

FOLLOW-UP REPORT

Update on the Status of Previous Audit Recommendations

A follow-up report on the implementation status of management action plans for recommendations made in previous audit reports

December 2024

Message From the Auditor General

To the Mayor and Council of the City of Vancouver,

I am pleased to present my third follow-up report on the status of previous audit recommendations.

Where my audits identify opportunities for improvement in the economy, efficiency and/or effectiveness of the City's operations I make recommendations aimed at addressing root causes. As Auditor General I, quite appropriately, have no ability to compel the City to implement my recommendations, so I ask Council to endorse them. And on behalf of Council's Auditor General Committee, every six months I follow-up on the status of these recommendations.

It is important to note that the status updates contained in this report have been provided by, and are the representations of, City management. My team has conducted no work to verify the information provided and we offer no assurance or any form of comment regarding its completeness or accuracy. As part of its oversight responsibilities and to ensure robust accountability, I encourage the Auditor General Committee to ask questions of audited departments concerning their representations, and to seek clarification or further information.

It is gratifying to see audited departments report progress on the vast majority of recommendations. I look forward to seeing further progress in the next semi-annual follow-up report to be presented to Council in June 2025.



Mike Macdonell, FCPA, FCA
Auditor General
Vancouver, B.C.

5 December 2024

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Summary of Findings

Fully or Substantially Implemented

The department has fully addressed the recommendation and plans no further work

Alternative Action Taken

The department has taken actions that were not anticipated by the recommendation, but address the underlying issues

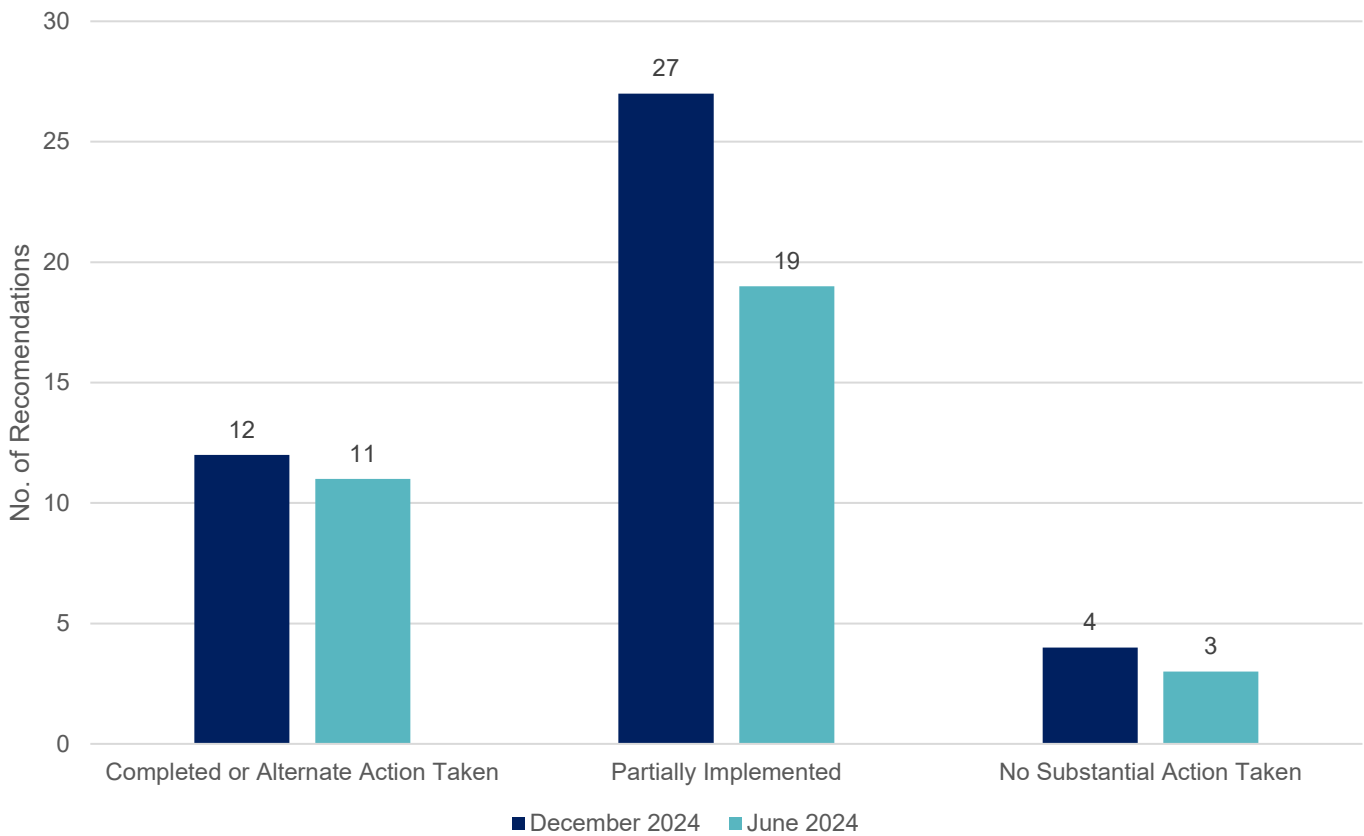
Partially Implemented

The department's actions to address the recommendation are in process

No Substantial Action Taken

The department has not, or has not yet, taken actions in response to the recommendation

Change in Recommendation Status Since Last Report



Detailed Breakdown as at December 2024

| Audit Report | Report Release Date | Audit Recommendations | | | | | | |
|--|---------------------|-----------------------|-------------------------------------|------------|-----------------------|------------|-----------------|------------|
| | | Total | Completed or Alternate Action Taken | | Partially Implemented | | No Action Taken | |
| 2024: Initial Follow-Ups | | | | | | | | |
| Childcare, Cultural and Social Non-Profit Leases | June 2024 | 10 | 0 | 0% | 7 | 70% | 3 | 30% |
| Total | | 10 | 0 | 0% | 7 | 70% | 3 | 30% |
| 2023-2024: Subsequent Follow-Ups | | | | | | | | |
| Vancouver Police Department's Enterprise Risk Management | Dec 2023 | 9 | 1 | 11% | 8 | 89% | 0 | 0% |
| Park Board Revenue Management | Nov 2023 | 6 | 1 | 17% | 5 | 83% | 0 | 0% |
| Permitting Program Cost Recovery Model | May 2023 | 8 | 6 | 75% | 2 | 25% | 0 | 0% |
| Office Furniture Purchases | Feb 2023 | 5 | 3 | 60% | 2 | 40% | 0 | 0% |
| Building Permit Fees | Jan 2023 | 5 | 1 | 20% | 3 | 60% | 1 | 20% |
| Total | | 33 | 12 | 36% | 20 | 61% | 1 | 3% |
| Grand Total | | | | | | | | |
| | | 43 | 12 | 28% | 27 | 63% | 4 | 9% |

INITIAL FOLLOW-UPS

Management Progress Reports

Audit of Childcare, Cultural and Social Non-Profit Leases

Progress as at: December 5, 2024

Audit report released: [June 13, 2024](#)

Discussed by City Council: June 20, 2024

Self-assessment conducted by: Arts, Culture and Community Services

Management’s Overall Comments

Work has commenced on most items and ACCS is on track to meet its deadlines as set out in its Management Response. ACCS and REFM have made some good progress on reducing the number of leases in overholding. The number in the June report was 34 leases in overholding. As of the date of submission, there are 23 leases currently in overholding, a reduction of 32%.

Outstanding Recommendations

Recommendation 1

The City should define performance metrics and targets for non-profit leasing in its social services portfolio to enable monitoring and tracking of progress toward meeting the strategic objectives outlined in its approved strategies.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | ✓ |
| No Substantial Action Taken | |

Actions taken, results and/or actions planned

In response to this recommendation and as stated in the Management Response, ACCS has developed a process to monitor and track public service requirement (PSR) metrics articulated in individual leases, rather than quantity metrics. This includes aggregate metrics to assess how organizations are fully, partially, or not meeting objectives set out in lease agreements. A new PSR template has been created and will be used with any new lease agreements. Social Infrastructure will work with Partner Agreements to determine how the aggregate metrics are gathered and used.

Recommendation 2

The City should fully implement its Non-Profit Lease Management (NPLM) Framework by developing supporting processes, procedures and templates. Implementation should include developing a project plan that identifies responsibilities for executing the plan, timelines for implementation and a deadline for completion.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | ✓ |
| No Substantial Action Taken | |

Actions taken, results and/or actions planned

In the Management Response, ACCS and BPPS (now SPSO) committed to completing an implementation project plan by September 30, 2024, which was completed. Implementation is currently on track according to this plan. Since the plan approaches the implementation of the NPLM Framework in a staged process, the implementation completion may evolve over time. The steps of the implementation project plan as outlined are planned to be fully implemented by December 31, 2025, pending any unforeseen issues or required updates.

Recommendation 3

The City should review its funding model supporting childcare initiatives to ensure better alignment with senior-level government initiatives.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | ✓ |
| No Substantial Action Taken | |

Actions taken, results and/or actions planned

Initial staff conversations with the Province have occurred regarding the funding model for \$10 a day childcare and the possibility of receiving funding from the Province for childcares using City spaces and for new City childcare spaces that are coming online. Staff are also engaged in exploring cost recovery opportunities through the NPLM framework which may include additional opportunity for alignment with senior-level government initiatives. Discussions with the Province needed to take into account the inter-regnum period and are prioritized to continue when possible.

Recommendation 4

The City should evaluate its current processes for storing and managing lease information to determine if it can more efficiently and effectively maintain an accurate, comprehensive list of childcare, cultural and social non-profit leases to better enable effective tracking and monitoring of the non-profit lease portfolio.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | |
| No Substantial Action Taken | ✓ |

Actions taken, results and/or actions planned

In the Management Response, ACCS committed to reviewing the current process for storing and managing lease information and to provide options by March 31, 2025. This work is planned to commence in December, and we anticipate meeting the March 31, 2025 deadline for identifying options by that time.

Recommendation 5

The City should ensure that adequate and consistent document retention practices are in place across all service groups involved in the selection of non-profit lease operators to support the principles of open, transparent and accountable decision-making.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |

| | |
|-----------------------------|---|
| Partially Implemented | |
| No Substantial Action Taken | ✓ |

Actions taken, results and/or actions planned

In the Management Response, ACCS committed to confirm standard processes and protocols on document retention across all service groups and to document them by March 31, 2025. This work has been planned for December 2024 and we anticipate meeting the deadline.

Recommendation 6

The City should ensure it takes a systematic approach to monitoring lease requirements for all operators by implementing a formal lease monitoring process including the documentation of the results of periodic reviews.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | ✓ |
| No Substantial Action Taken | |

Actions taken, results and/or actions planned

This work continues to be on track. Prior to the audit, a project was underway to add NPOs to the lease monitoring program in groups. Phase 2 was scheduled for 2024 and involved reaching out to the next group of NPOs with reporting requirements (all childcares and NPOs who were not already in the grant management system). Reviews of Phase 2 submissions has occurred and the onboarding of the remaining NPOs that have reporting requirements is currently underway. We anticipate meeting the deadline ACCS committed to for onboarding and reviewing all applicable social and cultural leases by the deadline identified in the Management Response: December 31, 2025.

Recommendation 7

The City should determine how often it reviews an operator’s priority status and when to seek Council approval. The review process should be informed by the results of performance monitoring activities identified in Recommendation 6.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | |
| No Substantial Action Taken | ✓ |

Actions taken, results and/or actions planned

This recommendation focuses on childcare, and the priority status for VSOCC. Staff plan to engage a consultant in 2025 to do a review of operator prioritization and the potential for an operator pre-qualification practice to be put into place. This project is at a preliminary stage and is expected to be able to meet the deadline identified in the Management Response of March 31, 2026.

Recommendation 8

When renewing non-profit leases, the City should include in the renewal rationale the outcome of formal operator performance monitoring, including an assessment of the delivery of intended public benefits and whether there is continued alignment between the use of the space with City strategies and priorities.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | ✓ |
| No Substantial Action Taken | |

Actions taken, results and/or actions planned

Work has commenced to further define the renewal process (i.e. when Options to Renew are still remaining in the Council-approved lease), which includes documenting roles and responsibilities, as well as timelines for decisions in advance of the renewal. The work underway to respond to Recommendation 6 also informs the renewal process. The document outlining the renewal process committed to in the Management Response is planned to be complete by the deadline of: March 31, 2025.

Recommendation 9

The City should reduce the number of leases in overhold for longer than one year and implement policies and procedures to limit the number of leases in overhold and the length of the overhold period. This includes:

- Establishing a priority and timeframe for addressing all leases currently in overhold;
- Establishing primary accountability for managing overhold leases; and,
- Annual reporting of all overhold leases to Council for review and approval.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | ✓ |
| No Substantial Action Taken | |

Actions taken, results and/or actions planned

In the Management Response, ACCS committed to drafting a priority and timeframe document by December 31, 2024. This document has been completed, and all leases have been assigned a priority level. The number of leases in overholding in the report has been reduced to 23 from 34, with an additional 5-10 planned to be addressed by June 30, 2025. In the Management Response, ACCS committed to an assessment of the overholding reporting process and approach to be completed by December 31, 2024 and is on track to deliver by the deadline.

Recommendation 10

The City should provide Council with information on the full extent of the City’s financial contribution to non-profit organizations receiving lease grants. This reporting should include information such as:

- Estimated operating and capital maintenance costs for each lease to be incurred by the City, to inform leasing decisions;
- Actual maintenance and capital costs incurred by the City;
- The full value of the City’s financial contribution to each operator (e.g., maintenance, lease grant, operating grant); and,
- Other pertinent information as identified by Council.

| Self-Assessed Status | December 2024 |
|------------------------------------|---------------|
| Fully or Substantially Implemented | |
| Alternative Action Taken | |
| Partially Implemented | ✓ |
| No Substantial Action Taken | |

Actions taken, results and/or actions planned

In the Management Response, ACCS committed to assessing whether estimating operating and capital maintenance costs is possible at the lease level and to assess the full value of the financial contribution to non-profit tenants either at the lease or portfolio level. We anticipate being able to determine the aggregate amount at the portfolio level by the deadline of March 31, 2025 and to determine the reporting mechanism by that date.

SUBSEQUENT FOLLOW-UPS

Management Progress Reports

Vancouver Police Department's Enterprise Risk Management

Progress as at: December 5, 2024

Audit report released: [December 7, 2023](#)

Discussed by City Council: January 16, 2024

Self-assessment conducted jointly by: the Vancouver Police Board and Vancouver Police Department

Vancouver Police Board's Overall Comments

No comments provided.

Vancouver Police Department's Overall Comments

The Vancouver Police Department (VPD) is thankful to the Office of the Auditor General (OAG) and its staff for their expertise and advice as the VPD establishes, develops, and matures its enterprise risk management (ERM) program. Given the Vancouver Police Board's (VPB) governance and oversight role, the VPD has been working closely with the VPB to advance this endeavour.

The VPD is appreciative of the OAG staff's view that a full mature ERM program is a multi-year effort. The VPD is pleased with the progress to-date with notable accomplishments that are necessary foundational pieces to an ERM program. This includes the adoption of ISO31000 as the ERM Standard for the VPD, along with the approval of an ERM policy, ERM Risk Categories, and a Risk Appetite Statement.

ERM training will be delivered to VPD senior managers and likely expanded upon as the program matures. Under the VPD's response to Recommendation 9 in this report, there is a non-exhaustive list of how risk management considerations are currently being applied.

The VPD's current Strategic Plan concludes at the end of 2026, and the development of the new Strategic Plan will likely begin in the latter half of 2025. ERM considerations will be a foundational piece in the new Strategic Plan's development.

The VPD acknowledges that much more work is ahead to fully mature the VPD's ERM program, which will require a reasonable investment in resources.

Outstanding Recommendations

Note: *Stars denote suggested assessment status presented by the Auditor General to the Auditor General Committee (AGC) at their October 17th meeting, further to the June 20, 2024 Council motion that requested the Auditor General perform additional follow-up work on the VPD's June 2024 self-assessment.

Recommendation 1

The Vancouver Police Board should clarify and expand sections of its Board Governance Manual relating to oversight of enterprise risk management such as:

- A statement that identifies the Board as the overseer of enterprise risk management for the Vancouver Police Department and describes what this entails;
- A definition of risks including key risk categories the Board oversees such as: hazards, material, strategic, financial, reputational, governance, operational and other;
- The roles of the Board and Chief Constable in defining and communicating the levels and types of risks the organization is willing to accept;
- The Board's expectations for when and how the Department should seek Board guidance or approval on managing enterprise risks; and,
- The Board's Standing Committee responsibilities for the oversight of financial and non-financial risk management.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

No comments provided.

Recommendation 2

The Vancouver Police Board should require that the Chief Constable establish, maintain and obtain Board feedback on and approval of an enterprise risk management framework, including a policy and risk register.

| Self-Assessed Status | December 2024 | October 2024 Follow-Up* (suggested assessment) | June 2024 |
|--|---------------|---|-----------|
| Fully or Substantially Implemented | | | ✓ |
| Alternative Action Taken | | | |
| Partially Implemented | ✓ | ✓ | |
| No Substantial Action Taken | | | |
| Actions taken, results and/or actions planned | | | |
| <i>No comments provided.</i> | | | |

Recommendation 3

The Vancouver Police Board should introduce consistent mechanisms to implement the Board's risk management direction, such as:

- A process for the Board's involvement in the development of an enterprise risk management policy and processes, and the development and management of departmental risk registers;
- A schedule to review and approve the Vancouver Police Department's enterprise risk register at least annually; and,
- Processes through which the Board can obtain reasonable assurance that the Department's risk management, internal control systems, and information systems are properly designed, reliable and operating effectively to prevent and mitigate risks, including elements such as:
 - Reporting, testing and third-party validations; and,
 - Regular reporting from management or direct oversight of the Department's internal audit function.

| Self-Assessed Status | December 2024 | June 2024 |
|--|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |
| Actions taken, results and/or actions planned | | |
| <i>No comments provided.</i> | | |

Recommendation 4

The Vancouver Police Board should include enterprise risk management as a knowledge area in the curriculum of its annual board development program.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

The Board office is working with the VPD's enterprise risk management office to schedule an in-house ERM workshop for the Board and VPD executives, in January 2025.

Recommendation 5

The Vancouver Police Department should:

- Develop an enterprise risk management framework. This framework should include, at a minimum:
 - Clearly documented procedures to identify, assess, manage, and oversee its enterprise risks;
 - Communication procedures to enable consistent understanding of enterprise risk by all relevant stakeholders; and,
- Develop an enterprise risk management policy that includes:
 - A requirement for management to apply enterprise risk management principles in managing department-wide risks;
 - Policy aims such as how risk management will assist the Department; and,
- Specific responsibilities and accountabilities related to managing enterprise risks for units and individuals throughout the Department.

| Self-Assessed Status | December 2024 | October 2024 Follow-Up (suggested assessment) | June 2024 |
|------------------------------------|---------------|---|-----------|
| Fully or Substantially Implemented | | | ✓ |
| Alternative Action Taken | | | |
| Partially Implemented | ✓ | ✓ | |
| No Substantial Action Taken | | | |

Actions taken, results and/or actions planned

The VPD shall develop an ERM Framework that follows the fundamentals of the ISO3100 Risk Management Standard. This commitment was formalized by the VPB on October 31, 2024, where the VPB approved a motion by its Finance and Risk Committee that requires the VPD to establish and maintain an ERM Framework and obtain VPB feedback on the Framework.

An initial stage in the development of a Framework is the Design stage and, within this stage, there have been several important accomplishments that are fundamental to developing and implementing an ERM program. These accomplishments are:

- The development of an ERM policy;
- The selection of Risk Categories;
- The establishment of a Risk Appetite Statement;
- The development of a Corporate Risk Register; and,
- The identification of VPD Risk Owners for each enterprise-level risk.

The continued development and completion of a Framework will be a high priority for the remainder of 2024 and for the first half of 2025. ISO31000's Risk Management Process will guide the development of procedures to identify, assess, manage, and oversee VPD enterprise risks. The eventual Framework will specify actions, processes, and responsibilities, while also providing a clear understanding of all of the elements of ERM to those with identified responsibilities. The VPB will be regularly informed of, and consulted about, the Framework's development, before the VPB considers approving the Framework. As previously mentioned, an ERM policy has been developed and approved. The policy does assign responsibilities to the VPD's ERM Section and to Risk Owners; however, as the VPD's ERM program matures, serious consideration will be given to revising the policy to specify responsibilities of other VPD Sections/Units.

With regard to policy aims, the ERM policy does state that "the successful management and mitigation of enterprise risk is an important factor in effectively and efficiently achieving the VPD's strategic priorities and delivering the VPD's core public safety responsibilities, while building on public trust.

Recommendation 7

The Vancouver Police Department should support the successful implementation of enterprise risk management by:

- Ensuring it has sufficient resources, expertise and capacity to effectively develop, and implement enterprise risk management; and,
- Exploring training opportunities for senior leaders and other relevant Department personnel to ensure there is a consistent vision for what enterprise risk management can bring and commitment to its implementation throughout the Department.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

At the time of preparing this response, there is a request within the VPD’s 2025 budget for the addition of two civilian professionals with risk management experience. Hopefully that request will be approved.

In the interim the VPD has developed informative and helpful relationships with the City of Vancouver’s ERM Manager, along with that of the University of British Columbia. Their knowledge, expertise, and advice has been valuable.

With regard to risk management training, an important objective of the VPD is to train its Risk Owners and other members of the VPD’s Senior Leadership Team. The training should begin before the end of this year and likely conclude by the end of March.

Recommendation 8

The Vancouver Police Department should develop a risk register that includes:

- Risks identified by internal and external stakeholders during its strategic planning sessions and facilitated unit-level risk assessment sessions;
- Risks identified at Vancouver Police Board planning sessions and risk assessments conducted at these sessions;
- Assignment of identified risks into categories to ensure that risks affecting similar functions, units and areas are clearly flagged to highlight areas of focus;
- Units and individuals that are accountable for and contribute to the management of individual risk items;
- Documentation on the effectiveness of risk treatments; and,
- Risk thresholds, as developed with the Board.

| Self-Assessed Status | December 2024 | October 2024 Follow-Up (suggested assessment) | June 2024 |
|------------------------------------|---------------|--|-----------|
| Fully or Substantially Implemented | | | ✓ |
| Alternative Action Taken | | | |
| Partially Implemented | ✓ | ✓ | |
| No Substantial Action Taken | | | |

Actions taken, results and/or actions planned

As previously mentioned, the VPD has developed a Corporate Risk Register which has most of the fundamentals required of ERM risk registers and, furthermore, we acknowledge the OAG's advice in terms of how it can be improved. Specifically, the assessment of risk controls and treatments in order to determine their effectiveness in mitigating a specific enterprise risk.

In interviews with the OAG's staff, the VPD agrees with their opinion that a fully complete and mature enterprise risk register takes years to develop and implement. To properly implement ERM, risk management professionals will have to: meet with many internal stakeholders; analyze identified risks; assist stakeholders in developing risk treatments and corresponding action plans; evaluate the effectiveness of risk treatments, and; report to the VPD Executive and the VPB on those results – and do so for every enterprise risk.

If the VPD's 2025 budget request for two risk management civilian professionals is approved, then such increased capacity would go a long way towards maturing the VPD's risk register and significantly advancing the VPD's ERM program.

Recommendation 9

The Vancouver Police Department should use enterprise risk management assessments to help set objectives, make strategic decisions and allocate resources.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

On a multitude of topics, the ERM Section of the VPD currently reviews and assesses every report, and participates in every discussion, with the VPD Executive. This includes (but is not limited to):

- proposed new policy or revisions to existing policy;
- the VPD's 2024 Strategic Business Plan;
- proposed re-allocations of human resources;
- financial and budgetary matters;
- evaluation of programs or projects;
- VPB Regular and In-camera meetings;
- VPB Human Resource Committee and Finance and Risk Committee meetings;
- meeting with VPD Section managers to provide risk management advice;
- memoranda of understanding and other agreements; and,
- liaising with City of Vancouver Risk Management to ensure insurance requirements are met.

The VPD's current Strategic Plan concludes at the end of 2026 and the development of the new Strategic Plan will likely begin in the latter half of 2025. ERM considerations will be a notable part of the development of the new Strategic Plan and whatever that Plan's Strategic Goals are.

Audit of Park Board Revenue Management

Progress as at: December 5, 2024

Audit report released: [November 7, 2023](#)

Discussed by City Council: December 7, 2023

Self-assessment conducted by: Vancouver Board of Parks and Recreation

Management’s Overall Comments

The Park Board continued to make progress on the 6 recommendations provided by the Auditor General’s review of Revenue Management. Notably, we are acknowledging Action #1 as substantially complete as part of this progress report. This reflects the development of a formalized procedure to engage with other City departments as well as Council on strategies and policies that have longer term financial implications.

Progress on the remaining 5 recommendations are advancing at pace supported by available resourcing. In the past six months, the Park Board has been able to document approximately 270 unique services being delivered for the public. Many of these services generate revenues. Our long term goals are to support a digital transformation of our services, improving our understanding and measurement of all services lines, and through this establishing improved “cost per” metrics, and using this information to measure and improve efficiencies while also ensuring good value for money in the services provided.

Outstanding Recommendations

Recommendation 1

To help ensure that funding is made available for implementation of its strategic priorities, the Park Board should proactively engage with City Council as it develops current and future strategies.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | ✓ | |
| Alternative Action Taken | | |
| Partially Implemented | | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

Following internal engagement and with the City’s Long-term Finance department, Park Board staff developed a standard operating procedure and process diagram to improve how Council is proactively engaged on its current and future strategies.

This process is now being followed and describes touchpoints with Long-term Finance and engagement with City Council at key stages to ensure potential impacts on capital planning processes are considered in advance of Council’s decision-making.

Recommendation 2

For revenue-generating service areas, the Park Board should define and document service delivery objectives to guide operational decision-making and future investment. Plans should provide short to medium-term outlooks for service areas and be regularly reviewed and updated.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

With the support of a consultant, Park Board staff have completed phase 1 in addressing this recommendation: creation of a business plan for Bloedel Conservatory as a pilot case for the definition and documentation of service delivery objectives across revenue generating service lines. This business plan includes short and medium-term outlooks and incorporates both a full costing model for assets and performance metrics to track return on investments (see responses to recommendations 4 and 5 below).

Utilizing a template drawing from this work, service delivery objectives for remaining revenue generating service lines can be developed over the coming years based on available staff capacity and resources. There is a future risk that limited resources may constrain ability to deliver for all service lines. The plan completed for Bloedel Conservatory can serve as a test case for how we apply this work and its success in returning on initial investment.

Recommendation 3

The Park Board should strengthen its fee-setting processes by implementing a comprehensive fee-setting framework that includes:

- Principles for determining revenue categories where user fees should and should not be charged;
- Criteria to categorize services based on various factors such as the types of services, users and uses, affordability and accessibility;
- Methods for determining service cost-recovery ratios to enable metrics for target setting and tracking of operational and financial performance;
- Rationale and conditions for fee reductions or waivers; and,
- A periodic process to reassess service categorizations and revenue objectives for existing services.

The revised framework should account for differences in the types of services provided between the Recreation Services and Business Services departments. The Park Board should also update its *Fees and Charges Policy* to reflect adjustments to the fee-setting processes outlined above.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

A consultant is finalizing development of phase 1 of a Comprehensive Fee-setting Framework, including principles for where fees are charged, criteria for service categorization, cost recovery ratios, and rationale for waivers. This policy follows a benefits-based approach for connecting public investment and user fees to the amount of greater public benefits provided by different service lines across various individual and user groups.

As it considers changes to the Fees and Charges Policy, this framework will be brought to the Park Board for approval in Q1 2025. It will be succeeded by an implementation plan to assess and track revenue impacts ahead of financial reporting and proposed changes, if resources are identified. Full implementation of this framework will occur over many years.

Recommendation 4

The Park Board should incorporate in its updated fee-setting framework an evaluation of full costs for each service area to strengthen the correlation between fees charged and the underlying costs, and define the types of costs it intends to recover through its fees.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

Through development of the business plan for recommendation 2, a method for considering and evaluating full costs of service delivery was created that can be applied to how fees are determined for those service lines.

During the implementation of the Comprehensive Fee-setting Framework responding to recommendation 3, these costs will be incorporated into fee-setting processes as much as staff are able to define them based on completed service delivery objectives, and as resources are identified.

Recommendation 5

The Park Board should define performance metrics for all revenue-generating service areas to enable monitoring and tracking of progress toward service delivery, revenue objectives and overall strategies. Performance metrics should:

- Be meaningfully designed to align with the performance and strategic objectives of the service area;
- Have defined targets with timeframes for completion;
- Have defined intervals and audiences for reporting;
- Include up-to-date documented procedures for calculation; and,
- Include a process to ensure that performance metrics are accurately calculated.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

Performance metrics were developed for Bloedel Conservatory within the business plan pilot that responds to recommendation 2.

The methodology for target development and tracking can be applied to other revenue generating service lines as rollout of the consideration for those services continues across 2025 and 2026, subject to staff capacity and resourcing.

Recommendation 6

The Park Board should report on actual revenues versus expenditures including all relevant costs to track the achievement of revenue objectives by service areas.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

As part of the quarterly financial review process, Park Board staff review actual results against budget targets, including revenues by service line.

Park Board staff will look to fully implement this once the fee-setting framework and full costing have been implemented. This will provide for more meaningful analysis of actual revenue/costs against revenue objectives for each revenue generating service line. Full implementation will ensure more comprehensive revenue objectives and inform fee setting.

Audit of the Permitting Program Cost Recovery Model

Progress as at: December 5, 2024

Audit report released: [May 25, 2023](#)

Discussed by City Council: June 1, 2023

Self-assessment conducted by: Finance and Supply Chain Management

Management's Overall Comments

We extend our sincere gratitude to the Auditor General's Office for its invaluable role in facilitating a review of progress related to the audit recommendations. This process is a vital component of our ongoing accountability processes.

Regarding the five remaining audit recommendations scheduled for completion by 2024, we are pleased to provide the following status update:

- **Three recommendations** are on track for full completion within 2024.
- **Two recommendations** have been partially implemented. While staff remain committed to achieving full implementation, completion is expected to extend beyond 2024. Future audit reports will provide updates on the progress of specific projects linked to these recommendations.

By the end of 2024, we expect six of the original eight recommendations to be fully implemented. These recommendations remain a cornerstone in enhancing the permitting cost recovery program.

Outstanding Recommendations

Recommendation 2

The City should establish and document clear, detailed guidance for the permitting program. In developing this guidance, management should seek policy direction from Council and consider:

- The permitting program's alignment with the authorities set out in the *Vancouver Charter* and relevant by-law requirements;
- The timeframe over which the City intends to meet its objectives (e.g., over one year or over several years);
- Whether it intends to recover the full cost of providing permitting services and under what circumstances the city might set a fee at more or less than 100 per cent of the full cost of service;
- The roles and responsibilities of each department with respect to permit fee-setting, administration and meeting the permitting program's cost recovery objective;
- A target balance range for the permitting program reserve;
- The appropriate or targeted level of cost recovery for each permit category; and,
- A periodic review of this guidance.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | ✓ | |
| Alternative Action Taken | | |
| Partially Implemented | | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

The City has already confirmed the permitting program’s alignment with legal authorities through the recent audit. Additionally, during the 2024 fee review process, Council approved a timeline for achieving cost recovery and affirmed the City’s commitment to reaching 100% full cost recovery.

These elements of the recommendation, along with any outstanding items, have been documented in detail by staff and will be presented to Council as part of the 2025 fee review process.

Recommendation 4

The City should annually calculate the projected cost of unprocessed permit applications and compare it to the deferred revenue balance. The City should develop a plan to address the surplus or deficit revealed by this comparison.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

One of the actions being taken under the Permit Improvement Program (PIP) is to deploy permit review time tracking across the Permitting Program. The resulting data, when available, will enable the City to calculate the projected cost of unprocessed permit applications. This action was initiated in Q2 2023 for Development Permits and is still in progress. Over time the process will be deployed to other permit types. Staff will provide further updates on this item on future Audit Report follow-ups.

Recommendation 5

The City should develop guidance on the appropriate target level of cost recovery for each permit category at the permit by-law level. Then, the City should assess the level of cost recovery for each permit category against the target and recommend to Council to adjust fees. This would improve the City’s fee-setting ability and support public transparency.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | ✓ | |
| Alternative Action Taken | | |
| Partially Implemented | | |
| No Substantial Action Taken | | ✓ |

Actions taken, results and/or actions planned

As part of the detailed documentation prepared in response to Recommendation 2, the City has formalized its approach to achieving cost recovery at the program level rather than at the permit category level. Additionally, it has established the principles that guide whether a fee is set above or below cost recovery.

As confirmed by the cost recovery audit, this approach aligns with the authorities outlined in the Vancouver Charter, relevant bylaw requirements, and the City’s policy objectives.

Recommendation 6

The City should publish additional information about the permitting program including the reserve opening balance, net surplus/deficit, closing balance for the year, and levels and sources of subsidization, if any.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | ✓ | |
| Alternative Action Taken | | |
| Partially Implemented | | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

As part of the annual fee-setting process, staff have published details on the sources of program subsidization. Additional information regarding the reserve opening balance, net surplus or deficit, and year-end closing balance will be published as part of the City’s 2024 annual financial report.

Recommendation 7

The City should enhance the cost and revenue components of its cost recovery model to enable more effective analysis by adding:

- A breakdown of costs by factors such as development type, size or complexity that aligns with the defined permit categories; and
Revenue projections that consider future economic factors, the City’s development plans and industry trends.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

As previously stated, permit review time tracking is being deployed across the Permitting Program. The resulting data, when available, will enable the City to breakdown its costs by the above factors. Staff will provide further updates on this item on future Audit Report follow-ups.

Staff have also proposed an updated forecasting process for the program which will take account of future economic factors, the City’s development plans and industry trends. This process will be developed and deployed in 2025.

Audit of Office Furniture Purchases

Progress as at: December 5, 2024

Audit report released: [February 22, 2023](#)

Discussed by City Council: March 2, 2023

Self-assessment conducted by: Real Estate and Facilities Management and Supply Chain Management

Management’s Overall Comments

In November of 2023, an RFP was issued for an external consultant to help review the City’s current furniture guidelines, complete new Furniture Fitting and Equipment (FF&E) specifications and to develop guidelines on how and when to reassess office furniture to ensure best value.

The RFP was issued to 6 consultants. Out of the six, three declined to submit proposals and confirmed they would not be bidding. No feedback was received from the remaining three; however, the closing date was extended to January 23. No proposals were received. The City then reached out to one additional proponent who submitted a proposal which was reviewed and approved in late February. We have completed the specifications for the evaluation and selection of FF&E, including a list of preferred and standardized items in August 2024.

We are currently working with Supply Chain Management with the intent to go out to the market publicly to obtain options and pricing from furniture vendors in order to establish pre-qualification contracts. There will be an approximate 2 month period to review, test and sample products submitted by the vendors. Approvals from Bid Committee and Council will be required given the anticipated value of furniture purchases for the duration of the new contracts.

Outstanding Recommendations

Recommendation 4

The Real Estate and Facilities Management department should develop guidelines on when and how often to conduct assessments and reassessments on office furniture items and systems to ensure best value. The guidelines should require consideration of new and evolving information relating to factors such as the City’s needs, ergonomics, quality and pricing; including their relative impacts in a weighted evaluation process. Additionally, the Real Estate and Facilities Management department should ensure adequate documentation linking assessments to decisions is developed and retained.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |

| | | |
|-----------------------------|---|---|
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

Development guidelines on when and how often office furniture assessment should be conducted, and the methodology for the assessments to ensure value to the City will be ready for review in April 2025.

Recommendation 5

The Real Estate and Facilities Management department should continue to build upon existing processes and establish price lists in supply agreements for commonly purchased office furniture items, including new furniture items. In addition, guidelines with reasonable price ranges for specific furniture types should inform these price lists.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

The specifications, standard list of FF&E, and the pricing obtained through the RFP will be the basis for the new supply agreements. Pricing and the furniture items will be reviewed by REFM and Supply Chain Management annually to ensure the City continues to receive best value.

Audit of Building Permit Fees

Progress as at: December 5, 2024

Audit report released: [January 25, 2023](#)

Discussed by City Council: February 2, 2023

Self-assessment conducted by: Development, Buildings & Licensing

Management’s Overall Comments

Staff are now in Phase II of our approach to propose options to improve the building permit fee process by introducing greater clarity and transparency specific to fee calculation methodologies and simplified fee structures.

A jurisdictional scan has been completed, resulting in the exploration of utilizing project area and a service index fee of the proposed occupancy classification. This approach would be more consistent, reliable, equitable and more efficient. It would also provide a transparent and straightforward process for applicants, and clarity for staff to understand and administer.

We have retained a consultant to develop a service index model that reflects Vancouver’s building construction values in order for staff to report back to Council for decision in Q1.

Outstanding Recommendations

Recommendation 1

The Development, Buildings and Licensing department should address discrepancies between the *Building By-law* and the administrative design of the City of Vancouver’s building permit fee assessment process by either:

- Redesigning processes to more explicitly comply with the *Building By-law* and address risk of under-charging or over-charging fees; or,
- Researching and recommending to Council amendments to the *Building By-law* to include a different method for charging building permit fees that is consistent, reliable, equitable and more efficient than using the value of the proposed work submitted by applicants as a basis for charging fees, taking the following into consideration:
 - The alignment of the selected method with the purpose of charging fees in order to recover the full cost of providing the service of issuing permits; and,
 - Developing a transparent method for calculating fees that can be consistently and accurately applied, with administrative efficiency (which may be unique to different types of buildings).

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |

| | | |
|-----------------------------|---|---|
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

Staff have researched options to change the administrative design of the City of Vancouver’s building permit fee assessment process. Staff are seeking a process that would replace the current use of cost estimates provided by applicants as the basis for calculating building permit fees and have found promising practices regarding a new calculation methodology based on the project area and a service index fee of the proposed occupancy classification. This approach would be more consistent, reliable, equitable and more efficient than using the value of the proposed work declared by applicants. It would provide a transparent and straightforward process for applicants, and clarity for staff to understand and administer.

To further explore this approach, using departmental funds, DBL will retain a consultant to develop a service index model that reflects Vancouver’s building construction values. This service index will enable staff to complete their analysis of the new approach before reporting back to Council.

Recommendation 2

The Development, Buildings and Licensing department should develop written guidelines or standard operating procedures for staff to follow when administering processes to determine building permit fees and provide training to staff on the procedures.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | |
| No Substantial Action Taken | | ✓ |

Actions taken, results and/or actions planned

DBL will retain a consultant to develop a service index framework for Vancouver, which will include a baseline and schedule for fees. This service index will enable the final phase of analysis to validate the model. Once validated, staff will bring forward the model to Council for decision.

The outcome of that decision will guide the next steps on recommendation 2.

Recommendation 3

The Development, Buildings and Licensing department should enhance the guidance provided to building permit applications in order to support applicants' inclusion of complete and accurate information in their application forms.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | ✓ | ✓ |
| No Substantial Action Taken | | |

Actions taken, results and/or actions planned

This action will be addressed as part of recommendation 2 and is dependent on Council decision. Staff remain on track to propose options and recommendations in Q1 2025.

Recommendation 5

The Building Review Branch should review the value of the proposed work submitted for projects that have provided estimates during rezoning applications (for Community Amenity Contribution requirements) to determine if they would assist in assessing the reasonability of the values provided in building permit applications.

| Self-Assessed Status | December 2024 | June 2024 |
|------------------------------------|---------------|-----------|
| Fully or Substantially Implemented | | |
| Alternative Action Taken | | |
| Partially Implemented | | |
| No Substantial Action Taken | ✓ | ✓ |

Actions taken, results and/or actions planned

This action will be addressed as part of recommendation 2. Staff remain on track to propose options and recommendations in Q1 2025.