

## ATTAINABLE HOMES CALGARY CORPORATION- HOME OWNERSHIP BUSINESS CYCLE CONTROLS AUDIT

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### EXECUTIVE SUMMARY

The City Auditor's Office has issued the Attainable Homes Calgary Corporation- Home Ownership Business Cycle Controls Audit Report. The report includes Attainable Homes Calgary Corporation's (AHCC) response to four recommendations raised by the City Auditor's Office.

### RECOMMENDATIONS

1. That Audit Committee receive this report for information; and
2. That Audit Committee recommend that Council receive this report for information.

### PREVIOUS COUNCIL DIRECTION / POLICY

Bylaw 30M2004 established the position of City Auditor and the powers, duties and functions of the position. Under the City Auditor's Office Charter, the City Auditor presents an annual risk-based audit plan to Audit Committee for approval. The City Auditor's Office 2013 Annual Audit Plan was approved on November 7, 2012.

### BACKGROUND

This audit was undertaken as part of the approved City Auditor's Office 2013 Annual Audit Plan. The objective of the audit was to review controls over the home ownership business cycle to provide assurance that existing controls were appropriately designed and operating effectively to support the shared equity model.

### INVESTIGATION: ALTERNATIVES AND ANALYSIS

AHCC is a wholly owned subsidiary of The City of Calgary incorporated as a non-profit organization in 2009 to implement and administer attainable housing in Calgary. The Board of Directors governs AHCC and reports to City Council.

AHCC's mandate is: "Creating value-driven developments using innovative financing solutions with our partners and communities underpins our success in providing quality entry-level homes at attainable prices". AHCC uses a shared equity model of home ownership to ensure the sustainability of the organization. The expectation is that AHCC will generate sufficient revenues to repay City of Calgary loans and mortgages payable, and reinvest to provide homeownership opportunities to other Calgarians when homeowners re-sell their homes.

The audit focused on the review of controls over AHCC's home ownership business cycle from October 1, 2012 to September 30, 2013. There are three phases in the home ownership business cycle: the application process, home ownership and re-sale of homes. AHCC relies on a small number of experienced staff to administer and oversee this business cycle. Processes, practices and controls identified in the audit generally supported compliance with AHCC policies, AHCC's mandate, and AHCC's shared equity model.

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AHCC changed eligibility practices in 2013, and no longer required documented confirmation of applicant eligibility from lenders. We raised one recommendation to evaluate this practice as applicant eligibility is a critical aspect of AHCC's ability to fulfill its mandate.

Possessions have increased steadily since 2011 (37 in 2011 to 164 in 2013) and are expected to continue to increase in future years. AHCC will need to implement oversight controls and strengthen practices and procedures, particularly as additional staff will be required to deal with increased activity. We raised three recommendations to further build an effective framework of controls to support future activity.

**Stakeholder Engagement, Research and Communication**

This audit was conducted with the support of AHCC's management and staff. AHCC agreed to the recommendations, and their responses are included in the report.

**Strategic Alignment**

Audit reports assist Council in its accountability for stewardship over public funds and achievement of value for money.

**Social, Environmental, Economic (External)**

This report has been reviewed for alignment with The City of Calgary's Triple Bottom Line (TBL) Policy Framework. No implications are identified.

**Financial Capacity**

**Current and Future Operating Budget:**

N/A

**Current and Future Capital Budget:**

N/A

**Risk Assessment**

The activities of the City Auditor's Office serve to promote accountability, mitigate risk and support an effective governance structure.

**REASON FOR RECOMMENDATIONS:**

Audit Committee's Terms of Reference states: "Audit Committee receives directly from the City Auditor any individual Audit Report and forwards these to Council for information."

**ATTACHMENT**

1. Attainable Homes Calgary Corporation- Home Ownership Business Cycle Controls Audit Report