

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?