



Office of the Auditor General City of Vancouver

2022 Audit Plan

January 2022

28 January 2022

In accordance with section 3.9 of the Auditor General By-law I submit my 2022 Audit Plan to City Council.

I am required to present only an annual plan, however, to better inform Council and to facilitate dialogue and engagement, this document outlines my plan for the next three years.

This audit program reflects my interest in the long-term success and sustainability of the City of Vancouver – success and sustainability of its finances, services, infrastructure and the environment in which it operates. I took a number of factors into account when preparing this plan including risks facing the City, the significance of programs, potential return on investment, concerns expressed by members of Council, City managers and members of the public, and my office's capacity. And while I have sought input, consistent with the independent nature of this office, ultimately the choice of audits remains entirely mine.

I present this plan in the face of a higher than normal degree of uncertainty. In addition to the ongoing impacts of the pandemic, which affect all of us, I am currently engaged in hiring staff at all levels in order to bring this plan to life. The expertise and experience of individual staff and the team as a whole remains to be seen. Consequently I took into account, to a greater degree than I expect to do going forward, reasonable capacity expectations for a team that will be just forming over the course of this first year.

This plan is subject to change. New priorities may emerge and it is my intent that the office has the ability to pivot in response. I may also alter the plan as staff start dates are finalized and as I gain an understanding of their unique skills and abilities.

This time next year, my Audit Plan will be released in conjunction with my Annual Report, which will report-out on my office's performance in relation to this plan plus the performance indicators and targets for the upcoming year that are included in this document.

There are many more areas I would like to look at than my team will have the capacity to examine in the period covered by this plan. This plan is just the beginning. I've spent the last four months putting in place the elements necessary for the City of Vancouver's Office of the Auditor General to become operational, and am eager to see these efforts bear fruit.

Mike Macdonell, MBA, CFE, CPA, CA
Auditor General
Vancouver, BC

Planning Context

The Auditor General By-law No. 12816 was enacted by City Council on November 4th, 2020.

Pursuant to the Auditor General By-law, Mike Macdonell was selected by the Auditor General Recruitment Committee and was appointed by Council as the City of Vancouver’s inaugural Auditor General for a seven-year term commencing September 7th, 2021.

Mandate – To assist Council in holding itself and City administrators accountable for the quality of stewardship over public funds and for achievement of value for money in City operations.

Mission – To provide assurance that City of Vancouver services are delivered with due care for economy, efficiency and effectiveness.

This mission is reflective of the Auditor General’s mandate as defined in the AG Bylaw and as well as his interest in ensuring balance in both the audits that are selected and in how those audits are reported.

Goals – Consistent with leading legislative audit offices in Canada, the operations of the City of Vancouver’s Office of the Auditor General are focussed on achieving key strategic goals. The four goals identified below reflect priorities in making the office operational and in measuring its ongoing performance and impact.

Goal 1 – To establish an operational Office of the Auditor General (OAG).

Key Performance Indicators

KPI	Description	2022 Target
Number of staff hired in 2022.	The OAG’s audits will be conducted by a team of highly trained professionals. Procuring sufficient and appropriate staff capacity is the most important input to making the office operational.	8
Complete physical office set-up	Providing an appropriate, secure workspace in the City’s West Annex will be an essential milestone in establishing a functional office.	Q2 2022
Complete OAG foundational components	Key milestones necessary to make the office ready for operations include completion of a professional engagement manual, OAG policies and audit templates, and staff training on these materials.	Q3 2022

Goal 2 – To produce objective, high quality audits in accordance with Canadian Audit Standards.

Key Performance Indicators

KPI	Description	2022 Target
Number of reports produced	Audit reports are the principal output of OAG operations and the primary means of communicating to Council and the public the results of our work.	3
Proportion of audit files passing inspection by the Chartered Professional Accountants of BC (CPABC)	The Office of the Auditor General, City of Vancouver, is a licensed practicing office with CPABC, subject to periodic inspection by the Public Practice Committee. Performing all audit work in accordance with Canadian Audit Standards is an essential input to ensure the credibility of our work.	100%

Goal 3 – To provide City departments with objective, helpful recommendations.

Key Performance Indicators

KPI	Description	2022 Target
Proportion of recommendations accepted by audited departments	Recommendations made to audited departments are intended to address opportunities for improvement identified during our work, address underlying issues, be practicable and be cost effective. Acceptance by audited departments is an important short-term outcome on the path to achieving our mission.	100%
Proportion of recommendations endorsed by Council's Auditor General Committee (AGC)	After receiving our audit findings and recommendations as well as management's response to them, AGC's endorsement of audit recommendations is a short-term outcome confirming the need for action.	100%
Proportion of recommendations fully implemented by audited departments within three years	Performance on this mid-term outcome will be determined through the OAG's follow-up process. Some recommendations may take longer than three years to fully implement and City departments may find alternate approaches to address the root causes.	n/a

Goal 4 – To produce a positive return on investment for Vancouver taxpayers.

Key Performance Indicator

KPI	Description	2022 Target
Proportion of OAG five-year operational costs matched by positive financial impacts for the City that are attributable to our recommendations.	Many audit recommendations should, if fully implemented, produce positive financial impacts through cost savings, cost avoidance or enhanced revenue. We aim to ensure such savings at least match the office’s cost of operations over a five-year period. This long-term outcome ensures the OAG provides value for Vancouver taxpayers.	n/a

3-Year Audit Plan at a Glance – Audits Commenced

2022

- Operational Procurement
- Building Permit Fees
- Lease Agreements
- Contracted Services

2023

- VPD Performance Monitoring
- Risk Management
- City/Park Business Coordination
- Climate Change Adaptation
- Follow-up on Previous Recommendations – June 2023
- Follow-up on Previous Recommendations – December 2023

2024

- Cybersecurity
- Equity
- Community Grants
- Capital Infrastructure
- Follow-up on Previous Recommendations – June 2024
- Follow-up on Previous Recommendations – December 2024

Description of Proposed Audits

The topics identified below represent a high-level expression of interest. Each audit will begin with the gathering of preliminary information, which will be used to refine and focus the audit scope. Audits will proceed only if our preliminary inquiry suggests further examination will be of benefit to the City, and that the OAG has sufficient and appropriate staff and contractor resources available to conduct the work in accordance with Canadian Audit Standards.

In some cases, topics have been developed in collaboration with the audited department. The Auditor General has actively sought, and will continue to solicit, audit projects identified by City departments themselves as having potential benefit.

The years identified represent when audits will commence. Depending on the nature of the subject matter and the findings we encounter, audits may be conducted in phases and may span more than one year.

2022

- Operational Procurement
The City procures a wide range of supplies supporting its day-to-day operations. Although most individual purchases are of nominal value, when combined the value of operational supplies procured in a typical year is significant (2020: \$27M contracts awarded for operations, maintenance and facilities). The intended focus of this audit is on purchases of office furnishings.
- Building Permit Fees
The Building By-law authorizes the Chief Building Official to regulate construction of buildings and to enforce the By-law's requirements. The By-law includes requirements for owners to apply for building permits and authorizes the City to collect permit application fees. Fees collected in 2021 were approximately \$36M. This audit will examine the process supporting the administration of building permit fees.
- Lease Agreements
The City owns a large portfolio of properties which are leased to third parties on both a commercial and non-market basis. Lease revenues net approximately \$60M annually (2022 budget: includes facility rental fees, excludes grant value of nominal leases). Depending on the nature of the property and the tenant, leases are administered by the Arts Culture and Community Services Department, the Real Estate and Facilities Management Department, the Board of Parks and Recreation, the Property Endowment Fund or the Vancouver Affordable Housing Endowment Fund. This audit will examine the City's management of a sample of leases.

- Contracted Services
Like most governments, the City of Vancouver provides services directly as well as through contracted service providers (2020: \$33M contracts awarded for professional and commercial services). This audit will examine the City's oversight of a sample of service provider contracts.

2023

- Vancouver Police Department Performance Monitoring
The budget for the Vancouver Police Department represents over 20% of the City's total budget. This makes it particularly important that the police services demonstrate fiscal accountability and transparency. This audit will examine the framework used to demonstrate the quality, adequacy and cost effectiveness of the Vancouver Police Department.
- Risk Management
Overseen by a senior level Risk Management Committee, the City of Vancouver actively manages a wide spectrum of risks. This audit will examine the effectiveness of the City's risk management processes.
- City/Park Business Coordination
The Vancouver Board of Parks and Recreation has responsibility for over 200 properties of various sizes distributed throughout Vancouver that border other properties that are the responsibility of the City. This audit will examine the coordination of maintenance and other services.
- Climate Change Adaptation
As a coastal City, Vancouver is on the front lines in dealing with the effects of climate change. This audit will examine the City's efforts to prepare and adapt to expected environmental changes.
- Follow-up on Previous Recommendations – June 2023
Following-up on previous audit recommendations is essential for ensuring our audit work adds value. Follow-up work will be conducted every six months until previous recommendations have been fully implemented or alternate actions taken.
- Follow-up on Previous Recommendations – December 2023
As above.

2024

- Cybersecurity
Cybersecurity is often likened to an arms race between organizations constantly seeking to defend against unwanted digital intrusions and hackers continuously seeking ways around these defences. This audit will examine the effectiveness of the City's cybersecurity program.
- Equity
The City of Vancouver is committed to advancing reconciliation, equity and anti-racism. In collaboration with the City's Chief Equity Officer, this audit will examine the City's implementation of the Equity Framework approved by Council in 2021.
- Community Grants
The City of Vancouver supports a wide variety of social and not-for-profit enterprises with a combination of direct monetary contributions and with in-kind support. This audit will examine the process supporting the approval and monitoring of grants.
- Capital Infrastructure
Like many local governments, the City's capital infrastructure is aging. A large proportion of Vancouver's infrastructure was constructed around the same time in the mid-to-late 20th century, meaning it will reach the end of its useful life at the same time this century. This audit will examine the City's long-term management of its infrastructure assets.
- Follow-up on Previous Recommendations – June 2024
Following-up on previous audit recommendations is essential for ensuring our audit work adds value. Follow-up work will be conducted every six months until previous recommendations have been fully implemented or alternate actions taken.
- Follow-up on Previous Recommendations – December 2024
As above.