



## COUNCIL REPORT

Report Date: February 17, 2026  
Contact: Mike Macdonell  
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VanRIMS No.: 08-2000-20  
Meeting Date: March 10, 2026  
[Submit comments to Council](#)

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

### Recommendations

THAT Council approve the recommendations from the meeting of the Auditor General Committee held on February 12, 2026, as follows:

- A. THAT Council endorse the ten recommendations in the Auditor General's Report dated February 5, 2026, entitled "Land Sales and Exchanges";  
  
FURTHER THAT Council direct staff to report back in response to the findings of the Audit of Land Sales and Exchanges with their proposed response to the findings including but not limited to updated, consolidated, clarified and modernized procedures related to land sales and exchanges, considerations for information provided to Council related to land transactions, potential annual reporting related to land sales including sales value and related community value/benefits received, and any further updates or improvements staff might recommend.
- B. THAT Council endorse the 21 recommendations in the Auditor General's Report dated February 5, 2026, entitled "2025 Whistleblower Report."

### Council Authority/Previous Decisions

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.

Per the [Auditor General By-law 3.14](#), the Office of the Auditor General will report directly to Council on any investigations or inquiries conducted by the Auditor General.

### **Context and Background**

At the Auditor General Committee meeting on February 12, 2026, the Committee considered three reports and three presentations, and made the recommendations identified above.

The reports and corresponding presentations are attached for reference:

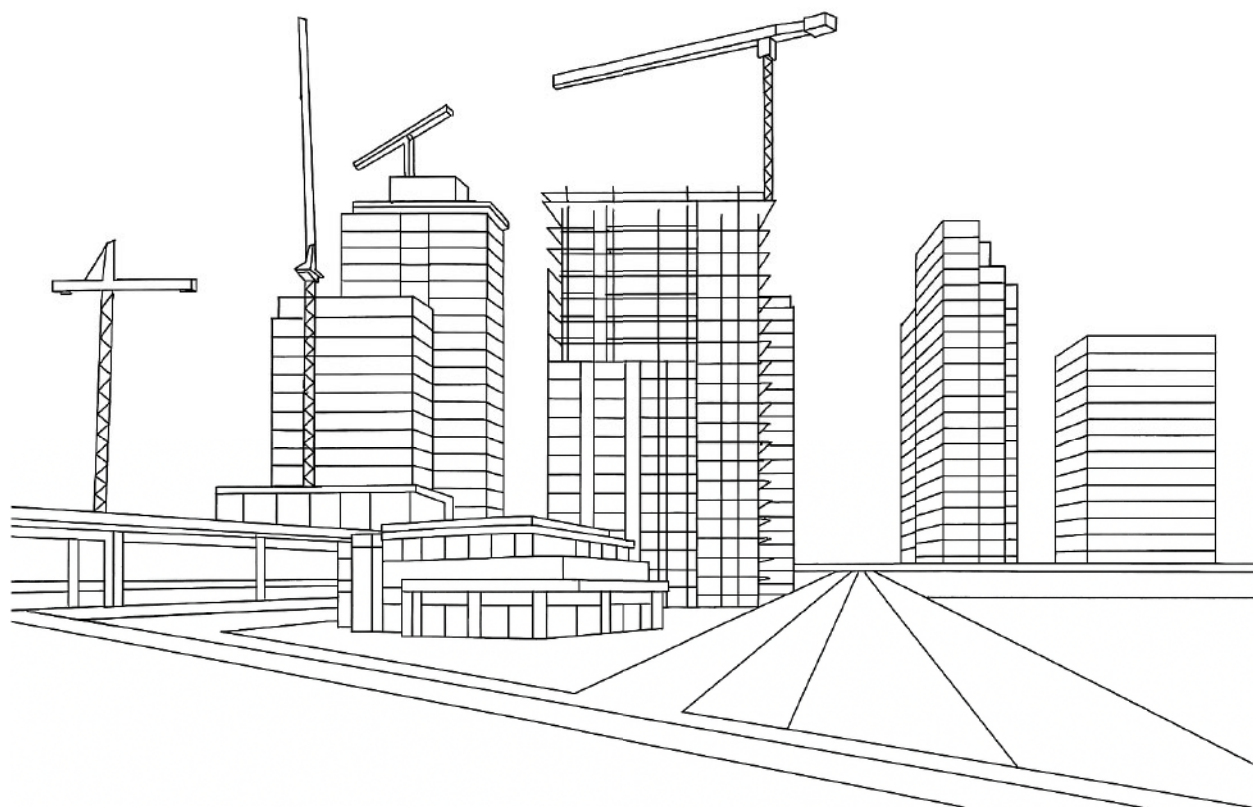
- Appendix A: “Audit of Land Sales and Exchanges” dated February 5, 2026, and Presentation as provided alongside the report at the Auditor General Committee meeting of February 12, 2026.
- Appendix B: “2025 Whistleblower Report” dated February 5, 2026, and Presentation as provided alongside the report at the Auditor General Committee meeting of February 12, 2026.
- Appendix C: “2025 Annual Report and 2026 Operational Plan” dated January 30, 2026, and Presentation as provided alongside the report at the Auditor General Committee meeting of February 12, 2026 (provided for information only).

### **Conclusion**

This Report transmits the recommendations made by the Auditor General Committee at its meeting on February 12, 2026, for Council’s consideration, along with associated reports.

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# Audit of Land Sales and Exchanges



An independent auditor's report prepared in accordance with the Canadian Standard on Assurance Engagements 3001 published by the Chartered Professional Accountants of Canada

February 2026

## Performance Audits

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A performance audit is an independent, objective, and systematic assessment of how well government is managing its activities, responsibilities, and resources. We select audit topics based on their significance. While the Office of the Auditor General (OAG) may comment on policy implementation in a performance audit, we do not comment on the merits of a policy.

Performance audits are planned, performed, and reported in accordance with professional auditing standards and OAG policies. They are conducted by qualified auditors who:

- Establish audit objectives and criteria for the assessment of performance;
- Gather the evidence necessary to assess performance against the criteria;
- Report both positive and negative findings;
- Conclude against the established audit objectives; and,
- Make recommendations for improvement when there are significant differences between criteria and assessed performance.

Performance audits contribute to a public service that is ethical and effective and a civic administration that is accountable to taxpayers and its elected officials.

## Message from the Auditor General

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To the Mayor and Council of the City of Vancouver,

I am pleased to present this report on my office's performance audit of Land Sales and Exchanges.

I undertook this audit after receiving a whistleblower complaint that, among other things, took issue with information that had been provided to Council. My team's initial enquiries suggested there could be systemic issues that would be better addressed through a performance audit than through an investigation of any one transaction. Because of the high value of land in the Lower Mainland, these transactions are often of significant value. There is only one chance to get it right – once land has been sold, it is gone. This audit sought to determine if the City was maximizing value in its sales and exchanges of land.

Market value is the function of a willing seller and a willing buyer agreeing on terms and a value that satisfies each of them. On its own this typically works well for transactions between parties in the private sector – self interest provides sufficient incentive to ensure each party will seek to maximize their own individual benefit. The dynamics are different when a local government sells land, where the high value of each transaction and small number of City staff involved presents a potential fraud risk.

As a result, local governments like Vancouver have in place processes and controls to mitigate risk. Council's rigorous oversight is an integral part of the control framework, however, this control framework only works when decision makers are provided with complete and accurate information demonstrating how value has been maximized. In an open market transaction, the participation of multiple parties provides at least some assurance that value to the seller is maximized. Oversight is especially important for sales that are not conducted in the open market, like most of the transactions included in this examination, as the risk of other factors coming to play increases when terms are negotiated. It is important to note that we did not find evidence of potential fraud. However, we did find weaknesses in the processes and controls to mitigate risk and deficiencies in the information provided to Council. As result, we concluded that the City could not demonstrate that it maximized the value of its land sales and exchanges.

We will never know what decisions Council may have reached had it been provided with more complete information, therefore, except for the issues identified in relation to 601 Beach Cres., we cannot assert that money was left on the table – nor can we assert that it wasn't. Vancouver is unique in so far as the *Vancouver Charter* allows the City to sell land for less than market

value. Sales below market value are prohibited in all other BC jurisdictions under the *Local Government Act*.

One of the challenges identified in this report is that there are potentially two market values that need to be considered – the market value of land as is and the potentially greatly increased value when rezoned to allow development. To properly exercise its oversight responsibilities, Council must be provided with all information related to each land sale, including the potential increase in value due to rezoning. Due in part to the risks identified above, the *Charter* requirement for Council approval is not perfunctory – it is an important control requirement and it is inappropriate for management to in any way supplant its judgement for that of Council.

The City lacked a strategy for selling or exchanging land and did not proactively use its land portfolio to support strategic objectives. Identifying the need for a more strategic approach is not new; in 2024 the Mayor's Budget Task Force recommended assessing the Capital Fund's portfolio to optimize its strategic value.

It is concerning that our report repeats some findings of previous examinations. One key finding is that the City did not document price rationale (see section 2.3.1) despite this having been recommended by both an external consultant (2016) and as part of an internal audit (2018). Assuming they are endorsed by Council, the recommendations in this report will be included in my December 2026 Follow-up Report and, given their history, I will advise Council to ask for them to be subject to additional scrutiny.

The report contains 10 recommendations for improving the management of land sales and exchanges.

s.22(1) Personal and Confidential



Mike Macdonell, FCPA, FCA  
Auditor General  
Vancouver, B.C.  
5 February 2026

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## Glossary

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### ***Market Value***

**Definition:**

The Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP) defines market value as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgeably and for self-interest and assuming that neither is under undue duress.

**Example:**

A property is listed for \$800,000. After 45 days on the market, it sells for \$790,000. Both the buyer and seller are informed, not under pressure and the sale terms are typical. \$790,000 is considered the market value, as it reflects a fair transaction under normal market conditions.

### ***Maximum Value***

**Definition:**

Defined using elements from the City of Vancouver's *Council Policy for the Sale of City-Owned Lands* (Land Sale Policy) and the City's *Direct Sales, Open Market Sales and Leasing of City Lands for Social Purposes* (Direct Sales) policy, maximum value is a return or benefit from a property, considering:

- The City's long-term strategic objectives and priorities;
- Fair market value of the property;
- Terms and conditions required by the City; and,
- The benefits that worthwhile development provides to the City.

It often reflects a balanced decision—not just the highest price but rather the best overall outcome.

**Example:**

A city calculates the value it receives on a land sale as the combination of the agreed upon price and non-financial benefits.

## ***Material***

### **Definition:**

The International Accounting Standards Board defines information as material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions of the primary users of that information. Material items can be financial (measurable in monetary terms) or non-financial.

### **Example:**

A firm plans to build a condominium tower, but the site is next to an historic landmark. Although the financial impact of developing the site might be minimal, community opposition and heritage concerns could delay approvals or damage the developer's reputation—making the issue material to the firm from a strategic and stakeholder perspective, even if not financially significant. This should be an issue that senior leaders at the firm are made aware of by their staff.

## ***Competitive Sale***

### **Definition:**

A competitive sale is a method of disposing of land where potential buyers submit bids or proposals and the land is awarded to the highest bidder or the bidder that submitted the proposal that best meets predefined criteria.

### **Example:**

The municipal government offers a vacant waterfront lot through a public auction. Multiple developers submit bids. The highest bidder, who also proposes a mixed-use development aligned with local planning goals that had been identified as criteria for the award, wins the sale.

## ***Direct Sale***

### **Definition**

Direct sale is a method of selling land where the seller negotiates directly with a specific buyer, without a public bidding or other competitive process.

### **Example:**

A municipality sells a small portion of surplus laneway that is not separately viable except to the purchaser. No other parties are invited to bid.

# Executive Summary

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## ***Background***

1. The City of Vancouver's (the City's) real estate portfolios are primarily overseen by the Real Estate Services (RES) division, which operates within the Real Estate and Facilities Management (REFM) department. The City manages three main real estate portfolios: the Capital Fund, which includes properties used for civic purposes; the Property Endowment Fund, which holds income-generating assets; and the Vancouver Affordable Housing Endowment Fund (VAHEF), which is dedicated to affordable housing initiatives.
2. REFM is responsible for managing all land disposition transactions—whether through sale or exchange—on behalf of the City. When the City chooses to sell or exchange land, it creates an opportunity to generate revenue, attract investment and advance strategic priorities, such as expanding both market-rate and below-market housing. Maximizing value is important, as municipalities face growing financial pressures to deliver essential public services effectively.
3. Our audit objective was to determine whether the City of Vancouver maximized value in its land sales and exchanges.

## ***What We Concluded***

4. We found that the City could not demonstrate that it maximized value for land sales and exchanges. There is an opportunity for the City to enhance existing practices to better demonstrate the value of future transactions. Improvements such as increasing alignment between operational activities and strategic goals, clarifying policy requirements, and improving the quality of information provided to Council could better position the City to demonstrate it maximized value.

## ***What We Examined***

5. The audit covered the period between January 1, 2016, and June 30, 2024. We examined the City's policies and practices related to City land sales and exchanges, as well as information provided to Council for decision-making. To gain an in-depth understanding of how the City attempted to maximize value in its land dispositions, we examined 16 transactions, which represented 40 per cent of land dispositions during the audit period and accounted for 90 per cent of total value.
6. The audit scope did not include assessing land acquisitions, land leases, application of development finance tools and governance of City land portfolios unrelated to land sales and

exchanges. The scope also did not cover the City's work to introduce amenity cost charges (ACCs) in the context of new tools provided by the Province of B.C., as this work is still in progress.

## ***What We Found***

### *Alignment of Land Sales with the City's Strategic Objectives and Priorities*

7. The City of Vancouver's strategic direction, guided by "Vibrant Vancouver: City Council's Strategic Priorities 2023–2026," focuses on nine key goals to build a sustainable, inclusive, and prosperous city. One of the priorities is addressing the housing crisis by partnering to deliver diverse housing options and leveraging City-owned land for both market and non-market developments. Land dispositions can be a key tool in using City-owned land to help deliver these diverse housing options.
8. However, the City lacked a strategy to align the disposition of City-owned surplus land with its broader strategic goals. For instance, such a strategy might prioritize increasing both market and non-market housing as a key objective in land disposition decisions. By establishing a clear strategy, the City could better assess how each transaction contributes to addressing housing needs. As the City's priorities evolve, the framework could be updated accordingly to ensure that land dispositions continue to support and advance the City's evolving objectives. Instead, the City's land sales approach was predominantly reactive, with transactions primarily initiated by a potential buyer or part of rezoning negotiations between the City and a buyer rather than guided by a deliberate, City-led strategy. This ad hoc method lacked alignment with a comprehensive strategy focused on achieving the highest and best use of land assets.

### *Land Sale Policy Requirements*

9. In 2023, Vancouver City Council introduced a new Land Sale Policy, largely based on a 1981 internal policy, however, the City had both a public version and an internal version of the policy. Requirements listed in the public version were not as specific as those in the internal version, raising transparency concerns. While the *Freedom of Information and Protection of Privacy Act* (FIPPA) allows withholding sensitive information, it requires a public body to make any redaction to documents transparent so the public body's decision to redact can be scrutinised and independently challenged. Issuing different versions is not transparent, precludes challenging the decision to withhold information and therefore violates the intent and operation of the legislation. The updated policy also failed to address key gaps, such as defining market value, guiding appraisal use and clarifying when Council input is needed.

10. While the 2023 and 1981 land sale policies outlined key requirements, they were not the only sources of guidance for land sales. Since 1974 the City has compiled various land disposition documents into a file. Some of the guidance was inconsistent, if not contradictory, and in the absence of any clear consolidation it was unclear which guidance should prevail. The documents presented a combination of Council-approved requirements and procedural guidance without differentiating or establishing a hierarchy between the two. We found that two significant policies among these—one requiring that interest be charged on delayed payments and the other limiting transaction extensions—were not applied.

### *Council Communication*

11. While the City received Council approval for all transactions in our sample, Council approval was not always sought for significant amendments to previously approved transactions. In four of the 16 cases<sup>1</sup>, the City granted extensions exceeding 90 days without returning to Council for approval. Notably, two of these transactions<sup>2</sup> were extended by approximately three years and involved payments to the City exceeding \$90 million each. Despite the extended timelines, the City did not include provisions in the contract to charge interest on the delayed payments, as required by the policy. While Council has the discretion to forego interest, it was not explicitly asked to do so. If the City had calculated interest at the prime interest rate in effect on the date of each extension in accordance with its policy, the City would have been entitled to over \$26.3 million in interest payments by the end of the audit period. This figure illustrates the significance of the issue, however, it must be acknowledged that it does not account for other contract terms or concessions the City might have needed to include to secure the deal.
12. Additionally, in one of these transactions, the sale of 601 Beach Crescent, the City agreed to pay a \$12.1 million community amenity contribution (CAC). Council was not informed that the City had no legal obligation to cover this cost. The responsibility to pay the CAC rested with the developer, as part of their rezoning application. This raises questions about how concessions with significant financial implications for the City are made and provided to Council.
13. In six of the 16 transactions reviewed<sup>3</sup>, although Council approval was obtained, Council was not made aware that the agreed sale price, arrived at through direct sale negotiations between the City and the potential buyer, was below the appraised value. Independent appraisals are professional estimates of fair market value, providing figures that are indicative rather than determinative. The differences between sale price and the appraisal for these transactions

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<sup>1</sup> 508 Helmcken Street; Sample Transaction #6; 601 Beach Crescent; 2102 Keith Drive

<sup>2</sup> Sample Transaction #6, 601 Beach Crescent

<sup>3</sup> Lane adjacent 906-982 West 18th; 5025 Arbutus lane; 496 Prior; Land adjacent 3529 Eton; Road adjacent to 118-150 Robson; Lane adjacent to 1465 and 1489 West Broadway

ranged from \$50,000 to \$2 million. Council was not provided with appraisal reports nor most critically, a description of the underlying assumptions and limitations used in determining the price. There may be valid reasons for a difference between appraisal value and sale price. The City can be and frequently is compensated for differences between market value and sale price through other public benefits. However, in these cases, no evidence was presented to Council demonstrating that other public benefits were being received by the City to offset the difference. Instead, Council was simply advised that the negotiated sale price reflected market value. Such advice represented an oversimplification. Because of these deficiencies, we cannot definitively conclude that these properties were sold for less than market value, nor can we attest to market value having been obtained.

14. We analyzed four direct sales of lanes deemed essential to development projects. In three of these sales, the City obtained third-party appraisals and instructed appraisers to assume that the lane be valued based on the current zoning of the adjacent lands. This is in line with the City's CAC procedures which assesses lands based on their existing land value. However, we believe this may have understated value by 20 to 40 per cent. These instructions and their impact were not provided to Council. In a fourth sale intended to facilitate a large-scale transit project, no appraisal was done. Instead, the City used an appraisal for an adjacent property and adjusted the value to help offset the high cost of relocating utilities on the subject site. Our analysis suggests that the sale price factored in approximately \$1.2 million in costs to the buyer; this was not provided to Council. Our analyses illustrate some of the cost implications associated with factors that were not provided to Council and underscore the importance of appraising Council of all material information to support a defensible negotiation result.

### *Transaction Processes and Procedures*

15. Three transactions<sup>4</sup> in our sample were competitive open market sales. For two of these three transactions<sup>5</sup>, while file evidence includes proposal evaluation criteria a final copy of the weighting was not in the files. For one of the three transactions, the sale of 601 Beach Crescent, the City received offers including an initial payment and a deferred payment. The file did not consistently document proposal evaluations and did not include Net Present Value calculations.
16. In two out of six direct sales that did not involve rezoning, although the City's records cited a public interest rationale for proceeding with a direct sale, the records did not clearly demonstrate that a direct sale would yield greater financial and non-financial value than a competitive sale.

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<sup>4</sup> 601 Beach Crescent, 2102 Keith Drive, 1327 Marine Drive

<sup>5</sup> 601 Beach Crescent, 1327 Marine Drive

17. City policy requires an attempt to seek a price above market value when a land sale supports an assembly or expansion project. However, in three of the five applicable transactions<sup>6</sup>, the City’s records were not comprehensive enough to show that the City attempted to get a price above market value.

*Calculation Error*

18. In one transaction, the sale of 601 Beach Crescent, the City chose to receive an initial payment followed by a deferred amount, referred to as the “adjustment price.” The sale contract based the adjustment price on the additional buildable square footage allowed by future rezoning of the property. However, an error in the City’s calculation of the adjustment price led to an understatement of the amount owed to the City by the buyer—by just under \$13 million. The conditions to receive the adjustment price have not yet occurred, so this amount is still outstanding.

*What We Recommend*

19. The recommendations in Exhibit 1 are intended to assist the City in strengthening its policies and procedures in future land sales and exchanges to support transaction that are well-documented, with clear and comprehensive communication to Council and an outcome that clearly supports the City having obtained maximum value. The City has not developed action plans (see Appendix A) in response to these recommendations.

**Exhibit 1: Summary of Recommendations**

Themes	Recommendations
<p><b>Strategic Alignment and Policy Consolidation</b></p>	<p>1. The Real Estate and Facilities Management department should:</p> <ul style="list-style-type: none"> <li>• Establish a strategy that aligns its real estate portfolio with broader City objectives; and,</li> <li>• Define performance metrics and targets for land sales and exchanges to enable monitoring and tracking of progress toward meeting the strategic objectives included in its approved strategies.</li> </ul> <p>2. The Real Estate and Facilities Management department should clarify and update its Land Sale Policy to ensure it is clearly written for all internal and external stakeholders, in compliance with the</p>

<sup>6</sup> 1004 West Broadway; Sample Transaction #6; 1431-1441 W Broadway

	<p><i>Freedom of Information and Protection of Privacy Act</i> and includes the following:</p> <ul style="list-style-type: none"> <li>• Definitions of key terms including “market value;”</li> <li>• Requirements for internal and third-party appraisals;</li> <li>• Guidance on open market sales such as direction to select a successful bidder based on criteria, price, and other considerations; and,</li> <li>• Guidance on when staff are required to re-engage Council for further direction.</li> </ul>
	<p>3. To promote accuracy and compliance, the Real Estate and Facilities Management department should develop and implement a clear, authoritative, and consolidated source for policy guidance on sales and exchanges of City-owned land that:</p> <ul style="list-style-type: none"> <li>• Is consistent with legislation (e.g. the <i>Vancouver Charter</i>) and Council-approved policies (e.g. Land Sale Policy);</li> <li>• Follows an established review process and is kept up to date;</li> <li>• Assigns responsibilities and delegate authority to staff positions that have the discretion and judgment to carry them out effectively;</li> <li>• Focuses on the mandatory requirements that land disposition transactions must adhere to; and,</li> <li>• Is distinct from documented procedural guidelines that assist staff in effectively executing the transactions.</li> </ul>
	<p>4. The Real Estate and Facilities Management department should:</p> <ul style="list-style-type: none"> <li>• Establish an appropriate review and approval process for material changes to purchase contracts and agreements related to City land sales that is consistent with Council policies on extensions;</li> <li>• Ensure that its purchase and sale contracts are consistent with current Council policy that requires a provision that where an extension of completion date is granted by Council, interest is payable from the time of the original date of sale; and</li> <li>• Document a post-transaction analysis to identify what went well and what could be improved.</li> </ul>

<b>Communication to Council</b>	<p>5. For land sale transactions involving higher risk factors such as significant dollar value, strategically important non-financial considerations, or unique terms and conditions, the Real Estate and Facilities Management department should update Council when transactions are completed and provide regular updates on outstanding components.</p>
	<p>6. As part of its process to seek Council approval for land sales, the Real Estate and Facilities Management department should provide Council with information to inform decision-making such as:</p> <ul style="list-style-type: none"> <li>• Information that demonstrates to Council that the sale price met or exceeded the market value of the land, or that non-financial benefits to the City made up the difference;</li> <li>• The value provided by third-party appraisals;</li> <li>• Information on the assumptions and constraints used in appraisals and the rationales for them;</li> <li>• High-risk terms and conditions from invitations to offer and sale agreements;</li> <li>• Risks that the expected benefits of the transaction may not be fulfilled and mechanisms in place to mitigate such risks; and,</li> <li>• Other pertinent information as identified by Council.</li> </ul>
<b>Processes and Procedures</b>	<p>7. The Real Estate and Facilities Management department should ensure that adequate and consistent document retention practices are embedded in its policies and related procedures used across all business areas involved in land sales negotiations to support open, transparent, and accountable decision-making.</p>
	<p>8. The Real Estate and Facilities Management department should</p> <ul style="list-style-type: none"> <li>• Ensure that transaction checklists are completed, appropriately signed off, and retained in the transaction file.</li> <li>• Update its existing disposition process flow chart and checklist and develop new procedures for key functions that are missing.</li> <li>• Ensure that these documents are: <ul style="list-style-type: none"> <li>• Easily accessible to all staff that support City land sales;</li> <li>• Scheduled for regular review and updating; and,</li> </ul> </li> </ul>

	<ul style="list-style-type: none"><li>• Reviewed and updated as per the schedule.</li></ul> <p>9. The Real Estate and Facilities Management department should establish risk-based monitoring and follow-up practices for land sales to ensure:</p> <ul style="list-style-type: none"><li>• Appropriate monitoring for land sales once Council approval has been obtained and until the City has received the agreed upon financial and non-financial benefits; and,</li><li>• Independent validation of high-value calculations.</li></ul> <p>10. For the 601 Beach Crescent adjustment price miscalculation, the Real Estate and Facilities Management department should present a comprehensive financial and non-financial analysis outlining the best available options for Council's consideration and approval.</p>
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# Main Report

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## 1. Introduction

### 1.1 Background and Context

20. The City of Vancouver is one of the largest landowners within its borders. The City has the authority to dispose of surplus land by selling, exchanging, leasing, or granting. These actions can support City goals such as revenue generation, urban development, and the creation of public amenities. With respect to land sales or exchanges, these transactions must be consistent with the *Vancouver Charter (Charter)* and Council-approved policies. Given Vancouver's history of generally rising land values, the City must ensure it secures maximum value from each transaction. Since these deals are permanent, there is only one chance to make the best decision. There are three main types of City land sales and exchanges:

- **Major Site Developments** – Large land holdings sold to facilitate development by the purchaser. These large land holdings may consist of properties with existing structures that require redevelopment, or undeveloped plots that are ready for initial development. These transactions aim to generate revenue and support City strategic goals such as increased density and affordable housing.
- **Surplus Streets and Lanes** – Small parcels located within or next to larger development sites. These are typically needed to complete land assemblies or enable development, ensuring alignment with City planning objectives.
- **Strips and Bits Sites** – Small, constrained parcels with minimal development potential due to location or other limitations. These limitations include the parcel being landlocked or too small to develop on its own, having environmental constraints, or infrastructure needing significant upgrades. These hold little value unless sold to adjacent property holders for consolidation. The City disposes of them to generate revenue from non-strategic assets, including added property tax revenue brought about by transferring to private ownership.

#### Community Amenity Contributions

The City has a unique ability to increase the value of land by exercising its authority to adjust zoning bylaws (rezoning). Like many other municipalities, the City captures some of the increase in land value generated by rezoning through development charges and uses these funds for affordable housing as well as amenities and infrastructure associated with growth. For example, the City's policy on Community Amenity Contributions (CACs) outlines a minimum target of 75 per cent of the increase in land value to be contributed by the owner to the City via cash or in-kind CACs as a condition of zoning approval.

Source: Adapted from the City's Community Amenity Contributions Policy for Rezoning (2024).

21. Redeveloping land can lead to an increase in land value, especially when rezoning or higher density allowances are approved by Council. When the City sells land with redevelopment potential, it prices the property based on its current zoning and then seeks to capture a portion of the value increase resulting from rezoning through Community Amenity Contributions (CACs). These contributions, which can be made in cash or in-kind, apply to all CAC-eligible rezoned properties—regardless of whether the land was previously owned by the City.
22. The City holds land in three main portfolios: the Capital Fund, the Property Endowment Fund (the “PEF”), and the Vancouver Affordable Housing Endowment Fund (the “VAHEF”). Each of these has a distinct mandate. The overall portfolio is substantial and has the potential to assist with various City objectives and priorities. The Capital Fund holds properties and assets required for civic purposes, excluding non-market housing assets which are held in the VAHEF and the real estate assets held in the PEF.
23. The Capital Fund comprises the predominant share of the City of Vancouver’s total assets and includes such things as roads, bridges, water and sewer systems, buildings, community facilities, fire halls, parks, and civic theatres. The City reported the assessed value of the assets in the Capital Fund as \$20.8 billion.
24. The PEF accounts for properties leased to third parties and strategic land holdings for future development or held to support the City’s public objectives, excluding non-market housing assets. The assets in the PEF have an assessed value of about \$5.7 billion, which is about 20 per cent of the value of the City’s entire real estate portfolio.
25. The City’s non-market housing assets, which, according to the City, are worth about \$1.7 billion, have been consolidated into the VAHEF.

## ***Legislative and Administrative Requirements***

### ***The Vancouver Charter***

26. The *Charter* is provincial legislation that contains rules governing how the City operates, what bylaws City Council can create and how budgets are set. Under the *Charter*, City Council has the authority to pass bylaws to regulate such things as noise and land use, buy and sell property, collect certain taxes, approve expenditures, take on debt, give grants, and hire and discharge employees. This legislation grants the City different powers than other local governments, which are governed by the *Local Government Act* and the *Community Charter*.

27. Section 190 (1)(b) of the *Charter* authorizes Council to dispose of surplus land and requires two-thirds Council approval for the sale of land (other than to a Crown entity such as the provincial or federal government) valued at over \$400,000.

***Direct Sales, Open Market Sales, and Leasing of City Lands for Social Purposes (Direct Sales Policy)***

28. In 1981, Council approved Finance Committee recommendations establishing policies for direct and open market sales and leases of City-owned land. The policy outlined procedures for selling small City parcels, disposing, or leasing land for social purposes and facilitating land assembly or expansion projects.

***Council Policy for the Sale of City-owned Lands (Land Sale Policy)***

29. In November 2023, the City introduced a new policy to guide City-owned land sales. This policy was based on the content of the 1981 Council-approved Direct Sales Policy. Standing Authorities and Procedures Binder
30. The City has assembled a collection of documents between 1974 and 2023 that provides guidance and requirements for selling and exchanging City-owned land. The City has 24 such documents covering areas such as marketing practices, interest payable and tendering processes.

***Roles and Responsibilities***

***Council***

31. Council is responsible for setting the City's overall strategic direction. All land sales and operational activities should align with Council priorities. The current Vibrant Vancouver strategic framework outlines Council's goals and priorities for the 2023–2026 period.
32. Under the *Charter*, Council holds exclusive authority to approve land sales with a two-thirds majority required for sales valued over \$400,000. While the *Charter* does not mandate that Council receive specific supporting information for land sales, Council may establish additional requirements. These can be formalized through bylaws or by endorsing City staff policy recommendations.

***Real Estate Facilities Management Department***

33. REFM's Real Estate Services (RES) team is responsible for negotiating the terms of land sales and exchanges and has strategic responsibility for the PEF.

### ***Engineering Department***

34. The City's Engineering department is responsible for receiving requests for the purchase of portions of City streets and lanes. Such requests typically involve developers or homeowners interested in purchasing a part of a City lane or roadway to consolidate with their existing site. Following Engineering's review, approval and outline of conditions, the City Surveyor requests REFM to negotiate the sale with the party interested in purchasing the land; Engineering does not weigh in on price. Other than streets and lanes, Engineering may be consulted by REFM if it has an interest in a City-owned parcel that is being considered for sale (e.g. where City utilities run through the land or where the land was reserved to support future roadway expansion).

### ***Legal Services Department***

35. The City's Legal Services department, as may be requested on a transaction basis, provides legal advice and services in relation to land sales and exchanges to support decision making by the City and in carrying out the legal aspects of land dispositions. REFM is the lead department responsible for negotiating the business terms related to land dispositions.
36. As may be requested by City staff, Legal Services provides legal advice in relation to structuring the business terms and any procedural and legislative requirements with land transactions. Legal Services may also be involved in reviewing, advising upon and drafting the contractual business terms related to a land sale transaction and in performing legal due diligence, including reviewing charges on title. Legal Services also prepares forms and documents for filing in the Land Title Office, as applicable, coordinates closing procedures, and ensures land title registrations have been properly completed.

## **1.2 About the Audit**

37. The objective of the audit was to determine whether the City of Vancouver maximized value for its land sales and exchanges.
38. We defined "maximum value" using elements from the Land Sale Policy and the City's Direct Sales Policy. These policies provided the elements the City must consider for open market and direct sales, including:
- The City's long-term strategic objectives and priorities;
  - Fair market value; and,
  - Terms and conditions required by the City.
39. The audit covered the period from January 1, 2016, to June 30, 2024. We examined the City's policies and practices related to land sales, as well as the information provided to Council to

support decision-making. The audit also considered materials developed before 2016 that were still in use during the audit period as policy, guidance, or administrative procedures.

40. Additionally, we reviewed how the City monitored and reported on land sales and exchanges after contracts were finalized. The audit did not include land acquisitions (except those acquired through exchanges), land leases, the use of development finance tools or land value capture mechanisms (such as CACs), or the governance of the City's land portfolio.
41. We used several methods to obtain sufficient and appropriate evidence, including:
  - Analysing City policies, strategies, contracts, and financial information related to land sales and exchanges;
  - Interviewing City staff to clarify roles and responsibilities;
  - Analysing City data (e.g. transaction records) provided; and,
  - Consulting with land valuation subject matter experts.
42. In the context of a performance audit, the existence of transaction-level fraud risk, such as manipulation of sale processes, may be present within the audited entity. While performance audits are designed to assess the efficiency, effectiveness, and economy of operations, they are not primarily intended to detect fraud. As a result, while performance audits can highlight areas of concern and refer matters for further investigation, they are not a substitute for specialized fraud examinations.
43. We found 40 transactions that qualified as a City land sale or exchange during the audit period. We selected 16 of these transactions for review, collectively representing more than 90 per cent of the value of the total transactions. For more on the audit methodology, refer to [Appendix B: About the Audit](#).

## 2. Conclusion, Findings and Recommendations

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### Conclusion

44. The City could not demonstrate that it maximized value for its land sales and exchanges. There is an opportunity for the City to enhance existing practices to better demonstrate the value of future transactions. Improvements such as increasing alignment between operational activities and strategic goals, clarifying policy requirements, and improving the quality of information provided to Council could better position the City to demonstrate it maximized value.

### 2.1 Strategies, Policies and Procedures

45. To effectively generate revenue and achieve strategic priorities and operational objectives from land sale and exchanges in consideration of economy and public value, the City should have a clear strategy that articulates its land sale and exchange objectives and prioritizes among them.
46. For the duration of the audit period, the City's strategic priorities have included:
- Housing accessibility and affordability;
  - Providing extraordinary vibrant civic amenities; and,
  - Good governance.
47. While these elements have roles to play in the sale and exchange of City-owned lands, they can lead to competing objectives. For example, the priority of good governance may emphasize reducing risks to long-term returns, while the priority of maximizing immediate financial and non-financial benefits may emphasize short-term gains, leading to situations where these two objectives conflict.
48. A clear land use strategy that aligns land dispositions with other City strategies would allow City staff to:
- Ensure they are proactively acting on Council direction for optimizing the City's portfolio;
  - Focus on Council priorities when managing land disposition transactions; and,
  - Develop clear metrics and targets so the City can effectively track and demonstrate its progress toward achieving objectives.
49. In addition to a strategy, a good practice is to have a policy for land sales that guides decisions on selling and exchanging land to achieve overall public benefit and provide specific direction about when direct sales are appropriate.

## ***What we looked for***

50. We examined the City's direction for aligning land dispositions with its strategic priorities. We also examined relevant policies and procedures to ensure that the results of the City's land dispositions were consistently aligned with its strategic priorities. We examined the clarity, completeness and transparency of the direction provided in the City's policies and procedures for land dispositions. We also looked for internal and external performance measures related to land sales to track progress toward achieving goals and objectives.

## ***What we found***

### ***2.1.1 The City did not have a strategy for selling and exchanging land and did not proactively leverage its land portfolio to support its strategic objectives***

51. The City did not have an overall strategy to guide its decisions on disposing of City-owned surplus land. In our sample of 16 transactions<sup>7</sup>, 14 were either initiated by a potential buyer or part of rezoning negotiations between the City and a buyer. City staff told us that the City considers surplus land disposition transactions when it receives unsolicited offers from prospective purchasers or when the City's Engineering department recommends the sale of a land parcel as part of a redevelopment proposal initiated by parties external to the City. Although we were told that in recent years REFM, in consultation with the City's Long-term Financial Strategy and Treasury team, has been working on improving the financial performance of the City's land holdings within the PEF, the City was usually not proactive in exploring the disposition of properties that were projected to require significant capital investments or anticipated to experience declining revenues.

#### ***2.1.1.1 Current Strategic Priorities***

52. In 2023, Council released "Vibrant Vancouver," a set of nine strategic priorities to guide City decisions from 2023 to 2026. Although none of the priorities specifically identified land sales or exchanges as a priority, one priority related to addressing the housing crisis. The aligned work identified to achieve this strategy included leveraging City-owned property to add more market and non-market housing, specifically by advancing several large-scale developments on City-owned land held in the PEF.
53. In our sample of 16 transactions, 13 were direct sales, which were the result of unsolicited inquiries from prospective buyers rather than strategic planning by the City. The other three

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<sup>7</sup> Exceptions are 601 Beach and 1327 Marine Drive

were competitive transactions<sup>8</sup> made in 2016. There have not been any competitive land sales since then.

### **2.1.1.2 PEF Direction**

54. The purpose of the PEF is to preserve and increase the real value of its assets and to increase the fund's ownership of strategic sites. The City established a third-party expert advisory panel in 2014 to improve PEF oversight and advise staff and Council on various aspects of its management, including assisting staff in the development of policy for strategic dispositions.
55. The panel was disbanded on December 31, 2022, having last met in December 2021. No other entity has replaced it and no policy for the strategic disposition of assets was developed. Over the duration the PEF advisory panel was active we found the City did not routinely maintain records of meetings, including agendas and minutes. The PEF manager role had not been filled since 2022, meaning the responsibility for managing the PEF currently sits within the wide range of responsibilities held by the Director of Real Estate Services.
56. In 2018, a City internal audit report noted that, despite changes made to the PEF after a 2010 external review, including hiring a PEF manager, there was a lack of alignment between its goals and objectives and its practices. We found that this situation has not improved.

### **2.1.1.3 Portfolio Management**

57. The City maintained a regularly updated inventory of the properties it owned, including information such as building number, address, coordinates, local area, and the land portfolio each property was held within. However, the City did not have a centralized database containing the data used to identify properties as surplus and to support decisions to sell City properties. For example, if a parcel of City-owned land included an older building with low long-term rental revenue projections and need for a large-near term capital or maintenance outlay, there was no clear means for the City to flag such a property to explore strategic options including potential disposition.
58. The City had some high-level processes in place to confirm whether a property was surplus after a prospective buyer indicated an interest in purchasing it. However, the City's processes were reactive and used on a case-by-case basis rather than on a proactive or portfolio-wide basis.

### **2.1.1.4 Performance Measurement**

59. The City did not establish land disposition performance metrics to track and manage progress toward achieving its goals and objectives. Therefore, REFM was unable to provide Council with

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<sup>8</sup> 2102 Keith Drive, 601 Beach Crescent, 1327 Marine Drive

reporting against performance metrics for land sales. Some of the information already captured by REFM for some land sales (e.g. “sale price,” “appraised value” and “public benefits”) could be leveraged to develop performance metrics and eventually measures. However, information was not consistently or routinely gathered to measure and monitor portfolio performance.

60. Metrics such as how closely sale prices aligned with appraised market values, the proportion of housing units delivered relative to targets set in the applicable area plan, and the extent to which sales contribute to increased City revenues may inform Council’s decision-making in support of the City’s land sale objectives.

### **Recommendation 1:**

The Real Estate and Facilities Management department should:

- Establish a strategy that aligns its real estate portfolio with broader City objectives; and,
- Define performance metrics and targets for land sales and exchanges to enable monitoring and tracking of progress toward meeting the strategic objectives included in its approved strategies.

## *2.1.2 The City’s Land Sale Policy lacked public transparency and was not comprehensive*

61. In 2023, Council directed REFM to develop the City’s Land Sale Policy. This policy was adapted from the City’s 1981 Direct Sales Policy, and similarly provided a broad outline of the requirements and processes that bound the City in executing these types of transactions.

### **2.1.2.1 Public versus internal versions of the 2023 Council Policy for the Sale of City-owned Lands**

62. The composition of the policy raised several concerns. With Council’s approval, in December 2023, the City released a public-facing version of the policy with two key phrases deleted from the policy wording that was approved by Council. The public-facing version showed no indication that it had been redacted and provided incomplete information to the public about the City’s policy, specifically, the minimum value requirements that the City must obtain for land sales. The differences between the Council-approved policy and the public-facing policy were:
- The public facing policy requires the City to “obtain a price above market value” for direct sales of City sites that are essential to an assembly or expansion project, while the internal policy is not as specific; and,

- The public facing policy is less clear about market value requirements for direct sale of small sites that are restricted to an adjoining owner than the internal policy is.
63. The impact of the different requirements can be substantial, since there may be large differences in getting as close to, obtaining, or exceeding market value. When public facing policies emphasize incorrect requirements, such as the need to achieve market value, the public could misinterpret the City's intentions and objectives for these transactions.
64. For its part, the City maintained that having a different external facing policy was necessary to protect its negotiating position. However, the way it has done this does not comply with the *Freedom of Information and Protection of Privacy Act* (FIPPA). If the City believes that disclosure of portions of the Council-approved policy could reasonably be expected to harm the negotiating position of the City, then the public version of the policy needs to comply with the requirements of FIPPA s. 70(3) by including a statement that information has been severed, the nature of the information severed, and the reason for severing the information. Such disclosures ensure the public can exercise their right under FIPPA to challenge the decision to withhold the information.
65. An independent legal review of the validity to the City's concerns is beyond the scope of the audit, however, it is difficult to see how disclosure of the redacted information could provide an advantage to a prospective purchaser and thereby harm the City's commercial or financial interests.
66. Different versions of a policy document can create confusion among staff and Council when interpreting the policy and can also erode public trust in City operations. A better practice is to develop a policy that provides for exceptions, through exercising discretion where warranted, so that staff can utilize judgement while remaining in compliance with a transparent City policy.

### **2.1.2.2 Policy gaps**

67. The Land Sale Policy required several updates to offer clear, appropriate and comprehensive guidance for staff in the administration of land sales. For example, neither policy included:
- Clear definitions of key terms such as "market value" and "above market value" to ensure the interpretation and application of these concepts is consistent and aligned with Council's intention;
  - A requirement for third-party appraisals above a certain threshold and guidance on the factors to consider when deciding whether to seek an updated appraisal (e.g., passage of time; changes in market conditions);

- Transparent requirements for competitive sales to foster public confidence and provide clear direction to staff on the application and weighting of criteria and relevant considerations to the City; and,
  - Circumstances that trigger a requirement for staff to return to Council for approval (e.g., defining material changes to key terms of sale agreements such as when adjustments to price, timelines or buy-back dates would require approval).
68. Neither policy clearly defined the requirements for the sale of street or lane portions in the context of a direct sale. The sale of streets and lanes are direct sales since such properties have limited utility when not combined or assembled with adjacent land. The policies defined two categories for the direct sale of these types of properties, but the categories were not distinct enough. Many of these sales could reasonably fall under either category. The two categories are:
- Category A - where sales of small City sites are restricted to an adjoining owner, the land is sold subject to consolidation, as close to the fair market value as possible; and,
  - Category B - where sales of City sites are essential to an assembly or expansion project, an attempt is made to obtain a price above market value.
69. The gaps mean that it can be difficult to understand whether the City's land sales complied with its own Land Sale Policy. Additionally, the gaps represent a missed opportunity to establish requirements to help ensure land sales are structured to obtain best value for the City. As with any city asset disposal, obtaining best value and upholding transparency and accountability is critical in land sales and exchanges.

### **Recommendation 2:**

The Real Estate and Facilities Management department should clarify and update its *Land Sales Policy* to ensure it is clearly written for all internal and external stakeholders, in compliance with the *Freedom of Information and Protection of Privacy Act* and includes the following:

- Definitions of key terms including "market value;"
- Requirements for appraisals and third-party appraisals;
- Guidance on open market sales, such as direction to select a successful bidder based on criteria, price and other considerations to the City; and,
- Guidance on when staff are required to re-engage Council for further direction.

*2.1.3 Real Estate and Facilities Management did not have a clear, authoritative, and consolidated up-to-date source for policy guidance on dispositions of City-owned land*

70. Since 1974 the City compiled various land disposition documents into a “Standing Authorities and Procedures Binder” (policy binder) that included a combination of Council-approved requirements and procedural guidance provided to or initiated by City staff. The documents ranged in date from 1974 to 2023 and touched on some conditions and requirements for land sales (e.g. payment conditions, extensions of completion dates, interest payments, Council approvals, and tendering requirements).
71. This documentation was not consolidated into a format that clearly indicated which policies or procedures were current.

**2.1.3.1 Active versus superseded policy direction**

72. REFM’s policy binder included direction from Council, City management, and the City’s Legal Services, however duplicate, or contradictory requirements were not removed or adjusted when new documents were added. For example, we found a policy requirement from 1982 related to the specific affirmative Council votes required when City-owned land is sold or leased below fair market value, which was superseded in 2008 but was not removed or marked as superseded in the policy binder. Another policy requirement from 1994 contained a reference to a delegated authority to an outdated position that was no longer in the REFM organization chart.
73. Maintaining outdated or superseded information in a policy binder without indicating it is no longer in effect increases the likelihood of policy gaps, misunderstandings and risks related to policies and procedures not being carried out as intended.

**2.1.3.2 Requirements versus Advice**

74. Although some of the documents in REFM’s policy binder reflected authoritative sources of policy guidance (e.g. previous Council decisions or Council-approved policy) other documents had not been approved by Council or management as policies, varied in form, and did not establish required practices. These documents included, for example:
- An email from the City Manager to Council, about a stated practice that was not a policy requirement;
  - Legal advice from the City’s Legal Department to REFM on how to interpret Council’s authority to deal with City land under the *Charter*; and,

- A memo to REFM from the City's Legal Department providing a suggestion on payment methods for City land.

### 2.1.3.3 Policy contravention

75. In our audit sample, direct sale transactions were generally compliant with City policy permitting direct sales of the land. An exception is the land exchange involving 508 Helmcken Street.
76. When the City submitted a report to Council in 2012, the primary policy guiding land dispositions was the 1981 Direct Sales Policy. That policy permitted direct sales by stating that “any special circumstances that may bear on the decision to sell directly rather than offer by tender will be described in the report requesting authority to negotiate.” The policy also noted that when land is provided for social purposes, it is to be done on a long-term leasehold basis only.
77. However, REFM's report to Council that sought authority to negotiate directly with a prospective purchaser stated that a direct sale of City Lands for non-market housing was consistent with Council policy and incorrectly cited “social purposes” as a circumstance permitting a direct sale. As this was a proposed land exchange to achieve a social purpose, not a long-term leasehold, the rationale was inconsistent with the policy in place at the time. Despite this policy contravention, Council did give REFM authority to negotiate directly for this sale.

#### Recommendation 3:

To promote accuracy and compliance, the Real Estate and Facilities Management department should develop and implement a clear, authoritative and consolidated source for policy guidance on sales and exchanges of City-owned land that:

- Is consistent with legislation (e.g. the *Vancouver Charter*) and Council-approved policies (e.g. *Land Sales Policy*);
- Follows an established review process and is kept up to date;
- Assigns responsibilities and delegate authority to staff positions that have the discretion and judgment to carry them out effectively;
- Focuses on the mandatory requirements that land disposition transactions must adhere to; and,
- Is distinct from documented procedural guidelines that assist staff in effectively executing the transactions.

## 2.2 Oversight and Decision-Making

78. Land dispositions are often complex and involve unique factors to support sound and effective decision-making and information analysis. Context provided to Council must be accurate, comprehensive, and delivered in a timely manner. This allows Council to consider and weigh relevant risks, opportunities and trade-offs when deciding whether to approve a proposed transaction.

### *What we looked for*

79. To determine whether adequate information was provided to Council for it to effectively carry out its oversight role, we examined the City's processes and controls for land sale and exchange transactions, including whether policies were followed. We also examined how relevant information in transaction files was considered and subsequently communicated to Council for approval. We examined management's reports and information provided to Council and the direction and subsequent approvals that Council provided for those transactions.
80. A 2016 review recommended to the City that Council reports should include:
- The proposal objective;
  - Relevant precedents and comparable properties; and,
  - A clear, understandable explanation of the proposal against precedent and comparable properties.

### *What we found*

#### *2.2.1. Council was not informed when REFM agreed to material amendments to previously approved transactions*

81. Section 190 of the *Charter* requires Council to approve – by a two-thirds majority – sales of City-owned land that exceed \$400,000 (other than to a Crown entity such as the provincial or federal government). Council approval was sought and obtained in all 16 of our samples. Although the *Charter* outlines thresholds for land sale approval, it does not specify whether Council approval is needed for amendments to previously approved transactions.
82. REFM did not maintain documentation on how it assessed whether to enter into amendments to extend certain contract terms or trigger dates that state when an option to repurchase the land, or “buy-back” becomes active. We also found no documentation on how relevant risks were managed in relation to amendments. Staff told us that, in the absence of documentation, the key factor REFM assessed was whether the buyer could meet the legal conditions of rezoning such as having certain legal agreements in place or adhering to specific design guidance. If the buyer

could not yet meet these conditions required for Council to enact the zoning bylaw, REFM would be inclined to extend key contractual terms or trigger dates to avoid the contract not being fulfilled.

83. Although staff told us that the City's practice was to return to Council when proposed amendments were "material," this process was not contained in an approved policy or documented as a procedure. As a result, REFM did not have a documented definition of what constituted a "material" amendment that would require Council approval. For example, there were two transactions<sup>9</sup> in our sample valued at over \$90 million each, both delayed by over three years without returning to Council. In these examples, the financial value of the transaction, the time delays and any non-financial benefits to the City were significant, but staff did not bring the transactions back to Council for approval.
84. Two Council-approved policies included direction that:
- The aggregate of all extensions agreed to by the Manager of Real Estate in a particular sale of City property shall not exceed 90 days without further Council authority (1994); and,
  - All future sales of City lands contain a provision that when an extension of completion date is granted by Council, interest will be payable from the time of the original date of sale (1977).
85. Despite these policies being in place during the audit period, REFM did not follow them in the files we examined. For example, the policy requiring interest on delayed payments was not applied to two of the highest-value transactions<sup>10</sup> in our sample, even though both experienced multiple delays and extensions. To illustrate how much interest the City might have earned if the required clause had been included, we calculated estimates using the prime interest rate at the time of each extension. These figures are hypothetical because they do not account for other contract terms or concessions the City might have needed to include to secure the deal. They also do not reflect how charging interest could have encouraged faster completion. Therefore, the full impact of not following the policy cannot be precisely measured.
86. Nevertheless, the exercise provides an order of magnitude and underscores the potential consequence of leaving the clause aside. In one transaction, REFM agreed to six amendments that had the cumulative impact of extending the closing date three years by the end of the audit period. For that transaction, using the applicable prime rates, we estimate that up to \$10.9 million could have been calculated as interest had an interest clause been in place. Using the

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<sup>9</sup> 601 Beach and Sample Transaction #6

<sup>10</sup> 601 Beach Crescent and Sample Transaction #6

same methodology for the other long delayed transaction, we estimate that up to \$15.4 million could have been calculated. Since the City did not include a clause in these sale contracts to charge the buyer interest for extensions, the City is not owed any money from the buyers. However, staff indicated in both instances the transactions were linked to complex rezoning and regulatory delays and they would not have recommended interest being charged. Nonetheless, under the policy this is a matter that should have been put to Council, which is appropriate given the financial magnitude of the decision.

87. REFM indicated it relied on a standard clause in Council's approval of dispositions that states that dispositions can be "on such other terms and conditions as are satisfactory to the City's Directors of Real Estate and Legal Services." While this clause, or a similar one, was included in most Council reports for the transactions we examined, such a clause does not enable management to override Council policy.
88. Council policies reflect Council's authority and must be followed. While clauses allowing administrative amendments provide some flexibility, they do not permit deviation from policy. Delays between approval and closing can alter approved terms, so Council must be informed of material changes and their impact to reassess its decision if necessary.
89. In four of the 16 transactions, REFM agreed to amendments that extended agreed upon timelines longer than 90 days and did so without obtaining required Council approval:
  - 508 Helmcken Street: One amendment to extend the timeline by six months for the buyer to complete 162 new affordable housing units. As this was a land exchange involving no payment, there was no delay in receipt of funds by the City, only in delivery of the housing units.
  - Sample Transaction #6: Six contract amendments that together, extended the date for the buyer to satisfy a condition concerning due diligence testing and analysis of the land and proposed development. The cumulative impact of the amendments had extended the closing date by three years, as of the time we completed the audit. The agreed-upon sale price had not been paid to the City when we concluded our examination.
  - 601 Beach Crescent: The agreement was amended three times (by one year in each amendment) to extend the City's option to purchase back the lands if construction had not started by the trigger date. This extended the contract completion date by three years and caused a delay in the City receiving the adjustment price of about \$97 million and in receiving the 152 units of social housing promised as a condition of the sale and purchase.
  - 2102 Keith Drive: an approximate 18-month extension to the trigger date at which the City could exercise its option to purchase back the land.

90. While REFM's standard clause allowed some flexibility, given the high value of Sample Transaction #6 and 601 Beach Crescent, the delays significantly changed the nature of the original terms to which Council agreed. In our view, these went beyond the general discretion given to staff without needing to seek further Council approval.
91. When the City structures land sale agreements to delay full or partial payment until after rezoning approval, it assumes a higher level of risk. There can be a considerable time lag between the sale and Council's enactment of rezoning, which delays receipt of financial and non-financial considerations for the City and exposes the City to market risk that may drive down the value of considerations that it receives.
92. The staggered nature of the elements of these transactions can make it challenging for Council to oversee each of them to ensure that it understands what is being deferred, what level of risk is being accepted and how the overall return to the City has evolved. If the City decides to make additional concessions through amendments to account for changing market risk or other factors, it needs to be easy to reconcile what the City actually received, compared to what was initially agreed.
93. Having documented analysis of completed transactions maintains institutional knowledge and allows staff to incorporate the lessons learned in future transactions.

**Recommendation 4:**

The Real Estate and Facilities Management department should:

- Establish an appropriate review and approval process for material changes to purchase contracts and agreements related to City land sales that is consistent with Council policies on extensions;
- Ensure its purchase and sale contracts are consistent with current Council policy that requires a provision that where an extension of completion date is granted by Council, interest is payable from the time of the original date of sale; and,
- Document a post-transaction analysis to identify what went well and what could be improved.

**Recommendation 5:**

For land sale transactions involving higher risk factors such as significant dollar value, strategically important non-financial considerations, or unique terms and conditions, the Real Estate and Facilities Management department should update Council when transactions are completed and provide regular updates on outstanding components.

*2.2.2 Council was not routinely provided with all relevant information to inform its decisions, such as the assumptions used in appraisals and the difference between the appraised price and the sale price*

94. Where the City sells land that will be rezoned or is in the process of being rezoned, Council makes two related but separate decisions—one for the sale and another for the rezoning. In these circumstances, Council wears “two hats”—one when it exercises its business role in selling land and a separate one when it exercises its legislative function regarding rezoning approvals. Although local governments may exercise multiple functions when selling their own land, there is a duty to ensure the interests of one function do not restrict the outcome of the other. For example, it would be improper for a local government to sell land with a promise that Council will approve rezoning of the parcel. Doing so would fetter Council’s discretion in making decisions about rezoning. The courts have been clear that local governments must avoid decisions that would bind a separate exercise of its legislative decision-making powers in this way. There are several different approaches to this issue that avoid the fettering the courts have warned municipalities about. These include:
- Making it clear in the sale agreement that regulatory approvals are not part of the agreement; or,
  - Structuring the agreement with milestone provisions so both parties can reduce their risk if future regulatory approvals are not granted.

**2.2.2.1 Disclosure of transaction costs and benefits**

95. For all transactions we examined, the sale price was provided to Council in reports that requested approval for the land sales. In 15 of the 16 transactions we examined, materials provided to Council pointed to the alignment of the proposed sales with one or more City objectives, such as:
- Alignment with job space and housing-related goals of strategic plans (e.g. the Broadway Plan, City’s Secured Rental Policy, Vancouver Housing Strategy and Council’s Housing and Homelessness Strategy);

- Support of the City’s rezoning or Council’s conditional development approval; and,
  - Realizing future public amenities through optimal development.
96. The exception related to a sale of a City-owned property<sup>11</sup> in the neighbouring municipality of West Vancouver.
97. Although Council was routinely provided with the transaction sale price, they did not receive information on the dollar value of other benefits or costs arising from the transactions, such as a loss of revenue. Instead, information provided to Council tended to be more general in nature (e.g. to enable development, obtain key road dedications, provide housing and details on the sale proceeds). Additionally, reports to Council and transaction files included little information about anticipated costs to the City resulting from the transactions. We received no explanation and there was no record as to why cost information was not included in the reports.
98. In 14 of the 16 transactions<sup>12</sup> we examined, Council was not provided with information on the likelihood and impact of benefits not being completely realized. We could not determine whether the absence of risk-related information in Council reports and transaction files reflected a true lack of risk, or a gap in the routine assessment and communication of such information.
99. For example, the City issued an Invitation to Offer (ITO) for the potential sale of 601 Beach Crescent that contemplated rezoning to achieve additional residential floor space in accordance with the City’s land use policies. The City required proposals to allocate 20 per cent of the building’s total gross floor area for non-market housing, including a minimum of 152 units, to be provided by the developer as a CAC. The ITO stated that the City would take responsibility for any additional CAC due as a result of the rezoning and that only those duties and obligations which were expressed in the sale contract would apply.
100. The subsequent sale contract was materially consistent with the ITO in that it established the 152 affordable housing units as a “minimum,” and identified the purchaser as responsible for any additional non-market units that may be required at rezoning. By excluding any obligation to the City for additional units at rezoning, the contract makes the purchaser solely responsible for providing those units. The developer’s approved rezoning required an additional 21 non-market units over the original 152 units, which the City agreed to convert to a \$12.1 million cash CAC.
101. The City agreed with the developer via email that it bore responsibility for the cash CAC, referencing the original ITO as the rationale for this concession. However, the ITO had been

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<sup>11</sup> 1327 Marine Drive

<sup>12</sup> The exceptions are 2102 Keith Drive and 601 Beach Crescent

superseded by a sale contract that made clear additional units arising from the developer's rezoning was the developer's responsibility and did not contain any clause requiring the City pay the developer's CAC.

102. In summary, the City did not have a documented rationale for ignoring the legally binding contract. At the time that the City provided assurance to the developer that it would pay the CAC, that assurance was not supported by a contract amendment, nor was there documentation indicating that Council had approved this decision.

### **2.2.2.2 Transaction price met or exceeded market value of the land**

103. According to the City's Land Sale Policy, direct sales of land restricted for sale to an adjoining owner must be at a price as close to fair market value as possible, keeping in mind the advantages to the City of the sale. For direct sales of land essential to an assembly or expansion project, the City must attempt to obtain a price above market value based upon the value to the purchaser, noting that worthwhile developments provide benefits to the City. This would imply that to demonstrate policy compliance for direct sales, Council should be provided with the proposed sale price, the market value, and a rationale where there is a gap between the two.

104. However, REFM did not routinely demonstrate to Council that the sale price met or exceeded the fair market value of the land being sold or exchanged. Because reports to Council did not highlight transactions where the sale price was lower than the market value opinion, it also did not demonstrate to Council that public value made up the difference. For 12 of the 16 sample transactions<sup>13</sup>, staff did not demonstrate to Council that the sale price met or exceeded the market value opinion of the land being sold or exchanged. Information such as the difference between sale price and appraised value is critical to Council's ability to make an informed decision on whether to approve a sale.

#### **After the Audit Period: Significant Subsequent Event**

In April 2025, Council authorized the Director of Real Estate Service to negotiate and execute an extension agreement to the 2016 sale contract in accordance with several terms including that the City shall pay the \$12.1 million CAC.

The information provided by REFM to Council did not include that there was no legal requirement, in the sale agreement or otherwise, for the City to pay the \$12.1 million. This decision effectively reduced the base purchase price for the property from \$20 million to \$7.9 million. This raises questions about how concessions with cost implications to the City of this magnitude are made and provided to Council.

<sup>13</sup> lane adjacent 906-982 West 18<sup>th</sup>, 5025 Arbutus St, land adjacent 3529 Eton, 496 Prior, lane east of 11th and Victoria Drive, road adj to 118-150 Robson, 1431-1441 West Broadway, lane adj 1465 and 1489 West Broadway, lane adjacent to 3681 Victoria and 1915 Stainsbury, 601 Beach Crescent, lane adjacent 3215 to 3211 West 41<sup>st</sup>, 508 Helmcken

105. For six of these 12 transactions<sup>14</sup>, staff did not report to Council that the sale price was lower than the appraised value. Independent appraisals are professional estimates of fair market value, providing figures that are indicative rather than determinative. The differences between sales price and the market value opinion in these transactions ranged from \$50,000 to \$2 million. There may be valid reasons for a difference between appraisal value and sale price. The City can be and frequently is compensated for differences between market value and sale price through other public benefits. However, staff did not demonstrate that public value made up the difference. For these transactions, staff simply told Council that the negotiated sale price represented market value, which was an oversimplification. Because of these deficiencies we cannot definitively conclude that these properties were sold for less than market value, nor can we attest to market value having been obtained. We believe Council would have benefited from additional information to support good and fully informed decision-making. Lastly, we note that, contrary to the law governing other local governments in British Columbia, the *Charter* does not prohibit Council from selling land at less than market value.
106. For one transaction<sup>15</sup>, an incorrect appraised value was included in a Council report. Although the report indicated that the sale price exceeded the market value opinion by \$30,000, the values were equal. For three transactions<sup>16</sup>, although the sale price aligned with or fell within the market value opinion range, this information was not shared with Council to illustrate the relationship between the sale price, market value, or other benefits to the City.
107. For the sale of 601 Beach Crescent, the City considered four scenarios (two each from the two different offers) with proposed future benefits included in the proceeds. The four scenarios from the two offers were presented to Council using a mix of present and future values, which lacked context. Recognizing that the value of a dollar diminishes over time, Net Present Value (NPV) is the most effective means of quantifying future costs and benefits. NPV converts future cash flows into today's dollars using a discount rate. Therefore, we calculated the NPV using a 2.7 per cent interest rate which was the prime interest rate on the day the offers were presented to Council.
108. Using this calculation, in three of the four scenarios, the offers would have converted into prices that were millions of dollars lower than the values REFM presented to Council. However, our

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<sup>14</sup> Lane adjacent 906-982 West 18th; 5025 Arbutus lane; 496 Prior; Land adjacent 3529 Eton; Road adjacent to 118-150 Robson; Lane adjacent to 1465 and 1489 West Broadway

<sup>15</sup> Lane adjacent 3215 to 3211 West 41<sup>st</sup>

<sup>16</sup> lane east of 11th and Victoria Drive, 1431-1441 West Broadway, lane adjacent to 3681 Victoria and 1915 Stainsbury

retrospective NPV calculations confirmed that although the NPV of the offer selected by the City was lower value than the value presented to Council, it was still higher than the other offers.

### **2.2.2.3 Appraisal Assumptions and Constraints**

109. After 2016 the City began to obtain third-party appraisals for land worth \$1 million or more when sold or exchanged. Although this practice was not a requirement, it was one to which the City generally adhered in our sample. Aside from the land exchange involving 508 Helmcken Street, which occurred before this practice began, there was only one other transaction for a disposition valued at over \$1 million for which REFM did not obtain a third-party appraisal.
110. Appraisals serve important validation purposes. First, an appraisal provides an independent and impartial opinion from an accredited professional about the value of the property. This is an important function even when the zoning or density permitted on a property does not change. However, when the zoning changes or is likely to change, the value of a property can rise significantly. This is especially true for property where the density (the number of units allowed to be built on the property) increases. An appraisal for a property in this circumstance can add valuable information and context for Council to consider before making a sale decision.
111. Neither the third-party appraisals obtained by REFM nor valuation analyses completed internally by staff were included with Council reports. Although appraisals or internal valuation analyses contain valuable information such as the assumptions and constraints used in determining the market value of the land, there was no policy or procedure that required a report to Council to include them.
112. While assumptions and constraints in our sample varied, in 14 transactions they related to "highest and best use" of the property with respect to zoning. According to the Appraisal Institute of Canada, "highest and best use" refers to "the probable and legal use of a property, that is physically possible, appropriately supported and financially feasible and that results in the highest value."

### **2.2.2.4 Detailed analysis**

113. To understand the impact of the assumptions and constraints REFM used in valuing land, we conducted detailed analyses of four direct sales of lanes deemed essential to development projects.
114. The City's approach to determining appraised value for three of the four lanes in our sample of properties was to instruct the appraisers to base their assessments on current zoning and not rezoning that had been conditionally approved by Council in all three cases.

115. We were told REFM took this approach to maintain a separation between the City's separate roles; its business role in obtaining highest value through selling land and its legislative role in managing zoning. This approach was not documented in policies or procedures related to land sales, but the practice of assessing lands based on their current value aligned with the City's established CAC procedures. Though valid, as we describe in paragraph 94, there are other ways to keep the "two hats" separate, such as through clauses included in the sale agreement.
116. The following descriptions of our sample analyses include the difference in value between the appraisals requested by the City (based on zoning that was current at the time) and valuations of the property based on conditionally approved zoning. We have included these values to illustrate the lift in property value as a result of rezoning, not to suggest the City ought to have obtained a sale price equal to the full rezoned appraisal value, given there are multiple factors involved in negotiating a final sale price.
117. As the City did not seek appraisals that factored in conditionally approved zoning, Council was not made aware of these differences when approving the sales. We recognize that the CAC process is an opportunity for the City to achieve financial or in-kind benefits that bridge, in part, the difference in value between current and new zoning. However, achieving a higher up-front price provides more certain financial benefit for the City. Council should be provided with the opportunity to understand the full range of options for sale price and CAC components of land sale transactions.

#### Lane Adjacent to 906-982 West 18<sup>th</sup> Ave

118. Approximately two years before approving this lane sale, Council had conditionally approved the rezoning of a large area of land, which included this lane, subject to various bylaw enactment conditions including the lane's closure and sale. REFM obtained a third-party appraisal for this property that instructed the appraiser to ignore the conditionally approved rezoning.
119. The market value calculated for the property would have been significantly higher if rezoning had been taken into account. We estimate the difference between the City's final sale price and the alternate value of the lane to be about 20 per cent, or more than \$750,000. As referenced in paragraph 116, our analysis did not account for costs of concessions the buyer would be required to provide in order to achieve zoning approval (in this case a turnkey childcare facility among other concessions). We found that the City lacked documentation showing the value of the concessions agreed to by the buyer and could not demonstrate that Council was aware of them.

### Lane adjacent to 3215 and 3211 West 41<sup>st</sup> Ave

120. Council had conditionally approved the rezoning of abutting lands together with this lane subject to various bylaw enactment conditions, including the closure and sale of a portion of a City lane. The third-party appraisal obtained by REFM noted that “Given the subject forms a portion of a proposed development at a much higher density than permitted under the existing zoning, the hypothesis of this report may serve to understate its market value” (using base zoning). The parameters for the appraisal and the appraiser’s caveat that the market value may have been understated were not provided to Council.
121. In this case we estimate that the sale price obtained by the City was 26 per cent, or more than \$500,000, lower than a market value assessment of the property, taking the conditionally approved zoning into account. However, our analysis did not account for key variables that might have impacted the market value opinion, including the heritage restoration and retention obligations of the developer, or other development criteria. Although irrelevant to the value of the property at its previous zoning, these factors represent costs to the buyer that would be relevant to the property as rezoned.

### Road adjacent to 118-150 Robson St

122. The subject property was a closed road that the buyer intended to assemble with adjacent properties for redevelopment. REFM obtained a third-party appraisal after the City received a rezoning application for the property, but prior to its approval by Council. We noted that Council conditionally approved the rezoning prior to approving the sale of the closed road and that this rezoning approximately doubled the permitted Floor Space Ratio (FSR). FSR determines how much building floor area can be constructed on a given parcel of land. The increased FSR significantly increased the value of the property.
123. REFM had instructed the third-party appraiser to ignore the proposed development on the subject assembly and to consider its redevelopment potential based on the *existing* zoning. This instruction to the appraiser was not provided to Council.
124. In estimating the market value of the road, we considered the potential for assembly with the adjacent properties to support potential rezoning. We also considered the premium associated with developer obligations such as the retention and restoration of a heritage façade located on the adjacent properties as well as CACs. We estimate that the sale price obtained by the City was 41 per cent, or \$2.9 million, lower than a market value opinion that considered the highest and best use of the land at the time of the sale.

125. We recognize that achieving a higher selling price can reduce the value of the CAC received as a result of rezoning. However, cash received on sale is certain whereas the future receipt of value through CACs bears levels of uncertainty and risk, as was highlighted in the OAG's 2025 Whistleblower Report. While our analysis illustrates some cost implications of factors not provided to Council, it could not capture all potential impacts. This underscores the importance of providing Council with complete and material information to support a defensible negotiation outcome.
126. Related to the three examples above, REFM expressed concern that disclosing to Council the market value of land at its potential rezoned value would fetter its discretion to approve zoning but we are satisfied this is not the case. By the same argument, any sale of land by the City which is conditional on development approvals being granted could be seen to fetter Council's discretion because it will know and understand that the approval of rezoning will facilitate the sale and transfer of funds to the City. A similar argument has been considered and rejected by the courts. A greater concern is that not disclosing the potential rezoned value of the land withholds important information to enable Council to make a fully informed decision.

#### Lane Adjacent to 1465 and 1489 West Broadway

127. This lane sale was related to a tripartite land deal and intended to facilitate a large-scale public transit project; the sale was one of the conditions for issuing a development permit for the adjacent land parcel.
128. Our analysis suggests that the sale price factored in approximately \$1.2 million in costs to the buyer associated with relocating utilities on the property. However, a third-party appraisal was not commissioned at the time of the negotiation by REFM, and information about the utility relocation costs and quantified public transit benefits were not presented to Council. Instead, REFM used an appraisal related to the sale of an adjacent property and then factored in utility costs. Obtaining a third-party appraisal and disclosing to Council all of the factors that were material to the sale price, prior to Council's approval of the sale, would have justified the reasonableness of the recommended sale price.

**Recommendation 6:**

As part of its process to seek Council approval for land sales, the Real Estate and Facilities Management department should provide Council with information to inform decision-making such as:

- Information that demonstrates to Council that the sale price met or exceeded the market value of the land, or that non-financial benefits to the City made up the difference;
- The value provided by third-party appraisals;
- Information on the assumptions and constraints used in appraisals and the rationale for them;
- High-risk terms and conditions from invitations to offer and sale agreements;
- Risks that the expected benefits of the transaction may not be fulfilled and mechanisms in place to mitigate such risks; and,
- Other pertinent information as identified by Council.

## 2.3 Management Practices and Follow-up

129. Land sales and exchanges can be extraordinarily complex and have the potential to generate significant revenue and other benefits to the City. As such, having adequate documented internal processes and procedures in place is critical to ensuring all the appropriate steps are undertaken and that file documentation is developed and maintained at each phase of the disposition process, including follow up once a sale contract is in place.

### *What we looked for*

130. To understand the City's processes to maximize the value of land sale and exchange transactions in comparison to criteria established by City policy and to document a defensible negotiation outcome, we examined a sample of 16 transaction files. Of the 16 transactions in our sample, three were open market transactions<sup>17</sup>, while the remaining 13 were direct sales. Open market transactions offer the opportunity to assess, and contrast offers to determine which best meets the needs of the City. Direct sales require the same level of rigour but lack the benefit of comparing multiple offers. Instead, it must be demonstrated that a direct sale represents best value to the City.

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<sup>17</sup> 2102 Keith Drive, 1327 Marine Drive, 601 Beach Crescent

131. Although the City's policy established competitive sales as the default, the policy did not establish criteria that should be considered in obtaining maximum value in competitive sales. However, good practice for open market processes sets fair market value as the starting point, subject to adjustments for the other strategic factors or specific considerations such as the development goals for the use of an individual parcel of land.
132. We also reviewed REFM's internal process documents including their dispositions process flow chart and dispositions checklist to understand whether these provided appropriate and clear guidance to staff. Clearly understood processes and procedures are helpful in ensuring that tasks are completed consistently and in compliance with applicable requirements. Having these processes and procedures documented and accessible to staff can also help ensure that staff are able to complete all steps of the task appropriately.

## ***What we found***

### ***2.3.1 The City's records did not routinely demonstrate it achieved maximum value for its land dispositions across the 16 transactions we examined***

#### ***2.3.1.1 Competitive sales***

133. For competitive sales, the City conducted public, competitive processes to solicit bids for the land, where assessment criteria were provided to bidders, and an evaluation could be used to determine the successful bidder. The City's records for one of the transactions<sup>18</sup> demonstrated that the successful buyer's proposal provided the highest dollar value. The sale generated significant interest from potential buyers and several bids. Ultimately, the price obtained by the City was 206 per cent above the appraised market value. The intention of the successful bidder was to move their corporate headquarters to that location and bring jobs to the area.
134. For the other two competitive sales<sup>19</sup>, the City's records were insufficient to demonstrate maximum value had been achieved. One property was in the municipality of West Vancouver and did not have significant strategic value to the City. However, while in both cases the City described the accepted offers to Council as the "best offers," there was no record of the weighting of financial and non-financial criteria, how proposals were scored, or how the successful offers were selected. A documented weighted analysis aligned with its objectives and priorities would have allowed REFM to demonstrate that the best bid was selected. Although staff told us that this exercise was completed the documentation could not be located.

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<sup>18</sup> 2102 Keith Drive

<sup>19</sup> 1327 Marine Drive and 601 Beach Avenue

### 2.3.1.2 Direct sales

135. The City's 2023 Land Sale Policy establishes competitive processes as the default and only allows direct sales in certain prescribed circumstances, subject to prior Council approval. The City uses a different process for direct sales than for competitive sales. For direct sales, the City has two key criteria, supported by additional sub-criteria, that must be met. When proceeding with a direct sale, the City should clearly document how the applicable criteria and sub-criteria were met.
136. Seven of the 13 direct sale transactions<sup>20</sup> we examined were driven by a development project seeking to rezone the land. For four of the other six transactions<sup>21</sup>, the City's records identified specific reasons that a direct sale would produce maximum value for the City over a competitive sale. However, for two of these transactions<sup>22</sup>, although the City's records identify a public interest reason for a direct sale, records did not make clear that the direct sale would maximize value to the City as opposed to a competitive sale.
137. We examined whether the relevant direct sales complied with the requirement to attempt to obtain a price above market value for land sales essential to an assembly or expansion project. Five direct sale transactions<sup>23</sup> we examined were subject to this requirement.
138. In three of these transactions, the City took some steps to obtain a price above market value:
- For the sale of 1004 West Broadway, REFM engaged in a two-step process: (1) to first agree on the maximum development potential and (2) to then obtain a third-party appraisal to verify the market value based on the established development potential with instructions to the appraiser to value the land at future zoning and identify whether the site could garner a higher value as assembled with the prospective buyer's adjacent property;
  - For the sale of Sample Transaction #6, REFM obtained an appraisal for the site "as is" and "as assembled" representing efforts to gather information to support negotiations of a price above market value. The City obtained a price representing the high end of the "as is value" and mid-range of the "assembled value" put forth by the third-party appraisal; and,

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<sup>20</sup> lane adjacent 906-982 West 18<sup>th</sup>, 5025 Arbutus, lane east of 11th and Victoria Drive, road adj to 118-150 Robson, lane adj 1465 and 1489 West Broadway, lane adjacent to 3681 Victoria and 1915 Stainsbury, lane adjacent 3215 to 3211 West 41st

<sup>21</sup> 1004 W. Broadway, 496 Prior, Land adjacent 3529 Eton, 1431-1441 W. Broadway

<sup>22</sup> Sample Transaction #6, 508 Helmcken

<sup>23</sup> Sample Transaction #6, 1004 West Broadway, 496 Prior, 1431-1441 West Broadway, 508 Helmcken

- For the sale involving 1431-1441 West Broadway, the City obtained a sale price slightly higher than the market value established by the third-party appraisal it obtained that valued the property with redevelopment potential.

139. However, for the other two transactions<sup>24</sup>, REFM's transaction records did not demonstrate it had taken steps to attempt to obtain a price above market value:

- For the sale of 496 Prior Street, the City obtained two third-party appraisals and considered an appraisal provided by the buyer that valued the site as a stand-alone property at its existing zoning. The City rejected all three appraisals and completed a high-level analysis of data extracted from the appraisals. The City negotiated a price below the mid-point of the range it established through this exercise (and below both appraisals obtained by the City, but above the buyer's appraisal).

140. REFM did not have a requirement to include a price rationale in the transaction file, which would demonstrate that relevant factors were given appropriate consideration to support the sale price. The relevant portions of such an analysis could also be included in Council reports. We note that this type of analysis has been recommended to REFM twice before but has not been implemented.

141. A 2016 external controls review noted that the City relied on team-based meetings and escalations instead of traceable evidence for key decisions and rationale to support them. And a 2018 internal audit report recommended that REFM create and utilize a template for internal market value analysis to improve documentation standards and maintain consistency and adequacy of information for the justification of final negotiated prices. This documentation is a critical control intended to address the significant risk of fraud in transactions of this nature. We believe these recommendations were appropriate and should have been implemented.

#### **Recommendation 7:**

The Real Estate and Facilities Management department should ensure that adequate and consistent document retention practices are embedded in its policies and related procedures used across all business areas involved in land sales negotiations to support open, transparent and accountable decision-making.

<sup>24</sup> 496 Prior Street & 508 Helmcken Street

### *2.3.2 REFM had some process guidance in place however, it did not routinely follow it*

#### **2.3.2.1 Dispositions flow chart**

142. REFM had a dispositions process flow chart to illustrate the steps involved in the workflow for land disposition transactions. The flow chart was put together as an internal resource document for REFM staff. The flow chart included some key land sale/exchange milestones and decision points including:
- The decision whether to sell to an adjacent property owner;
  - Whether holds were required (e.g. other departments such as Engineering requiring the land for some civic purpose such as future street widening); and,
  - Whether Council approved the sale.
143. However, the flow chart did not have a regular, documented review schedule to ensure it reflected current practice and requirements, and was missing several key aspects of a land sale or exchange such as:
- The threshold for obtaining third-party appraisals;
  - When in the process a third-party appraisal or internal valuation should be completed;
  - When an inter-departmental memo to understand whether the property is surplus to civic needs is required; and,
  - Required approvals, other than from Council.

#### **2.3.2.1 Dispositions review checklist**

144. REFM developed a dispositions review checklist in 2020, which was designed to be completed by staff prior to seeking Council approval of a land sale or exchange and signed off by REFM management and the General Manager. Having staff complete the checklist before seeking approval provides an important opportunity to demonstrate to management that all the milestones in the checklist had been met prior to management's review of the file.
145. However, REFM had no documented requirement that staff complete the checklist and save it to the transaction file. For each of the three transactions<sup>25</sup> in our sample that were approved by Council in 2024, though REFM prepared checklists, we found that these were not stored in the transaction files and one checklist was not signed at the director or general manager-level.

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<sup>25</sup> 1004 West Broadway, lane adjacent 906-982 West 18<sup>th</sup>, 5025 Arbutus

Three of the four transactions<sup>26</sup> in our sample approved in 2022 and 2023 had completed checklists on file.

146. An incomplete flow chart increases risks that staff might develop different interpretations of the required process. The lack of checklist completion for transactions might increase the likelihood of missed transaction steps and relevant documentation not being retained. This can lead to inconsistent execution, skipping critical tasks or performing them incorrectly and may limit the City's ability to identify inefficiencies or areas for process optimization

#### **Recommendation 8:**

The Real Estate and Facilities Management department should

- Ensure that transaction checklists are completed, appropriately signed off and retained in the transaction file.
- Update its existing disposition process flow chart and checklist and develop new procedures for key functions that are missing.
- Ensure that these documents are:
  - Easily accessible to all staff that support City land sales;
  - Scheduled for regular review and updating; and,
  - Reviewed and updated as per the schedule.

### *2.3.3 The City closed land transactions without issue; however, one transaction contained a material error, which could cost the City approximately \$13 million*

147. Following a robust due diligence process ensures the City has successfully complied with all its obligations and received all agreed upon funds and other requirements.

#### **2.3.3.1 Conveyance processes**

148. When a land sale transaction is completed, a property formerly owned by the City is conveyed to the purchaser and the City receives its consideration under an agreement. The administration of the conveyance process is handled by REFM staff.
149. In 11 of the 15 concluded transactions we examined where the properties were conveyed to the purchaser, REFM used a "Real Estate Administration Dispositions Review Checklist" to support

<sup>26</sup> land adjacent 3529 Eton, 496 Prior, lane east of 11th and Victoria Drive, Sample Transaction #6

its processes. The other four transactions<sup>27</sup> did not have a checklist completed on file for tasks related to their status in the conveyance process. One sample transaction<sup>28</sup> was excluded because, although the sale had been approved by Council, the property had not yet been conveyed to the buyer.

150. The City's records indicated it had received all proceeds due for 14 of the 15 transactions<sup>29</sup>.

### **601 Beach Crescent Adjustment Price Error**

151. The one transaction we examined where the City had not yet received the full proceeds of the sale, although the property had been transferred to the new owner, was the sale of 601 Beach Crescent. The structure of this transaction was unique, as the City had agreed to receive only the base price at conveyance. The sales contract called for the buyer to provide the City with an adjustment price due upon rezoning enactment, a milestone that had not yet been reached during the audit period.
152. The sales contract defined the adjustment price as an amount calculated by multiplying \$365 by the buildable square footage of additional floor space above the Base Gross Buildable square footage, which may be approved in principle by Council when the buyer applies to rezone the property. However, since the rezoning report did not include gross buildable square footage, REFM calculated the adjustment price based on figures made available at the development permit application stage.
153. The City's reliance on development permit level drawings to calculate the adjustment price was reasonable, since it contained measured and confirmed gross floor areas, which is consistent with the contract's intent that the adjustment price capture upzoned density using the City's definition of Gross Buildable square footage.
154. Gross Buildable Area is defined as the gross buildable square footage of a development determined by measuring from the outside finished surfaces of permanent outer building walls without any deductions. It also includes all enclosed floors but excludes subsurface areas dedicated to parking, basements, and garage areas. Open balconies are also included in the Gross Buildable Area.
155. However, the City made a material error when it calculated the square footage of the Gross Buildable Area applicable for 601 Beach Crescent. It subtracted the open balcony area from

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<sup>27</sup> lane east of 11th Ave and Victoria Drive, lane adjacent to 3681 Victoria Drive and 1915 Stainsbury Ave, lane adjacent 3215 to 3211 West 41<sup>st</sup> Ave, 508 Helmcken Street

<sup>28</sup> Sample Transaction #6

<sup>29</sup> 601 Beach Crescent is the exception

both the rezoned gross floor area and the existing gross floor area instead of including it to arrive at an adjusted gross floor area used to calculate the adjustment price. This error caused the Base Gross Buildable square footage to be lower than it should have been, which reduced the adjustment price due to the City. The error resulted in the City calculating an adjustment price of just over \$97 million. The adjustment price without the error would have been just over \$110 million.

156. As a result, the City's calculation understated the adjustment price owed to the City by the buyer (due prior to rezoning enactment, which had not yet occurred) by just under \$13 million.

**Recommendation 9:**

The Real Estate and Facilities Management department should establish risk-based monitoring and follow-up practices for land sales to ensure:

- Appropriate monitoring for land sales once Council approval has been obtained and until the City has received the agreed upon financial and non-financial benefits; and,
- Independent validation of high value calculations.

**Recommendation 10:**

For the 601 Beach Crescent adjustment price miscalculation, the Real Estate and Facilities Management department should present a comprehensive financial and non-financial analysis outlining the best available options for Council's consideration and approval.

## Appendix A: REFM Audit Response

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### *Overall Comments*

The City thanks the Auditor General for the work undertaken in preparing the Land Sales audit. We appreciate the comprehensive review and acknowledge the value of several recommendations that will help support continued improvements to our processes and practices.

The Real Estate team has reviewed the report in detail and agrees with many of the proposed enhancements. However, we note that some findings do not fully reflect the operational context or the information provided by staff during the audit. Land transactions, particularly those involving complex Community Amenity Contribution (CAC) negotiations require careful consideration of market conditions, financial feasibility, and the City's long-term policy objectives. These negotiations often involve balancing multiple interests to achieve fair and sustainable outcomes for both the public and development partners.

We believe that greater consideration of this complexity would provide a more complete picture of the work undertaken by staff. The Real Estate team remains committed to transparency, continuous improvement, and constructive collaboration with the Office of the Auditor General to ensure future reporting reflects both operational realities and the high standards expected of our programs.

**Armin Amrolia**

Deputy City Manager and  
General Manager REFM  
City of Vancouver

## Appendix B: About the Audit

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This report presents the results of a performance audit conducted by the Office of the Auditor General for the City of Vancouver (OAG) under the authority of the *Auditor General Bylaw No 12816*. All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements, set out in the CPA Canada Handbook – Assurance.

The Office of the Auditor General applies Canadian Standards on Quality Management, CSQMs 1 and 2, which require it to maintain a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

The OAG complies with the independence, other ethical requirements, and rules of professional conduct of Chartered Professional Accountants of British Columbia (CPABC) applicable to the practice of public accounting and related to assurance engagements and the standards of conduct of the City of Vancouver.

### **Objective**

The objective of the audit was to determine whether the City of Vancouver maximized value for its land sales and exchanges.

### **Period Covered by the Audit**

The audit covered the period from January 1, 2016, to June 30, 2024. It examined the City's policies and practices related to land sales, as well as the information provided to Council to support decision-making. The audit also considered materials developed before 2016 that were still in use during the audit period as policy, guidance, or administrative procedures. It also reviewed how the City monitored and reported on land sales and exchanges after contracts were finalized. We conducted our examination work between May and June 2025 and completed the audit on January 29, 2026.

### **Audit Scope and Approach**

The audit scope included policies and practices related to City land sales (including ownership transfers, such as sales of large City-owned parcels, street and lane sales and land exchanges) and information provided to Council for decision-making. The scope also included the application of policies and Council direction as well as the practices used by City departments to ensure land sales and exchanges achieved maximum value for the City (e.g. third-party

appraisals, contract terms, and conditions). Work was also performed to examine monitoring and reporting practices of land sales and exchanges after contracts have been signed.

The audit scope did not include the:

- City land acquisitions (apart from land acquisitions included in a land exchange);
- City’s land leases;
- Application of development finance tools and land value capture mechanisms (e.g. Development Cost Levies, CACs, Density Bonus Zoning Contributions) outside of land sale and exchange negotiations and agreements;
- City’s work to introduce amenity cost charges (ACCs) in the context of new tools provided for by the Province; and,
- Governance of City land portfolios (Capital Land, PEF, VAHEF) unrelated to sales and exchanges.

We used several methods to obtain sufficient and appropriate evidence. We reviewed available documentation, interviewed internal stakeholders, and undertook analytical procedures. This included:

- Analysing City policies, strategies, contracts, and financial information related to land sales and exchanges;
- Interviewing City staff to clarify roles and responsibilities;
- Analysing City data (e.g. transaction records); and,
- Consulting with land valuation subject matter experts.

**Audit Criteria**

A performance audit uses criteria determined in advance to assess how a department or program is performing in the area being examined. Criteria are intended to be reasonable expectations of how well a program, operation, system, or practice is managed to achieve intended results. We used the following audit criteria:

Exhibit 3: Audit Criteria

Lines of Enquiry	Criteria
<b>Transaction Values</b>	Land sales and exchanges maximized value for the City. REFM employed processes to ensure that land sales and exchanges were based on achieving maximum value for the City. REFM engaged in post transaction due diligence.

Lines of Enquiry	Criteria
<b>Governance and Strategy</b>	<p>The City has a clear strategy or framework that aligns the City's real estate portfolio activities with its broader objectives.</p> <p>REFM demonstrated to Council that economy and maximum value was achieved.</p>

The Real Estate and Facilities Management department acknowledged its responsibility for the subject matter of this report and agreed with the suitability of the criteria we applied.

### ***Follow-up***

The audit report recommendations will be included with the Council approved OAG semi-annual follow-up process.

## Appendix C: Sample Transactions

Sample Transaction	Address	Year of Council Approval	Year of Transaction Completion
1	1004 West Broadway	2024	2024
2	lane adjacent 906-982 West 18 <sup>th</sup> Ave	2024	2024
3	5025 Arbutus Street	2024	2024
4	land adjacent 3529 Eton Street	2023	2023
5	496 Prior Street	2022	2024
6	Property Currently Under Negotiation	2022	N/A
7	lane east of 11 <sup>th</sup> Ave and Victoria Drive	2022	2022
8	road adjacent to 118-150 Robson Street	2021	2021
9	1431-1441 West Broadway	2020	2020
10	lane adjacent to 1465 and 1489 West Broadway	2019	2020
11	lane adjacent to 3681 Victoria Drive and 1915 Stainsbury Ave.	2018	2018
12	601 Beach Crescent	2016	2016
13	2102 Keith Drive	2016	2016
14	lane adjacent 3215 to 3211 West 41 <sup>st</sup> Ave	2016	2017
15	1327 Marine Drive	2016	2016
16	508 Helmcken Street	2013	2016

# Office of the Auditor General

## Audit of Land Sales and Exchanges

February 12, 2026 Auditor General Committee Meeting



- Value received from Land Sales and Exchanges subject of a whistleblowing complaint
- Selected for audit since the issues presented appeared more systemic in nature
- We also noted that in Vancouver these transactions tend to have material impacts and generate high public interest

- The City of Vancouver is a major landowner with authority to sell, exchange, lease, or grant surplus land
- There are three main types of City land sales and exchanges:
  - Major Site Developments
  - Surplus Streets and Lanes
  - Strips and Bits Sites

## Audit Objective

- To determine whether the City of Vancouver maximized value for land sales and exchanges

## Audit Scope and Period

- January 1, 2016, to June 30, 2024
- We examined 16 transactions, which represented about 40 per cent of land dispositions during the audit period and over 90 per cent of total value

## We Examined Whether

- Land sales and exchanges maximized value for the City
- REFM employed processes to ensure that land sales and exchanges were made based on achieving maximum value for the City
- REFM engaged in post-transaction due diligence
- The City had a clear strategy or framework that aligns its real estate portfolio with broader City objectives

## Not In Scope

- City's land leases and land acquisitions (apart from land acquisitions included in a land exchange)
- The application of development finance tools and land value capture mechanisms (e.g., DCLs, CACs, DBZs) outside of land sale and exchange negotiations/agreements
- City's work to introduce amenity cost charges (ACCs) in the context of new tools provided for by the Province
- Governance of City land portfolios (Capital Land, PEF, VAHEF) unrelated to sales and exchanges

The City did not demonstrate that it maximized value for its land sales and exchanges. There is an opportunity for the City to enhance its practices to better optimize the value of future transactions. Improvements such as increasing alignment between operational activities and strategic goals, clarifying policy requirements, and improving the quality of information provided to Council could better position the City to demonstrate it maximizes value.

- Ten recommendations to enhance the Real Estate and Facility Management (REFM)'s ability to demonstrate that it maximizes value when selling or exchanging land

## Strategic and Performance Management of Land Sales and Exchanges

- Most land disposition transactions were initiated by unsolicited buyer inquiries or rezoning negotiations rather than strategic proactive, portfolio wide planning
- Most transactions reviewed were direct sales, with no competitive land sales since 2016
- No centralized database to identify surplus properties or flag assets with declining revenues or significant capital needs
- There were no performance metrics to measure how land sales advanced financial, housing, or other City objectives

The Real Estate and Facilities Management department should:

- Establish a clear strategy that aligns its real estate portfolio with broader City objectives; and,
- Define performance metrics and targets for land sales and exchanges to enable monitoring and tracking of progress toward meeting the strategic objectives outlined in its approved strategies.

## Policy Transparency and Completeness

- With Council's approval, the City released a public-facing version of its Land Sales policy that diverged from the policy wording that Council approved
- The process used did not comply with the Freedom of Information and Protection of Privacy Act (FIPPA)
- The Land Sale policy also requires several updates to offer clear, appropriate and comprehensive guidance for staff in the administration of land sales

The Real Estate and Facilities Management department should clarify and update its *Land Sales Policy* to ensure it is clearly written for all internal and external stakeholders, complies with the *Freedom of Information and Protection of Privacy Act* and includes the following:

- Definitions of key terms including “market value;”
- Requirements for appraisals and third-party appraisals;
- Guidance on open market sales, such as direction to select a successful bidder based on criteria, price and other considerations to the City; and,
- Guidance on when staff are required to re-engage Council for further direction.

## Policy Requirements

- The policy binder used by REFM included outdated, superseded and extraneous information
- Policy direction that allowed long-term leases for social policy rationale was incorrectly applied to a permanent disposition
  - Social policy rationale only applied to long-term leaseholds, not sales or exchanges, making this transaction inconsistent with policy at the time

To promote accuracy and compliance, the Real Estate and Facilities Management department should develop and implement a clear, authoritative and consolidated source for policy guidance on sales and exchanges of City-owned land that:

- Is consistent with legislation (e.g., the Vancouver Charter) and Council-approved policies (e.g., Land Sales Policy);
- Follows an established review process and is kept up to date;
- Assigns responsibilities and delegate authority to staff positions that have the discretion and judgement to carry them out effectively;

To promote accuracy and compliance, the Real Estate and Facilities Management department should develop and implement a clear, authoritative and consolidated source for policy guidance on sales and exchanges of City-owned land that:

- Focuses on the mandatory requirements that land disposition transactions must adhere to; and,
- Is distinct from documented procedural guidelines that assist staff in effectively executing the transactions.

## Material Amendments to previously approved transactions

- REFM did not follow Council-approved policies that:
  - limited aggregate extensions on the sale of City property to 90 days without further Council approval, and
  - required interest be charged from the original sale date, when an extension of a City land sale completion date is granted by Council
- REFM did not maintain documentation on how it assessed whether to amend contract terms or dates
- The staggered nature of these transactions made it hard to see what was deferred, the risks involved and how the City's overall return changed

The Real Estate and Facilities Management department should:

- Establish an appropriate review and approval process for material changes to purchase contracts and agreements related to City land sales that is consistent with Council policies on extensions;
- Ensure its purchase and sale contracts are consistent with Council policy that requires a provision that where an extension of completion date is granted by Council, interest is payable from the time of the original date of sale; and,
- Document a post-transaction analysis to identify what went well and what could be improved.

For land sale transactions involving higher risk factors such as significant dollar value, strategically important non-financial considerations, or unique terms and conditions, the Real Estate and Facilities Management department should update Council when transactions are completed and provide regular updates on outstanding components.

## Information to Council – transaction costs and benefits

- In 14 of the 16 transactions we examined, Council was not provided with information on the likelihood and impact of benefits not being completely realized
- Council received the sale price but not the dollar value of other benefits or costs, such as lost revenue
- For one transaction, although a buyer was solely responsible for a CAC payment, the City agreed to pay a \$12.1M CAC without a contract amendment or documented Council approval

## Information to Council – sale price $\neq$ appraised value

- In six transactions, staff did not disclose to Council that the sale price was lower than the appraised value – the differences ranged from \$50,000 to \$2 million
- Council was told the negotiated prices reflected market value and were not shown if the below market sales prices were offset by other quantified public benefits
- Our Net Present Value (NPV) calculations confirmed that City chose the highest future benefit scenario for the sale of 601 Beach Crescent, however most of the scenarios presented to Council were millions of dollars lower than numbers provided

## Lane Sale Examples

- For three lane sales, Council was not told that staff directed appraisers to base valuations on current zoning rather than conditionally approved or applied for rezoning, consistent with the City's CAC calculation procedures
- While the CAC process could have helped the City recover some of the value gained through rezoning, Council should have been informed of the full range of options for both sale price and CAC components

As part of its process to seek Council approval for land sales, the Real Estate and Facilities Management department should provide Council with information to inform decision-making such as:

- Information that demonstrates to Council that the sale price met or exceeded the market value of the land, or that public value made up the difference;
- The value provided by third-party appraisals;
- Information on the assumptions and constraints used in appraisals and the rationale for them;

As part of its process to seek Council approval for land sales, the Real Estate and Facilities Management department should provide Council with information to inform decision-making such as:

- High-risk terms and conditions from invitations to offer and sale agreements;
- Risks that the expected benefits of the transaction may not be fulfilled and mechanisms in place to mitigate such risks; and,
- Other pertinent information as identified by Council.

## Transaction Records

- The 2023 Land Sale policy does not require documenting a price rationale
  - This was recommended twice but not implemented
- The Policy included criteria for maximizing value in direct sales, but not in competitive sales
- For two direct sales reviewed, transaction records did not show steps taken to obtain a price above market value

The Real Estate and Facilities Management department should ensure that adequate and consistent document retention practices are embedded in its policies and related procedures used across all business areas involved in land sales negotiations to support open, transparent and accountable decision-making.

## Process guidance

- Although REFM had a dispositions process flow chart:
  - It lacked a formal review schedule to keep it current and
  - omitted key steps such as internal approvals and requirements for when to obtain third-party appraisals
- REFM created a dispositions review checklist, but staff were not required to complete or file it
  - Four of the most recent seven files lacked a completed checklist

The Real Estate and Facilities Management department should

- Ensure that transaction checklists are completed, appropriately signed off and retained in the transaction file.
- Update its existing disposition process flow chart and checklist and develop new procedures for key functions that are missing.
- Ensure that these documents are:
  - Easily accessible to all staff that support City land sales;
  - Scheduled for regular review and updating; and,
  - Reviewed and updated as per the schedule.

## Calculation Error

- The sale of 601 Beach Crescent had a unique transaction structure, with a base payment, followed by an adjustment price upon completion of specific conditions
- The adjustment price calculation required the input of the applicable Gross Buildable Area
- The City made an error in calculating the applicable Gross Buildable Area, which understated the amount the City is owed by just under \$13 million

The Real Estate and Facilities Management department should establish risk-based monitoring and follow-up practices for land sales to ensure:

- Appropriate monitoring for land sales once Council approval has been obtained and until the City has received the agreed upon financial and non-financial benefits; and,
- Independent validation of high value calculations.

For the 601 Beach Crescent adjustment price miscalculation, the Real Estate and Facilities Management department should present a comprehensive financial and non-financial analysis outlining the best available options for Council's consideration and approval.

- THAT the Auditor General Committee endorse the ten recommendations in the Report dated February 5, 2026, entitled "Land Sales and Exchanges";
- FURTHER THAT the Auditor General Committee recommend that Council endorse the ten recommendations in the Report dated February 5, 2026, entitled "Land Sales and Exchanges."

## Questions



# Office of the Auditor General City of Vancouver

## **2025 Whistleblower Report**

February 2026

## Message from the Auditor General

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5 February 2026

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 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. This second year of reporting builds on last year's first ever report to Council on whistleblowing and investigation activity. A major addition is reporting the City's progress in implementing the 17 recommendations made to City departments in our 2024 Annual Whistleblower Report and the 19 recommendations in the Interim Report *Whistleblower allegations of serious wrongdoing involving a City of Vancouver employee in an inspection function* we released in June 2025.

To provide a fulsome picture of my team's work, in addition to providing a summary of reports received and investigation outcomes in 2025, the report highlights in more detail some of the cases investigated in the past year, including all those that resulted in recommendations.

I have also included a summary of other activities undertaken by the whistleblower team to continue to embed the function in my Office this past year. Finally, I briefly discuss what 2026 looks like for the whistleblower function.

In this second year, Council's decision to entrust the whistleblower function to the Office of the Auditor General (OAG) has again 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. This is well encapsulated in an email my team recently received from a complainant:

*"While the outcome is not entirely what I had hoped for, I do value the fact that the allegations related to potential conflict of interest were independently and thoroughly reviewed."*

Also of note, a whistleblower report led us to conduct a performance audit of land sales and exchanges. The Land Sales audit report is being released the same day as this report. As we investigated the report it became apparent that there might be systemic issues that would be better addressed through a performance audit. This illustrates the complimentary nature of performance audit and whistleblower investigations, and the benefits of having them housed under one roof.

I thank all of those who have brought whistleblower reports to my office for their courage.

s.22(1) Personal and Confidential

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

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# 1.0 Performance Summary

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## Second 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 assigned responsibility for the Whistleblower Policy to the Auditor General, effective January 1<sup>st</sup>, 2024. This report summarises the second year of the Office of the Auditor General for the City of Vancouver (OAG) stewarding this Policy for the City. The background to the OAG taking responsibility for the updated whistleblower function is summarised in Appendix A.

## What went well

- Efficient resolution of whistleblower reports: all reports remaining from 2024 and 171 of 177 reports received in 2025 were resolved by the end of 2025. The remainder have an assessment or investigation in progress.
- Reported to Council on first substantial employee-informed whistleblower investigation. The report identified and addressed significant control weaknesses in the City and the potential exploitation of these, with recommendations for improvement.
- Completed several investigation reports, with resulting recommendations for improvements in City operations well received by City departments.
- 40 recommendations provided to City departments in 2025 as a result of completed investigations.
- Tailored and implemented whistleblower software to manage whistleblower reports as part of an OAG/Internal Audit software procurement, saving the City separate procurement costs.
- With technical support from City departments, launched an updated OAG whistleblower webpage and online webform utilising the new whistleblower software, providing clearer guidance on Whistleblower Policy scope and processes.
- Maintained service levels when one experienced whistleblower staff member transitioned to leading a performance audit addressing a whistleblower report.

- Whistleblower employee retention resulted in triage efficiencies from greater employee knowledge and experience.
- Maintained good working relationships with key stakeholders, especially the Office of the Chief Human Resources Officer (CHRO), an essential stakeholder in the effective administration of the Whistleblower Policy.
- Maintained good working relationships with City departments for efficient transfer of out-of-scope reports.

### **What was a challenge**

- Software implementation and configuration was slow, further delaying rollout of planned whistleblower awareness raising initiatives. Mitigated by new webpage and webform, and higher profile of whistleblower function from successfully completed investigations. With software implemented and new webpage and webform, socialization of the function will increase further in 2026.
- Juggling timely triage of new complaints, software and website upgrade work and complex investigations. Mitigated by whistleblower team efficiency gains, with further benefits from software and webpage implementation likely in 2026.

**“I appreciate the professionalism of your correspondence and the role your office plays in supporting transparency and accountability at the City. Please extend my thanks to your team for their work.” - excerpt from an email to the OAG whistleblower team in 2025**

## 2.0 Program Overview

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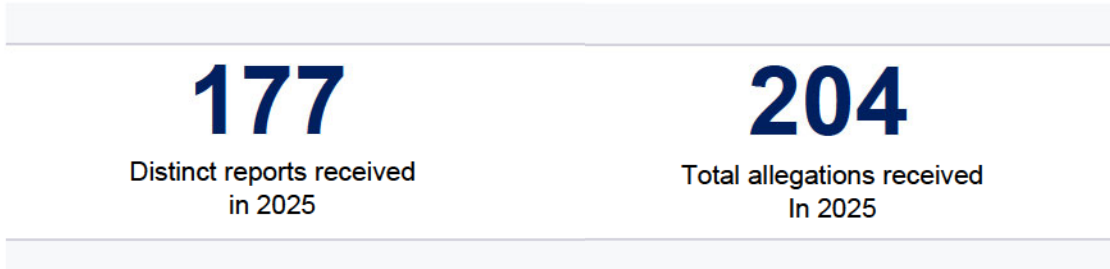
A whistleblower program is one component of a suite of tools necessary in an organization like the City to demonstrate a commitment to honesty and integrity, which in turn supports public trust. The City's whistleblower program empowers members of the public as well as City employees, contractors, and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

The whistleblower 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. Council has assigned responsibility for the independent assessment and investigation (including oversight of investigations delegated to others) of whistleblower 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.

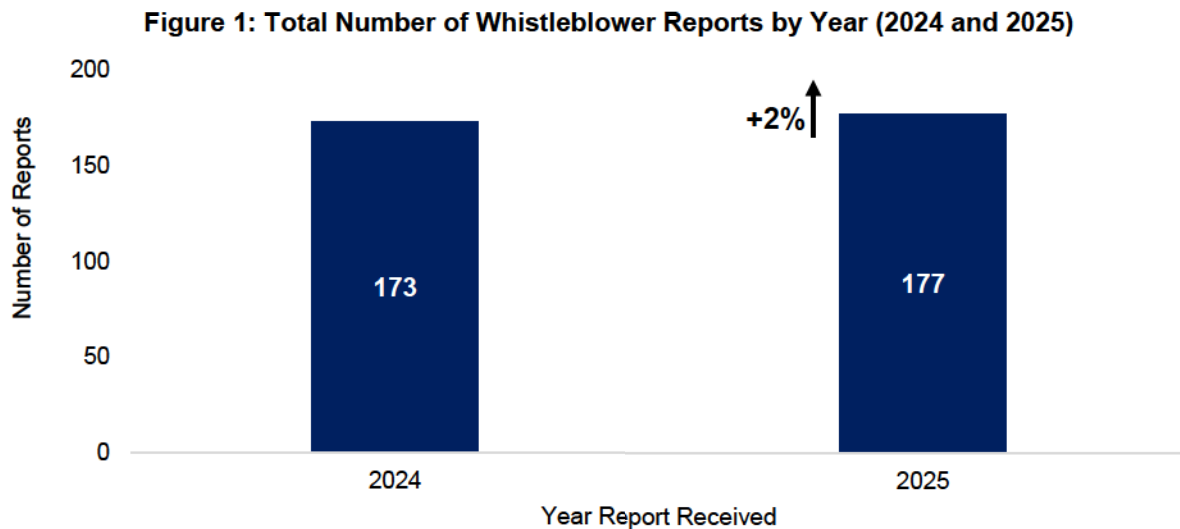
Retaliation against an employee for a report made in good faith is prohibited under the policy and is considered a violation of the policy, which may result in discipline up to and including termination of employment.

## 3.0 Reports and Outcomes of Investigations

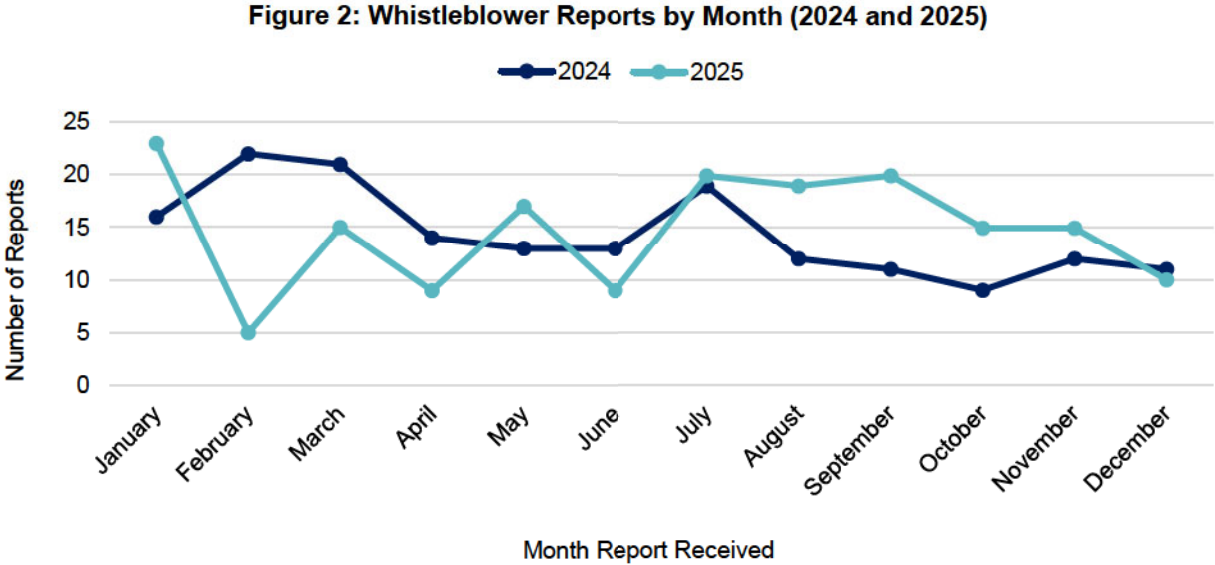
### 3.1 Reports Received



We received 177 reports under the Whistleblower Policy in 2025. This figure represents a 2% increase compared to the total reports received in the previous year (see Figure 1). This is interesting because our peers across Canada report that typically there is a decline in complaints in the second year after a Whistleblower Policy is launched, but that has not been our experience. Those 177 reports contained 204 distinct allegations – some reports raise multiple distinct issues that needed to be separately considered to completely address the report.



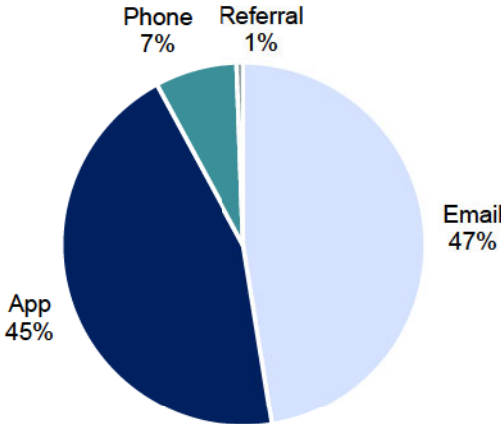
### 3.2 Whistleblower Reports by Month



This timeline shows that whistleblower reports were received consistently throughout 2025, as they were in 2024, with no apparent trend or spike in when complaints were received.

### 3.3 Reporting Method

**Figure 3: Reports by Intake Method: 2025**



Most whistleblower reports were submitted via email to the Whistleblower email address ([whistleblowing@vancouver.ca](mailto:whistleblowing@vancouver.ca)) or through a webform on the OAG’s Whistleblower webpage. One change in 2025 compared with 2024 is that the number of reports received by email increased by 11 percent to 47%, while those received through the app decreased by 12 percent to 45%. We are interested to see if the new webform has an impact on this in 2026.

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. The Whistleblower Policy requires any level of manager or supervisor receiving a report of serious wrongdoing from an employee or member of the public to promptly forward it to the Auditor General. We expect more referrals as we work to raise employee awareness about the Whistleblower Policy in 2026, an initiative discussed below.

### 3.4 Anonymous Reports

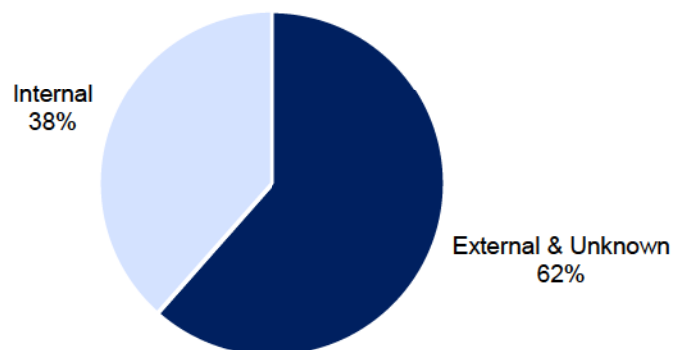
**Figure 4: Anonymous Reports Received: 2025**



The option to report anonymously is one of the features of the Whistleblower Policy. In 2025, 29% of reporters (or 52 reporters) chose to raise their complaints anonymously, up from 21% the previous year.

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.

**Figure 5: Source of Anonymous Reports: 2025**

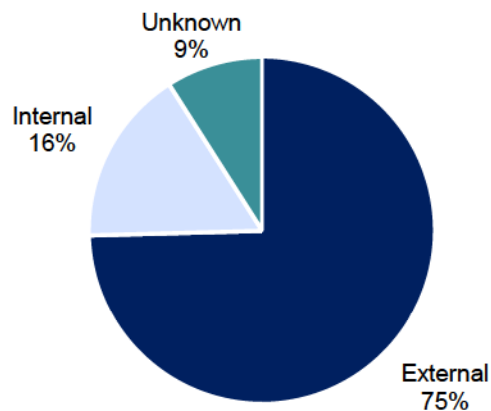


More than a third of anonymous reports came from City employees (the reports were anonymous, but the content made clear that the reporters were employees). This highlights the fear of retaliation that comes with being a whistleblower, even with the protections the policy offers employees.

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 because anonymous reports can lead to investigations that identify serious wrongdoing and/or control weaknesses that result in recommendations.

### 3.5 Origin of Reports

**Figure 6: Origin of Reports: 2025**



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 at the start of 2024. It coincided with the OAG being assigned responsibility for the whistleblower function. As it was in 2024, Council's decision to broaden the scope of the policy has been enthusiastically received, with external submissions constituting 75% of total submissions received in 2025, a similar ratio to 2024. Municipal whistleblower functions elsewhere in Canada (for example Edmonton, Calgary and Toronto) typically receive more internal than external whistleblower reports.

As in 2024, external reports were more likely than internal reports to raise issues outside the scope of the Whistleblower Policy. Most of the external reports received (73%) were closed at the initial assessment stage or referred to a department within the City for resolution (15%). This leads to a high rate of reports closed at the initial assessment stage (discussed below).

Internal reports were most frequently referred to other departments in the City for resolution (59% of the total). This trend could be attributed to some degree to the close relationship between “serious wrongdoing” under the Whistleblower Policy and “serious misconduct” under the Code of Conduct Policy. Sometimes it is matter of extent and degree whether conduct could be “serious wrongdoing” under the Whistleblower Policy or better directed to management and the CHRO for consideration and potential action. Some of our case studies illustrate this balancing. Having an independent initial assessment of allegations provides confidence to complainants that their concerns have been fairly considered, even if ultimately referred to a City department.

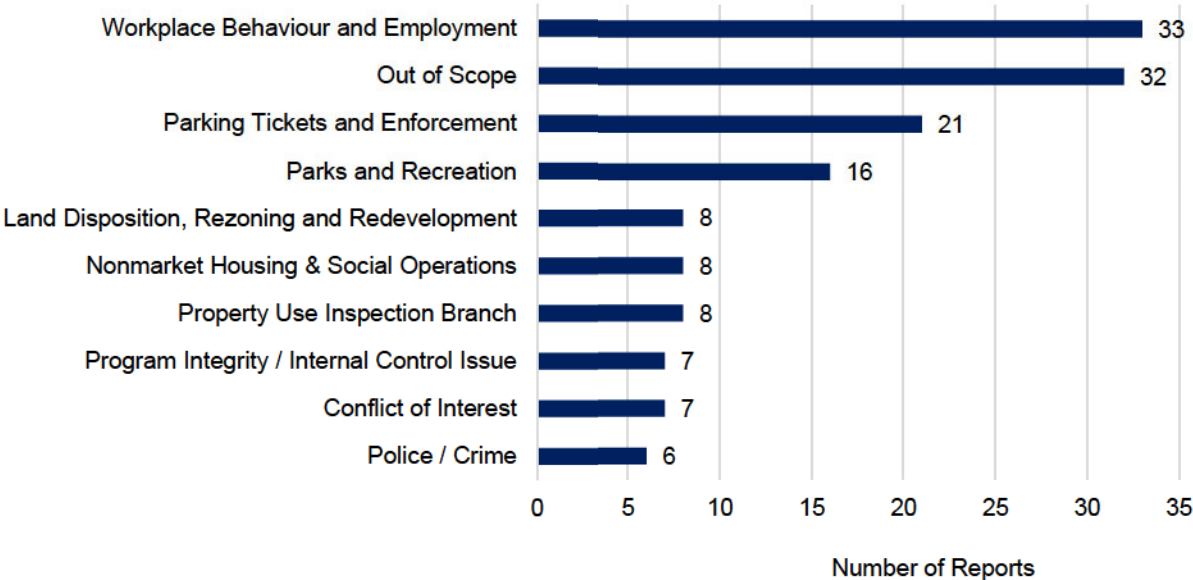
Changes we implemented in 2025 to our webpage and webform, and awareness-raising activities planned for 2026, may address both the ratio of external to internal reports and the number of reports closed at the initial assessment stage. In late 2025 we implemented clearer public-facing messaging about the scope of the City’s whistleblower function which we hope 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 the procurement of audit software that included support for the whistleblower function. That new software includes an updated public-facing whistleblower webform that is now live and that is complemented by an updated whistleblower webpage.

We have also been aware of the need to raise awareness within the City about the Whistleblower Policy, in particular every employee’s responsibility to report instances of serious wrongdoing and manager’s obligation to forward to the OAG all reports of serious wrongdoing received from internal or external sources. Awareness-raising is a key priority for the OAG in 2026 and can occur now that the precursor steps of implementing the new software, webform and webpage are complete.

Despite these initiatives, the whistleblower function is open to the public, which is a feature and not a flaw of the Whistleblower Policy, so we do not have control over the complaints we receive. The initiatives above all contribute to seeking in-scope complaints and dealing with out-of-scope complaints as efficiently as possible, which is the best outcome we can achieve.

### 3.6 Types of Report

Figure 7: Ten Most Common Issues Raised in 2025 Reports



The chart above gives a general idea of common issues raised in whistleblower reports received in 2025. The most frequent 2025 issue category was Workplace Behaviour and Employment (33 reports), followed by Out of Scope (32 reports) and Parking Tickets and Enforcement (21 reports). This sequence is the same as 2024.

The most common issue was related to workplace behaviour and employment issues. This category encompasses issues that can fall within the scope of the Whistleblower Policy like allegations of serious wrongdoing by City employees or contractors. Some of the issues are more traditionally dealt with by a human resources function and therefore best directed to the CHRO. There can be a close relationship between “serious wrongdoing” under the Whistleblower Policy and “serious misconduct” under the Code of Conduct Policy administered by the CHRO. In some cases, such as allegations of time theft, the distinction may only be determined by conducting an initial assessment that gives a sense of the scale and nature of the behaviour being reported. Employees in particular may prefer to report initially through the whistleblower program because the OAG is independent and has easily accessible and secure mechanisms for reporting allegations.

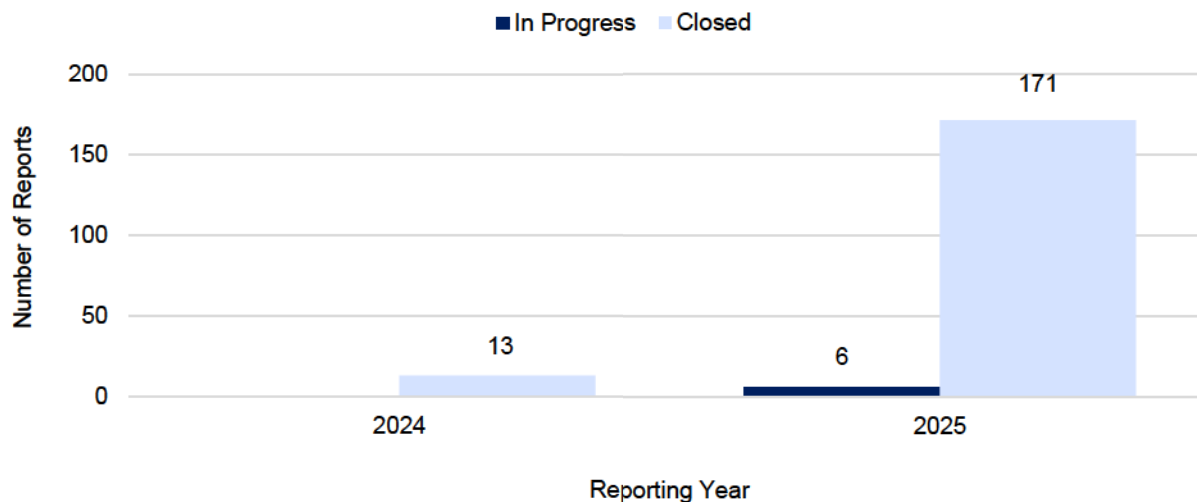
The Whistleblower team has developed valuable experience in determining when to gather more information about a complaint and when to refer it to the CHRO. The CHRO has the same obligation under the Whistleblower Policy to refer matters that could be serious wrongdoing to the OAG as other employees do, so if, on further investigation by the CHRO of a referred matter, the CHRO considers it could be serious wrongdoing, they can refer the matter back to the OAG.

Other common issues raised related to parking infractions and other by-law enforcement issues. When we receive these types of reports, unless they raise issues of potential serious wrongdoing, we either forward them directly to the appropriate City department (with the complainant's permission) or provide the complainant the contact information for the relevant City department or outside entity, for example the BC Ombudsperson. Typically, we can refer reports outside the scope of the Whistleblower Policy very promptly so there is no delay for complainants.

Out of scope reports include allegations that may raise valid issues but are beyond the scope of the City's Whistleblower Policy. An example is allegations we receive about City-controlled Corporations, which are not included in the City's Whistleblower Policy. We 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 the OAG determines future performance audit topics.

### 3.7 Disposition of Whistleblower Reports

**Figure 8: Closed and In Progress Reports as of December 31, 2025**



This chart shows that all 13 reports still in progress at the end of 2024 were closed in 2025. All investigations or assessments that were open at the end of last year, and an additional four referrals which were in progress, were closed in 2025 so there are no 2024 reports that remain open. In addition, almost all the reports we received in 2025 were considered and closed in the year – six received in 2025 were still open and in progress at the end of 2025. One of these six was delegated to the City to investigate, and has now been closed.

The table below shows the final state of reports from 2024 that were still open in 2025 and reports received in 2025. Consistent with 2024, most reports were considered and closed at the initial assessment stage. In contrast to 2024, however, the OAG referred more reports and

completed fewer preliminary assessments. This reflects the growing institutional knowledge in the OAG that has reduced the preliminary work needed to assess the issues reports raise and determine if they can be referred or if they need to be investigated under the Whistleblower Policy.

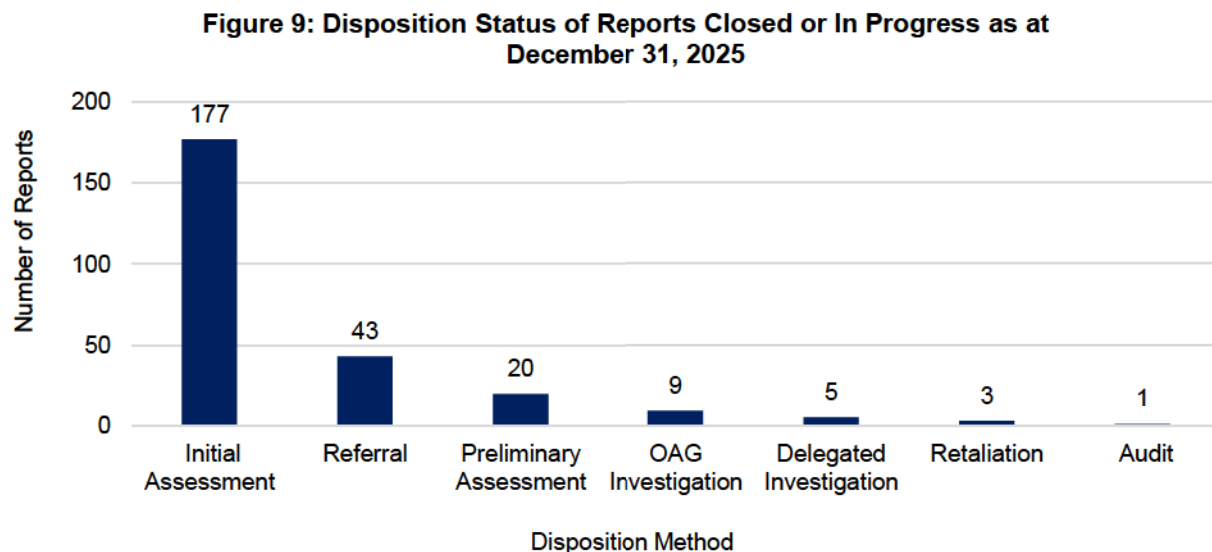
Note that all reports were subject to an initial assessment, but this table reports only what stage the report was in when closed (or is in if still open at year end). For example, if a report proceeded to an investigation, it is not then also recorded in the number of initial assessments. That allows the total number of reports received and report statuses to be the same, for ease of reference.

Table 1: Report Status at December 31, 2025

Report Status at December 31, 2025	Reporting Year		
	2024	2025	Total
<b>Initial Assessments</b>			
Closed	-	118	<b>118</b>
In Progress	-	-	-
<b>Preliminary Assessments</b>			
Closed	2	10	<b>12</b>
In Progress	-	3	<b>3</b>
<b>OAG Investigations</b>			
Closed	5	2	<b>7</b>
In Progress	-	2	<b>2</b>
<b>Delegated Investigations</b>			
Closed	2	2	<b>4</b>
In Progress	-	1	<b>1</b>
<b>Retaliation</b>			
Closed	-	3	<b>3</b>
In Progress	-	-	-
<b>Referrals</b>			
Closed	4	35	<b>39</b>
In Progress	-	-	-
<b>Audit</b>			
Closed	-	1	<b>1</b>
In Progress	-	-	-
<b>Grand Total</b>	<b>13</b>	<b>177</b>	<b>190</b>

We note that closed referral reports have not necessarily had the substantive issues raised in them addressed and the report closed by the recipient of the referral. Rather, this status shows that the OAG's referral is complete, bringing our direct involvement in the report to an end.

Figure 9 shows all activities carried out during the year. A whistleblower report can result in more than one outcome. For example, every report has an initial assessment but one can also then subsequently have both a preliminary assessment and a referral. As a result, the total number of actions taken exceeds the total number of reports received and the numbers in the figure below appear larger than the preceding table, because one report could result in multiple actions.



The categories in the chart are discussed further below.

### ***Initial assessment***

All reports receive an initial assessment. A key performance indicator the OAG publicly reports against is to complete all initial assessments within ten working days. If a 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 include 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. The OAG's new webpage and webform aims to direct complaints that are outside the scope of the Whistleblower Policy to the correct forum as quickly and efficiently as possible.

A file closed at the initial assessment stage does not always mean that action was not taken by the OAG. This category includes reports falling outside the scope of the policy where a

complainant was directed to the appropriate forum for the issues raised. A common example are reports related to parking infractions, for which there is already an established forum for disputes.

We received two complaints this year about City-controlled entities, but these were referred to an appropriate contact for those entities and closed by the OAG because we do not have jurisdiction under the Whistleblower Policy to assess or investigate reports related to these organizations, a difference from the OAG's performance audit mandate.

Some reports raise potentially valid issues that are outside of the City's jurisdiction. In these cases, we also advise complainants where to direct their reports and close the file. 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 considerations, particularly the need for consent when disclosing complainants' personal information.

The OAG is committed to achieving high reporter satisfaction. We therefore provide fulsome responses to complainants that go beyond templated answers, and seek 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 public standing.

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

### ***Preliminary assessment***

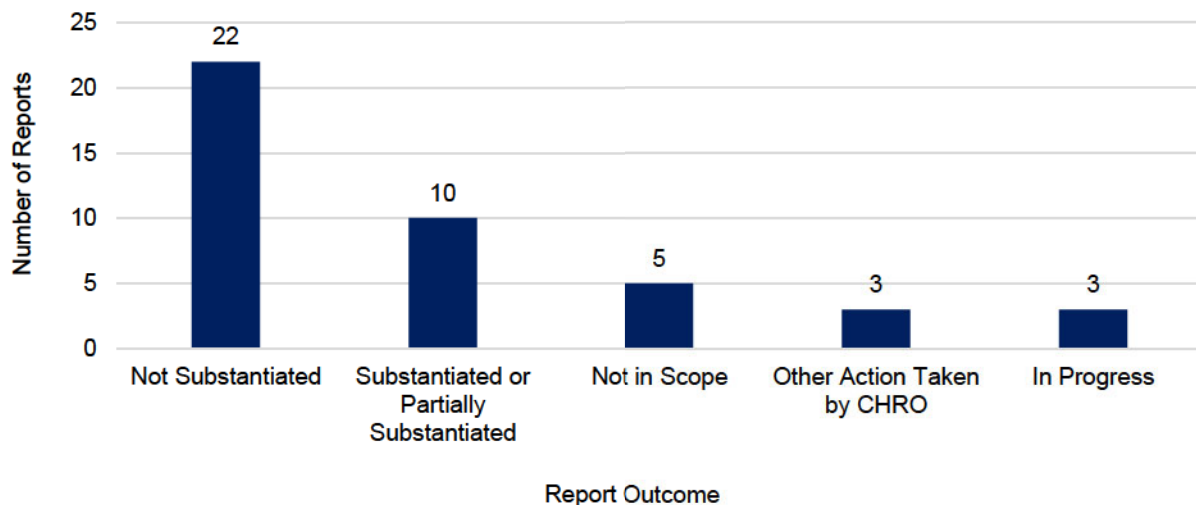
The OAG proceeds to a preliminary assessment for reports determined to be within the scope of the policy and that, on initial assessment, appear to have potential merit. A preliminary assessment involves gathering information to determine whether an investigation under the policy is warranted. Preliminary 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. Occasionally, the OAG has also made recommendations to the City on improving policies, procedures, compliance, value for money, and internal controls following a preliminary assessment. OAG recommendations are discussed further below.

### Referred to City departments

Some reports we receive may have merit, although not under the Whistleblower Policy, and are best addressed by a City department. Examples include reports raising issues under the Code of Conduct or Respect in the Workplace Policy, which are managed by the CHRO, or matters best addressed by teams responsible for 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 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 allegation may be investigated under the Whistleblower Policy while another is referred elsewhere (for example to the CHRO for consideration under the City’s Code of Conduct).

**Figure 10: Referral Outcomes as at December 31, 2025**



Investigation of most referred reports were concluded by year end. Ten reports were substantiated or partially substantiated by the recipient City department with action being taken in response. While we track the status of referred reports, we do not independently verify the City’s actions on these reports because they are outside of the scope of the Whistleblower Policy.

### Investigation

An investigation is the most resource-intensive response to a report.

If the OAG determines that an investigation is warranted, the Whistleblower Policy allows the OAG to consider whether to conduct the investigation or delegate the investigation to the City

Manager, with the OAG's oversight. In practice, investigations delegated to the City Manager are usually conducted by the CHRO. Investigation delegations can occur when a complaint raises human resources issues interwoven with whistleblower issues, such that it is more efficient to have all issues addressed by the CHRO. We consider the need for a perception of independence from the City in an investigation before making a decision to delegate an investigation.

An OAG whistleblower 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, systems or controls where an investigation identifies opportunities for improvement, or
- value for money, because the OAG's broader mandate is about supporting the City's stewardship of public resources.

Affected individuals are provided with an opportunity to address investigation findings and relevant City departments typically accept the OAG's recommendations before they are formalized. Employee discipline remains the exclusive domain of the CHRO, so the OAG does not make recommendations related to such matters.

Some investigations are discussed in more detail in the Case Studies section of this report. Two investigations commenced in 2025 by the OAG were in progress at year end.

### ***Retaliation***

This year we received our first reports under the Whistleblower Policy alleging retaliation against a whistleblower. Our role under the Policy regarding reports of retaliation is to assess whether the reports are within scope, specifically whether they relate to potential retaliation for reports made under the Whistleblower Policy, as against retaliation for some other action or behaviour. In this case we were satisfied the retaliation alleged was related to whistleblower reports. Under the Policy we then send the report to the CHRO for investigation. The OAG continues to communicate directly with complainants as needed, keeping them informed of progress and advising them of the outcome of the CHRO's investigation and any remediation work.

### ***Audit***

One report was closed in 2025 because we determined that the issues raised would be better addressed in an ongoing performance audit (City Land Sales). The audit report is being published the same day as this report. The whistleblower report can be reopened if requiring further scrutiny under the Whistleblower Policy after the audit report is reviewed.

## OAG Preliminary Assessment and Investigation Outcomes

Nine reports that resulted in preliminary assessments or investigations that were completed in 2025 substantiated or partially substantiated the reports of serious wrongdoing, as the table below summarizes.

**Table 2: OAG Preliminary Assessments and Investigation Outcomes**

Outcome	2024	2025
In Progress	-	5 (28%)
Substantiated or Partially Substantiated	5 (83%)	4 (22%)
Not Substantiated	2 (17%)	8 (44%)
Audit	-	1 (6%)
<b>Grand Total</b>	<b>7</b>	<b>18</b>

Table 2 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.

Of the seven reports received in 2024 and closed in 2025 that led to a primary assessment or an investigation, the OAG substantiated or partially substantiated five (83%). The OAG received and closed 12 reports in 2025 that led to a primary assessment or an investigation, of which four were substantiated or partially substantiated. In total, of the 19 preliminary assessments or investigations closed in 2025, the OAG substantiated or partially substantiated almost half (47%). One report was closed because the substantive issue was addressed in the City Land Sales performance audit.

### 3.8 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 2025, with 171 of 177 reports received in 2025 closed by the year end, with the remainder under active assessment or investigation.

The OAG's 2025 Operational Plan added 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. OAG reports on its KPIs in its Annual Report.

## 4.0 Progress in Implementing Whistleblower Recommendations

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This second Annual Report offers the first opportunity to report on the status of previous recommendations made to the City under the Whistleblower Policy. These are recommendations that were endorsed by the Auditor General Committee when the 2024 Annual Report was considered in February 2025, and when the Interim Report *Whistleblower allegations of serious wrongdoing involving a City of Vancouver employee in an inspection function* was presented to Council in June 2025.

When considering complaints under the Whistleblower Policy's mandate we make recommendations where we identify areas for improvement, always seeking to address root causes. The Auditor General, appropriately, has no ability to compel the City to implement whistleblower recommendations, so asks Council to endorse them. The Auditor General Committee has, to date, endorsed all recommendations stemming from investigations under the Whistleblower Policy.

On behalf of the Auditor General Committee, in this Whistleblower Annual Report we publish status updates prepared by the City management the recommendations are addressed to. It is important to note that the status updates contained in this report have been provided by, and are the representations of, City management. The Auditor General has not verified the information provided and we offer no assurance or any form of comment regarding its completeness or accuracy.

As part of its oversight responsibilities and to ensure robust accountability, the Auditor General encourages the Auditor General Committee to ask questions of departments responsible for the representations reported and where necessary to seek further information or clarification.

It is important to track the City's progress in implementing our recommendations; while noting we do not control this implementation. Implementation of recommendations is one of the OAG's KPIs for the whistleblower program.

We are pleased to see the progress in implementing Whistleblower recommendations to date. The City reports having fully or substantially implemented 14 of the 17 recommendations made in the 2024 Whistleblower Report, and 14 of the 19 recommendations in the June 2025 Interim Report, with five remaining recommendations partially implemented. City managements' detailed responses are reproduced without edit or commentary in [Appendix B](#).

**Table 3: February 2026 implementation Status of Council Endorsed Whistleblower Recommendations**

<b>Report</b>	<b>Total Recs</b>	<b>Completed / Alternate Action Taken</b>	<b>Partially Implemented</b>	<b>No Action Taken</b>
<b>2025 Interim Report</b>				
Serious Wrongdoing in an Inspections Function	19	14 (74%)	5 (26%)	-
<b>Subtotal</b>	<b>19</b>	<b>14 (74%)</b>	<b>5 (26%)</b>	<b>-</b>
<b>2024 Whistleblower Report</b>				
Political Conflict of Interest	3	2 (67%)	1 (33%)	-
Personal Use of a City Vehicle – Investigation 1	7	7 (100%)	-	-
Personal Use of a City Vehicle – Investigation 2	7	5 (71%)	2 (29%)	-
<b>Subtotal</b>	<b>17</b>	<b>14 (82%)</b>	<b>3 (18%)</b>	<b>-</b>
<b>Grand Total</b>	<b>36</b>	<b>28 (78%)</b>	<b>8 (22%)</b>	<b>-</b>

## 5.0 Case Studies

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Below we summarize some of the work the OAG completed in 2025 on whistleblower reports. Our summaries focus on those reports which resulted in recommendations to the City.

Note that the interim report *Whistleblower allegations of serious wrongdoing involving a City of Vancouver employee in an inspection function* issued in 2025 is not summarized here as a summary of that work was provided to Council and made public in June 2025. It continues to be available on the OAG website. This Annual Report does contain an update from City management on progress implementing the 19 recommendations in that June 2025 Interim Report.

### 5.1 Delivery of Community Amenity Contributions (CACs)

A summary of this investigation follows here and a more detailed report in Appendix C. The findings are also referenced in the OAG's February 2026 report on the performance audit of City Land Sales.

#### **Allegations of insufficient oversight over the delivery of in-kind CACs at 1480 Howe St**

The OAG received a complaint regarding the Community Amenity Contributions (CACs) arising from the development at 1480 Howe Street in Vancouver, known as "Vancouver House". CACs are cash or in-kind contributions provided by property developers when City Council grants enhanced development rights through rezoning.

In exchange for the City approving rezoning to allow it to build Vancouver House, the developer agreed to provide \$4 million in cash and \$6 million in in-kind CACs, the latter to be spent on "public realm improvements" to the area surrounding Vancouver House.

The complainant raised concerns that the CACs at Vancouver House were improperly managed. In particular, they alleged that:

1. The total CAC amount agreed upon between the City and the developer was significantly lower than the City's targets for CACs in the relevant City policy.
2. The City mismanaged, and did not provide sufficient oversight over, the delivery of the \$6 million in in-kind CACs agreed with the developer.

The OAG conducted an investigation of these allegations under the City's Whistleblower Policy. The allegations were assessed against the definition of serious wrongdoing in the Whistleblower Policy which includes waste, defined as the "mismanagement of City resources or assets in a

willful, intentional or negligent manner, including mismanagement of City resources or assets contrary to a City policy or direction by Council.”

The OAG reviewed City documents related to the Vancouver House CACs. We also interviewed City staff with relevant knowledge of the Vancouver House development and the associated CACs. Finally, the OAG team visited the area the in-kind CACs were intended to benefit around the now completed Vancouver House development.

## Findings

The OAG did not substantiate allegations of serious wrongdoing about the CAC amount the City agreed upon with the developer for the rezoning for Vancouver House. The City was substantially short of meeting the City’s policy target that CACs capture 75% of the anticipated land value increase arising from rezoning. However, the CAC amount was determined by a negotiation between the parties, as is typical for CACs. There was evidence of effort made by the City’s negotiating team to maximize the benefits to the City from the rezoning. These efforts mean that the conduct of the City’s negotiations did not meet the high threshold for a finding of serious wrongdoing.

We found that the City’s management of the in-kind component of the CACs was short of a reasonable standard such that it fell within the definition of waste in the Whistleblower Policy. The in-kind contributions were never properly defined and documented. In some cases, the City excused the developer from delivering items that had been publicized as part of public consultation, because of concerns about future maintenance obligations the City would inherit. No action was taken to quantify and replace the value of the eliminated amenities. Delivery of the in-kind contributions does not appear to have been monitored or enforced.

Engineering Services did enter a services agreement with the developer outlining the responsibilities and accountabilities of both parties regarding core infrastructure. While that services agreement can have some overlap with in-kind CACs required of the developer, it is a separate process. Services agreements exist whether the City and the developer have agreed on any in-kind CACs or not. No reconciliation between the services agreement and the in-kind CACs was completed.

We found that the complainant’s description of the deficiencies in the public realm surrounding the development was generally accurate. Ultimately there is a significant gap between amenities that were referenced publicly and at Council to support the rezoning approval, and what was actually delivered. Amenities that were to provide supporting infrastructure to facilitate public events in the redeveloped area, including potentially kiosks and access to public washrooms, were not delivered. An elevator from the development’s ground floor to the deck of the Granville Street Bridge that was meant to enhance public accessibility was closed to the public.

This undermines Council's agreement to the rezoning, which was predicated on the delivery of \$6M worth of in-kind CACs to offset the substantial benefit to the developer from rezoning the land. The deficiencies in the City's management of the CACs for Vancouver House represent an unacceptable level of risk to the City and do not meet the high standard expected at the City for management of public funds. The OAG accordingly substantiated allegations of serious wrongdoing regarding the City's oversight of the delivery of the in-kind CACs.

## **Outcomes**

In accordance with the OAG's broader 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, we made recommendations for the City to improve oversight over the delivery of in-kind CACs. The OAG's six recommendations are intended to ensure the City obtains, and can demonstrate to Council and the public that it obtains, the benefits that CACs are intended to provide.

We recommended that:

1. When the City and a developer agree upon in-kind CACs, a clearly defined, itemized, and costed list of deliverables should be created. This list should be reviewed and agreed to by the developer and the City departments with relevant subject matter expertise to provide the necessary certainty for an enforceable agreement, ideally prior to it being submitted to Council for approval.
2. The City should calculate the cost implications for anything more than minor changes made to agreed upon CAC-related deliverables. These calculations and decisions should be formally documented.
3. The City should obtain Council approval of materiality thresholds for reporting and approving changes to CAC-related deliverables, with guidance sought from the City's Legal Services department as needed.
4. Using the list suggested in Recommendation 1, City staff should ensure that all CAC-related deliverables have been completed before issuing an occupancy permit for a development.
5. The list of deliverables suggested in Recommendation 1, and any subsequent and material changes should be made publicly accessible by the City to ensure a high degree of transparency and accountability, as is expected in the public sector. The City could publish a database of CACs so the public can see the public benefits linked to particular development approvals.
6. The City should create mechanisms to ensure that in-kind CACs provided by developers, including public access to assets delivered under a CAC, remain at a

standard approved by Council. These mechanisms could draw from those in City services agreements where applicable.

City management have accepted the OAG's recommendations and advised to us that greater robustness has been incorporated into the process for managing in-kind CACs since the Vancouver House approval process.

## 5.2 Mobile Vending Permits

### **Allegations about inconsistencies in the selection process for Park Board's summer mobile vendors**

The OAG received a report raising concerns about the selection process for the Park Board's Summer Mobile Vending Program (Program). The Program annually grants six or seven applicant vendors a permit to operate a mobile vending business at Vancouver parks and beaches.

The complainant alleged that the Park Board selection process had a predetermined outcome, and that the Park Board had given preferential treatment to certain applicants.

### **Findings**

While we did not substantiate the specific allegations raised, we found that the Program lacked the controls necessary for us to conclude that the selection process was equitable and objective. We found significant gaps between the advertised and actual selection process. Those gaps could create an uneven playing field for Program applicants and made it vulnerable to serious wrongdoing by Park Board staff. The shortcomings also left the Park Board open to an unsuccessful applicant successfully challenging the selection process.

The complainant was also concerned that they faced retaliation when they raised issues about the selection process with the Park Board. We found that Park Board staff comments that could potentially be perceived as retaliatory were likely motivated by frustration at the scrutiny of their processes, and, in particular, an inability to properly articulate why the complainant's application had been unsuccessful. We were satisfied that a senior Park Board staff member had already addressed the harm of the potentially retaliatory statements and provided coaching to the staff member about them.

### **Outcomes**

As the practices outlined above presented unacceptable levels of risk, and did not meet the high standard expected at the Park Board for fairness and transparency, the OAG made five recommendations to Park Board to:

- ensure that the Program is, and has the appearance of being, unbiased;
- reduce the likelihood that retaliation could occur;
- maintain the high standards of accountability expected within the public service; and,
- create a level playing field for private sector applicants to the mobile vendor program.

We recommended that:

1. The Park Board should ensure that the Request for Expressions of Interest (RFEOI) document and its website accurately describe the selection process that will be undertaken, including the criteria for selection, any exceptions that may be possible to the criteria, and who will make the permit decisions.
2. The Park Board should ensure that all applicants are assessed against the same objective criteria listed in the RFEOI document, with weightings for the criteria added to the RFEOI process. To facilitate this, the Food and Beverage Ops team should access the expertise of the City's Supply Chain Management (SCM) team to ensure the process can withstand scrutiny.
3. The Park Board's assessments of each applicant against the criteria—including reasoning for rejection or selection, and any exceptions—should be formally documented and ensure criteria not in the RFEOI are not used to determine who is granted a permit under the Program.
4. The Park Board should consider improving communication with potential applicants, including responding in a timely and transparent manner to questions raised about the RFEOI process and informing all applicants of the outcome of the RFEOI process.
5. The Park Board should ensure no one staff member is solely responsible for determining successful applicants under the Program to reduce the risk of integrity breaches in the Program process. Options to achieve this include having a) at least two members of staff independently score applicants, with highest average scored applications selected or b) have one member of staff complete the initial scoring of all applications and a second independent member of staff review their work and rationale.

Park Board staff accepted our recommendations and plan to incorporate them into the 2026 Program selection process. They are also working with City staff who run a similar program for street vending to ensure their processes incorporate any learning from this work into their processes.

The complainant appreciated our findings and recommendations, which helped restore the complainant's lost confidence in the selection process.

## 5.3 City Employee with a Private Business

### Allegations of conflicts of interest

The OAG received a complaint that a City of Vancouver employee holding a specialized role in the City's Engineering department had a conflict of interest. Specifically, the complainant alleged that the employee was using their position at the City of Vancouver, including the privileged access to information and business opportunities afforded by the City role, to benefit a private consulting company they operated in the same industry.

### Findings

The OAG assessed the allegation against the definition of serious wrongdoing in the Whistleblower Policy. Serious wrongdoing includes "A conflict of interest that results or is likely to result, directly or indirectly, in profit, payment or compensation to the employee(s)". The City's Code of Conduct (AE-028-01), which is independently administered by the CHRO, is also relevant. It also defines a conflict of interest and prescribes how they should be managed by City staff.

The OAG's preliminary assessment determined that the employee had appropriately disclosed their private consulting business to management and to their City Human Resources Consultant. A *Disclosure of Possible Conflict of Interest Form* had been completed in accordance with the Code of Conduct. The Code states (in section 4.9): "Staff who are considering outside employment, contract work or any business or undertaking that relates in any way to the business of the City or that might conflict or appear to conflict with their duties to the City must notify and seek the approval of their General Manager or the City Manager in writing" (We note this function is typically delegated by General Managers and the City Manager to line management, who have a closer understanding of the day-to-day role of employees and therefore how best to manage possible conflicts).

The OAG therefore did not substantiate allegations of serious wrongdoing, as the employee's disclosure of their potential conflict of interest to the City sufficiently displaced the high bar for serious wrongdoing.

However, the OAG's review found areas for improvement on the completed *Disclosure of Possible Conflict of Interest Form* documenting the employee's disclosure and remedial action plan. The Form only addressed the potential conflict related to a particular City procurement, stating that the employee would mitigate potential conflicts of interest by not submitting a bid on that one project. The Form did not discuss the potential conflicts of interest created by the individual's ongoing employment at the City and their private business interests in the same specialised field, such as access to information and relationships, and therefore contained no

ongoing plan to manage these conflicts. It also was not clear whether the employee was permitted to bid on future City procurement opportunities through their private business.

### **Outcomes**

The OAG suggested to the parties that the *Disclosure of Possible Conflict of Interest Form* be redrafted to address the broader conflict of interest issues, in consultation with the employee.

A modified *Declaration of Possible Conflict of Interest Form* containing a more detailed action plan was completed and shared with the OAG. As part of addressing the broader conflict risk, assurances were also provided by line management within the department that managing the employee's conflict of interest would be an ongoing topic of discussion from then on, with updates to the form and remediation action plan as needed.

This case illustrates how the OAG can, in addition to providing independent assurance, also partner with relevant City stakeholders in a constructive way to improve accountability and transparency, supporting public trust in the City.

## **5.4 Procurement of advice regarding False Creek South**

### **Allegations related to a sole sourced consulting contract**

The OAG received a complaint about the process for procuring planning services for the False Creek South neighbourhood from a private consulting company. The complainant alleged that:

1. the City had contracted with a private consulting company without an appropriate competitive bidding process,
2. that the administration of the consulting company's services was inappropriately managed, including payments made before they were authorised, and
3. that a Request for Expressions of Interest (RFEOI) posted by the City solicited bids for services that would duplicate the original work.

The engagement with the consulting company was initially scoped at \$50,000 for a single phase. Ultimately, the City paid \$945,438.79 to the consulting firm for their work over two phases between 2019 and 2021. The Real Estate and Facilities Management (REFM) department led the procurement with support from Supply Chain Management (SCM), the procurement specialists at the City.

The OAG investigated these allegations under the City's Whistleblower Policy, where serious wrongdoing can include "mismanagement of City resources or assets in a willful, intentional or negligent manner, including mismanagement of City resources or assets contrary to a City

policy or direction by Council.” The OAG compared the selection of the consultants and the administration of the contract to the requirements in City policies, particularly the City’s Procurement Policy in place at the time (AF-015-01, now ADMIN-008).

The OAG interviewed City personnel responsible for overseeing the procurement process at the time and reviewed relevant documentation including outputs developed by the consultant, purchase orders, invoices, and internal communication regarding the project.

### **Findings related to Allegation 1**

The OAG found that the City sole sourced (did not invite the public bids usually required by the City’s Procurement Policy) the contract for this engagement but did not meet the available grounds in the City’s Procurement Policy for doing so. The Chief Procurement Officer stated that he initially approved a request from REFM to sole source informally and the OAG was unable to find any evidence of an approval. There was also no documentation of whether sole sourcing represented “Best Value” to the City, a requirement under the policy.

For contracts of this size, where Best Value is not demonstrated, the City Manager is the only party with the authority to approve contracting of third-party services. The City Manager was not involved in approving this procurement at either of its two phases, so the contract lacked the approvals required under the policy.

The City also did not endeavor to obtain three bids or prices from internal price records, an alternative option for avoiding a public Call for contracts under \$75,000.

When the engagement entered a second phase, City employees attempted to more formally invoke an “exigent circumstances” exception in the Procurement Policy allowing sole sourcing without posting a Notice of Intent to Contract. This Notice serves as an important control on proposed sole source awards by giving public notice of the intent to sole source, allowing potential bidders to object before a contract is entered into. The exception rested on an assertion that the engagement needed to be kept confidential because of its subject matter, a view which was not formally documented or subject to independent scrutiny. The attempt to invoke the exigent circumstances exemption also occurred after the City had already signed a formal contract with the consulting company and commenced work on Phase 2.

The OAG determined that even if “exigent circumstances” existed, enabling an exception for confidentiality reasons, the written approval from the CPO to sole source Phase 2 did not meet the requirements for that exception. The authorization again did not provide reasoning as to how sole sourcing demonstrated “Best Value” for the City or that the procurement did not violate applicable trade agreements. It also did not provide an explanation of how public procurement could reasonably be expected to violate confidentiality, cause adverse economic consequences,

or be contrary to public interest such that the exception to requiring public notice of the intent to contract should apply.

Even if the proper process had been followed, it is unclear whether “exigent circumstances” requiring confidentiality existed. The process of sole sourcing the consultants to provide advice on the future of False Creek South shielded the selection decision and related information about the scope of the work from scrutiny or engagement by stakeholders. The approach appears at odds with Council’s approved public *Vision Statement and Provisional Guiding Principles for False Creek South*, which contained a commitment to engage community and stakeholders in a meaningful way. The argument that confidentiality was essential to conducting the work was undermined by the fact that public consultation with stakeholders on the future of False Creek South was conducted by a subcontractor as part of this engagement.

As the City did not meet various requirements in the Procurement Policy for selecting and contracting with a third-party company, this allegation was substantiated. The OAG determined that the City’s actions did not meet the expectations outlined in the Procurement Policy and, when considered with the findings in regard to Allegation 2 amounts to a serious mismanagement of public funds as defined in the Whistleblower Policy.

### **Findings related to Allegation 2**

Dated invoices from the consultants show that consulting work began before documented approvals were obtained from the appropriate City authorities and before the business unit created the purchase order required by the Procurement Policy. While the total invoice amounts did not exceed the total amount of the purchase order at the engagement end, invoices did exceed the purchase order amount at the time of invoicing at several points during the engagement, which should not occur.

The City stated that this project was undertaken as a “time and materials” contract where the contractor tracks the time they spend and then bills the organization receiving their services. Accordingly, the City’s view is that the contract had no total or fixed price, explaining why only one purchase order was issued for the entire project. Although time and materials contracts typically have a maximum Total Price as a control, none was specified in this engagement. Time and materials contracts are not listed as an option in the Procurement Policy, and the policy therefore does not contain controls or approval processes for scope increases for such projects.

The policy assumes a Total Price exists for each contract and requires that increases to that Total Price are subject to increasing levels of senior-level approval. The effect of this is that in any other contract with this total spend, City staff would have had to obtain approvals under the Procurement Policy for the spending increases that occurred during the engagement. This would have included at one point a requirement under the policy for approvals from a Supply

Chain Management Manager, Department Director, and the CPO on a form approved by the City Solicitor, if Best Value could be demonstrated. As already noted above, Best Value was never documented so City Manager approval would have been required for increases in the value of the contract.

As steps which were required under the Procurement Policy when managing an engagement of this nature were not undertaken or documented, this allegation was substantiated by the OAG's investigation. The City's actions did not meet the standard for administering such third-party contracts as governed by its various formalized policies, and as noted above, together with the findings regarding Allegation 1 amount to a serious mismanagement of public funds as defined by the Whistleblower Policy.

### **Findings related to Allegation 3**

A new RFEOI was issued by the City in 2024, but for related rather than the same work the City had contracted the consulting company to perform in 2019-2021. A different consultant was awarded a \$4 million contract for the work. As a different consultant was selected for this work after a competitive public Call was issued and the scope of work for the 2024 project appears materially different from the one undertaken in 2019, this allegation was not substantiated by the OAG.

### **Outcomes**

The OAG made eight recommendations intended to improve the City's procurement practices to better achieve the stated aims of the Procurement Policy and mitigate the risks inherent in public procurement. Generally, our recommendations focus on improved documentation of the rationale for decisions and increased scrutiny of this rationale.

We recommended that:

1. If choosing to sole source a contract that relies on the "exigent circumstances" provision, City staff should formally document what the rationale for sole sourcing is and how the sole source provider represents Best Value for the City of Vancouver.
2. If not issuing a Notice of Intent to Contract, City staff should formally document their rationale for doing so. The rationale should include, where applicable, clear reasoning for how and why a public Call would impair confidentiality, cause adverse economic consequences, or be contrary to the public interest.
3. The rationale for decisions by the CPO to sole source contracts for goods and services over \$75,000 without a public Call or without issuing a Notice of Intent to Contract should be reviewed and approved by a senior member of City management.

4. The City's Procurement Policy states that application of the City's Procurement Policy will be monitored and reviewed by the CPO, who will annually report to the Corporate Leadership Team and City Council on the procurement activities of the Vancouver Group for the previous year. In instances where the CPO is directly involved in the procurement, particularly where a competitive procurement process is not undertaken, the General Manager of Finance & Supply Chain (FSC) should conduct this monitoring, reviewing and reporting activity to provide the necessary independent assurance to Council over procurement activities.
5. The City should update the Procurement Policy (ADMIN-008) to require that a formal reassessment process be undertaken at certain dollar increments (to be specified by the CPO) on sole sourced contracts that did not have a public Call or that were not the subject of a Notice of Intent to Contract. At these increments, the CPO and the contracting business unit should assess whether a public Call or Notice of Intent to Contract should be issued for any additional spending or if the original rationale for neither occurring still exists.
6. SCM should exert appropriate control through the Procurement Policy over "time and materials" contracts, including limiting when they can be used and ensuring that costs under such contracts are governed by approval mechanisms similar to those which apply to contracts with a Total Price.
7. All City departments should be required to formally document the rationale for contract scope expansions that exceed approval limits established in the Procurement Policy, for review and scrutiny by SCM.
8. The City should educate and inform departments of the risks associated with obtaining goods or using services prior to having sufficient and approved funding in their purchase orders, and devise and enforce consequences for staff who commit the City to spending without the necessary approvals.

SCM, who are responsible for oversight of procurement, have reviewed and accepted the OAG's recommendations above, affirming their commitment to competitive and transparent procurement processes at the City.

## **5.5 Personal Connections in Procurement and Contract Management**

### **Allegations of conflicts of interest in proponent selection**

The OAG received a complaint with five main allegations centred on the activities of a business unit within the City's Engineering Services department. Four were closed following an initial assessment, as they were determined to either fall outside of the scope of the Whistleblower

Policy (concerning staffing and behavioural issues better related to the mandate of the CHRO) or did not rise to the high bar required to conduct an investigation for serious wrongdoing.

The remaining complaint alleged that a City of Vancouver employee in a unit reporting to the Office of the Chief Safety Officer had a conflict of interest involving the procurement of an external consultant that was providing services on certain City projects to a business unit in the City's Engineering Department. This allegation proceeded to an investigation as it was determined at the preliminary assessment to be sufficiently credible and fell within the scope of the Whistleblower Policy.

## Findings

Our investigation did not find a conflict of interest for the City employee. Though the procurement at issue it was administered by their unit, the particular employee was not involved in it.

However, our investigation found shortcomings in the City's management of the procurement processes and resulting standing offers for consultants for the City projects at issue. A standing offer allows the City to contract with an external party without needing to conduct a separate procurement process every time and in the appropriate circumstances is an efficient use of resources.

When the standing offers were issued, one was selected as the primary consultant, with two others selected as back-ups. Specifically, the Contract Approval Summary for the procurement stated that "one vendor will act as the primary consultant with the other two acting as back-up or for specific specialized engagements." However, the OAG learned through interviews that the primary consultant's services were no longer used, and one of the back-up vendors was typically given the right of first refusal on most consulting work.

Staff told us this was because there were quality issues with some of the primary consultant's work. However, the OAG was unable to obtain any documentation explaining why the primary consultant was no longer used.

Additionally, the OAG was told that the other back-up consultant's services are typically offered to the City at a lower cost than the back-up consultant most frequently used. Despite this, the City was unable to provide clear rationale for how a consultant (between the three which received standing offers) is selected for each project or how Best Value (a defined term in the City's Procurement Policy, ADMIN-008, that is a key to ensuring value for money in City procurement) is determined on a project-by-project basis. The OAG was informed that the selection is loosely based on the budgets of each individual project. The project manager who was formally responsible for administering contracts with the third-party consultants and

providing oversight over the contracts with the consultants also told us they were unaware of how these decisions are made.

This poses three key risks for the City. First, managing the contract in a way that is contrary to the ranking of successful proponents in the Contract Approval Summary without documentation to support the rationale for how consultants are selected for individual contracts potentially leaves the City open to legal challenges by the primary consultant. This risk remains even though the City's contract makes clear that it is under no obligation to give a particular consultant work. Second, the lack of documentation means there is a possibility that the City is not obtaining Best Value on these engagements. Finally, the OAG found that administration of the consultant standing offers process was conducted almost entirely by a unit in the Office of the Chief Safety Officer, with only procedural approval without further scrutiny from the Project Manager in the department that was bearing the cost of the consultants' work. The department's passive involvement in selecting and administering these contracts, despite being the recipient of the consultants' work and being ultimately responsible for the departmental expenditure on the work, could further erode the City's ability to obtain Best Value on the consultants services.

### **Outcomes**

In accordance with the OAG's broader mandate to improve stewardship over taxpayer funds, this report made two recommendations regarding documentation and process for the procurement of these services. We recommended that:

1. The OSCO should coordinate with Engineering Services on procurement processes for safety consultants intended for use on projects managed by Engineering Services. This includes considering involving Engineering Services personnel in developing criteria for and scoring proponents on public Calls.
2. The OSCO, Supply Chain Management (the City's procurement specialists), and the Engineering Services department should better document administrative decisions regarding the safety-related third-party contracts. This includes documenting the rationale for utilizing some pre-qualified consultants over others for individual engagements, and when consultants' work is deemed unsatisfactory. Consultants' work product should be evaluated by staff receiving that work and that evaluation should be considered when awarding future work to consultants under the RFQ.

We were pleased that the City accepted our recommendations and had already incorporated the feedback into a new procurement process it was conducting for consultants working for this department.

## 5.6 Alcohol Purchase While at Work

### Allegations of purchasing alcohol while driving a City-marked vehicle

A complainant reported seeing a City-marked vehicle parking outside a BC Liquor Store. They shared a photo of the vehicle parked on the street outside the store and stated that they saw the driver of the vehicle enter the liquor store, purchase alcohol and return to the vehicle before driving away. The OAG conducted an investigation of this report, as personal use of a City vehicle would constitute waste, and a misuse of City resources under the Whistleblower Policy.

### Findings

In support of the complaint, GPS data showed the vehicle from the Engineering Services department taking a detour from the route it was travelling at around the time reported by the complainant, stopping for a few minutes outside the liquor store, then returning to its original route. Our assessment found that it was therefore likely that the City vehicle was used by the employee to visit a liquor store and make a purchase during work time. This determination was sufficient to refer the complaint, along with our summary and supporting evidence, to the CHRO.

### Outcomes

The OAG team was satisfied that the driver's manager had a strong grasp and awareness of the seriousness of personal use of City vehicles. For this reason, and to maintain consistency with other investigations of personal use of City-marked vehicles, the OAG referred the complaint to the CHRO which supported the driver's manager in validating the report and taking further action.

The OAG did not make any control recommendations in this case for two main reasons. First, the OAG had recently made recommendations about controls over personal use of City vehicles which stemmed from two 2024 complaints (discussed in last year's Annual Whistleblower Report) about personal use of City vehicles. Second, the driver's manager showed good awareness of City policies on vehicle use, regularly discussed appropriate use of City vehicles with staff, and had taken action on other incidents of City vehicle misuse in the past. We were therefore satisfied the team was aware of its obligations and could address the incident with the employee.

City management's investigation found the allegations did not constitute a breach of any City policies, with employees permitted to run personal errands during scheduled breaks. The investigation recommended that senior leadership review relevant policies to consider if they wished to implement a strict, blanket prohibition on purchasing a controlled substance while using a City vehicle or where the employee is identified as a City employee during work hours.

They also recommended communications with staff to clarify when personal errands are permitted and to address the potential negative perceptions that may arise if City employees are observed purchasing controlled substances such as alcohol on their breaks during work.

## 6.0 Other Key Activities

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### 6.1 Implementation of Audit Software

The whistleblower reporting software we inherited from the City in 2024 had limited functionality and was nearing the end of its useful life. We participated in a procurement process for audit software that included a module to support intake and processing of whistleblower reports. Joining the audit software procurement afforded cost savings from not running a separate procurement and having a separate piece of software. However, the greater complexity of the procurement delayed implementing an updated whistleblower webform because the webform was integrated into the new software. The software is now live and offers a range of features that should enhance the effectiveness and efficiency of the whistleblower work. The old software has now been decommissioned by the City.

### 6.2 New Whistleblower Webpage and Webform

As outlined in our first Annual Report, a key objective in 2025 was making enhancements to the whistleblower webpage and the online webform for submitting complaints. The webform was the reporting method used by 45% of complainants in 2025.

Highlights of the new webpage include:

- Clearer guidance about the scope of the Whistleblower Policy
- Process maps to explain the process under the Policy that the OAG uses for considering allegations
- A complainant self-assessment tool to allow potential complainants to consider whether the whistleblower policy or another forum is the best place to raise the issues that concern them.

These changes promote efficiency by directing stakeholders more clearly to the most appropriate forum depending on the nature of the issue.

The webform is an even more significant change as it is completely new and significantly differs from the one the OAG inherited when taking over the Whistleblower Policy. It contains new questions designed to elicit more relevant information from complainants to enhance the efficient administration of the Policy.

The OAG acknowledges the support of City Communications and Technology Services staff and our software vendor in assisting us to implement these changes.

### 6.3 Update and Development of Guidance

The OAG completed a review and suggested amendments to the Whistleblower Process Manual that sets out the detail of how the Whistleblower Policy is operationalized. As capacity in our City stakeholders permits, and with their input, we will implement these changes. We will also conduct a review of the Whistleblower Policy for presentation to the Auditor General Committee to consider.

Two years into operating the Whistleblower Policy the OAG is gaining greater knowledge of best practice in the administration of whistleblower policies, and of the unique dynamics relating to whistleblowing in the City of Vancouver which can be applied to further enhance the effectiveness of the Whistleblower Policy. We look forward to sharing possible enhancements to the Whistleblower Policy with the Auditor General Committee.

## 7.0 2026 Plans

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In addition to continuing to receive and efficiently consider reports received under the Whistleblower Policy in 2026, additional goals for 2026 include:

- An engagement program to raise employee awareness of their rights and responsibilities under the Whistleblower Policy, including the obligations of managers to promptly forward reports they receive from others.
- To the extent our City partners have capacity, to complete a review of the Whistleblower Policy.
- Continuing to collaborate with other Canadian municipal Auditors General who operate whistleblower programs.

## 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/whistleblowing.aspx>

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

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

## Appendix A: History of the OAG Whistleblower Function

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At its April 22<sup>nd</sup>, 2022, meeting the Auditor General Committee 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 responsibility of the Integrity Commissioner.

The Auditor General Committee 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 the CHRO.

The OAG's first Whistleblower Annual Report was issued on February 6, 2025.

# Appendix B: City Management Update on Progress With Implementing Whistleblower Recommendations

## B.1 Alleged Conflict of Interest by City Employee

### Management’s General Comments

A revised City of Vancouver employee Code of Conduct Policy and Policy Procedure is expected to be taken to Council for review and approval in Q1 2026. The Code of Conduct policy for employees addresses conflict of interest, and other conduct expectations. The Code of Conduct Procedure falls under and should be read in conjunction with the Code of Conduct policy.

The proposed changes to the Code of Conduct Policy and Policy Procedure have been reviewed by the OAG.

### Report Overview

**Progress as at:**  
February 5, 2026

**As published in the:**  
[2024 Whistleblower Report](#)

**Presented to the Auditor General Committee:**  
February 13, 2025

**Self-assessment conducted by:**  
Office of the Chief Human Resources Officer

Figure 11: February 2026 Implementation Status of Recommendations From Alleged Conflict of Interest by City Employee

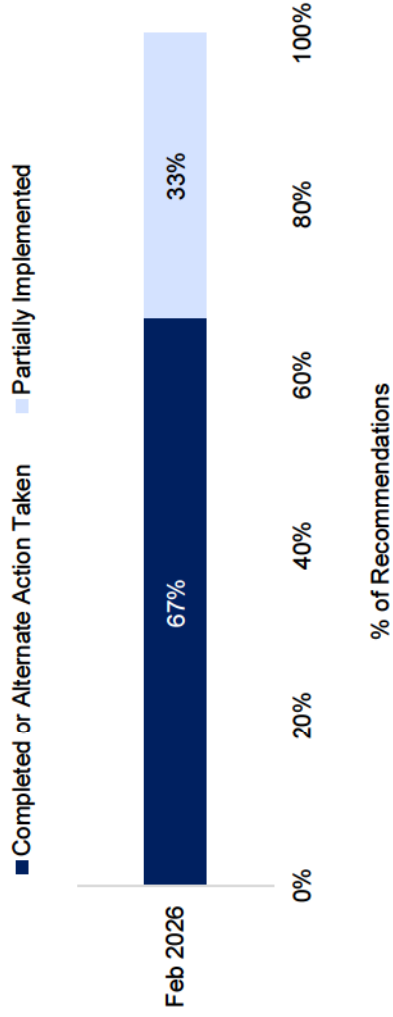


Table 4: Outstanding Recommendations From Alleged Conflict of Interest by City Employee

Whistleblower Recommendations	Status (February 2026)	Actions taken, results and/or actions planned
<p><b>Recommendation 1</b> That the Code of Conduct be amended to include a definition of the term “political staff”.</p>	<p>Fully or Substantially Implemented</p>	<p>The revised Code of Conduct to be taken to Council for review and approval in 2026 includes a definition of Political Staff.</p>
<p><b>Recommendation 2</b> 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.</p>	<p>Fully or Substantially Implemented</p>	<p>The revised Code of Conduct will be taken to Council for review and approval in 2026 has been amended to provide clarity with respect to expectations of all employees, and specifically Political Staff. The revised Code of Conduct is applicable to all City employees, with any applicable exceptions noted. Amendments include:</p> <ul style="list-style-type: none"> <li>• Introduced definition of Employee that expressly includes Political Staff.</li> <li>• Introduced definition of Political Staff.</li> <li>• Refreshed definition of Political Activity which expressly excludes the regular duties of Political Staff.</li> <li>• Updated Political Activity section:             <ul style="list-style-type: none"> <li>○ clarifies the expectations of employees other than Political Staff (i.e. political advocacy activities to be clearly separated from City employment)</li> <li>○ recognizes unique expectations for Political Staff (not to perform any election or campaign-related work as part of their City work) and</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>o reinforces expectations for all employees with respect to seeking nomination, election to or holding office.</li> <li>• Updated Public Service Obligations section includes exception for Political Staff with respect to remaining politically impartial and unbiased, and an exception that they be equally helpful /avoid appearance of preference to all members of Council</li> </ul>
<p><b>Recommendation 3</b></p> <p>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.</p>	<p><b>Partially Implemented</b></p>	<p>The revised Code of Conduct Policy Procedure (which falls under and should be read in conjunction with the policy), will be taken to Council for review and approval in 2026, and includes specific procedures for Political Staff with respect to the investigation of any alleged breach of the Code of Conduct. The monitoring of any policy is the responsibility of those whom provide day-to-day direction to the employee.</p> <p>The revised Code of Conduct Policy Procedure for Political Staff requires engagement of an external third party to investigate any alleged breach of the Code of Conduct by a Political Staff person, where the City Manager's preliminary assessment is that a breach may have occurred and that an investigation is warranted. The results of that investigation will be shared by the City Manager with the member of Council responsible for the Political Staff member. Appropriate action will be taken in consultation between the City Manager and the responsible member of Council, and if required the Director of Legal Services or external legal counsel, and in accordance with applicable employment law(s).</p>

City Human Resources believes that the proposed changes to the Code of Conduct and associated Procedure strike an appropriate balance within the City's existing policy and governance structure, acknowledging Political Staff's status as employees of the City, engaging external parties to make findings of fact and provide advice where appropriate, and placing decision making with respect to appropriate action with the member of Council responsible for the Political Staff person.

Should Council wish to consider, for example, appointing the City's Integrity Commissioner to undertake investigations into Code of Conduct Complaints made against Political Staff persons, that would require amendments to the Code of Conduct Bylaw, as well as privacy considerations (to address the requirements of the *Freedom of Information and Protection of Privacy Act*) and the financial cost of such appointment.

## B.2 Interim Report to Council: Whistleblower allegations of serious wrongdoing involving a City of Vancouver employee in an inspection function

### Management’s General Comments

Fourteen of the nineteen recommendations have been fully or substantially implemented.

We have provided additional training and established regular audits, to ensure the team complies with relevant policies, manages conflicts of interest appropriately, and maintains proper documentation.

The five remaining recommendations have been partially implemented, with some controls already been put in place.

### Report Overview

**Progress as at:**

February 5, 2026

**As published in the:**

[2025 Interim Whistleblower Report](#)

**Presented to the Auditor General Committee:**

July 3, 2025

**Self-assessment conducted by:**

Development, Buildings and Licensing

Figure 12: February 2026 Implementation Status of Recommendations From 2025 Interim Report to Council

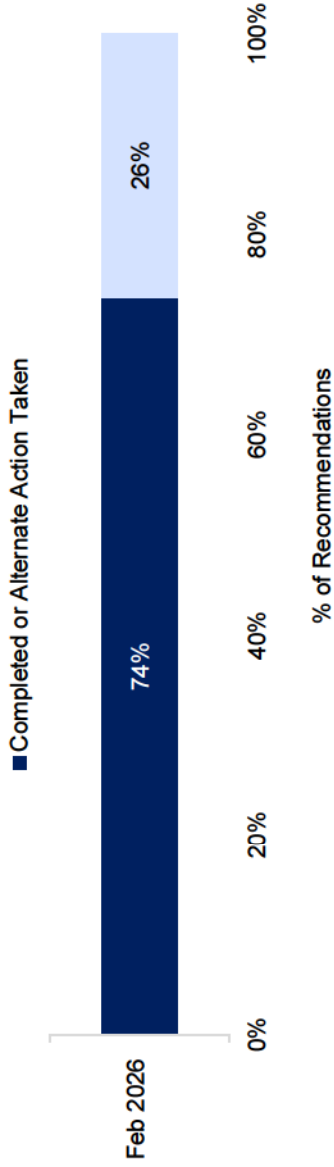


Table 5: Outstanding Recommendations From 2025 Interim Report to Council

Whistleblower Recommendations	Status (February 2026)	Actions taken, results and/or actions planned
<p><b>Recommendation 1</b></p> <p>A clear and specific technical checklist based on the relevant standards, including inspector comments on key requirements, should be required to demonstrate how compliance with the applicable standards has been achieved. This information should be captured in City databases to help ensure consistency and verify that compliance with the standards has been assessed before inspected work is determined to have either passed or failed.</p>	<p>Fully or Substantially Implemented</p>	<p>We are conducting a review of the current relevant standards checklists to ensure they are still adequate. Additional coaching and training are being provided to staff to improve documentation within the City database.</p> <p>Pass / Fail determinations will continue to be based on in-field inspections, with the checklists and accompanying notes serving as an audit and consistency tool to verify compliance with applicable standards were met.</p>
<p><b>Recommendation 2</b></p> <p>Controls need to be in place to verify that inspections are passed (or failed) based on appropriate evidence, including that on-site inspections occurred where required. The criteria for when remote inspections are permitted and the documentation required to pass</p>	<p>Fully or Substantially Implemented</p>	<p>As noted in recommendation #1 – current controls will be strengthened to ensure that inspections outcomes are supported by appropriate and sufficient evidence. We are working on establishing clear criteria to define when remote inspections are permitted and including a signed declaration from the applicant that the work was complete.</p> <p>These criteria and requirements will be formally documented, and communicated to all relevant staff and applicants, and</p>

<p>an inspection remotely need to be clear and consistently enforced.</p>		<p>consistently enforced through quality assurance and periodic monitoring.</p>
<p><b>Recommendation 3</b></p> <p>Employees should be required to demonstrate a rationale or obtain appropriate approval before reassigning a task from another inspector (outside of routine workload rebalancing by management). Inspectors should also receive notification when an inspection assigned to them has been reassigned. These changes would help mitigate the risk of inspectors giving preferential treatment to contractors by providing transparency to work reallocations.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>Due to current system constraints, automated system-generated notifications are not feasible at this time. However, re-assignment of work is performed and tracked daily by the supervisor as part of routine workload management.</p> <p>Any variance to this process will be highlighted during the regular audit process.</p>
<p><b>Recommendation 4</b></p> <p>Inspectors should document the rationale for any changes to the work required to pass an inspection from that originally required by another inspector after a failed inspection. This would help mitigate the risk of inspectors giving preferential treatment to contractors by unilaterally changing the standard established by another inspector.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>Contractors call for Inspection when the deficiencies from a failed Inspection have been addressed. We will ensure that better documentation is entered in the system, when those deficiencies have passed and are compliant.</p> <p>This has been communicated to the team through training and documented in the training materials.</p>

<p><b>Recommendation 5</b></p> <p>Detailed notes should be required and stored on file whenever changes are made to the requirements to pass an inspection, or in cases of management override. Senior management review of proposed changes to the criteria to pass an inspection could also be considered. These steps would help mitigate the risk of an inspector giving preferential treatment to private sector contractors by unilaterally changing the standard required from that set at any other step in the permitting process.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>Addressed in recommendations 1, 2 &amp; 4.</p>
<p><b>Recommendation 6</b></p> <p>Systems for assigning work that build in a greater degree of randomness to inspector assignment should be considered. This is intended to reduce the familiarity risk that arises when entities and inspectors work together frequently over long periods. Inspectors could also be rotated periodically. A different work allocation model from the existing method could have efficiency advantages, focussing on allocating</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>It is important to clarify that contractors operate city-wide and are not limited to a single district or geographic area. As a result, inspectors do not work exclusively with the same entities over extended periods.</p> <p>In addition, Inspector rotation already occurs as part of current operational practice. Inspectors are periodically rotated between different districts to develop and broaden their experience, recognising that different areas of the city present different forms and scales of development. This supports professional development, consistency in decision-making, and reduces the risk of over-familiarity.</p>

<p>work equally across inspectors while retaining benefits from grouping work to create efficiency for individual inspectors.</p>		<p>While the current work allocation model balances efficiency and workload distribution, the intent of the recommendation is acknowledged.</p>
<p><b>Recommendation 7</b></p> <p>A percentage of inspections should be audited by management periodically to ensure consistency and that there is evidence that compliance with standards has been adequately recorded. A mix of paper and on-site audits are needed.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>This has been implemented with one paper-based audit.</p> <p>The Inspector II (Technical Training Inspector) will be periodically job shadowing on an ad-hoc basis to ensure consistency and compliance with standards.</p>
<p><b>Recommendation 8</b></p> <p>Other controls to promote and assess consistency and compliance with standards should be considered, including periodic data analysis of pass and fail rates for inspectors and job shadowing. Periodic review by qualified experts outside the City of Vancouver could also be considered to identify potential system improvements. This does not have to involve consultants but could take the form of a peer review with another municipality.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>This has been implemented with an extraction of data every six months.</p> <p>The first audit showed comparable pass / fail rates among Inspectors.</p>

<p><b>Recommendation 9</b></p> <p>The City should ensure training for new inspectors is robust and its program of training is ongoing, such that consistency and compliance with standards in inspections is promoted.</p>	<p>Fully or Substantially Implemented</p>	<p>A thorough review of the onboarding and training documentation was conducted.</p> <p>Additional standard operating procedures are being developed to enhance the training materials and regular ongoing training opportunities are provided.</p>
<p><b>Recommendation 10</b></p> <p>A mandatory stand down period should be required and documented for employees hired from industry before they inspect a private sector contractor they have worked with or for. This would limit the risk of potential conflicts of interest and biased inspections. The practice of allowing new hires a grace period to end existing work commitments needs to cease; it is not acceptable that City employees begin working as inspectors while winding down work within the industry they regulate. It would be more appropriate that inspectors delay starting work for the City until all previous work commitments are complete.</p>	<p>Fully or Substantially Implemented</p>	<p>We acknowledge the risk identified in this recommendation.</p> <p>Conflict of interest training, declarations, and documentation requirements will be used to address and mitigate this risk and to maintain the integrity and impartiality of Inspections.</p>

<p><b>Recommendation 11</b></p> <p>To comply with the City's Conflict of Interest rules, team leaders should periodically and proactively request conflict of interest declarations and educate employees about what conflicts of interest are. These declarations should be actively tracked and affect how work is assigned. The City must have effective monitoring and enforcement of non-compliance with the conflict of interest reporting regime and should consider whether its conflict of interest processes need further strengthening to be effective.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>The Department acknowledges the importance of compliance with the City's Conflict of Interest Policy.</p> <p>Mandatory online Conflict of Interest training was completed and tracked department-wide (DBL) and will be delivered annually. This includes all Inspection teams. This training provided employees with education on what constitutes a conflict of interest, their obligation to disclose, and the consequences of non-compliance.</p> <p>Conflict of Interest declarations are required and submitted for manager review and to identify any mitigation when a potential conflict exists, rather than on a routine or periodic cadence. However, we will make it standard practice to include this information during performance review conversations.</p> <p>Work will be re-allocated based on the declarations provided. Monitoring and enforcement will be supported through the audit process.</p>
<p><b>Recommendation 12</b></p> <p>The City should have a system that requires mandatory reporting of offers or approaches by regulated entities to inspectors involving money or benefits. The system should include a policy for what the appropriate action is in</p>	<p><b>Partially Implemented</b></p>	<p>We are creating department specific guidelines that balance the promotion of transparency and consistency while continuing to reinforce our trust in our employees' and their professionalism.</p> <p>There is a city-wide policy related to Gifts and Personal Benefits, which each employee must review during onboarding, and annually.</p>

<p>response, including when to refer such approaches to law enforcement.</p> <p><b>Recommendation 13</b></p> <p>A system should be developed for recording all offers of hospitality or other benefits (with a low de minimus threshold) made to inspectors and whether those offers were accepted.</p>	<p style="text-align: center;"><b>Partially Implemented</b></p>	<p>This will be addressed in Recommendation 12 with the development of the department specific guidelines.</p>
<p><b>Recommendation 14</b></p> <p>To mitigate the risk of inspectors asserting public authority in private contexts, the City should issue clear guidance on how City of Vancouver attire should be worn and in what contexts its wearing is appropriate.</p>	<p style="text-align: center;"><b>Partially Implemented</b></p>	<p>In addition to the current dress code to address safety, department specific guidelines are under development for Inspectors on how City of Vancouver attire should be worn and in what context.</p>
<p><b>Recommendation 15</b></p> <p>To reduce the risk of both perceived and actual conflicts of interest from outside employment or contracting by City of Vancouver Inspectors, the City</p>	<p style="text-align: center;"><b>Fully or Substantially Implemented</b></p>	<p>Training has been completed for all Development, Buildings and Licensing staff, which includes all Inspection teams.</p> <p>Also addressed in Recommendation #11.</p>

<p>should ensure that inspectors are aware of, and comply with, section 4.9 of the Code of Conduct that deals with these issues. Regular conflict of interest declaration requirements will support this.</p>		
<p><b>Recommendation 16</b></p> <p>The City should implement a more formalized recruitment process for, and improved oversight over, the work of temporary relief (summer) inspectors.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>The recruitment process for temporary relief (summer) is consistent with recruitment practices used across the organization for all recruitment.</p> <p>The current approach already includes training and supervisory measures comparable to those applied to other Inspector positions. In addition, the Inspector II (Technical Training Inspector) periodically attends the sites with summer relief to provide guidance, oversight, and quality assurance.</p>
<p><b>Recommendation 17</b></p> <p>The City should consider whether the way some employees are being assigned work to allow them to qualify for a vehicle allowance is an appropriate use of City funds.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>Auto allowances are audited on a yearly basis.</p>
<p><b>Recommendation 18</b></p> <p>City management should assess whether inspectors are creating tasks for themselves to avoid being re-</p>	<p><b>Partially Implemented</b></p>	<p>Currently, system restrictions exist and we are exploring ways to capture this during our regular audit process.</p> <p>Currently, system restrictions exist.</p>

<p>assigned inspections. This would involve an audit of inspectors' self-initiated tasks in City systems to obtain assurance that City inspectors are acting appropriately.</p>		
<p><b>Recommendation 19</b></p> <p>While recognising the desirability of speedy processing of inspection requests, City management should consider whether its current guaranteed next-day inspection standard for inspection requests is an efficient and effective use of taxpayer resources or results in over-resourcing of inspections, without impacting on overall time to attain permits.</p>	<p><b>Partially Implemented</b></p>	<p>Our goal is to maintain our current service levels to support development within the City, which is consistent with Council priorities.</p> <p>We are looking at opportunities to increase our reliance on industry, by using declarations of compliance for specific scopes of work, to decrease on site visits and build greater capacity within the team.</p>

### B.3 Personal Use of a City Vehicle – Investigation 1

#### Management’s General Comments

Homelessness Services allowed staff to drive City-owned vehicles home at night due to the lack of secured parking spot and operational needs. Following the whistleblower complaint, a parking spot was secured and our policies and procedures updated so that are no longer permitted to drive vehicles home.

Across the City, significant progress has been made on recommendations with six substantially or partially complete and one alternative action taken.

**Report Overview**

**Progress as at:**  
February 5, 2026

**As published in the:**  
[2024 Whistleblower Report](#)

**Presented to the Auditor General Committee:**  
February 13, 2025

**Self-assessment conducted by:**

- Arts, Culture and Community Services
- Engineering Services
- Risk Management

Figure 13: February 2026 Implementation Status of Recommendations From Personal Use of a City Vehicle - Investigation 1

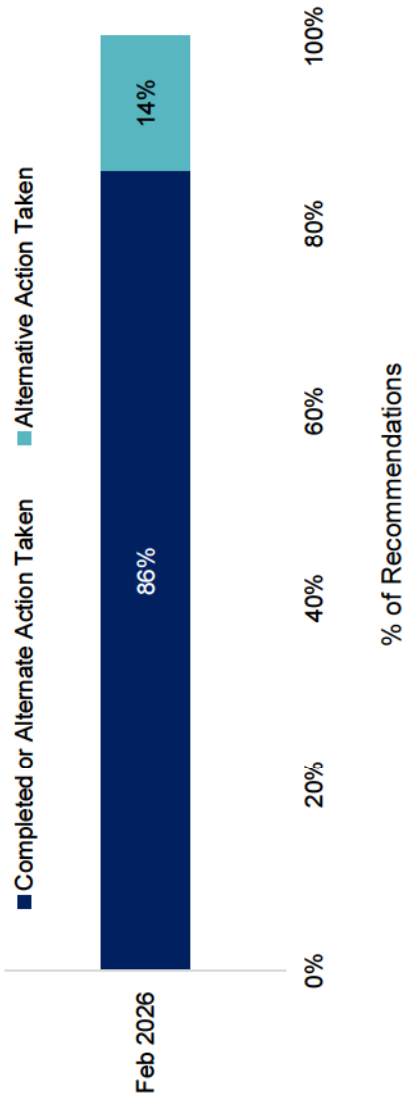


Table 6: Outstanding Recommendations From Personal Use of a City Vehicle – Investigation 1

Whistleblower Recommendations	Status (February 2026)	Actions taken, results and/or actions planned
<p><b>Recommendation 1</b></p> <p>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.</p>	<p>Fully or Substantially Implemented</p>	<p>Homelessness Services has two vehicles to support outreach operations. At the time of the complaint, only one parking spot had been procured resulting in one vehicle being driven home by staff.</p> <p>Effective February 1, 2025, a second parking spot was procured at a nearby parkade, in close proximity to the office. Both vehicles are now parked overnight in the vicinity of the office, thus ensuring staff no longer drive the vehicle home for operational purposes. This removes the potential for taxable benefits to be incurred by staff.</p>
<p><b>Recommendation 2</b></p> <p>The City needs to review whether there are other instances of potential taxable benefits that may not have been accounted for as a</p>	<p>Fully or Substantially Implemented</p>	<p>Homelessness Services no longer allows staff to take vehicles home and has secured parking in proximity to office.</p> <p>The City of Vancouver has an established auto allowance and mileage program governed by ADMIN-24, ADMIN-25, and ADMIN-14. Payroll oversees the program, and requirements are documented on Currents. Business Units and employees</p>

<p>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.</p>		<p>are responsible for complying with these policies, including rules related to the use of City-owned vehicles.</p> <p>In response to the recommendation, the City has been reviewing its current controls and practices to confirm whether any additional taxable benefits related to vehicle use—such as home-to-work travel—need to be identified, reported, or strengthened.</p>
<p><b>Recommendation 3</b></p> <p>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</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>Fleet Engineering and Asset Management (FEAM) Branch within Engineering Service's Department leads the organizations fleet management program. Responsibilities include purchasing, rental, resale and leasing. As a result of this investigation, FEAM has now added specific questions about intent/ability for an employee to take the vehicle in question home to the <i>business case</i> signed off by GMs (purchase) or <i>information form</i> signed off by Directors (lease).</p> <p>Though FEAM may do occasional audits, the approving and managing of take home vehicles to ensure compliance with relevant policies will remain with the Department that requested the vehicle/equipment.</p>

<p>obtaining a vehicle must consider before proceeding.</p>		
<p><b>Recommendation 4</b></p> <p>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.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>With respect to the specific complaint, Homelessness Services was allowing staff to drive the vehicle home based on the Safe Driving Policy. Once the complaint was received, HS practices were reviewed and parking was secured in close proximity to the office. Staff are no longer permitted to drive vehicles home.</p> <p>Risk Management owns the Safe Driving Policy and is currently updating it to include clearer language regarding the circumstances under which staff are authorized to take City-owned or leased vehicles home, as well as which staff positions this applies to. The Policy update is due in 2026.</p>
<p><b>Recommendation 5</b></p> <p>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.</p>	<p><b>Alternative Action Taken</b></p>	<p>Staff no longer are permitted to drive vehicles home therefore no further action is required.</p> <p>The Homelessness Services Outreach Program's <i>Driving for Work Policy</i> reflects this updated practice.</p>

<p><b>Recommendation 6</b></p> <p>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.</p>	<p>Fully or Substantially Implemented</p>	<p>Management regularly reviews and clarifies expectations of use of City-owned vehicles with Homelessness Services employees. We have also created a <i>Driving for Work Policy</i> to complement the <i>City-Wide Safe Driving Policy</i>.</p>
<p><b>Recommendation 7</b></p> <p>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.</p>	<p>Fully or Substantially Implemented</p>	<p>As noted above, there is no longer a need for employees to drive a vehicle home.</p>

## B.4 Personal Use of a City Vehicle – Investigation 2

### Management’s General Comments

Significant action has been taken in relation to the recommendations. The City has fully or substantially implemented five recommendations with two partially implemented.

#### Report Overview

Progress as at:

February 5, 2026

As published in the:

[2024 Whistleblower Report](#)

Presented to the Auditor General Committee:

February 13, 2025

Self-assessment conducted by:

- Arts, Culture and Community Services
- Engineering Services
- Risk Management

Figure 14: February 2026 Implementation Status of Recommendations From Personal Use of a City Vehicle – Investigation 2

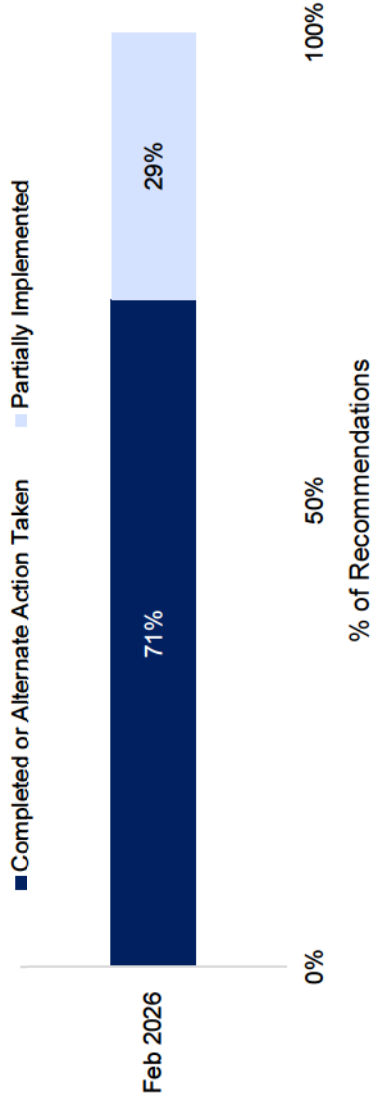


Table 7: Outstanding Recommendations From Personal Use of a City Vehicle – Investigation 2

Whistleblower Recommendation	Status (February 2026)	Actions taken, results and/or actions planned
<p><b>Recommendation 1</b></p> <p>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.</p>	<p>Fully or Substantially Implemented</p>	<p>The Managing Director (acting) and the employee liaised with payroll who in turn calculated the taxable benefit and reconciled in full with the employee.</p>
<p><b>Recommendation 2</b></p> <p>The department needs to reconcile with Payroll the employee's status and the approvals required for personal use of the vehicle.</p>	<p>Fully or Substantially Implemented</p>	<p>The Managing Director (acting) and the employee liaised with payroll and Drivers Services to confirm the employee's status, confirmed the expectation of the use of the vehicle, ensured all due process, forms and approvals were complete.</p> <p>Drivers Services reaffirmed paperwork and process requirements and will update Payroll as required.</p>
<p><b>Recommendation 3</b></p> <p>The department needs to consider updating the employee's job description after determining how they are to operate a vehicle in their role.</p>	<p>Fully or Substantially Implemented</p>	<p>The Managing Director (acting) liaised with the employee, HR, Labour Relations and Drivers Services to confirm that the appropriate uses and processes were understood, met and adhered to on an ongoing basis.</p> <p>Following consideration and discussion, the Managing Director and Labour Relations agreed to retain the current position description as the employee is an AUX status and contractor status is not currently an option due to the nature of the work and the Collective Agreement.</p>

		<p>The employee is fully compliant with City policies of use and management of the vehicle.</p>
<p><b>Recommendation 4</b></p> <p>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.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>The City of Vancouver has an established auto allowance and mileage program governed by ADMIN-24, ADMIN-25, and ADMIN-14. Payroll oversees the program and requirements are documented on Currents. Business Units and employees are responsible for complying with these policies, including rules related to the use of City-owned vehicles.</p> <p>In response to the recommendation, the City has been reviewing its current controls and practices to confirm whether any additional taxable benefits related to vehicle use —such as home-to-work travel—need to be identified, reported, or strengthened.</p>
<p><b>Recommendation 5</b></p> <p>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.</p>	<p><b>Fully or Substantially Implemented</b></p>	<p>Payroll has developed the <i>Taxable Benefit – City Vehicles Exhibit 2A</i> Form to address requirements in relation to taxable benefits.</p>

<p><b>Recommendation 6</b></p> <p>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.</p>	<p style="text-align: center;"><b>Partially Implemented</b></p>	<p>Risk Management owns the Safe Driving Policy and is currently updating it to include clearer language regarding the circumstances under which staff are authorized to take City-owned or leased vehicles home, as well as which staff positions this applies to. Policy update due 2026.</p>
<p><b>Recommendation 7</b></p> <p>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.</p>	<p style="text-align: center;"><b>Partially Implemented</b></p>	<p>Fleet Engineering and Asset Management (FEAM) Branch within Engineering Service's Department leads the organizations fleet management program. Responsibilities include purchasing, rental, resale and leasing. As a result of this investigation, FEAM has now added specific questions about intent/ability for an employee to take the vehicle in question home to the already required <i>business case</i> signed off by GMs (purchase) or <i>information form</i> signed off by Directors (lease).</p> <p>Information is mainly shared with teams when they request a vehicle/equipment. Engineering will discuss with Communications and Technology Services about adding information on the City's intranet site, in addition to sharing information when requested so teams can proactively review prior to contacting FEAMS.</p> <p>Though FEAM may do occasional audits, the responsibility of approving and managing of take home vehicles to ensure compliance with relevant policies will remain with the Department that requested the vehicle/equipment.</p>

## Appendix C: Report on Investigation of CACs at 1480 Howe Street

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### Introduction

The Office of the Auditor General (OAG) received a complaint regarding the Community Amenity Contributions (CACs) arising from the development at 1480 Howe Street in Vancouver, known as “Vancouver House”. The complainant raised concerns that the CACs at Vancouver House were improperly managed. In particular, the complainant alleged that:

1. The total CAC amount agreed upon between the City and the developer was significantly lower than the City’s targets for CACs in the relevant City policy.
2. The City mismanaged, and did not provide sufficient oversight over, the delivery of the \$6 million in in-kind CACs agreed with the developer.

Community Amenity Contributions (CACs) are in-kind or cash contributions provided by property developers when City Council grants valuable development rights through rezoning. These contributions are intended to deliver public benefit by supporting the City’s delivery of amenities such as:

- Affordable housing
- Parks and open spaces
- Childcare facilities
- Community facilities (for example community centres and libraries)
- Transportation and public realm (for example, special treatment for streets, sidewalks, lighting, landscaping), and
- Arts and culture spaces.

Some development locations are subject to specific CAC and/or public benefit policies, so the CAC amount is determined through a CAC target and/or negotiations. For development rezonings not subject to a CAC target in a City policy, the CAC is determined by negotiation between the City and the developer.

The City’s general approach to CACs is contained in the [Community Amenity Contributions Policy for Rezoning](#). A [CAC Implementation Procedures](#) document provides further guidance on how this policy should be implemented and administered. The policy states that “CACs determined through negotiations [...] will target a minimum of 75% of the increase in land value based upon the rezoning application.” The procedure gives further specifics on a formula for calculating the target CAC based on the anticipated increase in land value. The Planning, Urban

Design and Sustainability (PDS) department is generally responsible for these broader policies related to CAC negotiation and implementation.

The City originally calculated the anticipated increase in land value for the proposed Vancouver House development as \$34,976,972. The 75% minimum target for CAC value would have required the developer to deliver \$26,232,729 worth of public amenities. However, through negotiation, the City and the developer agreed on \$10 million.

The CACs at Vancouver House were negotiated by REFM's Property Development team and referred by City Council to public hearing in September 2013. Oversight and approvals are also provided by PDS. In return for the rezoning, the developer agreed to provide \$4 million in cash and \$6 million in in-kind CACs which would be spent on "public realm improvements" in the area surrounding the development.

The public realm improvements were described in a 2013 [report to Council](#) as:

"an enhanced public realm treatment beyond the City standard including high quality surface treatments, special lighting, kiosks and public seating, consistent with the objectives of the [Under the Granville Bridge Neighbourhood Commercial Centre Policies and Guidelines](#);

- basic infrastructure to facilitate event programming, including electricity, water and accessibility to public washrooms;
- and the Council-endorsed "Great Streets" treatment on the south side of Pacific Street."

The report was approved by Council later that year, with the effect that the recommended CACs were accepted in principle, subject to a public hearing. Following public hearings, the rezoning to allow the Vancouver House development was [approved by Council in October](#). That final approval included several further details about the CACs to be delivered, summarized as:

- "a more direct and enhanced pedestrian connection (vertical elevators/stairs and horizontal bridge) between the upper Granville Bridge deck sidewalks and Granville Street below
- Public realm features, such as landscaping, seating opportunities, patio spaces and kiosks, need to be considered.\*
- Pedestrian access through the terraced semi-public courtyards to Pacific Street should also be maintained
- Enhanced public realm treatment that contributes to the unique environment under the Granville Bridge and ramps.
- Design development and provision of a conceptual lighting strategy and implementation plan for pedestrian scale lighting and feature lighting to enhance the unique under the bridge/ramp environment. \*\*

- Provision of an animation strategy and implementation plan demonstrating the proposed use of City streets and structures, and provision of basic infrastructure, to support public realm programming. Basic infrastructure should be provided to facilitate event programming, including electricity, water, storage, and accessibility to public washrooms, including arrangements to secure public access.”

\* The document notes that features such as these that are on City streets require a separate application to the Engineering Services department.

\*\* The document notes that public realm lighting needs to be coordinated to meet Engineering Services department standards and requirements.

The approved October 2013 rezoning also notes that some of the conditions and specifics for the development (and the CACs related to the public realm improvements) are subject to Development Permit Board approval. The Development Permit Board approved the permit application in [2014](#), with Council doing the same in [2015](#). The accompanying permit document contains a commentary from City staff on the feasibility of the conditions approved by Council in 2013.

The OAG also notes that the City’s Engineering Services department undertook a concurrent process with the developer to agree and implement an agreement on the parties’ responsibilities for development and management of infrastructure for the Vancouver House property. Called a “services agreement” it contains a detailed list of responsibilities and accountabilities for the developer and the City’s Engineering Services department regarding core infrastructure. It also contains warranty mechanisms the City can employ if dissatisfied with the infrastructure created by the developer before the City assumes long term responsibility for it.

Although there may be some overlap in the public realm improvements listed in the services agreement and the in-kind CACs required of the developer, they are separate obligations with their own processes. Services agreements are distinct and would exist regardless of whether the City and the developer have agreed on any in-kind CACs. For example, a services agreement may require restoration of sidewalks after a development is complete, whereas a CAC may require a special higher quality type of sidewalk with added amenities such as special lighting and seating along it.

**Analysis of Allegation 1: The total CAC amount agreed upon between the City and the developer was significantly lower than the City’s targets for CACs in the relevant City policy.**

There are a number of risks associated with negotiating CACs. Given the high value of the amounts being negotiated with private parties, there is an inherent risk to the City in this activity. Some safeguards arise from the requirement that Council approve CACs. However, Council, as

governance rather than management, must place considerable reliance on City staff recommendations that CACs are reasonable and that the City has sought to maximise the public benefit.

The City has also become increasingly dependent on the revenue and infrastructure delivered by CACs to support population growth. Under-collection of CACs could have implications for the City's ability to deliver amenities to residents to match the increased density from rezoning that these developments bring to the City.

CACs are negotiated by REFM staff, with further oversight and approvals from PDS. For Vancouver House, negotiations were conducted in 2013. The OAG reviewed the record of negotiations between the developer and the City regarding the value of the CACs. Those communications show the complexity of negotiations and, naturally for a negotiation of this type, pushback from the developer on the CAC quantum proposed by the City's negotiators. Ultimately, the negotiated amounts were reported to and approved by Council.

The communications we reviewed demonstrate City staff's attempts to gain the highest value they could negotiate from the developer through CACs. In our conversation with REFM management, we were told that CAC amounts need(ed) to be balanced against Council's general desire for housing to be built (and therefore to sufficiently motivate/incentivize developers to do so). We also heard that CAC amounts fluctuate with market conditions – when the market for housing is strong, developers are less likely to negotiate hard for lower CACs (and have less leverage to do so).

Finally, the OAG compared the CACs for this development with other developments in the City and found examples that had both higher and lower agreed CAC values (expressed as percentages of the calculated land lift). REFM staff admitted to the OAG that they may have been a little "naïve" in their negotiations regarding Vancouver House, as they did not anticipate how much real estate values would rise over the coming years. However, this observation is with the benefit of hindsight and not evidence of failings in the City's negotiation.

From our review, the OAG was unable to substantiate that there was serious wrongdoing relating to the CAC contribution agreed for Vancouver House. There is no evidence of mismanagement of public funds or assets, or of bribery or fraud. Assessing the appropriateness of the outcomes of negotiations, or of the City's balancing of competing objectives (i.e. to obtain contributions from developers for rezoning, and to incentivize developers to complete developments with a reasonable profit margin) falls outside the OAG's mandate under the Whistleblower Policy. This policy-balancing is a matter for Council, informed by public input and shaped by legal and policy requirements. While the agreed amount was significantly below the

target under the City's policy guideline, this does not equate to the high threshold required for serious wrongdoing, given the multiple variables at play.

**Analysis of Allegation 2: The City mismanaged, and did not provide sufficient oversight over, the delivery of the \$6 million in in-kind CACs agreed with the developer.**

If developers are not delivering on the in-kind CACs agreed to in exchange for rezoning, this is a breach of the social and legal contract that permits development. While CACs are not the only way to capture the benefits of rezoning for Vancouver residents, they are one way for the City to ensure public benefit for the value that arises from the City granting greater density through rezoning and can help public services, infrastructure, and amenities keep pace with growing population density. Conversely, not achieving sufficient public benefit at rezoning could worsen the City's infrastructure deficit by adding density without offsetting infrastructure improvements. The City could be allowing private developers a benefit (increased density) while depriving itself of amenities it would otherwise have benefitted from, or must pay for itself instead.

There is also a concern whether Council's agreed balancing of benefits between the public and private interests is being upheld if significant changes are made to what Council approved without Council's approval or knowledge. If Council-approved commitments are not realised, this could be akin to waste.

In the case of Vancouver House, the agreement was to provide in-kind CACs worth \$6 million. However, the OAG was unable to find any clear documentation linking that figure to the public realm improvements discussed publicly or in City documents. Certainly, no enforceable, specific and itemized list of what was to be delivered, broken down by the value of each component, was produced.

The September 2013 City report discussed above appears to be the last instance where the \$6 million value of the in-kind contribution is referenced in a document to Council. The October 2013 approval document does not contain that figure. The 2014 Development Permit Board application also does not reference the \$6 million value of the in-kind CACs.

We note that the rezoning report from 2013 states that many of the public realm improvements which the complainant identified as uncompleted, simply be "considered," so the City did not have an enforceable agreement regarding those specific improvements. The rezoning report also states that many of the in-kind CACs are subject to obtaining the necessary approvals from Engineering Services, and that further details are to be specified in the 2014 Development Permit Board application.

REFM is responsible for negotiating CACs, including the high-level in-kind deliverables. REFM is not responsible for overseeing the delivery of in-kind CACs, nor for holding developers

accountable for them. REFM also told the OAG that the specifics of what in-kind CACs would look like for developments like Vancouver House are the responsibility of Engineering Services and the City's Legal Services department. Legal Services told us they provide advice and draft agreement language for in-kind CAC amenities, as requested, based upon instructions received from the responsible department. However, Legal Services is not responsible for the specifics or details as to what an in-kind amenity will look like.

In our conversation with REFM staff, we heard that in theory, and where mechanisms exist to do so, developers would be held accountable for what was agreed upon to deliver, rather than the actual value/expenditure to deliver those amenities. In that way, if costs associated with delivering in-kind CACs go up over during the development process, the developer would be responsible for them (and the inverse would also be true).

Some changes to the in-kind CACs for Vancouver House were intentional based on challenges identified by Engineering Services related to accessibility and concern about the costs to the City of long-term maintenance, a legitimate consideration but one that ideally would have been considered earlier in the CAC process. Engineering Services Development and Major Projects Branch is responsible for working with developers on some types of in-kind CACs involving public realm improvements. Engineering Services had concerns about the long-term maintenance costs the City would inherit from the CACs being considered at Vancouver House. These concerns emerged sometime between the rezoning approval by Council and the Development Permit Board application. This was documented in emails from Engineering Services department staff reviewed by the OAG and in the publicly available permit application, which states:

“Engineering Services has concerns with the long-term maintenance costs of the proposed streetscape treatment. Staff continues to work with the applicant to meet the design objectives of the project while meeting performance requirements related to accessibility, longevity, maintenance, and legibility for all users. If needed, Staff may consider higher quality treatments under maintenance agreement with the owner.” – Development Permit Board Application for 1480 Howe St. (2014)

As a result of these concerns, at the request of the Engineering Services department some of the components of the in-kind CACs that the developer had promised to meet the \$6 million commitment were scrapped. These changes were also approved by Council at a high level in 2015 and made public at that time.

Although these changes were approved by Council in 2015, the Engineering Services team did not complete or present to Council any calculations of the change in cost to the developer from these updated plans for the public realm improvements. We were told Engineering Services

rarely changes CAC deliverables, but that when they do, they sometimes discuss with Legal Services and REFM if the changes are material. In the case of Vancouver House, the OAG was unable to locate evidence that consultation with Legal Services or REFM occurred. It is also unclear how materiality would be determined by those other departments if changes aren't costed by Engineering Services and a threshold for materiality in such instances has not been defined.

Members of the Engineering Services department shared that the focus at the time appeared to have been on developing, delivering and enforcing the services agreement for Vancouver House. We were told the services agreement is broader and has bigger financial implications for the developer than the CACs, and is structured in a way that allows for better enforcement of a developer's obligations. There are mechanisms in place through the occupancy permitting process to ensure the components in the services agreement are delivered, and Engineering Services noted that current practice for changes to services agreements is to have REFM determine the cost implications and materiality and Legal Services any contractual impacts. However, the in-kind CAC requirements and the services agreement are two separate sets of requirements that are entirely independent obligations. The OAG was unable to locate evidence that a reconciliation exercise was undertaken by the City to determine if terms covered in the services agreement fulfilled any part of the in-kind CAC obligations.

When the Office of the Auditor General visited Vancouver House in October 2025, we found that the complainant's description of the public realm surrounding the development was generally accurate:

- The elevator from the development's ground floor to the deck of the Granville Street Bridge was closed to the public. We were told by a security guard from one of the private commercial tenants in the building that this had been the case for several months.
- The same security guard told us that there was no public washroom at the development, only one inside a nearby grocery store.
- There was minimal landscaping between and around the Vancouver House development, except for a narrow strip of small plants near the entrance to the residential portion of the building on Howe Street, and street trees on Pacific Boulevard. Noticeably absent was any trees or other green spaces in the area around and under the Granville Street bridge.
- There was limited seating, and no public patio spaces nor kiosks.

The intention of the in-kind CACs and the activation plan completed as part of the Development Permit Application was to create a space capable of hosting public events. However, the infrastructure to support event hosting did not appear present. There also did not appear to be any information that indicated that the area was available for public events or any amenities that

would support public events. The space is not listed on the City's [Plazas and Public Space](#) page, which lists options for [organizing special events](#) across the City. A preliminary web search by the OAG could not find any evidence that any public events had ever taken place in the public realm which was created as part of the in-kind CACs related to Vancouver House.

We find that the lack of City oversight over the delivery of CACs at Vancouver House and the City's failure to hold the developer accountable for delivering \$6 million of in-kind CACs meets the definition of waste under the Whistleblower Policy, which is the "mismanagement of City resources or assets in a ... negligent manner, including mismanagement of City resources or assets contrary to a City policy or direction by Council." This is because the differences between the nature of what was initially agreed upon by the developer, and what was eventually delivered appear material. These differences are a result of the City not documenting what the \$6 million in-kind contributions would entail, reducing the developer's commitments without substituting other value to the City and having no process for monitoring or enforcing the delivery of the \$6 million of in-kind CACs agreed.

It is understandable that the public would be disappointed by the public realm improvements that were delivered at completion of the development when compared with the developer's own renderings of the proposed enhancements, and how they were described in reporting to Council and in discussions at public hearings in 2013. As the largest component of a CAC package that was well below the policy target for a CAC contribution, ensuring the delivery of \$6M of in-kind improvements was critical to the City protecting the public interest in this development. What was ultimately delivered falls substantively short.

The City neglected to re-cost updated plans for the in-kind CACs, or determine if changes were material. If this had taken place and it was found the updated amenities delivered cost less than \$6 million, the City could have requested alternate deliverables or benefits from the developer in lieu of the amenities that were cancelled due to Engineering Services' requirements. Performing such calculations is essential to having credible evidence that the publicised agreement between the City and developer was satisfied. Without it, doubts and questions about the City's achievement of the public interest represented by the \$6 million of in-kind CACs agreed upon arise, as this complaint illustrates.

The OAG was unable to obtain any documentation demonstrating that upon completion of the Vancouver House development, that the City confirmed all public realm improvements agreed on as part of the in-kind CACs were delivered prior to the issuance of an occupancy permit.

There is also no mechanism for ongoing monitoring or enforcement of the long-term preservation of in-kind public realm improvement-related CACs. This could lead to a variety of risks, including that public realm improvements are taken away by the developer, reserved for

private use, not easily made available for public use, or costs initially agreed to by the developer eventually downloaded to the City. Without monitoring, public realm improvements and amenities that are delivered may be modified beyond acceptable levels by strata or developers and could lead to general dissatisfaction with and mistrust of the City's ability to protect the public interest.

In-kind CACs negotiated for the rezoning to permit Vancouver House were valued at \$6 million. The actions and inactions of the City mean there is significant doubt that this amount of value was delivered to the City. The City's failure to document, monitor or enforce in-kind CACs falls below a reasonable standard such that it meets the definition of waste in the Whistleblower Policy. The OAG therefore substantiated this allegation of serious wrongdoing under that policy.

### **Recommendations**

Under the Auditor General By-law the Auditor General is responsible for assisting 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 this end, the OAG is focussed on making recommendations to address the shortcomings in the City's processes around in-kind CACs identified in this investigation. The OAG has made six recommendations intended to:

- ensure the City obtains the value agreed with developers through CACs,
- improve transparency in the CAC delivery process,
- reduce waste from agreeing to CACs that are impractical or create an undesirable liability to the City and therefore not delivered, and ultimately to,
- reduce public disappointment that in-kind CACs delivered do not match what was agreed or promised in public consultation processes and exchanged for rezoning for development.

Therefore, the OAG recommends that:

3. When the City and a developer agree upon in-kind CACs, a clearly defined, itemized, and costed list of deliverables should be created. This list should be reviewed and agreed to by the developer and the City departments with relevant subject matter expertise to provide the necessary certainty for an enforceable agreement, ideally prior to it being submitted to Council for approval.
4. The City should calculate the cost implications for anything more than minor changes made to agreed upon CAC-related deliverables. These calculations and decisions should be formally documented.

5. The City should obtain Council approval of materiality thresholds for reporting and approving changes to CAC-related deliverables, with guidance sought from the City's Legal Services department as needed.
6. Using the list suggested in Recommendation 1, City staff should ensure that all CAC-related deliverables have been completed before issuing an occupancy permit for a development.
7. The list of deliverables suggested in Recommendation 1, and any subsequent and material changes should be made publicly accessible by the City to ensure a high degree of transparency and accountability, as is expected in the public sector. The City could publish a database of CACs so the public can see the public benefits linked to particular development approvals.
8. The City should create mechanisms to ensure that in-kind CACs provided by developers, including public access to assets delivered under a CAC, remain at a standard approved by Council. These mechanisms could draw from those in City services agreements where applicable.

## Conclusion

The OAG's investigation could not substantiate the allegations of serious wrongdoing related to the negotiated value of CACs for the Vancouver House development.

However, we did substantiate allegations that the City mismanaged and did not provide sufficient oversight over delivery of the in-kind CACs at Vancouver House. The City's process for ensuring the \$6 million in-kind CAC contribution approved by Council lacked the necessary controls to ensure that the public benefits agreed in exchange for approving the zoning changes for the development were delivered. The OAG determined that this meets the definition of waste, as the term is defined in the Whistleblower Policy because the City's actions to ensure delivery of \$6M of in-kind amenities fell below a reasonable standard.

City practices presented unacceptable levels of risk and did not meet the high standard expected for demonstrating that it has protected the public interest through the CAC process. For high value transactions of this nature, the process needs to be more transparent to support ongoing public trust and to allow residents to verify that the City has obtained the benefits developers undertook to provide. Thus, this report makes six recommendations for the City to improve transparency in the delivery of CACs.

# 2025 Annual Whistleblower Report

Mike Macdonell, Auditor General

Hamish Flanagan, Audit Principal

February 12, 2026



# What is the Whistleblower Program?

- Whistleblower Policy determines scope of the Whistleblower Program
- Confidential and potentially anonymous method to report allegations of “serious wrongdoing”- fraud, waste, serious misuse of funds or assets, certain conflicts of interest
- One tool in a suite of initiatives necessary to demonstrate commitment to honesty and integrity

CITY OF VANCOUVER		Corporate Policy
POLICY TITLE	Whistleblower Policy	
CATEGORY	Council	
POLICY NUMBER	COUN-010 (formerly ADMIN-002)	
POLICY OWNER	Auditor General	
ACCESS	Public	

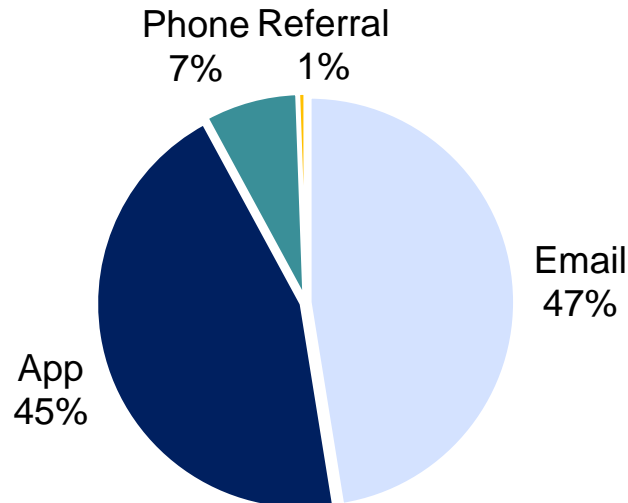


## Whistleblowing

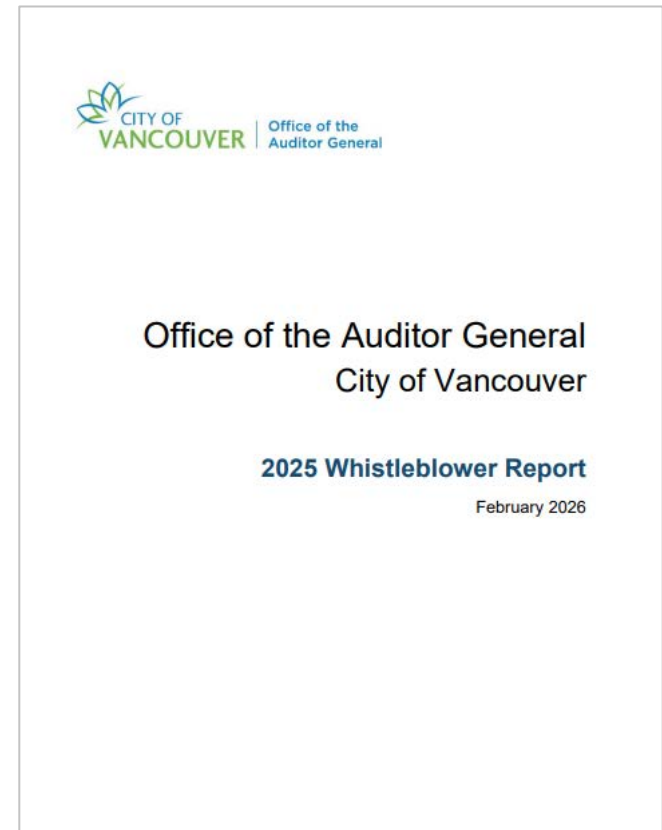
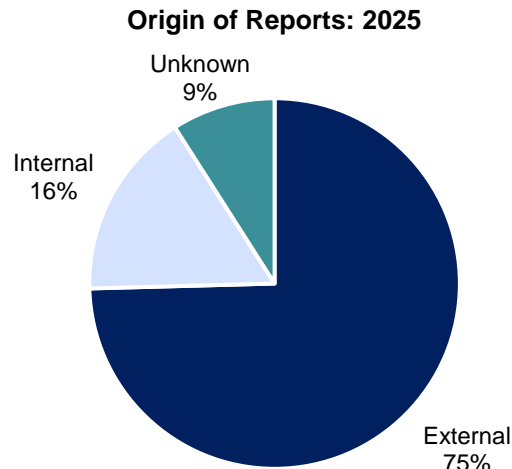
Confidentially report alleged serious wrongdoing involving City resources, assets, and programs.

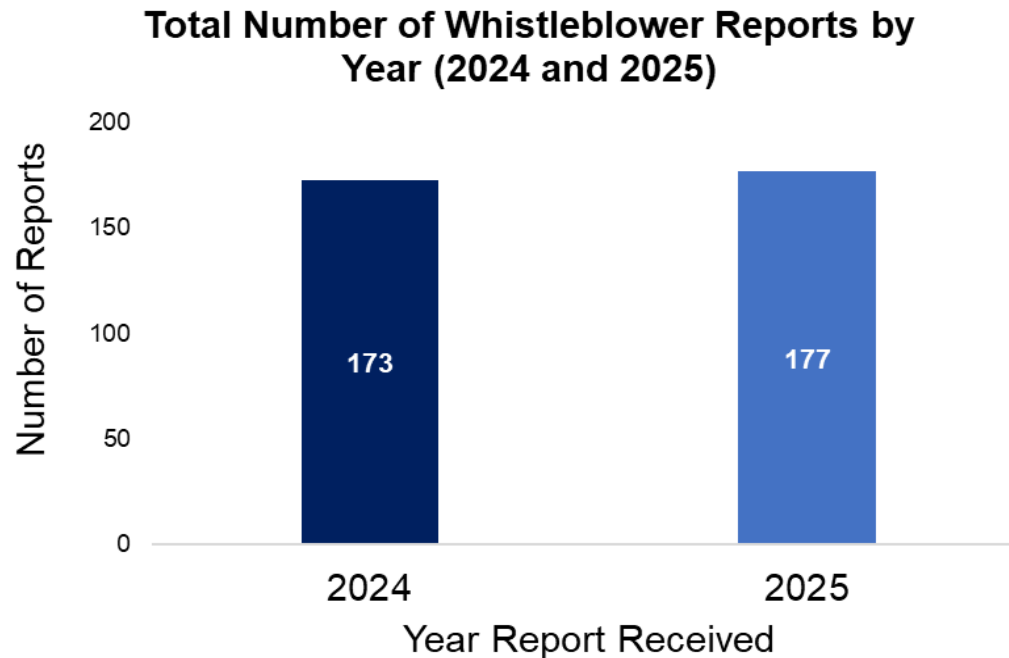
- Council assigned the Auditor General responsibility for a revised and expanded Whistleblower Policy from January 1, 2024
- Expansion included enabling public to report
- Reports received via dedicated OAG-managed webform, email or phone

**Reports by Intake Method: 2025**



- Doesn't duplicate:
  - Other City Policies e.g. Code of Conduct
  - Dispute resolution mechanisms e.g. for parking tickets
  - Collective or other employment agreements
- 2<sup>nd</sup> Annual Whistleblower Report

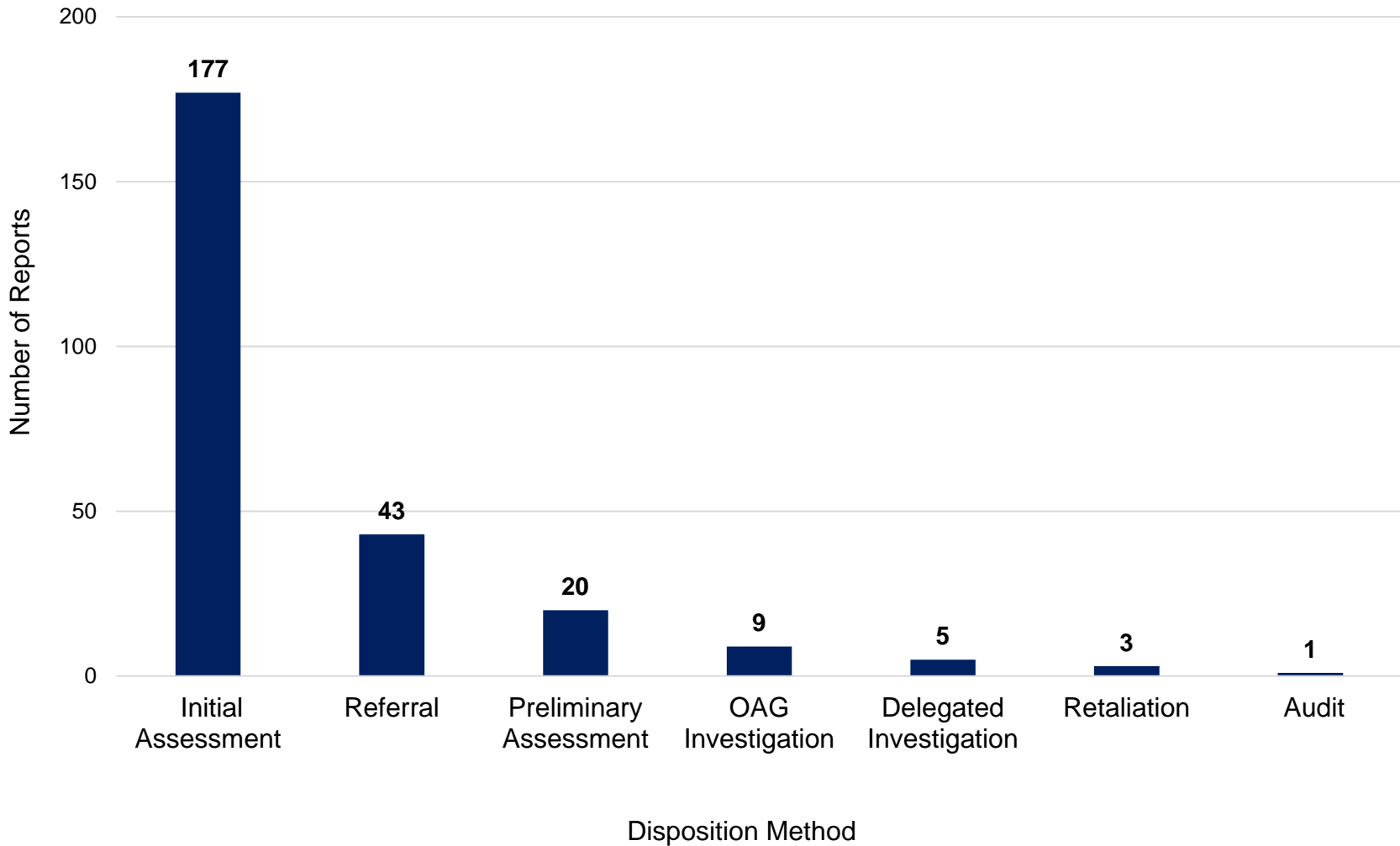




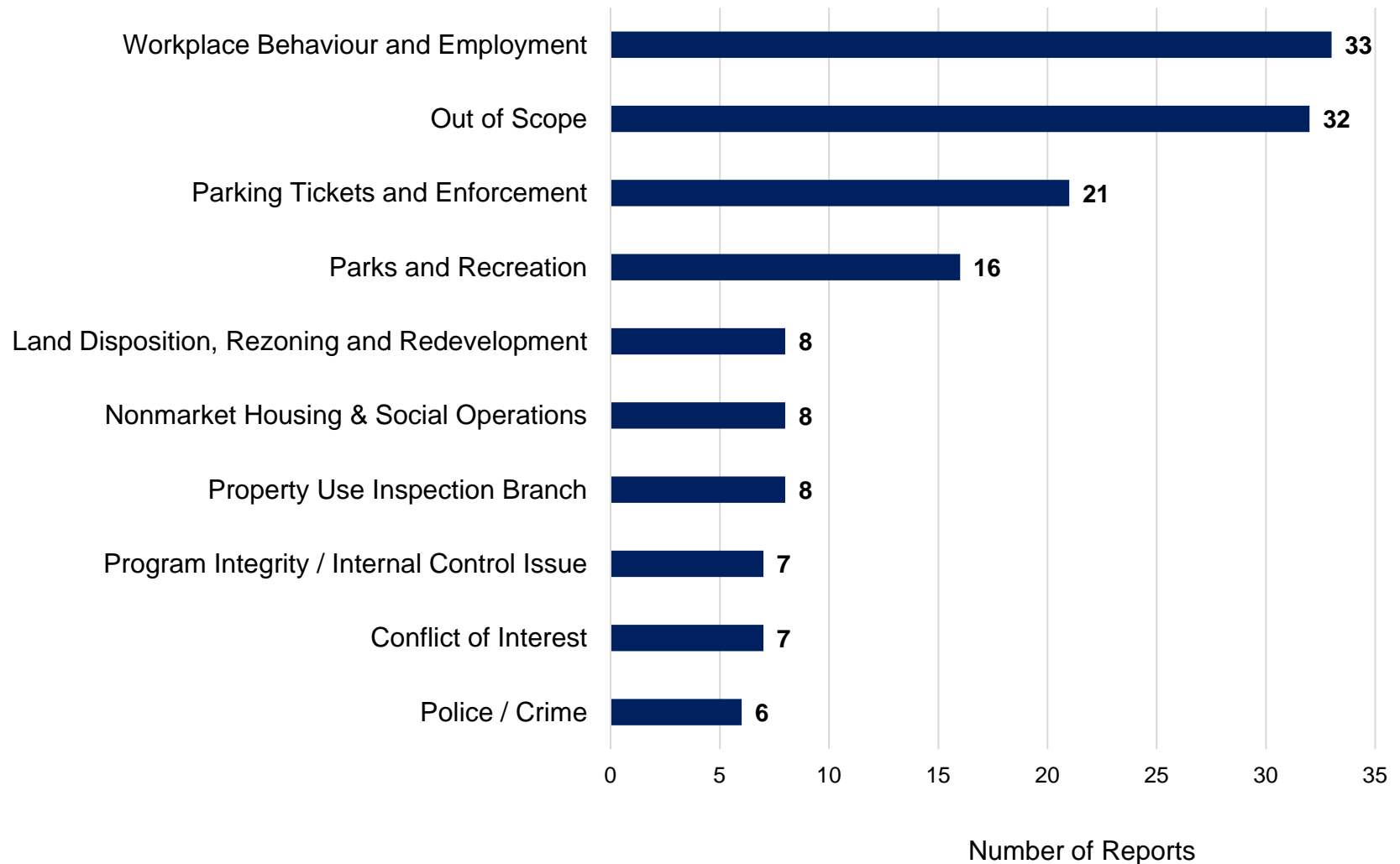
- 171 of 177 2025 reports (204 allegations) resolved
- All remaining reports from 2024 resolved
- All remaining reports under active assessment or investigation

# Disposition of Whistleblower Reports

**Disposition Status of Reports Closed or In Progress as at December 31, 2025**

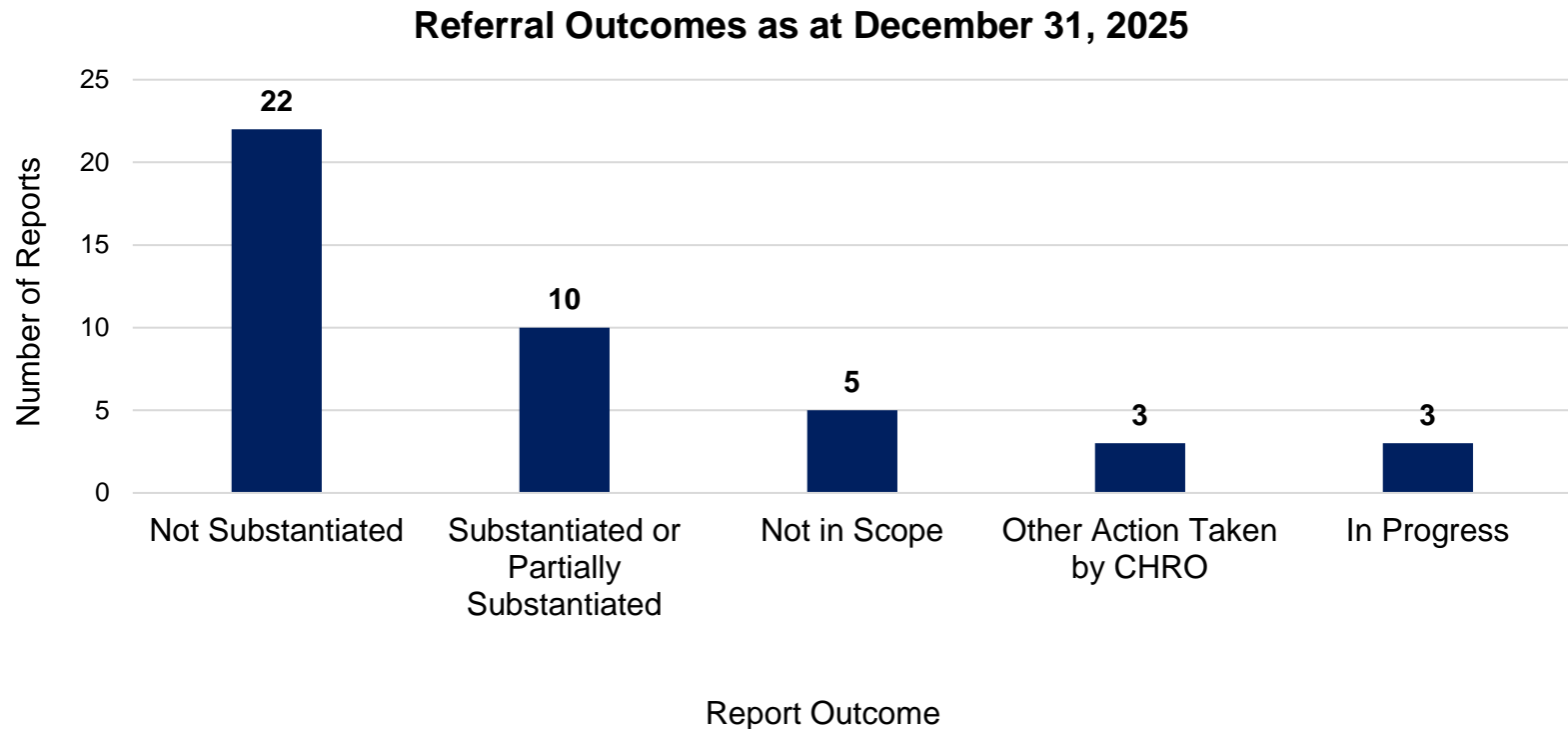


## Ten Most Common Issues Raised in 2025 Reports



# Referral outcomes: added value from Whistleblower function

- Referrals a sizeable portion of outcomes for reports
- Don't conduct referral investigations but track them for completeness
- Results show significant value add



## Complaint self-assessment tool

Use this tool to check whether your concern could be investigated by the OAG.

Is your report about a City of Vancouver employee, volunteer, or contractor?

- Yes
- No

Next

- 40 recommendations provided to City departments from OAG Whistleblower reports
- Implemented Whistleblower software
- Launched new Whistleblower webpage and webform

## Whistleblower Report

Office of the Auditor General, City of Vancouver

### Instructions

You're about to submit a report to the Office of the Auditor General for the City of Vancouver (OAG)

- This form provides a **confidential and secure** means of reporting allegations of serious wrongdoing...

[Show more](#)

### Report Details:

Estimated time to complete: 5-10 minutes

Use this section to describe your allegation(s) of serious wrongdoing by a City of Vancouver employee, volunteer or contractor, which could involve:

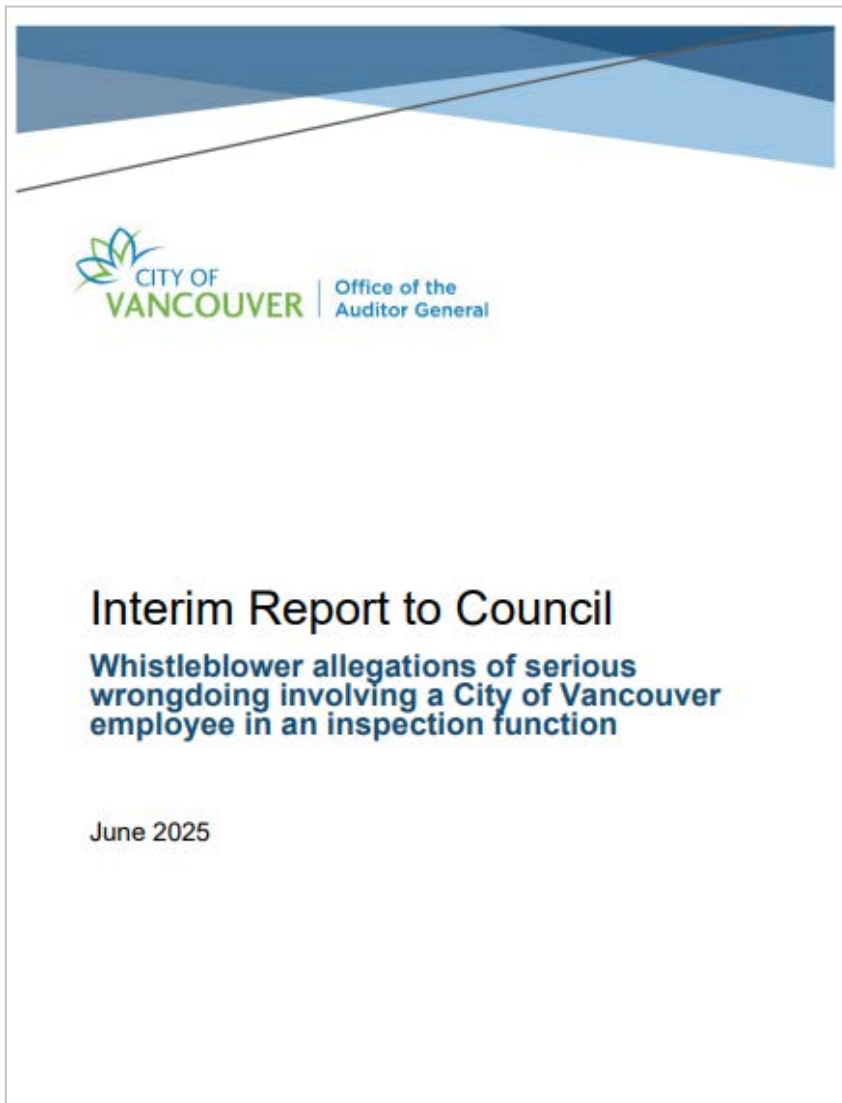
- conflict of interest,
- serious misuse of public funds or assets,
- fraud and/or
- waste.

You don't have to be certain that serious wrongdoing has occurred – the OAG will review every report.

**Description of the potential serious wrongdoing:** (required)

Instructions

Describe the potential serious wrongdoing in as much detail as you can.



- First substantial employee-informed whistleblower investigation identified and addressed significant control weaknesses in the City
- 19 recommendations endorsed by AGC

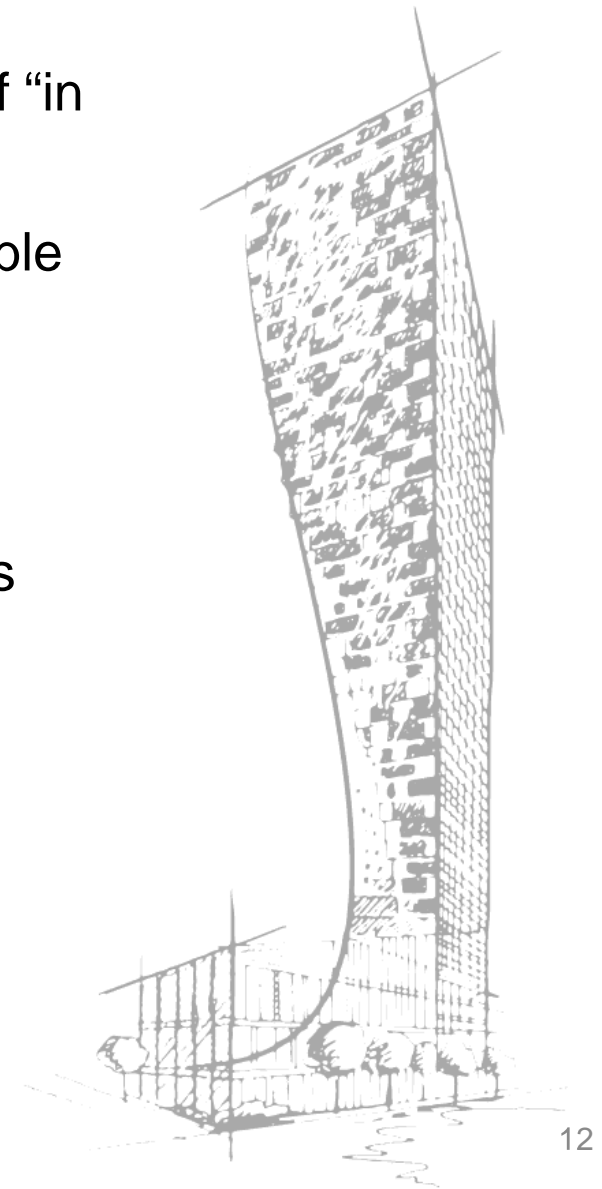
# Recommendation implementation: Substantial progress

- 17 recommendations in 2024
- 19 of this year's 40 recommendations from the June 2025 Interim Report AGC endorsed in June 2025
- City self-reports on progress:
  - 14/17 (82%) completed on 2024 Reports
  - 14/19 (74%) already completed on 2025 Interim Report



# Example Report 1: Delivery of Community Amenity Contributions

- Agreement with developer included \$6 million of “in kind” value
- Management of in-kind CAC short of a reasonable standard
- Amounted to waste under Whistleblower Policy definition
- Six recommendations address the shortcomings



1. When the City and a developer agree upon in-kind CACs, a clearly defined, itemized, and costed list of deliverables should be created. This list should be reviewed and agreed to by the developer and the City departments with relevant subject matter expertise to provide the necessary certainty for an enforceable agreement, ideally prior to it being submitted to Council for approval.
2. The City should calculate the cost implications for anything more than minor changes made to agreed upon CAC-related deliverables. These calculations and decisions should be formally documented.
3. The City should obtain Council approval of materiality thresholds for reporting and approving changes to CAC-related deliverables, with guidance sought from the City's Legal Services department as needed.

4. Using the list suggested in Recommendation 1, City staff should ensure that all CAC-related deliverables have been completed before issuing an occupancy permit for a development.
5. The list of deliverables suggested in Recommendation 1, and any subsequent and material changes should be made publicly accessible by the City to ensure a high degree of transparency and accountability, as is expected in the public sector. The City could publish a database of CACs so the public can see the public benefits linked to particular development approvals.
6. The City should create mechanisms to ensure that in-kind CACs provided by developers, including public access to assets delivered under a CAC, remain at a standard approved by Council. These mechanisms could draw from those in City services agreements where applicable.



- Allegation of pre-determination and preferential treatment in allocation of mobile vending permits
- Significant gaps between advertised and actual selection process
- Vulnerable to serious wrongdoing and uneven playing field
- Potentially retaliatory comments addressed by staff
- Five recommendations around robust and procedurally fair process

1. The Park Board should ensure that the Request for Expressions of Interest (RFEOI) document and its website accurately describe the selection process that will be undertaken, including the criteria for selection, any exceptions that may be possible to the criteria, and who will make the permit decisions.
2. The Park Board should ensure that all applicants are assessed against the same objective criteria listed in the RFEOI document, with weightings for the criteria added to the RFEOI process. To facilitate this, the Food and Beverage Ops team should access the expertise of the City's Supply Chain Management (SCM) team to ensure the process can withstand scrutiny.
3. The Park Board's assessments of each applicant against the criteria--- including reasoning for rejection or selection, and any exceptions---should be formally documented and ensure criteria not in the RFEOI are not used to determine who is granted a permit under the Program.

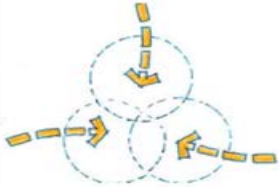
4. The Park Board should consider improving communication with potential applicants, including responding in a timely and transparent manner to questions raised about the RFEOI process and informing all applicants of the outcome of the RFEOI process.
  
5. The Park Board should ensure no one staff member is solely responsible for determining successful applicants under the Program to reduce the risk of integrity breaches in the Program process. Options to achieve this include having a) at least two members of staff independently score applicants, with highest average scored applications selected or b) have one member of staff complete the initial scoring of all applications and a second independent member of staff review their work and rationale.

- Complaint about procurement of planning services for False Creek South neighbourhood
- Engagement initially scoped at \$50,000, City paid over \$900,000
- Allegations considered:
  1. City contracted with a firm without a competitive bidding process
  2. Contract was inappropriately managed, including payments made before they were authorized
  3. A subsequent City contract potentially duplicated the consultant's work.

- Process did not meet several Procurement Policy requirements for selecting and contracting a third-party
- “Serious mismanagement of public funds”
- The City sole sourced the contract without satisfying the grounds in the City’s Procurement Policy
- No evidence of approval to sole source
- No documentation of whether sole sourcing represented “Best Value” to the City



- In second phase, City attempted to invoke “exigent circumstances” exception to sole source without a Notice of Intent to Contract.
- Asserted need for confidentiality not formally documented or independently scrutinized
- Unclear whether confidentiality needed
- Sole sourcing shielded the selection from stakeholder engagement and scrutiny- contrast with Council’s *Vision Statement and Provisional Guiding Principles for False Creek South*, which committed to engage community and stakeholders in a meaningful way



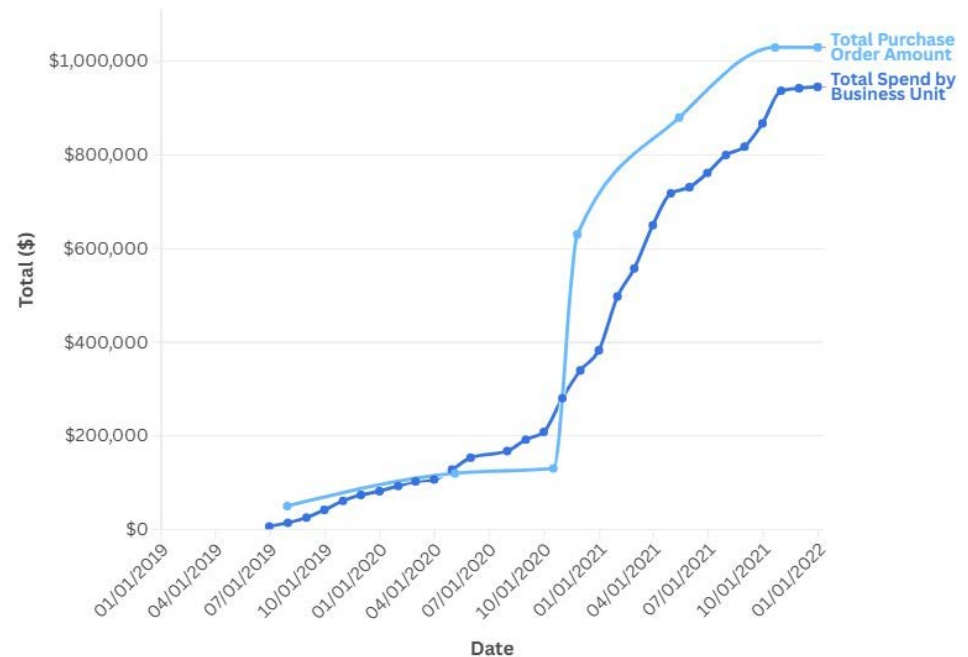
**PRINCIPLE 9:  
ENGAGE COMMUNITY AND  
CITY-WIDE STAKEHOLDERS IN A  
MEANINGFUL WAY**

Undertake a process inclusive of the community, adjacent communities, and city-wide stakeholder perspectives. Work within the City of Reconciliation framework and its foundational components.

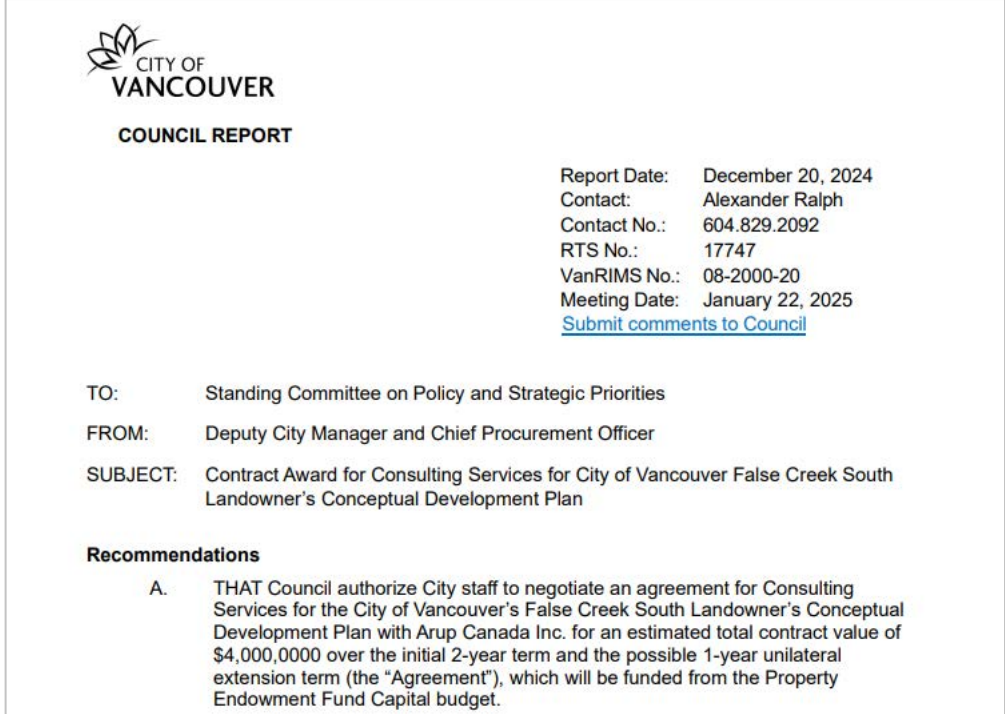
# False Creek Procurement: Allegation 2


- Allegation substantiated: Steps required under City Procurement Policy not taken or documented
  - “serious mismanagement of public funds”
- Work began before City approvals obtained
- Invoices exceeded purchase orders at several points
- No total or fixed price
- Structure avoided Policy requirement where cost increases are subject to increasing levels of senior-level approval

Total spend by City vs. total approved purchase order



- Allegation not substantiated
- New RFEOI was issued in 2024, but \$4 million contract awarded to different consultant for related not the same work
- Recommendations:
  - Improve the City's procurement practices to better achieve the aims of the Procurement Policy and mitigate risks
  - Improve documentation of the decision rationale and increased scrutiny of rationale



 CITY OF VANCOUVER  
**COUNCIL REPORT**

Report Date: December 20, 2024  
Contact: Alexander Ralph  
Contact No.: 604.829.2092  
RTS No.: 17747  
VanRIMS No.: 08-2000-20  
Meeting Date: January 22, 2025  
[Submit comments to Council](#)

TO: Standing Committee on Policy and Strategic Priorities  
FROM: Deputy City Manager and Chief Procurement Officer  
SUBJECT: Contract Award for Consulting Services for City of Vancouver False Creek South Landowner's Conceptual Development Plan

**Recommendations**

A. THAT Council authorize City staff to negotiate an agreement for Consulting Services for the City of Vancouver's False Creek South Landowner's Conceptual Development Plan with Arup Canada Inc. for an estimated total contract value of \$4,000,0000 over the initial 2-year term and the possible 1-year unilateral extension term (the "Agreement"), which will be funded from the Property Endowment Fund Capital budget.

1. If choosing to sole source a contract that relies on the “exigent circumstances” provision, City staff should formally document what the rationale for sole sourcing is and how the sole source provider represents Best Value for the City of Vancouver.
2. If not issuing a Notice of Intent to Contract, City staff should formally document their rationale for doing so. The rationale should include, where applicable, clear reasoning for how and why a public Call would impair confidentiality, cause adverse economic consequences, or be contrary to the public interest.
3. The rationale for decisions by the CPO to sole source contracts for goods and services over \$75,000 without a public Call or without issuing a Notice of Intent to Contract should be reviewed and approved by a senior member of City management.

4. The City's Procurement Policy states that application of the City's Procurement Policy will be monitored and reviewed by the CPO, who will annually report to the Corporate Leadership Team and City Council on the procurement activities of the Vancouver Group for the previous year. In instances where the CPO is directly involved in the procurement, particularly where a competitive procurement process is not undertaken, the General Manager of Finance & Supply Chain (FSC) should conduct this monitoring, reviewing and reporting activity to provide the necessary independent assurance to Council over procurement activities.
5. The City should update the Procurement Policy (ADMIN-008) to require that a formal reassessment process be undertaken at certain dollar increments (to be specified by the CPO) on sole sourced contracts that did not have a public Call or that were not the subject of a Notice of Intent to Contract. At these increments, the CPO and the contracting business unit should assess whether a public Call or Notice of Intent to Contract should be issued for any additional spending or if the original rationale for neither occurring still exists.

6. SCM should exert appropriate control through the Procurement Policy over “time and materials” contracts, including limiting when they can be used and ensuring that costs under such contracts are governed by approval mechanisms similar to those which apply to contracts with a Total Price.
7. All City departments should be required to formally document the rationale for contract scope expansions that exceed approval limits established in the Procurement Policy, for review and scrutiny by SCM.
8. The City should educate and inform departments of the risks associated with obtaining goods or using services prior to having sufficient and approved funding in their purchase orders, and devise and enforce consequences for staff who commit the City to spending without the necessary approvals.

- Allegation: A City of Vancouver employee had a conflict of interest in the procurement of an external consultant
- No conflict of interest: procurement was administered by employee's unit, but the particular employee was not involved in it.
- Investigation identified shortcomings in the City's management of the procurement processes and resulting standing offers for consultants
- Two recommendations regarding procurement process and coordination

1. The OSCO should coordinate with Engineering Services on procurement processes for safety consultants intended for use on projects managed by Engineering Services. This includes considering involving Engineering Services personnel in developing criteria for and scoring proponents on public Calls.
2. The OSCO, Supply Chain Management (the City's procurement specialists), and the Engineering Services department should better document administrative decisions regarding the safety-related third-party contracts. This includes documenting the rationale for utilizing some pre-qualified consultants over others for individual engagements, and when consultants' work is deemed unsatisfactory. Consultants' work product should be evaluated by staff receiving that work and that evaluation should be considered when awarding future work to consultants under the RFQ.

- THAT the Auditor General Committee endorse the 21 recommendations made in the Auditor General's report entitled "2025 Whistleblower Report", dated February 5, 2026.
- FURTHER THAT the endorsement be recommended to Council for approval.

Questions?



# Office of the Auditor General City of Vancouver

## **2025 Annual Report and 2026 Operational Plan**

January 2026

## Message from the Auditor General

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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.

s.22(1) Personal and Confidential



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 adopted on October 17<sup>th</sup>, 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 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 (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 1<sup>st</sup>, 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 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.

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. 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 &amp; 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%
<p><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.</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 two audit reports issued in 2025 contained a total of 23 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.	36% (12/33)	n/a  Fully measured in 2026	52% (17/33)	60% (20/33)
<p><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.</p>					

**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.	-	-	-	-	-	-	-	-	
		<b>A</b>	<b>\$ 4,885,329</b>	<b>\$ 12,020,083</b>	<b>\$ 14,360,083</b>	<b>\$ 24,926,224</b>	<b>\$ 25,506,224</b>	<b>\$ 3,640,000</b>	<b>\$ 4,220,000</b>	<b>\$ 89,557,943</b>
	<b>Annual Operating Costs</b>	2021	\$ 159,167							
	<b>Net of WB Salaries</b>	2022	1,177,328							
		2023	1,713,147							
		2024	1,861,446							
		2025	1,995,263							
	<b>Total Cumulative Operating Cost</b>		<b>\$ 6,906,352</b>	<b>B</b>						
	<b>Return on Investment</b>	<b>A/B</b>	<b>453%</b>							
	<b>Net of Set-up Costs</b>		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.