storage space. A more thorough assessment of the contractor's proposal would have allowed the Corporation to better determine the contractors' capacity to carry out the work and might have prevented problems that occurred in the delivery of material to communities.

74. By December 2007, the Corporation had cancelled this contract and had incurred more than \$500,000 in additional costs to move material, which had been left in Montreal, to the new contractor's premises. These costs did not include those incurred when damaged materials had to be reordered or shipped to the affected communities, or any other related costs. In addition, the Corporation was still taking inventory of material that had been shipped to communities and assessing damage to goods.

75. **Recommendation.** When assessing contract proposals, the Nunavut Housing Corporation should

- challenge and validate the information provided by bidders,
- ensure that it has all the information it needs before it awards the contract, and
- document the rationale for the number of points it allocates to proposals when assessing them.

Management's response. The Corporation agrees with the recommendation. The Corporation agrees that the process for a Request For Proposal (RFP) evaluation must be thorough. The Corporation has learned from the process used in the 2007–08 fiscal year and has modified its approach to the assessment of the RFPs for the 2008–09 and 2009–10 fiscal years. The Corporation has engaged a consultant to evaluate the 2006–07 and 2007–08 contracting processes for housing materials and marshalling services to determine if the process used was consistent with the Government of Nunavut contracting process. The study is expected to determine whether the Corporation has taken sufficient action to mitigate the risks from unforeseen circumstances. This report is expected by June 2008.

The Corporation needs to clarify expectations

76. In all but two cases, we noted that when the Corporation asked some community partners to manage the construction of new public housing units under the Nunavut Housing Trust Delivery Strategy, it did not formally identify the roles and responsibilities of each party. In addition to building the new units, some community partners were also responsible for the additional workforce needed to build and manage the project.

77. We found that the Corporation signed an agreement with only two of the twelve community partners that clarified the added responsibilities and indicated how they would be funded. The lack of clearly defined roles and responsibilities could lead to losses and liabilities if misunderstandings or conflicts were to occur. We also found that a dispute-resolution mechanism was established in only one of the two agreements. As a result, the work of community partners and the Corporation could be hindered, and the strategy might not be carried out successfully.

78. Recommendation. When it asks community partners to build new housing units, the Nunavut Housing Corporation should formally clarify the roles and responsibilities of each party, including the source and amount of funding to be provided.

Management's response. The Corporation agrees with the recommendation that the clarification of roles and responsibilities of community partners is important in the delivery of the Nunavut Housing Trust. The Corporation is applying lessons learned in the 2006–07 fiscal year to improve its delivery in communities in 2007–08. This includes improved clarification of roles and responsibilities and additional support and additional consultation on the source and amount of funding to be provided.

The education and training objective of the strategy may not be fully met

79. One of the key objectives of the Nunavut Housing Delivery Strategy is to provide on-the-job training for 35 to 40 apprentices in the building trades (for example, carpenters, electricians, and plumbers).

80. To become a qualified tradesperson, one must first pass a Trade Entrance Exam and become an apprentice. Those who pass the exam will then join an apprenticeship program. These programs normally last three or four years, depending on the trade. At each level of the program, apprentices must first acquire 900 hours of on-the-job training before beginning in-class technical training.

- 81.** During our examination, we found that, of the 29 apprentices enrolled in the apprenticeship program
- ten did accumulate the required 900 hours of work in time to move on to the technical training phase scheduled in winter 2008,
 - nine were not able to accumulate the required 900 hours, and
 - ten did not move to the next phase for other reasons.
- 82.** Given the time required to train an apprentice, the delivery of the new public housing units alone may not be enough to give all enrolled apprentices the on-the-job training they need within the three-year timeline. Corporation officials told us they were confident that apprentices will be able to gain that training by working on other projects. However, the Corporation is conscious of the fact that apprentices who enrolled in 2008 or later will not be able to become certified tradespeople by 2010 unless the strategy is modified or extended.
- 83. Recommendation.** To meet the training and education objectives of the Nunavut Housing Trust Delivery Strategy, the Nunavut Housing Corporation, with the Department of Education, should
- monitor the hours worked by apprentices,
 - determine whether they will have the number of hours needed to qualify for training, and
 - identify any necessary corrective action.

Management's response. The Corporation agrees with the recommendation. The Corporation agrees that meeting the objective to train and graduate 35 to 40 journeypersons (licensed tradespeople) is critical and has set up an Interdepartmental NHT Senior Officials Working Group, which includes Education and Nunavut Arctic College to focus on achieving the objectives of the Nunavut Housing Trust Delivery Strategy. The Corporation will continue to work with the Apprenticeship Branch of the Department of Education to ensure the timely registration of the apprentices, to record the hours they worked, and to provide them with the opportunity to take the apprenticeship courses required for them to progress from level to level in their program and graduate as journeypersons.

There needs to be more complete reporting on the strategy

- 84.** Internal reporting and monitoring of activities are key elements used to manage projects, assess progress, and take any necessary corrective actions. Reporting to stakeholders is another key element of the strategy that helps ensure accountability.

85. We noted that the Corporation has developed various internal reports over time that related to key elements of the Nunavut Housing Trust Delivery Strategy. For example, starting in summer 2007, district offices have been required to produce a monthly report on the rate of completion of each building under construction. The Corporation also receives a workforce report from communities that includes a list of the workers, their status, and the numbers of hours they worked during a given period. In addition, through management meetings, the Corporation is kept informed of how the Nunavut Housing Trust Delivery Strategy is progressing and what the challenges are as they arise.

86. However, we did not find any overall reporting that encompasses all of the components of the strategy. Without a complete, up-to-date picture of how the strategy is progressing, including existing and potential challenges, the Corporation cannot report completely and in a timely way to stakeholders.

87. According to the Nunavut Housing Trust Delivery Strategy, the Corporation needs to provide periodic progress reports on key activities to stakeholders, such as the Deputy Ministers' Steering Committee, the Financial Management Board and the Cabinet (as directed), and the Standing Committee on Housing, Infrastructure and Economic Development. The type and frequency of reporting still have to be developed.

88. We noted that the Minister responsible for the Nunavut Housing Trust Delivery Strategy is kept informed with updated briefing notes. However, we found that the notes did not include information about the challenges the Corporation faces or the corrective action it takes. This type of information would provide the Minister with a more complete picture of the overall project and would allow any necessary corrective action to be taken.

89. Recommendation. The Corporation should

- monitor the progress of all elements of the Nunavut Housing Trust Delivery Strategy and develop a process for reporting complete, up-to-date, and timely internal information;
- analyze the results of monitoring and follow up as appropriate (for example, take any necessary corrective action); and
- clarify reporting expectations with various stakeholders and develop reports that will address their needs.

Management's response. *The Corporation agrees with the recommendation. The Corporation agrees that reporting on the Nunavut Housing Trust Delivery Strategy must be up-to-date and complete. The Corporation will continue to produce regular reports by community on the status of NHT construction, Inuit Employment, and NHT Workforce. These reports are used to brief the Minister, to update Cabinet and the members of the legislative assembly, and to help respond to inquiries as they arise. The NHT Senior Officials Working Group meets monthly to monitor the progress and implementation of the Housing Trust Strategy, address issues, and recommend corrective action.*

Planning and reporting

90. Organizations use strategic planning, risk management, and performance measurement and reporting processes to

- determine strategic directions, goals, and expected results;
- identify the key risks and develop strategies to address risks; and
- measure and report on progress against its goals and expected results.

91. In addition, when organizations establish clear roles and responsibilities, all parties involved in delivering programs and operations are better able to carry out their duties and obligations effectively. It also allows them to demonstrate and be accountable for their performance and meet expectations that have been agreed to by all parties.

The Corporation needs a strategic plan to meet Nunavummiut housing needs

92. According to the 2005 Nunavut Ten-Year Inuit Housing Action Plan, Nunavummiut (residents of Nunavut) need 3,000 additional units to reduce overcrowding so it is not higher than in the rest of Canada. The Territory needs about 273 additional units each year, just to keep pace with population growth.

93. The Corporation stated in its 2007–08 business plan that it will continue to work with all stakeholders to secure additional multi-year funding from the federal government for housing in Nunavut.

94. We expected the Corporation to have a strategic plan in place that clearly describes how it plans to meet the housing needs of all Nunavummiut—specifically, the needs identified in its Nunavut Ten-Year Inuit Housing Action Plan—over the long term. We found that the Corporation does not have such a plan.

95. While the Corporation described the need to work with other stakeholders as critical, it has not spelled out what it needs to achieve and how it can do so. In his 2005 and 2006 letters of expectations, the Minister tasked the President of the Corporation with developing an overall housing strategy for Nunavut that would expand on what is in the Nunavut Housing Trust Delivery Strategy. By the end of December 2007, the Corporation had yet to complete such a strategy.

96. **Recommendation.** The Nunavut Housing Corporation should finalize its overall housing strategy as soon as possible. In the strategy, the Corporation should clearly describe how it plans to meet all Nunavummiut housing needs over the long term, through the delivery of existing programs and services. It should also incorporate these plans in its business plan.

Management's response. The Corporation agrees with the recommendation that the finalization of a housing strategy to meet the housing needs of Nunavummiut is important. Currently, the Corporation is working with a proponent on their proposal and expects a report in the fall of 2008.

The Corporate Executive Committee is not fulfilling its role

97. Managing its own core programs is, in itself, a significant challenge for the Corporation. The added responsibility of delivering the Housing Trust initiative makes it more important now than ever to have an effective governance body to provide corporate strategic direction, approve corporate policies, oversee risk management, and monitor corporate performance.

98. Under the *Nunavut Housing Corporation Act*, the President of the Corporation is directly accountable to the Minister. There is no Board of Directors governing the Corporation. A corporate executive committee (CEC)—consisting of a president, vice-president, executive director/chief financial officer, and director of operations—has a mandate to

- implement the directives issued by the Minister and Cabinet and report on that implementation;
- establish policies, programs, and procedures to carry out the Corporation's affairs within a corporate financial framework;
- evaluate the efficiency, economy, and effectiveness of the Corporation's activities;

- review and approve the Corporation's long-term expenditure and revenue plans;
- approve the annual corporate plan and any necessary adjustments;
- plan and manage human resources for the Corporation; and
- set long-term goals and establish strategic priorities.

99. We found that the Corporation's CEC does not carry out all of its mandates, roles and responsibilities. In fact, we found that CEC discussions and decisions mainly dealt with operational issues (such as capital acquisitions, fire damages, and debt write-offs) and not with the other responsibilities called for in its mandate—including finance, programs and policies, and evaluation. Specifically, we found little evidence that the CEC had discussed, planned, or dealt with the following elements of its mandate:

- setting long-term goals and establishing strategic priorities;
- planning and managing human resources for the Corporation;
- approving the annual corporate plan including budgets and any necessary adjustments; and
- evaluating the efficiency, economy, and effectiveness of the Corporation's activities.

100. We also found that some key items the Corporation is supposed to deliver—such as the Nunavut Housing Trust Delivery Strategy, support for community partners' operations, the priorities in the Minister's letter of expectations—are discussed by the Senior Management Committee. The Senior Management Committee consists of the four CEC members as well as the Corporate Comptroller, the Director of Operational Support, the Vice-President for Nunavut Housing Trust, and the three district directors. However, we could not determine what influence the Senior Management Committee had in setting the Corporation's overall direction, because its agendas and reports were only partially documented, minutes of its meetings were not kept consistently, and it had no terms of reference.

101. Recommendation. The Nunavut Housing Corporation should

- review the mandate and terms of reference for the Corporate Executive Committee to determine whether any changes are needed;
- ensure that the CEC's mandate is being met;

- review the role of the Senior Management Committee and determine whether any changes are needed; and
- ensure that agendas for committee meetings are prepared in advance and that minutes are kept, so key decisions are documented and approved.

***Management's response.** The Corporation agrees with the recommendation and is undertaking a review of the terms of reference for the Corporate Executive Committee (CEC) in relation to the changing nature of the relationship with the Government of Nunavut, the Financial Management Board, Cabinet, and the Crown Agency Council. The Corporation keeps comprehensive agendas, minutes, and records of decisions for the Corporate Executive Committee and ensures that agendas, minutes, and decision papers are circulated prior to meetings. The Corporation will review the role of the Senior Management Committee, which presently is to discuss and provide input on the Corporation's overall direction. The Corporation keeps and circulates agendas, minutes, and action items for Face-to-Face Senior Management Committee meetings (discussion forums) and monitors and tracks the progress of the action items. Any decisions made during these meetings will be documented or formally forwarded to the CEC for approval.*

Performance measurement and reporting needs to be improved

102. We expected the Corporation to have identified specific and appropriate performance measures to assess how well it is achieving its program objectives. We also expected it to have prepared performance reports to provide managers and external stakeholders with complete, accurate, and balanced information for accountability purposes.

103. The Corporation prepares a business plan and an annual report, as part of the Government's annual business planning and reporting cycle. The purpose of the annual report is to report on the Corporation's progress against the program objectives laid out in its business plan from the previous year and to account for the use of public resources.

104. We found that, while the Corporation's business plan included the priorities set out by the Minister in his letter of expectations, it did not include performance measures that were directly linked to the program objectives. For example, the objective of the public housing program is "to increase the number of adequate, suitable, and affordable dwelling units in Nunavut." We found little evidence that measures have been developed to assess the adequacy, suitability, and affordability of housing in Nunavut.

105. Moreover, we found that the Corporation has been late in tabling its Annual Report in the Legislative Assembly. For example, by the end of December 2007, it had not yet tabled its Annual Report for the 2005–06 fiscal year. As a result, members of the Legislative Assembly and external stakeholders had not yet received a complete and up-to-date picture of Corporation’s achievements in dealing with the housing situation in the Territory.

106. It is important to report on whether the overall housing situation in Nunavut is improving. To identify any trends in performance emerging over a longer period, it would be valuable for the Corporation to examine data from previous periods and determine

- whether the waiting lists have decreased,
- how many new units have been built, and
- how well the overall condition of the public housing stock has been maintained.

107. Identifying performance measures can be challenging. However, without a system in place to assess progress, it is not possible to determine how well the Corporation is achieving its mandate over the long term.

108. Recommendation. The Nunavut Housing Corporation should

- clearly identify the information needed to monitor progress made against its objectives and against expected results,
- report on progress for internal and external purposes; and
- send timely reports to stakeholders on results of activities.

Management’s response. *The Corporation agrees with this recommendation and with the importance of performance measurement and reporting results. The Corporation will examine what performance expectations could be set in line with its programs’ objectives, will establish performance indicators, will measure its performance against those indicators, and, finally, will report annually to stakeholders with respect to the objectives.*

Conclusion

109. The Corporation does not ensure that the public housing program is delivered in compliance with its policies and its agreements with community partners. It does not sufficiently monitor the delivery of the program by its community partners.

110. We found that community partners need to include more documentation in the files to support their allocation decisions. We also found that community partners do not fully comply with Corporation policies on applying eligibility criteria and point ratings, allocating units, or rating the condition of units. Furthermore, the Corporation is not meeting its obligation to assess its community partners, which is a key monitoring activity under the agreements between the Corporation and the community partners.

111. The Corporation did not plan and deliver the public housing units in accordance with the Nunavut Housing Trust Delivery Strategy and the Northern Housing Trust. While the Corporation did conduct appropriate consultations and needs assessments for the housing covered by the strategy, it did not consider known risks as it planned to carry out the strategy. As a result, it was not able to meet the construction schedule for the first year.

112. We are concerned that, given the increasing number of housing units to be built over the coming years, the Corporation will continue to find it difficult to meet the goals set out in the Nunavut Housing Trust Delivery Strategy, including

- arranging delivery of 725 new housing units between 2006 and 2010, and
- ensuring that 35 to 40 apprentices in the building trades meet their on-the-job training requirements to become licensed tradespeople.

113. We found that the Corporation does not have a long-term strategic plan in place. Managing its own programs is a significant challenge for the Corporation. Since the Nunavut Housing Trust Delivery Strategy was added to its responsibilities, it is more important than ever for the Corporation to have a strategic plan that clearly describes how it plans to meet the housing needs of Nunavut residents over the long term, with the financial and human resources it has available.

114. The Corporation does not have appropriate governance practices in place to promote good management. The Corporate Executive Committee does not fulfil all of its roles and responsibilities for governing the organization strategically, such as setting long-term goals and priorities; instead, it deals more with operational issues.

115. The Corporation does not report adequately on its results. Because it lacks specific performance measures linked to program objectives, the Corporation is unable to assess and report on improvements in the availability of adequate, suitable, and affordable public housing in Nunavut—which is a central objective of the public housing program.

About the Audit

Objectives

The objectives of the audit were to determine whether the Nunavut Housing Corporation

- ensures that the delivery of the public housing program complies with its own policies and its agreements with community partners;
- adequately planned and delivered new public housing units in Nunavut, according to the Nunavut Housing Trust Delivery Strategy and the Northern Housing Trust Agreement;
- has a long-term strategic plan to meet the needs of Nunavut residents and the appropriate structures to promote good management; and
- has reported fairly on its results.

Scope and approach

We examined the governance structure of the Nunavut Housing Corporation and its performance reporting. The audit also looked at the delivery and management of the Public Housing program and the planning and implementation of the Nunavut Housing Trust Delivery Strategy. The audit did not include the Staff Housing program and Homeownership programs.

We interviewed management and staff at the Corporation's headquarters and at the district offices and community partners we visited, and reviewed documents to obtain information about the systems and policies and procedures in place to manage and deliver the Corporation's public housing program and the Housing Trust Delivery Strategy.

We also selected files from the 2006 and 2007 files of 6 out of 25 community partners (2 in each region) and examined

- 80 applications made by prospective tenants who were at the top of the community partners waiting lists at the time of our review;
- 72 of the most recent community partner allocations decisions of housing to new tenants at the time of our review; and
- condition ratings of 110 out of approximately 4,000 units.

Criteria

In conducting the audit work we expected to find the following:

- The Corporation has a governance structure in place that is clearly articulated and reflects how the organization is managed.
- The Corporation established clear strategic objectives and performance indicators, measures performance against those indicators, and reports on its performance with respect to its objectives; and the information reported is fair for the public housing program.

- The Corporation provides appropriate policies and guidance to local housing organizations (and other delivering bodies) to help ensure consistent and effective management for the delivery of the public housing program, in accordance with established objectives.
- The Corporation monitors the delivery of public housing units by LHOs (and other delivering bodies) in compliance with related policies and agreements.
- The Corporation monitors the maintenance of the public housing units by LHOs (and other delivering bodies) in compliance with related policies and agreements.
- The Corporation has adequately planned, and implemented the delivery of units across the territory in accordance with the Nunavut Housing Trust Delivery Strategy and the Northern Housing Trust.

Audit work completed

Audit work for this report was substantially completed on 21 December 2007.

Audit team

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For information, please contact Communications at 613-995-3708 or 1-888-761-5953 (toll-free).

Appendix List of recommendations

The following is a list of recommendations found in the Report. The number in front of the recommendation indicates the paragraph where it appears in the report. The numbers in parentheses indicate the paragraphs where the topic is discussed.

Recommendation	Response
Management and delivery of the public housing program	
<p>23. The Nunavut Housing Corporation should take steps to ensure that community partners assess applicants against all eligibility criteria and that their applications are supported by the required documentation. (14–22)</p>	<p>The Corporation agrees with the recommendation. The Community Development Officer-Programs are responsible for monitoring the allocation of housing units and rental assessments as well as for the delivery of homeownership programs. The Corporation realizes that both of these roles are very demanding and it needs to review the job functions and related activities to determine if the Program Officer responsibilities should be split between rental housing support and homeownership delivery in order to ensure adequate resources are dedicated to regularly monitor the allocation process. This review will be done in 2008.</p>

Recommendation	Response
<p>31. The Nunavut Housing Corporation should</p> <ul style="list-style-type: none"> • provide consistent training to community partner staff in the correct application of its policies and procedures; • ensure that community partners follow the Corporation's policies in making allocation decisions and documenting those allocation decisions; • perform periodic reviews of applicants' files to confirm that the Point-Rating System is used correctly and that units are allocated correctly; and • clarify the appeal process for applicants and tenants who feel they have been treated unfairly, and clarify the internal corporate procedures for managing the appeal. <p>(24–30)</p>	<p>The Corporation agrees with the recommendation. Training and regular monitoring of the point-rating system should be conducted to determine adherence to the process. The Corporation is planning to hold workshops to train and update Program Officers and Local Housing Organization (LHO) Tenant Relations Officers in Rental Support administration in the near future. This training will include a need for periodic spot checks by program officers on LHO rental files. Applicants who have concerns with point ratings and allocations usually appeal through their locally elected Board of Directors or their members of the legislative assembly (MLA)s or directly to the Corporation. The Corporation will consider clarifying the procedures used to manage the appeal.</p>

Recommendation	Response
<p>41. The Corporation should</p> <ul style="list-style-type: none"> • improve its monitoring of community partners to ensure that they perform the annual property inspections of housing units and provide timely condition rating reports; • perform random property inspections to determine whether condition ratings are appropriate; • ensure that all community partners estimate the costs of maintenance and repairs, enter the estimates in the Corporation’s Maintenance Management Operations System, and use the system to report regularly on their maintenance activities; • provide training on how to use the system, if necessary; and • regularly report to stakeholders on the condition of its public housing stock. 	<p>The Corporation agrees with the recommendations and agrees that regular monitoring and reporting on the condition of public housing stock is a key management responsibility and a critical management tool. The Corporation supports the recommendation to perform random property inspections. In addition, as part of its commitment to monitoring and reporting on the public housing portfolio, the Corporation has contracted a consultant to review and assess the Local Housing Organization (LHO) and/or Corporation usage of the Maintenance Management Operating System (MMOS), inventory controls, and infrastructure support such as warehousing. Training for Corporation technical staff will begin in April 2008. Training for LHO staff will follow. The Corporation will request regular reports from LHOs on the condition of public housing stock. Updated manuals will be produced to facilitate use of MMOS.</p>
<p>(32–40)</p>	
<p>45. The Nunavut Housing Corporation should periodically review its manuals and procedures to ensure that they are complete and up to date. (42–44)</p>	<p>The Corporation agrees with the recommendation that manuals and procedures should be reviewed periodically to ensure that they are complete and up to date. The Corporation revised the Local Housing Organization (LHO) Personnel Manual and distributed it to LHOs in early 2007. The Corporation is currently updating the Tenant Relations Officers Manual as time and resources allow.</p>

Recommendation	Response
<p>52. The Corporation should determine</p> <ul style="list-style-type: none"> • whether it needs all the information required by its agreements with community partners, • how it intends to use that information, • how often and in what form the community partners should report the needed information, and • whether it needs to adjust the agreements accordingly. <p>The Corporation should also</p> <ul style="list-style-type: none"> • complete timely assessment reports on its community partners, • share the information with community partners, and • follow up on any necessary corrective action. <p>(46–51)</p>	<p>The Corporation agrees with the recommendation. The Corporation agrees that it needs to review the types of information required from local housing organizations (LHOs) as well as the timeliness and format of the information. The Corporation is currently conducting an analysis of which LHO reports referenced in the LHO Partnership Agreements are really necessary, and this list will be available later this year. As a result, the Corporation is looking at modifying the level of reporting required from LHOs.</p> <p>The Corporation has engaged contractors to initiate six or seven LHO assessments which should to be completed by the fall of 2008. The Corporation will review these reports, share the reports with community partners, and follow up with corrective action, if necessary.</p>

Recommendation	Response
<p>The Nunavut Housing Trust Delivery Strategy</p> <p>65. The Nunavut Housing Corporation should establish a process to identify what it needs to do to successfully deliver the planned new housing units and the training of apprentices, whether it has the capacity to do it, and what the key risks are, including the</p> <ul style="list-style-type: none"> • availability of contractors, • capacity of contractors or the capacity of community partners to build the housing units on time, and • potential for other problems to develop in the future and how they might be managed. <p>The Corporation should also periodically measure its progress against the objectives of the Nunavut Housing Trust Delivery Strategy and, if necessary, take corrective action or adjust the strategy. (53–64)</p> <p>75. When assessing contract proposals, the Nunavut Housing Corporation should</p> <ul style="list-style-type: none"> • challenge and validate the information provided by bidders, • ensure that it has all the information it needs before it awards the contract, and • document the rationale for the number of points it allocates to proposals when assessing them. <p>(66–74)</p>	<p>The Corporation agrees with the recommendation. The Corporation agrees that there is a need to identify a process for the successful delivery of the Nunavut Housing Trust, to manage the related risks, and to measure the progress of the delivery against the objectives of the Nunavut Housing Trust Delivery Strategy.</p> <p>The Corporation will monitor Nunavut Housing Trust delivery and provide regular reports on Nunavut Housing Trust activities for the 2006–07 and 2007–08 units by community. These reports will allow the Corporation to take corrective action on unexpected issues as they arise, to report on Nunavut Housing Trust progress to the Minister and the Legislature, and to respond to inquiries. In addition to the above, the Corporation has requested a consultant to prepare an evaluation on the efforts to achieve the objectives of the Nunavut Housing Trust. Upon receipt of this report, the Corporation can take corrective action to adjust the strategy so that it can achieve its goals.</p> <p>The Corporation agrees with the recommendation. The Corporation agrees that the process for a Request For Proposal (RFP) evaluation must be thorough. The Corporation has learned from the process used in the 2007–08 fiscal year and has modified its approach to the assessment of the RFPs for the 2008–09 and 2009–10 fiscal years. The Corporation has engaged a consultant to evaluate the 2006–07 and 2007–08 contracting processes for housing materials and marshalling services to determine if the process used was consistent with the Government of Nunavut contracting process. The study is expected to determine whether the Corporation has taken sufficient action to mitigate the risks from unforeseen circumstances. This report is expected by June 2008.</p>

Recommendation	Response
<p>78. When it asks community partners to build new housing units, the Nunavut Housing Corporation should formally clarify the roles and responsibilities of each party, including the source and amount of funding to be provided. (76–77)</p>	<p>The Corporation agrees with the recommendation that the clarification of roles and responsibilities of community partners is important in the delivery of the Nunavut Housing Trust. The Corporation is applying lessons learned in the 2006–07 fiscal year to improve its delivery in communities in 2007–08. This includes improved clarification of roles and responsibilities and additional support and additional consultation on the source and amount of funding to be provided.</p>
<p>83. To meet the training and education objective of the Nunavut Housing Trust Delivery Strategy, the Nunavut Housing Corporation, with the Department of Education, should</p> <ul style="list-style-type: none"> • monitor the hours worked by apprentices, • determine whether they will have the number of hours needed to qualify for training, and • identify any necessary corrective action. <p>(79–82)</p>	<p>The Corporation agrees with the recommendation. The Corporation agrees that meeting the objective to train and graduate 35 to 40 journeypersons (licensed tradespeople) is critical and has set up an Interdepartmental NHT Senior Officials Working Group, which includes Education and Nunavut Arctic College to focus on achieving the objectives of the Nunavut Housing Trust Delivery Strategy. The Corporation will continue to work with the Apprenticeship Branch of the Department of Education to ensure the timely registration of the apprentices, to record the hours they worked, and to provide them with the opportunity to take the apprenticeship courses required for them to progress from level to level in their program and graduate as journeypersons.</p>
<p>89. The Corporation should</p> <ul style="list-style-type: none"> • monitor the progress of all elements of the Nunavut Housing Trust Delivery Strategy and develop a process for reporting complete, up-to-date, and timely internal information; • analyze the results of monitoring and follow up as appropriate (for example, take any necessary corrective action); and • clarify reporting expectations with various stakeholders and develop reports that will address their needs. <p>(84–88)</p>	<p>The Corporation agrees with the recommendation. The Corporation agrees that reporting on the Nunavut Housing Trust Delivery Strategy must be up-to-date and complete. The Corporation will continue to produce regular reports by community on the status of NHT construction, Inuit Employment, and NHT Workforce. These reports are used to brief the Minister, to update Cabinet and the members of the legislative assembly, and to help respond to inquiries as they arise. The NHT Senior Officials Working Group meets monthly to monitor the progress and implementation of the Housing Trust Strategy, address issues, and recommend corrective action.</p>

Recommendation	Response
<p>Planning and reporting</p> <p>96. The Nunavut Housing Corporation should finalize its overall housing strategy as soon as possible. In the strategy, the Corporation should clearly describe how it plans to meet all Nunavummiut housing needs over the long term, through the delivery of existing programs and services. It should also incorporate these plans in its business plan.</p>	<p>The Corporation agrees with the recommendation that the finalization of a housing strategy to meet the housing needs of Nunavummiut is important. Currently, the Corporation is working with a proponent on their proposal and expects a report in the fall of 2008.</p>
<p>(90–95)</p> <p>101. The Nunavut Housing Corporation should</p> <ul style="list-style-type: none"> • review the mandate and terms of reference for the Corporate Executive Committee to determine whether any changes are needed; • ensure that the CEC’s mandate is being met; • review the role of the Senior Management Committee and determine whether any changes are needed; and • ensure that agendas for committee meetings are prepared in advance and that minutes are kept, so key decisions are documented and approved. 	<p>The Corporation agrees with the recommendation and is undertaking a review of the terms of reference for the Corporate Executive Committee (CEC) in relation to the changing nature of the relationship with the Government of Nunavut, the Financial Management Board, Cabinet, and the Crown Agency Council. The Corporation keeps comprehensive agendas, minutes, and records of decisions for the Corporate Executive Committee and ensures that agendas, minutes, and decision papers are circulated prior to meetings. The Corporation will review the role of the Senior Management Committee, which presently is to discuss and provide input on the Corporation’s overall direction. The Corporation keeps and circulates agendas, minutes, and action items for Face-to-Face Senior Management Committee meetings (discussion forums) and monitors and tracks the progress of the action items. Any decisions made during these meetings will be documented or formally forwarded to the CEC for approval.</p>
<p>(97–100)</p>	

Recommendation	Response
<p>108. The Nunavut Housing Corporation should</p> <ul style="list-style-type: none"> • clearly identify the information needed to monitor progress made against its objectives and against expected results, • report on progress for internal and external purposes; and • send timely reports to stakeholders on results of activities. <p>(102–107)</p>	<p>The Corporation agrees with this recommendation and with the importance of performance measurement and reporting results. The Corporation will examine what performance expectations could be set in line with its programs' objectives, will establish performance indicators, will measure its performance against those indicators, and, finally, will report annually to stakeholders with respect to the objectives.</p>