



*Office of the Auditor General / Bureau du vérificateur général*

**AUDIT OF THE SUGARBUSH (ACTION VANIER) AGREEMENTS**

**2010**

**VÉRIFICATION DES ENTENTES DE LA CABANE À SUCRE (ACTION  
VANIER)**



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## **EXECUTIVE SUMMARY**

### ***Introduction***

The Audit of the Sugarbush (Action Vanier) Agreements was included in the 2010 Audit Plan of the Office of the Auditor General, first presented to Council in June 2010 as part of the 2009 Annual Report.

### ***Background***

In June 1998, the former City of Vanier signed an agreement with Action Vanier relating to the use of Richelieu Park forest (300 Pères Blancs). Specifically, the agreement permitted the association to re-build a sugarbush where, between 1938 and 1978, the old Pères Blancs Missionnaires d’Afrique’s sugarbush once stood. The Vanier Sugarbush was rebuilt in 1999. No rent is received for the use of the land.

The City also provides Action Vanier with annual renewable community funding for the association to hold a maple syrup festival – SugarFest or Festival des sucres.

### ***Audit Scope, Objectives and Criteria***

The Vanier Sugarbush is considered at arm’s length and only receives partial funding, lease property or in-kind services. As such, the scope of the audit was limited to a review of the agreement.

The objectives/criteria included:

- Does the City currently have an up-to-date and signed agreement or contract with the Vanier Sugarbush; and,
- Are the City and the Sugarbush in compliance with the terms and conditions in this agreement?

In addition, the audit included a review of the SugarFest grant provided to Action Vanier to hold the yearly festival.

### ***Summary of Key Findings***

Key findings arising from this audit include:

- The current Land Utilization Agreement the City has with Action Vanier for its use of Richelieu Park was entered into in June 1998 by the former City of Vanier and has not been renewed.

The funding submission request files for 2010 and 2011 had been verified by a funding consultant, dated and signed as: *Total Package Complete* but the 2010 file was found to be missing two documents (the approved Treasurer’s report and a listing of subsidized activities and their impact on the community); and, in the 2011 file, five documents were missing (Annual

General Meeting minutes, Annual Report, the approved Treasurer's report and a listing of subsidized activities and their impact on the community and the audited financial statement). Funding in 2010 and the first instalment of 2011 funding were nonetheless paid to Action Vanier.

Action Vanier's 2011 Funding Submission Request (FSR) contained several calculation errors not reflecting a forecasted surplus of \$21,752.

In addition to the \$21,752 surplus, the 2011 funding consultant noted on the 2011 Funding Submission File Summary sheet under Audited Financial Statements that the group: "has significant surplus but not reflected in submission"; and again under Budget Pressures: "Has surplus!".

- The most recent version of the Community Funding General Policy states:

*Non-Profit organizations are required to operate without surplus or deficit.*

The policy goes on to state:

*At the City's discretion, an organization may be required to submit a surplus-spending plan (staff will consult with Financial Services in cases where a surplus exceeds 6 months' operating expenses). The City will meet with the organization to discuss and follow up on the plan for the surplus.*

Consideration should be given to including further clarification regarding the conditions under which funding could or would be altered where continued surpluses exist.

- Since amalgamation, no comprehensive review of "grandfathered" funding agreements has been undertaken to ensure funds are still required and that they continue to meet Council's funding priorities. Such a review would be beneficial in confirming that this is still the case.

## ***Recommendations and Management Responses***

### **Recommendation 1**

**That, as planned, Urban Division of the Community Programs Branch in liaison with Legal Services and Real Estate Partnership and Development Office (REPDO) expedite the review, update and renewal of the land utilization agreement between Action Vanier Inc. and the City of Ottawa.**

#### **Management Response**

Management agrees with this recommendation.

The Urban Division of the Community Programs branch, in liaison with Legal Services and the Real Estate Partnership and Development Office (REPDO), will expedite the review, update and renewal of the land utilization agreement between Action Vanier Inc. and the City of Ottawa by the end of Q2 2012.

## **Recommendation 2**

**That Legal Services investigate the existence of any other similar land utilization agreements signed by former municipalities with a view to review, update and renew outdated agreements.**

### **Management Response**

Management agrees with this recommendation.

The Community Programs branch will identify all operative but outdated agreements and establish a work plan, with criteria/principles, for the review and renewal of all agreements involving access to City-owned/leased land to support the delivery of parks and recreation services.

This will be done as part of the development of the Community Support and Partnership Framework planned for Q2 2012. REPDO will be consulted in this process.

## **Recommendation 3**

**That, notwithstanding the split of Community Funding and Recreation Funding and the matrix reporting relationship on some files, the City ensure that all documents are received and put in a central file prior to funding being issued.**

### **Management Response**

Management agrees with this recommendation.

All relevant documents related to funding are received and maintained in a central file. They are physically located with the person responsible for managing the file.

A comprehensive review of the Sugarbush file was rendered more difficult because of the matrix reporting relationship between Community Funding and Recreation Funding at the time the fieldwork for this audit was underway.

The reorganization is now complete, and the central file for the Sugarbush is housed at the 101 CentrepoinTE Drive location with the staff person who manages the file.

## **Recommendation 4**

**That Customer Relations, Business Integration and Funding Branch of the Parks, Recreation and Cultural Services Department review all grants/purchase of service and ensure criteria for grant renewals are fully met.**

### **Management Response**

Management agrees with this recommendation.

The funding consultant now uses a revised checklist, which is broken into two parts: mandatory and optional documents. The mandatory items must be

received in order to obtain funding. As examples, a mandatory document would be a completed funding submission and an optional document would be a report detailing an agency's performance indicators.

In some cases it is appropriate for management to use discretion when renewing grants even if all criteria have not been met. As an example, if an organization is not able to hold its Annual General Meeting prior to the funding submission deadline, they will not be able to submit the required documentation with their submission. Management has the discretion in such cases to approve the funding request to avoid creating unwarranted difficulties for the recipient or for the end users/clients who benefit from the partner's program/services. In exercising this discretion, management takes into account such factors as the agency's prior compliance with mandatory requirements, whether the funding submission is substantially complete, and/or, the organization's commitment to an action plan to fulfil mandatory requirements.

A process has been established where the consultant must seek management's approval to release funds whenever mandatory criteria will not be met prior to approval. A policy and procedure review, which will be completed by Q3 2011, will include the new process.

### **Recommendation 5**

**That Customer Relations, Business Integration and Funding Branch of the Parks, Recreation and Cultural Services Department review its agreement to ensure consistency between the French and English and between the agreement and Funding Submission File Summary.**

#### **Management Response**

Management agrees with this recommendation.

A review has been completed and necessary revisions to ensure consistency in the Sugarbush file will be made when the agreement is renewed in Q1 2012, prior to their next event.

### **Recommendation 6**

**That the City undertake a review of "grandfathered" funding agreements to ensure funds are still required and that they continue to meet Council's funding priorities.**

#### **Management Response**

Management agrees with this recommendation.

The review of the Community Funding Framework Policy planned for Q4 2011 and the Community Support and Partnership Framework planned for Q2 2012, will each contain a work plan for the review of "grandfathered" funding agreements within each program.



## **Recommendation 7**

**That Customer Relations, Business Integration and Funding Branch ensure the accuracy of amounts contained in the Funding Submission Request.**

### **Management Response**

Management agrees with this recommendation.

A new two-step process has been implemented to ensure accuracy of amounts contained in the Funding Submission Request. As a first step, data will be input into the system and verified for accuracy and completeness by an administrative clerk. The second step will be a review of the information by the funding consultant.

In addition to the above, the Community Programs branch is exploring the use of an automated business solution (already being considered by Community and Social Services) to provide additional checks to ensure accuracy of amounts. Costs are being confirmed and the ongoing costs (i.e., licensing fees, upgrades) will be submitted and considered as a part of the 2012 budget.

## **Recommendation 8**

**That the City ensure the Funding Submission Request specifies how any increase in subsidy will be utilized before granting the increase.**

### **Management Response**

Management agrees with this recommendation.

The Funding Submission Request document currently requests this information, however, in the instance referenced in the audit report no details were provided by the funding recipient. In the next round of the funding submission process, the Funding Submission Request will require recipients to specify how any increase in subsidy will be utilized before a submission will be considered complete. This is expected to be done by Q2 2012.

## **Recommendation 9**

**That the City consider providing further policy clarification regarding the conditions under which funding could or would be altered where continued surpluses exist.**

### **Management Response**

Management agrees with this recommendation.

The Community Funding Framework Policy (planned for Q4 2011) and the Community Support and Partnership Framework (planned for Q2 2012) will provide further policy clarification regarding the conditions under which funding could or would be altered where continued surpluses exist.

## **OAG Update**

In May 2011, after the audit had been completed, we were informed that the Recreation Funding Unit had been realigned and would now report through the Community Programs Branch. As such, Management from the Community Programs Branch provided management responses to certain recommendations directed at Customer Relations, Business Integration and Funding Branch.

## **Conclusion**

This audit has revealed a lack of compliance with the Community Funding Agreement, specifically with the association providing the required documentation. The 2011 Submission Request for Funding was also found to contain several errors and omissions which were not questioned by Customer Relations, Business Integration and Funding Branch. In addition, the need to review, update and renew the land utilization agreement between Action Vanier and the City of Ottawa was highlighted. A new agreement should be entered into as promptly as possible.

The current Community Funding General Policy states that *“Non-Profit organizations are required to operate without surplus or deficit”*.

In our view, further clarification regarding the conditions under which funding could or would be altered where continued surpluses exist would be beneficial.

Finally, a review of “grandfathered” funding agreements would be helpful to ensure funds are still required and that they continue to meet Council’s funding priorities.

## **Acknowledgement**

We wish to express our appreciation for the cooperation and assistance afforded the audit team by City management as well as Action Vanier.

## RÉSUMÉ

### ***Introduction***

La vérification des ententes de la cabane à sucre (Action Vanier) était incluse dans le plan de vérification de 2010 du Bureau du vérificateur général, initialement présenté au Conseil en juin 2010 dans le cadre du rapport annuel de 2009.

### ***Contexte***

En juin 1998, l'ancienne Ville de Vanier a signé une entente avec Action Vanier relativement à l'utilisation de la forêt du Parc Richelieu (300, av. des Pères Blancs). Plus précisément, l'entente permettait à l'association de reconstruire une cabane à sucre où se tenait jadis, entre 1938 et 1978, l'ancienne cabane à sucre des missionnaires d'Afrique des Pères blancs. La cabane à sucre Vanier a été reconstruite en 1999. Aucun loyer n'est reçu pour l'utilisation de ce terrain.

La Ville fournit également à Action Vanier un financement communautaire annuel renouvelable pour permettre à l'association de tenir un festival du sirop d'érable, le Festival des sucres.

### ***Portée, objectifs et critères de la vérification***

La cabane à sucre Vanier est considérée comme indépendante et ne reçoit qu'un financement partiel, un terrain locatif ou des services en nature. De ce fait, la portée de la vérification était limitée à l'examen de l'entente.

Les objectifs/critères visaient les questions suivantes :

- La Ville a-t-elle présentement une entente ou un contrat signé à jour avec la cabane à sucre Vanier?;
- La Ville et la cabane à sucre respectent-elles les modalités de l'entente?

De plus, la vérification comprenait une révision de la bourse Festival des sucres offerte à Vanier pour tenir un festival tous les ans.

### ***Sommaire des constatations clés***

Les constatations clés résultant de cette vérification :

- L'actuelle entente sur l'utilisation de terrains que la Ville a avec Action Vanier pour son utilisation du Parc Richelieu a été conclue en juin 1998 par l'ancienne Ville de Vanier et n'a pas été renouvelée.

Les dossiers de demande de financement pour 2010 et 2011 avaient été vérifiés par un consultant en financement, datés et signés comme étant complets, mais deux documents manquaient dans celui de 2010 (le rapport approuvé du trésorier et une liste des activités subventionnées et leur répercussion sur la communauté); et cinq documents manquaient dans celui

de 2011 (le procès-verbal de l'assemblée générale annuelle, le rapport annuel, le rapport approuvé du trésorier et une liste des activités subventionnées et leur impact sur la communauté ainsi que l'état financier vérifié). Le financement en 2010 et le premier versement du financement de 2011 ont néanmoins été payés à Action Vanier.

La demande de financement d'Action Vanier de 2011 contenait plusieurs erreurs de calcul ne reflétant pas un surplus prévu de 21 752 \$.

En plus de ce surplus de 21 752 \$, le consultant en financement de 2011 a noté sur le sommaire du dossier de demande de financement de 2011, sous États financiers vérifiés, que le groupe « indique un important surplus, qui n'est pas reflété dans la demande »; et encore sous Pressions budgétaires : « des surplus! »

- La version la plus récente de la Politique générale sur le financement communautaire stipule :

*Les organismes sans but lucratif doivent fonctionner sans surplus ni déficit.*

La politique stipule plus loin :

*À la discrétion de la Ville, un organisme peut devoir présenter un plan budgétaire excédentaire (le personnel consultera les Services financiers dans le cas où un surplus excède les dépenses d'exploitation de 6 mois). La Ville rencontrera l'organisme pour discuter du plan en matière de surplus et faire un suivi. [Traduction]*

On devrait envisager d'ajouter davantage de clarifications en ce qui concerne les conditions dans lesquelles le financement pourrait être ou serait modifié dans les cas où des surplus continus sont notés.

- Depuis la fusion, aucun examen exhaustif des ententes de financement régies par le principe des « droits acquis » n'a été entrepris pour s'assurer que les fonds sont encore requis et qu'ils continuent de respecter les priorités de financement du Conseil. Un tel examen serait bénéfique pour confirmer que c'est encore le cas.

## ***Recommandations et réponses de la direction***

### **Recommandation 1**

**Que, comme prévu, la Division urbaine de la Direction des programmes communautaires, en lien avec les Services juridiques et le Bureau des partenariats et du développement en immobilier accélère l'examen, la mise à jour et le renouvellement de l'entente sur l'utilisation de terrains entre Action Vanier inc. et la Ville d'Ottawa.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

La Division urbaine de la Direction des programmes communautaires, en lien avec les Services juridiques et le Bureau des partenariats et du développement en immobilier accélérera l'examen, la mise à jour et le renouvellement de l'entente sur l'utilisation de terrains entre Action Vanier inc. et la Ville d'Ottawa d'ici à la fin du deuxième trimestre de 2012.

## **Recommandation 2**

**Que les Services juridiques enquêtent sur l'existence de toute autre entente similaire sur l'utilisation de terrains signée par d'anciennes municipalités en vue d'examiner, de mettre à jour et de renouveler les ententes obsolètes.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

La Direction des programmes communautaires déterminera toutes les ententes en vigueur, mais non à jour, et élaborera un plan de travail, avec des critères et des principes, en vue de l'examen et du renouvellement de toutes les ententes sur l'accès aux terrains qui appartiennent à la Ville ou qui sont loués par cette dernière pour appuyer la prestation de services des parcs et des loisirs.

Cela sera fait dans le cadre de l'élaboration du Cadre de partenariat et de soutien à la collectivité prévu pour le deuxième trimestre de 2012. Le Bureau des partenariats et du développement en immobilier sera consulté au cours de ce processus.

## **Recommandation 3**

**Que, malgré la séparation du Financement communautaire, du Financement des loisirs et du rapport hiérarchique matriciel sur certains dossiers, la Ville s'assure que tous les documents sont reçus et classés dans un fichier central avant l'émission du financement.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Tous les documents pertinents liés au financement sont reçus et conservés dans un fichier central. Ils se trouvent sur place avec la personne responsable de gérer le fichier.

Une révision exhaustive du dossier de la cabane à sucre a été rendue plus difficile en raison du rapport hiérarchique matriciel entre le Financement communautaire et le Financement des loisirs au moment où le travail de terrain pour cette vérification était en cours.

La réorganisation est maintenant terminée, et le fichier central pour la cabane à sucre est classé au 101, av. CentrepoinTE, avec le personnel responsable de le gérer.

#### **Recommandation 4**

**Que la Direction des relations avec la clientèle, de l'intégration des services et du financement du Service des parcs, des loisirs et de la culture révisé toutes les subventions et tous les achats de service et s'assure que les critères de renouvellement des subventions sont entièrement respectés.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Le consultant en financement utilise maintenant une liste de vérification révisée, divisée en deux parties : documents obligatoires et documents optionnels. Les éléments obligatoires doivent être reçus afin d'obtenir du financement. Par exemple, un document obligatoire pourrait être une demande de financement dûment remplie; un document optionnel pourrait être un rapport détaillant les indicateurs de performance d'un organisme.

Dans certains cas, il est approprié pour la direction de faire preuve de discrétion lorsqu'elle renouvelle les subventions, même si tous les critères n'ont pas été satisfaits. Par exemple, si un organisme n'est pas en mesure de tenir son assemblée générale annuelle avant la date limite de la demande de financement, il ne sera pas en mesure de présenter la documentation requise avec sa demande. La direction peut à sa discrétion, dans ces cas-là, approuver la demande pour éviter d'occasionner des problèmes injustifiés au bénéficiaire ou aux utilisateurs/clients finaux qui bénéficient du programme ou des services du partenaire. En faisant preuve de discrétion, la direction tient compte de facteurs tels que le respect préalable par l'organisme des exigences obligatoires, le fait que la demande de financement est en grande partie achevée et (ou) que l'organisme s'engage à élaborer un plan d'action afin de respecter les exigences obligatoires.

Un processus a été établi, où le consultant doit obtenir l'approbation de la direction pour libérer les fonds lorsque les critères obligatoires ne sont pas respectés avant l'approbation. Une révision des politiques et procédures, qui sera terminée d'ici au troisième trimestre de 2011, inclura le nouveau processus.

#### **Recommandation 5**

**Que la Direction des relations avec la clientèle, de l'intégration des services et du financement du Service des parcs, des loisirs et de la culture examine son entente pour assurer une uniformité entre le français et l'anglais et entre l'entente et le sommaire de la demande de financement.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Un examen a été fait et les révisions nécessaires seront effectuées pour assurer une cohérence dans le dossier de la cabane à sucre lorsque l'entente sera renouvelée au cours du premier trimestre de 2012, avant son prochain événement.

### **Recommandation 6**

**Que la Ville entreprenne un examen des ententes de financement régies par le principe des « droits acquis » pour s'assurer que les fonds sont encore requis et qu'elles continuent de respecter les priorités de financement du Conseil.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

L'examen de la Politique sur le cadre du financement communautaire prévu pour le quatrième trimestre de 2011 ainsi que le Cadre de partenariat et de soutien à la collectivité pour le deuxième trimestre de 2012 contiendront chacun un plan de travail pour l'examen des ententes de financement régies par le principe des « droits acquis » dans chaque programme.

### **Recommandation 7**

**Que la Division des relations avec la clientèle, de l'intégration commerciale et du financement assure l'exactitude des montants affichés dans la demande de financement.**

#### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

Un nouveau processus en deux étapes a été mis en œuvre pour assurer l'exactitude des montants affichés dans la demande de financement. Comme première étape, les données seront saisies dans le système et leur exactitude et leur exhaustivité seront vérifiées par un commis administratif. La deuxième étape consistera en une révision des renseignements par le consultant en financement.

En plus des éléments susmentionnés, la Direction des programmes communautaires explore l'utilisation d'une solution d'affaires automatisée (déjà prise en considération par les Services communautaires et sociaux) pour fournir des vérifications additionnelles en vue d'assurer l'exactitude des montants. La confirmation des coûts est en cours et les coûts permanents (c.-à-d. frais de licence, mises à niveau) seront présentés et considérés dans le cadre du budget de 2012.

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## **Recommandation 8**

**Que la Ville fasse en sorte que la demande de financement précise comment toute augmentation dans les subventions sera utilisée avant d'accorder l'augmentation.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

La demande de financement exige présentement ces renseignements. Cependant, dans le cas auquel on fait référence dans le rapport de vérification, aucun détail n'a été fourni par le bénéficiaire du financement. Dans le prochain cycle du processus de demande de financement, la demande de financement exigera que les bénéficiaires précisent comment toute augmentation sera utilisée avant qu'une demande ne soit considérée comme complète. On s'attend à ce que cela soit fait d'ici au deuxième trimestre de 2012.

## **Recommandation 9**

**Que la Ville considère fournir plus d'éclaircissements sur la politique relativement aux conditions dans lesquelles le financement pourrait être ou serait modifié, dans les cas où des surplus continus sont notés.**

### **Réponse de la direction**

La direction est d'accord avec cette recommandation.

La Politique sur le cadre du financement communautaire (prévu pour le quatrième trimestre de 2011) ainsi que le Cadre de partenariat et de soutien à la collectivité (prévu pour le deuxième trimestre de 2012) fourniront plus de clarification au sujet des conditions dans lesquelles le financement pourrait être ou serait modifié dans les cas où des surplus continus sont notés.

## ***Mise à jour du Bureau du vérificateur général***

En mai 2011, après la vérification, nous avons été informés que l'unité du financement des loisirs a été réalignée et devrait rendre compte à la Direction des programmes communautaires. Ainsi, la direction de Programmes communautaires a fourni les réponses de la direction pour certaines recommandations adressées à la Direction des relations avec la clientèle, de l'intégration des services et du financement.

## ***Conclusion***

Cette vérification a révélé que l'entente de financement communautaire n'a pas été entièrement respectée, particulièrement en ce qui concerne la documentation obligatoire devant être remise par l'association. La demande de financement de 2011 révélait également plusieurs erreurs et omissions, qui n'ont pas été mises en question par la Direction des relations avec la clientèle, de l'intégration des services



et du financement. De plus, le besoin d'examiner, de mettre à jour et de renouveler l'entente sur l'utilisation de terrains entre Action Vanier et la Ville d'Ottawa a été souligné. Une nouvelle entente devrait être adoptée dès que possible.

L'actuelle Politique générale sur le financement communautaire stipule que « *les organismes sans but lucratif doivent fonctionner sans surplus ni déficit* ».

Selon nous, plus de clarifications seraient bénéfiques en ce qui concerne les conditions dans lesquelles le financement pourrait être ou serait modifié, dans les cas où des surplus continus sont notés.

Finalement, un examen des ententes de financement régies par un principe des « droits acquis » serait utile pour s'assurer que les fonds sont encore requis et qu'ils continuent de respecter les priorités en matière de financement du Conseil.

### ***Remerciements***

Nous voulons exprimer notre gratitude envers la collaboration et l'aide que la direction de la Ville et Action Vanier a offertes à l'équipe de vérification.



## **1 INTRODUCTION**

The Audit of the Sugarbush (Action Vanier) Agreements was included in the 2010 Audit Plan of the Office of the Auditor General, first presented to Council in June 2010 as part of the 2009 Annual Report.

## **2 BACKGROUND**

In June 1998, the former City of Vanier signed an agreement with Action Vanier relating to the use of Richelieu Park forest (300 Pères Blancs). Specifically the agreement permitted the association to re-build a sugarbush where between 1938 and 1978 the old Pères Blancs Missionnaires d’Afrique’s sugarbush once stood. The Vanier Sugarbush was rebuilt in 1999. No rent is received for the use of the land.

The City also provides Action Vanier with annual renewable community funding for the association to hold a maple syrup festival – SugarFest or Festival des sucres.

## **3 AUDIT SCOPE, OBJECTIVES AND CRITERIA**

The Vanier Sugarbush is considered at arm’s length and only receives partial funding, lease property or in-kind services. As such, the scope of the audit was limited to a review of the agreement.

The objectives/criteria included:

- Does the City currently have an up-to-date and signed agreement or contract with the Vanier Sugarbush; and,
- Are the City and the Sugarbush in compliance with the terms and conditions in this agreement?

In addition, the audit included a review of the SugarFest grant provided to Action Vanier to hold the yearly festival.

## **4 APPROACH**

The audit approach included interviews with Parks, Recreation and Cultural Services Department staff, with members of the Board of Action Vanier and review of documents and files.

## **5 DETAILED FINDINGS, OBSERVATIONS AND RECOMMENDATIONS**

### **5.1 Land Utilization Agreement**

In June 1998 the former Corporation of the City of Vanier and Action Vanier Inc. signed an agreement authorizing the association to rebuild a sugarbush in the Richelieu Park forest, bordering on the former Vanier City Hall on Pères Blancs and use the latter to hold activities.

The agreement was signed by the Mayor and City Clerk of former Vanier as well as the former President and Director of Action Vanier.

The agreement states that the “Association agrees to have at least \$2 million in civil liability insurance coverage at all times, naming the City as the Additional Insured”. A copy of the certificate of insurance found in the grants file (discussed later) meets both criteria.

The agreement also stated that “the agreement shall be in effect until the end of the City Council’s term and may be renewed and amended by mutual agreement”. Legal Services advised us that as both parties recognize this specific agreement, it is considered to be in effect.

Management recognizes that the Action Vanier/former City of Vanier land utilization agreement is outdated and at times unclear as to who is responsible for what and we understand from both Legal Services and Parks, Recreation and Cultural Services Department that they will undertake to update and renew the Action Vanier agreement, later this year.

#### **Recommendation 1**

**That, as planned, Urban Division of the Community Programs Branch in liaison with Legal Services and Real Estate Partnership and Development Office (REPDO) expedite the review, update and renewal of the land utilization agreement between Action Vanier Inc. and the City of Ottawa.**

#### **Management Response**

Management agrees with this recommendation.

The Urban Division of the Community Programs branch, in liaison with Legal Services and the Real Estate Partnership and Development Office (REPDO), will expedite the review, update and renewal of the land utilization agreement between Action Vanier Inc. and the City of Ottawa by the end of Q2 2012.

## **Recommendation 2**

**That Legal Services investigate the existence of any other similar land utilization agreements signed by former municipalities with a view to review, update and renew outdated agreements.**

### **Management Response**

Management agrees with this recommendation.

The Community Programs branch will identify all operative but outdated agreements and establish a work plan, with criteria/principles, for the review and renewal of all agreements involving access to City-owned/leased land to support the delivery of parks and recreation services.

This will be done as part of the development of the Community Support and Partnership Framework planned for Q2 2012. REPDO will be consulted in this process.

## **5.2 Funding Signed Agreement**

The City has three community funding program envelopes. The Renewable Community Funding envelope has some parts that are managed by Community and Social Services (CSS) and some by Parks, Recreation and Cultural Services (PRCS). The Non-Renewable Community Project Funding, as detailed below, is managed by CSS. Civic Events Funding is solely managed by PRCS.

- *“Renewable Community Funding: The City's Renewable Community Funding envelope provides funding contributions to non-profit community organizations to support the delivery of programs and services that increase access to basics in the areas of health promotion, recreation and social services. Organizations not currently in receipt of Renewable Community Funding may become eligible for Renewable Community Funding following the successful completion of a three-year project funded through the Non-Renewable Community Project Funding envelope.*
- *Non-Renewable Community Project Funding: The Community Project Funding Program (CPFP) supports projects that address emerging community needs with a focus on Access to Basics. Eligible projects are funded on a one-year basis. As of 2006, the program includes a three-year funding component for up to two organizations, not currently funded through the Community Funding Renewable Envelope.*
- *Civic Events Funding: “Local not-for-profit organizations such as volunteer-based community or recreation associations are invited to apply for funding to provide one to two-day civic events with free admission that foster civic pride and develop community cohesion. These events are linked to and celebrate a civic/statutory holiday in Ontario (i.e. New Year’s Day, Family Day, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day), are held in a specific geographic*

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*district in Ottawa, and encompass a broad range of activities and family entertainment.”<sup>1</sup>*

Since amalgamation some recreation grants have been considered grandfathered “renewals” and are part of the Renewable Community Funding (RCF) envelope - these are grants that were agreed to by former municipalities. Since amalgamation, no comprehensive review of these “grandfathered” funding agreements has been undertaken to ensure funds are still required and that they continue to meet Council’s funding priorities. Such a review would be beneficial in confirming that this is still the case. In addition, grants provided to organizations following the successful completion of a three-year project funded through the Non-Renewable Community Project Funding envelope may become part of the RCF envelope. In order for groups to continue receiving funding, they should conform to the submission process and provide the required documents. Action Vanier’s Funding Submission Request (FSR) form is discussed later in this report (section 5.3).

There are approximately 60 RCF grants ranging from \$1,000 to \$300,000 (e.g., Dovercourt). The number 60 refers only to the number of RCF grants under Recreation Funding. There are more RCF grant files under CSS. Some of these grants are considered purchase of service under the Grants and Contributions Policy. At submission time - in the fall - a “recommended” deadline date to have required paperwork received by the City is given. A funding consultant reviews the FSR form and documentation. Management informed us that if a document is missing and it has not been deemed critical, the funding consultant will work directly with the organization to ensure documents are forthcoming. Once the majority of the documentation is in order and the City’s budget is approved, full payment or an instalment may be made. (Pending City Council’s approval of the budget, 25% of the previous year’s level of funding may be provided with senior management authorization.) Recreation grants (purchase of service) are paid quarterly - however some payments are modified to one, two or three payments. Management advises that this would be determined by the funding consultant and the total amount of the grant.

The community funding grant payments provided to Action Vanier Inc., found in SAP for the period December 2006 to November 2009, averaged \$22,500 yearly; the signed funding agreement for December 2009 to November 2012 is for approximately \$26,000 yearly.

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<sup>1</sup> [http://ottawa.ca/residents/funding/community/index\\_en.html](http://ottawa.ca/residents/funding/community/index_en.html)

Our review of the Action Vanier SugarFest grant files noted that although various documents were missing, the City continued to make grant payments. Up to 2010, payments were a lump sum of the entire amount. At the end of January 2011, the first quarterly payment of approximately \$6,660 was issued. Management informed us that the funds were required at that time for the Sugarbush Festival which is their principal event. Missing documents included:

**2010 Funding Submission Request (deadline was 27 October 2009)**

The 2010 funding submission request file has been verified, dated and signed as: *Total Package Complete* but was found to be missing:

- List of activities subsidized by Community Funding division, summary of results and impact on the community; and,
- Approved Treasurer's Report.

**2011 Funding Submission Request (deadline was 21 October 2010)**

The 2011 funding submission request file has been verified, dated and signed as: *Total Package Complete* but was found to be missing:

- Minutes of the Annual General Meeting (none took place in 2010 – one is scheduled for April 2011);
- 2010 Annual Report (received March 2011 pursuant to OAG enquiry);
- List of activities subsidized by Community Funding division, summary of results and impact on the community;
- Approved Treasurer's Report;
- Audited Financial Statement (2009 in file awaiting 2010).

Amendments to the 2011 Funding Submission File Summary sheet were also noted after we requested the missing documentation.

Management has advised that unless documents are provided, the second quarterly payment to the association would not take place.

Our review of the files, enquiries and meetings with Customer Relation, Business Integration and Funding staff also led to the observation that:

- Discrepancies had arisen over the years between the English and French grant agreements; and,
- Changes made to agreements over the years had not been made to the Funding Submission File Summary sheet. This Summary is a coloured document checklist, inserted as the first page of the file, where a reviewer notes which document was received and initials. The 2011 Funding Submission document (which was not the one used and contained in the file) includes a checklist of mandatory requirements).

In order to ascertain that we had reviewed all possible files where the missing documents could have been retained, we requested any other projects funding files. We were informed that a small Civic Events programs grants existed. Due to the split of Community Funding and Recreation Funding, there exists a matrix reporting relationship on some files. This is the case with Action Vanier. A comprehensive review of funding and/or documentation is rendered more difficult by having various files under separate umbrellas.

### **Recommendation 3**

**That, notwithstanding the split of Community Funding and Recreation Funding and the matrix reporting relationship on some files, the City ensure that all documents are received and put in a central file prior to funding being issued.**

#### **Management Response**

Management agrees with this recommendation.

All relevant documents related to funding are received and maintained in a central file. They are physically located with the person responsible for managing the file.

A comprehensive review of the Sugarbush file was rendered more difficult because of the matrix reporting relationship between Community Funding and Recreation Funding at the time the fieldwork for this audit was underway.

The reorganization is now complete, and the central file for the Sugarbush is housed at the 101 CentrepoinTE Drive location with the staff person who manages the file.

### **Recommendation 4**

**That Customer Relations, Business Integration and Funding Branch of the Parks, Recreation and Cultural Services Department review all grants/purchase of service and ensure criteria for grant renewals are fully met.**

#### **Management Response**

Management agrees with this recommendation.

The funding consultant now uses a revised checklist, which is broken into two parts: mandatory and optional documents. The mandatory items must be received in order to obtain funding. As examples, a mandatory document would be a completed funding submission and an optional document would be a report detailing an agency's performance indicators.

In some cases it is appropriate for management to use discretion when renewing grants even if all criteria have not been met. As an example, if an organization is not able to hold its Annual General Meeting prior to the funding submission deadline, they will not be able to submit the required documentation with their



submission. Management has the discretion in such cases to approve the funding request to avoid creating unwarranted difficulties for the recipient or for the end users/clients who benefit from the partner's program/services. In exercising this discretion, management takes into account such factors as the agency's prior compliance with mandatory requirements, whether the funding submission is substantially complete, and/or, the organization's commitment to an action plan to fulfil mandatory requirements.

A process has been established where the consultant must seek management's approval to release funds whenever mandatory criteria will not be met prior to approval. A policy and procedure review, which will be completed by Q3 2011, will include the new process.

### **Recommendation 5**

**That Customer Relations, Business Integration and Funding Branch of the Parks, Recreation and Cultural Services Department review its agreement to ensure consistency between the French and English and between the agreement and Funding Submission File Summary.**

#### **Management Response**

Management agrees with this recommendation.

A review has been completed and necessary revisions to ensure consistency in the Sugarbush file will be made when the agreement is renewed in Q1 2012, prior to their next event.

### **Recommendation 6**

**That the City undertake a review of "grandfathered" funding agreements to ensure funds are still required and that they continue to meet Council's funding priorities.**

#### **Management Response**

Management agrees with this recommendation.

The review of the Community Funding Framework Policy planned for Q4 2011 and the Community Support and Partnership Framework planned for Q2 2012, will each contain a work plan for the review of "grandfathered" funding agreements within each program.

## ***5.3 Funding Submission Request***

We reviewed both the 2010 and 2011 Funding Submission Requests for accuracy and completeness.

We determined that Action Vanier used its 2010 Funding Submission Request (FSR), changing some figures, but did not recalculate totals.

As at September 30<sup>th</sup>, 14 of the 15 expenditures as reported on the 2009 year-to-date (2010 FSR) and 2010 year-to-date (2011 FSR) were identical. We did not find any evidence that this was questioned by Customer Relations, Business Integration and Funding Branch.

All expenditures as reported on the 2009 expense projections (2010 FSR) and 2010 expense projections (2011 FSR) were identical. We did not find any evidence that this was questioned by Customer Relations, Business Integration and Funding Branch.

Customer Relations, Business Integration and Funding Branch corrected some but not all of the calculation errors. This resulted in incorrect totals for the 2010 year-to-date and 2011 projections on the 2011 FSR. Specifically, the 2010 year-to-date should have been \$3,208.14 as opposed to \$2,308.12 (surplus difference of \$828.02); and, the 2011 forecast should have been \$21,751.81 as oppose to \$4,346.68 (surplus difference of \$17,405.13). We did not find any evidence that Customer Relations, Business Integration and Funding Branch requested a corrected 2011 FSR.

In spite of a projected surplus of \$21,752, the group still requested an increase of \$3,359. On January 30, 2011 Action Vanier received a first instalment of \$6,660 (represents one quarter of the 2010 funding level). In addition to this surplus, the 2011 funding consultant noted on the 2011 Funding Submission File Summary sheet under Audited Financial Statements that the group: “has significant surplus but not reflected in submission”; and again under Budget Pressures: “Has surplus!”.

The most recent version of the Community Funding General Policy states:

*Non-Profit organizations are required to operate without surplus or deficit.*

The policy goes on to state:

*At the City’s discretion, an organization may be required to submit a surplus-spending plan (staff will consult with Financial Services in cases where a surplus exceeds 6 months’ operating expenses). The City will meet with the organization to discuss and follow up on the plan for the surplus.*

Consideration should be given to including further clarification regarding the conditions under which funding could or would be altered where continued surpluses exist.

We also found that one revenue item in the amount of \$20,000 and five expenditure items totalling \$55,700 were listed as “Other” and not specified in the 2011 FSR.

Page 9 of the 2011 Funding Submission states: **All organizations requesting budget pressure increases** to their 2010 funding levels should clearly indicate the rationale for the requested increase. Although Action Vanier’s submission included an increase totalling \$3,359, no details were provided.

## **Recommendation 7**

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**That Customer Relations, Business Integration and Funding Branch ensure the accuracy of amounts contained in the Funding Submission Request.**

**Management Response**

Management agrees with this recommendation.

A new two-step process has been implemented to ensure accuracy of amounts contained in the Funding Submission Request. As a first step, data will be input into the system and verified for accuracy and completeness by an administrative clerk. The second step will be a review of the information by the funding consultant.

In addition to the above, the Community Programs branch is exploring the use of an automated business solution (already being considered by Community and Social Services) to provide additional checks to ensure accuracy of amounts. Costs are being confirmed and the ongoing costs (i.e., licensing fees, upgrades) will be submitted and considered as a part of the 2012 budget.

**Recommendation 8**

**That the City ensure the Funding Submission Request specifies how any increase in subsidy will be utilized before granting the increase.**

**Management Response**

Management agrees with the recommendation.

Management agrees with this recommendation.

The Funding Submission Request document currently requests this information, however, in the instance referenced in the audit report no details were provided by the funding recipient. In the next round of the funding submission process, the Funding Submission Request will require recipients to specify how any increase in subsidy will be utilized before a submission will be considered complete. This is expected to be done by Q2 2012.

**Recommendation 9**

**That the City consider providing further policy clarification regarding the conditions under which funding could or would be altered where continued surpluses exist.**

**Management Response**

Management agrees with this recommendation.

The Community Funding Framework Policy (planned for Q4 2011) and the Community Support and Partnership Framework (planned for Q2 2012) will provide further policy clarification regarding the conditions under which funding could or would be altered where continued surpluses exist.

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## 6 OAG UPDATE

In May 2011, the Recreation Funding Unit has been realigned and now falls under the Community Programs Branch. As such, Management from the Community Programs Branch provided management responses to certain recommendations directed at Customer Relations, Business Integration and Funding Branch.

## 7 CONCLUSION

This audit has revealed a lack of compliance with the Community Funding Agreement, specifically with the association providing the required documentation. The 2011 Submission Request for Funding was also found to contain several errors and omissions which were not questioned by Customer Relations, Business Integration and Funding Branch. In addition, the need to review, update and renew the land utilization agreement between Action Vanier and the City of Ottawa was highlighted. A new agreement should be entered into as promptly as possible.

The current Community Funding General Policy states that “*Non-Profit organizations are required to operate without surplus or deficit*”. In our view, further clarification regarding the conditions under which funding could or would be altered where continued surpluses exist would be beneficial.

Finally, a review of “grandfathered” funding agreements would be helpful to ensure funds are still required and that they continue to meet Council’s funding priorities.

## 8 ACKNOWLEDGEMENT

We wish to express our appreciation for the cooperation and assistance afforded the audit team by City management as well as Action Vanier.