

Social Services

11

Main points	122
Introduction	123
Special purpose funds and Crown agency	123
Saskatchewan Housing Corporation	123
Audit conclusions	124
Capital asset plan—a follow-up.....	124
Background.....	124
Summary findings	125
Long-term capital plan being updated.....	125

Main points

The Ministry of Social Services works with the Saskatchewan Housing Corporation (SHC) to provide affordable and adequate housing. SHC manages a significant housing portfolio for the Government. To sustain its portfolio over the long term, SHC must have a good capital asset plan.

In 2004, we reported that SHC needed to improve its capital asset plan. Since that time, SHC has improved its capital asset plan, but more work remains. SHC needs to continue its work on setting measures, baselines, and targets related to the condition of its housing portfolio.

Introduction

The mandate of the Ministry of Social Services (Ministry) is to support citizens at-risk as they work to build better lives for themselves through economic independence, strong families, and strong community organizations. The Ministry assists these efforts through income support, child and family services, support for persons with disabilities, efforts to develop affordable housing, and by building greater capacity in community-based organizations.¹

In 2008-09, the Ministry received \$677 million from the General Revenue Fund to deliver its programs and had revenues of \$25 million. Information about the Ministry's revenues and expenses appears in its annual report (see www.socialservices.gov.sk.ca).

Special purpose funds and Crown agency

The Ministry is responsible for the following special purpose funds and Crown agency:

	<u>Year-End</u>
Social Services Central Trust Account	March 31
Valley View Trust Accounts and Fund	March 31
Saskatchewan Housing Corporation	December 31

We reported the results of our audits of the Ministry, the Social Services Central Trust Account, and the Valley View Trust Accounts and Fund in our 2009 Report – Volume 3. This chapter includes the results of our audit of the Saskatchewan Housing Corporation (SHC) and follow-up of previous recommendations related to SHC.

Saskatchewan Housing Corporation

The Saskatchewan Housing Corporation (SHC) works with the Ministry of Social Services to provide affordable and adequate housing.

¹ Ministry of Social Services Annual Report, 2008-09.

Audit conclusions

Our Office worked with KPMG LLP, appointed auditor for SHC using the framework recommended by the *Report of the Task Force on the Roles Responsibilities and Duties of Auditors*.²

In our opinion, for the year ended December 31, 2009:

- ♦ **SHC had adequate rules and procedures to safeguard public resources**
- ♦ **SHC complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing**
- ♦ **SHC's financial statements are reliable**

The next section describes the results of our follow-up of SHC's actions on a recommendation that we made in 2004.

Capital asset plan—a follow-up

Background

SHC's housing portfolio consists of approximately 31,000 rental and homeowner housing units in more than 300 communities across Saskatchewan. Out of those, SHC owns approximately 19,000 of the units with an estimated replacement value of \$3.1 billion. Most of these owned units were constructed over 30 years ago.

The majority of the housing portfolio is locally managed, with SHC directly managing only about three per cent of the portfolio. SHC's housing authorities manage nearly 60 per cent of the housing portfolio, with the remaining 37 per cent of the portfolio owned and managed by non-profit and co-operative groups and the private sector.³

² Available at www.auditor.sk.ca/rrd.html.

³ *Saskatchewan Housing Corporation – An agency of Social Services, 2008 Annual Report*. pp 7, 15.

Summary findings

In 2004, we assessed the adequacy of SHC's capital asset plan. Our 2004 Report – Volume 1, Chapter 15 (pp. 207-217) concluded that SHC's capital asset plan was adequate for decision making except that it did not include how SHC expects to determine and measure how well it sustains the housing portfolio over the long term. We made one recommendation.

We recommended that SHC's capital asset plan show:

- ◆ the specific measures SHC would use to determine appropriate size, mix, and condition of the housing portfolio (i.e., performance measures)
- ◆ the starting point of each measure (i.e., baseline)
- ◆ what SHC expects to achieve with the housing portfolio and by when (i.e., targets)

In September 2004, the Standing Committee on Public Accounts agreed with this recommendation. In our 2007 Report – Volume 3 (Chapter 5), we reported that SHC, at October 2007, had partially implemented the recommendation.

SHC had set measures, baselines, and targets related to the size and mix of the housing portfolio but had not done so for the condition of the portfolio.

As noted below, SHC continues to make progress on improving its capital asset plan but more work remains, therefore, our recommendation continues.

The following section sets out SHC's key actions from October 2007 to December 31, 2009 related to implementing the outstanding recommendation.

Long-term capital plan being updated

SHC is updating its long-term capital plan so that it undertakes reinvestments in housing assets on a prioritized and planned basis.

Currently, SHC's housing units that are deemed to be part of SHC's active rental portfolio must meet minimum health and safety standards set by governing authorities (e.g., municipalities). SHC has drafted building maintenance standards for its housing portfolio. These standards include the minimum health and safety standards. At December 2009, SHC was ranking these standards to identify the most critical ones. Once the standards are finalized and approved by senior management, SHC expects to use them to measure the condition of its housing portfolio and to set specific related targets.

SHC recognized that it needs additional information on the condition of housing units to make and support decisions about its capital asset plan. At December 2009, SHC is in the process of collecting information on the condition of each housing unit through use of recently developed standard data collection sheets. Also, SHC is currently determining how best to electronically capture and report on the data collected.

SHC expects that its long-term capital plan, once updated, will help ensure that SHC's housing portfolio provides safe, secure, and affordable housing.