CITY OF VANCOUVER

OFFICE OF THE CITY MANAGER
Internal Audit Division

March 5, 2026

Members of the Vancouver Police Board (VPB) Finance and Risk Committee,

At the request of the VPB Finance and Risk Committee, the City of Vancouver Internal Audit Division has reviewed the Vancouver Police Department (VPD) Statement of Recoveries and Expenditures as at December 31, 2025. VPD management is responsible for the preparation and fair presentation of this information, and for implementing the necessary internal controls to prepare financial statements that are free from material misstatement, whether due to fraud or error.

Work Performed

The following specified audit procedures were performed:

- Agreed the financial information to the records and accounts in the general ledger of the City of Vancouver;
- Reviewed the working papers prepared by VPD management for any reclassifications;
- Discussed and analyzed the financial information for reasonableness and consistency with corporate accounting policies;
- Performed variance analysis based on the Council approved budgets and obtained explanations from VPD management where appropriate;
- Inquired as to the accounting, budget and other internal controls that provide reasonable assurance that transactions are properly authorized and accurately recorded, and that the assets of the VPD are properly safeguarded and accounted for thereby maintaining the integrity of financial records; and
- Inquired and received confirmation from VPD management to identify any deviations from accounting policies and procedures that would affect the integrity of the Statement of Recoveries and Expenditures.

These procedures were not designed to detect fraud. Accordingly, there should be no such reliance.

Reconciliation of Financial Data

Reconciliation of VPD's Statement of Recoveries and Expenditures to the City's general ledger resulted in a difference of $2,640,656 in revenues and expenses. $2,433,588 of this amount is pertaining to traffic authority recoveries and the remaining $207,068 is due to an adjustment required to properly reflect the accrual for sworn and civilian salaries. While this differs from the City's financial statements where gross revenue and expense amounts are reported, it is consistent with VPD's continued practice of reporting expenses net of cost recoveries for management reporting purposes. VPD management has disclosed the difference as a management report adjustment in the year-end variance report to the VPB Finance and Risk Committee dated March 12, 2026.

Conclusion

Based on the work performed, it is our opinion that VPD's Statement of Recoveries and Expenditures as at December 31, 2025 (Appendix 1) is fairly presented and in compliance with VPD's policies and practices. The statement was prepared in all material respects, consistent with the City's corporate accounting policies and agreed to the City's general ledger.

Details of our findings and recommendations are appended in Section A below.

Sincerely,



Carmen Fuellbrandt, CPA, CMA, CIA
Chief of Internal Audit

A. FINDINGS & RECOMMENDATIONS

A.1 Review financial signing authority for Central Budget Managers

The VPD's Procurement Policy was established in 2024 and outlines the Commitment and Financial Signing Authority levels for contracted purchases of goods and services. Under this policy, contracts over $10,000 require authorization by both the Central Budget Manager and Chief Financial Officer up to $75,000, and the Chief Constable for contracts up to $2,000,000.

From discussion with VPD Finance, the Commitment and Financial Signing Authority levels in the Procurement Policy are intended for contract signing authority only and do not apply to approval of individual purchases or invoice payments. Under the current process, the Central Budget Manager is considered the sole authorized approver for their respective department's purchases. Through a review of a sample of expenses, we found that Central Budget Managers have the ability to approve invoices valued at over $600,000.

As the Procurement Policy does not outline dollar limit thresholds for Central Budget Manager approvers, there is a risk that invoices of significant dollar value can be approved without adequate additional senior levels of review. Establishing clear dollar limit thresholds for Central Budget Managers will improve financial controls and ensure purchases are adequately authorized.

Recommendation:

A.1.1 The VPD Chief Financial Officer should review the VPD Procurement Policy and evaluate the feasibility of establishing dollar limit thresholds for Central Budget Managers or other mitigating controls for authorizing payment for goods and services. This should be completed by December 31, 2026.

Management Response:

☑ Agree with the findings ☑ Agree with the recommendations

☐ Disagree with the findings ☐ Disagree with the recommendations

Management Action Plan:

The current VPD Procurement Policy (August 2025 update) provides a clear and well-structured framework for contract award, signing authority, and competitive procurement requirements, including defined delegations for Commitment and Financial Authority. This structure supports strong governance for contract execution, competitive bidding, and sole-source approvals.

However, we acknowledge the gap that the policy does not explicitly define financial approval thresholds for invoice/payment approvals by Central Budget Managers. The VPD CFO will evaluate the feasibility of establishing dollar limit thresholds for Central Budget Managers or other mitigating controls for authorizing payment for goods and services.

A formal invoice-approval matrix with financial thresholds for Central Budget Managers will be established and implemented as soon a practical, and no later than December 31, 2026.

This will be documented as a Financial Procedure and communicated to the Senior Leadership Team.

A.2 Review the IT Requisition approval matrix for alignment with the VPD Procurement Policy

The VPD IT Requisition approval matrix outlines authorization levels for IT related purchases. We noted that the authorization levels according to the IT Requisition process do not align with the recently established VPD Procurement Policy authorization levels. For instance, the IT Requisition process allows IT purchases up to $50,000 to be approved by an IT Manager. In contrast, the VPD Procurement Policy only allows a Manager / Inspector to approve up to $10,000.

With the establishment of the VPD Procurement Policy, there is an opportunity to review the IT Requisition approval process to ensure alignment and consistency with the overall Procurement Policy.

Recommendation:

A.2.1 The VPD Chief Financial Officer should review the IT Requisition approval process for alignment with the authorization levels in the VPD Procurement Policy requirements. This should be completed by December 31, 2026.

Management Response:

☑ Agree with the findings ☑ Agree with the recommendations

☐ Disagree with the findings ☐ Disagree with the recommendations

Management Action Plan:

The IT requisition approval matrix will be reviewed and updated to align with the VPD Procurement Policy. The CFO targets completion of this by May 31, 2026.

Appendix 1

VANCOUVER POLICE DEPARTMENT
STATEMENT OF RECOVERIES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31,2025

	Year End			
	Actual	**Budget**	**Variance**	**%**
RECOVERIES				
Cost Recoveries, Grants & Donations				
Sworn Overtime Recoveries				
Third Party Events	(10,245,914)	(5,789,460)	4,456,454	
Overtime	(3,207,845)	0	3,207,845	
Total Sworn Overtime Recoveries	(13,453,759)	(5,789,460)	7,664,299	
Secondments	(18,392,421)	(21,464,627)	(3,072,206)	
Grants & Donations	(3,786,213)	(1,500,000)	2,286,213	
Government	(3,914,426)	(1,230,000)	2,684,426	
Fees for Service	(2,006,868)	(2,317,477)	(310,609)	
Other	(64,444)	(362,400)	(297,956)	
TOTAL RECOVERIES	**(41,618,131)**	**(32,663,964)**	**8,954,168**	**27.4%**
EXPENDITURES				
Salaries and Benefits				
Sworn				
Salaries	208,966,585	230,033,410	21,066,825	
Overtime	41,880,365	26,784,627	(15,095,738)	
Secondment Overtime	1,650,817	2,508,475	857,658	
Entertainment District Overtime	1,287,419	1,217,390	(70,030)	
	253,785,186	260,543,901	6,758,715	
Civilian Professionals				
Salaries	32,169,940	31,800,234	(369,707)	
Casual & Temp Salaries	9,605,369	6,897,120	(2,708,249)	
Overtime	2,160,810	403,345	(1,757,464)	
	43,936,119	39,100,699	(4,835,420)	
Statutory Holiday Pay	7,572,306	8,312,628	740,323	
Benefits	75,770,585	79,374,138	3,603,553	
Total Salaries and Benefits	**381,064,196**	**387,331,367**	**6,267,171**	**1.6%**

Appendix 1 (cont'd)

VANCOUVER POLICE DEPARTMENT
STATEMENT OF RECOVERIES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31,2025

	Year End			
	Actual	**Budget**	**Variance**	**%**
Non-Salary Items				
Equipment & Fleet				
Fleet	15,813,402	14,823,782	(989,620)	
Uniforms & Equipment	15,203,484	12,553,671	(2,649,813)	
Other	15,540	11,252	(4,289)	
	31,032,427	27,388,705	(3,643,722)	
Other Expenses				
Criminal Investigation Fund	4,541,668	5,247,163	705,495	
Travel & Training	4,554,131	3,339,580	(1,214,552)	
Community Policing Centres	2,713,891	2,760,626	46,735	
Other	6,359,396	3,643,010	(2,716,386)	
	18,169,087	14,990,378	(3,178,708)	
Professional Fees				
Legal	2,085,348	982,500	(1,102,848)	
Contract Services	5,946,409	4,724,497	(1,221,913)	
Nurses & Medical	2,448,664	2,813,230	364,566	
Other	1,401,680	459,900	(941,780)	
	11,882,102	8,980,126	(2,901,976)	
Facilities & Maintenance	5,538,326	3,379,003	(2,159,323)	
Supplies & Materials	10,830,466	6,382,643	(4,447,823)	
City Allocations	44,411,882	44,411,016	(866)	
Transfers	(255,896)	819,941	1,075,837	
Total Non-Salary Items	**121,608,394**	**106,351,814**	**(15,256,580)**	**-14.3%**
TOTAL EXPENDITURES	**502,672,589**	**493,683,181**	**(8,989,409)**	**-1.8%**
TOTAL DEFICIT	**$461,054,458**	**$461,019,217**	**($35,241)**	**0.0%**