

Office of the Auditor General City of Vancouver

2025 Annual Report and 2026 Operational Plan

January 2026

Message from the Auditor General

30 January 2026

To the Mayor and Council of the City of Vancouver,

In accordance with section 3.11 of the *Auditor General By-law*, I submit my 2025 Annual Report.

I release this report in conjunction with my 2026 Audit Plan, which outlines the audits we intend to undertake over the next three years.

Although I am required to provide only an Annual Report, this document is also the OAG's Operational Plan. In this way, Mayor and Council can readily see in one place how my office has performed, where it is now and where it is headed.

2025 represented the third full year of operations for the Office of the Auditor General for the City of Vancouver (OAG), and our second year undertaking responsibilities under the Whistleblower Policy. I look back with satisfaction at the audit reports we issued and our semi-annual follow-up process which continued to mature and demonstrate the value the OAG provides to Vancouver. While I am proud of this work, above all I am proud of the team that I've assembled and the professionalism and commitment they demonstrate every day.

The office experienced some challenges in 2025 that resulted in two fewer audit reports being issued than had been planned. To ensure the fairness and accuracy of our audit reports, we go to great lengths to review and clear our findings and recommendations with the City. This can sometimes be an unpredictable and long process, especially where legal consultations are involved and/or our findings and recommendations challenge the status quo. Our Land Sales audit report will be delivered in February 2026 rather than the fall of 2025 as planned.

In addition, fulfilling the whistleblowing mandate required more resources than anticipated, drawing support away from our performance audits. Due to the significance and urgency of our findings and recommendations, in June we issued the unplanned Interim Report to Council. Lastly, Council's decision in October to reduce my 2026 budget resulted in the early and immediate departure of a contracted resource. All of these factors served to push back the delivery date of our performance audits in process.

Goal 4 reports an estimated Return on Investment (ROI) for my office of over 450%. That means that for every dollar invested in my office to date, the City has received a return of \$4.53. As I've noted previously, I am aware of no other Auditor General at any level of government in Canada who voluntarily publishes estimated cost savings that result from their work. I believe

this is due, in large part, to the challenges and risks associated with auditors presenting this kind of information. It is difficult to directly attribute to my work costs that the City has saved or avoided, or revenues that have been enhanced. While I am pleased with the return to Vancouver taxpayers resulting from my work, it must be noted that it is actually the City's achievement because it is the City that ultimately implements my audit recommendations. I take a conservative approach in calculating these amounts and update them periodically in consultation with the City. Nonetheless, they are inherently unauditable estimates that cannot be independently verified.

Reporting on an estimated ROI risks creating the expectation that all audits will have positive financial implications. They don't and they shouldn't. Audit topics are selected based on several criteria, the potential for financial return being only one of multiple factors considered. I intend for all audit topics to be significant and relevant. Significance and relevance encompass financial impact but also include potential impacts on the City's operations and its residents, compliance with laws and policies, good governance and public accountability. Many benefits are inherently unquantifiable – but that should not diminish perceptions of their importance. I have provided a list of these non-financial benefits in conjunction with my reporting on ROI under Goal 4.

I have chosen to estimate potential cost savings, cost avoidance and enhanced revenue from implementing audit recommendations because I firmly believe that I am just as accountable for achieving results as any other City employee. We do not live in a world of unlimited resources, so it is only fair and reasonable to expect that my office, in addition to helping improve the overall effectiveness of the City's operations, will pay for itself. This is the long-term goal I have set, and to date, we continue to exceed this target.

I thank the Mayor and Council for their continued support of the OAG and for the opportunity to contribute to improving the economy, efficiency and effectiveness of the City's operations.



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

About the Office of the Auditor General

The Auditor General By-law No. 12816 (AG By-law) was enacted by City Council on November 4th, 2020, with amendments adopted on October 17th, 2023, in relation to whistleblowing.



Photo: Kent Kallberg

Pursuant to the AG 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.

Section 3 of the AG By-law describes the Auditor General's mandate and responsibilities as follows:

- 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;
- to carry out financial (excluding attest), compliance and performance audits of all programs, activities and functions of all City departments, the offices of the Mayor and members of Council, Boards and City-Controlled Corporations (responsibility for auditing the annual financial statements of the City is described in the *Vancouver Charter* and is excluded from the responsibilities of the Auditor General);
- to fulfill the responsibilities assigned under the City's Whistleblower Policy;
- to undertake financial (excluding attest), compliance and performance audits and provide recommendations to a Board, but only upon request of that Board (Vancouver Police Board, Vancouver Board of Parks and Recreation, and Vancouver Public Library Board);
- to consider undertaking such other duties respecting audit matters as are recommended by Council from time to time; and,
- to immediately report to Council any attempts at interference with the work of the Office of the Auditor General.

The AG By-law stipulates that the Auditor General is accountable only to Council and, although an employee of the City, is separate from the operations and leadership of the City and is not accountable to City staff. Functionally, the Auditor General reports to the Auditor General Committee (AGC), a sub-committee of Council comprised of five Councillors plus one alternate, and three lay representatives.

Second Year for Whistleblowing, Third Full Year of Operations

Effective January 1st, 2024, the OAG assumed responsibility for the receipt, assessment and investigation of reports of serious wrongdoing as defined under the City's Whistleblower Policy. It also represented the third full year of operations for the OAG as a whole.

Audit Work

Two audit reports were released in 2025.

[Recreation Facility Asset Management](#), September: This audit examined whether the Vancouver Board of Parks and Recreation (Park Board) and the City effectively managed existing recreation facilities to align with strategic goals, meet service level priorities and optimize asset lifecycles. The report contained 13 recommendations, all of which were accepted by the Park Board and City and were endorsed by Council.

[Cybersecurity](#), November: The audit examined aspects of the City's cybersecurity posture. Due to the sensitive nature of the topic and the risk posed to the City by disclosure of potential vulnerabilities, the report was presented to Council in camera as permitted under Section 165.2(1)(d) of the *Vancouver Charter*.

Follow-up

Under the AGC's Terms of Reference, follow-up on the Auditor General's recommendations is the responsibility of Council. Council and the Auditor General agreed on a process whereby the OAG coordinates a semi-annual self-assessment by audited departments on the status of outstanding audit recommendations. This non-assurance report (no audit work or other verification is conducted) provides an efficient and effective mechanism to ensure Council-approved audit recommendations receive appropriate attention and to monitor the status of implementation of those recommendations.

Our fourth and fifth Follow-up Reports were issued in June and December 2025, updating Council on the status of recommendations from our first eight audit reports issued between January 2023 and June 2025. Goal 3 discusses our recommendations, including KPI 3.3 which reports on the City's progress in implementing recommendations over time.

The self-assessment model for following up on the status of audit recommendations only works if Council reviews management's representations with a critical eye. This includes asking questions of City departments about their self-assessments and, where deemed appropriate, asking the OAG to conduct further enquiries on behalf of Council.



OAG team members left to right: Lorinda Stoneman, Varun Banthia, Hamish Flanagan, Anna Mattei, Mike Macdonell, Lori Berndt, Kenny Cham, Jenny Lau, Subran Premachandran, Felix Cheu.

Absent: Stacey Lee

Whistleblowing

At its meeting on April 22nd, 2022, the AGC recommended to Council that the City's Whistleblower Policy be revised so that the Auditor General be delegated responsibility for:

- the intake, assessment and investigation of complaints;
- making recommendations for corrective action; and
- publicly reporting results.

On October 17th, 2023, the revised Whistleblower Policy was approved by Council with changes effective January 1st, 2024, along with agreement in principle to consequential amendments to the Auditor General By-law. As of January 1st, 2024, the OAG began accepting and assessing complaints under the Whistleblower Policy. Complaints involving elected officials are to be referred to the Integrity Commissioner.

A separate [2024 Whistleblower Report](#) was issued in February 2025, fulfilling the requirements of the Whistleblower Policy. Due to the urgent need for the City to address recommendations stemming from a significant investigation, an additional [Interim Report to Council: Whistleblower allegations of serious wrongdoing involving a City of Vancouver employee in an inspection function](#) was released in June 2025.

Investigations resulting from whistleblower complaints frequently result in recommendations for improvement. The 2025 Whistleblower Report, following a process similar to that for audit

recommendations, will follow-up on the status of recommendations contained in the 2024 Whistleblower Report and the 2025 Interim Report to Council.

OAG Performance Framework

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.

Goals – Consistent with the practices of leading legislative audit offices in Canada, the operations of the OAG are focussed on achieving key strategic goals. The four goals identified below reflect priorities in measuring the office’s ongoing performance and impact.

Goal 1 – To produce objective, high quality audits in accordance with Canadian Audit Standards.

Goal 2 – To conduct timely and effective investigations of complaints received under the City’s Whistleblower Policy.

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

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

Key Performance Indicators

Goal 1 – To produce objective, high quality audits in accordance with Canadian Audit Standards.

Key Performance Indicators

KPI	Description	2024 Actual	2025 Target	2025 Actual	2026 Target
2.1 Number of reports produced	Audit reports are the principal output of the OAG's operations and the primary means of communicating the results of our work to Council and the public.	5	6	4	5
<p><u>Notes:</u> Two audit reports and two follow-up reports were released in 2025. Audits of Land Sales and Community Grants were in process at year end and will be released in February and April respectively. The timeline for clearing and finalizing performance audit reports is somewhat unpredictable, and will vary depending on the nature of findings, conclusions and recommendations. The OAG endeavours to finalize audit reports as quickly as possible, while also remaining respectful of the need to work through issues with City management. The OAG 2026 Audit Plan provides more information on upcoming work in 2026-28.</p>					
2.2 Proportion of audit files passing inspection by the Chartered Professional Accountants of BC (CPABC)	The OAG 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.	n/a	n/a	n/a	100%
<p><u>Notes:</u> CPABC's first practice inspection was conducted in March 2023. No reportable deficiencies were identified, and the OAG met the practice review's requirements as was reported to the AGC in accordance with AG By-law section 3.18. CPABC's next inspection is scheduled for March 2026. In addition, the Office of the Auditor General for Halifax Regional Municipality concluded a peer review of the OAG in December 2025. No significant issues were identified. This fulfills the requirements of sections 3.17 & 3.18 of the AG By-law.</p>					

Goal 2 – To conduct timely and effective investigations of complaints received under the City’s Whistleblower Policy.

Key Performance Indicators

KPI	Description	2025 Target	2025 Actual	2026 Target
2.1 Timely assessment of whistleblower reports	An initial assessment will be conducted of every report received under the Whistleblower Policy to determine if, on its face, the allegation could constitute serious wrongdoing as defined in the policy. This assessment will be completed and, where contact information has been provided, the complainant advised of the outcome within 10 business days.	100%	100%	100%
<p><u>Notes:</u> Timely assessment of whistleblower reports is intended to build confidence in the process by providing complainants with assurance that their reports have been given appropriate consideration.</p>				
2.2 Implementation rate for recommendations stemming from investigations	Investigations of reports under the Whistleblower process may lead to recommendations for corrective action which includes the improvement of City processes or policies but excludes employee discipline. Follow-up on the status of recommendations is conducted annually and reported to Council.	90% after 1 year	82% (14/17)	90% after 1 year
<p><u>Notes:</u> The follow-up process for recommendations for corrective action stemming from investigations is conducted separately from the follow-up process for audit recommendations referenced in Goal 3. The recommendations resulting from investigations tend to be more straightforward to implement than many of the recommendations made as a result of performance audits, which can focus on issues that are more complicated and systemic. As a result, it is our expectation that the City will be able to implement these recommendations more quickly. The City reports having implemented 82% of our recommendations from last year. This is a significantly higher rate of implementation than that which was achieved for our performance audit recommendations, although slightly below the rate we were hoping for. We will continue to monitor the rate of implementation to determine if 90% is a realistic target for the City going forward.</p>				

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

Key Performance Indicators

KPI	Description	2024 Actual	2025 Target	2025 Actual	2026 Target
3.1 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%	100%	100%	100%
<u>Notes:</u> The two audit reports issued in 2025 contained a total of 23 recommendation, all of which were accepted by the audited departments.					
3.2 Proportion of recommendations endorsed by the 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%	100%	100%	100%
<u>Notes:</u> The two audit reports issued in 2025 contained a total of 23 recommendations. All of these recommendations were endorsed by the AGC.					
3.3 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.	36% (12/33)	n/a Fully measured in 2026	52% (17/33)	60% (20/33)
<u>Notes:</u> AGC was updated on the status of audit recommendations in June and December. For the 33 recommendations issued in 2023, 17 or 52% were reported as having been fully implemented as of December 2025. The December report provided an update on the status of 54 total recommendations, (including 7 presented in camera) contained in the eight audit reports issued from January 2023 to June 2025. Audited departments reported that 27, or 50% of these recommendations had been fully implemented or that appropriate alternate action had been taken.					

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

Key Performance Indicator

KPI	Description	2024 Actual	2025 Target	2025 Actual	2026 Target
4.1 Proportion of OAG five-year operational costs matched by positive financial impacts for the City attributable to our recommendations	Some 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.	328%	100%	453%	100%

Notes: As noted in KPI 3.3, the City has implemented a high proportion of our audit recommendations. We estimate implementation to date should result in financial benefits to the City totalling \$31.3 million. When compared to the total cost to operate the OAG since inception (\$6.9 million) this yields an ROI of 453%. Removing start-up costs from this calculation (\$551,00) increases the ROI to 492%.

As outlined in the AG's opening comments, the long-term goal is for the OAG's costs to at least match its financial benefit to the City – in other words, to break even. To date, we estimate that we have exceeded this target. At this juncture we estimate that the total positive financial impact to the City of our work will amount to \$90 million. Our estimates are updated periodically and will change as new information is gathered.

		Estimated Annual Recurring Benefits								
	Audit		2023	2024	2025	2026	2027	2028	2029	Total
1	Building Permit Fees	\$	885,329	\$ 320,083	\$ 320,083	\$ 1,196,224	\$ 1,196,224	\$ -	\$ -	\$ 3,917,943
2	Office Furniture Purchases		-	-	-	-	-	-	-	-
3	Permit Cost Recovery Model		4,000,000	11,700,000	14,040,000	21,250,000	21,250,000	-	-	72,240,000
4	Park Board Revenue Mgt.		-	-	-	1,900,000	1,900,000	1,900,000	1,900,000	7,600,000
5	VPD Enterprise Risk Mgt.		-	-	-					-
6	NPO Leases		-	-	-	580,000	1,160,000	1,740,000	2,320,000	5,800,000
	VPD Organizational									
7	Performance Mgt.				-	-	-	-	-	-
8	Recreation Facility Asset Mgt.				-	-	-	-	-	-
		A	\$ 4,885,329	\$ 12,020,083	\$ 14,360,083	\$ 24,926,224	\$ 25,506,224	\$ 3,640,000	\$ 4,220,000	\$ 89,557,943
	Annual Operating Costs	2021	\$ 159,167							
	Net of WB Salaries	2022	1,177,328							
		2023	1,713,147							
		2024	1,861,446							
		2025	1,995,263							
	Total Cumulative Operating Cost		\$ 6,906,352	B						
	Return on Investment	A/B	453%							
	Net of Set-up Costs		6,355,134	492%						

Non- Financial Benefits

While important, the estimated financial benefits above must be considered in the context of the non-financial benefits of our work which are just as important, if not more. Over the last two years the OAG has issued recommendations in areas such as:

- Governance, oversight, accountability, and information provided to Council
- Strategies, frameworks, policies and procedures
- Program and activity planning, administration and management
- Achievement of best value
- Financial analysis
- Asset lifecycle management
- Performance management and measurement: collection, monitoring and reporting
- Cybersecurity

Record Retention

In accordance with section 7.10 of the AG By-law, the Auditor General reports that the storage of non-audit records is either fully integrated with the City or, for a small number of documents related to human resource matters, retained in accordance with the City's record retention policies.

Audit records are retained in accordance with the requirements of Canadian Audit Standards. The OAG's record retention policy for audit records will be implemented as we work with the new audit software platform for the first time in 2026.