



## COUNCIL REPORT

Report Date: February 19, 2025  
Contact: Mike Macdonell  
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Meeting Date: March 11, 2025

TO: Vancouver City Council  
FROM: Chair of the Auditor General Committee  
SUBJECT: Auditor General Committee Recommendations Transmittal Report

### **RECOMMENDATION**

THAT Council approve the recommendations from the meeting of the Auditor General Committee, held on February 13, 2025, as follows:

- A. THAT Council receive for information the Auditor General's Report dated January 31, 2025, entitled "2024 Office of the Auditor General Annual Report and 2025 Operational Plan".
- B. THAT Council receive the Auditor General's Report dated February 6, 2025, entitled "2024 Whistleblower Report";

FURTHER THAT Council endorse the above-noted report's 17 recommendations.

### **COUNCIL AUTHORITY/PREVIOUS DECISIONS**

- Per the [Auditor General By-law 5.3](#), the Auditor General is responsible for submitting an annual budget request to the Auditor General Committee which in turn is responsible for, among other things, submitting recommendations on the annual budget for the Office of the Auditor General to Council.
- Per the [Auditor General By-law 5.4 the Auditor General is not required to submit their budget request to the City Manager or Director Finance for review, approval or recommendation.](#)
- On [November 4, 2020](#), pursuant to [Section 161](#) of the *Vancouver Charter*, Council established an Auditor General Committee to provide oversight to the Office of the Auditor General on behalf of Council.
- Pursuant to the [Procedure By-law 5.9](#), each standing committee is to report to Council on all matters resolved.

## **BACKGROUND**

At the Auditor General Committee meeting on February 13, 2025, the Committee considered two reports, two presentations and made the recommendations identified above.

The reports are attached for reference:

- Appendix A: “2024 Office of the Auditor General Annual Report and 2025 Operational Plan” dated January 31, 2025.
- Appendix B: “2024 Whistleblower Report” dated February 6, 2025.

## **CONCLUSION**

This Report transmits the recommendations made by the Auditor General Committee at its meeting on February 13, 2025, for Council’s consideration.

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# Office of the Auditor General City of Vancouver

## **2024 Annual Report and 2025 Operational Plan**

January 2025

## Message from the Auditor General

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31 January 2025

To the Mayor and Council of the City of Vancouver,

In accordance with section 3.11 of the City of Vancouver's *Auditor General By-law*, I submit my 2024 Annual Report.

I release this report in conjunction with my 2025 Audit Plan, which outlines the audits I intend for my team to undertake over the next three years.

Although I am required to only report annually, and have already done so regularly through the year on the results of my work, this document provides a summary of the year's activities and also the OAG's Operational Plan for the coming year. 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.

2024 represented the second full year of operations for the Office of the Auditor General for the City of Vancouver (OAG), and our first 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.

I am pleased to report that we are on track to achieve all four of our long-term performance goals and are meeting the performance targets identified for each of our key performance indicators. With the office now fully staffed and with two years of performance under our belts, my focus is shifting from building to performing. Going forward the OAG's primary focus will be to produce objective, high quality audits, to conduct timely, effective investigations, and to provide value-added recommendations, which are reflected in the Office's first three goals.

Goal 4 addresses the estimated Return on Investment (ROI) for my office. I am aware of no other Auditor General at any level of government in Canada who voluntarily publishes estimated cost savings resulting from their audit work. I believe this is due, in large part, to the challenges and risks associated with auditors presenting this kind of information. Primary among these challenges is the issue of attribution. It is the City that ultimately implements my audit recommendations, and it is difficult to directly attribute to my work costs that have been saved or avoided, or revenues that have been enhanced. I take a conservative approach in calculating these amounts and update them periodically in consultation with the City, but they remain nonetheless, estimates that cannot be independently verified. I also project potential future

savings. As estimates of what may happen in the future, these figures are also inherently unauditable.

There is also a risk of creating an 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, and not necessarily the primary one. 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 return on investment 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 target I have set, and to date, we have exceeded it.

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

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



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 7<sup>th</sup>, 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;
- 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.

## First Year for Whistleblowing, Second Full Year of Operations

Effective January 1<sup>st</sup>, 2024, the OAG assumed responsibility for the receipt, assessment and investigation of reports of serious wrongdoing as defined under City's Whistleblower Policy. Establishing the independent whistleblowing function is the focus of the OAG's 2024 Goal 1. It also represented the second full year of operations for the OAG as a whole.

### *Audit Work*

Three audit reports were released in 2024.

[Childcare, Cultural and Social Non-Profit Leases](#), June: This audit examined whether the City effectively managed its portfolio of 119 below-market and nominal leases with non-profit organizations. The report contained ten recommendations, all of which were accepted by the City and were endorsed by Council.

[Vancouver Police Department Organizational Performance Management](#), October: At the request of the Vancouver Police Board we undertook an examination of the effectiveness of the Vancouver Police Department's performance management processes. The report contained four recommendations, all of which were accepted by the Board and Department and were endorsed by Council.

[Cybersecurity](#), December: 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 Work*

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 the City's implementation of those recommendations.

Our second and third Follow-up Reports were issued in June and December 2024, updating Council on the status of recommendations issued in our first six audit reports, issued between January 2023 and June 2024. Goal 3 below discusses our recommendations, including KPI 3.3 which measures the City's progress in implementing recommendations over time.

When the June 2024 Follow-up Report was presented at the Auditor General Committee's June 20<sup>th</sup> meeting, committee members had a number of questions for staff regarding their status updates. Some of these queries led the committee to ask the Auditor General to make further enquiries of the Development, Building and Licencing department, the Board of Parks and Recreation, and the Vancouver Police Department, and report back to the committee on the results. The results of this requested work were reported back to the AGC at its October meeting.

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. That Council's request for further work resulted in adjustments to three self-assessments is evidence that this process is working as intended.



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



## *Whistleblowing*

At its meeting on April 22<sup>nd</sup>, 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.

Any complaints involving elected officials continue to be referred to the Integrity Commissioner. The AGC also recommended to Council that the definition of whistleblower be expanded to include complainants external to the City. Council approved these recommendations on June 21<sup>st</sup>, 2022. The OAG worked with the City to revise the Whistleblower Policy to encompass these changes and bring it in line with the City's new Respect in the Workplace and Code of Conduct policies.

On October 17<sup>th</sup>, 2023, the revised Whistleblower Policy was approved by Council with changes effective January 1<sup>st</sup>, 2024, along with agreement in principle to consequential amendments to the Auditor General By-law. As of January 1<sup>st</sup>, 2024, the OAG began accepting and assessing complaints under the Whistleblower Policy. Existing OAG staff supported the function until two investigators joined the OAG team in April. A separate Whistleblowing Annual Report will be issued in February 2024, fulfilling the requirements of the Whistleblower Policy.

## 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. As the OAG for the City of Vancouver was being established, the initial priority (Goal 1) was to get operations up and running (initially the performance audit function, followed by the whistleblowing function). As the work of building the OAG nears completion the Office's focus has transitioned from building to performing. The four goals identified below reflect priorities in measuring the Office's ongoing performance and impact.

**2024 Goal 1** – To establish an independent whistleblower function within the OAG.  
*(This goal has now been completed and will be discontinued in 2025.)*

**2024 Goal 2 / 2025 Goal 1** – To produce objective, high quality audits in accordance with Canadian Audit Standards.

**2025 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

**2024 Goal 1** – To establish an independent whistleblower function within the OAG.

#### Key Performance Indicators

| KPI   | Description  | 2024 Target | 2024 Actual                             |
|---|--|-------------|---|
| 1.1 Number of investigators hired in 2024   | Through the budget process, Council's Auditor General Committee endorsed the hiring of two staff in 2024.  | 2           | 2                                       |
| <p><u>Notes:</u> Two new team members joined the OAG in April 2024, both with backgrounds in investigations and performance audit.</p>  |  |             |   |
| 1.2 Develop and operationalize procedures and infrastructure to support the OAG's independent whistleblowing function   | Develop and implement administrative procedures for the intake, processing, investigation and reporting of whistleblower activities. Acquire and install an IT platform to support the OAG's whistleblower function as part of the installation of the OAG audit platform. | Q2 2024     | Q3 2024<br>IT:Q2<br>2025<br>(estimated) |
| <p>Notes: With the hiring of whistleblowing investigators, procedures for the intake, assessment and investigation of complaints were implemented. Service levels will be measured as described in 2025 Goal 2 below.</p> <p>The existing IT system, inherited from the City, is nearing the end of its lifespan. A new system will be implemented as part of the OAG's audit platform currently in the initial stages of implementation.</p> |  |             |   |

**2024 Goal 2 / 2025 Goal 1** – To produce objective, high quality audits in accordance with Canadian Audit Standards.

#### Key Performance Indicators

| KPI  | Description  | 2023 Actual | 2024 Target | 2024 Actual | 2025 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. | 6           | 5           | 5           | 6           |
| <p><u>Notes:</u> Three audit reports and two follow-up reports were released in 2024. The OAG 2025 Audit Plan provides more information on upcoming work in 2025-27.</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 its Public Practice Committee. Performing all audit work in accordance with Canadian Audit Standards is an essential input to ensure the credibility of our work. | 100% | n/a | n/a | n/a |
| <p><u>Notes:</u> CPABC's first practice inspection was conducted in March 2023. The OAG met the practice review's requirements with no reportable deficiencies identified. This result was reported to the AGC in accordance with AG By-law section 3.18. CPABC's next inspection is anticipated in 2026. In the meantime, we have invited the Auditor General of Halifax Regional Municipality to conduct a peer review which we anticipate will be completed mid-year.</p> |   |      |     |     |     |

**2025 Goal 2** – To conduct timely and effective investigations of complaints received under the City's Whistleblower Policy.

**Key Performance Indicators**

| KPI  | Description  | 2025 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, it 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. | 10 days          |
| <p><u>Notes:</u> Timely assessments of whistleblower reports is intended to build confidence in the process by providing complainants with assurance that their allegations 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, including the improvement of City processes and policies but excluding employee discipline. Follow-up on the status of recommendations will be conducted annually and reported to Council.                    | 90% after 1 year |
| <p><u>Notes:</u> 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 anticipated that they will be implemented more quickly. Because of these differences, the follow-up process for recommendations for corrective action stemming from investigations will be conducted separately from the follow-up process for audit recommendations referenced in Goal 3.</p> |  |                  |

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

**Key Performance Indicators**

| KPI   | Description   | 2023 Actual | 2024 Target            | 2024 Actual | 2025 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%                   |
| <p><u>Notes:</u> The three audit reports issued in 2024 contained a total of 21 recommendation, all of which were accepted by the audited departments.</p>  |   |             |                        |             |                        |
| 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%                   |
| <p><u>Notes:</u> The three audit reports issued in 2024 contained a total of 21 recommendations. All of these recommendations were endorsed by the AGC.</p>   |   |             |                        |             |                        |
| 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.   | 39% (7/18)  | Fully measured in 2026 | 36% (12/33) | Fully measured in 2026 |
| <p><u>Notes:</u> Two Follow-up Reports were issued in 2024; in June and December. The December report provided an update on the status of 43 total recommendations contained in the six audit reports the OAG issued up to June 2024. Audited departments reported that 12, or 28% of these recommendations had been fully implemented or that appropriate alternate action had been taken. Alternative actions are those taken by departments that were not anticipated in the recommendation but address the underlying issues. As such, they are considered as fulfilling the recommendations’ underlying intent. For the 33 recommendations issued in 2023, 12 or 36% were reported as having been fully implemented as of December 2024.</p> |   |             |                        |             |                        |

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

**Key Performance Indicator**

| KPI  | Description  | 2023 Actual | 2024 Target | 2024 Actual | 2025 Target            |
|--|--|-------------|-------------|-------------|------------------------|
| 4.1 Proportion of OAG five-year operational costs matched by positive financial impacts for the City attributable to our recommendations | Many audit recommendations should, if fully implemented, produce positive financial impacts through cost savings, cost avoidance or enhanced revenue. We aim to ensure such savings at least match the office's cost of operations over a five-year period. This long-term outcome ensures the OAG provides value for Vancouver taxpayers. | 160%        | 100%        | 328%        | Fully measured in 2028 |

Notes: KPI 3.3 reports on the City's rate of implementation of our audit recommendations. We estimate implementation to date should result in financial benefits to the City totalling \$16.9 million. When compared to the total cost to operate the OAG since inception (\$5.2 million) this yields a Return on Investment (ROI) of 328%. Removing start-up costs from this calculation (\$551,000) increases the ROI to 367%.

As outlined in the Auditor General's opening comments, the long-term goal is for the OAG's financial benefit to at least match its cost 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 to date will amount to \$78 million. Our estimates are updated periodically and will change as new information is gathered.

| Audit                                  | Estimated Annual Recurring Benefits |                     |                     |                     |                     |                     |                     | Total               |                      |
|--|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
|  | 2023                                | 2024                | 2025                | 2026                | 2027                | 2028                | 2029                |                     |                      |
| Building Permit Fees                   | \$ 885,329                          | \$ 320,083          | \$ 1,196,224        | \$ 1,196,224        | \$ 1,196,224        | \$ -                | \$ -                | \$ 4,794,084        |                      |
| Office Furniture Purchases             | -                                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| Permit Cost Recovery Model             | 4,000,000                           | 11,700,000          | 11,700,000          | 11,700,000          | 11,700,000          | -                   | -                   | 50,800,000          |                      |
| Park Board Revenue Mgt.                | -                                   | -                   | 1,600,000           | 1,600,000           | 1,600,000           | 1,600,000           | 1,600,000           | 8,000,000           |                      |
| VPD Enterprise Risk Mgt.               | -                                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |                      |
| NPO Leases                             | -                                   | -                   | 2,912,000           | 2,912,000           | 2,912,000           | 2,912,000           | 2,912,000           | 14,560,000          |                      |
|  | <b>A</b>                            | <b>\$ 4,885,329</b> | <b>\$12,020,083</b> | <b>\$17,408,224</b> | <b>\$17,408,224</b> | <b>\$17,408,224</b> | <b>\$ 4,512,000</b> | <b>\$ 4,512,000</b> | <b>\$ 78,154,084</b> |
| <b>Annual Operating Costs</b>          | 2021                                | \$ 159,167          |                     |                     |                     |                     |                     |                     |                      |
|  | 2022                                | 1,177,328           |                     |                     |                     |                     |                     |                     |                      |
|  | 2023                                | 1,713,147           |                     |                     |                     |                     |                     |                     |                      |
|  | 2024                                | 2,102,049           |                     |                     |                     |                     |                     |                     |                      |
| <b>Total Cumulative Operating Cost</b> |                                     | <b>\$ 5,151,691</b> | <b>B</b>            |                     |                     |                     |                     |                     |                      |
| <b>Return on Investment</b>            | <b>A/B</b>                          | <b>328%</b>         |                     |                     |                     |                     |                     |                     |                      |
| Net of Set-up Costs                    |                                     | 4,600,474           | 367%                |                     |                     |                     |                     |                     |                      |

## *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, if not more important. Over the last two years the OAG has issued recommendations to improve:

- The effectiveness and efficiency of the building permit application process;
- Compliance with the City's Building By-law;
- The economy of office furniture purchases;
- Compliance with national and international trade agreements;
- The clarity of the City's procurement tendering documents;
- The transparency of financial reporting permit reserves and subsidization;
- Compliance with requirements of the Vancouver Charter;
- The security of the City's technology assets;
- The transparency of Park Board financial reporting;
- The effectiveness of Park Board performance management and monitoring;
- The effectiveness of the Park Board's fee setting framework;
- The effectiveness of communication between the Park Board and City Council;
- The effectiveness of the Vancouver Police Board's oversight over the Vancouver Police Department's performance and enterprise risk management;
- The effectiveness and efficiency of the Vancouver Police Department's enterprise risk management;
- The transparency of Vancouver Police Department's public performance reporting;
- The completeness of grant information provided to Council related to non-profit leases;
- The effectiveness of non-profit lease renewals;
- The effectiveness and efficiency of the City's oversight of non-profit lease operators;
- and,
- The economy of non-profit lease funding.

## **Record Retention**

In accordance with section 6.10 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 separately by the OAG 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 further developed as work concludes on the acquisition and installation of an audit software platform in 2025.



# Office of the Auditor General City of Vancouver

## **2024 Whistleblower Report**

January 2025



## Message from the Auditor General

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6 February 2025

To the Mayor and Council of the City of Vancouver,

In accordance with section 7.8 of the Whistleblower Policy (COUN-010), I submit to City Council my first annual summary of reports of serious wrongdoing made under this policy and outcomes of subsequent investigations.

While my other reporting to Council is conducted under the Auditor General By-law, section 3.16 of the Auditor General By-law requires that I report on my Office's activities under the Whistleblower Policy. This Whistleblower report under that policy complements my other annual reporting to you on the Office's work.

2024 was the first year I had responsibility for the Whistleblower Policy and, to my knowledge, this is the first ever report to Council on whistleblowing reports and investigation activity in the City's history.

To provide a more fulsome picture of my team's work, in addition to providing a summary of reports received and investigation outcomes in 2024, the report highlights in more detail some of the cases investigated in the past year and the 17 recommendations made to City departments resulting from these investigations. I have also included a summary of other activities undertaken by the Whistleblower team to establish the function in my Office this year. Finally, I briefly discuss what 2025 looks like for the Whistleblower function.

I expect that I will engage with Council through the Auditor General Committee again in 2025 as further substantive investigations conclude and the findings can be reported.

I believe even in this first year dominated by transition and building, that Council's decision to entrust the Whistleblower function to the Office of the Auditor General (OAG) has benefited the City. The OAG's independence has encouraged individuals to come forward and report large and small matters of interest to the City of Vancouver with confidence that the reports will be independently assessed. The Whistleblower function therefore supports and encourages integrity and accountability in City activities, at a time when trust in authorities, including public bodies, cannot be taken for granted.



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

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## 1.0 Performance Summary

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### First year of operations

The City of Vancouver's Whistleblower Policy provides a mechanism to independently receive and investigate reports of serious wrongdoing regarding City activities. Serious wrongdoing is defined in the policy and includes the serious misuse or mismanagement of public funds or assets, including but not limited to fraud or waste, and certain conflicts of interest. Serious wrongdoing also encompasses instructing or encouraging another employee to commit serious wrongdoing or deliberately concealing information relating to any of the above actions. The policy provides protection against retaliation for employees making a report in good faith.

Council reassigned responsibility for the Whistleblower Policy to the Auditor General, effective January 1<sup>st</sup>, 2024.

### What went well

- Two new team members hired to staff the whistleblower function.
- The City's existing Whistleblower IT platform for receiving reports successfully transitioned to the OAG.
- Whistleblower hotline and email established.
- Extensively updated the Process Manual that guides Whistleblower investigations and created detailed process maps that operationalise the Whistleblower Policy, making roles and processes clear to stakeholders.
- Established good working relationships with key stakeholders, especially Human Resources, an essential partner for the effective operation of the Whistleblower Policy.
- Developed good working relationships with City departments for efficient transfer of out-of-scope reports, including with VPD regarding any potential criminal activity.
- Efficient resolution of Whistleblower reports: 163 of 173 reports received in 2024 were resolved by the end of 2024. The remainder have an assessment or investigation in progress.
- Completed first investigation reports, with resulting recommendations for improvements in City operations well received by City departments.
- Seventeen recommendations provided to City departments as a result of completed investigations.

- First substantial employee-informed Whistleblower investigation well advanced - will address significant control weaknesses in the City and potential exploitation of these, with recommendations for improvement.
- One Whistleblower report being addressed through a Performance Audit that is in progress.
- Identified a Whistleblower software product to manage Whistleblower reports. It is being procured as part of the OAG's audit software procurement, saving the City separate procurement costs.

### **What was a challenge**

- Existing software transferred from the City has limited functionality and is at the end of its useful life
- Acquisition of new software to support the Whistleblower Program delayed by issues with procurement of audit software.
- Software acquisition delay delayed rollout of Whistleblower Program awareness raising campaign. Mitigated by relationship building with City departments, plans for awareness raising in 2025.

## 2.0 Program Overview

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A Whistleblower program is one component of a suite of tools necessary in an organisation like the City to demonstrate a commitment to honesty and integrity, which in turn supports public trust. The City's Whistleblower program empowers members of the public as well as City employees, contractors, and volunteers to support the City's aspiration to high levels of honesty and integrity in its operations.

The Program provides a confidential (and anonymous if desired) service that allows any member of the public or City employee, contractor or volunteer to report allegations of serious wrongdoing, which is defined to include fraud, waste and conflict of interest involving City personnel, resources, or operations. Council has assigned responsibility for the independent assessment and investigation (including oversight of investigations delegated to others) of whistleblowing reports to the Auditor General. Reports can be submitted via a dedicated email address, through a webform on the OAG's webpage, or a dedicated phone line.

Retaliation against an employee for a report made in good faith is prohibited under the policy.

### 2.1 Initial Assessment

All reports receive an initial assessment. Initial assessments are typically completed within 10 working days. If the report is clearly out of scope of the Whistleblower Policy the complainant is directed to the appropriate forum for their report or, with the complainant's permission, the report is referred directly to the appropriate forum by the OAG. The appropriate forum could be a City department, Van311, or an agency in another level of government. Complainants will also be advised if the OAG's initial assessment concludes that the report lacks merit and will be closed.

### 2.2 Preliminary Assessment

The OAG proceeds to a preliminary assessment for reports determined to be within the scope of the policy and that, on initial assessment, appear to have potential merit. A preliminary assessment involves gathering information to determine whether an investigation under the policy is warranted.

### 2.3 Investigation

If it is determined that an investigation is warranted, the policy allows the OAG to consider whether to conduct the investigation or delegate the investigation to the City Manager, with the OAG's oversight. An investigation typically concludes with a report summarizing findings and, where appropriate, providing recommendations to the City. Recommendations may relate to compliance with existing policies and procedures, improvement of existing policies and

procedures, or may address systems or controls where an investigation identifies opportunities for improvement.

Affected individuals are provided an opportunity to address investigation findings before they are finalised. Employee discipline remains the exclusive domain of Human Resources, so the OAG does not make recommendations related to such matters.

### 3.0 Whistleblowing Under the OAG in 2024

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2024 was the first year of a new Whistleblower Policy administered by the OAG. The background to the OAG taking responsibility for the updated Whistleblower function is summarised below.

At its April 22<sup>nd</sup>, 2022, meeting, the Auditor General Committee (AGC) recommended to Council that the City's Whistleblower Policy be revised so that the Auditor General be delegated responsibility for:

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

Reports involving elected officials continue to be the Integrity Commissioner's responsibility.

The AGC also recommended to Council that the definition of Whistleblower be extended to include reports external to the City in addition to those from City employees. Council approved this recommendation on June 21<sup>st</sup>, 2022.

The OAG worked with the City to revise the Whistleblower Policy to implement the approved changes and to ensure the Whistleblower Policy was consistent with the City's new Respect in the Workplace Policy and Code of Conduct.

On October 17<sup>th</sup>, 2023, the revised Whistleblower Policy was approved by Council with changes effective from January 1<sup>st</sup>, 2024. Agreement in principle to necessary related amendments to the Auditor General By-law were also agreed by Council.

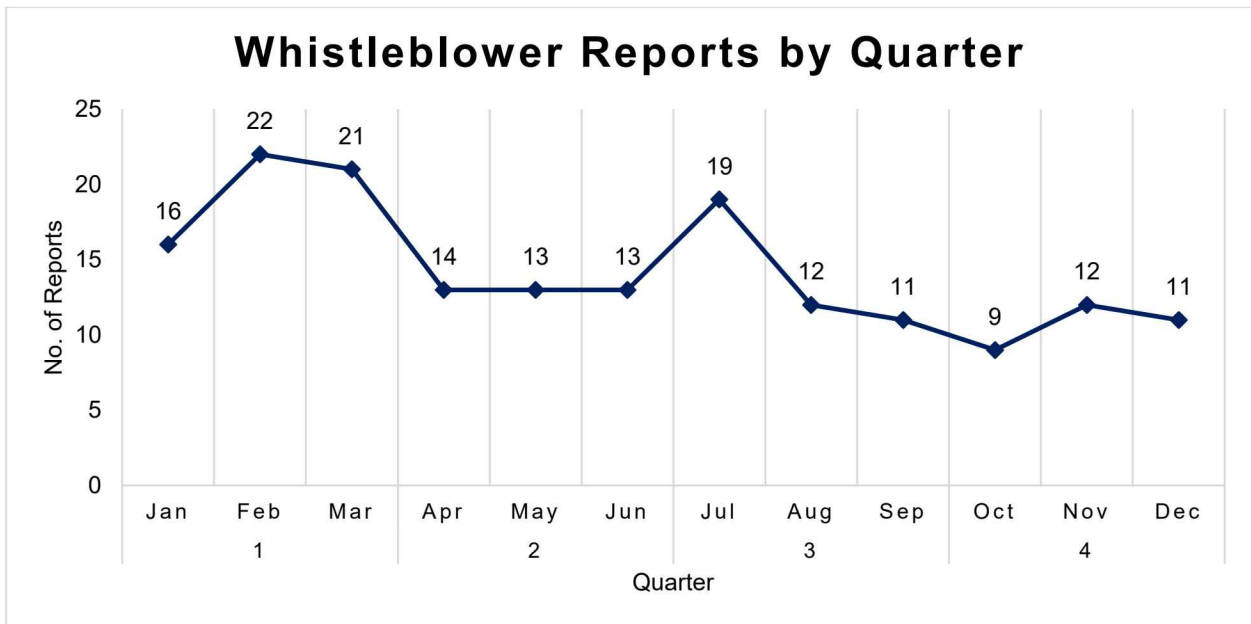
Recruitment then began to fill two roles Council authorized to staff the OAG-led Whistleblower function. Existing OAG staff supported the new function until recruitment was complete. Two specialist OAG Whistleblower staff commenced in their roles in April 2024, assuming responsibility for Whistleblower reports made from January 1<sup>st</sup>, 2024, with any reports prior to that date remaining the responsibility of Human Resources.

## 4.0 Reports and Outcomes of Investigations

### 4.1 Reports Received

|   |  |
|---|--|
| <b>Total Reports Received</b><br><br><b>173</b> | <b>Total Allegations</b><br><br><b>191</b> |
|---|--|

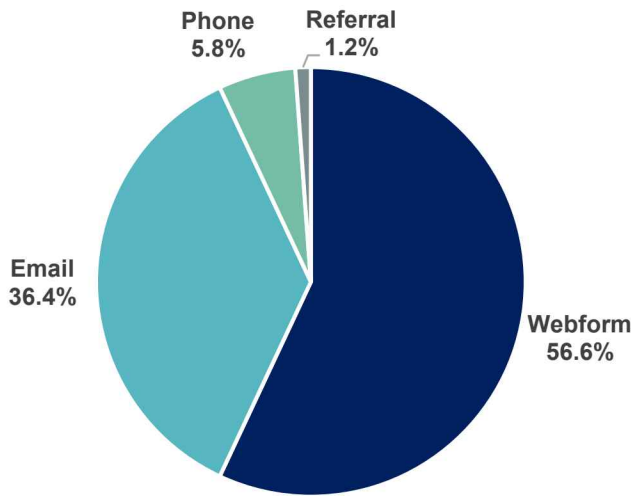
We received 173 reports under the Whistleblower Policy in 2024. Those 173 reports contained 191 distinct allegations – some reports raise multiple distinct issues that needed to be separately considered to completely address the report.



This timeline shows that Whistleblower reports were received consistently throughout 2024.



## 4.2 Reporting Method

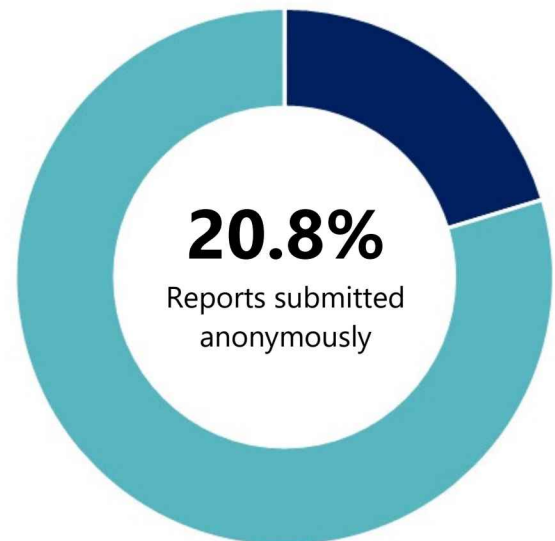


Most Whistleblower reports were submitted through a webform on the OAG’s Whistleblower webpage or via email to the Whistleblower email address ([whistleblowing@vancouver.ca](mailto:whistleblowing@vancouver.ca)). The phone remains a source of some reports and has a low cost to operate. The “referral” category applies when a City employee forwards us information they have received. Any level of manager or supervisor receiving a report of serious wrongdoing from an employee or member of the public is required, under the Whistleblower Policy, to promptly forward it to the Auditor General. We expect more

referrals as we work to raise employee awareness about the Whistleblower Policy in 2025, an initiative discussed further below.

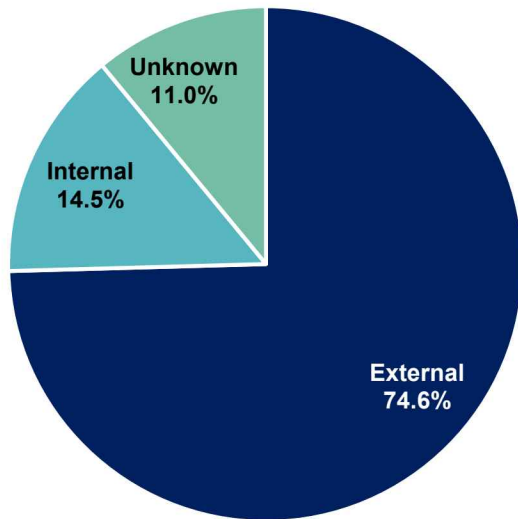
## 4.3 Anonymous Reports

The option to report anonymously is one of the features of the Whistleblower Policy. We are careful to obtain permission before using or disclosing information in any report we receive and ensure we comply with the *Freedom of Information and Protection of Privacy Act* and the confidentiality provisions in the Whistleblower Policy. Interestingly, we noted several instances of City employees making anonymous reports (the reports were anonymous but the content made clear that the reporters were employees). This highlights the fear of retaliation that comes with being a whistleblower, even with the protections the policy offers employees.



Anonymous reports can be difficult to investigate because we cannot gather additional or clarifying information from an anonymous complainant, but we do our best to gather necessary information regardless. One anonymous report in 2024 led to an investigation that identified control weaknesses in the City’s management of its vehicle fleet (discussed further in the Case Studies below).

## 4.4 Origin of Reports



Internal reports are those that originate from City employees, volunteers and contractors. External reports are from those outside the City including members of the public.

Allowing external Whistleblower reports was a major change adopted by Council coinciding with the OAG being assigned responsibility for the Whistleblower function at the start of 2024. Council's decision to broaden the scope of the policy has been enthusiastically received, being a significant source of reports.

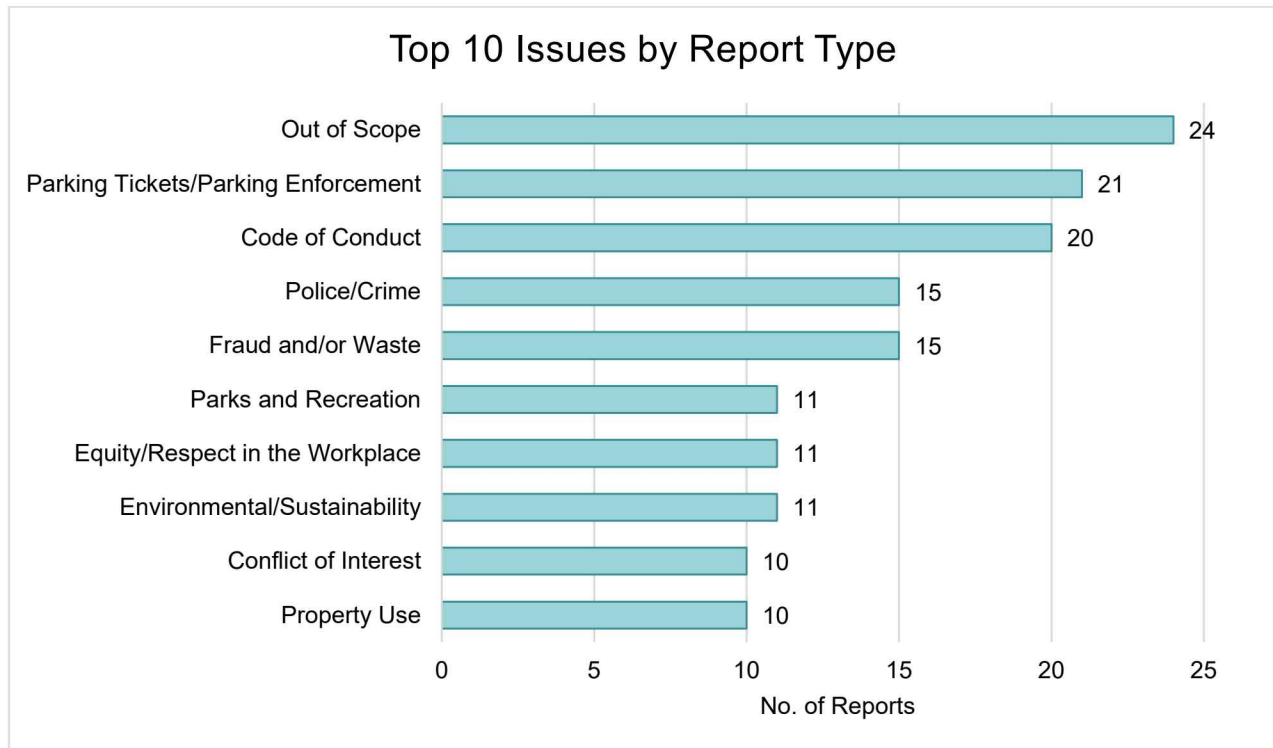
In 2024 external reports were more likely to raise issues outside the scope of the Whistleblower Policy, which lead to a high rate of reports closed at the initial assessment stage (discussed below).

Compared to municipal Whistleblower functions elsewhere in Canada (for example Edmonton, Calgary and Toronto) we received proportionally more external than internal Whistleblower reports. There are several reasons for this, which we plan to address in 2025.

First, there is the need to raise awareness within the City about the new Whistleblower Policy, in particular every manager's obligation to promptly and confidentially forward to the OAG all reports of serious wrongdoing received from employees or members of the public. Awareness-raising is a key priority for the OAG in 2025.

We also expect that clearer public-facing messaging about the scope of the City's Whistleblower function will reduce the number of reports we receive that are better directed to other forums. Planned work on this was held up in 2024 by delays in procurement of audit software which will include support for the Whistleblower function. That new software includes an updated public-facing Whistleblower webform.

## 4.5 Types of Report



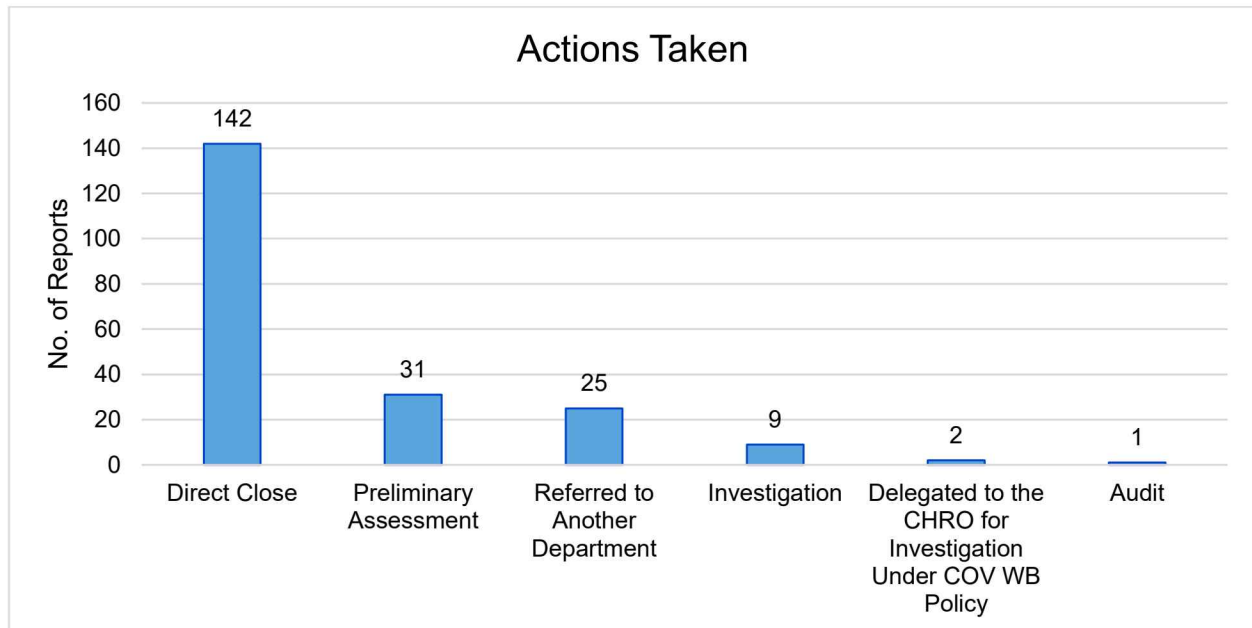
The chart above gives a general idea of common issues raised in Whistleblower reports received in 2024.

In this first year of the OAG's administration of the function a significant number of the reports received were referred to other City departments or outside entities.

Common issues raised related to parking infractions and other bylaw enforcement issues. When we receive these types of reports, we either forward them directly to the appropriate City department (with permission) or provide the complainant the contact information for the relevant City department or outside entity, for example the BC Ombudsperson. Typically, we are able to refer reports outside the scope of the Whistleblower Policy on the first business day we receive them, so there is no delay for complainants.

We also track the type and nature of reports we receive so that we know what issues commonly arise, even where they are out of scope. This means we can consider this information as we determine future performance audit topics.

## 4.6 Disposition of Whistleblower Reports



This chart shows that most reports we received in 2024 were considered and closed at the initial assessment stage. The categories in the chart are discussed further below. A whistleblowing report can result in more than one outcome (e.g. preliminary assessment and referral). As a result, the total number of actions taken exceeds the total number of reports received.

### ***Direct close***

A “direct close” means the report did not proceed beyond the initial assessment phase but does not mean no action was taken. This category includes reports that fell outside the scope of the policy where a complainant was directed to the appropriate forum for the issues raised in their report. Some reports raise issues outside of the City’s jurisdiction. In these cases, we also advise the complainant where to direct their report and close the file. A common example where we would direct the reports to another forum is where they relate to parking infractions, for which there is already an established forum for disputes. Others in the direct close category include anonymous reports where the information provided is too vague to allow for any action, though this is rare.

Under the Whistleblower Policy, the OAG has discretion to advise a complainant of the appropriate forum to raise their issue or to forward the complaint to an appropriate department. When deciding which path to take, the OAG considers what will best assist the complainant and any privacy issues, particularly the need for consent when disclosing complainants’ personal information.

The OAG is committed to achieving high reporter satisfaction – providing fulsome responses to complainants that go beyond templated answers and seeking to ensure that reporters feel heard, respected and that they understand the decision or determination made by the OAG, even if it is not the outcome they might have hoped for. The intent of providing fulsome, tailored responses is to engender trust and confidence in our processes, and to positively support the City's operations and standing.

Even where reports are about issues in the City outside the scope of the Policy, there is often value in receiving reports because they identify patterns and potential performance audits.

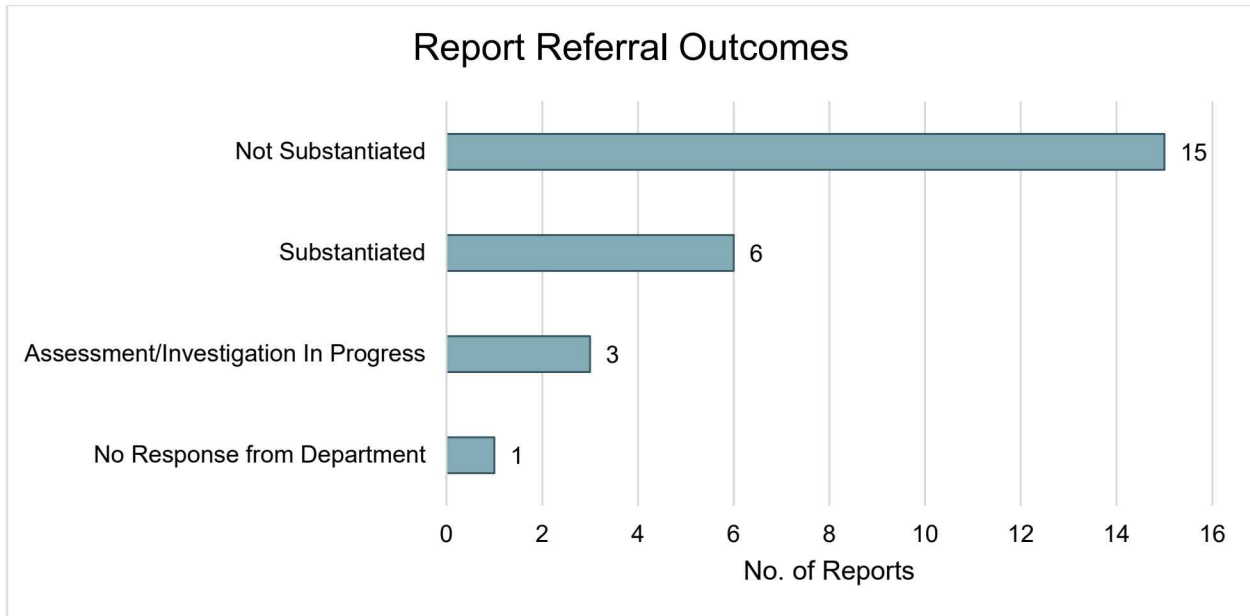
### ***Preliminary assessment***

Thirty-one reports were considered within the scope of the Whistleblower Policy and of sufficient merit after initial assessment to proceed to a preliminary assessment. Preliminary assessments conclude with a decision to proceed to an investigation, to delegate the report to the City Manager for investigation under the Whistleblower Policy, to refer the report to another more appropriate forum or a decision that no further action is required.

### ***Referred to City departments***

Some reports we receive may have merit, although not under the Whistleblower Policy, and are best addressed by another part of the City. Examples include reports raising issues under the Code of Conduct or Respect in the Workplace Policy, which are managed by Human Resources, or matters best addressed by By-law Enforcement. Where we refer a report to a City department it is with the consent of the complainant. In some cases, consent is only provided to share the complaint anonymously.

We continued to track the outcome of reports referred to City departments, which allows us to report on the outcomes or progress of referred reports. In cases where reports contain multiple allegations (one is discussed further in the case studies below) one allegation may be investigated under the Whistleblower Policy while another is referred elsewhere (for example to Human Resources for consideration under the City's Code of Conduct).



Investigation of most of the referred reports were concluded by year end. Six reports were substantiated by the recipient City department with action being taken in response. While we track the status of referred reports, we do not audit the City's investigative work for reports outside the scope of the Whistleblower Policy. We have not received an update from one department we referred a report to despite several requests but will continue to pursue a substantive response.

An example of a report we referred to a City Department came from a Construction Safety Officer (CSO) working for an external contractor at a City site. They alleged that they were removed from the City site by the contractor for reporting an issue with the safety orientation process. The issue centred around the safety orientation process as well as the contractor coordination process which the CSO believed were contrary to good safety practices. We referred this complaint to the City's Chief Safety Officer because it was outside the scope of the Whistleblower Policy.

The Chief Safety Officer and his team investigated the matter and determined that the complainant raised a valid issue. The City initiated work to amend the safety orientation process, which the City's Chief Safety Officer reported satisfied the external CSO.

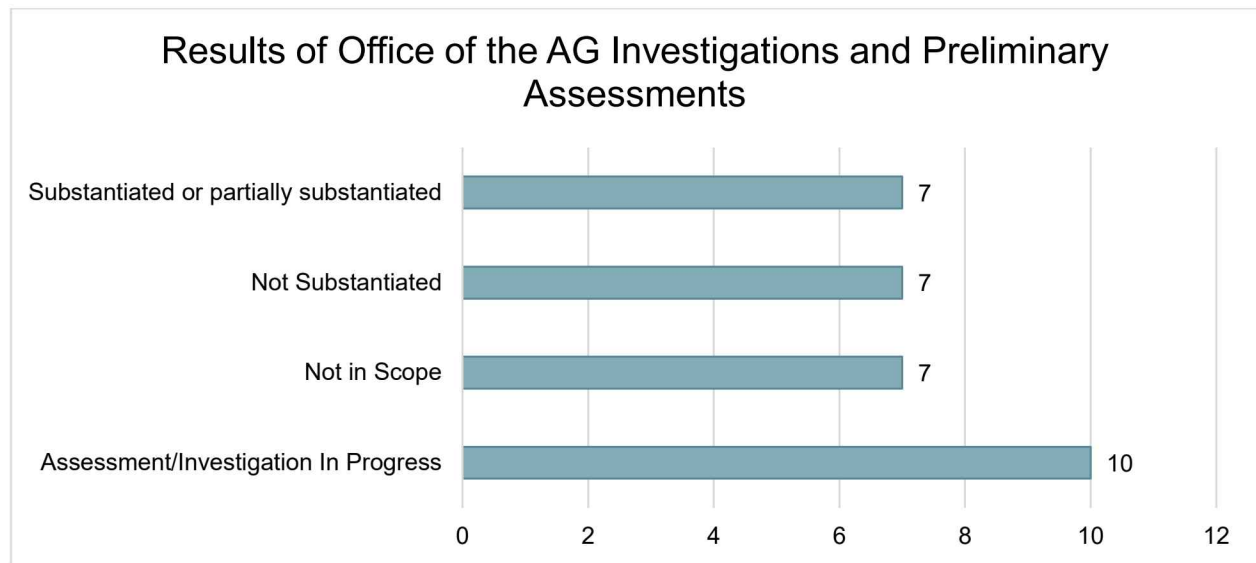
**Investigation**

An investigation is the most resource-intensive response to a report. The Whistleblower Policy also allows the Auditor General to delegate responsibility to investigate a Whistleblower report to the City Manager, with the Auditor General maintaining oversight of the investigation, including procedural fairness. The Auditor General exercised this referral power for two reports this year alleging time theft by City employees. The Auditor General considered Human Resources’ expertise would be useful in investigating these reports and they had significant overlap with issues of employee discipline, which is the domain of Human Resources.

Given the extent of work involved and natural justice processes required in an investigation, five investigations commenced in 2024 by the OAG were not yet concluded by year end. Because these investigations remain in progress, we cannot yet report about this work.

**Audit**

One report was closed because we determined that the issues raised would be better addressed in a performance audit (Land Sales). The audit is in progress and scheduled for completion in mid-2025.



This chart shows the status or outcomes for those reports that the OAG determined warranted a preliminary assessment or investigation. Substantiated and partially substantiated reports are assessed to be within the scope of the Whistleblower Policy. Substantiated reports are those where the OAG has found evidence of serious wrongdoing as defined under the policy. Partially substantiated reports are those where issues of substance have been identified, but it would be an overstatement to characterize them as serious wrongdoing.

## 4.7 Prompt and Complete Responses to Reports

Timely responses to reports of serious wrongdoing are essential to maintaining trust and confidence in the whistleblower process. The OAG provided timely responses to reports in 2024, with 163 of 173 reports received in 2024 closed by the year end, with the remainder under active assessment or investigation.

The OAG's 2025 Operational Plan contains a new KPI reporting on the timeliness of initial responses to complainants regarding our initial assessment. We aim to conduct initial assessments quickly, within a day if possible, and in all cases within no more than ten business days.



## 5.0 Case Studies

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Below we summarise some of the work the OAG completed arising from Whistleblower reports received in 2024.

Three of the investigations noted below resulted in recommendations to the City. We will follow-up on the status of these recommendations and report the results in the 2025 Whistleblower Report. Because of the potential positive impact of implementing these recommendations, the OAG's 2025 Operating Plan contains a new KPI which tracks the rate of implementation of recommendations.

### 5.1 Alleged Conflict of Interest by City Employee

We received reports of a City employee giving advice while having a conflict of interest. Our preliminary assessment determined that because the alleged behaviour did not meet the definition of "serious wrongdoing," the reports were not within the scope of the Whistleblower Policy and would be more appropriately considered under the City's Code of Conduct.

Though within the scope of the Code of Conduct, during our preliminary assessment we noted challenges for the City to effectively address the reports. While the Code of Conduct explicitly states it applies to City employees who are political staff, it is silent on how it should be applied to them. Unlike Provincial and Federal jurisdictions, the City does not have specific standards of conduct for political staff reflecting their unique roles. Political staff do not report through the City's operational hierarchy and, absent an accountability relationship ultimately leading to the City Manager, it was difficult to see how the Code could be applied as written.

At the invitation of the Chief Human Resource Officer (CHRO), we provided observations and recommendations to address these issues, with the aim of providing clarity on the standards of conduct for political staff and the mechanisms for enforcing them. We believe implementing these recommendations would benefit all stakeholders, including complainants, affected staff and City management. Flowing from a Whistleblower allegation, we saw this action as part of our responsibility to add value to City operations and to enhance the integrity and reputation of the City and its operations. Our recommendations were:

1. that the Code of Conduct be amended to include a definition of the term "political staff".
2. that the Code of Conduct be amended to explicitly acknowledge the nature of political appointees' responsibilities, establishing clear boundaries for acceptable conduct that contemplates the unique responsibilities of such positions. Alternatively, this could be achieved by adopting a separate but sufficiently credible Code for political staff.
3. that the existing Code of Conduct be amended (or any separate Code that might be created for political staff be drafted) so that responsibility for monitoring and enforcement

of its provisions as they relate to political staff is assigned to a party external to the City's operational hierarchy.

We understand that work on changes to the Code of Conduct is in process, led by the CHRO.

## 5.2 Personal Use of City Vehicles

Two reports we received, one anonymous and one from a member of the public, related to employee use of City vehicles. One of the reports also included allegations about employee behaviour which were outside the scope of the Whistleblower Policy, so we referred those allegations to Human Resources and the employee's direct manager.

Both investigations concluded there was no "serious wrongdoing" under the Whistleblower Policy, because the employees had operated City vehicles with permission and the vehicles were acquired following the required steps. However, other significant issues were identified.

### *Investigation 1*

Although the City department followed the process required to obtain the vehicle, we found that the required process did not cover all steps necessary to comply with City policies and tax obligations related to operating a City vehicle. Due to a lack of knowledge of fleet management policies, the department did not meet all its obligations related to the vehicle's operation, including complying with City policies. Issues identified included:

- not seeking appropriate approval for the personal use of a City vehicle and not accounting for or advising payroll of the resulting income tax implications of that personal use,
- a City-owned vehicle not having a designated parking space for it to be stored at the end of each shift, as required by City policy,
- a significant delay in registering the driver with Driver Services and completion of City-required training, and
- not considering changes to an employee's job description to account for the employee operating a vehicle as part of their role.

Instead of being parked in a designated City parking spot at the end of each shift, with management's consent the vehicle operator was permitted to drive to and keep the vehicle at their residence outside of the City.

We made seven recommendations:

1. The department concerned and the City needs to address the taxable benefits that have accrued to the employee from the personal use of this vehicle.
2. The department needs to reconcile with Payroll the employee's status and the approvals required for personal use of the vehicle.
3. The department needs to consider updating the employee's job description after determining how they are to operate a vehicle in their role.
4. The City needs to review whether there are other instances of taxable benefits that may not have been accounted for as a result of weaknesses in its controls over employee use of City-owned vehicles. It needs to determine the right method to address these issues with the Canada Revenue Agency.
5. The City needs to consider whether its current systems for managing and accounting for employee use of City-owned vehicles is suitably robust to meet its legislative compliance obligations with respect to taxable benefits.
6. The City needs to reconcile its various policies for acquisition and use of vehicles and ensure they are consistent with, and refer to, each other.
7. We recommended that a city department take the lead in creating a document to be distributed to departments operating or considering acquiring a vehicle, to ensure they meet all obligations related to vehicle acquisition and ongoing operation. Specific issues to be addressed include whether employees can take the vehicle home and the implications, including for taxation and consistent treatment of employees, of doing so. Existing City policies and procedures related to operating vehicles on behalf of the City do not cover these issues. This document should contain information that the department interested in obtaining a vehicle must consider before proceeding.

## ***Investigation 2***

The other report we investigated related to personal use of a City-owned vehicle involved employees driving a City vehicle to, and parking the vehicle near, their homes overnight on weekdays. Ultimately the investigation found that management had granted permission for this practice, primarily on the grounds of employee safety. The imprecise, and in some parts contradictory, nature of relevant City policies meant that it was not possible to say the practice was inconsistent with City policies regarding vehicle use. We also determined the employees were unlikely to be incurring taxable benefits through this practice, though there was some risk the Canada Revenue Agency could see matters differently.

We found that the governance over, and transparency of the use of, the vehicle at issue needed to be improved. The investigation also highlighted control deficiencies related to City vehicles generally. Overall, we found that responsibility for the acquisition and use of City-owned vehicles was spread across different departments and was not comprehensive, creating City-wide risks that included the inadequate capturing and reporting of taxable personal use of City vehicles.

We made seven recommendations for addressing these deficiencies. Some of these recommendations overlap with recommendations made in relation to Investigation 1 above because the two investigations ran in parallel and coalesced around similar issues.

1. The City and the Department responsible for the vehicle needs to ensure that taxable benefits are not being incurred through the usage of the vehicle, and if taxable benefits are being incurred, that this is understood by affected employees and the associated reporting obligations and tax remittances met. The City and Department should ensure that staff using this vehicle are aware of how a taxable benefit could be incurred by driving the vehicle between their home and their typical work site and what the reporting requirements are if such a use were to occur.
2. The City needs to review whether there are other instances of potential taxable benefits that may not have been accounted for as a result of weakness in its controls over the use of City-owned vehicles, particularly related to taking City-owned vehicles home at the end of a shift, and to review how it meets its tax withholding and reporting obligations.
3. We recommended that a city department take the lead in creating a document to be distributed to departments operating or considering acquiring a vehicle, to ensure they meet all obligations related to vehicle acquisition and ongoing operation. Specific issues to be addressed include whether employees can take the vehicle home and the implications, including for taxation and consistent treatment of employees, of doing so. Existing City policies and procedures related to operating vehicles on behalf of the City do not cover these issues. This document should contain information that the department interested in obtaining a vehicle must consider before proceeding.
4. The City needs to address the apparent contradictions between the *Parking – City-Owned, Marked Vehicles* policy, Exhibit 2A (for reporting personal use of a City vehicle), and the *Safe Driving Policy* regarding taking City-marked vehicles home at the end of shifts and consider if vehicles can be taken home, whether City-owned parking spaces could be freed up or rented only on weekends, with the resulting potential cost savings to the City.
5. The Department should improve formal documentation and tracking of which employee has taken a vehicle home each night, including working with Payroll to complete City form Exhibit 2A (for reporting personal use of a City vehicle) as necessary.

6. The Department should regularly clarify expectations with employees on use of City-owned vehicles, including the one that was the subject of the Whistleblower complaint. These expectations should include that the vehicle is not to be driven for personal use, that it is only to be used for “work-related driving” as described in the *Safe Driving Policy* - as commutes home to and from fieldwork sites as part of on-call work. Employees need to understand the implications of driving the vehicle from home to a work site or vice versa, even if via fieldwork.
7. The Department that was the subject of the complaint should periodically reassess if there is a continued and justified need for employees to drive the vehicle home, given the various risks associated with this practice.

Affected City management accepted the recommendations from both investigations and had begun addressing them at the time of this report.

### 5.3 Whistleblower Report Informs Performance Audit

One of the first Whistleblower reports the OAG received was closed because the OAG decided to commence a performance audit that would address the report’s allegations in a more systemic manner. The report raised issues arising from specific transactions involving the sale of City lands, including whether the sale process was robust and whether Council was fully informed before approving recommendations to sell the land. The OAG Whistleblower team’s preliminary assessment concluded an investigation was warranted. However, early in the investigation it was determined that the issues raised would best be examined systematically rather than just looking at the individual transactions that were focus of the report. Fieldwork for this performance audit is underway, with a report due to Council in mid-2025.

The ability for whistleblower reports to inform our audit program, and the ability to apply audit rigour to issues that come to light, is a significant benefit of transferring responsibility for the whistleblower program to the Auditor General.

### 5.4 A Report of Sleeping in a City Vehicle

One report we received this year from a member of the public contained photos and an accompanying report that a City employee appeared to be sleeping in a City vehicle during the day. The complainant also reported that the employee appeared to follow them in their City vehicle after they were seen taking photos. Our initial assessment determined there was a potential issue of waste of City resources in the report, especially if it represented a pattern of behaviour.

We conducted a preliminary assessment, gathering available information to review vehicle movements and timing, break entitlements and methods of monitoring employees. Our

preliminary investigation satisfied us that City resources were not being wasted because the employee only took the break they were entitled to and there was no evidence to suggest any other misuse of City resources.

We referred the allegation about the employee following the complainant, with relevant information gathered during our preliminary investigation, to Human Resources as a potential Code of Conduct issue. The City communicated to the employee the risk to the City's reputation of appearing to sleep in a marked City vehicle in public, even when on an approved break. We also raised with Human Resources whether wider distribution of this message to City employees is warranted.

## 5.5 A Report of Improper Hiring and Conflict of Interest

We received a report expressing concerns about a hiring process in a City department. The complainant alleged that the hiring process, which used an Expression of Interest (EOI) process to fill a temporary one-year position, had been tailored to ensure that a specific candidate would be successful. It was also alleged that the temporary position had been created and the successful candidate chosen in order for the hiring employee to position themselves to return to the City as a contractor following their imminent retirement.

The OAG worked to understand the process requirements for recruiting via EOI at the City. Through these conversations, the OAG learned that Human Resources does not need to be involved in EOIs and that the City does not typically formally score candidates based on their suitability for such positions. Furthermore, no documentation related to the evaluation of candidates was required to be kept by management or Human Resources in any hiring process. The OAG's analysis determined that the process followed by the City department for this temporary position complied with the City's relevant hiring policies.

Although not required to do so by the City's policies, the individual conducting the hiring process did retain notes from the candidate interviews. From the OAG's review of these notes and through conversations with the interviewer it was determined that the recruitment was conducted fairly, exceeding the City's requirements.

If the retiring employee responsible for the EOI hiring decision had subsequently been selected by the successful candidate for the temporary position for consulting contracts, it could suggest at least the appearance of a conflict of interest. However, the OAG found that the selection process for the retired employee to return as a contractor received sufficient independent oversight from senior management at the City, with written sign off from the Chief Human Resource Officer and the relevant General Manager, and contracts in question were time limited.

While the OAG found that relevant policies were not violated during the EOI process and subsequent selection of a former employee as a contractor, the OAG considered that the EOI process could be improved for applicants by increasing accountability and transparency. We believe that had this occurred the complaint may not have arisen. The Auditor General has since spoken to the City's Chief Human Resource Officer about these observations and Human Resources is considering whether changes to the EOI processes are needed. We did not issue a formal recommendation to this effect because we had only investigated one EOI process and determined the CHRO was best placed to consider the costs and benefits of any change to that process.

## **5.6 A Report of Inaccurate Records Affecting City Negotiations with False Creek South Leaseholders**

A complainant alleged that the City's Real Estate and Facilities Management Department had not appropriately maintained records, and that the department had distributed and used inaccurate records related to leases in the False Creek South neighbourhood. In particular, the report focussed on a City spreadsheet containing square footage measurements for properties in the False Creek South (FCS) neighbourhood, land which is owned by the City.

The complainant alleged that the spreadsheet's data was incorrect, and that the City had not updated the spreadsheet with accurate information despite having obtained it from a consultant.

The complainant was concerned the spreadsheet would be used in future negotiations with FCS leaseholders to their detriment. The OAG conducted a preliminary assessment and found that the figures in the spreadsheet, as well as others determined by a consultant and ones held by BC Assessment, were publicly available. Therefore, they could be accessed and used equally by FCS leaseholders and the City in any future negotiation, mitigating the risk of reliance on potentially inaccurate information.

Concerns were also raised that the information in the spreadsheet had been used by the City in a recent round of negotiations to the FCS leaseholder's detriment. The OAG found that the final agreement between the City and FCS leaseholders was the result of extensive negotiation. Both parties had legal representation through this process and had access to the same information. Therefore, the OAG was satisfied that the content of the spreadsheet was not determinative of the agreement reached between the City and leaseholders.

The OAG did not find serious wrongdoing arising from the report, and advised the complainant that the Office would not proceed from a preliminary assessment to an investigation.

## 5.7 A Significant Ongoing Investigation

One substantial investigation is ongoing as at the date of this report. Because findings are still to be tested and natural justice processes completed, little detail can be provided in this 2024 report. However, already the facts illustrate the value of the OAG's management of the Whistleblower function.

An employee's whistleblower report was shared with the OAG by a senior employee who was aware of their obligations under the Whistleblower Policy to forward reports of serious wrongdoing to the OAG. Our independence from the City and dedicated capacity to investigate assured the employee that their report was being taken seriously and would be thoroughly investigated. That investigation is in process and expected to report in the first quarter of 2025.



## 6.0 Other Key Activities

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### 6.1 Stakeholder Relationships

A key objective in 2024 was establishing relationships with key stakeholders.

We have established relationships with the City departments and units we refer reports to, to ensure that we are providing good service to complainants. This ensures those reporting have their issues addressed even when reports are outside the scope of the Whistleblower Policy. We have clarified expectations, timelines and information required by the departments we refer reports to, to ensure that we are setting accurate expectations with complainants. We have also built our knowledge of where reports outside the scope of the Whistleblower Policy are best referred.

A key stakeholder is the Office of the Chief Human Resources Officer (CHRO). The CHRO continues to have a key role in supporting the Whistleblower Policy, especially employee whistleblowers, including investigating reports of retaliation received by the Auditor General under the Whistleblower Policy. While maintaining the independence from City management expected of the OAG, we held regular meetings with the CHRO and senior Human Resources employees, especially as we established the Whistleblower Program, clarified our respective roles and shared information necessary to fulfill our respective functions under the policy.

We also met with several City departments and units within departments to which we regularly referred reports outside the scope of the Whistleblower Policy. These included meeting with By-law Enforcement and Property Use Inspection staff, the City's Safety Office, and Sanitation staff. We also met with staff in the Equity Office regarding reports that raised equity issues.

In 2025, as part of our hard launch of the Whistleblower Program we will build on and grow these relationships across the City, while maintaining the independence necessary to fulfill our function.

### 6.2 Update and Development of Guidance

In 2024 we extensively revised the Whistleblower Process Manual that sets out the detail of how the Whistleblower Policy is operationalised. We also developed detailed process maps that diagrammatically show how the Whistleblower process works. These process maps are a great resource for stakeholders to understand how the OAG operates the whistleblower process and their respective roles.

We began developing FAQs based on common trends noted in reports we received in 2024, especially those that were out of scope of the Whistleblower policy, so that we can more efficiently and quickly redirect those reports to the most appropriate forum.

We also prepared updates to the website and webform for the Whistleblower program so they are ready to implement when our new software is delivered in 2025.

### **6.3 Acquisition of Audit Software**

The whistleblower reporting software we inherited from the City has limited functionality and is nearing the end of its useful life. We participated in a procurement process for audit software that will include a module to support the intake and processing of whistleblower reports. While joining the audit software procurement provided cost savings, procurement delays pushed back implementation of improvements to the Whistleblower webform.

A new Whistleblower webform and related webpage updates will be deployed once the software is acquired and available in 2025.

## 7.0 2025 Plans

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In addition to continuing to receive and consider reports received under the Whistleblower Policy in 2025, additional goals for 2025 include:

- Implementation of new Whistleblower software.
- Enhancements to the Whistleblower webpage and webform for reporting. This will include addition of process maps and FAQs to assist stakeholders better understand the scope and operation of the Whistleblower Policy. The process maps will provide a visual guide to the steps in the Whistleblower process. The process maps show how reports will be triaged, the steps in the triage process and what happens if the OAG decides an investigation under the Whistleblower Policy is warranted.
- The “hard launch” of the Whistleblower Policy – a program of raising employee awareness of their rights and responsibilities under the Whistleblower Policy, including the obligations of managers to promptly forward reports they receive from others.
- Completing a scheduled review of the Whistleblower Policy.
- Exploring best practise with other Canadian municipal Auditors General who operate Whistleblower programs.

KPI results for the Whistleblower function for 2025 will be publicly reported in the OAG's 2025 Annual Report.

## 8.0 How to File a Report

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City employees, contractors, volunteers and members of the public can file a report of serious wrongdoing, including fraud and waste, with the Office of the Auditor General for the City of Vancouver by:

**Webform:** <https://vancouver.ca/your-government/report-fraud.aspx>

**Email:** [whistleblowing@vancouver.ca](mailto:whistleblowing@vancouver.ca)

**Phone (voicemail):** 604-844-1797