Winnipeg | Audit

Affordable Housing Initiatives - Rapid Housing Initiative Audit

September 2025

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Table of Contents

Table of Contents 2
Audit at a Glance 3
Audit Background 5
Audit Objectives 5
Conclusions 5
Independence 6
Acknowledgement 6
Overview 7
1.1 The Rapid Housing Initiative 8
1.2 Key Challenges 8
1.3 City of Winnipeg's Role 9
Observations 10
2.1 Governance and Oversight 11
2.2 Monitoring and Reporting 19
2.3 Intake, Evaluation, and Selection of the Grant Recipients 27
2.4 During Construction - Project Cost Breakdown 32
2.5 Post Construction 34
2.6 Legal Contracts 37
2.7 Financial Reporting and Cash Management 41
2.8 Insurance Process Review 44
Appendix 1 – Audit Methodology 48

Audit at a Glance

Summary of Recommendations

We recommend that the Assets and Project Management Department establish and document high-level guidance for projects involving non-City-owned assets, such as the Rapid Housing Initiative (RHI).

We recommend that the RHI team:

- Enhance the Standard Operating Procedures (SOP) document to include key elements of a Project Charter. This includes project organization such as clearly documented roles and responsibilities and a formal risk register for the remainder of the program.
- Update the variations within the RHI agreements to mitigate potential risks to the City and to support the achievement of the program's goals and objectives.

We recommend that the Corporate Risk Management Division update their processes and documentation related to the RHI program.

Project Background

The Canada Mortgage and Housing Corporation (CMHC) launched the Rapid Housing Initiative (RHI) – Cities Stream to provide funding for the rapid construction of new housing and/or acquisition of existing buildings for rehabilitation or conversion to permanent affordable housing. Over three funding rounds, the CMHC and the Manitoba Housing and Renewal Corporation (MHRC) contributed over $40 million to the RHI.

Since the launch of the RHI in 2020, the City of Winnipeg, through Federal and Provincial partnerships, has supported a total of 12 projects. Once completed, these projects will have created a total of 191 new units of affordable, non-profit or Indigenous-owned, supportive housing for people and populations who are vulnerable. These populations include women and children who have experienced gender-based violence, Indigenous youth, people with disabilities, 2SLGBTQ+ seniors, and people who are formerly or at risk of homelessness.

This audit assessed the adequacy of the risk management practices, processes and controls of the RHI program to ensure that key risks have been identified and are being managed to support the achievement of the program's intended outcomes.

Observations

The RHI was a new program to the City. The Public Service faced a number of challenges such as the absence of an established affordable housing team, tight deadlines for selecting grant recipients, and

turnover in key roles over the last four years. We also observed that the City lacks guidance for executing projects involving non-City-owned assets.

The RHI does not have a formal Project Charter. A Project Charter formally authorizes the project to proceed and sets out the goals and objectives of the program, the key roles and responsibilities of all team members, describes the formalized risk management approach and includes developing a risk register and determining the risk ratings and responses.

The RHI team does have a Standard Operating Procedures (SOP) document. It includes information on the team members and their tasks, attestation deadlines, and general information about the program. We identified several areas for improvement such as a lack of clearly defined roles and responsibilities, the absence of a formal risk register to assess the likelihood and impact of the risks, and insufficient procedures for internal reporting and post-construction activities.

Overall, we found that there were informal risk management processes, practices and controls in place for the RHI. This included regular Technical Team meetings where risks were discussed and responses were documented, internal and external reporting to key stakeholders, and a documented process to analyze the funding's accounting treatment.

The City's evaluation team assessed the proponents for each round based on discussions and information gathered from various City employees, community groups, and the assessment requirements outlined by the CMHC in the intake form. We selected samples of successful and unsuccessful proponents in Rounds 1 – 3. The unsuccessful proponent in Round 2 and the successful proponent in Round 3 were properly assessed. However, we were unable to conclude on the effectiveness of the evaluation for the successful proponents in Round 1 and 2 and the unsuccessful proponent in Round 1 due to limited information available to support the evaluations.

We also identified variations in the RHI agreements that should be addressed and updated in a timely manner. These differences included the minimum number of affordable housing units to be built, the reporting period-end date for annual attestations, and longer than the minimum period required for some of the grant agreements.

We observed that the Risk Management Division has documented processes in place, but it does not have clearly defined procedures to ensure the accuracy of the Insurance Tracking System. Furthermore, due to a misinterpretation of the grant agreements, the Division did not begin requesting proof of professional liability insurance until after construction was already completed.

Audit Background

The intent of the audit is to:

- Assess the adequacy of the risk management practices, processes and controls of the Rapid Housing Initiative (RHI) program to ensure that key risks have been identified and are being managed to meet the City's obligations under the RHI program and its intended outcomes.

Audit Objectives

The objectives of this audit were:

- To assess if the RHI program key risks have been identified and are being managed to ensure the City is meeting its obligations under the program to achieve the intended outcome.
- To evaluate the adequacy of risk management processes, practices, and controls in place to achieve the RHI program's goals and objectives.

Conclusions

Conclusion 1

- The RHI team has identified risks and outlined how they will be managed, noting that these are discussed in Technical Team meetings and reported to the Offices of the Chief Administrative Officer, Standing Policy Committee on Property and Development (SPC-PD), the Executive Policy Committee (EPC), and Council throughout the program. However, this process has been carried out informally, and we have identified potential key risks that may have been missed.
- The process should be formalized using a risk register with the key elements such as the likelihood and impact of the risks to the City and a documented mitigation plan. The formal risk register will help the RHI team identify the key risks that should be communicated to those charged with governance, such as elected officials. This will also assist the team in achieving the program's intended outcomes.

Conclusion 2

- Overall, we found that the processes and controls are working; however, we identified several opportunities to improve the risk management processes, practices and controls in place to support the achievement of the RHI program's goals and objectives.
    - The RHI team has elements of a formal Project Charter in their Standard Operating Procedures (SOP) document, but it does not include key elements that would typically be included in a Project Charter such as clear roles and responsibilities.

- The SOP document also lacked guidance for the monitoring and reporting of the RHI for the remainder of the program.
- There is a lack of guidance for similar projects involving non-City-owned assets.
- The RHI team met the grant recipient selection timelines approved by Council for all three rounds. However, the Public Service informed us that the tight deadlines in the initial rounds made it difficult to obtain supporting documents for the selection process. As a result, we were unable to conclude on the effectiveness of the evaluation process for three out of the five proponents tested.
- We identified variations in the RHI agreements such as the minimum number of units required that should be addressed and updated in a timely manner.
- While documented processes are in place, we observed that the Corporate Risk Management Division does not have clearly defined procedures to ensure the accuracy of the Insurance Tracking System. Additionally, due to a misinterpretation of the grant agreements, the Division did not begin requesting the proof of professional liability insurance until after construction was already completed.

- We found that a sample of reports submitted to the CMHC, SPC-PD, EPC, and Council met the reporting requirements.

Independence

The Audit Department team members selected for the audit did not have any conflict of interest related to the audit's subject matter.

Acknowledgement

The Audit Department wants to extend its appreciation to all of the stakeholders who participated in this audit.



September 2025

Jason Egert — Date

City Auditor

Overview

1.1 The Rapid Housing Initiative

In support of the federal National Housing Strategy (NHS), the Canada Mortgage and Housing Corporation (CMHC) launched the Rapid Housing Initiative (RHI) - Cities Stream during COVID-19 in 2020. The RHI provides funding for the "rapid construction of new housing and/or acquisition of existing buildings for rehabilitation or conversion to permanent affordable housing."[1] The affordable housing is geared toward populations who are vulnerable such as people who are unsheltered or at risk of homelessness and women and their children fleeing domestic violence.

Under the RHI - Cities Stream, predetermined municipalities submitted projects to the CMHC for review and approval. Projects proposed under the RHI - Cities Stream are being prioritized by the municipalities.[2] As one of the municipalities selected, the City of Winnipeg (the City) entered into agreements with the CMHC. The CMHC gave $36.9 million to the City over three funding rounds to create at least 146 affordable housing units. In March 2024, the City also entered into an agreement with the Manitoba Housing and Renewal Corporation (MHRC) for $5.2 million in support of Round 3.

There were 12 projects selected over three rounds. The City anticipates that the projects will result in a total of 191 affordable housing units. As of June 2025, the Public Service has reported to the Standing Policy Committee on Property and Development (SPC-PD) that eight of 12 projects (67 percent) completed construction.[3]

1.2 Key Challenges

Despite the success, the Public Service identified the following key challenges:

- As a new initiative, the City did not have an established affordable housing team compared to other Canadian cities such as Edmonton and Calgary. These cities' housing groups have between 22 to 50 employees. The City also lacked established guidance and processes for this type of initiative.
- Management explained that they relied on existing employees to support the RHI in addition to their regular duties as the funding did not cover the City's operating costs. Additionally, there were no funds allocated for infrastructure capacity improvements and re-zoning.
- There was a significant amount of turnover for key roles in the last four years.
- The CMHC had tight timelines with Rounds 1 and 2 projects scheduled for completion within one-year, and Round 3 within a year-and-a-half. The time allocated to select grant recipients

[1] *Rapid Housing Initiative*. CMHC website: https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/rapid-housing
[2] *Rapid Housing Initiative*. CMHC website: https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/rapid-housing
[3] *Report #5 Rapid Housing Initiative (RHI) Rounds 1, 2, and 3 Progress Update*. Standing Policy Committee on Property and Development Meeting, June 11, 2025. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=26875&SectionId=&InitUrl=

was limited due to the requirement to submit reports to the Executive Policy Committee (EPC) for approval by specific deadlines. Particularly in Round 1, the Public Service had less than a week to gather and assess the information, select proponents' projects, and present the information to EPC for approval.[4]

- There were not enough low-risk projects available in the community that could meet the timelines and funding criteria defined by the CMHC. This factor made it challenging for the City's Evaluation and Selection Working Group to find and select grant recipients.
- Grant recipients also had challenges with additional funding, procurement, and staffing.

1.3 City of Winnipeg's Role

The City is responsible for reporting to the CMHC and the MHRC, distributing the monies to the approved community partners (the grant recipients) and ensuring that they meet the contract requirements. The grant recipients are responsible for complying with their contracts, completing and sustaining the projects' operations, and maintaining the properties during their agreement terms.

The CMHC stipulated conditions for the City and the projects that received funding from the RHI - Cities Stream. Examples of the conditions include maintaining affordability for a minimum of 20 years, tenancy targets, accessibility, and energy-efficiency requirements. The CMHC allowed the City to engage grant recipients to construct, operate and/or own the units. The City is required to use the appropriate care in selecting grant recipients, entering into agreements with them, and taking the necessary steps to ensure they comply with the conditions. However, the City remains primarily and financially liable for satisfying all the funding conditions.

The City assembled a Technical Team, consisting of employees and leaders from Assets and Project Management, Planning, Property, and Development, Legal Services, and the Offices of the Chief Administrative Officer (CAO). This team supports the RHI by performing administrative functions, monitoring projects, and collaborating with stakeholders to mitigate challenges and/or risks.

Considering the significant funding and stakeholders involved, managing the relevant risks to the RHI are vital. Risk management practices reduce the chance of not meeting the RHI's goals and objectives[5] and ensure communication with decision makers such as elected officials.

[4] The timelines of the intake, evaluation, and selection for all three rounds are in Section 2.3 Intake, Evaluation, and Selection of Grant Recipients.
[5] *Project Management Manual, Version 4.0*. City of Winnipeg, June 2019.

Observations

2.1 Governance and Oversight

Effective governance and oversight are essential to ensuring organizations achieve their goals and objectives. Governance refers to the structures, systems, and practices that are in place to establish decision making authority, oversight of the delivery including the implementation of its policies and plans and reporting on performance in achieving intended results.[6] Oversight involves the review and continuous monitoring of projects to ensure accountability in achieving the desired outcome. We further examined oversight in Section 2.2 Monitoring and Reporting.

Observations

- The City established a Technical Team consisting of employees and leaders with diverse qualifications from different departments to support the Rapid Housing Initiative (RHI).
- While the City has the Project Management Manual (PMM) for capital projects, it lacks guidance for projects involving non-City-owned assets.
- The Technical Team has elements of a formal Project Charter in their Standard Operating Procedures (SOP) document. However, the document lacks key elements typically in a Project Charter, as it did not fully capture three out of the five recommended components.
- The SOP document is unclear about the roles and responsibilities, including who oversees the Technical Team and who should fill in if a key role becomes vacant.

Analysis

Governance

- The PMM guides City departments in delivering capital projects. The Technical Team explained that the PMM is not applicable to the RHI because it does not deliver a city asset. They added that the grant recipients remain accountable for the projects or properties during the contract term. The PMM was developed using project management standards. Therefore, we believe that some of the content within the PMM would be applicable in executing the RHI.
- Through interviews and review of documents, we found that the City lacks high-level documented guidance for projects involving non-City-owned assets. Having established guidelines will support the City's governance for future initiatives like the RHI.

[6] *Practice Guide to Auditing Oversight*. Canadian Audit & Accountability Foundation, 2013.

Project Charter

- The PMM recommends developing a Project Charter for projects. It states that the Project Charter, a key governance document, "formally authorizes the project to proceed and forms the agreement between the Project Manager and the Project Sponsor…by setting out the high-level expectations for delivery and commits the organization to providing the identified capital (and/or operating) budget, resources, and project support. The completed Project Charter provides a clear set of expectations for the Project Manager."[7]
- A typical SOP document lists and communicates the standardized steps necessary to perform a process consistently and effectively.
- We found that the City's RHI does not have a formal Project Charter. However, the Technical Team indicated that they have an SOP document, which contains elements of a Project Charter, and that they rely on it for guidance. We found that the SOP document contained some, but not all, of the recommended components for a Project Charter as summarized in the table below.

Recommended Content	Is it included in the SOP document?
Project description	Yes
Project Organization (e.g. governance, team structure, roles and responsibilities, etc.)	Partial*
Project Scope (e.g. high-level objectives, boundaries, milestones, deliverables)	Yes
Project Costs Estimate and Sources of Funding	Partial**
Risks and Opportunities	No

*The SOP lists the City employees involved in the Rapid Housing Initiative. It also identifies their assigned tasks. The Technical Team provided a separate organizational chart with the structure and roles and responsibilities, but the document was outdated.

**The SOP identifies the funding received from the other levels of government; however, it does not disclose the City's internal costs to support the RHI. The funding agreements state that the funding cannot be used for administrative expenses.

- The City's Technical Team has revised the SOP document over time. However, we observed that significant changes were not tracked. Tracking confirms the timing and validity of the changes.
- As the RHI projects are nearing completion, updating the existing SOP document to include the key elements noted above rather than developing a separate Project Charter would be beneficial. In doing so, the updated SOP will establish clear authority and responsibilities, define objectives and scope, align stakeholders, support decision making,

[7] *Project Management Manual, Version 4.0*. City of Winnipeg, June 2019.

and enhance communication. Since the agreements bind the City for more than 20 years, clear and sufficient expectations will help the City to consistently meet the terms and conditions, manage the risks, and achieve the RHI's goals and objectives.

Roles and Responsibilities

- During the beginning of our audit, we found that the individual primarily responsible for the RHI within the Public Service was unclear. We reviewed various Council meeting minutes and summarized the delegated authorities and responsibilities in the table below. Negotiations and approvals of the agreements and management of the projects were delegated to specific positions.

Funding Round	Delegated Authority and Responsibilities		
	Authority/Responsibility #1: Negotiate and approve the terms and conditions of the funding agreements with the CMHC and the MHRC	***Authority/Responsibility #2: Negotiate and approve the terms and conditions of the grant agreements with the grant recipients***	***Authority/Responsibility #3: Manage projects and ensure on-time delivery and within their respective capital budgets***
1	Deputy Chief Administrative Officer	Deputy Chief Administrative Officer	Director of Asset and Project Management
2	Chief Administrative Officer	Chief Financial Officer	Director of Asset and Project Management
3	Chief Administrative Officer	Chief Financial Officer	Public Service

    - However, as the audit progressed, we noted that in December 2024, the Interim Chief Administrative Officer (CAO) assigned the ownership of the RHI to an Interim Deputy CAO. This has not been updated in the SOP. Given that the agreements are effective for over 20 years, it is important to establish clear ownership and oversight to ensure accountability in meeting the RHI's goals and objectives moving forward.
- In early 2021, the City established a Technical Team for the new initiative. The team consists of employees and senior management from Assets and Project Management, Planning, Property, and Development (PP&D), Legal Services, and the Offices of the CAO. The Technical Team provides oversight to the 12 projects, in addition to performing administrative functions and collaborating with stakeholders to mitigate challenges and/or risks.
- In comparison, we noted that other cities such as Edmonton and Calgary already had affordable housing branches or departments in place. Edmonton has approximately 38 employees on the Affordable Housing Team and 12 on the Housing Action Team. Calgary's housing team grew from seven full-time equivalents (FTEs) three years ago to 22 FTEs in 2025.[8]
- We observed that the Technical Team members are qualified to lead the new initiative as they have diverse experience, which includes project management, construction, employee supervision, finance, and an affordable housing background.

[8] The Technical Team inquired with Calgary and Edmonton about their housing teams.

- While the Technical Team has a SOP document with a list of its members and their job titles, the document lacks information on the roles and responsibilities of the RHI Team members as identified in the sub-section above.
- The Technical Team members confirmed that implementing the RHI required them to take on additional duties.
- We identified 11 key roles supporting the RHI. Between 2021 and 2024, there had been turnover in six key roles including the CAO, Deputy CAO, and the Housing and Neighborhood Revitalization Coordinator. One of the key roles had three different individuals during this period.
- The Technical Team informed us that another team member can provide coverage when vacancies arise. However, our work indicated that the SOP document has no defined and documented succession plan for key roles. Given that the contracts are effective for over 20 years, defining and documenting the succession plan will communicate the expectations to members and provide continuity in future years.
- Overall, the lack of documented roles and responsibilities impacts the governance and oversight of the RHI. Clearly documented roles and responsibilities enhance accountability, reduce ambiguity, and support effective governance and oversight of the program.

Budget/Financial Resources

- All three rounds of the RHI had funding agreements between the CMHC and the City. In Round 3, the City also entered into a funding agreement with MHRC. These agreements provided funding for capital costs but did not cover the City's operating costs to support the RHI.
- The Council-approved 2020-2023 Multi-Year Budget - 2022 Budget Update stated that the adopted balanced budget contained "$500,000 for staffing support to deliver the Rapid Housing Initiative." The PP&D's Finance Division confirmed that the budget was not incremental, and the existing budget was amended to reflect the City's contribution towards the RHI. We reviewed the budget documents, which indicated that PP&D re-allocated existing resources between services in 2022-2023 for the housing initiative.
- The Technical Team informed us that employees did not track or report their hours for the RHI. They added that the departments supported the RHI using existing resources, with employees contributing to it alongside their regular responsibilities and tasks. For these reasons, it is not possible to determine how much time and money the City spent on human resources to deliver this initiative.

- Since the RHI's funding does not cover administrative costs, we encourage the Technical Team to log and report their hours on the RHI to support oversight and to justify any future requests for additional funding.

Risk Management

- The PMM states that "risk is inherent in delivery of all projects."[9] It also provides general examples such as systemic risks (e.g. design complexity, team experience/competency) and project-specific risks (e.g. weather, delivery delays, resource availability, project team issues). Additionally, potential fraud and contract-related risks could impact projects. Risk management's objective is to increase the likelihood that the undertaking will succeed in achieving its goals and objectives. As described above, the risk and opportunities are part of a Project Charter.
- Effective risk management includes a documented risk register displaying the owner, risk analysis, risk response(s) and a process to periodically monitor, evaluate, and update it for changes throughout the RHI. The risks are also reported to those charged with governance such as senior management and elected officials.
- Our interviews and review of documents indicated that the Technical Team did not have a formal risk register. In the absence of a formal risk register, there was no established formal process to monitor, evaluate, and update risks.
- We noted that the Technical Team has informal risk management practices. These include Technical Team meetings with documented minutes where risks are identified and the responses to mitigate the risks are discussed. These risks and the mitigation plans are then reported to elected officials. For more details on the reporting and team meetings, please refer to Section 2.2 Monitoring and Reporting. However, not all risks were evaluated for likelihood and the impact. Additionally, the documented minutes did not specify the risk ratings, and which risks should be communicated to those charged with governance. Without a formal risk register, they could miss key risks in reports to those charged with governance, such as elected officials.
- Overall, while risks have been monitored and reported throughout the process, without a risk register and a formal process to update the risks and mitigation, we cannot be confident that all risks have been adequately documented, monitored, and communicated in a standardized format on a regular basis.

[9] *Project Management Manual, Version 4.0*. City of Winnipeg, June 2019.

RECOMMENDATION 1

We recommend that the Asset and Project Management Department establish high-level guidance for projects involving non-City-owned assets.

At a minimum, the guidance should include:

- Relevant sections of the Project Management Manual (e.g. Project Charter, Project Delivery Plan, Plan Resource Management, Risk Assessment and Management, Define Duties and Obligations)
- Information on the intake, evaluation, and selection of grant recipients, such as:
    - Incorporating any relevant practices from the City's Bid Evaluation Guide, e.g. the use of evaluation criteria, collecting and retaining sufficient documentation for the evaluations
    - Requiring conflict-of-interest disclosures for City employees and/or external parties involved based on the City's Conflict of Interest Policy and Bid Evaluation Guide

RISK AREA	Business Process	**ASSESSMENT**	Moderate Risk
BASIS OF ASSESSMENT	Documented guidance for projects involving non-City-owned assets will provide clear, consistent direction and accountability, ensuring alignment with the program's goals and implementation.		

MANAGEMENT RESPONSE

Management is agreeable to creating a short, high-level guidance document to accompany the City's Project Management Manual, as a resource for potential future projects involving non-city owned assets. This document would point to established City documents such as the City's Project Management Manual (PMM), Bid Evaluation Guide and/or potential future Grants by-laws.

Management notes that this document will not be exhaustive – some programs may need to refer to clauses not cited in the document due to their unique nature.

IMPLEMENTATION DATE	Q1 2026

RECOMMENDATION 2

We recommend that the City's Technical Team update the RHI's Standard Operating Procedures document for the remainder of the program, aligning with the relevant leading practices from the City's Project Management Manual, and ensure the changes are clearly communicated to all RHI employees.

The updates should include, at a minimum:

1. Project Organization such as team structure, roles, responsibilities and authority. This also includes the Interim Deputy CAO's role in providing oversight for the program and defined succession for key roles.
2. A risk register that identifies both risks and opportunities, accompanied by mitigation strategies and clearly defined processes for continuously and periodically monitoring, evaluating, and updating risks throughout the initiative. The frequency of review and updates to the risk register should be determined by management.
3. Version control for significant changes, identifying who made the changes and the date of the change.
4. Documented process for reviewing the claims (e.g. defining "eligible expenses") and completing Part 3 of the Progress Reports.
5. Guidance for site visits such as how to complete a site visit (including Part 3 "For City Site Review Reporting" of the Progress Report), the timing of inspections, and the steps to address issues.
6. Clear guidance for internal reporting requirements, including who is responsible for each report, the deadlines for preparation, and the source of information used to complete the report.
7. Documented process for post-construction activities, including verifying information for attestation, assigning individual responsibilities, setting timelines, and requesting additional information from the grant recipients for other agreement terms and conditions.
8. Outline steps for addressing significant issues (e.g. insurance-related, grant recipients failing to submit an attestation on time) that may lead to a contract breach. This should include the responsible roles, clearly defined responsibilities, required actions, resolution procedures (i.e. consequences for the grant recipients), and any necessary consultation and approval processes.
9. Clarify the prerequisites/criteria to transition from quarterly to post construction attestations.
10. Assigned responsibility for ensuring complete and accurate records are maintained and retained to improve recordkeeping, such as maintaining the tracker and grant recipients' emails for the quarterly attestations, meeting minutes, and project cost breakdown approvals.

RISK AREA	Business Process	**ASSESSMENT**	Moderate Risk
BASIS OF ASSESSMENT	Since the agreements bind the City for more than 20 years, clear expectations are essential to ensure compliance with terms and conditions, effective risk management, and achievement of the RHI's goals and objectives.		
MANAGEMENT RESPONSE			

Overall, Management is in agreement with this recommendation and will take the recommended steps to improve the Standard Operating Procedures (SOP) for the RHI program. However, we do note that some of the recommended additions above, while not explicitly included in the SOP, are included in other program or City documents which are used in the daily implementation of RHI. Other details recommended for inclusion may not be entirely necessary, but can be added based on Audit's recommendation.

Specifically:
4. Eligible expenses are defined in the individual grant agreements and sample expense items are included in the Financial Claim template. RHI Team will add a reference to this in the SOP.

5. The Project Officers assigned to the RHI projects have the level of expertise necessary to review progress claims that are prepared and submitted by others, such as a 3rd party contract administrator. They are also able to report as required on the status of the projects based on site visits. Some guidance regarding site visits will be added to the SOP.

7. Verifying all information in post-construction attestations may not be possible or necessary. Proponents have provided signatures attesting to the accuracy of the information they provided and are bound by legal agreements to the City. Some of the details (e.g. number of units occupied) would be difficult for the City to independently verify with current resources. However, details regarding post-construction monitoring, including monitoring of the details provided in attestations, will be added to the SOP.

9. This determination is made by the CMHC, who informs the City, and the City, in turn, informs the proponent. The RHI team can add information to the SOP to clarify this.

IMPLEMENTATION DATE	Q1 2026

2.2 Monitoring and Reporting

Oversight involves review and continuous monitoring of projects to ensure accountability in achieving the desired outcome. Reporting to key stakeholders encourages this accountability and provides clear visibility of the program's activities.

Observations

- The Technical Team has a Standard Operating Procedures (SOP) document that provides guidance on the processes and procedures for monitoring the Rapid Housing Initiative (RHI) and its projects. However, the current description related to the monitoring process lacks clarity. For example, the SOP does not define "eligible expenses" and does not outline the necessary steps for a site visit.
- We found that the Technical Team improved the meeting minutes template over time and that the meeting minutes included significant risks, mitigation strategies, and other relevant areas. However, areas for improvement were identified in the sample of minutes reviewed:
    - One out of seven meeting minutes selected could not be found.
    - While action items were documented, the details were not consistent.
    - The template did not clearly indicate whether the previous meeting minutes were reviewed and approved.
- Internal and external reporting is occurring for the RHI but there are some areas for improvement:
    - The SOP does not specify the internal reporting requirements. This includes the steps required if a grant recipient fails to submit an attestation or guidance on what should be reported for the post-construction phase.
    - There is limited information for the submission of the attestations related to two grant recipients.

Analysis

Monitoring

- Through interviews and review of the SOP document, we identified that the Technical Team has monitoring processes and procedures in place. These include review of grant payments, site visits, attestations, team meetings, post-construction documentation requirements, and tracking timelines and transactions. However, we found that the monitoring processes and its documentation in the SOP have room for improvement as explained in the following paragraphs.
- The monitoring process confirms compliance with specific agreement requirements, such as eligible expenses. Complying with the agreements, particularly the funding agreements

with the CMHC and the MHRC help prevent contract breaches and retain the funds. Monitoring the projects also affirms that the RHI's goals and objectives are met and maintained throughout the contract period.

Grant Payments and Site Visits

- We noted that the SOP document includes steps for processing the grant payments but does not define "eligible expenses". However, the procedures were working as intended. We tested a sample of five grant payments and found that they only included eligible expenses.
- We also noted that site visits occurred, but the SOP document lacks a clear description of the process.
- For further details, please refer to Section 2.7 Financial Reporting and Cash Management.

Attestations

- The CMHC requires the City to submit attestations by a certain date. The grant agreements require that the grant recipients complete and submit the attestations to the City. The City's Technical Team reviews and approves the attestations before sending them to the CMHC.
- Quarterly attestations communicate changes and risks (e.g. construction delays) during construction to the City's Technical Team and the CMHC. The Technical Team and the CMHC monitor the grant recipients' compliance with the agreement requirements through annual attestations during the post-construction period. This includes the affordability and energy efficiency requirements.
- For all nine quarterly attestations reviewed, we noted that the grant recipients completed the attestations with the identification of any delays and/or issues, and the Technical Team reviewed and approved them. We also reviewed an annual attestation and found that the grant recipient responded to questions related to affordability and energy efficiency. The annual attestation had evidence of the Technical Team's review and approval.
- The City met the CMHC deadlines for submitting the attestations. However, we recommend that the SOP should be improved to clarify and enhance the current process and procedures. This includes incorporating additional steps to the attestation process to verify responses, procedures required if grant recipients fail to submit timely attestations, and prerequisites to transition from quarterly to post construction attestations. These examples will be discussed further in the Reporting subsection below and Section 2.5 Post Construction.

Post-construction documentation

- For post-construction documents, the grant agreements require the grant recipients to submit post-construction documents such as a zoning memorandum and statutory declaration to the City. A zoning memorandum confirms that the completed project complies with all by-laws. A statutory declaration declares that the project has been constructed in accordance with the terms and conditions of the agreement.
- We reviewed two of the seven projects that had completed construction at the time of the audit. We noted that one of the two grant recipients submitted both the zoning memorandum and statutory declaration to the City. These documents confirmed that their project complied with the by-law and the terms and conditions of the agreement. While the other grant recipient submitted their statutory declaration, we were unable to obtain a copy of the zoning memorandum as the Technical Team was not able to locate it. We identified the improvements to the post-construction documentation in Section 2.5 Post Construction.

Technical Team Meetings

- The Technical Team meetings began in January 2021 and occur on a bi-weekly basis.
- We reviewed a sample of seven technical team meeting minutes from January 2021 to June 2024. We found:
    - The meeting minutes template improved over time as the Technical Team added new sections such as the standing agenda items for site progress updates, quarterly attestations, and round table discussions. The template used in the June 2024 meeting clearly identified the meeting date, time, location, and the expected attendees.
    - The Technical Team provided six meeting minutes and confirmed that the seventh meeting took place; however, the minutes for that meeting could not be found.
    - Subject matter experts can provide valuable insights into decision-making and identifying and resolving issues, and therefore, they should be in the meetings as required. The primary attendees were employees and leaders from Assets and Project Management, Planning, Property and Development (PP&D), and Legal Services. The appropriate employees were present during the meetings as they were able to address significant topics. For example, the six meeting minutes reviewed identified relevant staff from Assets and Project Management and PP&D as they discussed the projects' progress and grant disbursements. Legal Services attended the meetings for contract-related conversations.
    - The Project Management Manual (PMM) recommends best practices for meeting minutes. It states:

        - That the minutes should be numbered and formatted using an outline format with concise statements, clear titles and headings, and the names of individuals involved. We found that all six meeting minutes demonstrated these practices.
        - That meeting minutes should include defined action items, names and the precise dates that action is required by, narrow down complex issues to the next step, confirm "whose court the ball is in" and write it down. While the six meeting minutes reviewed had identified the action items, documentation was not consistent. For example, in one of the meeting minutes reviewed, there were action items with the date and the person responsible, while other items only had the action statement and name of the person.
        - Including a review of the previous meeting minutes so attendees can confirm their accuracy and their understanding. The six samples lacked a standing agenda item to clearly identify the review and approval of the previous meeting minutes. The agenda item ensures that the previous minutes were filed appropriately and reinforces their awareness and understanding of the previous topics and action items.
    - Significant risks and mitigation strategies were identified in the minutes reviewed. These risks were communicated to elected officials through SPC-PD as described in the Reporting section below.

Tracker

- Maintaining a tracker for important dates and contractual requirements will keep the Technical Team organized and informed.
- The Technical Team maintained a tracker in a spreadsheet and are currently developing a new version, which has not yet been implemented. This new tracker contains project information, an attestation log, and other documentary requirements and timelines. Once the new tracker is developed, the Technical Team should update their SOP document to provide information on the new tracker, such as its purpose and who is responsible for maintaining it.
- The October 2024 SOP document includes information on tracking the advance payments; however, it did not provide directions on the grant agreement requirements. The previous tracker did not work well for this purpose. We noted that out of four advance payments reviewed:
    - One sample met the requirements prior to payment but was not paid on time.
    - Two samples did not meet one of the agreement conditions prior to payment.

    - The Technical Team could not provide sufficient evidence to conclude that the fourth sample complied with at least one of the grant agreement's conditions prior to payment.
- The Technical Team asserted that they have not received any complaints from the grant recipients regarding the advanced payments as the grant recipients received their money. The Team also indicated that some of the conditions[10] for releasing advance payments were intentionally waived as withholding the payment could delay the projects' progress.
- Advance payments occurred in the beginning of the RHI and therefore, tracking them is no longer needed. The Technical Team also mentioned that the RHI may not receive further funding rounds. Therefore, the recommendations for improved recordkeeping practices for advance payments can be applied more generally to similar initiatives in the future.

Reporting

- For the purposes of this audit, we defined internal reporting as communication within the City, including reporting to elected officials. While external reporting is between the City and external parties, such as the CMHC.
- We found that both internal and external reporting occurred; however, there is room for improvement in the process documentation as outlined below. Establishing clear procedures and guidelines will provide the Technical Team members with clarity on reporting requirements and promote consistency moving forward.

Internal Reporting

- We reviewed the Standing Policy Committee on Property and Development (SPC-PD), Executive Policy Committee (EPC), and Council meeting minutes for information related to the RHI.
- Prior to December 2023, the reports to elected officials included communication of key risks such as project delays, changes in number of units, increased construction costs and internal staffing issues. The reports also stated that the City remains primarily responsible to the CMHC for fulfilling all obligations under the funding agreements. If the City or the grant recipients' projects fail to meet the funding agreements, they could be asked to return the funds.
- We noted that the December 2023 Council motion directed the Public Service to report on the RHI's three rounds exclusively to the SPC-PD going forward. The reporting was scheduled to occur semi-annually during construction and annually thereafter.

[10] For Round 1, the grant agreement requires a signed agreement before an advance payment can be made. For Rounds 2 and 3, a signed agreement and two additional mandatory requirements must be met prior to the payment.

- We found that the Public Service adhered to the December 2023 directive by providing a combined report on all three rounds to the SPC-PD in June and December 2024. The reports included construction and financial-related information, as well as the risks for all the three rounds. The reports also informed readers that construction delays were risks to the City and that the Public Service was monitoring and assisting as required, as well as communicating with the CMHC.
- However, we noted that the reports did not disclose the agreement terms such as the contract period, which ranged from 20 to 40 years. Disclosure of significant information would help decision-makers understand the RHI and the impact on the City. Based on our discussions with the Technical Team during the audit, they have included the agreement term lengths in the June 2025 SPC-PD Report.[11] We encourage the Technical Team to continue communicating key risks and any sensitive and confidential matters through the appropriate channels.
- During our audit, we noted that a monthly EPC report included information related to the RHI and Housing Accelerator Fund (HAF). For this audit, we focused on the RHI information. There were monthly reports between March 2023 and June 2025.
    - Through discussions, we noted that the HAF Management Team prepared the EPC report using information from the RHI Technical Team's network drive and meetings. We noticed discrepancies in the report such as the housing classification and the lack of definition for the word "complete." However, as of the March 2025 report, the HAF Management Team revised the report and removed the specific information related to the RHI. They explained that the Technical Team reports semi-annually for the RHI to elected officials and that the RHI is no longer approving new projects. The HAF Management Team added that the revisions clearly align the reporting to current activity and monthly changes. We suggest that the RHI's Technical Team connect with the HAF Management Team as needed for any significant changes that should be reported monthly, as reliable reporting practices support effective decision-making.
- We also observed that the Director of Assets and Project Management periodically provided informal updates to the CAO. Based on the supporting documents from the Offices of the CAO, there were three updates in 2024. The updates communicated project progress and staffing needs related to the RHI. We noted that the SPC-PD reports above, such as the June and December 2024 reports, were also provided to the Offices of the CAO.
- Procedures and/or guidance related to reporting for the SPC-PD and the Offices of the CAO are not included in the SOP document. Establishing clear procedures and guidelines

[11] *Report #5 Rapid Housing Initiative (RHI) Rounds 1, 2, and 3 Progress Update*. Standing Policy Committee on Property and Development Meeting, June 11, 2025. DMIS: **https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=26875&SectionId=&InitUrl=**

will provide the Technical Team members with clarity on reporting requirements and promote consistency moving forward.

External Reporting

- The grant agreements require that the grant recipients complete the CMHC's quarterly and annual attestations template and submit it to the City for review. The City reviews the attestations before submitting them to the CMHC by the dates indicated in the CMHC funding agreements.
- The CMHC advises the Technical Team when projects switch to annual attestations after the post-construction attestations are reviewed.
- We noted that no guidance is provided for the City's review of the quarterly attestations. The latest SOP document dated October 2024 provides information on the attestation process. However, we noticed that it does not define and document the plan and process for post-construction and reporting (including the accuracy/verification of responses to attestations). For more details on the post-construction area, please refer to Section 2.5 Post Construction.
- We selected a sample[12] of nine out of 19 quarterly attestations and one annual attestation that were submitted to the CMHC. We found that the samples used the CMHC's template and were sent on time to the CMHC. There was also evidence that the quarterly attestations were reviewed internally and by the CMHC.
- However, the RHI Team could not provide support to show us when the grant recipients submitted the quarterly attestations to the City in two out of nine sample quarters. Therefore, we were unable to confirm whether the grant recipient's attestations were timely. While it was submitted to the CMHC on time, it is important to recognize that a significant delay by the grant recipients could have an impact on the City's ability to meet the CMHC's deadlines.
- The SOP document included an Attestations Schedule that identifies the due dates of the annual attestations from the grant recipients to the City. Once these attestations have been reviewed and approved by the City, they are submitted to the CMHC by February 28th each year.
- We observed that while the SOP document contains attestation procedures, it lacks specific guidance on the actions to be taken or consequences to be applied if the grant recipients fail to submit an attestation. The CMHC funding agreements obligate the City to complete and send the attestations to the CMHC. But under the grant agreements, the City shifts the responsibility of completing the attestations to the grant recipients. It is

[12] Please note that these samples were drawn from four selected projects, covering the period from March 2021 to June 2024 inclusive.

important for the City to meet contractual requirements with the CMHC, otherwise the City and the grant recipient may be obligated to return the funds.

RECOMMENDATION
Please refer to Recommendation 2 for improvements to the SOP document.

RECOMMENDATION 3			
We recommend that the Technical Team update their meeting minutes template for the following items and communicate the changes to all relevant employees: 1. A standing agenda item for the review and approval of the previous meeting minutes to ensure that the minutes are complete and that all action items are revisited and followed up on as required. 2. A column for action items as recommended in the Project Management Manual.			
RISK AREA	Business Process	**ASSESSMENT**	Low Risk
BASIS OF ASSESSMENT	Meeting minute templates that ensure action items are followed up on and completed improve accountability and execution of tasks, which can assist in the overall success of the program.		
MANAGEMENT RESPONSE			
Management is in agreement with this recommendation and will make the recommended change. #2 has already been implemented based on previous feedback during the Audit process.			
IMPLEMENTATION DATE	Q3 2025		

2.3 Intake, Evaluation, and Selection of the Grant Recipients

For the Rapid Housing Initiative (RHI), 12 projects were selected over three funding rounds. There were five, three, and four approved projects in Rounds 1, 2, and 3, respectively. The Offices of the Chief Administrative Officer (CAO) led the process for all rounds. This process was vital in ensuring that qualified and eligible organizations received funding to achieve the RHI's objectives.

Observations

- The City selected grant recipients on time for all three rounds despite experiencing several challenges such as tight turnaround times and the absence of an established affordable housing division or group.
- The City's evaluation teams assessed the proponents[13] for each round based on discussions and information gathered from various City employees, community groups, and the assessment requirements outlined by the CMHC in the intake form.
    - We found that two of the five proponents tested for the three rounds were properly assessed. However, we were unable to conclude on the effectiveness of the evaluation for the remaining three proponents due to limited information.

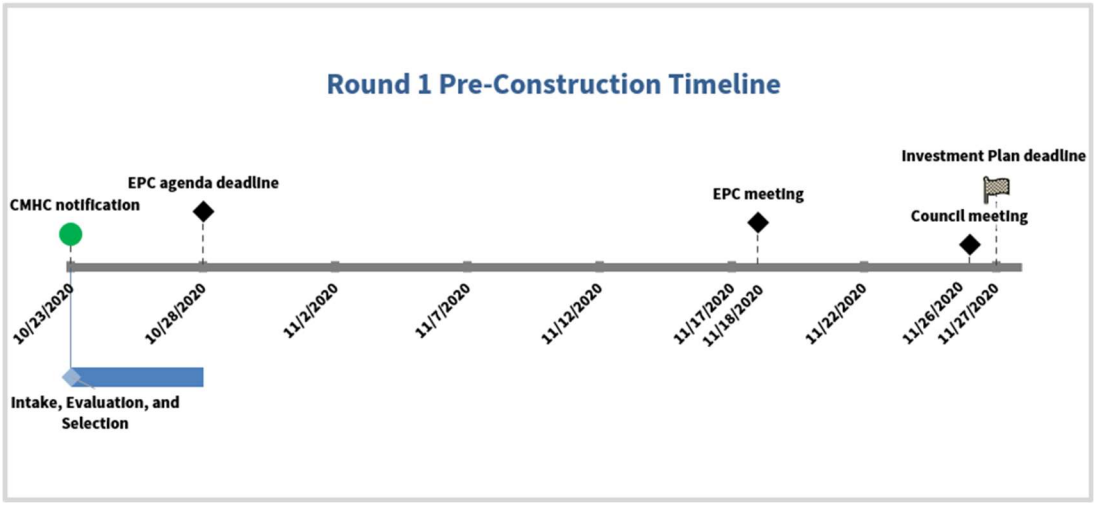
Analysis

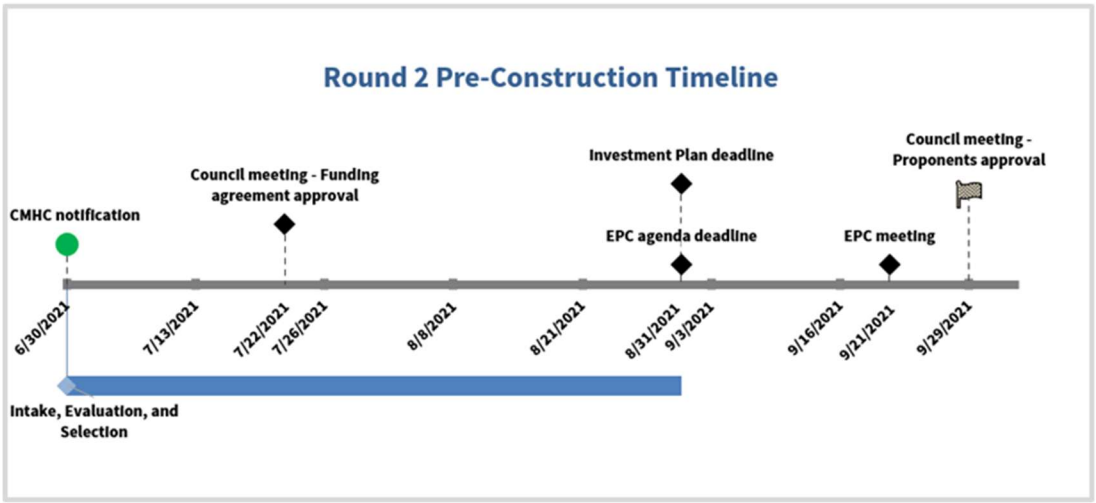
Background Information - Challenges

- The Offices of the CAO highlighted several challenges including extremely tight timelines and the absence of an established affordable housing division or group. These challenges impacted the execution of the selection process.
- The CMHC required municipalities to submit an Investment Plan for each round by a specific timeline for approval. The Investment Plan consisted of selected projects and their descriptions such as the proponents, number of affordable units to be built, grant money needed, target population, and affordability period.
- Based on information provided by the Offices of the CAO and review of Council minutes, the intake, evaluation, and selection timelines were approximately four, 43, and 62 business days for Rounds 1, 2, and 3, respectively. In Rounds 2 and 3, the Offices of the CAO explained that the CMHC gave more time to select the proponents or projects after receiving feedback from the municipalities participating in the RHI.
- In Round 1[14], Council approved the funding agreement with the CMHC and the selected proponents at the same meeting. On November 26, 2020, the Round 1 CMHC Funding

[13] A proponent becomes a "grant recipient" if they are selected to receive the RHI funding.
[14] *Report #6 City of Winnipeg Rapid Housing Initiative (RHI) Federal Funding*. Council Meeting, November 26, 2020. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=20581&SectionId=&InitUrl=

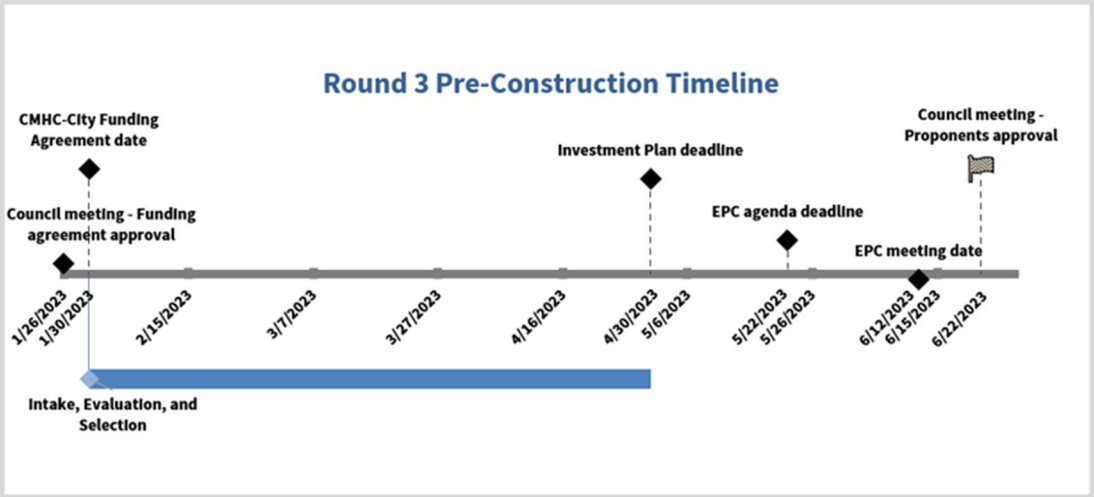
Agreement came into effect. In Rounds 2[15] and 3[16], Council accepted the CMHC funding and grant agreements separately. Entering into the funding agreements prior to approving the proponents and agreements eased the timelines for the processes. The graphs below illustrate the timelines of each round.





[15] *Report #1 City of Winnipeg Rapid Housing Initiative (RHI) Round 2 Federal Funding*. Council Meeting, July 22, 2021. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=21121&SectionId=&InitUrl= and *Report #2 City of Winnipeg Rapid Housing Initiative (RHI) Round 2 Federal Funding Update*. Council Meeting, September 29, 2021. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=21244&SectionId=&InitUrl=

[16] *Report #10 City of Winnipeg Rapid Housing Initiative (RHI) Round 3 Federal Funding*. Council Meeting, January 26, 2023. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=23611&SectionId=&InitUrl= and *Report #7 City of Winnipeg Rapid Housing Initiative (RHI) Round 3 Update*. Council Meeting, June 22, 2023. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=23875&SectionId=&InitUrl=



- Since the City had no established affordable housing division, the Offices of the CAO formed a working group to select the proponents. This working group consisted of individuals from City departments such as the Offices of the CAO, Planning, Property and Development, Assets and Project Management, Water and Waste, Corporate Finance, and Legal Services. The Offices of the CAO explained that they relied on the CMHC for guidance on the intake, evaluation, and selection processes because the RHI was new to the City.

Audit Results

- Through interviews and review of documents, we identified the following observations for the three rounds:
    - The CMHC provided criteria for selecting proponents; however, the working group also developed its own criteria in addition to the CMHC's. For example, they assessed the project's readiness based on how long it would take them to complete the zoning permit process. For all three rounds, similar criteria was used such as zoning, net new housing units, non-profit entity, target population, and operational funding or viability.
    - In Rounds 2 and 3, the City engaged community groups such as Manitoba Housing, End Homeless Winnipeg, and CentreVenture to get their feedback on the City's shortlist of proponents. We found that the feedback included comments regarding the viability of the projects and their ability to address the community's housing needs. As Round 1 had narrower timelines, there was no commentary gathered from community groups. The Offices of the CAO explained that in later rounds they engaged community groups in the process.

- Different perspectives from the City's working group and community organizations provided valuable insights. However, conflict-of-interest disclosures were not required for both groups. Without the disclosure, it could be difficult to identify potential biases and put appropriate measures in place to avoid them.
- The SOP document did not include procedures related to the intake, evaluation, and selection processes.

- We selected a sample of five proponents from the three RHI rounds, three successful and two unsuccessful. The Offices of the CAO indicated that proponents went through similar processes during the rounds. We found that:
  - Obtaining supporting documents was inconsistent in earlier rounds; however, there were improvements in later ones. These documents can help the working group confirm the information provided and should be readily available to provide support for their decisions. For the CMHC's criteria, we observed that:
    - In Round 1, the City was unable to provide supporting documents for the criteria tested for both the successful and unsuccessful proponents. The Offices of the CAO explained that the extremely tight deadline made it difficult to obtain additional documents for this round.
    - In Round 2, we found that four out of the 10 criteria tested for the successful proponent were supported. For the unsuccessful proponent, there was only one out of 10 criteria where support was provided. Management explained and provided support that the entity was for-profit and thus ineligible for the funding.
    - In Round 3, we reviewed sample criteria for the successful proponent and noted that all of the necessary support was available for all six criteria tested.
  - The City's response to its own criteria was either a yes or no without commentary. These criteria related to ownership, rezoning, operating funding, and ability to meet the CMHC's strict timeframes. The lack of commentary made it difficult to determine how the City arrived at its assessment or decision. For the City's criteria:
    - In Round 1, we selected and reviewed four out of 11 criteria. Some commentary and supporting documents were provided for the sample criteria tested, but not for all. For one of the four criteria, the Offices of the CAO provided an explanation and documentary evidence supporting the "yes" responses for both the successful

and unsuccessful proponents. There was no commentary and documented support for the other three criteria.

- In contrast, the Offices of the CAO was able to provide commentary and supporting documents related to the criteria tested in Rounds 2 and 3. We selected and reviewed one of three criteria and five of 19 criteria in Rounds 2 and 3, respectively.
- The City's Bid Evaluation Guide provides guidance on the evaluation process and should be considered when evaluating proponents for similar initiatives in the future.

- Based on the work performed, we were unable to conclude on the effectiveness of the evaluation for the successful proponents in Round 1 and 2 and the unsuccessful proponent in Round 1. The unsuccessful proponent in Round 2 and the successful proponent in Round 3 were properly assessed.
- In all three rounds, the City submitted a list of potential proponents to the CMHC on time. All the proponents selected by the City were approved by Council and the CMHC. The process demonstrated notable improvements in later rounds. The Offices of the CAO also highlighted that in Round 1, the CMHC provided positive feedback on the City's efforts and quick turnaround.

RECOMMENDATION
Please refer to Recommendation 1 for the establishment of high-level guidance for projects involving non-City-owned assets and Recommendation 2 for the improvements to the SOP document.

2.4 During Construction - Project Cost Breakdown

The grant agreements for the Rapid Housing Initiative's (RHI) 12 projects over the three rounds required a breakdown of the estimated project costs, including the milestones and approximate schedule of when costs were expected to be incurred within a specified time. Non-compliance with the grant agreements could result in a contract breach and possible termination, which ultimately means that the grant recipients and the City would have to return the funds to the Canada Mortgage and Housing Corporation (CMHC) and the Manitoba Housing and Renewal Corporation (MHRC).

Observations

- The Standard Operating Procedures (SOP) document identified the key employees and outlined the expected process for the review and approval of the project cost breakdown.
- We observed that all four projects selected had submitted a project cost breakdown, however, there was room for improvement. We found that some of the cost breakdowns were submitted late or the date of submission was unknown, there were missing requirements such as milestones and cost schedules, and the review and approval process had delays or lacked evidence.

Analysis

- We reviewed the project cost breakdown and supporting documents to ensure that the projects complied with the grant agreements and to confirm whether the SOP process was followed.
- The Technical Team explained that the breakdown of the estimated project costs includes sources of other funds to support the project's construction. They added that the grant money does not cover the entire project costs.
- We selected and reviewed the breakdown and supporting documentation of four out of 12 projects. We found:
    - The SOP document identified the key employees and described the process for the review and approval of the breakdown.
    - All four projects submitted a breakdown of the estimated project costs.
        - Of the four projects, one submitted the breakdown on time, while two were submitted past the deadline. The Technical Team followed up with the grant recipient and allowed an extension as needed. The fourth project sent their breakdown; however, the Technical Team could not provide support showing the exact date it was received. Therefore, we cannot conclude if the fourth project cost breakdown was submitted on time. We recommend improvements to the SOP

document in Recommendation 2 to ensure that key documentation is properly filed.

  - Three out of four projects did not have the required milestones and approximate schedule of when costs were expected to be incurred. The Technical Team explained that these documents could be used "to potentially gauge the internal effort to process the various proponent claims."
  - The supporting documents for two out of the four projects demonstrated the review and approval of the breakdown by the personnel identified in the SOP document. For the remaining two projects, while review comments were present, there was no evidence of the approval. Please refer to Recommendation 2 for improvements to the SOP document.
  - The review and approval of the breakdown for one out of four samples took almost a year. Based on the supporting documentation, the Technical Team had lengthy conversations with the grant recipient on their breakdown. The key personnel reviewed and approved it. In comparison, two samples were reviewed and approved within one to three months of receiving them. For the fourth sample, the Technical Team could not provide support showing the exact date it was received. Thus, we cannot determine the duration of the review and approval process. We recommend that this information be considered when establishing high-level guidance in Recommendation 1.
- Since the project breakdown process takes place at the start of each project, and the projects are either completed and already in progress, there is no recommendation to correct the areas noted above. Instead, recommendations were made to improve documentation and guidance going forward.

RECOMMENDATION
Please refer to Recommendation 1 for the establishment of high-level guidance for initiatives involving non-City-owned assets and Recommendation 2 for the improvements to the SOP document.

2.5 Post Construction

In the post-construction stage, the City is responsible for monitoring the 12 Rapid Housing Initiative (RHI) projects for compliance with their agreement terms and ensuring that the affordable housing stock is maintained for the full term of the agreement. The agreements have a minimum period of 20 years.

Observations

- The Standard Operating Procedures (SOP) document included information regarding the post construction phase. However, documentation for the post-construction responsibilities and activities was inadequate.
- One of the two grant recipients tested met the grant requirements for post construction. We were unable to conclude whether the second grant recipient met the requirements as the Technical Team could not locate the zoning memorandum.
- The annual attestation template lacked sufficient detail regarding other agreement requirements such as post-construction insurance types, reasons for unoccupied units, and number of units occupied by the target population.
- The Technical Team does not have an established process in place to verify the accuracy of the attestation responses.

Analysis

- Through interviews and reviewing supporting documents for the post construction phase, we identified the following:
    - The documented post-construction processes were inadequate. While the October 2024 SOP describes the attestation and project close-out processes, there was insufficient information. For example, the SOP does not specify when the Technical Team members should complete their review of the attestations in order to meet the CMHC's required deadlines[17], nor does it identify the team member responsible for the project close out. This issue may result in communication breakdowns, increased legal risks, and reputational damage. Documentation is necessary for succession management during the life of the agreements.
    - The SOP outlines the CMHC's process for notifying the City when a post-construction attestation is required. However, the prerequisites are unclear when transitioning from quarterly to post construction attestations.

[17] Depending on when the City receives the grant recipients' annual attestations, they may have limited time available to review the annual attestations prior to sending them to the CMHC."

- During the post-construction stage, grant agreements require grant recipients to provide the City with Annual Attestations, Final Progress Reports, Zoning Memorandums and Statutory Declarations. At the time of our audit, we noted seven projects had been completed[18]. We reviewed two of the seven projects to confirm if the agreement requirements were met. We summarized our observations in the table below.

Agreement requirement	Sample Project A		Sample Project B	
	Existence	*Timeliness*	*Existence*	*Timeliness*
Final Progress Reports	Exist	Not timely	Exist	Timely
Zoning Memorandum	Cannot be located / Not provided by Technical Team	Cannot be located / Not provided by Technical Team	Exist	Not timely
Statutory Declaration	Exist	Not timely	Exist	Not timely
Annual Attestation	Exist	Timely	Exist	Timely

  - While Sample Project A was able to provide three out of the four documents listed above, we cannot conclude on the fourth document as the Technical Team could not locate the document. For Sample Project B, the Technical Team was able to provide all of the documents. We recommended improvements for record keeping in Recommendation 2.
  - We also found a few of the documents above were not submitted on time. The Technical Team explained that timeliness was not an issue (with respect to the CMHC requirements) since these requirements are imposed by the City. They added that the reasons for the delays were considered reasonable and that the City has the discretion to be lenient with deadlines and not treat them as a breach. If there are issues impacting the CMHC's delivery deadlines, the CMHC has advised the City to keep them informed through the quarterly attestations and that the CMHC will continue to monitor them.
- After construction, the City monitors the projects' compliance to the grant agreements through the annual attestations. The attestation templates include questions on affordability, units, occupancy, accessibility, all-risks insurance, and energy efficiency. There is also a general question in the template where the grant recipients can document any concerns regarding compliance with the agreements (no context is provided). The grant recipients complete the attestations using templates provided by the CMHC. The Technical Team reviews and approves the attestations prior to submitting them to the CMHC portal.
  - We believe that this general question is not sufficient to address specific concerns. These include the disposition, conversion, encumbrance, other post-construction insurance types, the reason for unoccupied units, and number of units occupied by the targeted population (i.e. people and populations who are vulnerable). To

[18] *Report #4 Rapid Housing Initiative (RHI) Rounds 1, 2 and 3 Progress Update*. Standing Policy Committee on Property and Development Meeting, June 4, 2024. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=24761&SectionId=&InitUrl=

ensure the agreement requirements are met, the City should request additional information for the specific concerns from the grant recipients. We have recommended improvements to the attestation process in Recommendation 2 under Section 2.1 Governance and Oversight.

- We found that the Technical Team has no established processes or practices in place to validate the attestation responses. Validating the responses ensures that the City provides accurate information to the CMHC and confirms the grant recipient's compliance with the agreements. It also reduces the risk of intentional misrepresentation. The Technical Team asserted that they plan to implement procedures such as annual inspections, but this has not yet been implemented or documented in the SOP document. Ultimately, through the CMHC Funding Agreements, the City is responsible to the CMHC for the fulfillment of all obligations, including the attestations. A contract breach could result in the City and/or grant recipients repaying the CMHC. We recommend improvements to the SOP in Recommendation 2 to address this issue.

RECOMMENDATION
Please refer to Recommendation 2 for the improvements to the SOP document.

2.6 Legal Contracts

A legal contract is a formal agreement between two or more parties, stating their obligations and expectations. The Rapid Housing Initiative (RHI) contracts with the Canada Mortgage and Housing Corporation (CMHC) and the Manitoba Housing and Renewal Corporation (MHRC) are worth more than $40 million in funding. The funding is for the "rapid construction of new housing and/or acquisition of existing buildings for rehabilitation or conversion to permanent affordable housing."[19] The contracts are effective for over 20 years.

Observations

- The City has agreements in place with the CMHC, the MHRC, and grant recipients. Legal Services drafted and reviewed them.
- The Standard Operating Procedures (SOP) document identifies that Legal Services is part of the Technical Team; however, it does not clearly define their responsibilities.
- The grant agreements conflict with the funding agreements and the SOP document regarding the annual attestation reporting period end. The grant agreement refers to the grant recipient's fiscal year-end, which can differ from the City's year-end as outlined in the funding agreements.
- There is a discrepancy for the minimum number of affordable housing units to be built between the CMHC Funding Agreement and the Public Service reporting of 59 and 57, respectively. The Technical Team informed us that that the correct minimum number of units is 51 and that they are working with the CMHC to amend the contract.
- Five out of 12 grant agreements have 30-to-40-year terms in comparison to the CMHC's requirement of 20 years, exposing the City to additional risk for a longer period than necessary.

Analysis

- The City entered into contracts with the CMHC and the MHRC to receive $36.9 million and $5.2 million respectively for the RHI's three rounds (the funding agreements). The City also entered into contracts with 11 community partners to distribute the funds from the CMHC and the MHRC (the grant agreements). There are 12 grant agreements. One community partner has two projects that received grant money. As required by the CMHC, the agreement terms have a minimum of 20 years.
- The funding agreements allowed the City to contract with the grant recipients, but the City is ultimately liable to the CMHC and the MHRC for fulfilling the obligations. The grant

[19] *Rapid Housing Initiative*. CMHC website: https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/rapid-housing

agreements state that the grant recipients shall return the grant money if they fail to deliver or breach their contracts.

- We found that the SOP document identified Legal Services as part of the Technical Team and their responsibility to manage the agreements. However, the document does not outline the related procedures such as amending and terminating contracts or clarifying their role across all phases of the RHI. According to Legal Services, they will only be available for consultation as needed for the post-construction stage. Clearly outlining the procedures can help support the Team, including new employees, and ensure that Legal Services remains informed about any legal matters throughout the contract term.
- Through interviews and review of contracts, we noted that the grant agreements contain various terms and conditions such as insurance requirements, right-to-audit, disbursement of the funding, and reporting that mitigate the City's risk.
- We selected and reviewed four original agreements and one amended agreement, confirming that each had been reviewed and signed by Legal Services. In total, there were 16 original agreements and six amended agreements.
- The Technical Team indicated that they had improved the RHI's agreement template in each round. We noted improvements to the funding and grant agreement templates that clarified the language and mitigated the risks. For example, there was a new requirement to provide the status of title for the project property in the Round 2 grant agreement template. This new clause confirmed that the grant recipient owns or leases the property which received grant money. In Round 3, the grant agreement template changed to include information on how to use the CMHC portal for submitting files (e.g. project proposals for review and approval, attestations) as well as recognizing the additional funding received from the MHRC. The change in funding applied only to Round 3 grant recipients who received a share of the money from the MHRC. However, we also noted the following areas for improvement:
    - The grant agreements refer to a different reporting period end for the annual attestations than the funding agreements and the SOP document. The agreements state the grant recipient's fiscal year-end, while both the funding agreements and the SOP document indicated the City's fiscal year-end of December 31. The Technical Team confirmed that the correct date is December 31. We selected one grant recipient and noted that their fiscal year-end was March 31. They indicated that the language has not yet caused any issues but mentioned that they will examine it further as it may require an amendment to the grant agreements.

- In December 2024[20] and June 2025[21], the Public Service reported to the Standing Policy Committee on Property and Development (SPC-PD) that the grant recipients created a total of 57 units in Round 2. However, this total is below the required minimum of 59 units stated in the Round 2 CMHC Funding Agreement. The Technical Team explained that the minimum number should have been 51. The CMHC's news release and notification letter for Round 2 confirmed a minimum of 51 affordable housing units. A correction to the CHMC funding agreement is necessary to mitigate the risk to the City. The Technical Team asserted that they are working with the CMHC to amend the contract.
- The funding agreements with the CMHC state that the minimum liability period to maintain affordability is 20 years, but five out of 12 contracts (42 percent) have periods of 30 to 40 years. A longer contract period could create uncertainty, increase the need for additional City resources, and expose the City to unnecessary risk. The Technical Team indicated that they are working with the grant recipients and the CMHC to reduce the period to the minimum number of years.

RECOMMENDATION
Please refer to Recommendation 2 for the improvements to the SOP document.

RECOMMENDATION 4			
We recommend that the RHI team, in collaboration with Legal Services, work with the grant recipients and amend the grant agreements to clarify the correct reporting period end of December 31st (i.e. the City's fiscal year-end) for the annual attestations.			
RISK AREA	Compliance	**ASSESSMENT**	Low Risk
BASIS OF ASSESSMENT	Ambiguity increases the risk of misinterpretations and can have an impact on the City's compliance with contracts.		
MANAGEMENT RESPONSE			

[20] *Report #4 Rapid Housing Initiative (RHI) Rounds 1, 2, and 3 Progress Update*. Standing Policy Committee on Property and Development Meeting, December 2, 2024. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=25716&SectionId=&InitUrl=

[21] *Report #5 Rapid Housing Initiative (RHI) Rounds 1, 2, and 3 Progress Update*. Standing Policy Committee on Property and Development Meeting, June 11, 2025. DMIS: https://clkapps.winnipeg.ca/dmis/ViewDoc.asp?DocId=26875&SectionId=&InitUrl=

Management is in agreement with this recommendation. The RHI Team will begin conversations with the proponents, to clarify and have consistency in the reporting periods. To date, there have been no issues affecting the City's compliance.

IMPLEMENTATION DATE	Q1 2026

RECOMMENDATION 5			
We recommend that the RHI team, in collaboration with Legal Services, work with the CMHC to update the following items: • The minimum number of affordable units required for the Round 2 CMHC Funding Agreement.			
RISK AREA	Compliance	**ASSESSMENT**	High Risk
BASIS OF ASSESSMENT	There could be potential legal and financial implications if the City does not meet the funding agreement requirements.		
MANAGEMENT RESPONSE			
Management is in agreement with this recommendation. This issue has already been brought to CMHC's attention. The RHI Team will commit to sending reminders and additional requests to CMHC to make this amendment in the agreement.			
IMPLEMENTATION DATE	Q1 2026		

RECOMMENDATION 6			
We recommend that the RHI team, in collaboration with Legal Services, work with the CMHC and the community partners to renegotiate the legal agreements to reduce the liability period to a minimum of 20 years.			
RISK AREA	Compliance	**ASSESSMENT**	High Risk
BASIS OF ASSESSMENT	There could be potential legal and financial implications if the City does not meet the funding agreement requirements.		
MANAGEMENT RESPONSE			
Management is in agreement with this recommendation. The Public Service will re-engage CMHC and the community partners in a discussion to request that the relevant legal agreements be amended to reduce all agreement terms to 20 years. If CMHC and the community partners agree to the amendment, the Public Service will update the relevant agreements.			
IMPLEMENTATION DATE	Q1 2026		

2.7 Financial Reporting and Cash Management

The City's Rapid Housing Initiative (RHI) received a total funding of over $40 million from the Canada Mortgage and Housing Corporation (CMHC) and the Manitoba Housing and Renewal Corporation (MHRC).

Observations

- The Corporate Controller's Division has a documented process to analyze the funding's accounting treatment.
- The five grant payment claims selected were in compliance with the key processes outlined in the Standard Operating Procedures (SOP) document and the relevant sections of their respective agreements.

Analysis

Financial Reporting for the Funding

- The Corporate Controller's Division has a documented process to analyze the accounting treatment for the funding received. As evidence, they provided the 2024 year-end annual checklist and an email sent to Finance employees, such as the City Controllers and Chief Financial Officer. The supporting documentation confirmed that they have an annual accounting checklist for departments to complete. The checklist contains considerations and requirements from the Public Sector Accounting Standards of Canada, including PSAS 3300 Contingent Liabilities.
- The Division indicated that they annually review and reassess the accounting treatment for the government grants received and paid. As support, an internal memo for the fiscal year 2023 reassessing the accounting of the funding was provided.

Funding Received from Other Levels of Government

- We selected a sample for Round 3 funding from the CMHC and the MHRC.[22] The analysis confirmed that the funding was deposited and recorded in PeopleSoft under the correct Fund and Dept ID codes. We also noted that the Finance team created separate Dept IDs for each funding round.

[22] Round 1 and 2 only had funding from the CMHC.

Background Information on Funding Disbursements

- The grant recipients, with the help of an external contractor or third-party contract administrator, submit claims to the City for payment of their allocated grant money. These claims or transactions include a progress and/or financial report, as well as the invoices and proof of payments. Claims are submitted throughout the construction stage until the grant funds are fully used.
- These claims go through several internal reviews and approvals prior to payment, including a site visit from Assets and Project Management's Project Officers to check the claim's accuracy. We noted that these site visits are different from the inspections performed by the Planning, Property, and Development – Development and Inspections for the purposes of issuing permits.
- We selected five grant payment claims and/or transactions from the three rounds as of November 20, 2024. These five transactions were related to three different projects. The Technical Team processed a total of 14 transactions for these projects, excluding the advance payments. These five transactions added up to a total of $2.6 million.

Expected Process

- We noted that the Technical Team has a documented process in place for paying claims. This process includes a template for progress and financial reports to be completed by the grant recipients when submitting their claims to the City.
- Our review of various supporting documents and discussions with employees indicated the following items conformed to the expected process:
    - The five transactions:
        - Had supporting documents and the information recorded in PeopleSoft was consistent with the support.
        - Included a progress and/or financial report signed by the grant recipient's executive and/or third-party contract administrator (external to the City and the grant recipient) as required.
        - Had progress reports reviewed by the Project Officers. The Project Officers also documented their site visits and included the dates in the report.
        - Had support showing the review and sign-off of the Technical Team members.
        - Were charged to the correct Purchase Order (PO) that was approved and accurately coded to the appropriate Fund and Dept IDs in PeopleSoft.
        - Had completed the Request of Payment form with approval by the Manager of Finance or their designate.

Grant Agreements

- We found that the five transactions that were tested aligned with the relevant sections of the grant agreements. Additionally, we identified that the transactions:
    - Contained eligible expenses as described in the grant agreements.
    - Were accompanied by copies of supporting invoices and proof of payments.
    - Had amounts or percentages held back that aligned with their respective agreements.
    - Were paid promptly and within 20 days. The grant agreements state that the payments on interim and final claims shall occur within 20 and 30 days, respectively, following the City's review and confirmation.
    - Had progress and/or financial reports that were completed and signed off by the grant recipients and independent consultants in accordance with their respective grant agreements.
- The November 20, 2024 PeopleSoft report indicated that the City fully disbursed the allocated funding without any overpayments to one out of the three selected projects. The allocated funding for the other two projects has not yet been fully disbursed. They are either still under construction or completed construction, but the final claim has not been processed yet.

RECOMMENDATION
No recommendation for this analysis.

2.8 Insurance Process Review

Having an insurance policy that adequately transfers the identified risks from the insured to the insurer is essential. It is one of the tools used to manage the City's risks in delivering the Rapid Housing Initiative (RHI).

Observations

- The Corporate Risk Management Division (the Division) has established and documented their insurance tracking process. For the four selected projects, the Division provided us with proof of the during- and post-construction insurance policies, as well as professional liability, that aligned with the project's respective agreement.
- We identified areas where the City's process could be strengthened to better manage its Initiative. We found that:
    - There were discrepancies in the records of the four projects selected.
    - During the construction stage, there was a misinterpretation of the professional liability insurance requirements.
    - The Technical Team's Standard Operating Procedures (SOP) document does not outline the process to follow if the Division raises an RHI-related insurance issue.

Analysis

Insurance Process

- The Division has a documented process for tracking insurance and an Initiative-specific guide was developed during the audit.
- Our review of the documented process for tracking insurance indicated that it lacks procedures for ensuring the accuracy and completeness of data inputted into the Insurance Tracking System (ITS). There is no secondary review of the inputted data and the Division informed us that an additional layer of review is not required as the employees are experienced professionals. They added that employees take appropriate action as soon as they become aware of any errors and that any outstanding insurance certificates are immediately requested from the insurance broker.
- We selected four out of the RHI's 12 projects to confirm the insurance processes were followed and the records matched the grant agreements. We found discrepancies among the ITS records for all four projects. For example, the grant agreements have a requirement for the insurance policy to include a 30-day prior written notice of cancellation, but this information was not entered into the ITS. The ITS information goes into the letter used to remind grant recipients about their insurance requirements. After we informed the Division, they promptly made the correction and provided us with the updated records and letter.

Insurance Requirements of the Grant Agreements

During-Construction and Post-Construction Insurance

- For the four projects selected, the Division provided the insurance documents that were filed. At the time of the audit, only two of the four projects had completed construction, while the other two were still under construction. We reviewed the insurance certificates and noted that they were all in compliance with their respective grant agreements.
- Two of the four projects' grant agreements required proof of insurance during construction to be filed with the Division at least five business days prior to starting work. Although the Division provided us the insurance documents, they were unable to confirm when the grant recipients submitted them. These two projects were still under construction at the time of the audit. The Division should ensure proof of insurance is filed on a timely basis.

Professional Liability Insurance

- A proof of professional liability insurance is required throughout the term of the agreement and at least 12 months after the term of the agreement has been completed.
- We found that the Division reviewed and accepted the four grant recipients' proof of professional liability insurance as satisfactory. We also reviewed the supporting documents and noted that the policies aligned with the agreements.
- However, due to a misinterpretation, the Division only started requesting the proof of professional liability insurance after construction was already completed. The Division confirmed that they did not obtain the proof since the start of the 12 grant agreements.[23] The agreements date back to 2021 and 2023. During the audit, we informed the Division about the professional liability insurance requirement in the grant agreements. The Division and the Technical Team have worked together with the grant recipients to obtain proof. For the four samples selected, they were provided to the Division in 2024 and 2025.
- The Technical Team and Division explained that compliance was not an issue since these are City-imposed requirements. They added that the City has the discretion and does not treat them as a breach.
- Despite the lack of proof in previous years, the Division explained that the associated risk is effectively managed as the current professional liability insurance policy covers past reporting errors if an insurance claim is made during the current coverage period.
- Based on the review of the SOP document, we found that it does not include guidance once the Division has communicated insurance-related issues.

[23] The City's RHI has 12 projects. Each project has a grant agreement between grant recipients and the City. There are only 11 grant recipients because one community partner has two projects that received funding from different rounds.

RECOMMENDATION 7			
We recommend that the Corporate Risk Management Division establish a process to ensure Insurance Tracking System records are accurate. The process should be added to their current process document.			
RISK AREA	Business Process	**ASSESSMENT**	Moderate Risk
BASIS OF ASSESSMENT	A documented process ensures that accurate information is used when communicating with the parties involved. It also provides new employees with clear guidance on their expectations.		
MANAGEMENT RESPONSE			
The Corporate Risk Management Division has reviewed the report and we are in agreement with the recommendation. The Insurance Supervisor will establish an internal audit process where the Insurance Supervisor will audit the remaining 8 RHI Agreement records and entry of the evidence of insurance compared to the agreement. The Audit will be set up to establish correct entry of records/information and to ensure consistency of information. The Audit will be completed by January 2026.			
IMPLEMENTATION DATE	Q1 2026		

RECOMMENDATION 8			
We recommend that the Corporate Risk Management Division update the Rapid Housing Initiative Insurance Management Guide to clearly outline the agreement requirements related to Professional Liability Insurance and communicate this information to the relevant employees.			
RISK AREA	Business Process	**ASSESSMENT**	Moderate Risk
BASIS OF ASSESSMENT	Awareness of the process and individual responsibilities help employees consistently follow documented procedures.		
MANAGEMENT RESPONSE			
The Corporate Risk Management Division has reviewed the report and we are in agreement with the recommendation The request for evidence of Professional Liability was a misinterpretation as to when the evidence of professional liability was required and to be requested. (Start of the Agreement VS After Construction) Going forward, consistency will be established for the request for evidence of Professional Liability insurance at the onset of the agreement for all RHI Agreements. This will be documented in the Rapid Housing Initiative Insurance Management Step by Step guide that was set up by the Insurance Branch. This guide will then be shared with the staff of the insurance branch.			
IMPLEMENTATION DATE	Q4 2025		

RECOMMENDATION
Please refer to Recommendation 2 for the improvements to the SOP document.

Appendix 1 – Audit Methodology

The City Auditor is a statutory officer appointed by City Council under *The City of Winnipeg Charter*. The City Auditor is independent of the Public Service and reports directly to Executive Policy Committee, which serves as the City's Audit Committee.

The City Auditor conducts examinations of the operations of the City and its affiliated bodies to assist Council in its governance role of ensuring the Public Service's accountability for the quality of stewardship over public funds and for the achievement of value for money in City operations.

Once an audit report has been communicated to Council, it becomes a public document.

Project Risk Analysis

Our audits are conducted using a risk-based methodology. A risk assessment was performed to identify the areas of focus.

Scope

The audit examined the City's processes and practices related to risk and control measures for the Rapid Housing Initiative (RHI). Processes and practices of external organizations were outside the scope. The period covered was October 2020 – June 2025.

Approach and Criteria

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our observations and conclusions, based on our audit objectives. We believe the evidence we have obtained provides a reasonable basis for our observations and conclusions.

We focused on the following areas:

- Governance and Oversight
- Monitoring and Reporting
- Intake, Evaluation, and Selection of the Grant Recipients
- During Construction - Project Cost Breakdown
- Post Construction
- Legal Contracts
- Financial Reporting and Cash Management
- Insurance Process Review

Procedures for this audit consisted of:

- Interviews with City employees and senior management involved in the RHI
- Review of various relevant documents, such as:
    - Agreements with the CMHC, the MHRC, and the Grant Recipients
    - Administrative standards, policies, procedures (i.e. Standard Operating Procedures document), and best practices, such as the Project Management Manual.
    - Internal memorandums and meeting minutes
    - Quarterly and annual attestations
- Analysis of PeopleSoft data for the RHI from January 1, 2021 to November 20, 2024, which included specific transactions
- Review of reporting to the Chief Administrative Officer and elected officials
- Selection of non-statistical samples used to review and assess key aspects of the RHI.