Financial Systems and Operational Review of BC Housing

10 May 2022

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Executive summary

Over the last few years, BC Housing's scope of work and programs, and associated funding and financing have grown substantially. In 2020/21, BC Housing's expenditures and revenues were $1.9 billion, up from $782 million in 2017/18. Most of this growth is attributable to government commitments through *Homes for B.C.: A 30-Point Plan for Housing Affordability in British Columbia*. This plan was supported through a $7 billion increase in funding for BC Housing over 10 years (until 2027/28). The Crown corporation was also given expanded access to borrowing capacity – from $165 million to $2.8 billion over this same time. This increase has resulted in a tremendous expansion to the organization's mandate over a short period of time and required rapid growth within the organization to deliver. Within this context, the Government of BC wishes to ensure that BC Housing has appropriate governance and organizational capacity to support its mandate and work, including the financial systems and processes in place to support accurate and effective financial reporting to government and accountability to the public.

Housing is an essential service and is established as a top priority by the government; the impact of the COVID-19 pandemic on housing has been significant. The province is experiencing an increase in homelessness and encampments, as well as navigating the complexity of delivering social housing for clients with mental health and addiction issues. An increasingly competitive job market also creates additional challenges with turnover and retention, impacting corporate knowledge and building capacity. These factors impact BC Housing as well as its non-profit partner organizations who are responsible for delivering housing services. The combination of these environmental and market factors on BC Housing are considered in greater detail throughout the findings and recommendations, with a specific emphasis on identifying opportunities to gain efficiencies and creating more capacity within BC Housing.

Scope and approach

This Financial Systems and Operational Review of BC Housing considered the current state and strategic context within which BC Housing operates, evaluated its financial systems, governance, corporate strategy, and organizational structure to ensure appropriate oversight and delivery of the Building BC, HousingHub and homelessness programs. The insights and recommendations coming out of this review identify opportunities to improve BC Housing's overall service delivery through efficiencies and value realized, and its reporting relationship to government as its sole shareholder.

The approach included interviews to identify the highest risk and highest opportunity areas for improvement, documentation review to substantiate and identify additional risks and opportunities, walkthroughs to observe current state processes and assess their design, consultations with subject matter resources to compare policies and processes against best practices and benchmark against similar organizations, and a root cause analysis to identify the drivers behind current challenges.

Findings and recommendations

During the review, five key themes emerged: governance, strategic planning and business integration, people, program design, and project administration processes. While the first four span the organization and are more strategic in their focus, project administration processes are more tactical and operational in nature. A total of 26 findings and 44 recommendations are included in this report for consideration and are summarized below.

Financial systems review

Roles and responsibilities are unclear – both with the government shareholder as well as within BC Housing. Recommendations have been made to strengthen governance and oversight and create greater alignment between BC Housing and its shareholder.

The shareholder and BC Housing define and manage risks in different ways. Alignment between these approaches (including financial thresholds, approval process timelines, risk areas and triggers requiring escalation) would enable more effective governance. For example, timelines and thresholds should allow for Treasury Board Staff (TBS) review *after* BC Housing has conducted their diligence and BC Housing should be conducting due diligence on risk areas being reviewed by TBS.

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Investments in IT infrastructure and resources have been limited, resulting in disparate systems that are not meeting the needs of the functional areas. Most interviews raised technology as a pain point, with opportunities to leverage technology improvements to streamline processes, decrease effort spent on reconciling reports, mitigate risks by reducing the use of tools such as Excel, which have limited processing and reporting capabilities, and enhance reporting through effective IT and data governance.

The BC Housing Finance branch is centralized with limited integration with the Development Services & Asset Strategies (DAS) and Operations branches. This has created challenges incorporating operational inputs into corporate processes such as cashflow forecasting, and operational challenges for processes requiring finance partnership. Finance performs the role of scorekeeper, reporter and controller and there is an opportunity to deliver more value as a strategic business partner.

Project administration processes are largely undocumented and do not apply a risk-based approach. In some instances, subjective evaluation can be better documented. There is an opportunity to enhance risk mitigation to create additional capacity within the organization through implementation of the recommendations outlined within this report.

Operational review

BC Housing employees are dedicated and mission driven. As the mandate of BC Housing has evolved, roles and responsibilities have been updated; however, there is an opportunity to streamline processes, reduce duplication in the organizational structure and increase clarity in accountabilities. Recruitment and retention challenges are increasing pressures on staff, and most interviews cited capacity constraints across the organization as a key risk to delivering the Building BC and HousingHub programs; however, there are significant opportunities for efficiencies to be created through better IT and data governance, improved IT systems, and alignment of processes which may mitigate some of these constraints.

The organizational structure of BC Housing results in a siloed approach to delivery, both at the strategic and operational day-to-day levels. This impacts BC Housing's ability to effectively share knowledge and expertise across the organization, and support services such as Finance and IMT are not leveraged as strategic partners to the DAS and Operations branches.

Overall, BC Housing's strategic priorities are aligned with government; however, improvements to BC Housing's strategic planning process to better integrate branches, develop meaningful performance measures and targets, and define what priorities mean for every branch, would increase BC Housing's overall effectiveness.

Aligning on program goals, outcomes and performance measures from the outset would enable effective performance reporting and improve the quality of insights that could inform future policy or provincial priorities. Agreement on parameters for which BC Housing can operate within will support avoiding downstream confusion in administration responsibilities and reporting.

As noted above, systems are not meeting the needs of the functional areas and there is no formalized data governance in place, limiting BC Housing's ability to optimize technology and increasing effort to perform analysis and create reports.

BC Housing delivers 80-85% of services through non-profit housing providers and current oversight processes for these providers are manual in nature with limited ability to objectively assess provider performance (financial and non-financial) and manage overall risk.

Implementation roadmap

To support implementation planning, recommendations have been assigned a complexity and impact rating, as well as an estimated timeframe and lead stakeholder group. The high-level implementation roadmap is presented below, with details in the 'Prioritization and implementation' section of this report, as well as Appendix E.

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Actions

Timeline to implement

Time		Actions
	Quick wins (3-6 months)	– Some documentation gaps addressed – Current reporting requests consolidated – Some control weaknesses addressed – Some policies updated – Strategic ExCom meetings established
	Short term (6-12 months)	– Roles and responsibilities defined for shareholder and BC Housing – Project management methodology adopted – Additional control weaknesses addressed – Some processes updated
	Medium-term (12-24 months)	– Strategic planning and monitoring process improved – Organizational structure deep dive conducted – Performance management framework enhanced – Data governance framework designed – Some processes redesigned – Move away from manual spreadsheets
	Long term (24+months)	– Performance management further refined – Degree of cross-branch integration increased – Sustainable capital planning mechanisms implemented

Implementing the recommendations will support BC Housing and its shareholder to achieve a target state that is characterized by effective and responsive governance and controls, collaborative and open relationships, clear roles and responsibilities, robust performance management and data driven decision making, and technology that meets the needs of the users.

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Introduction

Oversight of BC Housing is provided by the Ministry responsible for Housing (MRH), Treasury Board and Treasury Board Staff (TBS) and the Crown Agencies Secretariat (CAS) in the Ministry of Finance. MRH, CAS, TBS and Treasury Board are herein referred to as the government shareholder (the shareholder). BC Housing has a broad scope and mandate with services delivered across the province and is one of the largest housing development organizations in Canada. BC Housing has been tasked with delivering services within a progressive and ambitious housing policy as reflected in government mandate letter direction, which includes meeting specific affordable and social housing targets through Building BC programs and delivering more affordable housing through HousingHub partnerships.

Over the last few years, BC Housing's scope of work and programs, and associated funding and financing have grown substantially. In 2020/21, BC Housing's expenditures and revenues were $1.9 billion, up from $782 million in 2017/18. Most of this growth is attributable to government commitments through *Homes for B.C.: A 30-Point Plan for Housing Affordability in British Columbia*. This plan was supported through a $7 billion increase in funding for BC Housing over 10 years (until 2027/28). The Crown corporation was also given expanded access to borrowing capacity – from $165 million to $2.8 billion over this same time.

Within this context, government wants to ensure that BC Housing has appropriate governance and organizational capacity to support its mandate and work, and the financial systems and processes in place to support accurate and effective financial reporting to government and accountability to the public. This review is a crucial step towards achieving government's progressive and ambitious housing agenda. The insights and recommendations coming out of this review will identify opportunities to improve BC Housing's overall service delivery and reporting to the government and accountability to the public.

Scope and approach

This Financial Systems and Operational Review of BC Housing considered the current state and strategic context within which BC Housing operates, evaluated its financial systems, governance, corporate strategy, and organizational structure to ensure appropriate oversight and delivery of the Building BC, HousingHub and homelessness programs.

The approach to this review included interviews, documentation review, walkthroughs and consultations with subject matter resources as outlined below:

- **Interviews** were conducted to identify the highest risk and highest opportunity areas for improvement. Interviewees included BC Housing executives, former BC Housing executives, select BC Housing board members, individuals from government (Treasury Board Staff, Ministry responsible for Housing, and the Crown Agencies Secretariat), and select director and manager level resources within BC Housing, as required, to obtain additional detail on specific topic areas and processes. Over 70 individuals were interviewed as a part of this review. A complete list of interviewees can be found in appendix B.

- **Documentation review** was conducted to substantiate and identify additional risks and opportunities. The reviews included documentation relevant to governance and financial systems such as strategies, frameworks, policies, procedures, delegated financial authorities, and meeting minutes. Documentation was provided by BC Housing as well as government. Review of documentation informed follow up inquiries, identification of risks and efficiencies, and further substantiation to challenges and opportunities identified in interviews.

- **Walkthroughs** were performed on six different programs or processes. They were designed to observe current state processes and assess their design to identify risks and opportunities for improvement. An overview of the population groups leveraged to select a sample for walkthrough can be found in appendix C. The walkthroughs identified included a HousingHub project, a Provincial Rental Housing Corporation (PRHC) led Building BC project, a non-profit-led Building BC project, a Capital Renewal Fund approval, an operating subsidy file, and an acquisition. Walkthrough documentation was reviewed for each sample selected to understand the detailed process as it related

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to approvals, how they were documented, and interaction with BC Housing systems (how data is stored and accessed).

- **Consultations with subject matter resources** were leveraged to compare policies and processes against best practices within similar organizations as well as to support the identification of root causes through analysis to identify the driver behind current challenges.

The scope of this review focused on BC Housing, and did not extend to those whom BC Housing serves or include interviews with the organizations that BC Housing works with to provide services. There may be value in performing this type of external review at some point in the future, particularly once many of the opportunities for improvement noted in this report have been addressed. Given the breadth of this review and the large number of documents and interviewees, there was a high likelihood that issues may have been brought to our attention outside of the scope of this review. As such, any items that came to our attention that were outside of our defined scope, were brought to the attention of the shareholder for follow up.

How to read this report

The findings and recommendations are grouped into one of the five thematic areas listed below. Each thematic area represents a different section of this report and includes a description of the current state context and observations that are required to understand the findings and recommendations presented.

	Governance	Assessment of governance model to ascertain effectiveness and if it is operating as designed. This included a review of internal governance, and oversight of BC Housing provided by government.
	Strategic planning and business integration	Review of the strategic planning process, allocation of resources, and how the strategic priorities are cascaded throughout the organization. This included an assessment of how support services enable the delivery of the broader mandate.
	People	Review of the organization structure, culture, and capacity to ascertain if BC Housing is structured effectively.
	Program design	Assessment of program design, including the definition of success and ongoing performance management, impacts to existing programs or priorities, and the activities BC Housing will perform to drive outcomes.

While each of the above four thematic areas span across the organization and are more strategic in their focus, the following thematic area: project administration processes, is more tactical and operational in nature.

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Project administration processes

Review of core financial and business processes and controls specific to the types of projects in scope for this review:

Capital projects for creation of new stock

Capital projects – repairs (>$5,000 for existing stock)

Operating subsidies to maintain delivery of existing stock

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Background and context

Housing is an essential service and is established as a top priority by the government; the impact of the COVID-19 pandemic on housing has been significant. The province is experiencing an increase in homelessness and encampments, as well as navigating the complexity of delivering social housing for clients with mental health and addiction issues. An increasingly competitive job market also creates additional challenges with turnover and retention, causing additional impacts related to maintaining corporate knowledge and building capacity. These factors impact BC Housing as well as its non-profit partner organizations who are responsible for delivering housing services. The combination of these environmental and market factors on BC Housing will be considered in greater detail throughout the findings and recommendations, with a specific emphasis on identifying opportunities to gain efficiencies and creating more capacity within BC Housing.

Organizational structure and functional areas

BC Housing is accountable to a Board of Commissioners (the BC Housing Board) appointed by the Lieutenant Governor in Council, and (as a Crown corporation) to the government through the Minister Responsible for Housing. The BC Housing Board delegates responsibility for the day-to-day leadership and management of BC Housing to the CEO, who is supported by six executives forming the executive team and executive committee (ExCom).

Each executive leads a portfolio of activities; descriptions of these portfolios are outlined below, as described in interviews with BC Housing executives and supporting documentation review:

Title	High level overview of scope
Delivery-focused portfolios – portfolios which are directly focused on delivering housing and achieving the mandate as set out by government.	
Vice-President of Operations	• Provision of access to existing subsidized housing through the Housing Registry. • Property management, tenant relations and community development programs for tenants in directly managed housing stock. • Operational, budgetary, and financial review processes with non-profit and co-op housing providers. • Administration of PRHC group homes on behalf of sponsoring ministries. • Program delivery including Shelter Aid for Elderly Residents, Rental Assistance Program, Homeless Outreach Program, Emergency Shelter Program, Extreme Weather Response Program, Women's Transition Housing and Supports programs. • Housing and service agreements with non-profit and community organizations including the management and oversight of non-profit providers. • Implementation of agreements for ongoing operation.
Vice-President of Development Services and Asset Strategies	• New housing creation through a range of programs including Building BC and HousingHub. • Social housing stock redevelopment, improvement and sustainability including major repairs, renovation, capital improvement and energy retrofit projects. • Construction and energy efficiency strategies and standards used in the development of subsidized housing. • Building design and construction guidelines. • Piloting innovative housing models. • Real estate services.

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	Support service portfolios – portfolios which are indirectly focused on achieving the mandate by supporting delivery-focused portfolios with business and government specific expertise.
Vice-President of Human Resources	• Recruitment and hiring of new employees. • Labour negotiations and employee relations. • Compensation and organization design. • Pay and benefits. • Human resources information systems and data management. • Occupational health and safety. • Employee learning, leadership, engagement, and retention strategies.
Vice-President of Strategic Business Operations and Performance	• Research, corporate strategy and planning, program planning, and enterprise risk management lead. • Security and emergency services including disaster response and business continuity planning. • Sustainability and resilience strategy to meet BC Housing's sustainability goals. • Homeless response strategy including plans to move people from encampments, defining leading practices and developing the overall strategy. • Organizational performance management.
Vice-President of Corporate Services and Chief Financial Officer (CFO)	• Finance, lending and legal services, and internal audit and advisory services. • Mortgage administration. • Information Management & Technology (including reporting oversight of the Chief Information Officer [CIO], who is a member of ExCom). • Freedom of Information and Protection of Privacy Act (FIPPA). • Business support services. • Supply chain management.
Vice-President of Communications	• Internal and external communication strategies. • Housing events and conferences. • Ground breaking and opening ceremonies for new housing developments.

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Program overview

BC Housing provides services across the entire housing spectrum, from the most vulnerable populations, such as addressing homelessness (depicted on the far left of the spectrum in Figure 1 below), through to providing affordable homeownership opportunities for British Columbians (on the far right of the housing spectrum). Building BC and HousingHub programs are targeted to specific areas of the spectrum, as outlined in Figure 1.

Figure 1: Housing spectrum (Source: BC Housing)

New programs are established by government to support strategic housing priorities for the province. Interviews noted that there are currently multiple different funding programs, including the current programs as well as several legacy programs, each with their own requirements, terms and conditions. BC Housing is in year six of a program reform initiative to increase alignment of terms and conditions across programs.

BC Housing also receives funding via the Pandemic Recovery Fund to support the provincial response to COVID-19. This funding is distinct from Building BC and financing provided through HousingHub.

Building BC programs

Community Housing Fund (CHF) – an investment of $1.9 billion over 10 years to deliver 14,350 affordable new rental homes, built through partnerships with municipalities, non-profit housing providers, housing co-operatives, and Indigenous organizations.

Women's Transition Housing Fund (WTHF) –an investment of $734 million over 10 years to build and operate 1,500 new units of housing for women, including transition houses, safe homes, second stage, and long-term housing.

Supportive Housing Fund (SHF) - an investment of $1.2 billion over 10 years to deliver an additional 2,500 new homes with 24/7 support services for people who are experiencing homelessness or who are at risk of homelessness.

Indigenous Housing Fund (IHF) - an investment of $550 million over 10 years to build and operate 1,750 new units of social housing both on- and off-reserve.

Rapid response to Homelessness (RRH) – an investment of $291 million to build over 2,000 modular supportive housing units across B.C. for people who are homeless or at risk of homelessness. This initiative will deliver a mix of permanent and temporary units and is a response to the growing issue of homelessness in communities throughout B.C. People living on the street and those in shelters will have priority for this initiative.

HousingHub programs

HousingHub is a 10-year program that encourages developers and community groups to build new homes for middle-income households (those with average annual income of $99,000) by providing loans with lower interest rates than would be otherwise available in the market. In return, developers commit to pass these construction cost savings through to tenants and prospective homeowners in the form of more affordable rents and homeownership opportunities. Rents or the costs of HousingHub homes offered for purchase must be at or below market rate and must remain affordable for a minimum of 10 years. These loans are repaid once construction is complete.

Projects are delivered under the *Provincial Rental Supply Program* or the *Affordable Home Ownership Program* and can be either new construction projects or the redevelopment of existing sites. The government

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has provided BC Housing with access to a $2.0 billion lending facility (until March 31, 2028) to support this program.

Capital Renewal Fund

Capital Renewal Fund (CRF) - Capital repairs and renovations are funded through the CRF. This annual funding is fixed and equates to approximately $46 million for PRHC projects and $89 million for non-profit projects.

Project approval overview

Projects that are eligible for funding through Building BC programs and/or financing through the HousingHub require different approvals based on the total capital budget. Within BC Housing, all capital projects greater than $250,000 require ExCom approval; the Capital Review Committee must review and recommend Board approval for all projects exceeding $35 million, or projects that meet certain criteria in the Terms of Reference (TOR). In addition to project approvals by BC Housing, projects exceeding certain financial thresholds are also subject to additional review and approval by the MRH, Treasury Board Staff (TBS), and Treasury Board.

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Findings and recommendations

Findings and recommendations have been grouped into one of five thematic areas: governance, strategic planning and business integration, people and organizational structure, program design, and project administration processes. Each thematic area of the report includes a description of the current state context and observations required to understand the findings and recommendations.

Recommendations outlined within each section are later prioritized into a roadmap with considerations to support implementation planning.

1. Governance

Provincial oversight over BC Housing

BC Housing is governed by the British Columbia Housing Management Commission Regulation under the *Ministry of Lands, Parks and Housing Act* which outlines the mandate and powers of the Crown corporation, including its powers to manage housing and developments, acquire, construct, repair, manage, renovate, and maintain housing, purchase, or otherwise acquire, lease, sublease and dispose of real property and premises and make loans, amongst other responsibilities. The Regulation also outlines the responsibility that BC Housing must provide accurate and timely financial records at the request of the MRH.

Starting with Budget 2018, BC Housing has seen a significant infusion of funding from the government which has been coupled with greater oversight and reporting demands from the province

In addition to the oversight provided by the MRH, TBS, Treasury Board, CAS and the BC Housing Board all have a role in oversight.

In September 2021, on direction of the Minister Responsible for Housing established a new Shareholder's Committee with members from CAS, MRH, and BC Housing. This new committee's mandate is to develop and deliver strategies to improve the effectiveness of housing services to support government objectives and the long term-financial sustainability of BC Housing. The Shareholder's Committee is supported by the Executive Support Committee, and a staff-level Working Group structure -- each having representation from CAS, MRH and BC Housing. At the time of our review, the terms of reference for this Committee and the working groups reporting into this committee were in the process of being defined. The draft structure is outlined in Figure 2 below.

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Figure 2: Shareholder's committee and working group structure

In discussions with employees from within BC Housing as well as the shareholder, we noted governance roles, responsibilities, accountabilities, and reporting requirements are unclear. More specifically, there is lack of clarity on how the oversight accountabilities, roles and responsibilities are shared between MRH, TBS, and CAS. This has resulted in confusion within BC Housing of which organization they report into for what areas and has further impacts in managing ongoing and ad hoc reporting requests.

An additional area of considerable uncertainty is the roles and responsibilities associated with "policy setting". Although it is well understood that MRH has ultimate responsibility for provincial housing policy, working in collaboration with BC Housing on policy development, interviews indicated a lack of clarity in precisely what constitutes policy, for example: whether BC Housing's allocation or reallocation of spending across programs to meet the needs of vulnerable populations would constitute a form of changing policy direction. BC Housing also has a research team working under the direction of the Vice-President of Strategic Business Operations and Performance who has responsibilities associated with planning and identifying the needs of the community and areas of growth for the organization.

There is also limited understanding of the areas of flexibility afforded to BC Housing to execute their mandate as a Crown corporation, and uncertainty between parties on oversight and reporting requirements. This lack of clarity impacts the effectiveness of the review and approval processes. Reviews identifying misalignment of projects to policy or government priorities during the Final Project Approval submission are often too late to make a meaningful impact or to make a change without significant rework. These issues are more effectively addressed by ensuring clarity of roles and responsibilities and ongoing communication, for example through the Shareholder's Committee.

Finding	Impact
Roles, responsibilities, and accountabilities of both the government shareholder (CAS, MRH, Treasury Board and TBS) and BC Housing are unclear.	There is a risk that policy setting and oversight responsibilities are duplicated, contain gaps, or are not tailored to focus on higher risks. This could result in inefficiencies and additional reporting burden on BC Housing.

Recommendation

1-1: The Policy Working Group under the Shareholder's Committee should work to clearly define "policy," including agreement on parameters, areas where BC Housing has flexibility in execution, and areas where escalation or consultation with the shareholder is required. (Recommendations pertaining to the process for defining program outcomes, activities, and performance metrics are discussed in more detail in the 'Program design' section of this report).

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1-2: The Shareholder's Committee should review reporting requirements of BC Housing to gain a fulsome perspective of what the shareholder is asking for to standardize and consolidate requests and reduce ad hoc requests where possible.

The BC Housing Board is supported by four committees, comprised of members of the Board, as outlined in Figure 3. The four committees review and provide recommendations for approval by the BC Housing Board and include: the Audit and Risk Management (ARM) Committee, the Governance and Human Resources Committee, the Capital Review Committee (CRC), and the Community Relations Committee. The CRC is specifically responsible for capital project oversight and executes this through review and recommendations to the DAS Delivery Plan', review DAS Delivery Quarterly Reports, and project reviews resulting in a recommendation for approval to the BC Housing Board.
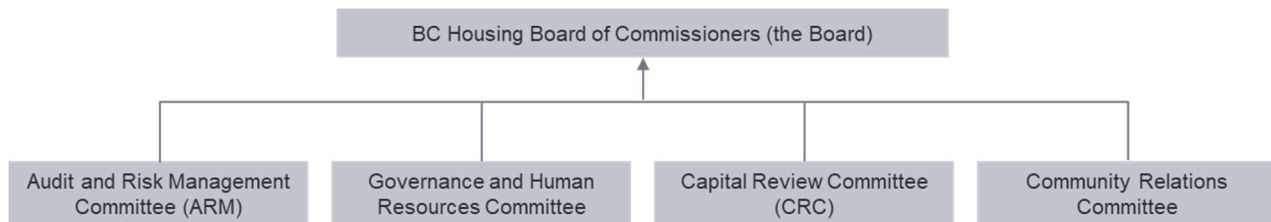

Figure 3: The BC Housing Board is supported by four committees

The financial thresholds and associated reporting requirements between BC Housing's internal governance structures, and the shareholder are not aligned.

Contents of project risk reporting between BC Housing's CRC and MRH also differ. For instance, the project risk screens required by Treasury Board through TBS identify procurement strategy as a risk area that must be reported to MRH. This is not an area specifically identified as requiring oversight from the CRC and as such, was omitted from the project submissions to the CRC. This misalignment creates additional governance complexity for BC Housing employees preparing project submissions and increases manual reviews and checks for different requirements, offering an opportunity for efficiencies to be gained (such as, if the CRC submission templates are aligned to the requirements of the shareholder, only one submission would need to be prepared). Additionally, this creates differences in how project risks are defined by the shareholder and BC Housing and as a result, in some instances projects could be reviewed by MRH and TBS prior to the CRC review and Board approval. For example, project risk assessments for MRH and TBS include a specific requirement to identify and address procurement strategy and associated risks; however, within the BC Housing Board submission template, it more generally requires identifying project risks. It is not clear in how these templates are completed whether procurement risk is not identified because it is not a risk, or if it was not assessed. BC Housing Board templates are inconsistent in how they are completed, some only identify residual risks, and others include risks and mitigations.

Risk profiles and mitigations identified in the risk screening tool are used for the purposes of identifying whether the submission requires Treasury Board approval or review. However, we did not identify a clear linkage from the risk mitigation activities identified in the risk assessments as a part of project approval submissions to the overall project management and execution of the project. BC Housing employees interviewed during the walkthroughs identified different methods (both formal and informal) for tracking outstanding due diligence and risk mitigation activities to be completed. There were no formal reporting requirements outlined or executed for the activities identified.

The shareholder currently reviews projects at the Final Project Approval stage. Some interviewees suggested the shareholder review should be performed earlier in the process. However, the risk assessment approach considers projects with immature scope and design to be higher risk, therefore any changes to the review process should consider the associated increased reporting load. If reporting changes are contemplated to be made to request reviews earlier in the process, the impact of this on the risk assessment and overall increased reporting should be factored in.

Finding	Impact
Financial approval and project risk reporting thresholds agreed to between the government shareholder and BC Housing are not aligned.	There is a risk that misalignment of thresholds will cause inefficiencies and re-work in project reporting due to differences in reporting templates.

Recommendation

1-3: The Capital/Finance Working Group and the Shareholder's Committee should revisit project risk definitions, financial thresholds and reporting templates between BC Housing internal governance and the government shareholder to determine if there are opportunities to better align.

1-4: The Minister responsible for Housing should consider directing the BC Housing Board to include a senior government executive as a Board Observer to improve communication between BC Housing and the shareholder.

1-5: Where risk and mitigations are identified in the ExCom submissions and/or in the Project Risk Screen submitted to MRH and TBS, BC Housing should ensure a procedure or process is in place that formalizes the incorporation of these risk mitigations and into the Project Risk Register to formalize ongoing risk management.

BC Housing internal governance

In addition to Treasury Board oversight and authorities, BC Housing has additional internal governance structures in alignment with financial thresholds.

Management decision-making is governed by ExCom. ExCom has responsibilities to monitor progress on corporate priorities and approve major program and project expenditures. Specifically, its role in the approval process applies with operating expenditures starting at $250,000 and to review all capital projects prior to the CRC and Board submission. Roles and responsibilities pertaining to financial planning and reporting for the non-profit and co-op housing providers are defined through the operator agreements, the financial review process information published online, and the Non-Profit Portfolio Managers (NPPM) or Supportive Housing Advisor (SHA) relationship, depending on what type of housing is delivered by the provider.

In reviewing a sample of Board materials from the past six months, the BC Housing Board and the CRC were observed to be carrying out their mandates as per their Terms of Reference. Specifically, capital projects submitted to the CRC and Board of Commissioners provide a detailed package of information that includes current situation, project summary, need and demand analysis, partnership model, non-profit partner profile, units and affordability, financial implications (capital budget and operating budget), project risk, and schedule.

We did not observe a Terms of Reference for the PRHC Board or BC Housing's Executive Committee. Formalizing roles, responsibilities and objectives of the committees could support internal governance and strategic planning (outlined in greater detail in the 'Strategic planning and business integration' section of this report).

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Finding	Impact
There are no documented Terms of Reference for ExCom or the PRHC Board.	Unclear roles, responsibilities, and decision-making capabilities potentially impact BC Housing's ability to manage risk, and effectively integrate ongoing management with the BC Housing Board and other governance committees.

Recommendation
1-6: Terms of Reference should be developed for ExCom and PRHC that outline their approval authorities including clarity on membership and required quorum for approvals.

The PRHC was created as a landholding corporation for social and other low-cost housing for the province; it is a separate legal entity from BC Housing, but is governed by a Board of Directors (the PRHC Board) which is comprised of BC Housing's executive management team. The president of the PRHC Board is the CEO of BC Housing; the PRHC has no employees. Social housing owned by the PRHC is either directly managed by BC Housing, operated by a non-profit housing provider on behalf of BC Housing, or is under a long-term lease to a non-profit housing provider who owns and operates social housing. Given that PRHC is essentially a legal entity with no employees it does not contribute to significant additional administrative overhead, as such the review did not note any compelling reasons to change the current structure.

The sample of ExCom materials reviewed was inconsistent in level of detail and completeness related to risk documentation. They did not always clearly identify risk level (high, medium, or low) and mitigation activities, and it was unclear if the risks presented are at an acceptable level or if further mitigation is required. Where mitigation was identified, it was not clear when the mitigation needed to be completed and by whom. It was observed that all submissions reviewed contained capital cost per unit and per unit per month (PUPM) subsidy information, however, this was not presented alongside the benchmark and as such makes it more difficult for ExCom, the CRC, or the BC Housing Board to determine the financial impact of the project against the program framework targets.

It was also noted that in some Preliminary Project Approval (PPA) submissions to ExCom, follow up actions are documented in terms and conditions but also embedded in the project summary text throughout the submission making the tracking of completed action items difficult to follow and informal. BC Housing employees stated that it would be the responsibility of the Development Manager to ensure completion of the action items.

Finding	Impact
Through review of ExCom materials, inconsistencies were noted in how templates and forms were completed to communicate risk assessment and mitigations.	Potential that high-risk areas may be missed or go unmitigated. There is an opportunity for efficiency as low risk areas may be over-managed.

Recommendation

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1-7: BC Housing should update guidance or training for the development of ExCom submissions to include:

▶ A more comprehensive presentation of project risks with risk descriptions, ratings, and mitigations where appropriate with timelines and action owners. This could be done in partnership with the shareholder to enable alignment with government risk assessments.

▶ A clear method for documenting and resolving outstanding action items in PPA or FPA submissions prior to finalizing agreements with developers or non-profits to ensure required actions get completed.

▶ Presentation of the capital project costs per unit and PUPM subsidy costs against the program's benchmarks; additionally, if the proposed project is notable percentage above the benchmark, a brief explanation should follow. This allows approvers to better weigh and evaluate trade off risks and value for money when determining project impact. These benchmarks should be reviewed on a regular basis to determine if they continue to be reasonable given the current environment.

EY reviewed four Board packages between March and July 2021, which included 23 capital project submissions for approval. Of the 23 capital projects submitted it was noted that there were two cases where the BC Housing Board delegated project approval to the CEO. Both projects were acquisitions that were urgently required during the COVID-19 pandemic response and as such needed to be approved expeditiously, prior to all due diligence being performed. In its delegation of authority, the BC Housing Board did not specify conditions of the delegation. The total capital budgets for the acquisitions were $38.5 million, and $75.4 million respectively.

Finding	Impact
In review of a sample of Board packages, two instances were noted where project approval authority was delegated to the CEO with no requirements of the delegation documented.	There is a risk that purchases are being made without the necessary approvals.

Recommendation
1-8: The BC Housing Board should document requirements of delegation of authority.

Key policies reviewed as part of the scope of this review included the Financial Expense Authorities Policy, Financial Expense Authority Matrices, the Lending Policy and Lending Criteria for Multi-Unit Residential Properties and Licensed Care Facilities, the Fraud Policy, the Indigenous Procurement Policy, and the Sustainable Procurement Policy. Many of the policies reviewed are outdated (older than five years) and would benefit from a review and refresh to align with both current organizational structure roles, titles and leading practices that provide greater guidance on how high-level policy statements and requirements are to be applied within the context of BC Housing. For example, the Fraud Policy is dated June 27, 2011.

Policies that support BC Housing's strategic goals around Equity, Diversity, Inclusion and Belonging (EDIB) and sustainability are high-level and would benefit from an update to provide more clarity on targets and accountabilities for staff. For example, BC Housing has an Indigenous Procurement Policy which includes a definition, reasoning, and policy measures, but it does not outline how to apply policy or include targets (e.g., BC Housing is aiming to increase procurements to Indigenous Peoples and minorities by x% year-over-year). We did not observe any reporting on the procurement spend to measure the effectiveness of this policy.

EY

The financial expense authority matrix contains 19 different financial authority thresholds and would benefit from a revision that provides greater clarity and completeness of authorities, clarifies differences in thresholds for capital and operating expenditures, clarifies approval of change orders, simplifies financial thresholds, and better aligns with various governance structures.

Finding	Impact
Policies reviewed are outdated (older than five years), lack clarity in some areas, and do not align with the roles/titles of the current organizational structure.	There is a risk that financial authorities and accountabilities pertaining to financial governance may not be well understood and applied throughout BC Housing. This risk is increased by the staff turnover faced by BC Housing. Potential impact to the success that BC Housing can achieve on key strategic initiatives such as Equity, Diversity, Inclusion and Belonging (EDIB) and sustainability.

Recommendation

1-9: Leading practice for policy management is to ensure all existing policies are reviewed within a three- to five-year timeframe. BC Housing should establish oversight controls to support policy review and updates to reflect strategic priorities and current state roles and responsibilities. The financial expense authority matrix should be reviewed and updated to provide greater clarity and completeness of authorities (including the CRC, Board, and Treasury Board, as applicable), clarify "project budgets" and associated definition of capital and operating expenditures, clarify approval of change orders, simplify financial thresholds, and better align with various governance structure.

1-10: Leading practice when updating existing or developing new policies that align with BC Housing's strategic objectives, such as sustainability and EDIB, is to bring together a central policy group that includes representation from legal, finance, procurement and the areas of the business that operate processes impacted by the new policy (this is also outlined in BC Housing's Policy & Forms Administration Process). BC Housing should review and update the Sustainable Procurement policy to better align with the CleanBC mandate. Both the Sustainable Procurement and Indigenous Procurement policies should have targets defined that can be measured on a regular basis, such as x% of procurements to Indigenous People/ Indigenous-led organizations, and these measures should be communicated to the relevant staff to provide clarity on accountabilities.

The BC Housing Real Property Acquisitions and Disposition Policy and Procedures sets out the minimum due diligence activities required for any acquisition or disposal. Specifically, due diligence may include, but are not limited to:

- market value appraisal
- environmental site assessment
- site survey
- building condition assessment (BCA)
- title review
- geotechnical study
- hazardous material survey

EY

Approval from the PRHC Board is required whenever PRHC undertakes an acquisition or disposition of a fee simple interest or other interest in real property. For both acquisitions and disposals of PRHC stock, the Real Property Acquisition and Disposal Procedures require a market value appraisal to be completed.

Finding	Impact
The Real Property Acquisitions and Disposition Policy and Procedures does not document certain elements of the acquisition process in sufficient detail to facilitate repeatable application of the policy.	There is a risk of inconsistent application of the policy, creating potential for misalignment between BC Housing teams, the Board and the shareholder.

Recommendation

1-11: All PRHC Board / ExCom submissions for the acquisition or disposals should include all due diligence items noted in the policy/procedures; including, for example, the duty to consult with relevant Indigenous Nations as applicable. Where an exception has been identified and a due diligence activity is not required, an explanation should be included into the ExCom submission for transparency and oversight.

1-12: BC Housing should update the Policy and Procedures to incorporate acceptable levels of variance when carrying out acquisitions or disposals from market value appraisals. Where the project submissions exceed these thresholds, an explanation should be included in the ExCom submission for transparency and oversight.

1-13: Given the inherent risk and visibility of real estate dispositions by BC Housing, the BC Housing Board and the CRC should consider expanding the mandate of these bodies to include oversight of property disposals, particularly where the sale value is less than appraised value above a defined threshold.

EY

2. Strategic planning and business integration

Strategic planning at BC Housing starts with the government mandate letter which sets direction for the organization and its priorities. The 2018 *Homes for BC – A 30-point plan for housing affordability in British Columbia* outlines a 10-year action plan to increase access to safe and affordable housing through several government levers, including tax legislation, increased investment and closing legal loopholes. BC Housing specifically supports the action items under "Building the Homes People Need", "Security for Renters", and "Supporting Partners to Build and Preserve Affordable Housing".

BC Housing uses government direction and priorities to inform its strategic planning process. The executive team, on an annual basis, leverages an executive team planning day and a Board visioning session to conduct strategic planning for the organization. The key strategic documents developed by BC Housing include a three-year Service Plan – as required by the *Budget Transparency and Accountability Act* (BTAA), a Corporate Business Plan, and an Enterprise Risk Management Plan. Progress against the three-year Service Plan is reported on an annual basis (also as required by the BTAA) and on a quarterly basis to the Board through the CEO report. Progress against the Corporate Business Plan is reported on a quarterly basis for non-annual measures.

On reviewing a sample of ExCom meeting agendas and interviews with executives, ExCom meetings are largely focused on project-level discussions and approvals, leaving limited time for discussion of strategic issues. It was noted through executive-level interviews that BC Housing previously dedicated one ExCom meeting each month to strategic discussions; however, this was paused to enable focus on responding to the COVID-19 pandemic and extreme weather events.

At the time of this review, the most recent Service Plan (period 2021/22-2023/24), defined four goals for BC Housing:

1. Improved housing outcomes for British Columbians.
2. Strengthened BC Housing service programs and community housing sector capacity.
3. Strong Indigenous partnerships and relationships based on principles of Reconciliation.
4. Improved BC Housing service delivery through alignment with principles of Equity, Diversity, Inclusion and Belonging (EDIB), Reconciliation, sustainability, and resiliency as well as lessons learned from the COVID-19 pandemic.

In the current state strategic planning process, once strategic objectives are defined by the executive team, a template is distributed, and branches are provided an opportunity to create plans and identify detailed initiatives to support the achievement of defined strategic objectives. Branch plans are consolidated into the broader strategic plan, and there is a centralized review by the strategic planning team to check plan alignment with the objectives, confirm there are no gaps, that commitments are reasonable, and identify dependencies and duplication across branches. The draft plan is also reviewed by all branches and members of the executive before being submitted to ExCom for final approval.

This approach limits the ability to develop a holistic and integrated strategic plan, and further hinders internal support services (such as Finance, Human Resources, Information Technology (IT), etc.) from being strategic business partners to delivery-focused branches like Development Services and Asset Strategies (DAS) and Operations. Internal support services must thoroughly understand the challenges of the business to develop proactive and meaningful strategic objectives and should be viewed in the strategic planning process as key enablers of strategic objectives and organizational efficiencies. At the time of the review, support service branch initiatives were siloed by identifying and planning initiatives that were incorporated under a separate strategic objectives pillar called "organizational excellence" rather than spanning across all service delivery objectives as enablers.

Strategic planning is a critical component to any organization's success and the strength of the strategic planning process will cascade through to operational units and how business is conducted day-to-day. BC Housing executives indicated awareness to this challenge and that more integrated strategic planning and better alignment and collaboration across branches is desired. At the time of this review, improvements to the strategic and corporate planning process were being planned, with special consideration to creating more integration across the branches, strengthening input analysis, and incorporating Enterprise Risk Management into planning.

EY

In June 2018, an external review of BC Housing's Governance and Oversight by BDO recommended that Senior Management enhance dashboard reporting to enable better oversight of mandate delivery and organization effectiveness. Work is being done to build out a performance management capability at BC Housing, and it was observed that an Executive dashboard could help to elevate ExCom discussions from the project level to more strategic discussions, if designed correctly. Performance management is discussed further in the "program design" section of this report.

Finding	Impact
Strategic and corporate planning is siloed with limited cross-branch collaboration in the development of strategic plans.	This approach limits the ability to develop a holistic and integrated strategic plan, and further hinders internal services from being strategic business partners. Downstream impacts and risks are explored further in the detail below.

Recommendation

2-1: Improvements to the strategic planning process should incorporate a cross-branch view on identification, prioritization, and planning of strategic initiatives, as well as partnering with the shareholder. This critical step will also provide a foundation for integration and alignment through implementation of the initiatives.

2-2: Re-establish dedicated time and agenda for strategic discussion at ExCom meetings that could be supported by an Executive performance dashboard.

A siloed approach to strategic planning has an impact on how the branches work together and support a unified approach to achieving the defined strategic objectives. We observed similar downstream impacts; specifically, support service branches such as Finance and Information Management & Technology (IMT) were siloed in their understanding of business challenges experienced by delivery focused branches such as Operations and DAS, and key priorities required to achieve strategic objectives. Stakeholders in the service delivery branches identified the need for more strategic business support from support service branches, including Finance and IMT, this was further substantiated through documentation review and walkthroughs. These opportunities are explored in greater detail below.

Finance

As part of the review, EY spoke to Finance resources at BC Housing that played two key functions:

- The Lending Services Team – responsible for evaluating the feasibility and risk of developing affordable rental housing projects including credit analysis, assessment of security structure, review of loan and mortgage documents, analysis of financial information as well as terms and conditions for loan approval.
- The Financial Analysis and Government Relations team - responsible for providing the necessary financial analysis and reporting required by the shareholder and federal government agencies. Specifically, this team is responsible for preparing long term cash flow forecasts and overseeing the preparation of various reports for BC Housing's programs and initiatives, including business case submissions to the MRH, Treasury Board and/or Cabinet to support the in-year expenditure management and annual provincial budget processes.

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Stakeholders interviewed from delivery focused branches (DAS and Operations) expressed that financial services are primarily focused on control, score keeping and reporting roles with most of the interactions centered around gathering data inputs to complete budgeting, forecasting and expenditure reporting requirements to the shareholder. There is strong appetite from DAS and Operations for a new finance business partner capability to enable more cross-branch integration of financial activities. Descriptions of these Finance roles are outlined in Figure 4 below.
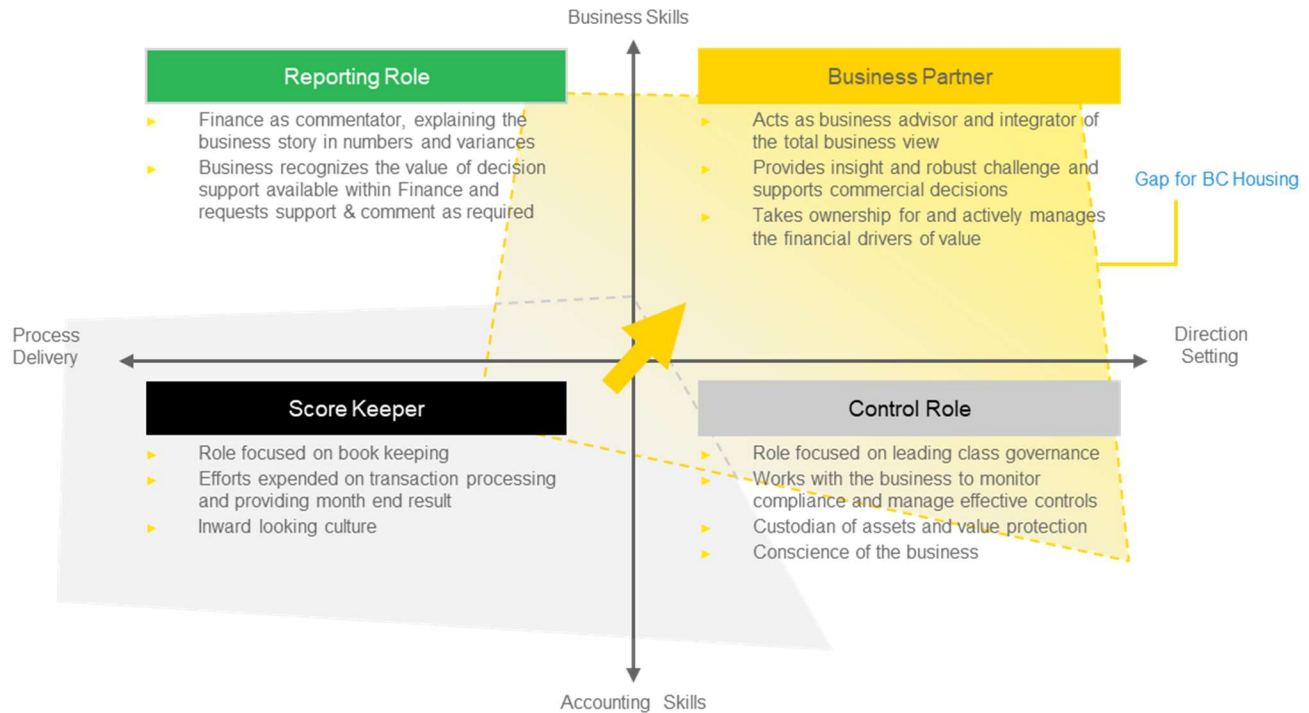

Figure 4: Typical Finance roles (Source: EY thought leadership)

In response to the gap in business partner support, it was observed that Operations plans to establish a small team to perform financial budgeting and reporting activities, including triaging Finance requests to reduce the demands on the regional Operations staff, and increase consistency of responses. This team does not report into Finance, nor is there representation from the Finance function in this team, further compounding the lack of integration and misalignment of business needs. DAS has also expressed a desire to have more hands-on support for financial planning and analysis and enable retrospective reviews of previous projects to support more accurate budgets. It was observed that the cash flow process, led by Finance but requiring input from DAS, was a process with several pain points that could likely be mitigated with increased communication and collaboration across the teams. Finance indicated a need to increase the accuracy of the cashflow forecasting to meet funder requirements.

BC Housing has already engaged external consultants to support an Enterprise Performance Management solution. Initial discovery deliverables indicate desire to incorporate "Finance Business Partners" into the future service model, where Finance assumes the role of business leaders and strategic advisors. An effective business partner can bridge the gap between Finance and the business, embedding financial knowledge and expertise into branches with a view to enabling greater efficiencies in financial processes, delivering more value, driving deeper insights, prioritization, more detailed financial planning, accurate forecasting, and reducing exposure to risk for both BC Housing and the province.

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Finding	Impact
Interviews noted that although Finance representatives are integrated with the delivery focused branches, Finance is not seen or leveraged as a strategic business partner.	The limited integration with the business impacts Finance's ability to understand the unique challenges faced by each branch, and better understand how they can help, and add value.
	This current siloed approach has also created a sub-optimal working relationship, whereby the value of some financial processes is not understood or appreciated outside of Finance.
	Financial knowledge and expertise are not distributed to all branches, which could increase BC Housing's exposure to risk and offers opportunities for efficiencies to be gained.

Recommendation

2-3: BC Housing should elevate the role of Finance in support of DAS and Operations to provide a 'business partner' role. This role should report into Finance but work closely with DAS and Operations on a day-to-day basis, enabling the Finance team to understand how the delivery-focused branches work, and increase financial knowledge across the organization – including related authorities and directives set via the shareholder.

▶ Finance could provide DAS budget managers with support to perform scenario analysis and manage in-year changes to their project portfolio. Within Operations, this would require clarity in roles and responsibilities but would enable better financial budgeting and reporting.

2-4: Embed Finance in strategic planning across the organization to understand the priorities for each branch, and what is required of Finance to support achieving them or what efficiencies could be gained. This would also enable Finance to integrate financial expertise and shareholder perspectives into the strategic planning process.

Information Management & Technology (IMT)

The Information Management & Technology (IMT) department provides centralized information technology, information management and business support services. The department is part of the Corporate Services and CFO branch.

There are a total of 26 applications in the IT Portfolio, four of which were highlighted in this review as the most critical to project and financial delivery:

- Oracle JD Edwards (JDE1) – used for finance, procurement, project account, budgeting, and real estate management.
- Housing Connections – used as the housing registry and supportive housing registry, and for rent calculations.
- Ameresco Asset Planner – used to collect and analyze building condition data to generate Facility Condition Index (FCI) ratings, along with project portfolio management for capital planning and implementation (renovation projects).
- Central Property System (CPS) – central repository for all property information, project information, and information for financial reviews of non-profit housing providers.

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In addition, BC Housing is currently procuring a new cashflow and financial forecasting system and issued a Request for Proposals (RFP) in October 2021 to procure and implement a Software as a Service (SaaS) solution to meet its forecasting requirements, reduce reliance on manual spreadsheets, increase collaboration for externally led projects and increase forecasting accuracy. The IMT department is also in the planning phase of detailing requirements for a custom-built Operational Review system (ORS), leveraging the Microsoft suite, and will include the design of a provider dashboard. This will replace the existing ORS and non-profit portal.

Currently, there are no resources devoted to IT architecture as these decisions are centralized with the CIO. Adding the new cashflow and financial forecasting system without a plan to decommission or consolidate others will further put pressure on IT capacity as there will simply be more software solutions to be supported.

The IMT Strategic Plan for 2021 – 2023 was prepared in July 2021 and submitted to the Audit and Risk committee. The Strategic Plan identifies the people, process, and technology activities of the IMT department:

	People	Process			Technology	
	Workforce	Governance	Risk	Compliance	Cloud	Applications
IMT Will Do This	Build an attractive flexible environment for a multi-generational workforce	Ensure IMT Strategy is updated annually and aligned	The risk management framework is maintained and integrated with Enterprise Risk Management	Technology Implementation and information access is in compliance with The Freedom of Information and Protection of Privacy Act	Cloud first, where it makes sense, for new technology requirements and upgrades of existing infrastructure	Modernize application, data and analytics technologies to ensure security and support innovation
	Support marketplace expansion of resources	Continuous improvement of IMT services that support the organization		Corporate information and records are managed in compliance with the Information Management Act		
	Support	Projects are managed effectively to ensure product delivery meets business expectations	Mitigation strategies are continually assessed for effectiveness and relevancy	Relevant data sharing and storage is in compliance with the Memorandum of Understanding with the Canada Revenue Agency	**Network**	**Security**
	Provide supports for adaptation and use of new and upgraded technologies	Review policies, procedures, architecture and metrics regularly			Expand the boundaries of the corporate network and implement guardrails to ensure protection of our organizational assets	Utilize leading-edge cybersecurity technologies to protect our organization from the ever-evolving threat landscape
	Provide mandatory privacy and security awareness training	All activities support the organization's strategic and service delivery goals	Focus areas include data protection, cybersecurity, privacy, technology asset lifecycle and technical debt reduction	Ensure online financial transactions meet PCI compliance		

Figure 5: IMT Strategic Plan for 2021 – 2023 (Source: BC Housing)

The Strategic Plan further highlights six key strategies IMT will support BC Housing to become a digital organization:

- Client experience
- Partner relationships
- Stakeholder engagement
- Modern workplace
- Enterprise data
- Branch plans

The IMT Strategic Plan provides a high-level description of strategies and initiatives within the department, however, lacks detail on how IMT intends to implement the initiatives. There is limited information on the key projects such as intended project outcomes, timelines, and key performance indicators (KPIs) for these projects. Without more detailed information and key measures identified, there is limited accountability and reporting on progress made against the specific projects.

In addition to the Strategic Plan, we noted 91 projects that were currently planned or underway. These projects did not have a prioritization ranking and had limited information on the scope of the project, its business impact, timelines for implementation, and key outcomes or measures of success.

In reviewing documentation and speaking with BC Housing employees from across the organization, there does not appear to be formal IT governance that evaluates IT projects against a defined list of criteria to prioritize resources and ensure IT investments support the organization's most important priorities and strategic objectives. While interviews with IMT indicated that there are no challenges meeting user requirements, interviews with BC Housing employees that were outside of IMT did identify that there are challenges, particularly with data and reporting. This indicates IMT does not have a strong understanding of the organization's IT needs, what is needed to better support delivery of the mandate, and challenges encountered across the organization that are creating inefficiencies.

Developing a formal evaluation process would enable projects to be identified and prioritized across the organization (including branch and IT availability to support execution), increase buy-in from the business and reduce the number of changing priorities that may occur during the year. It would also allow opportunities to better facilitate cross functional discussions regarding needs and business requirements for aging systems to better streamline and consolidate the IT portfolio.

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Finding	Impact
Interviews outside of IMT indicated that it is not sufficiently integrated with delivery-focused branches, such as Operations and DAS, to enable efficient and effective IMT support in delivering BC Housing's mandate.	The technology landscape is not optimized to meet business needs.
	IMT may not be adequately resourced to support the organization.
	There are significant opportunities for efficiencies to be gained across the organization.
	There is a risk that key priorities are not adequately resourced or get reprioritized without proper consideration from BC Housing internal stakeholders.

Recommendation

2-5: Update IMT strategic planning to incorporate more information on how the IMT department intends to meet key BC Housing strategies and initiatives to enable organizational alignment on priorities, accountabilities, and timelines.

- ► Develop IT project evaluation and prioritization criteria to identify and strategically assess high impact projects aligned with BC Housing-wide strategic objectives to improve project prioritization, use of IMT resources and long-term viability of technology solutions. Project evaluation and prioritization should be presented and approved by ExCom to ensure strategic alignment to the organization's highest priorities and buy-in.

- ► Develop Business Analyst capability to understand the business and identify opportunities to enhance the technology landscape to better support the business.

- ► Strategic planning and prioritization should inform spending requests and business case definition, including the increasing operational costs to compensate for inefficiencies created by not having the right technology and data available to support the needs of the organization and the shareholder.

2-6: The IMT department should assess the desired future state of their IT Portfolio landscape to better identify IT architecture and cloud resources and skills sets that will be required to support and deliver on the objectives of the IMT Strategic Plan. For instance, as BC Housing aims to move to cloud solutions, resources will need different skill sets and expertise, such as an overall understanding of cloud, how to procure solutions and manage vendors, and an understanding of the vendors applicable to BC Housing.

2-7: BC Housing should elevate the role of CIO to report directly to the CEO given the importance of information technology in supporting the efficient and effective operations of BC Housing.

IT implementation projects or process improvement projects managed within BC Housing do not appear to have a formal documented project management approach including identification of project deliverables, business outcomes, project schedules, formal project reporting and milestone checkpoints by project committees, and defined exit criteria for milestones.

EY

Finding	Impact
IT implementation projects or process improvement projects managed within BC Housing do not appear to have a documented project management approach.	Risk that project quality and execution is inconsistent across the business and may not achieve the project's desired outcomes.

Recommendation

2-8: IMT should adopt a formal project management methodology to improve consistency and accountability of project execution including project deliverables, business outcomes, project schedules, formal project reporting and gate reviews by project committees, and defined exit criteria for milestones. The methodology should consider and differentiate level of effort for projects based on risk, size, and complexity.

2-9: As part of the annual IT planning process, formal quarterly reviews should supplement the ad hoc IMT updates provided to the ARM committee and the BC Housing Board. These updates should include progress on IMT priorities and projects and identification of potential risks and issues to delivery. This exercise could also be supported by a centralized program management function.

BC Housing has identified that there is substantial risk associated with the non-profit sector's limited IT knowledge and capacity. Part of the mitigation strategy includes creation of the Housing Provider Technology Support Program to support the Operations branch in assisting with IT issues in the sector. This IMT team provides advisory services, presentations at sector events, cybersecurity training and assistance for critical incidents to providers. The team are also developing an IT risk profile for inclusion in the re-designed Operational Review process, enabling more targeted IT support for providers (the Operational Review process is discussed in the 'project administration processes' section of this report).

Data governance

At the time of this review, there was no centralized data function within BC Housing that assists with providing clear documentation or interpretation of data across the organization, despite the large number of reports produced. Most branches perform some reporting activities, and BC Housing frequently produces reports that are shared with the public and the shareholder. Data validation activities are largely manual and performed on an informal basis. Interviews revealed there are instances where the same data is inputted and stored in multiple systems, creating "multiple versions of the truth". Further, it was shared, that to produce a list of BC Housing development projects for new housing stock, it required two individuals manually reconciling over 600 reports, taking three weeks to prepare.

Interviewees also noted that there is not a singular definition of Building BC within the organization, resulting in discrepancies in unit counts depending on when the report is run and by which group.

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Finding	Impact
There is no formalized data governance.	Significant opportunities for efficiencies to be gained due to the current level of effort spent on report production, validation of results, and manual review of multiple versions of the same data to determine which is accurate.
	Manual validation of reports reduces the reliability of reports.
	Limited ability for IMT to leverage technology to enforce data governance and streamline data analysis and reporting.
	Limited ability for BC Housing or the shareholder to perform data analysis.

Recommendation

2-10: Develop a data governance framework that is appropriate for BC Housing's needs. This could include defining systems of record for key data points, documenting calculations and a standard lexicon, developing standard reports, and creating a report inventory. This framework should be integrated and aligned with the overarching IT and data strategic plans.

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3. People

Engagement and culture

It was clear from the outset of this review that the team at BC Housing is highly passionate and mission driven. Employees care about the mandate of the organization and the work being done to achieve its objectives. Interviews indicated that staff are very knowledgeable about their respective areas, providing a strong cultural foundation for adoption of the recommendations outlined within this report. Reviewing BC Housing's annual staff engagement survey revealed that results have improved year on year and employees have a strong understanding of the values and goals of BC Housing and where they fit in. The survey highlighted three key areas for improvement, which were also substantiated through documentation review and interviews:

1. I feel free to challenge cultural norms at work;
2. Work in my business area is fairly divided; and
3. I have input into decisions that impact me.

Increasing input into decision-making will be critical to enable BC Housing to sustainably scale while maintaining appropriate governance; this would also be supported by better integration of branches through strategic planning processes. With a long-tenured workforce and a competitive job market, challenging cultural norms becomes increasingly important for BC Housing to better react to the evolving needs of its employees. Finally, lack of equitable division of work is a symptom of some of the business integration challenges (outlined in the 'Strategic planning and business integration' section of this report) and organizational overlap challenges (outlined below) which were identified during this review. More equitable division of work is also critically important to support mitigation of capacity constraints and the risk of burnout.

Organizational structure and capacity

BC Housing's mandate and scale has evolved over recent years as new programs have been established, and funding commitments and financing facilities have increased. Interviews noted that incremental roles and responsibilities have been added without full consideration to the skills required to deliver programs, and the impacts to existing responsibilities and accountabilities within the end-to-end processes. This has resulted in duplication of roles and responsibilities across branches, unclear accountabilities in some functional areas of the business, potential for value-add functions to be missing, and opportunity for efficiencies to be gained with consolidation.

Interviews confirmed that organizational restructuring to align with the evolving mandate is limited to branch-led initiatives, and there has not been a more fulsome review of the entire organizational structure to consolidate similar responsibilities and design a new people structure to meet the evolving needs and priorities of the shareholder. For example, multiple interviewees indicated they had a responsibility for program planning with limited collaboration and integration with other individuals and teams who also performed program planning activities. The same was observed for reporting responsibilities, especially relating to meeting, and managing shareholder reporting requirements. There is an opportunity for further collaboration, or potential consolidation of these activities. Additionally, there is an opportunity for identification of new functions which may further support the organization; for example, a centralized project management function may help support organizational planning, capacity management, collaboration and integration across branches, and prioritization of key projects across the organization.

Performing a deep dive into organizational structure and capacity was outside the scope of this review; however, it is recommended for BC Housing to undertake this work given the significant growth and change it has seen to its mandate in recent years. This deep dive should consider the end-to-end processes with end users (those in need of housing, non-profit organizations, etc.) in mind.

Capacity constraints were consistently raised during interviews and documented in Enterprise Risk Management (ERM) plans as a key risk. These constraints are exacerbated by external factors such as increased burnout related to the pandemic response, an increasingly competitive job market leading to retention challenges, as well as internal factors like inefficient processes (including a high volume of reporting requirements all requiring manual reconciliation), disparate IT systems, and data issues. Specifically, in

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functional areas where BC Housing competes directly with the private sector and municipal government for talent, BC Housing has found it difficult to remain competitive, resulting in challenges hiring and retaining talent. In addition, staff turnover in key positions (such as Finance and senior leadership) poses a risk to business continuity as institutional knowledge is lost.

The review found incremental FTE increases are not assessed and planned for at the onset of program design, or as new projects are approved; however, BC Housing management noted that there is a formal process that occurs annually to review the addition of new FTE. Developing internal benchmarks, such as number of providers per Non-Profit Portfolio Manager (NPPM), or number of projects per Development Manager, would support more effective workforce planning and enable areas where workload is high to be identified and managed centrally.

BC Housing's Internal Audit (IA) conducts approximately four audits per year. Through assessment of a sample of IA reviews and follow-up documentation, the IA reviews identify meaningful recommendations that are accepted and actioned by management with regular ongoing monitoring to track and report on progress; however, the implementation of recommendations is not timely. ARM committee documentation indicated that IT capacity constraints were the reason that recommendations from three of four reviews remain outstanding.

The IA function within BC Housing is currently comprised of two FTEs, supplemented by consulting services. The audit plan has several high-risk items scheduled for upcoming review; a summary of the planned audits is included in appendix D. An Institute of Internal Auditors (IIA) Quality Assessment (QA) has not yet been performed and is scheduled for this year; this review could help to benchmark and assess the capacity of the IA function in greater detail, providing a recommendation for the size of IA commensurate to the current size of mandate and organization.

Finding	Impact
BC Housing's organizational structure is not optimally designed to support the delivery of its mandate, as it includes duplication and misalignment of skills and capacity.	Roles, responsibilities, and ultimate accountability throughout delivery processes are unclear due to duplication and an absent view of end-to-end processes.
	Increased likelihood of conflict between functional areas and inefficient decision-making processes.
	Opportunity for optimization of the current FTEs. The capacity available within each branch may not be commensurate to meet requirements. This is posing a key delivery risk to the organization.

Recommendation

3-1: Undertake a targeted deep-dive review on organizational structure with specific focus on how best to align structure and capacity with end-to-end processes, support the end users and delivery of services, integrate support service branches to better understand challenges of the business, and clearly define accountabilities, roles and responsibilities. This review should assess each functional area to identify potential skill or capacity gaps. Capacity should be assessed in conjunction with implementation of other recommendations in this report to first assess opportunities for efficiencies and realignment.

3-2: Define recruitment escalation processes to address difficult-to-hire roles; for example, if posted twice and number of qualified candidates is below five, then discussion at VP level is required to develop a mitigation strategy. These mitigation strategies should be developed with HR and could include activities such as, hiring temporary staff, reviewing the job description, reviewing the benefits package, supplementing with contracted talent, or early internal promotions with additional training and support.

3-3: Have an independent party conduct an IIA QA to benchmark the IA team against peer organizations and understand if the size and capacity of the IA function is sufficient. In addition to size and capacity, an

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IIA QA typically includes recommendations around how IA can better define its mandate, achieve its objectives, improve its efficiency and risk coverage, and provide results in alignment with BC Housing executive leadership and shareholder expectations.

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4. Program design

Programs are designed in response to provincial strategic priorities with an overarching goal, dedicated funding, and specific outputs defined - typically, unit counts. For example, the Women's Transition Housing Fund (WTHF) Program is designed to provide housing for women and their children fleeing violence. To support program planning, BC Housing develops a program framework to translate broad government direction into more detail; however, interviews indicated that shareholder representatives are not involved in this process. The frameworks are cross functional and include:

- Strategic aspects (e.g., outputs/goals of program).
- Target populations.
- Financial aspects (e.g., types of funding and/or financing available).
- Operational aspects (e.g., types of services to be provided by society and BC Housing).
- Reporting and oversight aspects (e.g., frequency of financial/ operational review).
- Facility guidelines (e.g., design specifications).

Program frameworks exist for all Building BC and HousingHub programs. The template is generally consistent; however, strategic or tangible program outcomes are not clearly defined, and the focus is on outputs, such as unit counts. Outcomes could be short, medium, or long term; as an example, a short-term outcome could be improving access to housing and services. It was noted in interviews that BC Housing had developed logic models for previous programs which traced program activities to metrics which would measure success for each defined outcome. This mapping is no longer included in program frameworks.

In designing the most recently announced programs (including Building BC and HousingHub), interviewees noted challenges in collaboration and up-front planning resulting in gaps which later impacted delivery of the programs. The gaps identified include formal definition and agreement on:

- Program outcomes and how success will be measured and reported on.
- The net-new resources, skills and jurisdictional knowledge required to successfully deliver the program.
- Impacts to existing programs or strategic priorities such as sustainability, climate resiliency, accessibility, etc.
- The supporting activities to be performed to turn inputs (e.g., funding) into outputs (e.g., units) and outcomes (e.g., clients feel safe and secure).
- Appropriate oversight and governance for the program and partners.

The impacts of program design gaps are further exacerbated by unclear roles and responsibilities as it pertains to defining 'policy' (outlined in the 'governance' section of this report). Interviews noted challenges with implementing additional criteria and oversight three years after announcing the HousingHub program (the HousingHub Approval and Reporting Framework and the Memorandum of Understanding (MOU) for HousingHub, which included the Fiscal Agency Loan Agreement between Provincial Treasury and BC Housing). These mechanisms were implemented in response to the substantially increased lending facility. These agreements required increased due diligence for the province and defined new parameters for how BC Housing could deliver the program which, according to interviews resulted in developers withdrawing from the program, and impacted BC Housing's reputation within the sector.

There is no shared understanding of program outcomes, outputs and activities that will be undertaken by BC Housing to achieve the program outcomes. Increased communication and alignment between BC Housing and the shareholder would enable greater transparency of BC Housing services and enable a more objective assessment of program performance. Representatives from the Development team at BC Housing indicated a desire to transition to meetings with the shareholder to present the information included in templates, enabling BC Housing to provide supplementary context and the shareholder to ask its questions directly to developers and other relevant BC Housing employees. Whilst this would enable a more interactive discussion, consideration to the cadence and agenda should be thought through to not further exacerbate capacity constraints.

Limited alignment between the shareholder and BC Housing on program outcomes, how success will be measured, and what program governance and oversight looks like have all created challenges with detailed planning work. In the case of WTHF, limited resource planning resulted in the program being inadequately

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resourced (as identified in a BC Housing Internal Audit review). Detailed planning work is critical to support BC Housing in translating policy into tangible plans for branches and identifying enablers including people, processes, and technology.

Finding	Impact
Program frameworks are developed by BC Housing without sufficient guidance and information (such as objectives, service delivery impacts, activities, and key metrics) from the government shareholder.	The absence of this information in the formal program framework impacts the success of program delivery as well as the relationship with the shareholder. There is a risk that BC Housing and the shareholder are not aligned on key program goals, outputs, activities, and inputs, which limits the ability for program success to be defined and measured by outcomes, rather than outputs (such as unit count). The lack of clarity at the executive level limits BC Housing's ability to disseminate key program elements to the rest of the organization.
	There is a risk that key sector considerations may not be incorporated into the program.
	Reduces BC Housing's ability to do detailed planning work to enable programs to be adequately resourced.
	Creates further confusion between BC Housing and the shareholder due to lack of reporting clarity (reporting on what, how often, linked to program success).

Recommendation

4-1: Leverage the BC Housing program framework development procedure to monitor and quality check incorporation of the key elements listed. For example, definition of program goals and objectives, roles and responsibilities, resourcing estimates, program standards, tools and monitoring and reporting.

4-2: Reinstate the development of a logic model for existing and new programs to develop a clear link between goals, outcomes, and activities, and support the identification of enablers.

BC Housing has four strategic goals which are intended to be woven throughout program delivery, including:

1. Improved housing outcomes for British Columbians.
2. Strengthened BC Housing service programs and community housing sector capacity.
3. Strong Indigenous partnerships and relationships based on principles of Reconciliation.
4. Improved BC Housing service delivery through alignment with principles of Equity, Diversity, Inclusion and Belonging (EDIB), Reconciliation, sustainability, and resiliency as well as lessons learned from the COVID-19 pandemic.

Building BC and HousingHub funding programs are structured and designed to deliver on the first three objectives, offering some traceability from objectives to activities performed to make progress.

Interviewees noted that trade-offs are common, considering increased shareholder expectations, evolving government priorities and finite financial resources. Targets and funding from the *30-Point Plan* are focused on

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addressing affordability issues, with limited consideration to sustainability and accessibility requirements. Subsequent government guidance has made sustainability and accessibility a strategic priority, and BC Housing interviewees noted that sustainable units are generally more costly to build and maintain due to being more technical in nature; and accessible units are bigger, resulting in less units per project.

Not recalculating the unit targets to align with new priorities was a common issue raised by BC Housing staff creating a lack of clarity around how the overarching government priorities should impact day-to-day delivery of programs. Interviews confirmed that the performance of the Development team is primarily driven by unit count, not how sustainable a project is. This is reinforced by internal energy and sustainability resources working in an advisory capacity only, and a review of proposal evaluation criteria confirmed that sustainability is only 5% of the overall scoring. Developers are not mandated or incentivized to build sustainable units (for example, through contracting benefits or weighted scoring criteria in the evaluation phase). BC Housing is developing a new sustainability and resiliency strategy that incorporates EDIB principles and aligns BC Housing's work with the provincial *Climate Change Accountability Act* and the *CleanBC Roadmap to 2030*. Integrating these two strategic priorities will increase clarity to BC Housing staff and improve progress in sustainability and EDIB.

Additionally, there are limited defined funding pools, policies, and procedures to help operational staff understand what EDIB and sustainability means for them, and what they are responsible for. These initiatives are a material change in how BC Housing operates, and employees would benefit from the incorporation of more change management activities into the implementation strategy, for example collecting feedback from branches and updating implementation plans to be more branch specific. In addition, and as outlined in the 'governance' section above, defined metrics to measure progress against EDIB and sustainability should be expanded to include more than greenhouse gas emissions and be defined with the full picture in mind (understanding realistic targets with funding and financing available, and how the targets impact unit count targets).

Finding	Impact
As provincial priorities are defined and communicated to BC Housing, the impacts to existing programs and the potential trade-offs are not clearly defined or communicated between the government shareholder and BC Housing.	Trade-off decisions may be made without all the necessary inputs, and without engagement of appropriate shareholder and BC Housing representatives, creating misalignment on expectations.
	Potential barriers to the success of the program if desired outcomes are not linked to metrics and activities, including making progress against sustainability, accessibility, reconciliation and EDIB initiatives.

Recommendation

4-3: As new strategic initiatives are identified, existing targets should be revisited to ensure they are still achievable with the new targets. Metrics should also consider the increasing construction costs and other potential economic factors.

4-4: In collaboration with its shareholder, BC Housing should develop policies and operating procedures that translate EDIB and sustainability priorities into day-to-day activities performed by BC Housing staff so that they can understand what the strategic initiatives mean in terms of program delivery. This should include tangible measures of success to enable progress to be measured (for example, updating procurement policies to include a % target for sustainable products/construction elements or suppliers).

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Performance management

As noted above, limited collaboration and alignment prior to the establishment of a new program impacts both BC Housing's, and the Province's, ability to demonstrate success and the full value of the investments made in the housing sector. The primary metric to measure performance is unit count and there is limited insight into the other impacts that BC Housing is having on communities.

Performance management is an area where BC Housing has implemented some recent changes as it continues to build out this capability. In 2019, a new Associate Vice President (AVP) role, now VP of Strategic Business Operations and Performance was introduced in response to the BC Housing Board identifying that the CEO needed support for business operations and performance. BC Housing is also recruiting a Director of Organizational Performance. This role will look at performance measures and data to identify gaps and support BC Housing in developing a more robust performance management framework to supplement the measures tracked in the Corporate Business Plan and reported on an annual or quarterly basis (e.g., Facility Condition Index (FCI), employee engagement, etc.).

Currently there is limited integration of KPIs with a siloed ownership of metrics. Each branch is tasked to deliver on its own performance metric(s). These metrics are not tied to organization-wide KPIs which creates challenges in clearly articulating outcomes associated with incremental funding, and the full impact of the work that BC Housing is doing.

The DAS Delivery Report presented to the CRC and the BC Housing Board provides a quarterly update on progress of several projects/programs. The report presents comprehensive information on unit progress against the 10-year targets for each program. However, we noted that it did not present information on the portion of capital and operating budget consumed to achieve these targets. Presentation of financial results to the Audit and Risk Management Committee appear comprehensive and covered the following:

- Statement of financial position.
- Assets and liabilities comparing current quarter to previous fiscal year end and a high-level rationale to variances and statement of operations.
- Revenues and expenses comparing budget to actuals and a high-level rationale to variances.

Finding	Impact
Program performance is predominantly measured by unit count with limited metrics to define BC Housing's impact and progress on strategic initiatives, and the wider impact the organization has in the province.	Lack of defined metrics and targets required to measure program outcomes create challenges in determining whether a program has been a success.
	Limited ability to articulate the full value delivered by BC Housing to its clients.
	Reduces ability to perform analysis and forecast out to the end of the program.
	Potential to inhibit the ability to make decisions with all the necessary information.

Recommendation

4-5: BC Housing should develop a performance measurement framework with input from key BC Housing stakeholders and the shareholder, to enable agreement from the outset of how success will be defined, what BC Housing is accountable for, and to enable systems to be set up to easily measure progress and success. These measures should include a mix of leading and lagging indicators, with measures directly tied to strategies and outcomes to understand what is working well and driving improvements vs strategies that might be yielding little to no impact on outcomes. The frequency of reporting, as well as performance targets should be agreed between BC Housing and the shareholder. Non-profit housing providers should

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be mandated to submit data to inform performance reporting, where needed. This is discussed further in the "Project administration process" section of this report.

4-6: To facilitate a more comprehensive presentation of BC Housing progress against the 10-year targets for Building BC programs, BC Housing should update DAS Delivery Report quarterly reports for ExCom, the CRC, and the BC Housing Board to consolidate both unit progress as well as the proportion of capital and operating budget consumed in achieving those unit targets. This report should include forecasts for the duration of the program to understand if BC Housing will meet the program goals. This report should be distributed to the Shareholder Committee.

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5. Project administration processes

While each of the previously discussed four thematic areas span across the organization and are more strategic in their focus, the final thematic area, project administration processes, is more tactical and operational in nature.

Programs at BC Housing are primarily delivered through three different types of projects, outlined in the table below. This is not exhaustive of every type of project delivered by BC Housing; for example, redevelopment projects are excluded from our review due to the newly established nature of the team and mandate. For each project type considered, there are supporting processes which govern their administration, engage the required stakeholders, and facilitate the required approvals.

This section of the report provides an overview of the key processes, including current state context, findings, and recommendations, across each of the three main projects types. To develop findings and recommendations we leveraged, interviews with BC Housing employees and the shareholder, documentation review to further substantiate highest risks and opportunities, and walkthroughs of six sample files to observe how the processes operate and how key controls are executed.

1. Capital projects for creation of new stock

- Creation of new housing stock through new builds or acquisitions
- Funded or financed through Building BC and HousingHub

Key processes reviewed:
    A. Project proposal
    B. Project construction/acquisition contract
    C. Budgeting and forecasting

2. Capital projects – repairs (>$5,000 for existing stock)

- Maintenance and upgrades to existing stock to extend the useful life of properties
- Funded through the Capital Renewal Fund (CRF)

Key processes reviewed:
    A. Project prioritization
    B. Project management

3. Operating subsidies to maintain delivery of existing stock

- These are subsidies given to providers who operate either PRHC or provider owned stock. This is separate and distinct from directly managed stock that is owned by PRHC and operated by BC Housing.
- BC Housing provides subsidies that are funded through legacy progress, as well as those funded through Building BC. This review looked at the subsidies funded through Building BC only.

Key processes reviewed:
    A. Operator selection and agreements
    B. Budgeting and forecasting
    C. Ongoing relationship management of providers
        o Budgeting and Financial Review
        o Operational Review

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Capital projects for creation of new stock

Capital projects are those which yield new social or affordable housing stock through either new builds, or acquisitions. All capital projects financed or funded through the HousingHub and Building BC are marked by two key processes:

- Project proposal, and
- Project construction/ acquisition contract.

Budgeting and forecasting processes are completed throughout the project lifecycle and are represented in a separate section below.

Project proposal

Project proposal includes the *initiation* phase: the initial assessment and due diligence as well as the identification of conditions for approval. For some programs this is a competitive RFP process, for others it is an opportunity-based model, whereby providers or developers come to BC Housing with potential projects, or BC Housing identifies projects through relationships. Following project initiation, proposed projects move into the *in-development* phase, where due diligence is completed to ensure all conditions are met. This includes, but is not limited to, the review and preparation of security documents, financial, scope and schedule review, city approvals, need and demand study, and risk assessment. Once all activities are completed, a Final Project Approval (FPA) submission is made to ExCom (and additional governance bodies as required) with the total capital budget required to proceed with the project.

For a capital project to receive financing from BC Housing, a Project Development Funding (PDF), Preliminary Project Approval (PPA), or Final Project Approval (FPA) submission must be made.

Projects eligible for funding through the Community Housing Fund (CHF) and Indigenous Housing Fund (IHF) programs are evaluated through a competitive RFP process, and the Aboriginal Housing Management Association (AHMA) is involved in the evaluation of all IHF projects. This process evaluates the providers proposed project only and is not an evaluation of construction procurement (please refer to project construction/acquisition contract section below for more detail on construction procurement). Interviews indicated that the process is well-defined and enables a fair evaluation of proposals. Pre-defined evaluation criteria and associated weightings exist, and teams of at least two people (a representative from Development Services and an NPPM from Operations) independently score the proposals leveraging the documented scoring guidance. Scores are reviewed by Regional Directors to identify potential errors and make revisions as required. Directors from Operations and Development supplement the objective scoring exercise with their understanding of needs of the region, which may result in the highest scoring proposals being replaced by lower scoring proposals that better meet the needs of a specific region. For example, Vancouver Island may need units in Nanaimo, however the highest scoring projects are all based in Victoria. Interviews indicated that documented considerations to support this subjective evaluation on top of the objective criteria do not exist, and that this advocacy function enables less favourable, or more risky projects, to be approved.

Interviews indicated that there is less supply in the market for projects eligible for funding through the Supportive Housing Fund (SHF) or Women's Transition Housing Fund (WTHF), resulting in the use of an opportunity-based model to select projects, rather than a competitive RFP process. Interviews and documentation review indicated that there is an understanding among Development and Operations of which projects would be appropriate for SHF and WTHF; however, there are no documented evaluation criteria to formally assess the alignment with program goals or with provincial priorities.

Projects eligible for HousingHub financing are evaluated against defined criteria and projects must pass a minimum score as part of the initial assessment phase.

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Finding	Impact
Criteria exist to support evaluation of proposals for CHF, IHF and HousingHub; however, no formal evaluation criteria exist for SHF and WTHF proposals.	Reduces the transparency of the evaluation process for SHF and WTHF, which could open BC Housing to challenge.
A combination of subjective and objective evaluation scoring criteria are applied for CHF and IHF. The subjective evaluation criteria and decisions are not documented.	Risk that new employees could miss potential opportunities due to unclear understanding of which projects are good candidates for SHF and WTHF. Potential to increase BC Housing exposure to risk.

Recommendation

5-1: Increase transparency by updating evaluation criteria to include subjective criteria and align with government priorities. For example, incorporate regional needs into the proposal evaluation process for all programs. Document the results of any subjective criteria evaluation.

Project construction/acquisition contract

In this phase, projects are *under construction*, and Development Managers are responsible for monitoring construction progress. This includes, but is not limited to, the following activities:

- Attending construction site meetings and validating that work undertaken and percentage complete aligns with submitted claims.
- Reviewing status reports from housing provider.
- Reviewing and processing claims (construction draws) which includes a detailed review of all documentation submitted against the claim checklist.
- Managing overall project budget and risks.
- Reviewing all change orders and engaging with other parts of the business as required to assess reasonability.
- Preparing ExCom submission for additional approval if required and cannot be funded out of contingency.

Financial controls for the management of program funds are in place to ensure spending is within forecasted program spend for the fiscal year. These controls consist of a manual check in an Excel file to identify draw-down as projects are approved. The budget is updated every month through the process of Finance sending Development an Excel file to update.

In January 2021, Internal Audit (IA) completed a review of DAS construction procurement and contract management processes. The review identified three key areas for improvement:

1. Establish a construction contract management oversight and tracking function to oversee all contract activity at BC Housing, analyze trends and report on metrics. A contract management system should be implemented to support this oversight and tracking function.
2. Enhance guidance and training for business areas to understand the areas of risk, implement adequate controls and collect adequate project documentation. This would support the procurement spend and increase general staff awareness of BC Housing contracts and processes as well as industry practices.
3. Improve oversight on external design consultants such as architects and engineers engaged by BC Housing.

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EY reviewed four ARM committee packages for updates pertaining to the construction procurement and contract management review. As of July 2021, eight out of 11 recommendations were outstanding, seven of which are deemed high priority. No additional ARM packages were requested to confirm the progress made since July 2021.

Budgeting and forecasting

Budgeting and forecasting activities are performed in each of the project phases, led primarily by resources in the DAS branch with collaboration and inputs provided by Operations branch, Lending, and Finance. Short-term budget and cash flow forecasts are comprised of numerous projects. Data for these forecasts come from three main sources:

- Key milestone dates come from Central Property System (CPS), such as construction start, construction end, provisional approval, final approval, project completion, mortgage takeout dates, etc.
- Financial data is contained in Oracle JD Edwards (JDE1), such as capital budget specifics, funding program allocations, equity sources, financing amounts, etc.
- Detailed project information is outlined in Excel files. Budget managers in Development are responsible for keeping detailed information on their project including all dates and financial details tracked in an Excel file. This is submitted to Finance monthly or as required. As noted in the "Strategic planning and business integration" section of this report, in October 2021 BC Housing issued an RFP for a new cashflow and financial forecasting system to implement a Software as a Service (SaaS) solution to meet its forecasting requirements, reduce reliance on manual spreadsheets, increase collaboration for externally led projects and increase forecasting accuracy. RFP documentation indicated that the notification of award would be issued by December 22, 2021.

Long term budget and cash flow forecasts from the Development team for future projects (typically greater than three years in the future) include very limited detail. As such, Finance uses a generic project cash spending curve and includes program specific assumptions that would estimate projected cashflow over the lifetime of the construction phase. The parameters for the forecast are based on the program framework, approved in 2018 plus 3% escalation each year. The appropriateness of the escalation % is outlined below.

During the life of the project, cashflow forecasts are updated monthly based on changes to the project budget or schedule. It is expected that the Development Managers make these changes in CPS and Excel and resubmit to Finance for updates. Within a fiscal year, total expenditure forecasts for projects cannot exceed the approved budget. To facilitate this, oftentimes the timing of various projects is adjusted so the current year budget forecast is balanced. This requires Finance and Development resources to work together to carry out "what if" scenario analyses to determine forecast implications. For example, the impact of changing dates associated with a project or group of projects (e.g., delaying all 'proposed' projects by six months) to accommodate an unanticipated expenditure increase with another project.

Despite existence of documentation outlining the roles and responsibilities in the overall budgeting and planning process with Development and Finance, interviews indicated that there is lack of clarity and confusion on roles. Without clear documentation of inputs and assumptions that need to be considered by Development Managers, there is a risk that assumptions or inputs are not being consistently applied by all those with responsibilities to do so. For example, in Development, it is well understood that planned projects will sometimes not materialize (e.g., partner cannot find equity, financing falls through, etc.), as such Development will over-allocate within the annual budget with the assumption that some of these projects will not come to fruition. However, this logic was not documented in any procedure and did not appear to be supported by historical data analysis to inform assumptions.

Finding	Impact
While process documentation exists, interviews noted roles and responsibilities between Finance	Risk that inputs and assumptions will not be consistently understood and applied by all those

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and DAS in the budgeting and forecasting process are unclear.

with responsibilities to do so, creating potential errors with impacts to cashflow.

Recommendation

5-2: Look for all opportunities to eliminate Excel spreadsheets for manual tracking of large amounts of data and as controls. DAS, Operations and Finance should work closely with IMT to define system needs that would support this. Where this is not possible implement best practice spreadsheet controls (e.g., access, input and version control) to reduce risk. This will support better risk management practices as well as providing opportunities for efficiencies to be gained.

5-3: Finance and DAS should discuss roles and responsibilities supporting the DAS budgeting and forecasting process including the inputs, assumptions and data from source systems that need to be updated to ensure clarity and understanding across both teams.

The review also identified there to be overall limited variance analysis carried out for individual inputs and assumptions used in the forecast. Variance analysis can be used to determine the level of accuracy of these inputs and assumptions and continuously improve the budgeting and forecasting process. For example, for potential projects in the pipeline that are not yet approved but expected to be approved, an assumption will be is applied for each program capital grant/unit (e.g., CHF = $100,000 grant per unit) and a 3% escalation per year starting from 2018. However, increasing construction labour and material costs has increased project costs beyond the 3% escalation factor. Consideration is also required for how costs for accessible and/or sustainable units are estimated to enable more accurate financial forecasts. We did not see any analysis carried out on the average capital grant/unit across programs against the program benchmark, or an assessment as to whether the 3% escalation remains reasonable.

Finding	Impact
Due to a number of factors, some of which are out of BC Housing's control, limited variance analysis is conducted for individual inputs and assumptions used in the forecast process as a result.	Assumptions and inputs into the forecast may be inaccurate as it does not take into consideration changing economic conditions and emerging unforeseen priorities.

Recommendation

5-4: Conduct variance analysis on key assumptions and inputs used for budgeting and forecasting to determine if they are realistic, especially considering the current inflationary environment for construction.

Recommendation **2-3** will also support addressing this finding.

BC Housing interviewees noted there are multiple data points stored across different systems/tools for development projects. Primarily, these include Excel, JED1, and CPS. Some data points are duplicated in two places (e.g., dates) and as such require the Development team to make updates in both sources.

We did not observe clear documentation to specify what data needs to be updated in which system during the budget update process. With limited documentation and a growing Development branch (that is also experiencing turnover), these key processes should be clearly documented for consistent application to reduce data entry and reporting errors, as well as to reduce efforts spent on manually reconciling between multiple

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sources. As described in the 'strategic planning and business integration' section, BC Housing is in the process of replacing Excel with a new cashflow and financial forecasting system which is anticipated to address these issues. However, even with a new system there remains a data integrity risk due to the limited process documentation and lack of core data governance components such as definition of systems of record. To ensure data accuracy, manual data entry should only occur in one location with integrations assisting to override date changes into another system, if required.

Finding	Impact
Interviews indicated a common theme that multiple data points are stored across different systems/tools for development projects. This has resulted in challenges and inefficiencies in report reconciliation.	Inefficiencies from manual reconciliation processes. Creates data integrity issues for errors not caught through reconciliation, which may lead to inaccurate forecasts, budget shortfalls and reputational impacts.

Recommendation
5-5: As part of the cash flow and financial forecasting system implementation, BC Housing should create a data governance model that clearly identifies the system of record for key data sources. As part of this implementation, the project should seek to maximize the use of integrations between solutions and minimize the duplication of manual data entry of the same data in two different systems and eliminate the need for Excel spreadsheets.

Capital projects – repairs (>$5,000 for existing stock)

PRHC-owned stock, and non-profit provider-owned stock where an operator agreement is in place are subject to a building assessment that is conducted once every five years. This includes an independent assessment of the building's overall condition, systems, and work to be done. New buildings are exempt from this requirement and are assessed 10 years after the building has completed construction. The Asset Strategies team, part of the DAS branch, leads the planning and execution of these projects.

Capital repairs and renovations are funded through the Capital Renewal Fund (CRF). This annual funding is fixed and equates to approximately $46 million for PRHC projects and $89 million for non-profit projects. Interviews confirmed that the PRHC annual allocation must be spent in the fiscal year, whereas non-profit projects are only required to be committed in the fiscal year but can be spent within three years. BC Housing has more repair projects in the pipeline than it has funding for (as of November 2021, the CRF project list consists of over 400 prioritized repair projects for a total of $440 million), as such project prioritization is a key step in determining project sequencing. The average cost per capital repair project is $1m, and PRHC project account for 30% of the total number of projects.

Project prioritization process

Internal Audit (IA) conducted a review of "Project Prioritization" for CRF in July 2018. Several recommendations were developed, and BC Housing confirmed that they have all been actioned. Staff within the Capital Planning team reported that the review was useful and highlighted actionable improvements, with the new process allowing for risks to be more easily identified.

Documentation regarding the CRF process was readily available. Figure 6 below highlights the new process for prioritizing capital projects and how input is solicited from key teams from both Operations and DAS. Figure 7 documents the consistent scoring criteria that is used to prioritize projects.
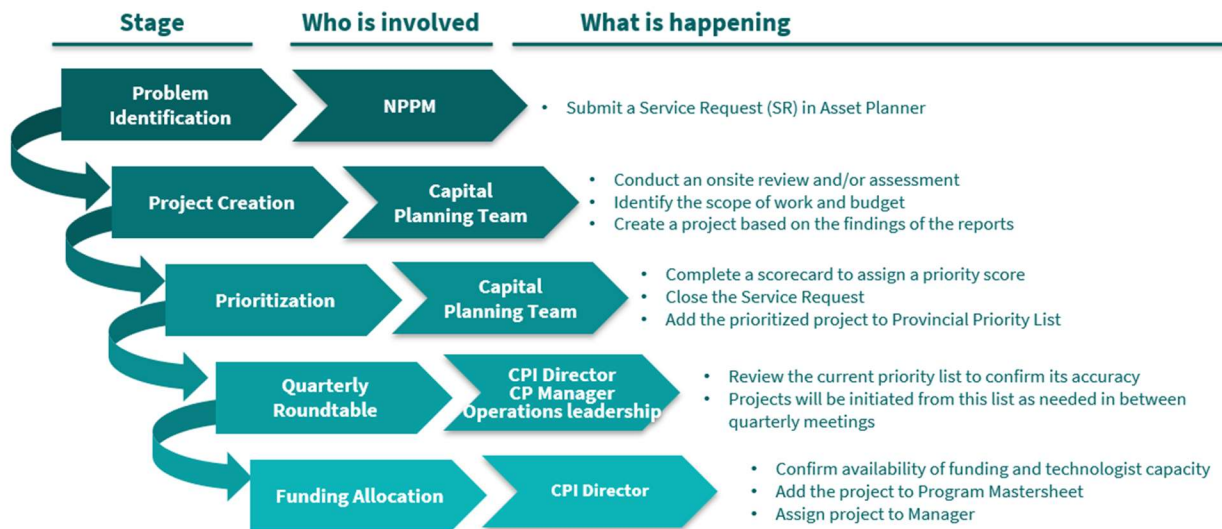
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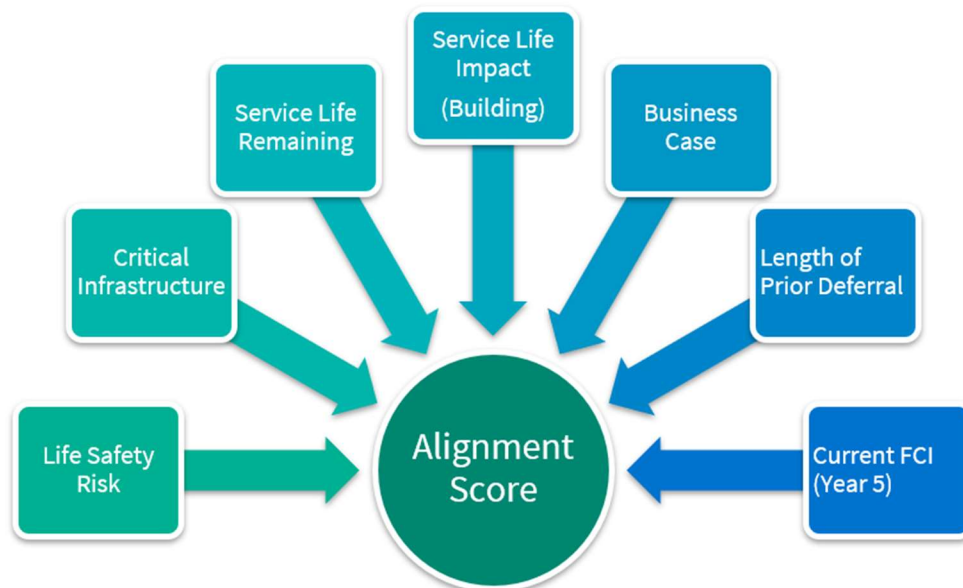Figure 6: Overview of the CRF project prioritization process (Source: BC Housing)

Figure 7: Inputs to the prioritization scorecard. Note - Current FCI is the most recent FCI, which is conducted every 5 years. (Source: BC Housing)

Funding allocation process

Asset Strategies works with BC Housing branches and non-profits to define a scope and detailed budget for the capital repair project which is approved by ExCom and set up in JDE1. Financial controls are implemented in JDE1 to ensure costs incurred are within the approved budget. The CRF budgeting process utilizes a top-down approach whereby Finance provides Capital Planning with the annual allocation of funds available and the Capital Planning team in turn employs a methodology that identifies and prioritizes the most urgent or critical projects. This project evaluation process is dynamic and evaluated on a continuous basis year-round via quarterly round tables. This allows new projects identified within the year to be properly prioritized if they require immediate action.

The budgeting approach does not incorporate the associated costs with maintaining sustainable units which has a twofold impact. Firstly, the CRF funding allocation is being used to complete sustainability upgrades/retrofits which do not generally reduce the FCI of a building, impacting the ability to meet FCI targets for the entire portfolio of housing stock. The second impact is that sustainable units are generally more technical and complex and therefore are more expensive to maintain, the risks associated with this will become more apparent as BC Housing increases its sustainable stock. By setting a top-down budget that does not take into consideration the increased cost associated with sustainable units, fewer projects will be able to be completed over time, ultimately eroding the housing stock's FCI at a quicker pace. Although prioritization remains a robust process to ensure the most urgent projects are addressed in the short-term, there is a risk that this approach will also result in a backlog of deferred projects which may be unmanageable in the medium- to long-term within the current budget. Interviews indicated that this is not currently impacting tenant safety; however, it is impacting the quality of the properties as "cosmetic" repairs, such as painting and flooring, are deprioritized to allow more critical repairs. Documentation reviewed did not explicitly confirm that reduction in operating costs for sustainable units was factored into consideration.

Finding	Impact
The CRF budgeting process utilizes a top-down approach whereby the shareholder provides BC Housing the annual allocation of funds available to carry out a list of prioritized projects. This approach does not take into consideration the growing construction costs and increased capital maintenance costs associated with sustainable units.	Risk that funds allocated will be insufficient to maintain the housing stock at an acceptable FCI resulting in un-liveable or poor-quality housing for residents. Creates fiscal pressure and risk for the provincial government.

Recommendation

5-6: Perform analysis to determine the cost impact sustainability measures related to *CleanBC*, and the growing costs in the construction sector. Factor this analysis into capital and operational budgets, and review on an annual basis, or as new government priorities/initiatives are introduced.

5-7: The budgeting approach for CRF should consider the inputs of the Capital Planning team to identify whether the overall portfolio's needs can be met in the medium and long term within the constraints of the budget.

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Project management

Once approved and funded, the Capital Implementation team is responsible for execution. If a change order is required due to scope changes, a detailed procedure has been developed to ensure key questions and risks are considered when moving forward with any changes, including the approval authorities that must review and approve the change order. Project managers are also responsible for maintaining and managing the project risk register and an Excel project budget file to ensure all costs incurred are within budgets and scopes. Capital Implementation processes are well documented and include project approval thresholds, execution of change orders procedures, and management of projects during execution procedures.

Project managers for Capital Implementation have processes in place to ensure budget estimates are comprehensive upon approval and have ongoing processes to manage risks and project budgets. Controls observed for the sample project selected were aligned with the procedures documented and financial thresholds complied with the matrix authorities.

Operating subsidies to maintain delivery of existing stock

The Operations team works with the Agreements team to finalize an Operator or Operating Agreement with a non-profit housing provider who will be responsible to operate the social housing units. The type of agreement is dependent on who owns the asset. Operating Agreements are in place for providers who operate and own the asset, and Operator Agreements are in place with providers who operate PRHC-owned housing stock. Interviews indicate that there are similar levels of oversight between the two contract types, with some small differences. For example, in an Operator Agreement the provider cannot complete major repairs without BC Housing approval. BC Housing interviewees confirmed that BC Housing delivers approximately 80-85% of services through providers and as such, the oversight and management of providers is critical.

The following section outlines findings and recommendations for the key administration processes associated with operating subsidies. These processes are led by the Operations branch and include:

- Operator selection and agreements.
- Budgeting and forecasting which includes BC Housing's annual budgeting and forecasting process led by Finance with input from Operations (Corporate budgeting), and the provider-level operating subsidy budget setting led by Operations and disbursed by Finance.
- Ongoing relationship management with non-profit providers, including the Financial review and Operational review.

Interviews with non-profit housing providers were out of scope for this review.

Operator selection and agreements

Ownership of properties is dependent on which Building BC program the project falls under. Projects that are eligible for IHF and CHF funding are provider-owned and operated. Under SHF and WTHF, properties are required to be PRHC-owned, and a provider is selected to operate the units on behalf of PRHC/ BC Housing. Analysis of specific RFP or EOI documentation was out of scope for this review.

BC Housing issued a one-time Expression of Interest (EOI) for SHF and WTHF respectively whereby providers had to meet certain criteria and confirm their geographical presence. As new units are developed that require a provider to operate them, BC Housing reviews the approved list and applies subjective criteria to which provider would be the most appropriate, considering factors such as provider capacity and the speed to mobilize. BC Housing noted that issuing an RFP to select the provider was not always possible during the pandemic because an operator needed to be found rapidly.

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Finding	Impact
The process for selecting providers to operate PRHC properties under the WTHF and SHF EOI lists is not documented; elements of the process are based on qualitative criteria which are not documented.	Risk that the process may not be perceived as fair by providers and limits the ability to challenge decisions.

Recommendation
5-8: Document the process and evaluation criteria for awarding agreements to operate PRHC-owned stock to enable increased transparency and rigor. Ensure this process is communicated with providers and staff, and regularly reviewed for appropriateness. Document exception criteria for when an RFP is not required.

As previously noted, BC Housing has a wide range of current and legacy programs, each with its own terms and conditions in operator/operating agreements resulting in significant complexity in ongoing monitoring. This makes managing agreements challenging for both non-profit providers and BC Housing. For example, rules for market rents and whether a provider can keep an operating surplus or not are different depending on program-specific agreements, and a provider could have agreements across many programs. BC Housing is currently in year six of a program reform initiative to consolidate the different terms and conditions. It is acknowledged that alignment will be a challenge due to the nature of the agreements with legal and financing implications.

While operator agreements are generally aligned with program frameworks, standards and outcomes in the operator/operating agreement would benefit from closer alignment, which is linked to the clear definition of what program success looks like and how it will be measured during program design.

Finding	Impact
There are multiple different programs each with different terms and conditions for agreements.	This makes managing providers more complex and time consuming in an organization with capacity constraints. It also increases the risk that terms and conditions will inadvertently not be followed.

Recommendation
5-9: Continue efforts to complete the program reform initiative and explore options to accelerate the work to harmonize terms and conditions of BC Housing programs which have been set up differently over time with different requirements.

BC Housing's annual budgeting and forecasting process – Corporate level process

The BC Housing annual process for budgeting and forecasting is initiated by Finance by extracting information from CPS and JDE1 to build a base operating costs budget for the operating costs incurred by the providers to

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operate stock. The base budget utilizes high-level assumptions for the operating subsidies that will be disbursed to providers who have an agreement to operate housing stock. As a starting point, it is assumed that subsidies for the next 18 months (up to the end of the next fiscal year) will be equal to the current subsidy amount. Finance then incorporates CPS information on mortgage renewal and applies new forecasted interest rates, as appropriate. This consolidated base budget is shared by Finance with budget managers in Operations who are asked to review for reasonableness and identify areas where there is a material budget pressure or savings that would require a change to the corporate budget. Budget managers submit their changes for review to their Regional Director with final review and approval of the budget to be carried out by the VP of Operations.

For future or emerging projects that are still under construction but are expected to be tenanted in the 18-month period and therefore will require an operating subsidy, a separate process is in place to forecast subsidies. This process is led by Finance who extracts information from CPS, such as construction completion date and the estimated operational subsidy approved in the ExCom materials, to build the forecast. An established budgeting process is in place between Finance and the Operations Branch. Documentation is available and training is provided to assist BC Housing employees to carry out the budgeting process.

A newly established Operational Services team will support the budgeting process between Finance and budget managers in the Operations Branch. This team is also developing a 'lessons learned' process to identify areas for continuous improvement. EY noted as part of a review of these 'lessons learned' and discussions with stakeholders that the process would benefit from more detailed documentation of key assumptions that should be considered as part of the budget review process, so that assumptions and inputs could be consistently applied. For instance, inflation was identified as an assumption that is applied at the discretion of the budget managers and, as such, was applied for some budgets and not for others.

Ongoing management of providers

Providers are managed by BC Housing's Non-Profit Portfolio Managers (NPPM) or Supportive Housing Advisors (SHA) depending on what type of housing is delivered by the provider. These roles act as the key point of contact between the provider and BC Housing, and this is where issues are often first identified and actioned, such as raising a request for a major capital repair or investigating an in-year subsidy adjustment.

Three key processes support the ongoing management of providers:

- **The budgeting process** which focuses on assessing allocation, eligibility and budget categories of revenues and expenses that form the size of the operating subsidy.
- **The Financial Review** which focuses on analyzing a provider's financial picture year-over-year.
- **The Operational Review** which assesses that providers are complying with operating agreements.

Budgeting process

During the project approval process, an estimated operating budget is calculated and included in the Final Project Approval submission. An operator/operating agreement is put in place, which defines eligible expenses and financial reporting requirements. BC Housing will work with the provider to develop an annual budget to inform the operating subsidy calculation. Operating subsidies should only be paid to providers where there is an agreement in place.

The budgeting process is carried out closely between the NPPM/SHA and the Financial Review & Budget Analyst (FRBA) from BC Housing, and the non-profit housing provider's finance resource/team. A detailed revenue and expense budget template is shared for the non-profit provider to complete. The NPPM/ SHA and FRBA will carry out a detailed review of the submission, verifying revenue and expenses, ensuring costs are eligible, challenge estimates that appear unreasonable and then submit them for approval, as per the Budget Approval Guidelines. Once the budget is approved, the housing provider will receive a monthly recurring subsidy. Subsidies are renewed annually. The consolidated subsidy budgets are key inputs into the BC Housing annual process for budgeting and forecasting operating subsidies. Subsidies can be adjusted mid-year, based on the results of annual or mid-year reviews and changes in housing providers' costs which impact the subsidy amount.

Overview of the budgeting process between the NPPMs/ SHAs, FRBAs and the providers has been provided below in Figure 8.

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Budget Processing Cycle

Figure 8: Budget processing cycle. The corporate budgeting process is initiated 6 months prior to the start of the fiscal year (FYS). The provider is denoted by HP, being Housing Provider. The number represents the month for example, FYS -6 is fiscal year start minus 6 months. (Source: BC Housing)

Finding	Impact
BC Housing performs a manual review of provider operating budgets. However, there are no defined benchmarks to enable an analytical comparison of costs, and easily identify potential outliers.	Reduces BC Housing's ability to objectively negotiate provider budgets' and may result in increased costs to deliver services.
BC Housing management noted that benchmarks will be included as part of the new operational review process.	

Recommendation
5-10: Benchmarks are planned to be included as a part of the new operational review process. In addition, variance analysis on key assumptions and inputs could be used to better determine if the assumptions used for budgeting and forecasting during the project initiation and construction phases are realistic and reflect the current environment.

For the two samples of operating subsidies that were reviewed, EY found that an agreement was in place with the provider for both. Both operator agreements were complete and used the same template. However, in one of the files, a subsidy payment was made prior to both parties having signed the Operator agreement. Specifically, the VP, Operations signed the agreement on June 7, 2021 with first subsidy payment made on May 12, 2021.

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Finding	Impact
In reviewing detailed files, we observed that in one instance a subsidy payment was made prior to both parties having signed the Operator agreement.	There is a risk that operators are getting subsidy payments without having a finalized agreement in place.

<div style="background-color:yellow">Recommendation</div>

5-11: BC Housing should put in place control processes that ensure subsidy payments to non-profit providers are only made after the operator agreement has been fully authorized.

Financial review

Provider agreements with BC Housing include an annual review of financial statements. For providers which received $100k or more in funding, these financial statements are required to be audited. The purpose of the review is to ensure provider compliance with the financial terms of agreements and to ensure any required adjustment to the subsidy is processed. BC Housing's financial review is the process of comparing the revenues and expenses submitted by non-profit providers to the approved budget and applicable operating agreement requirements, to ensure that the appropriate level of subsidy is provided. The financial review process is also used to identify any indicators that may warrant a more in-depth examination of revenues and expenses.

The financial review is performed by the NPPM and FRBA from BC Housing. Support is provided by Audit Advisory Services depending on provider and complexity. The review includes:

- Review of the provider's operating result and financial statements.
- Analysis of actual expenses.
- Analysis of incomes including tenant rent.
- Reconciliation of replacement reserve (RR).
- Calculation of operating subsidy adjustment, if required.

As part of the FRBA and NPPM work scope, detailed revenue and expense data is submitted, reviewed, and analyzed. Non-profit housing providers are required to submit a detailed budget for each property as part of the budget approval and financial review to inform the subsidy calculation. Controls are designed to ensure adequate reviews take place prior to the preparation and submission of subsidy payments to be carried out by Finance.

BC Housing has documentation and training materials for NPPMs and FRBAs on the budgeting and financial review process which outlines the process and considerations for FRBAs in carrying out their responsibilities.

Operational review

Operational reviews of non-profit providers are the primary assessment tool for understanding performance, risk, and governance capability. The operational review process is currently being revised in response to an IA review conducted in 2020. The project charter states "the existing approach is no longer fit for purpose. It is become outdated in the light of a changing external environment and a degradation in process internally".

The new operational review process will shift away from a retrospective review, to pro-actively managing provider compliance with defined standards. To support providers to meet expectations, BC Housing will develop tools and artifacts that can be leveraged by providers.

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The IA review of the operational review process identified several recommendations that were categorized into five areas (see list below). Whilst all areas are critical to the management of providers, focusing on a risk-based approach and streamlining the process could support alleviating capacity constraints within the Operations branch.

1. Operational review governance and accountability.
2. Current environmental risks and opportunities.
3. Design and operating effectiveness of the review process and its alignment with housing provider risk profiles.
4. Data, systems, and tools for tracking and reporting operational review results.
5. Alignment between the operational review and financial review processes.

The new operational review process will be standards-based and focused on four core areas. Standards have been developed underneath each of the four core areas outlined in Figure 9 below. These standards are clearly defined to support alignment of expectations between the non-profit provider and BC Housing. The standards appear robust and are aligned with government and BC Housing's strategic initiatives, including standards pertaining to EDIB, sustainability, and fostering partnerships with communities and Indigenous Peoples. BC Housing management noted that these standards will continue to be further developed over time as work advances. From discussions with the operational review project team and reviewing project documentation, EY found that the design work has sought to address the risks, pain points and inefficiencies with the current process, as well as implement the recommendations from the IA review.

The new operational review process requires significant effort by BC Housing to develop artifacts and tools for providers to meet expectations; for example, developing sample policies, terms of reference, or standard operating procedures. There currently is insufficient capacity within the Operations branch to build these artifacts and recruitment is proving challenging. The non-profit sector is at capacity, and providers are operating with reduced volunteer hours. As such the success of the new operational review process will be heavily reliant on the process being low effort for the providers to align with.

With the new operational review process, ratings on each core area will be summarized and linked to the Provider Dashboard (risk or performance profile), which will drive decision-making around review cycles and can be accessed for other decision-making purposes. (e.g., RFP processes and renewing agreements, provider requests). This means BC Housing will be able to rapidly assess which providers need additional support.

- Board accountability
- Operational responsibility
- Strategy, policy and governance frameworks
- Effective financial management

Organization and Governance

- Safety and maintenance
- Capital planning
- Resilience and business continuity
- Environmental sustainability

Asset and Facility Management

- Equity, diversity, inclusion and belonging
- Excellent client services
- Satisfaction and complaints
- Community cooperation
- Service provider networking & community relations

Client and Community Focus

- Key performance measures and service requirements
- Administration, record keeping and information
- Reporting obligations
- Understanding of client requirements

Understanding of Agreements and Programs

Figure 9: The new operational review process is focused on four core pillars (Source: BC Housing)

The current process for escalating provider performance issues is not formally defined; however, a three-level escalation process has been developed as part of the design work for the new operational review process. This includes a direct link to the provider's Board of Directors, where adverse performance issues will be escalated. The operational review project team is engaging with providers to solicit feedback and has sufficient change management support to increase provider buy-in, as previous efforts to increase oversight and accountability of providers have been unsuccessful. The design and implementation of the new operational review process is planned to be completed in March of 2024.

Interviews consistently noted that collecting data from non-profit housing providers was challenging from a system and provider capacity standpoint. In addition, there appears to be limited follow-up if providers do not share data, as requested by BC Housing or per the terms in the operator or operating agreement. Providers who are at capacity often do not have the time to submit reports or data to BC Housing. Documentation review

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indicated that the data points stipulated in the operator/operating agreements would benefit from a refresh to identify a small number of key measures that are not onerous for providers to collect and enable success of the program to be measured. Once defined, BC Housing should monitor compliance with the new process and consistently follow up with providers who are not submitting data. BC Housing should also share the outputs from the data, so that providers see the value in collecting and sharing data and can benefit from the insights gathered.

Finding	Impact
Performance measures used to inform performance reporting of providers should be revised to focus on critical service indicators and provide greater insight into provider performance.	Limits the ability to objectively assess provider performance. Limits the ability to produce program reporting to demonstrate the impact BC Housing and its non-profit partners have on the province.

Recommendation

5-12: As outlined in the 'program design' section of this report, BC Housing should work with the shareholder to define what program success looks like and identify the supporting measures that will enable progress to be tracked. BC Housing should then define a small subset of measures to be collected by providers, that is relatively low effort and does not detract providers from delivering core services to clients. BC Housing should work with providers who have no capacity, or anticipate challenges collecting data, to enable success to be measured. The insights derived from provider information should be shared with providers so that they can see the value of collecting data and can provide feedback to BC Housing on ways to enhance the data collection process.

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Prioritization and implementation

Included in this report are 44 recommendations. Each recommendation varies in complexity of implementation and level of impact. Prioritization and implementation planning will support balancing workload across the BC Housing branches, CAS and MRH, while delivering maximum impact and outcomes to the province.

To support this prioritization exercise, each recommendation was assessed against the following prioritization criteria:

- Impact.
- Complexity.
- Estimated timeframe to implement.

Impact

Impact is defined as the size or scale of the anticipated benefits as a result of implementing the recommendations. The overall impact, is assessed with consideration to the following factors:

- Opportunity to release FTE capacity within BC Housing.
- Opportunity to reduce risk to BC Housing and the shareholder.
- # of branches that benefit.
- Opportunity to better support non-profit housing providers.
- Alignment with strategic priorities.

A high impact recommendation is one that meets most of the influencing factors listed above, or is likely to benefit a large number of branches. For example, a high impact recommendation could create additional capacity across a number of branches, or one that reduces risk to BC Housing and the province and supports delivery of strategic objectives.

A medium impact recommendation meets some of the factors, and could be limited to two branches.

A low impact recommendation would yield small benefits, perhaps to just one branch.

Complexity

Complexity of each recommendation was assessed to highlight quick-wins and support the creation of a roadmap for implementation. Estimated complexity is driven by the following factors:

- # of branches impacted by the change
- estimated level of effort to implement the recommendation
- degree of change for the organization (e.g. higher degree of change equates to higher complexity)
- # of external to BC Housing stakeholders required (e.g. TBS, Treasury Board, MRH, CAS, housing providers)
- # of dependencies
- # of processes impacted
- # of systems impacted

A high complexity recommendation is where "more than one" is the answer to several of the volumetric influencing factors above, and the estimated level of effort and degree of change is high, for example it impacts at least three branches, requires changes to more than one process, and requires technology enhancements.

A medium complexity recommendation is a moderate change to BC Housing, or other stakeholders but it does not require multiple processes to be redesigned, or technology configurations, and therefore requires less effort than a high complexity recommendation.

A low complexity recommendation limited to one branch and one process and is therefore anticipated to be relatively low effort.

The complexity, impact and timeframe categorization of each recommendation is an estimate that is informed by observations from the review, and specific drivers which are outlined below. It is being provided as part of this report to provide context for the recommendations, however we expect it will differ from the ultimate

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implementation roadmap adopted by BC Housing due to the existence of factors which we may have not considered.

A detailed view of the prioritization criteria and evaluation of each recommendation (including high level rationale for scoring), can be found in Appendix E.

Roadmap for implementation

How to read the roadmap

In addition to impact and complexity ratings outlined above as a part of prioritization, and the detailed prioritization matrix in Appendix E, the roadmap includes an estimated time frame and a lead stakeholder group required for implementation.

The purpose of the roadmap is to consolidate the impact and complexity rates with the estimated time and lead stakeholder group of each recommendation to visualize implementation priorities.

The lead stakeholder group identification helps to support feasibility and more detailed planning within the organization to assist with capacity allocation and planning to support implementation. It is important to note that for several recommendations, input from other stakeholder groups will be required and this only indicates the lead stakeholder group responsible for driving implementation.
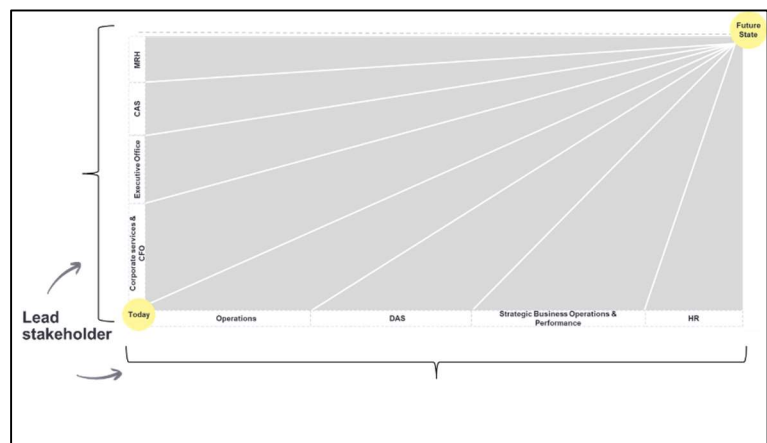
Figure 10: Illustration of how lead stakeholder group is denoted on the implementation roadmap

Recommendations have been assigned an estimated timeline based on observations from this review. Detailed planning work should be completed to refine these estimates prior to implementation.

Four categories have been used, and can be found along the top of the diagram, separating the 'waves' of implementation with a new colour:

- Quick win: 3-6 months.
- Short-term: 6-12 months.
- Medium-term: 12-24 months.
- Long-term: 24+ months.
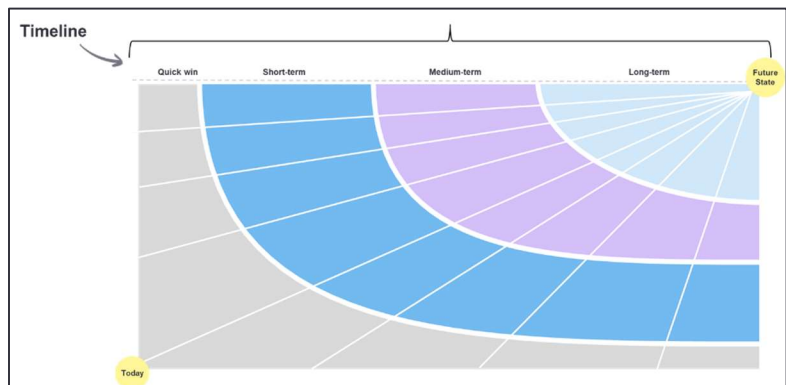
Figure 11 :Illustration of how timeline is denoted on the implementation roadmap

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Impact is assessed as high, medium, or low in the prioritization matrix, and is denoted by the colour of the recommendation box on the roadmap.

High impact

Medium impact

Low impact
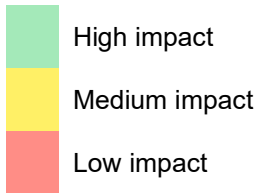
Complexity is assessed as high, medium, or low in the prioritization matrix, and is denoted by the following icons on the recommendation box in the roadmap.

High complexity

Medium complexity

Low complexity

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Figure 12: Implementation roadmap

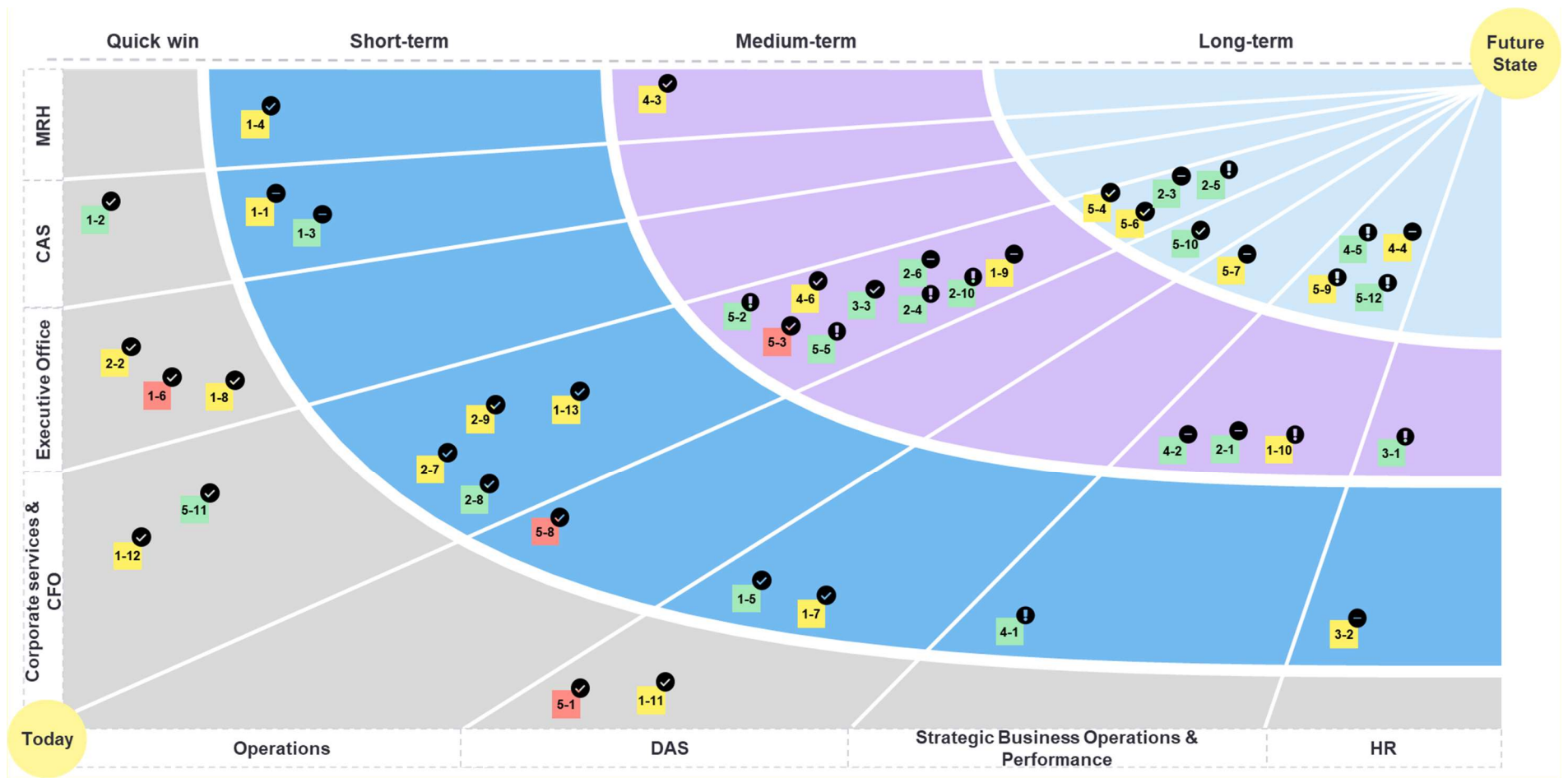| Ref	Recommendation
1-1	The Policy Working Group under the Shareholder's Committee should work to clearly define "policy," including agreement on parameters, areas where BC Housing has flexibility in execution, and areas where escalation or consultation with the shareholder is required. (Recommendations pertaining to the process for defining program outcomes, activities, and performance metrics are discussed in more detail in the 'Program design' section of this report).
1-2	The Shareholder's Committee should review reporting requirements of BC Housing to gain a fulsome perspective of what the shareholder is asking for to standardize and consolidate requests and reduce ad hoc requests where possible.
1-3	The Capital/Finance Working Group and the Shareholder's Committee should revisit project risk definitions, financial thresholds and reporting templates between BC Housing internal governance and the government shareholder to determine if there are opportunities to better align.
1-4	The Minister responsible for Housing should consider directing the BC Housing Board to include a senior government executive as a Board Observer to improve communication between BC Housing and the shareholder.
1-5	Where risk and mitigations are identified in the ExCom submissions and/or in the Project Risk Screen submitted to MRH and TBS, BC Housing should ensure a procedure or process is in place that formalizes the incorporation of these risk mitigations and into the Project Risk Register to formalize ongoing risk management.
1-6	Terms of Reference should be developed for ExCom and PRHC that outline their approval authorities including clarity on membership and required quorum for approvals.
1-7	BC Housing should update guidance or training for the development of ExCom submissions to include: • A more comprehensive presentation of project risks with risk descriptions, ratings, and mitigations where appropriate with timelines and action owners. This could be done in partnership with the shareholder to enable alignment with government risk assessments. • A clear method for documenting and resolving outstanding action items in PPA or FPA submissions prior to finalizing agreements with developers or non-profits to ensure required actions get completed. • Presentation of the capital project costs per unit and PUPM subsidy costs against the program's benchmarks; additionally, if the proposed project is notable percentage above the benchmark, a brief explanation should follow. This allows approvers to better weigh and evaluate trade off risks and value for money when determining project impact. These benchmarks should be reviewed on a regular basis to determine if they continue to be reasonable given the current environment.
1-8	The BC Housing Board should document requirements of delegation of authority.
1-9	Leading practice for policy management is to ensure all existing policies are reviewed within a three- to five-year timeframe. BC Housing should establish oversight controls to support policy review and updates to reflect strategic priorities and current state roles and responsibilities. The financial expense authority matrix should be reviewed and updated to provide greater clarity and completeness of authorities (including the CRC, Board, and Treasury Board, as applicable), clarify "project budgets" and associated definition of capital and operating expenditures, clarify approval of change orders, simplify financial thresholds, and better align with various governance structure.

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Ref	Recommendation
1-10	Leading practice when updating existing or developing new policies that align with BC Housing's strategic objectives, such as sustainability and EDIB, is to bring together a central policy group that includes representation from legal, finance, procurement and the areas of the business that operate processes impacted by the new policy (this is also outlined in BC Housing's Policy & Forms Administration Process). BC Housing should review and update the Sustainable Procurement policy to better align with the CleanBC mandate. Both the Sustainable Procurement and Indigenous Procurement policies should have targets defined that can be measured on a regular basis, such as x% of procurements to Indigenous People/ Indigenous-led organizations, and these measures should be communicated to the relevant staff to provide clarity on accountabilities.
1-11	All PRHC Board / ExCom submissions for the acquisition or disposals should include all due diligence items noted in the policy/procedures; including, for example, the duty to consult with relevant Indigenous Nations as applicable. Where an exception has been identified and a due diligence activity is not required, an explanation should be included into the ExCom submission for transparency and oversight.
1-12	BC Housing should update the Policy and Procedures to incorporate acceptable levels of variance when carrying out acquisitions or disposals vary from the market value appraisals. Where the project submissions exceed these thresholds, an explanation should be included into the ExCom submission for transparency and oversight.
1-13	Given the inherent risk and visibility of real estate dispositions by BC Housing, the BC Housing Board and the CRC should consider expanding the mandate of these bodies to include oversight of property disposals, particularly where the sale value is less than appraised value above a defined threshold.
2-1	Improvements to the strategic planning process should incorporate a cross-branch view on identification, prioritization, and planning of strategic initiatives, as well as partnering with the shareholder. This critical step will also provide a foundation for integration and alignment through implementation of the initiatives.
2-2	Re-establish dedicated time and agenda for strategic discussion at ExCom meetings that could be supported by an Executive performance dashboard.
2-3	BC Housing should elevate the role of Finance in support of DAS and Operations to provide a 'business partner' role. This role should report into Finance but work closely with DAS and Operations on a day-to-day basis, enabling the Finance team to understand how the delivery-focused branches work, and increase financial knowledge across the organization – including related authorities and directives set via the shareholder. • Finance could provide DAS budget managers with support to perform scenario analysis and manage in-year changes to their project portfolio. Within Operations, this would require clarity in roles and responsibilities but would enable better financial budgeting and reporting.
2-4	Embed Finance in strategic planning across the organization to understand the priorities for each branch, and what is required of Finance to support achieving them or what efficiencies could be gained. This would also enable Finance to integrate financial expertise and shareholder perspectives into the strategic planning process.
2-5	Update IMT strategic planning to incorporate more information on how the IMT department intends to meet key BC Housing strategies and initiatives to enable organizational alignment on priorities, accountabilities, and timelines. • Develop IT project evaluation and prioritization criteria to identify and strategically assess high impact projects aligned with BC Housing-wide strategic objectives to improve project

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Ref	Recommendation
	prioritization, use of IMT resources and long-term viability of technology solutions. Project evaluation and prioritization should be presented and approved by ExCom to ensure strategic alignment to the organization's highest priorities and buy-in. • Develop Business Analyst capability to understand the business and identify opportunities to enhance the technology landscape to better support the business. • Strategic planning and prioritization should inform spending requests and business case definition, including the increasing operational costs to compensate for inefficiencies created by not having the right technology and data available to support the needs of the organization and the shareholder.
2-6	The IMT department should assess the desired future state of their IT Portfolio landscape to better identify IT architecture and cloud resources and skills sets that will be required to support and deliver on the objectives of the IMT Strategic Plan. For instance, as BC Housing aims to move to cloud solutions, resources will need different skill sets and expertise, such as an overall understanding of cloud, how to procure solutions and manage vendors, and an understanding of the vendors applicable to BC Housing.
2-7	BC Housing should elevate the role of CIO to report directly to the CEO given the importance of information technology in supporting the efficient and effective operations of BC Housing.
2-8	IMT should adopt a formal project management methodology to improve consistency and accountability of project execution including project deliverables, business outcomes, project schedules, formal project reporting and gate reviews by project committees, and defined exit criteria for milestones. The methodology should consider and differentiate level of effort for projects based on risk, size, and complexity.
2-9	As part of the annual IT planning process, formal quarterly reviews should supplement the ad hoc IMT updates provided to the ARM committee and the BC Housing Board. These updates should include progress on IMT priorities and projects and identification of potential risks and issues to delivery. This exercise could also be supported by a centralized program management function.
2-10	Develop a data governance framework that is appropriate for BC Housing's needs. This could include defining systems of record for key data points, documenting calculations and a standard lexicon, developing standard reports, and creating a report inventory. This framework should be integrated and aligned with the overarching IT and data strategic plans.
3-1	Undertake a targeted deep-dive review on organizational structure with specific focus on how best to align structure and capacity with end-to-end processes, support the end users and delivery of services, integrate support service branches to better understand challenges of the business, and clearly define accountabilities, roles and responsibilities. This review should assess each functional area to identify potential skill or capacity gaps. Capacity should be assessed in conjunction with implementation of other recommendations in this report to first assess opportunities for efficiencies and realignment.
3-2	Define recruitment escalation processes to address difficult-to-hire roles; for example, if posted twice and number of qualified candidates is below five, then discussion at VP level is required to develop a mitigation strategy. These mitigation strategies should be developed with HR and could include activities such as, hiring temporary staff, reviewing the job description, reviewing the benefits package, supplementing with contracted talent, or early internal promotions with additional training and support.
3-3	Have an independent party conduct an IIA QA to benchmark the IA team against peer organizations and understand if the size and capacity of the IA function is sufficient. In addition to size and

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Ref	Recommendation
	capacity, an IIA QA typically includes recommendations around how IA can better define its mandate, achieve its objectives, improve its efficiency and risk coverage, and provide results in alignment with BC Housing executive leadership and shareholder expectations.
4-1	Leverage the BC Housing program framework development procedure to monitor and quality check incorporation of the key elements listed. For example definition of program goals and objectives, roles and responsibilities, resourcing estimates, program standards, tools and monitoring and reporting.
4-2	Reinstate the development of a logic model for existing and new programs to develop a clear link between goals, outcomes, and activities, and support the identification of enablers.
4-3	As new strategic initiatives are identified, existing targets should be revisited to ensure they are still achievable with the new targets. Metrics should also consider the increasing construction costs and other potential economic factors.
4-4	In collaboration with its shareholder, BC Housing should develop policies and operating procedures that translate EDIB and sustainability priorities into day-to-day activities performed by BC Housing staff so that they can understand what the strategic initiatives mean in terms of program delivery. This should include tangible measures of success to enable progress to be measured (for example, updating procurement policies to include a % target for sustainable products/construction elements or suppliers).
4-5	BC Housing should develop a performance measurement framework with input from key BC Housing stakeholders and the shareholder, to enable agreement from the outset of how success will be defined, what BC Housing is accountable for, and to enable systems to be set up to easily measure progress and success. These measures should include a mix of leading and lagging indicators, with measures directly tied to strategies and outcomes to understand what is working well and driving improvements vs strategies that might be yielding little to no impact on outcomes. The frequency of reporting, as well as performance targets should be agreed between BC Housing and the shareholder. Non-profit housing providers should be mandated to submit data to inform performance reporting, where needed. This is discussed further in the "Project administration process" section of this report.
4-6	To facilitate a more comprehensive presentation of BC Housing progress against the 10-year targets for Building BC programs, BC Housing should update DAS Delivery Report quarterly reports for ExCom, the CRC, and the BC Housing Board to consolidate both unit progress as well as the proportion of capital and operating budget consumed in achieving those unit targets. This report should include forecasts for the duration of the program to understand if BC Housing will meet the program goals. This report should be distributed to the Shareholder Committee.
5-1	Increase transparency by updating evaluation criteria to include subjective criteria and align with government priorities. For example, incorporate regional needs into the proposal evaluation process for all programs. Document the results of any subjective criteria evaluation.
5-2	Look for all opportunities to eliminate Excel spreadsheets for manual tracking of large amounts of data and as controls. DAS, Operations and Finance should work closely with IMT to define system needs that would support this. Where this is not possible implement best practice spreadsheet controls (e.g., access, input and version control) to reduce risk. This will support better risk management practices as well as providing opportunities for efficiencies to be gained.
5-3	Finance and DAS should discuss roles and responsibilities supporting the DAS budgeting and forecasting process including the inputs, assumptions and data from source systems that need to be updated to ensure clarity and understanding across both teams.

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Ref	Recommendation
5-4	Conduct variance analysis on key assumptions and inputs used for budgeting and forecasting to determine if they are realistic, especially considering the current inflationary environment for construction.
5-5	As part of the cash flow and financial forecasting system implementation, BC Housing should create a data governance model that clearly identifies the system of record for key data sources. As part of this implementation, the project should seek to maximize the use of integrations between solutions and minimize the duplication of manual data entry of the same data in two different systems and eliminate the need for Excel spreadsheets.
5-6	Perform analysis to determine the cost impact sustainability measures related to *CleanBC*, and the growing costs in the construction sector. Factor this analysis into capital and operational budgets, and review on an annual basis, or as new government priorities/initiatives are introduced.
5-7	The budgeting approach for CRF should consider the inputs of the Capital Planning team to identify whether the overall portfolio's needs can be met in the medium and long term within the constraints of the budget.
5-8	Document the process and evaluation criteria for awarding agreements to operate PRHC-owned stock to enable increased transparency and rigor. Ensure this process is communicated with providers and staff, and regularly reviewed for appropriateness. Document exception criteria for when an RFP is not required.
5-9	Continue efforts to complete the program reform initiative and explore options to accelerate the work to harmonize terms and conditions of BC Housing programs which have been set up differently over time with different requirements.
5-10	Benchmarks are planned to be included as a part of the new operational review process. In addition, variance analysis on key assumptions and inputs could be used to better determine if the assumptions used for budgeting and forecasting during the project initiation and construction phases are realistic and reflect the current environment.
5-11	BC Housing should put in place control processes that ensure subsidy payments to non-profit providers are only made after the operator agreement has been fully authorized.
5-12	As outlined in the 'program design' section of this report, BC Housing should work with the shareholder to define what program success looks like and identify the supporting measures that will enable progress to be tracked. BC Housing should then define a small subset of measures to be collected by providers, that is relatively low effort and does not detract providers from delivering core services to clients. BC Housing should work with providers who have no capacity, or anticipate challenges collecting data, to enable success to be measured. The insights derived from provider information should be shared with providers so that they can see the value of collecting data and can provide feedback to BC Housing on ways to enhance the data collection process.

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Appendices

Appendix A: Glossary

Term	Definition
ADM	Assistant Deputy Minister
AMHA	Aboriginal Housing Management Association
AP	Accounts Payable
ARM	Audit and Risk Management Committee
AVP	Associate Vice President
BC	British Columbia
BC Housing	BC Housing Management Commission
BCA	Building Condition Assessment
BTAA	Budget Transparency and Accountability Act
CAS	Crown Agencies Secretariat
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHF	Community Housing Fund
CIO	Chief Information Officer
CISO	Chief Information Security Officer
CMHC	Canadian Mortgage and Housing Corporation
CMSB	Corporate Management Services Branch
CPS	Central Property System
CRC	Capital Review Committee
CRF	Capital Renewal Fund
DAS	Development Services and Asset Strategies
ED	Executive Director
EDIB	Equity, Diversity, Inclusion and Belonging
EOI	Expression of Interest
ERM	Enterprise Risk Management
ExCom	Executive Committee
EY	Ernst & Young LLP
FCI	Facility Condition Index
FIPPA	Freedom of Information and Protection of Privacy Act
FLA	Fiscal Loan Agreement
FPA	Final Project Approval
FPA	Final Project Approval
FRBA	Financial Review & Budget Analyst
FTE	Full Time Equivalent
FY	Fiscal Year
HR	Human Resources
IA	Internal Audit
IHF	Indigenous Housing Fund
IIA	Institute of Internal Auditors
IMT	Information Management and Technology
IT	Information Technology
JDE1	Oracle JD Edwards
KPI	Key Performance Indicator
MRH	Ministry Responsible for Housing
MOU	Memorandum of Understanding
NPO	Non-profit Organization
NPPM	Non-Profit Portfolio Manager
OAG	Office of the Auditor General
OHCS	Office of Housing and Construction Standards
OR	Operational Review
OR	Operational Review
PDF	Project Development Funding

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PDF	Project Development Funding
PPA	Provisional/Preliminary Project Approval
PPA	Provisional Project Approval
PRHC	Provincial Rental Housing Corporation
PRHC Board	The Board of Directors for the Provincial Rental Housing Corporation
PUPM	Per Unit Per Month
QA	Quality Assessment
QA	Quality Assessment
RA	Repayable Asset
RACI	Responsible, Accountable, Consulted, Informed
RACI	Responsible, Accountable, Consult, Inform
RFP	Request for Proposals
RR	Replacement Reserve
RRH	Rapid Response to Homelessness
SaaS	Software as a Service
SHA	Supportive Housing Advisor
SHF	Supportive Housing Fund
SMR	Subject Matter Resources
TB	Treasury Board
TBS	Treasury Board Staff
The Regulation	The British Columbia Housing Management Commission Regulation
TOR	Terms of Reference
VP	Vice President
WTHF	Women's Transition Housing Fund

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Appendix B: Stakeholder engagement

Government shareholder representatives interviewed:

Name	Title, Organization (at time of interview)
Angela Cooke	Current: Associate Deputy Minister responsible for Housing, Construction Standards & Multiculturalism & Anti-Racism, MRH Former: VP, Operations (departed May 2021)
Cheryl May	Current: Associate Deputy Minister, CAS Former: ADM, Office of Housing & Construction Standards (OHCS), MRH
Christine Fast	Director, Crown Agency Policy & Strategic Initiatives, CAS
Doug Scott	Former: Deputy Minister, CAS (departed January 2022)
Gord Enemark	Executive Director, Treasury Board Staff, FIN
Holly Cairns	Former: Principal, Crown Agency Policy & Strategic Initiatives, CAS (departed December 2021)
John Thomson	Executive Director, OHCS, MRH
Peter Argast	Director, Treasury Board Staff, FIN
Sara Fouwaaz	Senior Director, Crown Support & Strategic Initiatives, CMSB, MRH
Selina Gonzalez	Director, Financial Analysis & Reporting, CAS
Talieh Samadi	Treasury Board Analyst, Treasury Board Staff, FIN
Tracy Campbell	Assistant Deputy Minister and Executive Financial Officer, CMSB, MRH

BC Housing employees, board members, and former executives interviewed:

Name	Title (at time of interview)
Abbas Barodawalla	VP, Corporate Services & CFO
Amarjit Sahota	Director, Enterprise Business Systems
Armin Amrolia	Associate VP, Development (departed November 2021)
Barb Thiesson	Board Audit and Risk Committee Chair
Bill MacKinnon	Senior Manager, Energy and Sustainability
Cassie Doyle	Board Chair
Cathy Shen	Director, Executive Office & Corporate Secretary
Corrina Hayden	Director, Operational Services
Craig Changfoot	Manager, Capital Project Implementation
Craig Crawford	Former: VP Operations (departed 2019)
Dale McMann	VP, Operations
Daniel Owen	Chief Information Security Officer (CISO)
Daphne Yin	Current: Executive Director, Finance Former: Comptroller (acting Executive Director, Finance)
Debora Monteiro	Director, Technology Programs & Performance
Derek Double	Director, Facilities Maintenance
Dominic Flanagan	Former: ED, Strategic Provincial Homelessness (departed July 2021)
Erin Harron	Regional Director, Lower Mainland, Non-Profit
Erin Smandych	Director, Applicant Services
Ethan Hong	Project Manager, Construction
Felicia Singbeil	Director, Organizational Design and Compensation
Hans Rodinger	Regional Operations Manager
Heidi Hartman	Executive Director, Supporting Housing and Homelessness and Regional Director, Vancouver Island Region
James Forsyth	Director, Regional Development, Lower Mainland (A)
Jenn Iten	Executive Director, Finance (departed September 2021)
Jess Tarbott	Development Manager
Jigar Patel	Director, Construction Services

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Name	Title (at time of interview)
Jonathan Rubin	Director, Financial Analysis & Government Relations (departed September 2021)
Julie Wurdemann (Acting)	Regional Director, Vancouver Coastal
Karen Hemmingson	Former: Chief Research Officer (departed August 2020)
Kate Begent-Connors	Director, Program Planning
Kathy Des Roches	Executive Director, Audit Advisory Services
Kathy Louie	Director, Program Delivery & Business Planning
Kelly Miller	Associate VP, Operations (Vancouver Island, Interior, Northern Region)
Lawrence Cheng	Director, Technology Planning
Malcolm McNaughton	Director, Regional Development, Vancouver Island
Maria Rodrigo	Supportive Housing Advisor, Operations
Martin Austin	Director, Capital Program Implementation
Michael Flanigan	Former: Chief Development Officer (departed March 2021)
Michael Klein	Chief Information Officer (CIO)
Michael Pistrin	Associate VP, Asset Strategies
Nanette Drobot	Regional Director, Interior Region
Naomi Brunemeyer	Director, Regional Development, Lower Mainland (B)
Nicola Sharp	Development Manager
Nicole Stinson	Senior Strategic Advisor, Corporate Planning and Enterprise Risk Management
Owen Philip	Senior Manager, Capital Planning
Patrick Murphy	Director, Real Estate Services
Pooi-Ching Siew	Director, Lending Services
Raman Sidhu	DAS Budgeting Lead
Raymond Kwong	Provincial Director, HousingHub
Ryan Wang	Manager of Operations Budgeting Process
Sara Goldvine	VP, Communications
Shayne Ramsay	Chief Executive Officer
Sheryl Peters	Provincial Director, Redevelopment
Stacey Lee	VP, HR
Stephanie Allen	VP, Strategic Business Operations & Performance
Steven Chan	Manager, Project Planning, Asset Strategies
Tammy Bennett	Senior Manager, Corporate Planning
Vanessa Siew	Director, Analytics and Systems Development
Vincent Tong	VP, Development Services & Asset Strategies
Wendy Acheson	Former: VP & Registrar (departed March 2021), Currently serving as CEO and Registrar of Home Construction Regulatory Authority

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Appendix C: Walkthrough sample population overview

Six walkthroughs were performed during this review which included HousingHub and Building BC projects.

Project type	Source of population	Total # of projects included in population	Average total project budget[2]
1. HousingHub	Unit progress summary report submitted to TBS for Q2 2021/22 period	48	$25,725,679
2. PRHC owned Building BC project (SHF/ WTHF)	Unit progress summary report submitted to TBS for Q2 2021/22 period	85	$11,503,104
3. NPO owned Building BC project (CHF/IHF)	Unit progress summary report submitted to TBS for Q2 2021/22 period	97	$21,897,959
4. Capital Renewal Fund	BC Housing "Active CRF list"	167	$1,743,402
5. Operating subsidy[1]	Unit progress summary report submitted to TBS for Q2 2021/22 period	39	N/A
6. Acquisition[1]	BC Housing "PRHC Acq & Disp" in previous 24 months	95	$5,462,238

Notes:
1 – The operating subsidy sample was for the property that was acquired in walkthrough #6.
2 – Includes partner contributions

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Appendix D: Upcoming audits to be performed by Internal Audit

#	Functional Area	Audit
1	Aboriginal Housing management Association (AHMA)	Review of AHMA's financial reporting processes
2	Operations	Waitlist management review
3	Finance	Purchasing card review
4	Cross-functional	Review performance measures reported in the Service Plan
5	Communications	Review Communications structure and alignment with strategic priorities
6	Development & Asset Strategies	Review HousingHub and new funding usage
7	Cross-functional	Review accounts receivables processes
8	Information Management & Technology	Review digital strategy effectiveness
9	Cross-functional	Review of agreements
10	Development and Asset Strategies	Review Real Estate Services
11	Human Resources	Human Resources review
12	Licensing and Consumer Services	Licensing and Consumer Services Compliance review
13	Operations	Review key processes for the directly managed stock

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Appendix E: Prioritization of recommendations and rationale

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
1-1	The Policy Working Group under the Shareholder's Committee should work to clearly define "policy," including agreement on parameters, areas where BC Housing has flexibility in execution, and areas where escalation or consultation with the shareholder is required. (Recommendations pertaining to the process for defining program outcomes, activities, and performance metrics are discussed in more detail in the 'Program design' section of this report).	Medium	Medium	Short-term	Requires consultation and consensus with BC Housing and its shareholders. Would address pain points with current lack of clarity cited in interviews. Definition of policy and program outcomes is critical to enable more holistic performance reporting.	CAS
1-2	The Shareholder's Committee should review reporting requirements of BC Housing to gain a fulsome perspective of what the shareholder is asking for to standardize and consolidate requests and reduce ad hoc requests where possible.	Low	High	Quick win	Shareholder's Committee is already established so could rapidly address this pain point and create some momentum. Would likely need dedicated support from a BC housing representative to document the current reporting requirements and IT support to understand the systems supporting those reports. If done well, this would lay foundations for data governance.	CAS
1-3	The Capital/Finance Working Group and the Shareholder's Committee should revisit project risk definitions, financial thresholds and reporting templates between BC Housing internal governance and the government shareholder to determine if there are opportunities to better align.	Medium	High	Short-term	Impacts the CRC (pushing this into short-term vs. a quick win), also requires input from working groups and Shareholder's Committee, and will impact Finance, Development and Operations. Benefits will enable governance bodies to be more effective.	CAS

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Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
1-4	The Minister responsible for Housing should consider directing the BC Housing Board to include a senior government executive as a Board Observer to improve communication between BC Housing and the shareholder.	Low	Medium	Short-term	Limited stakeholder consensus required. Could increase shareholder oversight without adding additional requirements.	MRH
1-5	Where risk and mitigations are identified in the ExCom submissions and/or in the Project Risk Screen submitted to MRH and TBS, BC Housing should ensure a procedure or process is in place that formalizes the incorporation of these risk mitigations and into the Project Risk Register to formalize ongoing risk management.	Low	High	Short-term	Definition of process and accountabilities could be led by one team (Development) and is expected to be straightforward to design and maintain. Does not require any system enhancements and has the potential to reduce risk to province.	Development Services and Asset Strategies
1-6	Terms of Reference should be developed for ExCom and PRHC that outline their approval authorities including clarity on membership and required quorum for approvals.	Low	Low	Quick win	Administrative in nature, enabling a quick win and point of alignment between BC housing and the shareholder.	Executive Office & Corporate Secretary
1-7	BC Housing should update guidance or training for the development of ExCom submissions to include: • A more comprehensive presentation of project risks with risk descriptions, ratings, and mitigations where appropriate with timelines and action owners. This could be done in partnership with the shareholder to enable alignment with government risk assessments.	Low	Medium	Short-term	Administrative in nature and will only impact Development and Operations.	Development Services and Asset Strategies

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Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
	• A clear method for documenting and resolving outstanding action items in PPA or FPA submissions prior to finalizing agreements with developers or non-profits to ensure required actions get completed. • Presentation of the capital project costs per unit and PUPM subsidy costs against the program's benchmarks; additionally, if the proposed project is notable percentage above the benchmark, a brief explanation should follow. This allows approvers to better weigh and evaluate trade off risks and value for money when determining project impact. These benchmarks should be reviewed on a regular basis to determine if they continue to be reasonable given the current environment.					
1-8	The BC Housing Board should document requirements of delegation of authority.	Low	Medium	Quick win	Control weakness should be addressed to mitigate BC Housing's exposure to risk. Led by one branch.	Executive Office & Corporate Secretary

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Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
1-9	Leading practice for policy management is to ensure all existing policies are reviewed within a three- to five-year timeframe. BC Housing should establish oversight controls to support policy review and updates to reflect strategic priorities and current state roles and responsibilities. The financial expense authority matrix should be reviewed and updated to provide greater clarity and completeness of authorities (including the CRC, Board, and Treasury Board, as applicable), clarify "project budgets" and associated definition of capital and operating expenditures, clarify approval of change orders, simplify financial thresholds, and better align with various governance structure.	Medium	Medium	Medium-term	Led by Finance but will impact DAS and Operations. Potential to be a high degree of change (subject to the extent to which policies are changed) but provides an opportunity to create greater alignment and integration between Finance and DAS/Operations.	Corporate Services and Chief Financial Officer
1-10	Leading practice when updating existing or developing new policies that align with BC Housing's strategic objectives, such as sustainability and EDIB, is to bring together a central policy group that includes representation from legal, finance, procurement and the areas of the business that operate processes impacted by the new policy (this is also outlined in BC Housing's Policy & Forms Administration Process). BC Housing should review and update the Sustainable Procurement policy to better align with the CleanBC mandate. Both the Sustainable Procurement and Indigenous Procurement policies should have targets defined that can be measured on a regular basis, such as	High	Medium	Medium-term	Led by one branch (Strategic Business Operations and Performance), however development of more detail will require input from other branches within BC Housing. Definition of targets will also require consultation across the organization and with the shareholder. Implementation of updated policies will require communication, training and other change management support. New data fields/ bank reports may need to be designed by IT. Definition of these targets will be required for holistic performance reporting.	Strategic Business Operations and Performance

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Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
	x% of procurements to Indigenous People/ Indigenous-led organizations, and these measures should be communicated to the relevant staff to provide clarity on accountabilities.					
1-11	All PRHC Board / ExCom submissions for the acquisition or disposals should include all due diligence items noted in the policy/procedures; including, for example, the duty to consult with relevant Indigenous Nations as applicable. Where an exception has been identified and a due diligence activity is not required, an explanation should be included into the ExCom submission for transparency and oversight.	Low	Medium	Quick win	Administrative in nature and could be facilitated by an update to the template, and communication and training to DAS staff.	Development Services and Asset Strategies
1-12	BC Housing should update the Policy and Procedures to incorporate acceptable levels of variance when carrying out acquisitions or disposals vary from the market value appraisals. Where the project submissions exceed these thresholds, an explanation should be included into the ExCom submission for transparency and oversight.	Low	Medium	Quick win	Administrative in nature. During the pandemic several acquisitions have been made - updates to this one policy and process would increase the rigour and transparency for acquisitions and disposals and enable governance bodies to make more informed decisions.	Corporate Services and Chief Financial Officer
1-13	Given the inherent risk and visibility of real estate dispositions by BC Housing, the BC Housing Board and the CRC should consider expanding the mandate of these bodies to include oversight of property disposals, particularly where the sale value is less than appraised value above a defined threshold.	Low	Medium	Short-term	Will require input from the board/ the CRC, however opportunity to reduce financial and reputational risk.	Corporate Services and Chief Financial Officer

EY

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
2-1	Improvements to the strategic planning process should incorporate a cross-branch view on identification, prioritization, and planning of strategic initiatives, as well as partnering with the shareholder. This critical step will also provide a foundation for integration and alignment through implementation of the initiatives.	Medium	High	Medium-term	This is already underway, and this can be driven by ExCom, however it is a high degree of change to the current strategic planning process and will require buy-in from directors. Changes need to occur with a strong tone from the top to encourage integration beyond just the planning process as this is where benefits will be realized.	Strategic Business Operations and Performance
2-2	Re-establish dedicated time and agenda for strategic discussion at ExCom meetings that could be supported by an Executive performance dashboard.	Low	Medium	Quick win	Weekly ExCom meetings already exist. Effort would be on creating an appropriate agenda, escalating appropriate strategic issues, and ensuring discussions steer away from project level discussions.	Executive Office & Corporate Secretary
2-3	BC Housing should elevate the role of Finance in support of DAS and Operations to provide a 'business partner' role. This role should report into Finance but work closely with DAS and Operations on a day-to-day basis, enabling the Finance team to understand how the delivery-focused branches work, and increase financial knowledge across the organization – including related authorities and directives set via the shareholder. • Finance could provide DAS budget managers with support to perform scenario analysis and manage in-year changes to their project portfolio. Within Operations, this would require clarity in roles and responsibilities but would enable	Medium	High	Long-term	Focused to Finance, DAS and Operations and currently an area with significant opportunity for high benefit in terms of working relationships. Finance is experiencing capacity constraints and hiring challenges. Should be considered with the organizational deep dive recommendation.	Corporate Services and Chief Financial Officer

EY

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
	better financial budgeting and reporting.					
2-4	Embed Finance in strategic planning across the organization to understand the priorities for each branch, and what is required of Finance to support achieving them or what efficiencies could be gained. This would also enable Finance to integrate financial expertise and shareholder perspectives into the strategic planning process.	High	High	Medium-term	More strategic in nature, high degree of change for the organization as it requires a shift from siloed nature. Should be done in consideration of strategic planning recommendations.	Corporate Services and Chief Financial Officer
2-5	Update IMT strategic planning to incorporate more information on how the IMT department intends to meet key BC Housing strategies and initiatives to enable organizational alignment on priorities, accountabilities, and timelines. • Develop IT project evaluation and prioritization criteria to identify and strategically assess high impact projects aligned with BC Housing-wide strategic objectives to improve project prioritization, use of IMT resources and long-term viability of technology solutions. Project evaluation and prioritization should be presented and approved by ExCom to ensure strategic alignment to the organization's highest priorities and buy-in. • Develop Business Analyst capability to understand the business and identify	High	High	Long-term	Capacity constraints within IMT indicate that this could not be done in the short term. High degree of change for the IMT team and wider organization. Significant benefits for the BC Housing, its processes and relationship with the shareholder.	Corporate Services and Chief Financial Officer

EY

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
	opportunities to enhance the technology landscape to better support the business. • Strategic planning and prioritization should inform spending requests and business case definition, including the increasing operational costs to compensate for inefficiencies created by not having the right technology and data available to support the needs of the organization and the shareholder.					
2-6	The IMT department should assess the desired future state of their IT Portfolio landscape to better identify IT architecture and cloud resources and skills sets that will be required to support and deliver on the objectives of the IMT Strategic Plan. For instance, as BC Housing aims to move to cloud solutions, resources will need different skill sets and expertise, such as an overall understanding of cloud, how to procure solutions and manage vendors, and an understanding of the vendors applicable to BC Housing.	Medium	High	Medium-term	The vision for the IT portfolio is more complex and will require strategic thinking and collaboration with branches, and input from shareholder to define a vision that is sustainable and aligned with provincial direction. High impact because most stakeholders raised systems as a pain point and addressed the disparate nature of the systems could release capacity throughout the organization.	Corporate Services and Chief Financial Officer
2-7	BC Housing should elevate the role of CIO to report directly to the CEO given the importance of information technology in supporting the efficient and effective operations of BC Housing.	Low	Medium	Short-term	Systems are a critical enabler to delivering services.	Corporate Services and Chief Financial Officer

EY

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
2-8	IMT should adopt a formal project management methodology to improve consistency and accountability of project execution including project deliverables, business outcomes, project schedules, formal project reporting and gate reviews by project committees, and defined exit criteria for milestones. The methodology should consider and differentiate level of effort for projects based on risk, size, and complexity.	Low	High	Short-term	IT systems are enablers to several key projects. Development of a methodology will require effort on the front end to develop artifacts and communicate/ train staff, however it will streamline the identification of issues and reporting on status updates to ARM Committee, Board and ExCom. This approach could also inform business cases and enable IT to be more effective for the whole organization. Development of project methodology could be considered at an organizational level - so consideration to how to reuse tools developed by IT should be made as other branches are delivering projects, or option to reuse what other teams already have.	Corporate Services and Chief Financial Officer
2-9	As part of the annual IT planning process, formal quarterly reviews should supplement the ad hoc IMT updates provided to the ARM committee and the BC Housing Board. These updates should include progress on IMT priorities and projects and identification of potential risks and issues to delivery. This exercise could also be supported by a centralized program management function.	Low	Medium	Short-term	This is administrative in nature and critical to several strategic initiatives within BC Housing.	Corporate Services and Chief Financial Officer

EY

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
2-10	Develop a data governance framework that is appropriate for BC Housing's needs. This could include defining systems of record for key data points, documenting calculations and a standard lexicon, developing standard reports, and creating a report inventory. This framework should be integrated and aligned with the overarching IT and data strategic plans.	High	High	Medium-term	Requires consultation and consensus within BC Housing and from some elements, with TBS/MRH/CAS. Will require technology to support, is very strategic in nature and a high degree of change for the organization. High impact due to opportunity to increase consistency of reports, and support more streamlined reporting processes. May require new skills to develop.	Corporate Services and Chief Financial Officer
3-1	Undertake a targeted deep-dive review on organizational structure with specific focus on how best to align structure and capacity with end-to-end processes, support the end users and delivery of services, integrate support service branches to better understand challenges of the business, and clearly define accountabilities, roles and responsibilities. This review should assess each functional area to identify potential skill or capacity gaps. Capacity should be assessed in conjunction with implementation of other recommendations in this report to first assess opportunities for efficiencies and realignment.	High	High	Medium-term	All branches will be impacted. Potential to release capacity, address capability gaps, and manage risks, enabling BC Housing to be more effective at delivering services and achieving strategic goals.	Human Resources

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Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
3-2	Define recruitment escalation processes to address difficult-to-hire roles; for example, if posted twice and number of qualified candidates is below five, then discussion at VP level is required to develop a mitigation strategy. These mitigation strategies should be developed with HR and could include activities such as, hiring temporary staff, reviewing the job description, reviewing the benefits package, supplementing with contracted talent, or early internal promotions with additional training and support.	Medium	Medium	Short-term	Capacity constraints and hiring challenges are impacting most branches. Tracking recruitment challenges, and creatively designing solutions could support discussions with TBS, MRH or CAS to identify solutions that may be outside of BC Housing's mandate.	Human Resources
3-3	Have an independent party conduct an IIA QA to benchmark the IA team against peer organizations and understand if the size and capacity of the IA function is sufficient. In addition to size and capacity, an IIA QA typically includes recommendations around how IA can better define its mandate, achieve its objectives, improve its efficiency and risk coverage, and provide results in alignment with BC Housing executive leadership and shareholder expectations.	Low	High	Medium-term	Small team within one branch drives a low complexity, however the impacts are high as it relates to BC Housing's ability to manage risk.	Corporate Services and Chief Financial Officer

EY

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
4-1	Leverage the BC Housing program framework development procedure to monitor and quality check incorporation of the key elements listed. For example definition of program goals and objectives, roles and responsibilities, resourcing estimates, program standards, tools and monitoring and reporting.	High	High	Short-term	Will require input and alignment from BC Housing, MRH, CAS, TBS, and input from several branches in BC Housing to create a checklist that is program agnostic and can be reused as new programs are established. High impact driven by the ability to create alignment across BC Housing and its shareholders and enable the holistic value of investments to be measured (i.e. not just unit count)	Strategic Business Operations and Performance
4-2	Reinstate the development of a logic model for existing and new programs to develop a clear link between goals, outcomes, and activities, and support the identification of enablers.	Medium	High	Medium-term	BC Housing has the capability to develop logic models, however, will require change management support to implement across organization.	Strategic Business Operations and Performance
4-3	As new strategic initiatives are identified, existing targets should be revisited to ensure they are still achievable with the new targets. Metrics should also consider the increasing construction costs and other potential economic factors.	Low	Medium	Medium-term	Primarily led by MRH with input from TBS, and BC Housing Executive.	MRH

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Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
4-4	In collaboration with its shareholder, BC Housing should develop policies and operating procedures that translate EDIB and sustainability priorities into day-to-day activities performed by BC Housing staff so that they can understand what the strategic initiatives mean in terms of program delivery. This should include tangible measures of success to enable progress to be measured (for example, updating procurement policies to include a % target for sustainable products/construction elements or suppliers).	Medium	Medium	Long-term	Will require input from several branches to develop operating procedures. Will require agreement from ExCom on targets and change management support including training. May require new reports/data fields to be created by IT and will support BC Housing to measure progress on strategic initiatives.	Strategic Business Operations and Performance
4-5	BC Housing should develop a performance measurement framework with input from key BC Housing stakeholders and the shareholder, to enable agreement from the outset of how success will be defined, what BC Housing is accountable for, and to enable systems to be set up to easily measure progress and success. These measures should include a mix of leading and lagging indicators, with measures directly tied to strategies and outcomes to understand what is working well and driving improvements vs strategies that might be yielding little to no impact on outcomes. The frequency of reporting, as well as performance targets should be agreed between BC Housing and the shareholder. Non-profit housing providers should be mandated to submit data to inform performance	High	High	Long-term	Significant consultation and alignment required between government stakeholders, BC Housing, and providers, and significant efforts from BC Housing to define metrics, collect baselines, and reconfigure systems/ data structures to collect reports. Alignment of policy and activities (recommendation 1-1) required as a pre-requisite. Requires change management support within BC Housing, and with non-profit providers. Requires foundational data governance.	Strategic Business Operations and Performance

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
	reporting, where needed. This is discussed further in the "Project administration process" section of this report.					
4-6	To facilitate a more comprehensive presentation of BC Housing progress against the 10-year targets for Building BC programs, BC Housing should update DAS Delivery Report quarterly reports for ExCom, the CRC, and the BC Housing Board to consolidate both unit progress as well as the proportion of capital and operating budget consumed in achieving those unit targets. This report should include forecasts for the duration of the program to understand if BC Housing will meet the program goals. This report should be distributed to the Shareholder Committee.	Low	Medium	Medium-term	The data required exists however, Financial resources are currently at capacity.	Corporate Services and Chief Financial Officer

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Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
5-1	Increase transparency by updating evaluation criteria to include subjective criteria and align with government priorities. For example, incorporate regional needs into the proposal evaluation process for all programs. Document the results of any subjective criteria evaluation.	Low	Low	Quick win	Administrative in nature; DAS would lead the design and implementation. Some change management support and oversight would be required.	Development Services and Asset Strategies
5-2	Look for all opportunities to eliminate Excel spreadsheets for manual tracking of large amounts of data and as controls. DAS, Operations and Finance should work closely with IMT to define system needs that would support this. Where this is not possible implement best practice spreadsheet controls (e.g., access, input and version control) to reduce risk. This will support better risk management practices as well as providing opportunities for efficiencies to be gained.	High	High	Medium-term	High complexity based on the degree of change to a high number of roles and processes within BC Housing. Opportunity to consider as part of the design process for the new cashflow and financial forecasting system.	Corporate Services and Chief Financial Officer
5-3	Finance and DAS should discuss roles and responsibilities supporting the DAS budgeting and forecasting process including the inputs, assumptions and data from source systems that need to be updated to ensure clarity and understanding across both teams.	Low	Low	Medium-term	Administrative in nature. Small number of individuals that perform these processes, so the gap is to document what is already happening. Opportunity to be completed as part of the design process for the new cashflow and financial forecasting system.	Corporate Services and Chief Financial Officer
5-4	Conduct variance analysis on key assumptions and inputs used for budgeting and forecasting to determine if they are realistic, especially considering the current inflationary environment for construction.	Low	Medium	Long-term	Could require technology enhancements and additional data. Opportunity to complete as part of cashflow financial forecasting system design work.	Corporate Services and Chief Financial Officer

EY

Ref	Recommendation	Complexity ranking	Impact ranking	Timeframe	Rationale / considerations	Lead stakeholder group
5-5	As part of the cash flow and financial forecasting system implementation, BC Housing should create a data governance model that clearly identifies the system of record for key data sources. As part of this implementation, the project should seek to maximize the use of integrations between solutions and minimize the duplication of manual data entry of the same data in two different systems and eliminate the need for Excel spreadsheets.	High	High	Medium-term	Accurate forecasts are critical to BC Housing managing working capital. High degree of change, and implementation anticipated to be challenging as branches are currently operating in silo. This recommendation should be included in the design work for the new system.	Corporate Services and Chief Financial Officer
5-6	Perform analysis to determine the cost impact sustainability measures related to *CleanBC*, and the growing costs in the construction sector. Factor this analysis into capital and operational budgets, and review on an annual basis, or as new government priorities/initiatives are introduced.	Low	Medium	Long-term	Driven by Finance based on actuals; however, would require data analysis support.	Corporate Services and Chief Financial Officer
5-7	The budgeting approach for CRF should consider the inputs of the Capital Planning team to identify whether the overall portfolio's needs can be met in the medium and long term within the constraints of the budget.	Medium	Medium	Long-term	Impact would result in better condition of stock, and enable repairs to be done earlier on, making the process more cost effective overall.	Development Services and Asset Strategies
5-8	Document the process and evaluation criteria for awarding agreements to operate PRHC-owned stock to enable increased transparency and rigor. Ensure this process is communicated with providers and staff, and regularly reviewed for appropriateness. Document	Low	Low	Short-term	Administrative in nature. Reduces risk (financial and reputational) and supports onboarding of new Operations branch staff.	Operations

EY

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	exception criteria for when an RFP is not required.					
5-9	Continue efforts to complete the program reform initiative and explore options to accelerate the work to harmonize terms and conditions of BC Housing programs which have been set up differently over time with different requirements.	High	Medium	Long-term	Anticipated to be a high level of effort, and high change for providers and will impact several branches, however opportunity to release capacity and improve oversight of providers.	Strategic Business Operations and Performance
5-10	Benchmarks are planned to be included as a part of the new operational review process. In addition, variance analysis on key assumptions and inputs could be used to better determine if the assumptions used for budgeting and forecasting during the project initiation and construction phases are realistic and reflect the current environment.	Low	High	Long-term	High effort from IMT and Operations, however opportunity to increase insights, increase governance around subsidy process, and streamline budget review process.	Operations
5-11	BC Housing should put in place control processes that ensure subsidy payments to non-profit providers are only made after the operator agreement has been fully authorized.	Low	High	Quick win	Reduces financial risk. Process owned by Finance.	Corporate Services and Chief Financial Officer

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5-12	As outlined in the 'program design' section of this report, BC Housing should work with the shareholder to define what program success looks like and identify the supporting measures that will enable progress to be tracked. BC Housing should then define a small subset of measures to be collected by providers, that is relatively low effort and does not detract providers from delivering core services to clients. BC Housing should work with providers who have no capacity, or anticipate challenges collecting data, to enable success to be measured. The insights derived from provider information should be shared with providers so that they can see the value of collecting data and can provide feedback to BC Housing on ways to enhance the data collection process.	High	High	Long-term	Change of expectations for provider and responsibilities for NPPM/SHA so will require a review of workload and will need technology enhancements to support to submission of data and monitoring of performance. New data skills may be required for the organization and will require data governance to be in place.	Strategic Business Operations and Performance

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