

# MOHAWK COUNCIL OF KAHNAWA:KE HOUSING DEPARTMENT

ASSESSMENT SUMMARY REPORT, SEPTEMBER 24, 2018

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# Mohawk Council of Kahnawake Housing Department

## Assessment Summary Report – Sept. 24, 2018

### Background and Overview

In late spring 2018, the MCK Executive Directors Office became aware of the possibility of misappropriated funds within the Housing Department and directed the Executive Financial Officer (EFO) to assume oversight and, eventually, a full assessment of the Housing Department's accounts and operations. **As a result of an initial review and collection of evidence, the Social Housing Administrator (SHA) was terminated in June and a criminal complaint was lodged with the Kahnawake Peacekeepers for the alleged fraud and misappropriation of over \$110,000 at the start of July.**

A more complete Housing Assessment began in late June 2018 and has progressed to a point at which conclusions can be drawn from the information gathered and analyzed. With the help of external professional consultations and reports, we have concluded at this interim stage that the current situation is a result of misappropriation on the part of the Social Housing Administrator (SHA) and poor management of the MCK Housing Department for the better part of a decade, from 2008-2018. The total amount of missing funds calculated to date stands at \$145,000.

### The Assessment Process

The Housing Assessment is a Financial, Operational and Strategic review with the objectives of:

1. Reconciling client accounts as of March 31<sup>st</sup> 2018;
2. Contacting all clients of the Housing Department to understand their experiences;
3. Finding Interim Management for the Housing Department; and,
4. Restoring confidence in the Housing Department and in the MCK.

Throughout the period of the Assessment, the Housing Department was lacking staff and needed interim management and staff to manage the day-to-day operations and improve operations moving forward. Keeping the Department functioning became an ancillary goal of the process as files and data needed to be accessed and reviewed when contacting clients.

The purpose of this interim report of the Housing Assessment is to provide Chief and Council and ultimately, the community, with a clear picture of what transpired in the Housing Department during the period of 2008 to 2018. As a result:

- **An Operational review of how business was conducted by the Housing Department was completed;**
- **Reconciliation of delinquent client accounts was conducted and contact with a majority of the clients was performed. Attempts continue to be made with those clients who have yet to respond.**
- **Independent Forensic Assistance was secured and concluded to support the findings and actions taken.**
- **Recommendation of improved controls for housing payments and cash controls for the entire MCK has been approved;**
- **Recommendations to restructure the Housing Department have also been presented and approved by Chief and Council.**

The housing assessment was a combined effort of the various internal and external individuals under the oversight of the EFO. An independent forensic accountant was hired to review the database of housing files. An independent lawyer was hired to meet and interview clients who felt they were a victim of misappropriation of funds. Finally, an independent financial accountant was hired to revamp financial controls, beginning with accounts receivable and cash payments.

Efforts to contact clients of the Department were complicated by numerous factors including incomplete client files, out of date loan files as well as contact information. This lack of information caused significant delays to the housing assessment. In order to rectify this, each client needed to be contacted and provided relevant housing information. This was done via public releases, registered letter as well as by phone to each client.

### **Financial Findings**

The independent reports confirmed the initial assessment hypothesis with respect to financial amounts. Specifically, that the missing payments were predominantly associated with clients who were directed to work with the SHA in case management. Case management included clients who were considered in arrears and those who lived in the multi dwelling, RTE or HOPE units. At this time, \$145,000 can be confirmed as the amount of the alleged fraud. The interviews also revealed deeper issues in the management of the department and interactions with clients. A complete reconciliation of accounts is ongoing as clients continue to be contacted.

### **Operational Findings**

The Housing Department and its current structure, while meeting clients needs to a degree, requires significant review and development from a policy, procedural/operational, and staffing perspective. Over the last ten years areas of housing were mismanaged or ignored to the detriment of the clients.

The Housing Department states in some of its policies that "Case Management" is used, however, there is no governing policy covering this operational function, nor does it have any operational procedures relating to this function. The Housing Department has many of its procedures documented, however, some tasks are not documented; further it has been some time since these procedures have been reviewed.

The procedures for the Housing Department meetings were reviewed, there is documented proof the meetings happen on a monthly basis. Upon review of the meeting minutes, it was noticed that items are listed as completed but no report on the given subject matter is attached to the report.

### **Strategic Findings**

The Housing Department has proven incapable of managing client relationships and financial accounts. The department needs to be restructured with a focus on client needs. The Financial and Administrative work of the department must be restructured in order to focus on client needs.

## **Recommendations presented and approved by Chief and Council on Sept, 24, 2018**

### **Restructure Housing Department operations**

- Focus on clients
- Update contracts and client contacts
- Meet with clients and resolve their account issues on a case by case basis
- Separate social and financial functions
- Revise policy and procedure
- Create an analyst position
- Create a rental unit manager position

### **Restructure Finance Department**

- Create independent authority for Finance
- Revamp financial controls
- Limit cash points and cash transactions
- Revised accounts receivable (AR) policy; and
- Accounting staff shuffle and restructure

### **Strategically shift the housing department to a social focus**

- Inspect all rental units
- Update and repair the rental units
- Build more rental and subsidized rental units
- Expand on home repair loans
- Exit the Mortgage Market
- Refinance Revolving Loan Fund (RLF) mortgages
- Finance larger housing projects to meet demands of the current market

## **Conclusion**

Chief and Council has approved the housing assessment summary report and the recommendations for implementation

Client interviews and account reconciliation will continue to ensure each individual client's situation is remedied on a case-by-case basis.

A final complete report, including all subsidiary reports will be presented to Chief and Council upon conclusion of client interviews.

Any charges related to the criminal complaint is still pending with the Kahnawake Peacekeepers at this time. This report has been prepared by MCK Executive Financial Officer, Paul Rice with contributions from the assessment team members including the external independent professional consultants.