

Office of the Auditor General

Audit of Community Grants

May 7, 2026 Auditor General Committee Meeting



CITY OF
VANCOUVER

Office of the
Auditor General

- The audit was undertaken at the urging of past and present Council members
- Council approved 931 grants recommended by Arts, Culture and Community Services (ACCS), totalling \$34.19 million, for 2024

- The City of Vancouver provides grants to non-profit organizations (NPOs) to support the delivery of a range of programs, services and infrastructure that align with Council strategic and policy priorities
- Operating and capital streams fund:
 - One-time Grants
 - Ongoing Grants

Audit Objective

- To determine whether the City of Vancouver designed and administered its community grants programs to effectively and efficiently deliver on Council-approved policy and priorities

Audit Scope and Period

- July 1, 2023, to June 30, 2025
- We examined 19 grant streams, each with different goals, funding levels and number of grants distributed

We examined whether ACCS had, in alignment with Council-approved priorities:

- Appropriate policies, processes and objectives to support grant stewardship
- Developed and applied suitable grant selection and monitoring processes
- Tracked and reported on the performance of the grant program

Not In Scope

- ACCS' compliance with financial control processes and corporate policies
- Grant payment processing via the City's accounts payable system
- Implementation of potential recommendations from the Council-directed "Comparative Review of Municipal Granting Models" Sept 2024 report
- Evaluation of specific grant recipients
- Grants administered outside of ACCS
- Grants awarded to the Vancouver Coastal Health Authority, the Vancouver School Board School and to grant recipients as Non-profit leases

We found ACCS' granting program was aligned with Charter requirements, linked to Council strategic priorities and included good practices to support the effective and efficient delivery of Council-approved policy and priorities through its community grant streams.

We also identified opportunities for improvement in several of the areas we examined. Therefore, we concluded that ACCS was partially able to demonstrate that it had designed and administered its community grants programs to effectively and efficiently deliver on Council-approved policy and priorities.

- Ten recommendations to enhance ACCS's ability to continue to strengthen the administration of community grants
- ACCS accepted and provided responses to each recommendation

Grant program planning and design

- ACCS had goals that directly or indirectly linked to Council priorities and strategies for all 19 streams in our sample
- However, objectives were specific, realistic and measurable objectives for 5/19 grant streams we examined
- The stream objectives did not distinguish between attribution and contribution

ACCS should create measurable objectives for all grant programs, demonstrate how they align with Council priorities, determine if their intent is attribution or contribution, and develop a grant balance aligned with these considerations.

Grant performance metrics

- ACCS reported on granting metrics that provided insight into activity levels
- ACCS metrics did not demonstrate how well ACCS grants were meeting Council or departmental objectives
- 5 metrics linked to measurable trends but not to granting decisions
- ACCS' metrics also did not include efficiency measures

ACCS should develop performance measurement frameworks for its grant programs to ensure performance data is well-connected to grant stream objectives.

Risk management activities

- From 2023 to 2025, ACCS identified seven high-level granting risks via the City's Enterprise Risk Management (ERM) process
- Connection to the individual grant streams and nuances of each area should be strengthened

Building on the granting risks ACCS has identified, ACCS should improve its risk-assessment process by developing and monitoring a grant risk register that documents:

- Risks in each granting area;
- Likelihood and consequences of identified risks;
- Appropriate risk treatments; and,
- Monitoring activities to ensure the risk register remains relevant and actionable over time.

Granting policy and procedure documentation

- The City relies on section 206 of the *Vancouver Charter* to govern granting but did not have a dedicated granting policy
- ACCS did develop some procedure documents which were applicable to specific grant streams but not department wide

ACCS should enhance the efficiency of its grant programs by improving guidance for processes and decisions that apply across the grant lifecycle, through establishing:

- A clear definition of a grant;
- Minimum requirements and guidance developed from the results of the risk-assessment process for each phase of the grant lifecycle;
- Circumstances and processes for new grant opportunities and one-time direct award grants; and,
- Standardized and consistent practices, as appropriate, across granting streams.

Criteria clarity

- ACCS established clear eligibility criteria for each of the grant streams we examined
- The assessment criteria for 9 streams we examined contained gaps

Promotion and transparency with applicants

- ACCS appropriately promoted grant opportunities to potential applicants through email distribution and postings on the City's website
 - Application assistance tools were available on the website
 - Translated materials and webinar sessions were available for select streams
- ACCS did not always publish the assessment criteria or the relative weightings used to select grant applicants

To strengthen its grant assessment processes, the City should:

- Develop clear assessment criteria aligned with each grant stream's objective, including their respective weightings and rating scales (scoring guides);
- Communicate assessment criteria to potential applicants to ensure transparency in granting decisions; and,
- Document internal guidance to promote consistent, objective and appropriate assessment of applications across grant assessors.

Multi-year Grants

- Two ACCS teams administered three-year operating grant streams
- Funding is approved for Year 1, with subsequent years pre-approved pending Council approval of the grants budget and satisfactory reporting by recipients, which creates:
 - A “win-win” by reducing the administrative burden for both applicants and staff, and
 - Conditional funding certainty among grant recipients

To enhance operational efficiency while also increasing funding certainty for grant recipients, ACCS should assess the opportunity to build upon its existing multi-year operating grant streams to increase the proportion of multi-year grants relative to one-year grants.

Assessment records

- The assessment process for ongoing, competitive grants streams involved an initial scoring of the application
- This was followed by staff discussions of factors not considered in the initial scoring

Assessment records

- In some cases, the 1st phase of the assessment was well documented, but subsequent phases were not
 - It was unclear how initial and subsequent assessments were consolidated into final recommendations
- ACCS explained selection decisions, but assessment documentation needs improvement across most streams

ACCS should review its grant assessment methods and tools and improve documentation of factors considered during the grant assessment process to ensure that complete records are maintained that support grant recommendations to Council.

Grant agreements terms and conditions

- All grants were appropriately approved and stored
- Grant agreements had clear terms and conditions including provisions for returning unused funds and required reporting
 - However, six grant streams did not require final reporting

The City should review and update its grant agreements to ensure they include reporting requirements where lacking.

Monitoring activities

- The reporting process was not overly burdensome for recipients
- Gaps and variation the in application of monitoring tools included:
 - Some status updates not being received as required by grant agreements
 - Some inconsistencies in follow-up processes
- Grant teams used monitoring results to inform future granting decisions

In alignment with a risk-based approach to granting, the City should establish grant monitoring activities proportionate to grant risk and ensure that each ACCS granting team develops corresponding monitoring protocols.

Reports to Council

- During the audit period, ACCS provided Council with 43 reports
 - Mostly focused on administrative details such as
 - Grant recommendations
 - Budgeted amounts
 - Stream descriptions, etc.
 - However, they did not compare
 - Results to grant stream objectives
 - Planned and actual results

ACCS should:

- Inform Council about the processes used to arrive at grant recommendations; and,
- Report to Council on key performance indicators.

- THAT the Auditor General Committee endorse the ten recommendations in the Report dated April 30, 2026, entitled “Audit of Community Grants”;
- FURTHER THAT the Auditor General Committee recommend that Council endorse the ten recommendations in the Report dated April 30, 2026, entitled “Audit of Community Grants.”

Questions