

# Transitional Supportive Living Initiative

## Newfoundland and Labrador Housing Corporation

Independent Auditor's Report



May 2026



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NEWFOUNDLAND AND LABRADOR

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# Audit Overview



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR



## Objective

To determine whether the contracts related to the transitional supportive living initiative are procured and managed appropriately, and whether there is appropriate oversight of the initiative.



## Audit Scope Period

June 1, 2023, to  
December 31, 2025



## Why this Audit is Important

The transitional supportive living initiative is a major provincial response of the Newfoundland and Labrador Housing Corporation to rising homelessness and increasing demand for supportive housing. It provides temporary accommodation and essential services for individuals with complex needs, making strong planning, procurement, contract management, and oversight critical to ensuring vulnerable individuals receive safe and appropriate support. Because the initiative involves significant public spending, multiple contracted partners, and a high-needs population, the Corporation must have effective systems in place to manage risks, monitor performance, and demonstrate that the project delivers value for money while meeting its intended objectives.



## What We Found

Procurement Planning and Execution	Contract Management	Oversight
Planning was reactive and driven by urgent homelessness pressures	Quarterly grant payments were made to the nonprofit operator without reviewing invoices or detailed support	Oversight of the initiative was ineffective
Procurement was non-competitive and did not fully follow policy	Actual costs of the initiative exceeded publicly disclosed costs; a significant portion of the facility was underutilized for tenants	Quarterly payment meetings were not documented with supporting evidence
Facility lease awarded without an open call or clear justification	Average cost per housing transition was approximately \$706,000	Tenant needs exceeded expectations, resulting in operational issues
Nonprofit operator engaged before formal selection and outside standard processes	Some costs incurred by the nonprofit operator appeared unreasonable in a public sector context	Evaluation Framework not finalized or implemented; outcomes not assessed



## Conclusion

We conclude the Newfoundland and Labrador Housing Corporation did not adequately plan, procure, manage, or oversee the transitional supportive living initiative in a manner that ensured accountable and cost-effective delivery. Part of the initiative was developed under urgent conditions and other parts were not. The accelerated approach resulted in incomplete planning, limited documentation, and key decisions being made before needs, risks, and service requirements were fully understood. Early involvement of the eventual nonprofit operator obscured roles and responsibilities and contributed to a reactive operational process that did not follow the Corporation's Supportive Living Program Policy.

Both the facility lease and engagement of the nonprofit operator occurred without competitive processes. Weaknesses in payment controls limited the Corporation's ability to verify expenditures or ensure value for money. Operational issues exceeded initial assumptions, resulting in unanticipated costs and underutilized capacity. By December 2025, the initiative cost approximately \$24 million, with rent exceeding \$15 million. If the purpose of the transitional supportive living initiative was to transition individuals to independent permanent housing, as we interpret government announced from the start, then the total cost per 34 transitions was approximately \$706,000 per person. Reporting and monitoring mechanisms were largely absent or unreliable, and an Evaluation and Accountability Framework was never finalized or implemented, leaving the Corporation without sufficient information to determine whether the initiative achieved value for money, intended outcomes, or meaningfully improved housing stability for the individuals it served.

## Recommendations

We recommend the Newfoundland and Labrador Housing Corporation should:

Procurement Planning and Execution	1. Conduct comprehensive planning before signing transitional supportive living initiative contracts.
	2. Ensure public procurement processes for transitional supportive living initiatives follow legislation and policy consistently, including documenting why exemptions are used and adhering to procurement timelines.
	3. Enforce the Supportive Living Program Policy, including documenting why exemptions are used, and adhering to roles, approvals, timelines, and criteria for accelerated actions when issuing operating grants to nonprofit organizations.
	4. Complete well documented, formal evaluations against predefined evaluation criteria to ensure service providers for transitional supportive living initiatives provide competitive contract terms and best value for money.
Contract Management	5. Strengthen compliance and payment controls by reviewing supporting documentation before issuing grant payments.
	6. Ensure compliance with the Supportive Living Program Policy's immediate response requirement to complete invoice verification so that inappropriate expenses are rejected.
	7. Review and revise its Supportive Living Program Policy, incorporating guidance ensuring that any payment made is appropriate, accurate and supported with sufficient documentation.
	8. Strengthen cost monitoring and reporting to ensure all program expenditures are complete, transparent, and aligned with approved budgets, occupancy levels, and program objectives.
Oversight	9. Improve contract monitoring and oversight by documenting quarterly meetings and onsite visits, keeping complete records, tracking provider training and documentation requirements, and ensuring required financial and operational information is submitted on time.
	10. Enforce reporting and accountability requirements, including timely and accurate submission of occupancy reports, system data reports, and finalization and implementation of the Evaluation and Accountability Framework.
	11. Utilize operational data and lessons learned from the transitional supportive living initiative to inform future initiatives, particularly in the areas of procurement decisions, operational issues, outcome evaluation, and value for money.



### After reading this report, you may want to ask the following questions of government:

Given its responsibility for delivering and overseeing transitional supportive living initiatives, how will the Newfoundland and Labrador Housing Corporation:

1. Ensure future initiatives are supported by documented planning and compliant procurement processes that align with legislation, policy, and program intent?
2. Strengthen contract management and oversight practices to ensure timely reporting, effective governance, and appropriate monitoring of cost, risk, and performance?
3. Use cost and outcome information from this initiative to inform future supportive living models and demonstrate that public resources are achieving intended results?

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# Background

The Newfoundland and Labrador Housing Corporation (the Corporation) is responsible for the development and administration of housing assistance policy and programs for the benefit of low to moderate income households throughout the province. Their mandate is derived from the Housing Corporation Act. The Corporation has multiple lines of business, including but not limited to the Supportive Living Program.

The Supportive Living Program provides operating grants to nonprofit organizations within the province to prevent and end homelessness, foster long term housing stability, and develop space to provide onsite and outreach supportive services. This program includes a number of supportive housing options with 24/7 staffing and supports, including oversight of the transitional supportive living initiative at 106 Airport Road. The transitional supportive living initiative provides temporary accommodations with accessible and essential supports for individuals experiencing homelessness, with the goal of fostering a transition to independent, permanent housing.

In early 2024, the Corporation signed a lease with a facility owner for the term of February 15, 2024, to December 31, 2026, at a cost of \$6.9 million annually, to lease a 140 room facility at 106 Airport Road as a temporary transitional supportive living initiative. In April 2024, the Corporation partnered with a nonprofit organization through its Supportive Living Program to oversee the operations of the facility. The nonprofit organization was tasked with managing coordination with key partners, including Newfoundland and Labrador Health Services, community partners, and security services. A service agreement was signed with the nonprofit organization in April 2024 for a maximum amount of \$3.7 million for the 2025 fiscal year. Another service agreement was signed with the nonprofit organization in July 2025, for a maximum amount of \$4.6 million for the 2026 fiscal year. In April 2024, the Corporation also signed a contract with a security provider to provide security services for the initiative, valued at a maximum of \$1.2 million per fiscal year.

The first tenants of the transitional supportive living initiative signed residency agreements with the Corporation in June 2024. As of December 2025, there were 74 tenants residing at 106 Airport Road.

In February 2025 the facility was sold to an Ontario based firm. Following the transaction, the new owners elected to continue the existing lease agreement with the Corporation. The sale price was not disclosed publicly.

On August 8, 2025, the Corporation issued a request for proposals for the provision and operation of a transitional supportive housing program to serve residents in the St. John's area, which will also replace the initiative at 106 Airport Road.

A steering committee oversaw the transitional supportive living initiative at 106 Airport Road, while an operations committee served in an advisory capacity to the steering committee on the implementation, progress, capacity, barriers, and highlights of the project. The committees were composed of representatives from the Corporation, Newfoundland and Labrador Health Services, and the nonprofit organization. Additionally, the operations committee included representatives from the facility, and contracted services such as the security operator, while the steering committee included the Department of Health and Community Services representatives.

The transitional supportive living initiative timeline to December 31, 2025, is outlined in Figure 1.

**Figure 1: Transitional Supportive Living Initiative Timeline to December 31, 2025**

March 2023	<ul style="list-style-type: none"> <li>The owner of 106 Airport Road first approached the Minister of Housing related to use of the facility by the Corporation for emergency housing purposes.</li> </ul>
May 2023	<ul style="list-style-type: none"> <li>The Corporation conducted a review of transitional supportive living models.</li> </ul>
October 2023	<ul style="list-style-type: none"> <li>Discussion occurred between the owner of 106 Airport Road and government officials related to the specific use of the facility for the transitional supportive living initiative.</li> <li>Meetings were held with senior provincial officials regarding facility proposals.</li> </ul>
October 30, 2023	<ul style="list-style-type: none"> <li>The owner of a second facility provided government with a proposal.</li> </ul>
November 29, 2023	<ul style="list-style-type: none"> <li>The owner of 106 Airport Road sent a lease proposal to the Corporation.</li> </ul>
November 30, 2023	<ul style="list-style-type: none"> <li>The Corporation presented options to Cabinet and recommended leasing 106 Airport Road for three years.</li> <li>A Memorandum of Understanding between the owner of 106 Airport Road and the Corporation was signed regarding lease negotiations for the facility.</li> </ul>
December 2023	<ul style="list-style-type: none"> <li>Twelve individuals started living at 106 Airport Road under the Corporation's emergency placement process; seven eventually signed residency agreements under the transitional supportive living initiative.</li> </ul>
December 21, 2023	<ul style="list-style-type: none"> <li>The Lieutenant Governor in Council approved a procurement exemption for the Corporation to lease 106 Airport Road for three years.</li> </ul>
January 2024	<ul style="list-style-type: none"> <li>There was evidence of early involvement by the nonprofit operator, including a site visit to a comparable model in Halifax and early working group meetings.</li> </ul>
February 15, 2024	<ul style="list-style-type: none"> <li>The lease term with 106 Airport Road started on this date for the 140 room facility costing approximately \$6.9 million per year to December 31, 2026.</li> </ul>
April 9, 2024	<ul style="list-style-type: none"> <li>The Corporation signed a service agreement with the nonprofit operator for a maximum of \$3.7 million for the 2025 fiscal year.</li> </ul>
April 15, 2024	<ul style="list-style-type: none"> <li>The Corporation signed a contract with a security provider for a maximum of \$1.2 million per fiscal year to December 31, 2026.</li> </ul>
June 2024	<ul style="list-style-type: none"> <li>The first residency agreements were signed.</li> </ul>
February 2025	<ul style="list-style-type: none"> <li>106 Airport Road was sold to an Ontario based firm.</li> </ul>
March 2025	<ul style="list-style-type: none"> <li>The rent increased from \$575,000 to \$585,350 (an increase of \$10,350) due to a CPI increase as per the terms of the lease.</li> <li>Food costs increased from \$44.50 to \$45.30 per day, per guest, due to a CPI increase as per the terms of the lease.</li> </ul>
July 24, 2025	<ul style="list-style-type: none"> <li>The Corporation signed a second service agreement with the nonprofit operator for a maximum of \$4.6 million for the 2026 fiscal year.</li> </ul>
August 8, 2025	<ul style="list-style-type: none"> <li>The Corporation issued a request for proposals for the provision of both transitional spaces that foster transitions to sustainable independent living, and supportive spaces for individuals who require longer term support in the St. John's area.</li> </ul>

Source: Prepared by the Office of the Auditor General from information provided by the Newfoundland and Labrador Housing Corporation.

## Background

Our scope period covered June 1, 2023, to December 31, 2025, and included three lines of inquiry: to determine whether the contracts related to the transitional supportive living initiative are procured and managed appropriately, and whether there is appropriate oversight of the initiative. Five criteria were established to assess these lines of inquiry.



# Key Findings

## Procurement Planning and Execution

### Planning

- The Corporation did not complete comprehensive planning for the transitional supportive living initiative.
- The Corporation's planning and procurement for the initiative was reactive, driven by the need for space due to rising homelessness, tent encampments, and impending winter weather.
- The nonprofit operator of the transitional supportive living initiative was involved in planning starting in January 2024, even though they were not officially selected as the operator for the initiative until April 2024.
- The Corporation began offering emergency shelter placements at 106 Airport Road in December 2023, before signing the service agreement with the nonprofit operator on April 9, 2024.

### Facility Lease Procurement

- The facility lease for the transitional supportive living initiative was awarded without undertaking an open call for bids.
- The facility owner sent government a formal lease proposal on November 29, 2023, which was a day before the Cabinet presentation by the Corporation recommending the use of 106 Airport Road for the transitional supportive living initiative.
- On December 21, 2023, the Lieutenant-Governor in Council granted the exemption under 18(1), based on a particular space and not an emergency, for the Corporation to lease 106 Airport Road for a term of three years.
- The Corporation's procurement documentation did not clearly demonstrate why 106 Airport Road was needed as a particular space as required by the Public Procurement Policy.

### Nonprofit Operator Procurement

- The Corporation did not utilize public procurement processes for the selection of the nonprofit operator.
- Despite selecting the facility using non-urgent exemptions, and the security provider through the regular procurement process, the Corporation chose to engage the nonprofit operator through the immediate response section of the Supportive Living Program Policy.
- The Corporation did not follow its own Supportive Living Program Policy when it came to outlining a long term solution for the individuals living at 106 Airport Road.
- The Corporation initiated a competitive request for proposals process for a new transitional supportive living initiative in August 2025, approximately four months later than the required timeframe.

### Security Contract Procurement

- The Corporation followed the standard procurement process when it awarded the security contract in April 2024.

### Facility Evaluation and Contract Terms

- In the absence of a competitive procurement process, the selection of the facility was based on high-level criteria summarized in a Cabinet presentation rather than a formal evaluation by the Corporation, or a framework with specific evaluation criteria like what would be required during a competitive procurement process.
- There was no standard agreement template used to draft the lease between the Corporation and the successful facility owner.

### Nonprofit Operator Evaluation and Service Agreement Terms

- The Corporation did not document their assessment of any other potential nonprofit operators.

### Security Provider Evaluation and Contract Terms

- The Corporation used the original request for proposals and the security provider's own proposal to outline the scope of work.

## Contract Management

### Payment Controls and Procedures

- Appropriate invoice controls for payments related to the facility, including receipt verification and approvals procedures, existed and were operating within the Corporation.
- The Corporation did not follow the Supportive Living Program Policy when it issued quarterly payments to the nonprofit operator in advance, without reviewing invoices or detailed supporting documentation.
- The Corporation used a budget evaluation process that was only permitted for grants that did not require an immediate response.
- The Supportive Living Program Policy was outdated by more than ten years.
- The Corporation did not routinely request or review supporting invoices for individual expense amounts reported by the nonprofit operator in quarterly financial information even though they had the ability to do so via the terms of the service agreement.
- The Corporation relied on the audited financial statements of the nonprofit operator as a whole to obtain assurance over the expenses reported under the service agreement, rather than reviewing and approving the specific expenses of the initiative.

### Transitional Supportive Living Initiative Expenditures

- Between the start of the lease term on February 15, 2024, and the end of our scope period on December 31, 2025, total expenditures for the transitional supportive living initiative amounted to approximately \$24 million, compared to the approximately \$13.8 million that was publicly disclosed.
- In March 2025, the Corporation had allotted 105 rooms to residents but capped residency at 75 tenants. As a result, 30 rooms, at a cost of \$1.5 million annually, were not utilized for residents – a 29 per cent vacancy rate assuming the remaining 75 rooms were always utilized.
- There were 34 individuals who transitioned to independent permanent housing between June 2024 and December 2025, resulting in an average total cost of approximately \$706,000 per person, excluding in kind supportive services provided by Newfoundland and Labrador Health Services.

### Payments to the Facility Owner

- Actual payments to the facility owner exceeded publicly disclosed amounts.
- The Corporation paid the facility owner approximately \$15.5 million between February 15, 2024, and December 31, 2025, representing approximately 65 percent of total expenditures of the initiative. This exceeded publicly disclosed costs of \$13.8 million by approximately \$1.7 million (12 per cent).
- Additional expenditures, including food, restoration fees and unforeseen repairs and maintenance, were paid in accordance with the facility lease agreement that were never disclosed to the public.
- The restoration fees and unforeseen repairs and maintenance added significant cost beyond the monthly rent. The Corporation paid a total of \$698,058 for both during our audit period.
- Rent and food costs for the initiative were subject to inflation based on the Consumer Price Index (CPI).

### Payments to the Nonprofit Operator

- The Corporation forwarded approximately \$6.4 million in grant payments to the nonprofit operator between the start of the first service agreement on April 9, 2024, and the end of our scope period on December 31, 2025.
- Costs incurred by the nonprofit operator in the meeting and staff cost category included numerous expenses for staff lunches and staff appreciation activities that appeared to be unreasonable in a public sector context.
- The Corporation approved amounts related to training of the nonprofit operator's staff, which was in contradiction of the policy.

- Two significant ad-hoc expenses were incurred due to unanticipated operational issues.
  - A smoking shelter was constructed in December 2024 at a cost of \$15,623 and paid for via the nonprofit operator's funding for the initiative under capital expenses.
  - Despite selecting 106 Airport Road partially due to its proximity to a bus stop, an alternative transportation solution was needed at additional and unanticipated cost. A total of \$126,850 was spent on tenant transportation, according to the nonprofit operator's 2024-2025 program expenses.

## Oversight

### Performance Monitoring

- The Corporation did not adequately monitor the performance of the transitional supportive living initiative.
- The nonprofit operator met the requirement to submit a Year-End Narrative Report for 2024-2025 summarizing service impacts, community outcomes, and overall results; however, it was submitted nearly two months past the deadline required in the service agreement.
- The quarterly and data reports required by the nonprofit operator were inadequate and inconsistent.
- The nonprofit operator submitted one of six (17 per cent) required program monitoring reports between the date of the first report on July 31, 2024, and December 31, 2025.
- Twenty one of 74 (28 per cent) received occupancy reports had errors, which included report dates not being updated, incorrect "last weekly update" dates, and a few incorrect cumulative totals.

### Payment Monitoring

- The supporting evidence of quarterly payment meetings between the Corporation and the nonprofit operator were Microsoft Teams calendar invites. There were no meeting minutes to confirm whether meetings occurred, who attended, or what was discussed.

### Security Contract Monitoring

- Although the security contract was signed in April 2024, confidentiality oath agreements, which were required by the contract, were not signed by staff or notarized until late January and early February 2026, after they were requested by the audit team.
- The security contract required the creation of a security steering committee, but it was not created.
- There was no evidence that the Corporation ensured security staff completed all training as required in the security contract.

### Oversight Committees

- There were issues with the steering and operations oversight committees of the initiative.
- The steering and operations committees did not meet the attendance or frequency requirements.
- Seven of 27 (26 per cent) steering committee meetings were not held within the required intervals, and 17 of 27 (63 per cent) steering committee meetings did not have the minimum number of committee members required per the committee terms of reference.
- Ten of 41 (24 per cent) operations committee meetings were not held within the intervals set by the committee, and seven of 41 (17 per cent) operations committee meetings did not have the required member representation as per the committee terms of reference.

### Operational Issues

- Meeting minutes contained discussion of operational issues at the facility that suggested tenant needs exceeded the Corporation's expectations, and the capability of the transitional supportive living initiative providers to meet those needs.
- Due to a combination of physical, operational, and safety constraints, Newfoundland and Labrador Health Services used 13 of the 17 (76 per cent) sublet rooms.

## Outcome Monitoring

- The required Evaluation and Accountability Framework was drafted in March 2025. Although a draft framework containing six outcome measures with 87 indicators existed, the framework was never finalized, and no evaluations were completed.
- It was unclear from committee meeting minutes what the Corporation did with monitoring information, and the Corporation's onsite visits were not documented.
- There was limited information related to improvements, deliverables, or outcome progress across the occupancy, year end, and quarterly reports reviewed.
- The Corporation's annual reports contained minimal detail on outcome monitoring.
- There was no formal evaluation of the nonprofit operator's performance before the service agreement was renewed, to ensure they were meeting expected outcomes of the initiative.



# Findings – Procurement Planning and Execution

**Objective 1** To determine whether the contracts related to the transitional supportive living initiative are procured appropriately.

**Criteria 1** The Newfoundland and Labrador Housing Corporation plans for the use of transitional supportive living initiatives.

**Criteria 2** The Newfoundland and Labrador Housing Corporation's procurement and contract award processes for the transitional supportive living initiative are compliant with applicable policy and legislation.

**Criteria 3** The Newfoundland and Labrador Housing Corporation ensures competitive terms for the transitional supportive living initiative contracts.



## What We Expected

We expected the Corporation to conduct comprehensive planning for the transitional supportive living initiative. We expected planning to be supported by a documented needs assessment and identification of key risks. We also expected planning activities to be completed and documented prior to signing any large contracts or service agreements.

We expected the Corporation to comply with the Public Procurement Act, regulations, and policy, which generally require an open bid process to be used for large contracts. We expected the Corporation to be fully engaged in the procurement process, ensuring that legislation, policy, and best practices were consistently followed. We expected exemptions to be used sparingly and in accordance with legislation and policy intent. We also expected the Corporation to comply with the requirements of its own Supportive Living Program Policy when issuing grants to nonprofit organizations.

We expected contract terms for the transitional supportive living initiative to be based on competitive, reasonable, and well-supported analyses. We also expected the Corporation to complete comprehensive cost analyses of potential vendors, including an assessment of significant costs and risks over the full term of the agreements to support value for money decisions. Finally, we expected the Corporation to formally assess the capabilities and capacity of vendors and service providers prior to establishing contract agreements, to help ensure services could be delivered effectively.



## What We Learned

### Planning

**We found the Corporation did not complete comprehensive planning for the transitional supportive living initiative.** For example, we found they did not complete a formal needs assessment or other similar planning documentation. Cross-agency and community consultations identified the complex needs of future tenants, but we found these were summarized in an internal memo after the lease with the facility owner was already in place.

**We found the Corporation’s planning and procurement for the initiative was reactive, driven by the need for space due to rising homelessness, tent encampments, and impending winter weather.** The Corporation’s officials indicated that planning for the use of the facility began in March 2023. We found there were discussions at that time between the Minister of Housing and the owner of 106 Airport Road, initiated by the owner, about the use of the facility by the Corporation. However, we found there were no records provided for what was discussed at these early meetings, but the Corporation advised that the property was being considered for a wide range of potential shelter and housing options.

We found initiative specific planning started in the Fall of 2023 and Winter of 2024. It included the review of other supportive living models and comparative resources, including a January 2024 site visit to a similar supportive living model in Nova Scotia. Planning occurred around the same time that tent encampments were prevalent in the St. John’s area.

**We found the nonprofit operator of the transitional supportive living initiative was involved in planning starting in January 2024, even though they were not officially selected as the operator for the initiative until April 2024.** They were included in planning trips and site visits, contributed to the initial model, and produced draft staffing models, budgets, and program materials. These documents were later attached to the service agreement, showing that key operational planning documents originated with the nonprofit operator rather than the Corporation.

We found the Corporation used 106 Airport Road as an emergency shelter prior to the start of the transitional supportive living initiative. **We found the Corporation began offering emergency shelter placements at 106 Airport Road in December 2023, before signing the service agreement with the nonprofit operator on April 9, 2024.** Following the onboarding of the operator, seven of the 12 individuals originally placed at 106 Airport Road in emergency shelter under the Supportive Living Program opted to sign residency agreements with the transitional supportive living initiative in June 2024.

### Facility Lease Procurement

**We found the facility lease for the transitional supportive living initiative was awarded without undertaking an open call for bids. We found the facility owner sent government a formal lease proposal on November 29, 2023, which was a day before the Cabinet presentation by the Corporation recommending the use of 106 Airport Road for the transitional supportive living initiative.** This took place around the same time that a tent encampment and related protests outside of Confederation Building and Bannerman Park were receiving extensive media attention.

Instead of a competitive procurement process, we found the Corporation was granted an exemption from those requirements, under Section 18(1) of the Public Procurement Regulations. This section of the Public Procurement Regulations allowed the Lieutenant-Governor in Council to exempt that procurement from the requirements of an open call for bids where the Corporation reasonably required a particular space.

Procurement documentation on file with the Corporation, including a contract award report, showed the Public Procurement Agency advised authorization for the lease under section 6(a)(iv) of the Public Procurement Regulations, which was an exemption for situations of emergency or urgency where the procurement cannot reasonably be made in time by an open call for bids. However, we note that, had section 6(a)(iv) been used as initially intended, then section 18(2) would have applied, which would have restricted the lease to twelve months to allow for an open call for bids. **We found on December 21, 2023, the Lieutenant-Governor in Council granted the exemption under 18(1), based on a particular space and not an emergency, for the Corporation to lease 106 Airport Road for a term of three years.**

**We found the Corporation’s procurement documentation did not clearly demonstrate why 106 Airport Road was needed as a particular space as required by the Public Procurement Policy.** Documentation showed the Corporation considered one other facility for the initiative; records consisted of a cost analysis comparison with that proposal from October 2023. A presentation to Cabinet from the Minister responsible for the Corporation in November 2023 recommended the lease of 106 Airport Road based on location, layout, cost, and public transportation access. The available records did not sufficiently demonstrate that 106 Airport Road was the only space available that met the Corporation’s needs.

## Nonprofit Operator Procurement

**We found the Corporation did not utilize public procurement processes for the selection of the nonprofit operator. We found, despite selecting the facility using non-urgent exemptions, and the security provider through the regular procurement process, the Corporation chose to engage the nonprofit operator through the immediate response section of the Supportive Living Program Policy.** This policy authorized urgent, community-based agreement grants, in situations where an immediate response was required for a group of individuals identified as homeless or at risk of homelessness. Further, we found the chosen nonprofit operator had already been involved in planning from the outset, starting in January 2024.

Through the use of the immediate response section of the Supportive Living Program Policy, the Corporation could select a service provider without the consideration of other potential service providers as there was no requirement to solicit proposals.

**We found the Corporation did not follow its own Supportive Living Program Policy when it came to outlining a long term solution for the individuals living at 106 Airport Road.** The immediate response section of the Supportive Living Program Policy noted that if ongoing operations continued, a proposal outlining a long term solution was to be developed within one year, by April 2025. However, **we found the Corporation initiated a competitive request for proposals process for a new transitional supportive living initiative in August 2025, approximately four months later than the required timeframe.** As of December 31, 2025, no award had been made.

## Security Contract Procurement

**We found the Corporation followed the standard procurement process when it awarded the security contract in April 2024.** We found the procurement and evaluation documentation for security services for the facility generally met the requirements of the Public Procurement Regulations and associated policies. The formal request for proposals contained all required information, and the evaluation of the proposals was carried out using the stated criteria.

## Facility Evaluation and Contract Terms

**In the absence of a competitive procurement process, we found selection of the facility was based on high-level criteria summarized in a Cabinet presentation rather than a formal evaluation by the Corporation, or a framework with specific evaluation criteria like what would be required during a competitive procurement process.**

The Corporation informally evaluated two facilities for the initiative, 106 Airport Road, and a facility in downtown St. John's. The proposal for 106 Airport Road was recommended to Cabinet by the Corporation based on location, layout, cost, and public transportation access when compared to the downtown facility.

We found the Corporation completed a lease costing evaluation of the downtown facility in October 2023. In our review of their evaluation, we found:

- rent was higher in the downtown facility's proposal at approximately \$711,000 per month, compared to \$575,000 per month at 106 Airport Road;
- meeting rooms and utilities were not included in the downtown facility's proposal but were part of the \$575,000 monthly rent at 106 Airport Road; and
- meals were comparable at both facilities, at a cost of \$45 per day at the downtown facility, and \$44.50 per day at 106 Airport Road.

**We found there was no standard agreement template used to draft the lease between the Corporation and the successful facility owner.** We also found the Corporation's legal advisor completed an extensive review of the terms of the lease.

## Nonprofit Operator Evaluation and Service Agreement Terms

While the Corporation indicated they considered other local nonprofit organizations to operate the transitional supportive living initiative, **we found the Corporation did not document their assessment of any other potential nonprofit operators.** As mentioned previously, the Corporation engaged the nonprofit operator through an exemption in the Supportive Living Program Policy. The nonprofit operator chosen for the initiative provided a budget, staffing model, and operational framework, which were reviewed and revised by the Corporation and appended to the service agreement.

We found the Corporation’s legal advisor completed a review of the terms of the service agreement. We also found a service agreement template existed as part of the Supportive Living Program Policy and was used to draft the executed service agreements with the nonprofit operator.

## Security Provider Evaluation and Contract Terms

We found the security contract underwent a scored evaluation as required in the procurement process. The successful bidder in the security request for proposals was subject to an evaluation matrix against the other bidders, which included price, value, and experience operating in a harm reduction environment with demonstrated knowledge and experience in de-escalation as part of the final scoring.

Our review of the security provider agreement indicated that it closely followed the standard contract template, which was included as part of the request for proposals. However, instead of finalizing contract schedules, **we found the Corporation used the original request for proposals and the security provider’s own proposal to outline the scope of work.**





## Why It Matters

Comprehensive planning and appropriate adherence to the Public Procurement Act, regulations and policy are essential to ensure public resources are used responsibly. Early involvement of vendors obscures roles and responsibilities, and may contribute to an unstructured and reactive operational process.

While sometimes necessary, exemptions should be justified and well documented, across all aspects of the initiative. Moreover, when exemptions are needed, as the Corporation states they were for this transitional supporting living initiative, they should be for the minimum amount of time needed to conduct standard procurement processes to ensure value for money. The interpretation of the law and policy should be consistent, particularly when applied to various sections of a project – it is hard to rationalize why some aspects would be emergency exemptions and others would not when they are all within a similar timeframe. When the Corporation does not follow procurement regulations and policy and does not comply with the requirements of its own Supportive Living Program Policy, it risks jeopardizing the transparency and value for money of its initiatives.

Public sector contractual services represent a significant cost to the taxpayer. It is vital that the terms, conditions, and rates in transitional supportive living contracts are carefully considered, and revised where necessary, before agreements are signed. The use of well-designed predefined evaluation criteria provides the opportunity to avoid ineffective service providers and helps ensure value for money. Also, the use of standardized contracts reduces the likelihood of unfavourable or ambiguous terms and conditions that may make services more expensive than expected.



## What We Recommend

The Corporation should:

1. Conduct comprehensive planning before signing transitional supportive living initiative contracts.
2. Ensure public procurement processes for transitional supportive living initiatives follow legislation and policy consistently, including documenting why exemptions are used and adhering to procurement timelines.
3. Enforce the Supportive Living Program Policy, including documenting why exemptions are used, and adhering to roles, approvals, timelines, and criteria for accelerated actions when issuing operating grants to nonprofit organizations.
4. Complete well documented, formal evaluations against predefined evaluation criteria to ensure service providers for transitional supportive living initiatives provide competitive contract terms and best value for money.

# Findings – Contract Management

## Objective 2

To determine whether the contracts related to the transitional supportive living initiative are managed appropriately.

## Criteria 1

The Newfoundland and Labrador Housing Corporation has adequate controls and procedures in place to ensure compliance with government policy and the terms and conditions of the transitional supportive living initiative contracts.



## What We Expected

We expected the Corporation to manage its contracts appropriately and with the best value for taxpayers in mind. We expected it to have adequate purchasing controls and procedures in place to ensure compliance with its policies and the terms and conditions of contracts related to the transitional supportive living initiative.

We expected the Corporation to review, verify, and approve expenses before payment. Specifically, we expected normal processing to occur, supported by documentation, such as invoice review, accounting for overpayments, and records confirming services were delivered before payments were made.

We also expected the Corporation to monitor total program costs, including payments to key service providers, to ensure expenditures were reasonable, aligned with approved and disclosed amounts, and reflective of actual program needs. In addition, we expected the Corporation to ensure that contracted capacity and associated costs, such as leased facility space, were used efficiently and aligned with program occupancy levels, to support value for money.



## What We Learned

### Payment Controls and Procedures

**We found appropriate invoice controls for payments related to the facility, including receipt verification and approvals procedures, existed and were operating within the Corporation. However, we found the Corporation did not follow the Supportive Living Program Policy when it issued quarterly payments to the nonprofit operator in advance, without reviewing invoices or detailed supporting documentation. Instead of using an invoice-based approach, we found the Corporation used a budget evaluation process that was only permitted for grants that did not require an immediate response.** This involved reviewing projected budgets and approving allocations in advance, at the beginning of each quarter based on an annualized budget included in the service agreement. **Additionally, we found the Supportive Living Program Policy was outdated by more than ten years.**

**We also found the Corporation did not routinely request or review supporting invoices for individual expense amounts reported by the nonprofit operator in quarterly financial information even though they had the ability to do so via the terms of the service agreement.** Reviews between the Corporation and the nonprofit operator focused on overall results to date, rather than individual quarterly budget reviews. This approach increased the risk that unusual fluctuations or timing differences within a specific quarter may not have been identified in a timely manner. **We found the Corporation relied on the audited financial statements of the nonprofit operator as a whole to obtain assurance over the expenses reported under the service agreement, rather than reviewing and approving the specific expenses of the initiative.**

## Transitional Supportive Living Initiative Expenditures

Between the start of the lease term on February 15, 2024, and the end of our scope period on December 31, 2025, we found total expenditures for the transitional supportive living initiative amounted to approximately \$24 million, compared to the approximately \$13.8 million that was publicly disclosed.

Approximately \$15.5 million (65 per cent) was spent on costs incurred through the facility lease, including rent, food, restoration fees, and other costs, while approximately \$6.4 million (27 per cent) was spent on service delivery through the nonprofit operator, as illustrated in Table 1.

**Table 1: Total Payments by the Corporation for the Transitional Supportive Living Initiative  
For the period February 15, 2024 – December 31, 2025**

Payment Type	Facility	Nonprofit Operator	Security Provider	Insurance Company	Various Vendors	Total
Rent <sup>1</sup>	\$13,056,089					\$13,056,089
Nonprofit Operator Grant		\$6,441,888				\$6,441,888
Security			\$1,966,785			\$1,966,785
Food <sup>2</sup>	\$1,780,658					\$1,780,658
Restoration Fees <sup>3</sup>	\$681,187					\$681,187
Insurance				\$44,492		\$44,492
Various Costs	\$16,871				\$16,387	\$33,258
<b>Total</b>	<b>\$15,534,805</b>	<b>\$6,441,888</b>	<b>\$1,966,785</b>	<b>\$44,492</b>	<b>\$16,387</b>	<b>\$24,004,357</b>

Source: Prepared by the Office of the Auditor General from information provided by the Newfoundland and Labrador Housing Corporation.

1. Rent increased in March 2025 from \$575,000 to \$585,350 due to a CPI increase as per the terms of the lease.

2. Food costs increased in March 2025 from \$44.50 to \$45.30 per day, per guest, due to a CPI increase as per the terms of the lease.

3. 5.2% annually excluding HST.

Before the initiative began, in January 2024, government announced the facility included 140 rooms for use as transitional units, including designated rooms supported by Newfoundland and Labrador Health Services. This was also reiterated in April 2024, when government publicly indicated the facility included over 140 rooms and common areas for service delivery. **We found in March 2025, the Corporation had allotted 105 rooms to residents but capped residency at 75 tenants. As a result, 30 rooms, at a cost of \$1.5 million annually, were not utilized for residents – a 29 per cent vacancy rate assuming the remaining 75 rooms were always utilized.** Therefore, a significant portion of the facility's capacity was not used for its primary purpose of transitioning individuals to independent permanent housing. **We also found there were 34 individuals who transitioned to independent permanent housing between June 2024 and December 2025, resulting in an average total cost of approximately \$706,000 per person, excluding in kind supportive services provided by Newfoundland and Labrador Health Services.**

## Payments to the Facility Owner

We found actual payments to the facility owner exceeded publicly disclosed amounts. We found the Corporation paid the facility owner approximately \$15.5 million between February 15, 2024, and December 31, 2025, representing approximately 65 percent of total expenditures of the initiative. We found this exceeded publicly disclosed costs of \$13.8 million by approximately \$1.7 million (12 per cent).

We also found additional expenditures, including food, restoration fees and unforeseen repairs and maintenance, that were paid in accordance with the facility lease agreement but never disclosed to the public. We found the restoration fees and unforeseen repairs and maintenance added significant cost beyond the monthly rent. The Corporation paid a total of \$698,058 for both during our audit period. Additionally, we found rent and food costs for the initiative were subject to inflation based on the Consumer Price Index (CPI). These mechanisms introduced upward cost pressure over the program period. See Table 2 for details.

**Table 2: Publicly Disclosed Versus Actual Payments to the Facility Owner**  
For the period February 15, 2024 – December 31, 2025

Payments to the Facility Owner	Publicly Disclosed Cost <sup>1</sup>	Actual Payments
Rent	\$13,800,000	\$13,056,089 <sup>2</sup>
Food	\$-	\$1,780,658 <sup>3</sup>
Restoration Fees	\$-	\$681,187 <sup>4</sup>
Unforeseen Repairs and Maintenance	\$-	\$16,871
<b>Total</b>	<b>\$13,800,000</b>	<b>\$15,534,805</b>

Source: Prepared by the Office of the Auditor General from information provided by the Newfoundland and Labrador Housing Corporation.

1. Prorated to reflect \$6.9 million over two years (\$13.8 million).

2. Rent increased in March 2025 from \$575,000 to \$585,350 due to a CPI increase as per the terms of the lease.

3. Food costs increased in March 2025 from \$44.50 to \$45.30 per day, per guest, due to a CPI increase as per the terms of the lease.

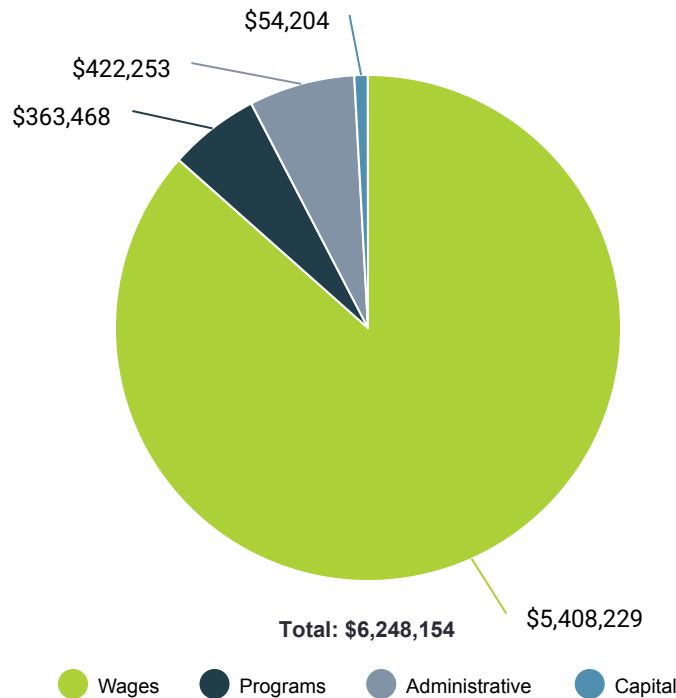
4. 5.2% annually excluding HST.

## Payments to the Nonprofit Operator

We found the Corporation forwarded approximately \$6.4 million in grant payments to the nonprofit operator between the start of the first service agreement on April 9, 2024, and the end of our scope period on December 31, 2025. Costs spanned four main categories: wages, administration, program and capital. Wage costs included employees paid by the nonprofit operator for the initiative, including salaried and support staff, vacation coverage, and staff oversight. Administration costs included items such as general liability insurance, office supplies, staff travel, professional development, and meetings. Program costs included both general and resident programming, such as program supplies, honoraria, training and resident transportation, and capital costs included staff computers and an outdoor smoking shelter.

We found the nonprofit operator spent approximately \$6.2 million in grant payments between April 9, 2024 and December 31, 2025, as illustrated in Figure 2.

**Figure 2: Total Costs Incurred by the Nonprofit Operator  
For the period April 9, 2024 – December 31, 2025**



Source: Prepared by the Office of the Auditor General from information provided by the Newfoundland and Labrador Housing Corporation and the nonprofit operator, unaudited.

To account for unspent grant payments, the Corporation reduced or adjusted several quarterly advances to the nonprofit operator, such as issuing a reduced fourth quarter payment in 2024-2025 and providing partial or modified payments in 2025-2026.

As previously stated, we found the Corporation did not implement an invoice based payment system for the nonprofit operator and did not request any invoices throughout our audit period.

We requested invoices and receipts from the nonprofit operator to determine the types of expenses incurred in certain budget categories. We found the cost to cover contracted financial services increased from \$60,000 in the 2024-2025 budget to \$75,000 in 2025-2026. The nonprofit operator noted that a Chief Financial Officer was contracted to handle the significant increase in financial transactions and payroll, and additional financial oversight and reconciliations required from the transitional supportive living initiative. We found the Chief Financial Officer performed some additional tasks for the nonprofit operator, unrelated to 106 Airport Road.

We found the budget for meeting and staff costs increased from \$5,000 in 2024-2025, described as covering refreshments and meeting space, to \$15,000 in 2025-2026, that explicitly included staff events, staff appreciation activities, wellness supplies, memorial costs, and critical incident debriefing. **We found costs incurred by the nonprofit operator in the meeting and staff cost category included numerous expenses for staff lunches and staff appreciation activities that appeared to be unreasonable in a public sector context.**

As per the Corporation’s Supportive Living Program Policy, the Corporation was not responsible for training of the nonprofit operator’s staff and board members. **We found the Corporation approved amounts related to training of the nonprofit operator’s staff, which was in contradiction of the policy.** Staff training was included in the original budget and increased from \$30,000 in 2024-2025, to \$35,000 in 2025-2026, specifying onboarding, professional development, conferences, and mandatory training requirements.



**We found two significant ad-hoc expenses were incurred due to unanticipated operational issues.** It was determined that a designated outdoor smoking area was required to help curb smoking on site. **We found a smoking shelter was constructed in December 2024 at a cost of \$15,623 and paid for via the nonprofit operator’s funding for the initiative under capital expenses.** While the nonprofit operator did not go over budget for the initiative overall, the shelter was not included in the original budget provided by the Corporation to the nonprofit operator, nor was it considered in the planning stages of the initiative. The Corporation indicated they would broker a purchase price with the facility owner for the smoking shelter at the conclusion of the initiative, or determine an alternate form of disposal.

**We also found that, despite selecting 106 Airport Road partially due to its proximity to a bus stop, an alternative transportation solution was needed at additional and unanticipated cost. We found a total of \$126,850 was spent on tenant transportation, according to the nonprofit operator’s 2024-2025 program expenses.** Transportation was not included in the original 2024-2025 budget provided by the Corporation to the nonprofit operator nor was it considered in the planning stages of the initiative as an additional cost. A budget for transportation was included in the 2025-2026 service agreement.





## Why It Matters

Effective contract management provides assurance that funds are used as intended and that services are delivered in accordance with negotiated terms. Invoice verification and review processes help ensure contractual terms and public policy are respected. In the absence of standardized and rigorous procedures that require sufficient supporting evidence, there is an increased risk that public funds may be mismanaged, misappropriated, or wasted.

Normally, expenses are reviewed by looking at the source documents. Financial statements provide assurance about the financial position of an entity and the reliability and reasonableness of expenses, but they do not provide complete assurance that every revenue, expense, asset or liability is recorded appropriately or accurately. When audited financial statements are used to support payments under a specific service agreement, the Corporation cannot confirm that billed costs relate to their specific initiative or that the costs meet the spirit and intent of the agreement. Project level financial verification is needed to ensure payments are accurate and eligible.

Ensuring that contracted resources are used efficiently is also essential. Where fixed costs are incurred for capacity that is not fully utilized, such as unoccupied accommodation, a portion of program spending may not directly contribute to intended outcomes. This reduces overall cost-effectiveness and increases the cost per resident served. Weak or inconsistently applied controls limit the Corporation's ability to monitor operator performance, verify that activities comply with expectations, and identify emerging issues in time to take corrective action. Strong contract management is especially important in projects serving people with complex needs, where gaps in oversight can affect project stability and the efficient use of public funds.



## What We Recommend

The Corporation should:

5. Strengthen compliance and payment controls by reviewing supporting documentation before issuing grant payments.
6. Ensure compliance with the Supportive Living Program Policy's immediate response requirement to complete invoice verification so that inappropriate expenses are rejected.
7. Review and revise its Supportive Living Program Policy, incorporating guidance ensuring that any payment made is appropriate, accurate and supported with sufficient documentation.
8. Strengthen cost monitoring and reporting to ensure all program expenditures are complete, transparent, and aligned with approved budgets, occupancy levels, and program objectives.

# Findings – Oversight

**Objective 3** To determine whether there is appropriate oversight of the transitional supportive living initiative.

**Criteria 1** The Newfoundland and Labrador Housing Corporation monitors the transitional supportive living initiative.



## What We Expected

We expected the Corporation to receive and review all required reports within the timelines outlined in contracts and service agreements for accuracy and completeness. Given the goal of the initiative was transitioning to independent permanent housing, we expected the Corporation to use established measures to monitor and evaluate outcomes for the initiative, including tracking tenant progress, service delivery activities, and overall project results. We expected performance evaluation measures to be fully implemented and used to guide decision-making and project improvements. In addition, we expected internal governance structures, including steering and oversight committees, to function effectively by reviewing performance information, identifying risks or emerging issues, and ensuring concerns were addressed in a timely and appropriate manner.



## What We Learned

### Performance Monitoring

**We found the Corporation did not adequately monitor the performance of the transitional supportive living initiative.** The Supportive Living Program Policy required the Corporation to monitor the transitional supportive living initiative through review of required reports. This expectation aligned with reporting and monitoring requirements, and timelines in the service agreement. The specific reports required by the agreement with the nonprofit operator were:

- a Year-End Narrative Report summarizing impacts, communities served, and overall results;
- monthly Supportive Housing Occupancy Reports;
- quarterly Program Monitoring Reports; and
- quarterly Homeless Individuals and Families Information System data reports.

**We found the nonprofit operator met the requirement to submit a Year-End Narrative Report for 2024-2025 summarizing service impacts, community outcomes, and overall results; however, it was submitted nearly two months past the deadline required in the service agreement.**

**We found the quarterly and data reports required from the nonprofit operator were inadequate and inconsistent. We found the nonprofit operator submitted one of six (17 per cent) required program monitoring reports between the date of the first report on July 31, 2024, and December 31, 2025.** No quarterly program monitoring reports were submitted in the first year of the initiative. The report received between June 1, 2023, and December 31, 2025, was submitted as a combined report that included the first two quarters of 2025-2026. All six required quarterly system data reports were received, however four (67 per cent) were received late. Additionally, these reports contained only length of stay tracking metrics and no other data indicators.

We found the nonprofit operator submitted weekly tenant occupancy reports, which was different than the monthly reports required under the service agreement. We found 74 of 90 weekly reports (82 per cent) were submitted between April 1, 2024, and December 31, 2025. **We found 21 of 74 (28 per cent) received occupancy reports had errors, which included report dates not being updated, incorrect “last weekly update” dates, and a few incorrect cumulative totals.** These errors indicated that the reports were not consistently reviewed before they were finalized and submitted by the operator.

## Payment Monitoring

The service agreement included the requirement for the nonprofit operator to meet with the Corporation quarterly to reconcile payments, expenses, and project upcoming expenses. Monitoring also required submission of an independent year-end project financial audit within six months of the end of the agreement.

Quarterly payment meetings between the Corporation and the nonprofit operator occurred six of the required seven times (86 per cent) between June 1, 2023, and December 31, 2025, according to the Corporation, but we found only one meeting occurred within the five day timeline required by the service agreement. **We found the supporting evidence of quarterly payment meetings between the Corporation and the nonprofit operator were Microsoft Teams calendar invites. There were no meeting minutes to confirm whether meetings occurred, who attended, or what was discussed.**

## Security Contract Monitoring

**We found that, although the security contract was signed in April 2024, confidentiality oath agreements, which were required by the contract, were not signed by staff or notarized until late January and early February 2026, after they were requested by the audit team.** This means security staff operated for nearly two years without signed oaths. The requirement for staff to sign these oaths came up repeatedly during operations committee minutes, showing the Corporation was aware of the issue but did not resolve it in a timely manner.

**We found the security contract required the creation of a security steering committee but it was not created.** Instead, we found these responsibilities were absorbed into the operations committee without a dedicated structure. **We also found no evidence that the Corporation ensured security staff completed all training as required in the security contract.** Additionally, we found quarterly reports that were required by the contract were not produced. Instead, the Corporation relied on system access and Operations committee discussions, leaving no formal quarterly summary of shortfalls or overtime.

## Oversight Committees

**We found issues with the steering and operations oversight committees of the initiative.** The lease agreement with the facility owner required that a joint committee of the Corporation and tenant appointees meet regularly to review policies supporting success for the initiative. Both the Supportive Living Program Policy and the service agreement with the nonprofit operator contained general requirements for the Corporation and the nonprofit operator to meet as required. **However, we found the steering and operations committees did not meet the attendance or frequency requirements.**

**We found seven of 27 (26 per cent) steering committee meetings were not held within the required intervals, and 17 of 27 (63 per cent) steering committee meetings did not have the minimum number of committee members required per the committee terms of reference.**

**We also found 10 of 41 (24 per cent) operations committee meetings were not held within the intervals set by the committee, and seven of 41 (17 per cent) operations committee meetings did not have the required member representation as per the committee terms of reference.**

## Operational Issues

We reviewed all operational and steering committee meeting minutes from January 2024 to December 2025. **We found meeting minutes contained discussion of operational issues at the facility that suggested tenant needs exceeded the Corporation’s expectations, and the capability of the transitional supportive living initiative providers to meet those needs.** For example, meeting minutes suggested the Corporation, facility staff, the nonprofit operator and the security provider had to implement additional measures to manage operational issues such as smoking, unsanitary room conditions, theft, and violence.

Although the Corporation sublet 17 rooms to Newfoundland and Labrador Health Services for in kind services, **we found that due to a combination of physical, operational, and safety constraints, Newfoundland and Labrador Health Services used 13 of the 17 (76 per cent) sublet rooms.** They indicated the facility could not be adequately modified to meet clinical care standards or to safely support residents with more complex medical and mobility needs.

## Outcome Monitoring

The service agreement required the nonprofit operator to work with the Corporation and Newfoundland and Labrador Health Services to develop and implement an Evaluation and Accountability Framework. The service agreement noted that future funding consideration would require compliance with this framework. Types of outcome measures in the draft framework included:

- housing readiness;
- housing stability;
- system interactions and changes to support individuals;
- homelessness is rare, brief and non-recurring;
- improved population health;
- reduced systems cost;
- improved access to housing; and
- decreased homelessness in Newfoundland and Labrador.

**We found the required Evaluation and Accountability Framework was drafted in March 2025. Although a draft framework containing six outcome measures with 87 indicators existed, we found the framework was never finalized and no evaluations were completed.**

We found programming objectives, expected activities, outputs, and outcomes were detailed in the service agreement with the nonprofit operator. A total of 17 program measures were identified, including:

- assist individuals to find and remain in safe, affordable, stable housing;
- individuals acquire the necessary skills to maintain housing stability;
- improved connection to appropriate health and social support services; and
- improved capacity to deliver housing supports to individuals with complex needs.

The Corporation indicated that monitoring of these components was conducted through the Corporation’s engagement with the nonprofit operator via the operations committee, the steering committee, and onsite visits. **We found it was unclear from committee meeting minutes what the Corporation did with monitoring information, and the Corporation’s onsite visits were not documented.**

As mentioned previously, the nonprofit operator was required by the service agreement to submit regular monitoring reports to the Corporation. In the absence of an evaluation framework, we examined the content of all quarterly reports and the year-end narrative report mandated by the service agreement that were received between June 1, 2023, and December 31, 2025, in an attempt to determine the extent of outcome monitoring. **We found limited information related to improvements, deliverables, or outcome progress across the occupancy, year end, and quarterly reports reviewed. We also examined the Corporation’s annual reports and found they contained minimal detail on outcome monitoring.**

**We also found there was no formal evaluation of the nonprofit operator’s performance before the service agreement was renewed, to ensure they were meeting expected outcomes of the initiative.**



## Why It Matters

Effective oversight mechanisms, including defined reporting requirements, governance committee structures, and performance monitoring frameworks, are essential to ensure that this transitional supportive living initiative achieved its intended objective of permanent housing attachment. In the absence of reliable reporting, timely and accurate data, and documented oversight activities, the Corporation cannot adequately assess program effectiveness, determine whether risks are being appropriately managed, or evaluate whether resources are being used responsibly. While the Corporation has a mandate to provide housing and support to vulnerable individuals, it also has an obligation to demonstrate that public funds are administered in a transparent and accountable manner and that expenditures achieve intended results at a reasonable cost to taxpayers.



## What We Recommend

The Corporation should:

9. Improve contract monitoring and oversight by documenting quarterly meetings and onsite visits, keeping complete records, tracking provider training and documentation requirements, and ensuring required financial and operational information is submitted on time.
10. Enforce reporting and accountability requirements, including timely and accurate submission of all reports, and finalization and implementation of the Evaluation and Accountability Framework.
11. Utilize operational data and lessons learned from the transitional supportive living initiative to inform future initiatives, particularly in the areas of procurement decisions, operational issues, outcome evaluation, and value for money.



# Subsequent Events

The Corporation's request for proposals for a new transitional supportive housing program indicated that a successful proponent was expected to be selected on or before November 14, 2025, and expected to commence operations on or before April 1, 2026. No award has been made.

On May 1, 2026, the Provincial Government announced that funding for the transitional supportive living initiative will cease at the end of the current lease term with the nonprofit operator on December 31, 2026. The Minister of Housing indicated that planning is underway through the Newfoundland and Labrador Housing Corporation to identify alternative housing arrangements for current residents following the conclusion of the initiative.

# Conclusions

We conclude that the Newfoundland and Labrador Housing Corporation did not adequately plan, procure, manage, or oversee the transitional supportive living initiative in a manner that ensured accountable and cost-effective delivery. Part of the initiative was developed under urgent conditions and other parts were not. Regardless, the accelerated approach resulted in incomplete planning, limited documentation, and key decisions occurring before needs, risks, and service requirements were fully understood. Early involvement of the eventual nonprofit operator obscured roles and responsibilities and contributed to an unstructured and reactive operational process that did not follow the Corporation's own Supportive Living Program Policy.

Procurement and contracting processes for the initiative did not align with standard processes. Both the facility lease and the engagement of the nonprofit operator were undertaken without standard competitive processes, and the associated service agreement with the nonprofit operator did not adhere to all requirements for invoicing or timelines. Weaknesses in payment controls, including issuing quarterly advances without reviewing supporting invoices, limited the Corporation's ability to verify expenditures and ensure value for money.

Operational issues exceeded the Corporation's initial assumptions, resulting in repeated safety incidents, and unanticipated costs for additional security, occupational health and safety, transportation, and other needs. Overall, the Corporation's cost management and monitoring was insufficient, resulting in higher than expected expenditures and underutilized capacity, which reduced the initiative's overall cost effectiveness. By December 2025, the initiative cost approximately \$24 million, with rent exceeding \$15 million. If the purpose of the transitional supportive living initiative was to transition individuals to independent permanent housing, as we interpret government announced from the start, then the total cost per 34 transitions was approximately \$706,000 per person.

Oversight mechanisms also fell short. Required quarterly reporting was largely absent, occupancy reports contained errors, and an Evaluation and Accountability Framework was drafted but never finalized or implemented to monitor performance outcomes. Committee structures did not consistently meet requirements, and the Corporation could not demonstrate how monitoring informed decisions or corrective action. As a result, the Corporation lacked sufficient, reliable information to determine whether the initiative achieved value for money, intended outcomes, or meaningfully improved housing stability for the individuals it served.



# Appendix I – About This Audit

## Why This Audit is Important

The transitional supportive living initiative is a major provincial response to rising homelessness and increasing demand for supportive housing. It provides temporary accommodation and essential services for individuals with complex needs, making strong planning, procurement, contract management, and oversight critical to ensuring vulnerable individuals receive safe and appropriate support. Because the initiative involves significant public spending, multiple contracted partners, and a high-needs population, the Corporation must have effective systems in place to manage risks, monitor performance, and demonstrate that the project delivers value for money while meeting its intended objectives.

## Objectives

1. To determine whether the contracts related to the transitional supportive living initiative are procured appropriately.
2. To determine whether the contracts related to the transitional supportive living initiative are managed appropriately.
3. To determine whether there is appropriate oversight of the transitional supportive living initiative.

## Criteria

Audit criteria were developed based on discussions with the Newfoundland and Labrador Housing Corporation management, review of relevant documentation, legislation, policies and procedures, and literature reviews, including reports of other legislative auditors. The Office of the Auditor General defined five criteria regarding the objectives, which senior management of the Newfoundland and Labrador Housing Corporation accepted as suitable.

The Office of the Auditor General assessed whether the Newfoundland and Labrador Housing Corporation appropriately procured and managed contracts related to the transitional supportive living initiative, and provided appropriate oversight of the initiative, against the following criteria:

1. The Newfoundland and Labrador Housing Corporation plans for the use of transitional supportive living initiatives.
2. The Newfoundland and Labrador Housing Corporation's procurement and contract award processes for the transitional supportive living initiative are compliant with applicable policy and legislation.
3. The Newfoundland and Labrador Housing Corporation ensures competitive terms for the transitional supportive living initiative contracts.
4. The Newfoundland and Labrador Housing Corporation has adequate controls and procedures in place to ensure compliance with government policy and the terms and conditions of the transitional supportive living initiative contracts.
5. The Newfoundland and Labrador Housing Corporation monitors the transitional supportive living initiative.

## Scope and Approach

Our audit began in September 2025 and covered the period June 1, 2023, to December 31, 2025. The audit focused on the planning, procurement, contract management, and oversight of the transitional supportive living initiative at 106 Airport Road delivered by the Newfoundland and Labrador Housing Corporation (the Corporation). We conducted our audit using a risk-based approach informed by our understanding of the Corporation's responsibilities, systems, risk factors, and activities related to establishing and operating the initiative during the scope period.

Our audit procedures included discussions with representatives of the Corporation and other relevant stakeholders, and review and analysis of relevant legislation, policies and guidelines, planning materials, service agreements, committee terms of reference and minutes, procurement files, correspondence, reports, invoices, and other supporting documentation related to the facility lease, nonprofit operator agreement, and security contract.

We examined the Corporation's processes to plan the initiative, procure or exempt contracts, execute agreements, manage payments and budgets, and monitor operational and outcome reporting. We also performed detailed testing of payments and documentation, reporting requirements, and select compliance and oversight activities connected to the security contract.

We did not assess program delivery or appropriateness of care provided at 106 Airport Road, nor did we perform an audit of Newfoundland and Labrador Health Services, the facility owner, the nonprofit operator, or the security provider. We did not evaluate clinical or case management decisions, the appropriateness of individual tenant placements or the overall effectiveness of the project model in achieving long term housing outcomes.

### **Audit Standards**

This independent assurance report is addressed and directed to the Chief Executive Officer (A) of the Newfoundland and Labrador Housing Corporation. It was prepared by the Office of the Auditor General of Newfoundland and Labrador after auditing the Newfoundland and Labrador Housing Corporation through our audit objectives and criteria.

This audit was performed to a reasonable level of assurance with the Canadian Standard in Assurance Engagements 3001 - Direct Engagements set out by the Chartered Professional Accountants of Canada and under the authority of the Auditor General Act, 2021.

This Office applies the Canadian Standard on Quality Management. This standard requires our Office to design, implement, and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of the Association of Chartered Professional Accountants of Newfoundland and Labrador.

### **Management Representations**

The Chief Executive Officer (A) of the Newfoundland and Labrador Housing Corporation confirmed that senior management had provided the Office of the Auditor General with all the information they were aware of that had been requested or that could significantly affect the findings or conclusions of the audit report on behalf of the Newfoundland and Labrador Housing Corporation.

### **Date Conclusions Reached**

We obtained sufficient and appropriate audit evidence on which to base our conclusions on May 20, 2026, in St. John's, Newfoundland and Labrador.



**DENISE HANRAHAN, CPA, MBA, ICD.D**  
**AUDITOR GENERAL**

# Appendix II

## Response to Recommendations

### **Recommendation 1**

The Newfoundland and Labrador Housing Corporation should conduct comprehensive planning before signing transitional supportive living initiative contracts.

#### **Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

### **Recommendation 2**

The Newfoundland and Labrador Housing Corporation should ensure public procurement processes for transitional supportive living initiatives follow legislation and policy consistently, including documenting why exemptions are used and adhering to procurement timelines.

#### **Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

### **Recommendation 3**

The Newfoundland and Labrador Housing Corporation should enforce the Supportive Living Program Policy, including documenting why exemptions are used, and adhering to roles, approvals, timelines, and criteria for accelerated actions when issuing operating grants to nonprofit organizations.

#### **Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

### **Recommendation 4**

The Newfoundland and Labrador Housing Corporation should complete well documented, formal evaluations against predefined evaluation criteria to ensure service providers for transitional supportive living initiatives provide competitive contract terms and best value for money.

#### **Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

### **Recommendation 5**

The Newfoundland and Labrador Housing Corporation should strengthen compliance and payment controls by reviewing supporting documentation before issuing grant payments.

#### **Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

### **Recommendation 6**

The Newfoundland and Labrador Housing Corporation should ensure compliance with the Supportive Living Program Policy's immediate response requirement to complete invoice verification so that inappropriate expenses are rejected.

#### **Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

**Recommendation 7**

The Newfoundland and Labrador Housing Corporation should review and revise its Supportive Living Program Policy, incorporating guidance ensuring that any payment made is appropriate, accurate and supported with sufficient documentation.

**Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

**Recommendation 8**

The Newfoundland and Labrador Housing Corporation should strengthen cost monitoring and reporting to ensure all program expenditures are complete, transparent, and aligned with approved budgets, occupancy levels, and program objectives.

**Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

**Recommendation 9**

The Newfoundland and Labrador Housing Corporation should improve contract monitoring and oversight by documenting quarterly meetings and onsite visits, keeping complete records, tracking provider training and documentation requirements, and ensuring required financial and operational information is submitted on time.

**Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

**Recommendation 10**

The Newfoundland and Labrador Housing Corporation should enforce reporting and accountability requirements, including timely and accurate submission of all reports, and finalization and implementation of the Evaluation and Accountability Framework.

**Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

**Recommendation 11**

The Newfoundland and Labrador Housing Corporation should utilize operational data and lessons learned from the transitional supportive living initiative to inform future initiatives, particularly in the areas of procurement decisions, operational issues, outcome evaluation, and value for money.

**Response:**

The Newfoundland and Labrador Housing Corporation accepts this recommendation.

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# About Us

## Values

We are independent - working together and with our partners in a nonpartisan, fair, and transparent manner, protecting objectivity and the public interest as we perform our work and lead by example.

We are credible - selecting audit work based on impact and risk, in order to safeguard public trust and deliver value as a respected, experienced, professional team.

We are adaptable - always agile and seeking ways to improve our efficiency and effectiveness, promoting continuous learning and innovation through progressive and diverse thoughts and teams.

We are accountable - taking responsibility for the integrity and impact of our work, our performance, and our behaviour, through respectful processes that always adhere to professional standards and codes of conduct.

## Mission

We deliver credible, high-quality, and timely audit services and recommendations to our public sector clients.

## Vision

We foster accountability, transparency and continuous improvement in Newfoundland and Labrador's public sector through impactful audits.

## Audit Team

Together with the Auditor General and Deputy Auditor General, this audit involved:

Lindy Stanley - Assistant Auditor General

Jillian Roberts - Audit Principal

Andrea Gunn - Audit Manager

Sarah Reynolds - Audit Manager

Aatish - Audit Senior

Stephanie Hartley - Audit Senior

Jennifer Tuttle - Engagement Quality Reviewer

Chrysta Collins - Communications

Taranjit Kaur - Report Design



OFFICE OF THE AUDITOR GENERAL  
NEWFOUNDLAND AND LABRADOR

# Contact Us

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Adaptability. Accountability.*