**Office of the City Auditor**

Community Grants Audit

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| **Audit Unit:** | Recreation, Community & Culture<br>Community Planning<br>Building Services<br>Legal Services |
| **Auditor:** | Maciej Jurczyk, City Auditor |
| **Distributed To:** | City of Burlington Audit Committee |
| | Jacqueline Johnson, Commissioner, Community Services<br>Emilie Cote, Director, Recreation, Community & Culture<br>Denise Beard, Senior Manager, RCC Community Development<br>Emily Beijes, Senior Manager, RCC Business Services<br>Mandy Kerr, Recreation Planner |
| | Curt Benson, Commissioner, Develop & Growth Management<br>Jamie Tellier, Director, Community Planning<br>Kyle Plas, Manager, Development & Design<br>Todd Evershed, Supervisor, Special Projects & Urban Design<br>Chloe Richer, Senior Planner, Heritage |
| | Nick Anastasopoulos, Director, Building Services & CBO |
| | Blake Hurley, Commissioner, Legal and Legislative Services/City Solicitor<br>Justyna Hidalgo, Deputy City Solicitor |
| | *cc:* Haassan Basit, Chief Administrative Officer<br>Leah Bortolotti, Head of Corporate Affairs |
| **Date Issued:** | February 21, 2025 |

# EXECUTIVE SUMMARY

## BACKGROUND

In accordance with the 2024 Audit Plan, the City Auditor performed an operational and compliance review of the portfolio of City grant programs.  The objectives of the audit were to assess the overall effectiveness of internal controls supporting grants management and administration processes in accordance with City policies.  A secondary objective was to ensure that the entire portfolio of funding/grant programs are aligned with Council's (current) approved strategies.

City Council has approved a wide variety of grant programs to various stakeholder community groups over multiple years.  Many of these granting programs are governed by Council approved bylaws (i.e. Bylaw 16-1993 being a bylaw to establish a Community Heritage Fund) or by corporate policies (i.e. Community Investment Policy, approved Dec. 2015).  These granting programs are delivered in a decentralized model across various City departments; and in all cases without dedicated staffing due to their relatively modest scope and financial resourcing.  These grant programs are mature in that they've been operating for many years and have developed strong internal controls which include: Letters of Agreement with applicants, objective points-based scoring methodologies, juries made up of multiple staff (and in one case external experts) and well documented terms and conditions.

The financial impact of these grants includes an operating budget of approximately $200,000 from the tax levy, three reserve funds of approximately $730,000 (Community Heritage Fund, Cultural Initiatives and Community Investment) and approximately $720,000 expended through the Flood Relief Grant in 2024.  Although the total financial impact to the City is relatively low, the risk of fraud is high given this business process involves direct financial grants to individuals and community organizations in relatively small increments.  In addition, there may be a reputation risk to the City should grants be provided in an inconsistent or inequitable manner.

## SCOPE

The scope of the audit was focused on the following grant programs:
- Burlington Arts and Culture Fund
- Community Development Fund
- Love My Neighbourhood,
- Neighbourhood Community Matching Fund
- Plumbing Permit Fee Grant Program
- Community Heritage Fund
- Flood Relief Grant

The scope of the audit did not include the following:
- Fee waiver or rent reduction programs
- Grants or financial transfers to the City's agencies, boards and commissions including: Burlington Public Library (BPL), Burlington Performing Arts Center (BPAC), Burlington Tourism, Burlington Economic Development Corporation (BEDC), Burlington Museums, Aldershot Village Business Improvement Area (AVBIA) and Downtown Burlington Business Improvement Area.

- Property tax rebates such as "Heritage Property Tax Rebate"

The audit methodology included:
- Interviews with City personnel to understand in detail the scope, objectives and business process(es) for various community funding and grant programs.
- Assessing the effectiveness of the City's grant/funding programs against their stated objectives and/or KPI's.
- Evaluating the adequacy of funding/resourcing for the City's portfolio of grants/programs against their respective demand.
- Reviewing the terms and conditions for each grant/program.
- Reviewing a sample of grants from to ensure compliance within existing policies and procedures. This included a review of application intake process, eligibility of recipients, processing grant applications, evaluation criteria, governance/decision-making, potential conflict of interest, financial award, reporting.
- Benchmarking the City's various grant programs against other comparable municipalities including their form, function and funding allowance(s). See listing of comparable municipalities in Appendix II.

**INTERNAL AUDIT FINDINGS**

Overall, the City has an <u>effective</u> management control system for delivering community grant programs. No high-risk issues were identified during the audit. The following areas were deemed to be operating effectively:
1. The Burlington Arts & Culture Fund is well designed and operating effectively with strong internal controls.
2. The communications/marketing for the Burlington Arts & Culture Fund, Love My Neighbourhood, Community Development Fund, Neighbourhood Community Matching Program, Flood Relief Grant was effective as evidenced by their strong community demand.
3. Policies, procedures, guidelines were generally well written and comprehensive.
4. Document retention of evidence to substantiate approvals of grants was effective. No missing evidence was observed during the audit.
5. There is effective coordination between various grant owners within the Recreation, Community & Culture (RCC) department.

The following is a summary of findings for areas of improvement:
1. Community Heritage Fund structural improvements: Low Risk
2. Community Heritage Fund efficiency improvements: Low Risk
3. RCC grant program structural improvements: Low Risk
4. RCC grant program efficiency improvements: Low Risk
5. Public reporting for RCC grants: Low Risk

The City Auditor appreciates the assistance and co-operation from the various staff members who participated in this audit, particularly the Recreation Planner in RCC.

## DETAILED FINDINGS AND RECOMMENDATIONS

The City of Burlington operates a wide variety of granting programs to serve various stakeholder community groups. Each grant program has unique objectives, are supported by distinct budgets/reserve funds and are administered by professional staff in multiple departments. More information about each grant program follows:

- Burlington Arts and Culture Fund (BACF):
  - Budget of $75,000 from Council approved annual operating budget supplemented by $267,000 reserve fund.
  - Objectives:
    - Encourage social cohesion, enhance quality of life and stimulate cultural and economic development through direct investment
    - Enrich how Burlington residents experience and engage with arts and culture
    - Foster creativity
    - Nurture the quality and capacity of the arts and culture sector in Burlington
  - Highlights: Since the BACF's initial launch in 2018, a total of $500,000 has been distributed to support the creation and presentation of 127 arts and cultural projects. $75,000 was distributed to 18 arts and culture projects in 2024.
- Community Development Fund (CDF):
  - Budget of $32,000 from annual operating budget and supported by Community Investment Reserve Fund (with a balance of $294,000 as of Dec 31, 2024).
  - Objective: to support community organizations in building capacity to provide programs, services, and events for residents of Burlington
  - Highlights: Grants provided to 14 agencies/organizations in 2024
- Love My Neighbourhood (LMN):
  - Budget of $32,000 (shared with CDF)
  - Objective: help form connections, strengthen relationships, and build support systems for your community. Grants up to $500 for neighbourhood events.
  - Highlights: $53,000 requests from 118 applicants in 2024
- Neighbourhood Community Matching Fund (NCMF):
  - Budget of $51,500 from annual operating fund
  - Objective: to build community and neighbourhood connections while enhancing parks or other public spaces. Grants available up to $10,000 for a project with a matching contribution from the community group.
  - Highlights: $17,900 grants to two organizations in 2024.
- Plumbing Permit Fee Grant Program:
  - Budget of $40,000 from annual operating budget
  - Objective: to provide residents with financial support for improvements done in homes or businesses to reduce the risk of basement flooding. For clarity this is not a traditional grant program as it strictly refunds the applicable building permit fee for the installation of specific improvements to reduce the risk of basement flooding.
  - Highlights: Between 2014 and 2023, the City of Burlington refunded $448,928 in building permit fees.

- The Community Heritage Fund (CHF):
  - No annual operating budget however it is supported by a reserve fund of approximately $168,500
  - Objective: to provide financial support to help with the conservation of a designated heritage property with <u>grants</u> up to 25% of total eligible project costs to a maximum of $15,000 and/or <u>loans</u> up to 50% of total eligible project costs to a maximum of $15,000
  - No grants/loans provided in 2024.
- Flood Relief Grant:
  - No annual operating budget as this was an unforeseen weather event; however approximately $720,000 were provided to affected residents in 2024.
  - Objective: to help affected residents recover from the flooding events on July 15 and July 16, 2024 with a maximum $1000 grant to residents with confirmed residential flooding not eligible for the Halton Region grant.


The current portfolio of grant programs is not explicitly aligned with Council's strategic plan (Vision 2040) nor its term workplan (Vision-to-Focus). However, each grant program's creation can be explicitly tied back to a Council approved bylaw, strategy or policy:
- Burlington Arts and Culture Fund was established through Council approved report PB-58-17 (Arts and Culture Funding Program and Cultural Action Plan in September 2017)
- Community Development Fund (CDF), Love My Neighbourhood (LMN) and Neighbourhood Community Matching Fund (NCMF) were established through report PR-12-15 (Report recommending approval of the Community Investment Policy on December 8, 2015) and Bylaw 115-2015 Community Investment.
- The Plumbing Permit Fee Grant Program was established through report PB-85-14 (Report providing information on a program to assist homeowners with the cost of building permit fees for flooding prevention work in Sept 2014)
- The Community Heritage Fund (CHF) was established by Council in 1985 with Bylaw Number 128-1985 with subsequent updates in 1993 and 2014
- The Flood Relief Grant was established by Council in July 2024 as a response to the July 15 & 16, 2024 flooding event.

Furthermore, the City is not required by legislation or regulation from higher levels of government to provide these grant programs, so in this regard they can be described as discretionary programs rather than mandatory or legislated requirements. However, it is common for other comparable municipalities to operate the same/similar granting programs to their communities. The audit report will not comment upon the justification or rationale for continuing these programs, given they were all duly approved by City Council.

Above and beyond the grant programs reviewed in this audit; City Council also approves grants/loans or other incentive programs to various community stakeholders from time to time; such as BurlingtonGreen who received a $50,000 'fee for service' grant and the Sound

of Music Festival which receives annual funds in the amount of $150,000.  These financial supports are 'ad hoc' community requests approved by Council.

The principal risk associated with this internal audit is that financial grants may not be administered/approved in a transparent, equitable and accountable manner.  This was rated a 'high' risk from an inherent perspective at the beginning of the audit.  Through the completion of audit fieldwork and having evaluated the control framework associated with the financial grants in scope; the residual risk rating is 'medium'.  Given that the granting processes operate continuously and are highly dependent upon City staff and management with a high volume of grant applications, the residual risk rating may change at any time particularly if there is a higher rate of employee turnover or if the policy framework transforms over time.  Other audit risks included: grants may not be successfully contributing to Council's desired strategic objectives and the City may suffer an impaired reputation resulting from grant programs if they are administered inconsistently or ineffectively.

The following are the findings from the audit along with recommendations and Management's Action Plans to address these issues.  See Appendix I for further information regarding Internal Audit Standards and Audit Severity Scale.

## Finding #1 – Community Heritage Fund (CHF) structural improvements

| Risk Ranking | LOW |
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The following opportunities for structural improvement were observed during the audit:

1. The name of the program does not make it immediately obvious to a potential applicant about the scope/nature of the program. All of municipalities benchmarked through this audit explicitly called their equivalent program a 'grant' (example: Town of Oakville "Heritage Grant Program").

2. The program is structured as a loan and grant. Through comprehensive benchmarking of ten other municipalities, only the City of Burlington offered applicants a loan option. Through discussion with staff, managing a loan is much more administratively burdensome than providing a grant as it involves significant involvement from Legal Services & Finance staff including setting up a lien on the applicant's property. In the last ten years, only one CHF applicant utilized the loan option. Lastly, this was a previous staff recommendation to Council in report PB-01-09.

3. The demand for the CHF is relatively low; over the last 10 years there have only been 12 grants/loans (at 8 unique properties), including none in 2024. As a result, the balance in the Community Heritage Reserve Fund has been mostly static over the past decade (currently around $168,500). Per interviews with staff, there are communication tactics including updating the City's website, attending the 2024 Food for Feedback event and providing handouts to residents during 'Heritage Week'.

4. The CHF maximum (Grants: 25% of eligible costs to a maximum of $15,000 or Loans: 50% of eligible costs to a maximum of $15,000) has been static since 1993. Benchmarking against other ten other comparable municipalities has shown that this amount is consistent, however most other municipalities have a matching rate of 50%. Through discussion with staff, they stated anecdotally that heritage renovations/conservation is often significantly more expensive than the same work at non heritage homes, partially due to the high demand for a limited number of skilled craftspeople of the heritage trades. The low matching ratio may be one reason for the low public demand for the CHF over the last decade.

5. Staff have developed a comprehensive Procedures Manual for the administration of the CHF; however some procedures are out of date and do not match the current business process.

## Implication

Although the CHF is a mature program dating back to 1985, it is rarely used by homeowners and therefore may not be providing value in its current form to City residents.

**Recommendation**

1. Rename the CHF to explicitly refer to it as a grant program, comparable to other municipalities.
2. Restructure the CHF to remove the loan option. Update the Organizational Policy, Procedures Manual, Info Sheet and Heritage Conservation Agreement accordingly.
3. Community Planning staff in consultation with Corporate Communications should develop and execute a communications campaign to provide additional messaging to heritage designated property owners about the existence of the CHF. City staff may consider direct annual mail-outs to heritage designated properties (which is a common tactic in benchmarked municipalities).
4. Increase the matching rate to 50% which is consistent with most other comparable municipalities.
5. Community Planning staff should update the Procedure Manual to reflect the current business process as well as the future state envisioned with all audit recommendations.

**Management Action Plan**

| **Person Responsible** | Todd Evershed, Supervisor of Special Projects & Urban Design | **Completion Date** | Q4 2025 |
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1. Chloe Richer (Senior Planner, Heritage) will prepare a staff report to amend the Community Heritage Fund bylaw, renaming the CHF to explicitly refer to its grant program, by Q3 2025.
2. Community Planning will keep the loan option for now and re-evaluate the program after launching a Communications Plan with Corporate Communications and after new Part IV and Part V heritage properties are designated in 2025.
3. Chloe Richer (Senior Planner, Heritage) will consult with Corporate Communications to develop and execute a communications campaign to provide additional messaging to heritage designated property owners about the existence of the Community Heritage Fund, by Q3 2025.
4. Chloe Richer (Senior Planner, Heritage) will prepare a staff report to amend the Community Heritage Fund bylaw, increasing the matching rate to 50%, by Q3 2025.
5. Chloe Richer (Senior Planner, Heritage) will update the Procedural Manual to reflect the current business process as well as the future state envisioned with all audit recommendations, by Q4 2025.

| **Finding #2 – Community Heritage Fund (CHF) efficiency improvements** | |
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| **Risk Ranking** | **LOW** |

The following opportunities for program efficiency were observed during the audit:

1. The approval process for the CHF includes initial screening and detailed review by Community Planning staff, then consultation with the Heritage Burlington Advisory Committee for a recommendation to Committee of the Whole, then approved by Council (grants/loans >$5000).  Three levels of review and approval slow down the efficient administration of the CHF for relatively modest grants/loans averaging $12,000.
2. The CHF application form requires the names and addresses of all contractors and sub-contractors engaged to work on renovation/conservation work.  It also requires three contractor quotes (note: only the City of Burlington has this requirement when benchmarked against ten other comparable municipalities).  Lastly, the application form requires contractors to be "licensed."  Per discussion with staff, this information does not inform the decision to approve a grant nor are applicants required to take the lowest quote provided.  Requesting information from applicants that is not utilized in the application approval process is redundant.
3. The CHF "Info Sheet" provides a comprehensive listing of eligible expenses under the program.  However, it does not provide application steps/procedures from the applicant's perspective; which is a common tactic found in other benchmarked municipalities.  In addition, the "Info Sheet" is not published on the City's website.

## Implication

Although the CHF is a mature program dating back to 1985, the administration of the program could be improved from an efficiency perspective.

## Recommendation

1. Streamline the CHF approval process to delegate approval of the CHF grant from City Council to the Director of Community Planning for all applications.  Work in conjunction with Legislative Services to update the Delegated Authority By-law as required.
2. Rationalize the CHF application form to only collect information from applicants that informs the application approval.  Alternatively, update the Info Sheet or Heritage Conservation Agreement to state that the applicant should provide the information if requested.
3. Update the CHF "Info Sheet" to include the application steps/procedures from the applicant's perspective and post it on the appropriate City's Heritage webpage.

| Management Action Plan | | | |
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| **Person Responsible** | Todd Evershed, Supervisor of Special Projects & Urban Design | **Completion Date** | Q2 2025 |

1. Jamie Tellier (Director, Community Planning) will work in conjunction with Legislative Services to update the Delegated Authority By-law as required, by Q2 2025.
2. Chloe Richer (Senior Planner, Heritage) will work in conjunction with Legislative Services to update the CHF application form, by Q2 2025.
3. Chloe Richer (Senior Planner, Heritage) will update the CHR "Info Sheet" to include the application steps/procedures from the applicant's perspective and post it on the appropriate City's Heritage webpage, by Q2 2025.

## Finding #3 – RCC grant program structural improvements

| Risk Ranking | LOW |
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The following opportunities for structural improvement were observed during the audit:

1. CDF and NCMF have a near identical mandate however CDF is typically over-subscribed with its annual budget of $32,000 while the NCMF has historically had low demand against its $51,500 budget.

2. The name of all RCC grant programs do not make it immediately obvious to a potential applicant about the scope/nature of the program.  The majority of municipalities benchmarked through this audit explicitly called their equivalent program a 'grant' (example: City of Richmond Hill "Community & Cultural Grant Program").

3. The terms and conditions in the CDF Letter of Agreement do not explicitly require the grantees to publically acknowledge the City's grant contribution (i.e. on their public website, event materials or marketing tools).  This is a common technique identified in a majority of other municipalities benchmarked for this audit.

4. Within the City's Enterprise Resource Planning tool (Workday); the CDF, LMN and NCMF were combined together into one cost centre that also included numerous other RCC Sports Administration and Community Development initiatives.  Secondly, some CDF, BACF and NMCF grants are paid in installments however, staff are not accruing for grant commitments when the second installment is paid in a subsequent year.  This means that performing detailed financial analysis (i.e. budget vs. actuals) was not possible without manually intensive filtering and sorting procedures.  In January 2025, RCC created a new cost centre for Community Development (separate from Sports Administration), however this still includes multiple other RCC programs including fee waiver, fee assistance, neighbourhood rinks, outreach, community gardens, honorariums etc.

5. Adjudication of the LMN, CDF and NCMF grant is done by RCC staff.  Through benchmarking of ten other comparable municipalities, a common technique is to delegate approval to an independent advisory Committee reporting to Council.  These Committee have various mandates and compositions but include the following common characteristics: have one elected official from their Council, have other independent community members (i.e. volunteers), meet at a predefined schedule, have a defined Terms of Reference to review and approve Community grants.  The cities of Milton, Kitchener, Cambridge, Richmond Hill, Mississauga and Hamilton have adopted this model.  Note: the BACF is partially adjudicated by external community members.

## Implication

The portfolio of RCC grants is mature and generally operating effectively, however there are some structural/organizational gaps that may prohibit them from performing optimally.

## Recommendation

1. Combine the CDF and NCMF programs and remove the matching component.
2. Rename the BACF, CDF and NCMF (if Management opts to retain this program) to explicitly refer to it as a grant program, comparable to other municipalities.
3. Insert a requirement into the CDF Letter of Agreement to publically acknowledge the City of Burlington's grant contribution where possible.
4. Create unique Workday cost centers for LMN, CDF and NCMF (if Management opts to retain this program) to facilitate clear and efficient financial analysis and reporting. Prepare an annual accrual for Finance if the aggregate grant commitments exceed $25,000.
5. Create a Grant Advisory Committee to review and approve CDF and NCMF (if Management opts to retain this program) grants over a certain threshold (i.e. $5000).
6. Conduct a survey of CDF, NCMF and LMN grantees requesting feedback for further improvements.  Staff may consider using the City's Get-Involved survey portal to obtain feedback directly from past grantees.

## Management Action Plan

| Person Responsible | Emilie Cote, Director, RCC | Completion Date: | Q4 2025 |
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**Denise Beard, Senior Manager Community Development, RCC:**
RCC is taking a project-based approach to review its portfolio of grants and funding programs.

Oct 2024 – Jan 2025: Grant Review Phase One - Audit
Phase One in the Grant Review Project requested an audit of key RCC funding programs to provide both operational analysis and objective insights to guide subsequent steps. Benchmarking, findings, and recommendations will serve as the foundation for the Phase Two review. Of primary importance the Audit Report provided assurance that current risk management strategies are effective and maintain Low to Very Low risk ratings enabling the Grant Review to move to this next step.

Jan-Dec 2025: Grant Review:
In the 2025 Department Workplan, RCC initiated a comprehensive review of all grants under its oversight. This initiative will validate the practical effectiveness of the now established Community Investment Policy (CIP) and will continue the development of the community-based adjudication component as originally planned in the policy.

March – Dec 2025: Grant Review Phase Two:
In this Phase a Staff Working Committee - comprised of multiple Grant Stewards and staff with firsthand knowledge of local community organization and neighbourhood needs - will conduct a comprehensive review of all RCC community resource investments. This committee is tasked with:
1. Reviewing all audit recommendations and benchmarking performed by the City Auditor
2. Stakeholder engagement

3. Assessing if the RCC portfolio of community grants, subsidy, support-in-kind and similar investments are meeting community needs most effectively
4. Designing procedural efficiencies
5. Recommending updates to policy and procedures to improve community uptake and satisfaction with funding programs

**Emily Beijes, Senior Manager Business Services, RCC**:
Jan-March 2025:  Refine Workday Configuration for Improved Budget Management
With the recent transition to Workday software, improvements to grant budget financial tracking and year-end accrual transfers are underway to enhance transparency, accuracy, and accountability.

**Emilie Cote, Director, RCC**:
All audit recommendations will be considered by the Grant Review Working Committee. Finalized implementation strategies for all process improvements will be reported by Q4 of 2025. Operational approvals will be sought through Management and any recommendations for CIP updates will be directed to Council subsequently as required.

## Finding #4 – RCC grant program efficiency improvements

| Risk Ranking | LOW |
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The Recreation, Community and Culture (RCC) division administers the BACF, CDF, NCMF and LMN grants.  All of these grant programs have procedures and internal controls designed with reducing risk to the City.  However, as a consequence of these procedures, some staff members are spending a majority of their respective time and workload (during peak season) dedicated to relatively small grants.  Further details identified below:

1. The application window for LMN and CDF are continuous throughout the year; whereas a majority of other benchmarked municipalities have narrowly defined application windows (i.e. once or twice per year) which assist to optimize staff workload planning and predictability.
2. For BACF, CDF and LMN; some organizations apply for a grant in consecutive years.  The City has one standard application process for all organizations (or individuals) regardless of whether they are previous applicants; which results in collecting the same information year-over-year.  The cities of Mississauga and Vaughan have a pre-certification process for multi-year applicants which streamlines the application process, and thereby reduces handling times by staff.
3. The City requires BACF, CDF, LMN and NCMF applicants to sign a formal Letter of Agreement at the end of the application process.  The majority of other municipalities don't have this requirement instead opting to embed the grant terms and conditions into the application form itself (thereby resulting in one fewer time consuming procedure).
4. The LMN program requires applicants to submit their receipts to evidence the actual expenses incurred to run their event.  Most other municipalities don't have this requirement while some require applicants to retain their receipts for random spot audits by staff (completed on a sample basis).  Removing the applicant's requirement to provide and review receipts for every <=$500 grant will save staff review time and streamline the customer experience.
5. Successful applicants receive payment via a cheque requisition processed by RCC staff.  It is common for some applicants to receive grants in two or more installments and in addition, some organizations successfully apply for grants in consecutive years.  Therefore, staff are manually processing a cheque requisition multiple times (in some situations) to the same grantee.
6. The cities of Mississauga, Brantford and Hamilton operate an online portal supported by a SaaS vendor for their application intake and workflow management processes.  Given the average volume of City grants (~20 for BACF, ~150 for LMN, ~20 for CDF and 2-3 for NCMF), an online tool may assist RCC staff with organizing and managing their grant programs.  In contrast, the City currently tracks BACF, LMN, NCMF and CDF grants manually in excel spreadsheets, while supporting evidence for each grantee (i.e. application forms, budgets, Letters of Agreement etc.) are stored in a variety of RCC network drive folders and/or SharePoint.

**Implication**

Multiple City staff in RCC are responsible for delivering RCC grant programs, which have multiple requirements and procedures designed to reduce risk to the City. These procedures were mostly effective from an internal controls perspective but can cause an administrative burden to the City staff reviewing and adjudicating grant applications (relatively to the modest annual budget) and may also result in an onerous application process for the applicant.

**Recommendation**

1. RCC should define a specific application window (time period when grant applications are received from the public) for CDF and LMN; and then optimize its staffing around those dates. Should Management accept this recommendation; update the Community Investment Policy accordingly.
2. Re-design the application form for BACF and CDF for applicants who are re-applying in consecutive years to include an attestation that their information is identical from their last application. Alternatively, RCC may consider providing multi-year grants to select organizations which is a common tactic for some municipalities.
3. Re-design the application form for BACF, CDF, LMN and NCMF to include the grant program terms and conditions from the Letter of Agreement.
4. Remove the requirement in the LMN to provide receipts; insert a condition that applicants must retain receipts for a defined period of time (i.e. 3 months after the event) subject to random spot-checking by RCC staff.
5. RCC staff should engage Finance staff to design an inbound EIB (Enterprise Interface Builder) to transfer approved grant installments/payments into Workday from one document to replace multiple manual cheque requisitions where possible.
6. RCC should engage the Burlington Digital Services team to investigate the feasibility of on-boarding an online portal for managing their grant programs.

**Management Action Plan**

| **Person(s) Responsible** | Emilie Cote, Director, RCC | **Completion Date:** | Q4 2025 |
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Similar to Audit Finding #3, all audit recommendations will be considered by the Grant Review Working Committee. Finalized implementation strategies for all process improvements will be reported by Q4 of 2025. Operational approvals will be sought through Management and any recommendations for CIP updates will be directed to Council subsequently as required.

| **Finding #5 – Public reporting for RCC grants** | |
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| **Risk Ranking** | **LOW** |

RCC employs a number of strategies to communicate/publicize its portfolio of grant programs including media releases, social media posts, Councillor newsletters etc. However, the majority of this communication focuses on the availability of grants rather than the outcome or results of the programs. Only the BACF reports back to Council (through the Council Information Package about the grant recipient and amounts granted). The NCMF historically provided an annual media release announcing its recipients and amounts granted; although this did not occur in 2024. A listing of BACF and NCMF grantees are posted publically on the City's website.

Other municipalities including the cities of Cambridge, Hamilton, Kitchener, Mississauga and Richmond Hill (that were benchmarked for the purposes of this audit) provide annual reports to their Councils detailing:
- KPI's such as total applications received, approved, rejected including the dollar values
- Summary of grant recipients including a description of the scope of the grant (i.e. the works performed)
- Qualitative information about the value the grants provide to their communities

**Implication**

The lack of public reporting about the outcomes/results of the portfolio of RCC grants may result in a lack of public awareness of the value that the grant programs provide to the City of Burlington. In addition, the City forfeits the opportunity to celebrate community successes by not reporting CDF, LMN and NCMF grant recipients to Council.

**Recommendation**

1. RCC should prepare an annual report to Council through its Committee of the Whole (or alternatively through the Council Information Package) to identify the results of its CDF, NCMF and LMN programs (in coordination with BACF). Reporting to Council should include key performance indicators such as # of applications received vs. approved, dollars granted and a summary of the grant recipients including the scope/nature of the event/project/work completed. Qualitative information such as testimonials from grantees may also be beneficial in this regard.
2. RCC should work in conjunction with Corporate Communications & Engagement to prepare an media release summarizing the information reported to Council.
3. RCC should post this report to its Community Development website in the same manner that NCMF/BACF annual results are publically reported.

| Management Action Plan | | | |
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| **Person(s) Responsible** | Emilie Cote, Director, RCC | **Completion Date:** | Q4 2025 |

Similar to Audit Finding #3, all audit recommendations will be considered by the Grant Review Working Committee.  Finalized implementation strategies for all process improvements will be reported by Q4 of 2025. Operational approvals will be sought through Management and any recommendations for CIP updates will be directed to Council subsequently as required.

# APPENDIX I – INTERNAL AUDIT STANDARDS & FINDING SEVERITY SCALE

| Rating | Definition |
|---|---|
| **HIGH** | • Residual risk is very high or high<br>• Key control does not exist, is poorly designed or is not operating as intended<br>• Serious non-compliance to policy or regulation<br>• May result in immediate or material loss/misuse of assets, legal/regulatory action, material financial statement misstatements, etc.<br>• Indicates a serious control weakness/deficiency requiring immediate action by Senior Management |
| **MEDIUM** | • Residual risk is medium<br>• Key controls are partially in place and/or are operating only somewhat effectively<br>• Some non-compliance to policy or regulation<br>• May negatively affect the efficiency and effectiveness of operations and/or financial reporting accuracy<br>• Indicates a control concern requiring near-term action be taken by Management |
| **LOW** | • Residual risk is low to very low<br>• Key controls are in place, but procedures / operations could be enhanced<br>• Minor non-compliance to policy or procedures<br>• May result in minor impact to operations or operational inconvenience to staff and management<br>• Indicates a control improvement opportunity for which longer-term action may be acceptable |

**AUDIT METHODOLOGY**

The City Auditor relied upon interviews with staff in various City department to develop a detailed understanding of the grants process, examination of audit evidence from a sample of transactions from across the corporation, testing to validate the compliance against internal policies and procedures, reviewing the design of related policies/procedures and benchmarking the City's portfolio of grant programs against 10 other comparable municipalities including: Oakville, Milton, Brantford, Kitchener, St. Catharines, Cambridge, Richmond Hill, Mississauga, Vaughan and Hamilton.

**AUDIT CONCLUSIONS**

The conclusions reached in this report are based upon information available at the time. The overall audit conclusion is only applicable to the function/scope within this audit. It reflects the professional judgment of the Office of the City Auditor based upon the examination of documents against audit criteria as identified in the scope of the audit.

**REASONABLE ASSURANCE**

This conclusion is intended to provide reasonable assurance regarding internal controls. There are inherent limitations in any controls, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective controls may provide only reasonable assurance with respect to City operations.