



Office of the Auditor General City of Vancouver

2023 Audit Plan

January 2023

26 January 2023

In accordance with section 3.9 of the Auditor General By-law I submit my 2023 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, concerns expressed by elected officials, City managers and members of the public, information gathered during the course of audits, potential return on investment, and my office's capacity. While I have sought input, consistent with the independent nature of this office, ultimately the choice of audits remains entirely mine.

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. Also, at the direction of Council, this year my office will be implementing an independent whistleblower program. The timing of this transition has yet to be determined and my existing team will manage the process until new team members are hired. Consequently, the impact on my resources is not yet known.

I release this plan in conjunction with my 2022 Annual Report and 2023 Operational Plan, which outlines my office's performance in relation to my 2022 Audit Plan and the performance indicators and targets included in it.

My first audit report, an examination of building permit fees, was released just yesterday. I look forward to engaging with Council on that topic and more as further reports are released throughout the year.

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Auditor General
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Audit Plan at a Glance – Audits Commenced

2022

- Office Furniture Purchases
- Building Permit Fees
- Permitting Program Cost Recovery Model

2023

- VPD Performance Monitoring
- City/Park Business Coordination
- Lease Agreements
- Community Amenity Contributions
- Follow-up on Previous Recommendations – December 2023

2024

- Community Grants
- Office Space
- Cybersecurity
- Climate Change Adaptation
- Follow-up on Previous Recommendations – June 2024
- Follow-up on Previous Recommendations – December 2024

2025

- Risk Management
- Equity
- Capital Infrastructure
- Follow-up on Previous Recommendations – June 2025
- Follow-up on Previous Recommendations – December 2025

Audits Currently Underway

The audits below were begun in 2022 and will be completed in early 2023.

- Building Permit Fees
The *Vancouver 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 examines the process supporting the administration of building permit fees.
Expected release – 25 January 2023.
- Office Furniture Purchases
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). This audit focusses on purchases of office furnishings.
Expected release – 22 February 2023.
- Permitting Program Cost Recovery Model
The City's intention is for permitting fees to be based on the cost of providing the associated service. This audit examines the processes and results of the cost recovery model for the City's permitting program. We identified this topic while planning the building permit fee audit and decided to conduct a separate examination of permitting cost recovery.
Expected release – April 2023.

Description of Proposed Audits

The topics identified below represent a high-level expression of interest. Each audit will begin with gathering preliminary information, which will be used to refine and focus the audit scope. Audits will proceed only if our preliminary inquiry suggests that further examination will be of benefit to the City, and that the Office of the Auditor General 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.

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. Through a motion passed by the Vancouver Police Board on November 24th 2022, the Auditor General was asked to conduct a performance audit in accordance with section 3.3 of the Auditor General By-law.
- 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. Through a motion passed by the Vancouver Board of Parks and Recreation on January 16th 2023, the Auditor General was asked to conduct a performance audit in accordance with section 3.3 of the Auditor General By-law.
- 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.
- Community Amenity Contributions
Community Amenity Contributions (CACs) are in-kind or cash contributions provided by property developers as a condition of rezoning approval by Council. In 2021 the City collected \$47 million in cash-in-lieu CAC payments and density bonus contributions. During our examination of building permit fees, we noted differences between the values reported for projects at different stages of development. This audit will examine the process for determining the value of Community Amenity Contributions for major projects.

- Follow-up on Previous Recommendations – December 2023

Following-up on previous audit recommendations is essential for ensuring our audit work adds value. Follow-up on previous recommendations endorsed by Council is the responsibility of Council’s Auditor General Committee. As agreed with Council, the OAG will provide a follow-up every six months until recommendations have been fully implemented or alternate actions taken.

2024

- 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.

- Office Space

City staff conduct their work in City Hall and in a variety of other leased and owned locations. This audit will examine the City’s management of space, including adaptation to new work arrangements, such as hybrid and fully remote working, value of owned-vs-leased space and changing market conditions.

- 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.

- 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 2024

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- Follow-up on Previous Recommendations – December 2024

As above.

2025

- 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.
- 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.
- 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 2025
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- Follow-up on Previous Recommendations – December 2025
As above.