CITY OF VAUGHAN
AUDIT COMMITTEE
AGENDA

If you wish to speak to an item listed on the Agenda, please pre-register by completing a Request to Speak Form online, emailing clerks@vaughan.ca, or contacting Service Vaughan at 905-832-2281, by 12 noon on the last business day before the meeting.

Monday, September 30, 2024
10:00 a.m.
Online via Electronic Participation
Vaughan City Hall

Pages

1.   CONFIRMATION OF AGENDA

2.   DISCLOSURE OF INTEREST

3.   COMMUNICATIONS

4.   DETERMINATION OF ITEMS REQUIRING SEPARATE DISCUSSION INCLUDING MEMBERS RESOLUTION(S)

5.   ADOPTION OF ITEMS NOT REQUIRING SEPARATE DISCUSSION

6.   CONSIDERATION OF ITEMS REQUIRING SEPARATE DISCUSSION

7.   NEW BUSINESS

8.   ADJOURNMENT

Audit Committee Report

VAUGHAN

DATE: Monday, September 30, 2024   **WARD(S):** ALL

TITLE: MUNICIPAL ACCOMMODATION TAX AUDIT – STATUS OF MANAGEMENT ACTION PLAN #1

FROM:

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

ACTION: FOR INFORMATION

Purpose

To report on the status of Management Action Plan #1 – Develop a Program to Validate MAT Submissions.

Report Highlights

- The 2022-2026 Internal Audit Risk Based Work Plan included an audit of the Municipal Accommodation Tax.
- The Municipal Accommodation Tax Audit was presented to the Audit Committee on February 5, 2024.
- KPMG has been engaged to develop a program to conduct annual audits of operator Municipal Accommodation Tax on a rotating basis.

Recommendation

1. That this report on the status of Management Action Plan #1 be received for information.

Background

The 2022-2026 Internal Audit Based Work Plan included an audit of Municipal Accommodation Tax (MAT). The objective of the audit was to evaluate the adequacy and effectiveness of the internal controls, processes, and procedures in place to mitigate the business risks associated with the administration and oversight of the MAT program.

Recommendation #1 was to develop a program to conduct audits of operator MAT submissions.

KPMG Private Enterprise has been engaged to develop a program to conduct annual audits of hotel operators charging MAT on a rotating basis.

KPMG Private Enterprise has been involved with compliance audits of the MAT process of other municipalities since its inception.

Working with KPMG Private Enterprise, the City of Vaughan has developed a compliance audit program for hotels to audit 4-5 hotels per year on a rotating basis in the fall of each year.

Previous Reports/Authority
Audit Committee Meeting Minutes of February 5, 2024 Report No. 1
Municipal Accommodation Tax Audit Report - February 5, 2024
Attachment 1 - Municipal Accommodation Tax Audit
Attachment 2 - Presentation - Municipal Accommodation Tax Audit

Analysis and Options
N/A

Financial Impact
KPMG Private Enterprise annual compliance audit fee is $20,000 funded by MAT revenue.

Operational Impact
The audit of the MAT program will confirm the compliance of hotels with By-law 029-2019. There are no significant operational impacts.

Broader Regional Impacts/Considerations
There are no regional impacts/considerations.

Conclusion
Financial Services has engaged KPMG Private Enterprise to perform annual compliance audits of hotels on a rotating basis to comply with the recommendation of the Internal Audit report of February 5, 2024.

For more information, please contact: Nancy Yates, Director of Financial Services and Deputy City Treasurer, ext. 8984 or Maureen Zabiuk, Senior Manager, Property Tax and Assessment and Utility Billing, ext. 8268.

Attachments
None

Prepared by
Nancy Yates, CPA, CA, BComm, Director of Financial Services & Deputy City Treasurer

Audit Committee Report

DATE: Monday, September 30, 2024   **WARD(S):** ALL

TITLE: DEVELOPMENT PLANNING AUDIT

FROM:

Kevin Shapiro, Director of Internal Audit

ACTION: FOR INFORMATION

Purpose

To communicate the findings from the Development Planning Audit.

Report Highlights

- The Development Planning Department manages city building through the implementation of Provincial Policy, and Regional and City Official Plan Policy, the 2022-2026 Term of Council Strategic Priorities and the City's Growth Management Strategy to achieve a balance of good planning practices and environmental protection. The Department provides a public service function by facilitating input from the public, agencies, City departments, and other levels of government and stakeholders into the development approval process and being a source for land development information.
- While the department has made significant progress on several initiatives over the past number of years, opportunities were identified to improve management oversight and ensure risks related to the development planning processes are efficiently and effectively mitigated.
- Management has developed action plans which will mitigate the identified risks and address the recommendations outlined in the report.
- Internal Audit will follow up with management and report on the status of management action plans at a future committee meeting.
- This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing.*

Recommendation

1. That the Internal Audit Report on Development Planning be received.

Background

The objective of the audit is to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with the management and administration of Development Planning.

The audit approach included a review of the strategic goals, objectives and oversight of the business unit, review of relevant programs, legislation, policies and procedures, use of technology, and interviews with staff and management.

The audit scope included department related activities that occurred from January 1, 2022, to October 31, 2023.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing.*

Previous Reports/Authority

Not applicable.

Analysis and Options

As one of the fastest-growing cities in Canada with an ever-increasing population, Vaughan is a place people want to call home. To ensure this dream can be a reality, the City of Vaughan is committed to forward-looking planning that supports building complete communities and ensuring residents aren't priced out of the neighborhoods they grew up in.

As of 2022, Vaughan had a population of more than 344,000 people and 240,100 jobs. Now through 2051, those numbers will grow by 228,800 more people, bringing the total expected population to more than 573,000. By that time, there will be 111,400 more jobs created here, raising the total expected employment figure to about 351,500 jobs. This anticipated growth over the next few decades will account for almost one-third of York Region's collective growth.

On March 21, 2023, Vaughan Council approved a staff report that commits the City to achieving the Province's Housing Pledge. The City's provincially mandated housing target is 42,000 new homes by 2031. On October 5, 2023, Prime Minister Justin Trudeau announced that Vaughan will receive $59 million to build more housing units as part of the federal Housing Accelerator Fund. The Government of Canada and City of Vaughan have agreed to expedite the creation of more than 1,700 new housing units

and incentivize thousands of additional homes over the next three years. This is the most significant housing investment in Vaughan's history.

The Development Planning Department is responsible for the planning and general design of the City through the land use planning process.

Land use planning enables the City to establish goals and objectives for growth and development. This is accomplished by having regard for important social issues, together with environmental and economic considerations which provide for sustainable and healthy communities. Through this process, the interests and objectives of individual property owners are balanced with the greater interests and objectives of the City.

The Development Planning Department staff provides professional planning advice and information with respect to current land use issues and undertakes the review and processing of a variety of Development Applications, including Official Plan Amendments, Zoning By-law Amendments, Draft Plan of Subdivision, Draft Plan of Condominium, Part-Lot Control Exemption and Site Plans submitted to the City. Development Planning Department staff are available to provide assistance to the public and the development industry on planning-related issues, processing of development applications and the planning legislative process.

The Development Planning Department manages city building through the implementation of Provincial Policy, and Regional and City Official Plan Policy, the 2022-2026 Term of Council Strategic Priorities and the City's Growth Management Strategy to achieve a balance of good planning practices and environmental protection. This is achieved through the comprehensive analysis and review of development planning, heritage and Committee of Adjustment applications submitted by private landowners and through the preparation and implementation of urban design guidelines, streetscape plans and management of capital projects.

The Department provides a public service function by facilitating input from the public, agencies, City departments, and other levels of government and stakeholders into the development approval process and being a source for land development information.

The Department's Geographic Information Systems (GIS) team creates, maintains and undertakes analysis of digital data and creates complex digital mapping and solutions.

Financial Impact

There are no direct economic impacts associated with this report.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

While the department has made significant progress on several initiatives over the past number of years, opportunities were identified to improve management oversight and ensure risks related to Development Planning are efficiently and effectively. The following opportunities were identified:

- Continue transforming the Development Planning and Cultural Heritage Processes and Policies in response to the new legislations.

- Expedite the migration to one system to collect/monitor development activity for business enhancement.

- Improve management oversight to ensure the completeness of application documentation and the timely updating of application status.

- Establish Key Performance Indicators to measure department performance by benchmarking against peer municipalities and industry standards.

- Leverage advances in technology to enhance various business processes, records management, and online services.

For more information, please contact: Kevin Shapiro, Director of Internal Audit, ext. 8293.

Attachments

1. Internal Audit Report – Development Planning.
2. Presentation Materials.

Prepared by

Kevin Shapiro, Director, Internal Audit, ext. 8293.

INTERNAL AUDIT REPORT

Development Planning Audit

September 2024

INTERNAL AUDIT REPORT

<u>**DEVELOPMENT PLANNING AUDIT**</u>

<u>**CONCLUSION AND SUMMARY**</u>

While the department has made significant progress on several initiatives over the past number of years, opportunities were identified to improve management oversight and ensure risks related to Development Planning are efficiently and effectively mitigated. The following opportunities were identified:

- Continue transforming the Development Planning and Cultural Heritage Processes and Policies in response to the new legislation.

- Expedite the migration to one system to collect/monitor development activity for business enhancement.

- Improve management oversight to ensure the completeness of application documentation and the timely updating of application status.

- Establish Key Performance Indicators to measure department performance by benchmarking against peer municipalities and industry standards.

- Leverage advances in technology to enhance various business processes, records management, and online services.

In 2022, the Province introduced Bill 109 and Bill 23, which bring significant changes to the Planning Act and the development process. On April 10, 2024, the Province introduced Bill 185, proposing amendments to fifteen statutes, including significant changes to land-use planning legislation. These changes will impact the City's budget, planning reporting timelines and heritage application processes. The Development Planning Department (DP) anticipates increased development pressure and the need for process improvements. DP is in the process of implementing changes and monitoring the impact of the legislation to mitigate potential risks.

Leveraging one integrated information system for development planning enhances efficiency, accuracy, transparency, compliance, collaboration, and analysis, ultimately leading to more effective and sustainable urban development. To keep up with the growth of the City and improve process efficiency, in 2021 DP intended to implement the migration of the Department's current outdated application management software (PLANit) to the latest version of AMANDA. However, due to certain technological barriers and incomplete foundational steps identified by a risk assessment by the City's Office of the Chief Information Officer (OCIO), the migration did not occur, resulting in DP currently running both systems in parallel. This leads to inefficiencies for DP staff, who must input applications into multiple systems. It is recommended that management expedite the migration process, prioritize completing the foundational steps, and develop a comprehensive transition plan for full AMANDA utilization.

DP plays a pivotal role in guiding the City's land use planning process, offering professional advice, processing various development applications, and facilitating public engagement. However, Internal Audit's examination of a sample of development applications uncovered several issues, including inconsistent document uploads and inaccurate application status updates. These observations could stem from a lack of clarity on procedures, need for additional

training, insufficient time allocation and inadequate oversight mechanisms. These inaccuracies may increase the risk of confusion to stakeholders and may also hinder effective public participation and decision-making processes. To address these issues, it's recommended that management conduct a thorough review, update SOPs to outline procedures, provide comprehensive training to staff, and establish robust oversight mechanisms to ensure timely and accurate document uploads and application status updates.

KPIs help organizations understand how well they are performing in direct relation to their strategic goals and objectives and therefore help to monitor the execution of strategy. They should clearly demonstrate the cause-and-effect relationship between departmental processes and outcomes to the results the City wants to achieve from the strategic plan. It helps all levels of the organization see the impact of their work on performance and trace that impact all the way up to organizational performance. Performance measures are so vital in an organization and are frequently overlooked. There are well recognized frameworks in the industry to measure the efficiency and effectiveness of municipal programs and services. Currently, DP monitors timeframes of applications set by the Planning Act but does not generally benchmark against other municipalities or industry standards. This is partially due to municipalities taking a slightly different approach to development application reviews before the introduction of Bill 109. Developing appropriate KPIs and benchmarking against best practices and industry frameworks will help management assess the City's service levels in comparison with peers and identify opportunities to further improve efficiency and effectiveness.

The Urban Design and Cultural Heritage Business Unit of DP offers urban design and cultural heritage input for development planning applications, assists the Heritage Vaughan Committee and the Design Review Panel, and manages business processes such as Heritage Permits, Tree Protection Agreements, and capital projects. The audit identified opportunities for better management oversight of Heritage Permits, improved capital project processes, enhanced collaboration in the Tree Protection Agreement process, and optimization of manual processes and records management. In addition, it will help to prevent delays and cost increases, and improve customer experience by improving online development guidance and services following best practices.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing.*

During the audit, management has already taken steps to improve the processes. Internal Audit will follow up on the status of outstanding management action plans related to this audit and will report the status to a future Audit Committee meeting.

DEVELOPMENT PLANNING AUDIT

BACKGROUND

As one of the fastest-growing cities in Canada with an ever-increasing population, Vaughan is a place people want to call home. To ensure this dream can be a reality, the City of Vaughan is committed to forward-looking planning that supports building complete communities and ensuring residents aren't priced out of the neighborhoods they grew up in.

As of 2022, Vaughan had a population of more than 344,000 people and 240,100 jobs. Now through 2051, those numbers will grow by 228,800 more people, bringing the total expected population to more than 573,000. By that time, there will be 111,400 more jobs created, raising the total expected employment figure to about 351,500 jobs. This anticipated growth over the next few decades will account for almost one-third of York Region's collective growth.

On March 21, 2023, Vaughan Council approved a staff report that commits the City to achieving the Province's Housing Pledge. The City's provincially mandated housing target is 42,000 new homes by 2031. On October 5, 2023, Prime Minister Justin Trudeau announced that Vaughan will receive $59 million to build more housing units as part of the federal Housing Accelerator Fund. The Government of Canada and City of Vaughan have agreed to expedite the creation of more than 1,700 new housing units and incentivize thousands of additional homes over the next three years. This is the most significant housing investment in Vaughan's history.

The Development Planning Department is responsible for the planning and general design of the City through the land use planning process.

Land use planning enables the City to establish goals and objectives for growth and development. This is accomplished by having regard for important social issues, together with environmental and economic considerations which provide for sustainable and healthy communities. Through this process, the interests and objectives of individual property owners are balanced with the greater interests and objectives of the City.

The Development Planning Department staff provides professional planning advice and information with respect to current land use issues and undertakes the review and processing of a variety of Development Applications, including Official Plan Amendments, Zoning By-law Amendments, Draft Plans of Subdivision, Draft Plans of Condominium, Part-Lot Control Exemption and Site Plans submitted to the City. Development Planning Department staff are available to provide assistance to the public and the development industry on planning-related issues, processing of development applications and the planning legislative process.

The Development Planning Department manages city building through the implementation of Provincial Policy, and Regional and City Official Plan, the 2022-2026 Term of Council Strategic Priorities and the City's Growth Management Strategy to achieve a balance of good planning practices and environmental protection. This is achieved through the comprehensive analysis and review of development planning, heritage and Committee of Adjustment applications submitted by private landowners and through the preparation and implementation of urban design guidelines, streetscape plans and management of capital projects.

DEVELOPMENT PLANNING AUDIT

The Department provides a public service function by facilitating input from the public, agencies, City departments, and other levels of government and stakeholders into the development approval process and being a source for land development information.

The Department's Geographic Information Systems (GIS) team creates, maintains and undertakes analysis of digital data and creates complex digital mapping and solutions.

OBJECTIVES AND SCOPE

The objective of the audit is to evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with the management and administration of Development Planning.

The audit approach included a review of the strategic goals, objectives and oversight of the business unit, review of relevant programs, legislation, policies and procedures, use of technology, and interviews with staff and management.

The audit scope included department related activities that occurred from January 1, 2022 to October 31, 2023.

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing.*

Auditor and Author: Hemingway Wu, CPA;CA, CIA

Director: Kevin Shapiro CIA, CFE, CRMA

DEVELOPMENT PLANNING AUDIT

DETAILED REPORT

1. ***Continue Transforming the Development Planning and Cultural Heritage Processes and Policies in Response to the New Legislation***

In 2022, the Province introduced Bill 109, More Homes for Everyone Act, 2022 and Bill 23, the More Homes Built Faster Act 2022. The new legislation enacts significant changes to the Planning Act and the development process. On April 10, 2024, the Province introduced Bill 185, the Cutting Red Tape to Build More Homes Act, aimed at streamlining the application approval processes and facilitating the construction of 1.5 million homes by 2031. This Bill proposes amendments to fifteen statutes, including significant changes to land-use planning legislation.

On April 26th, 2022 Council approved the staff report entitled, "Bill 109, More Homes For Everyone Act, 2022" (Committee of the Whole Report No.19, Item 18). According to the report, the proposed changes to the Planning Act will have many implications for the City. In terms of budget, any shortfall in fee recovery will impact the property tax base which may result in tax increases. Planning reporting timelines will also be affected.

DP management identified the most significant risk is if an application is not approved in the timeframe set by Bill 109, appeals and refunds may occur. The Department set up a database for tracking the timeframes of development applications. Management monitored the impact of Bill 109 with potential updates to the fees, as a result. At the time of the audit, it was confirmed no refund of any application fees had been made as a result of the Bill 109 changes.   Management is also currently working closely with the City's Legal Services Department to monitor and assess the potential impacts of Bill 185.

The City engaged an external consultant (KPMG) to review process changes and the applicable tools/templates for the processes in response to Bill 109. The consultant identified opportunities to help the City improve its development review process and address the changes associated with Bill 109, including eliminating unnecessary process steps and accelerating application review timelines. They also assisted with establishing Standard Operating Procedures for various planning review processes in the DP department. Staff are continuing to work in the context of these SOPs to provide processes/SOPS for all planning applications.

Among the process improvements recommended by the consultant, DP Staff have completed OPA 93 – Pre-Application Consultation (PAC) and Pre-Application Submission (PAS) submission processes to address Bill 109 implementation. On December 12, 2022, Council approved the staff report entitled, "PROPOSED AMENDMENT TO VAUGHAN OFFICIAL PLAN 2010, VOLUME 1, POLICY 10.1.3 AND BY-LAW 278-2009 AS AMENDED IN RESPONSE TO BILL 109 (MORE HOMES FOR EVERYONE, 2022) FILE 25.7" (Committee of the Whole (2) Report No. 2, Item 6) to amend the City of Vaughan Official Plan 2010, Volume 1, Policy 10.1.3 respecting the Pre-Consultation and Complete Application Submission Requirements; and to amend By-law 278-2009, as amended by By-law 125-2013, to update the City of Vaughan Pre-Consultation process. However, at the time of the audit, the PAC/PAS process had been appealed and was not in full force and effect. Staff informally continued to offer the PAC/PAS process, during the appeal period, to those applicants to offer

a more complete planning review process. It is worth noting that, among other changes, Bill 185 proposes to remove the municipal authority's ability to require pre-consultation for applications and repeal the refund mechanism for application fees.

In the meantime, DP staff is finalizing and implementing other recommended process improvements. Staff are bringing forward a report to a Public Meeting in September 2024 to repeal OPA 93 and to identify that any further process changes to enhance the volunteer PAC process will be identified in the City's Comprehensive Official Plan review process being conducted by Policy Planning and Special Programs, which will come to Council mid-2025.

In response to the evolving landscape of communication and heritage preservation, DP's Urban Design and Cultural Heritage Business Unit has undertaken significant strides to modernize its practices in accordance with the Ontario Heritage Act. However, the Business Unit still needs to update the internal heritage compliance process document. The document was taken from a Committee of the Whole report, which was adopted without amendment by the Council on June 5, 2017 and has not been updated since. Per discussion with management, it requires immediate revision in response to the changes introduced to the Heritage Act by Bill 23.

Management also confirmed that, while policies and procedures are reviewed when legislation changes, there is no set review and update cycle. This is partly due to the fact that legislation in recent years with respect to planning has occurred rather abruptly, frequently, and consistently resulting in changes being made to processes that later need to be reversed.

Per discussion with management, while the development and implementation of the process improvements are underway, the process is complex and time-consuming due to their novelty, comprehensiveness, resource constraints, and the need to maintain daily operations. Properly developed policies and procedures help DP staff and management understand their roles and operational expectations. Without these, operational duties may be performed inconsistently, making it difficult to monitor performance and determine training needs. This can result in inconsistent application of policies, which can have a negative impact on operations and customer service. In addition, without periodic policy and procedure review, management cannot be certain that policies and procedures are relevant or address changing circumstances which can negatively impact the department's ability to achieve its goals and objectives.

Recommendations

We recommend that:

- DP management continue to work closely with stakeholder departments to monitor and assess the impacts of new legislation.

- DP continue transforming the Development Planning processes and policies in response to the new legislation, while providing sufficient training to staff.

DEVELOPMENT PLANNING AUDIT

- The Urban Design and Cultural Heritage Business Unit prioritize the immediate revision of the internal processes regarding applications for alteration and/or demolition of heritage properties to reflect the changes introduced by Bill 23.

- Management establishes a formal review and update cycle for policies and procedures.

Management Action Plan

The Development Planning (DP) Department agrees with the recommendations that we continue to work with stakeholder departments to fully understand the impacts of Bill 109, Bill 23 and Bill 185 and continue to monitor, dialogue and participate in learning sessions in order to bring staff up to date on changes that may affect work processes and efficiency. This will be ongoing into Q2 2025 as more development applications are submitted and we have a better understanding of how the new legislation may impact our strategy and processes.

The Urban Design and Cultural Heritage Business Unit has initiated review of internal process in response to all the recent changes to Ontario Heritage Act, the expected completion date is Q1 2025.

The DP Department will support the City and offer suggestions in developing a process and identify responsible groups (i.e. Finance, Building Standards, Development Engineering Departments) when new legislation is introduced to help implement said changes. We will work collaboratively with legal to further define this process and intend to implement this action plan in Q2 2025.

DEVELOPMENT PLANNING AUDIT

2. *Expedite the Migration to One System to Collect/Monitor Development Activity for Business Enhancement*

Since early 2000's, DP has used PLANit, formerly known as "Development Tracking Application" (DTA), to track and manage development applications. The system is considered outdated as it lacks the features of a full electronic circulation and review, GIS capability, integration with other development related departments, third party (i.e. applicant) access to the system and full development application reporting. On January 19, 2021, Council approved the staff report entitled "ACTIVE DEVELOPMENT APPLICATIONS – UPDATE" (Committee of the Whole (1) Report No.1, Item 6.). According to the report, management intended to migrate from PLANit to the latest version of AMANDA in 2021. AMANDA has the desired features and is utilized by other municipalities for their planning needs. Other development related departments within the City, such as Building Standards and Development Engineering, are already using AMANDA. The migration also built on the successful launch of an AMANDA based permitting portal in April 2020. Development Application Portal would enable digital plan intake and review, creating opportunities for efficiencies and enhanced collaboration.

During the audit, the following observations were made when reviewing the migration process:

- The initial implementation of AMANDA was complete in October 2022, which enabled the Department to accept applications via the AMANDA citizen portal. However, DP is currently running PLANit and AMANDA in parallel, requiring the front-line staff to enter development applications into both systems. To complete the migration to AMANDA and decommission PLANit, DP needs to resolve issues such as generating custom development application file numbers in AMANDA, replacing the PLANit online viewer, and migrating historical PLANit data.

- With its initial implementation, AMANDA's electronic circulation and review features are not fully utilized as development applications circulations and reviews are still done through both Microsoft Outlook and AMANDA.

- As discussed in more detail later in the report, various manual processes within the Urban Design and Cultural Heritage Business Unit have not been integrated into AMANDA.

The next phase of the migration is highly technical in nature and therefore managed by the City's Office of the Chief Information Officer (OCIO). A risk assessment by OCIO identified that critical elements such as business and data requirements, future process states, and gap analysis are lacking. A comprehensive business case has not been developed. Substantial pre-project groundwork is required before formal project initiation. Per discussion with DP management, they are aware of the AMANDA/PLANit risks identified by OCIO. The pressure from the new Provincial legislation (Bills 109 and 23) was quoted as the main reason for the delays. Significant DP resources have been directed to improve business processes in response to the new legislation.

Defining the strategic vision, objectives, business case, and critical success factors will help the Department achieve the positive outcomes that are expected. These steps will also

DEVELOPMENT PLANNING AUDIT

prepare the Department to manage time, cost, quality, risk, and acceptance most effectively as the project progresses.

The absence of foundational elements highlighted in the OCIO risk assessment poses a significant risk to the continuous implementation of the AMANDA system. Running both systems in parallel results in inefficiencies for DP staff, who must input applications into multiple platforms. Moving the circulation process to AMANDA will improve process efficiency. Leveraging one integrated information system for development planning enhances efficiency, accuracy, transparency, compliance, collaboration, and analysis, ultimately leading to more effective and sustainable urban development.

Since the commencement of the audit, with the assistance of the City's Program Management Office (PMO) and OCIO, DP management has been working to implement the mitigating strategies proposed and moving forward with system integration.

Recommendations

We recommend that management:

- Expedite the migration by continuing to work with stakeholder departments and prioritizing the completion of the business case and foundational steps outlined in the project management process.

- Monitor the progress of mitigating strategies and ensure that they are effectively implemented to address risks associated with the AMANDA/PLANit transition.

- Develop a comprehensive plan to utilize the AMANDA system for development application circulations. This plan should include efforts to encourage other internal stakeholders to adopt AMANDA and facilitate seamless circulation processes between departments.

- Provide training and support to DP staff to ensure smooth adoption and utilization of AMANDA for circulation purposes.

Management Action Plan

The Development Planning Department agrees with the recommendations.

It is critical for our department to eliminate duplicated application entry therefore DP will continue working with Planning Staff, OCIO, and the PMO to complete the migration to AMANDA.

DP is working with OCIO and the PMO to expedite the migration from PLANit. DP has successfully developed a tool to help with the creation of custom file numbers for use in AMANDA, and we are in the final stages of testing a data extraction process from PLANit and AMANDA to build a prototype web app that can help us decommission the existing online PLANit viewer. DP expects to complete the migration to AMANDA by Q2 2025, the main goal of this migration is to use AMANDA as our primary development application tracking system

and stop entering new development application data into PLANit. Transferring all data from PLANit to AMANDA will be completed last because this step is not essential to use AMANDA as our primary development application tracking system. However, this task is required to ensure that all development application data is in our primary system, AMANDA.

As part of the AMANDA implementation, we are also deploying new systems and processes such as database data queries and QA/QC, automation tools and Web Mapping technology which will allow us to better maintain and improve many aspects of the development application process. DP will require resources such as staff, consultants, or technology to help maintain, adapt, and improve our development application information system. Other City departments that assist development planning with resources to support our development application tracking system may also require additional resources. DP expect to have the details of these resources by Q2 2025.

DP has started exploring the process of creating a plan to utilize the AMANDA automatic circulations with other City of Vaughan Departments such as By-law and Compliance, Forestry and Development Engineering. It is currently in place with the Fire and Rescue Service Department. DP expect to complete new automatic circulations by Q4, 2025. OCIO is receiving a higher number of AMANDA requests, and this timeline may alter depending on OCIO resource availability.

DP will work on the integration of Urban Design and Cultural Heritage processes into the AMANDA system. We have initiated steps to identify the Heritage processes and will proceed with a formal request to secure OCIO resources. DP expect to complete the AMANDA integration of Urban Design and Cultural heritage processes by Q4, 2025. Due to the increased number of AMANDA requests, this timeline is subject to change based on OCIO resource availability.

DP has secured a staff dedicated to support AMANDA activities such as training and reporting. This resource will continue to help planning staff with training and resolve other AMANDA-related issues.

DEVELOPMENT PLANNING AUDIT

3. *Improve Management Oversight to Ensure the Completeness of Application Documentation and the Timely Updating of Application Status*

The Development Planning Department is responsible for the planning and general design of the City through the land use planning process. DP staff provides professional planning advice and information with respect to current land use issues and undertakes the review and processing of a variety of Development Applications, including Official Plan Amendments, Zoning By-law Amendments, Draft Plan of Subdivision, Draft Plan of Condominium, Part-Lot Control Exemption and Site Plans submitted to the City. Application documentation and status are published on the City's PLANit Viewer, an online map tool that allows the public to search and view information about proposed developments within the City.

During the audit, Internal Audit reviewed a sample of development applications, and had the following observations:

- Essential documents, including circulation comments, approval letters, and public meeting reports, exhibit inconsistency in prompt uploading into the systems. Upon inquiry by Internal Audit, the assigned planners uploaded the missing documents to the systems.

- Despite receiving approvals for applications, files are still marked as incomplete/in progress within the systems, including the PLANit Viewer accessible to the public. Upon inquiry by Internal Audit, the assigned planners were committed to updating the file status.

As Internal Audit examined applications on a sample basis, there may be more applications that have the abovementioned issues.

Per discussion with management, multiple factors contribute to these findings, including a lack of clarity regarding the timing and process for uploading essential documents into the systems, need for additional training to staff, insufficient time allocation and insufficient follow-up procedures and oversight in place to ensure that file statuses are updated accurately and promptly during the application process and upon receiving approvals.

Incomplete application documentation and inaccurate application status may raise transparency concerns among stakeholders, including other City departments and the public, as they may not have access to all relevant information regarding the application process. Failure to update application status timely undermines transparency in the planning process. When status updates are delayed, it hampers the public's ability to stay informed about ongoing projects and participate effectively in the decision-making process. This may post reputational risk to DP and the City as a whole. The discrepancy between the actual approval status and the file status within the system may also lead to confusion among decision-makers and operational inefficiencies.

Recommendations

We recommend that management:

- Conduct a thorough review to identify all applications in the system that are missing documents and ensure application statuses are accurate.

- Update the relevant SOPs to include the timing and process for uploading essential documents into the systems and updating application status. Clearly define the responsibilities of Planners regarding document uploads at different stages of the application process.

- Provide comprehensive training to staff members on the updated procedures, emphasizing the importance of timely and accurate document uploads and application status update.

- Establish clear follow-up procedures and oversight mechanisms to monitor the progress of document uploads and file status updates. Implement regular checks to identify any discrepancies or delays in document uploads and file status updates, and take corrective actions as needed.

Management Action Plan

The Development Planning Department agrees with the recommendations.

The DP Department has begun a review of all applications in the system that are missing documents to ensure application statuses are correct. This will be completed by Q4 2024/Q1 2025.

The DP Department continues building upon our catalogue of SOP's within 2024 and 2025. A review cycle will be established for the SOP's to coincide with new legislative updates, and without legislative updates, still every 4-5 years.

The DP Department currently provides training to new staff members on procedures and importance of timely and accurate document uploads. Further training will be identified to ensure new and existing staff are aware of the status update requirements.

The DP Department will continue to provide and enhance training to all staff members on relevant legislative and process changes as required. DP Management Staff will continue to follow-up and monitor progress of document uploads and file status updates with Staff.

4. *Establish Key Performance Indicators to Measure Department Performance by Benchmarking Against Peer Municipalities and Industry Standards*

KPIs help organizations understand how well they are performing in direct relation to their strategic goals and objectives and therefore help to monitor the execution of strategy. They should clearly demonstrate the cause-and-effect relationship between departmental processes and outcomes to the results the City wants to achieve from the strategic plan. It helps all levels of the organization see the impact of their work on performance and trace that impact all the way up to organizational performance. This ensures everyone is working together to execute strategy and achieve high performance.

The DP Business Plan reports on accomplishment of key strategic priorities. Currently DP monitors timeframes of applications set by the Planning Act (more specifically, Bill 109). However, DP does not perform benchmarking against other municipalities or industry average.

There are well recognized frameworks, such as the Municipal Benchmarking Network Canada (MBNCanada), which publishes an annual Performance Measurement Report, including data for Planning. Other municipalities have used this data to support Council decisions, set policy, evaluate programs, support budget recommendations, identify trends, and develop data dashboards.

Another framework available is the Building Industry and Land Development Association's (BILD) Municipal Benchmarking Study (the Study). BILD is an organization representing the home building, land development, and professional renovation industry in the Greater Toronto Area (GTA). BILD issues a Municipal Benchmarking Study on a bi-annual basis. The study compares approaches that municipalities have in place to deal with the approval and development of new housing. It also highlights key features and associated benefits of those features in promoting the approval of new housing and ultimate construction, as well as the cost implications of municipal processes and policies.

Differences in approaches among municipalities before the introduction of Bill 109, lack of historical data, and resource constraints are cited as reasons for the absence of benchmarking. Developing comprehensive performance measures requires significant effort and investment, and management has devoted to this task when there are allowable resources, such as time, funding, or expertise.

In the absence of performance benchmarking against the industry average, management may not be able to assess service levels in comparison with its peers and may miss the opportunities to further improve effectiveness and efficiency.

Recommendations

We recommend that management:

- Formalize performance measurement and actively develop appropriate performance benchmarks. This could involve establishing partnerships with peer municipalities to

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exchange best practices and benchmark performance indicators relevant to the planning process. Continue to provide data to BILD to prepare their studies.

- Perform regular review of performance data against the set performance target and benchmarking metrics. Take corrective and follow-up measures if needed.

Management Action Plan

The Development Planning Department agrees with the recommendations.

Staff will initiate the development of appropriate performance benchmarks and perform regular review of performance data against external stakeholders and partners (i.e. peer municipalities and industry average) aligned with the relevant frameworks and with current legislative requirements. The expected completion timeline is Q4 2025.

5. *Enhance the Heritage Permit Process*

The Urban Design and Cultural Heritage Business Unit (the Business Unit) of the Development Planning Department collaborates to build Vaughan as a great city for this generation and future generations, including a remarkable public realm, contributing built form, and sustainable development and infrastructure. The Business Unit provides urban design and cultural heritage comments to development planning applications, supports the Heritage Vaughan Committee and the Design Review Panel, and oversees various business processes, including Heritage Permits, Tree Protection Agreements and management of capital projects.

Under the Ontario Heritage Act, a designated property requires the owner of the heritage property to apply a Heritage Permit to the City for alterations or demolition. The City's Fees and Charges By-law imposes a tariff of fees for the processing of such applications.

During the audit, the following observations were made when examining the Heritage Permit process:

- Manual processes still exist. Heritage property owners submit their building permit applications to the Building Standards Department (BSD), and the Business Unit needs to issue a Heritage Permit before the building permit can be approved. Currently BSD sends the information to the business unit by emails, and the Business Unit processes it manually. Capabilities of integrated information systems are not fully utilized.

- The Business Unit keeps track of the Heritage Permits using an Excel spreadsheet. Excel relies heavily on manual data entry, which can lead to errors or unintended changes. Even small mistakes can have significant consequences when working with large datasets.

- Upon review of sample applications, it was noted that proof of application fee payment could not be located for multiple applications. Management confirmed that there was a possibility that Heritage Permit fees were not completely collected.

Reliance on manual processes and inadequate mechanisms for oversight and monitoring, such as the absence of reconciliation procedures for fee collection, may have contributed to the issues.

Integrated information systems enable organizations to operate more efficiently, make better-informed decisions, and deliver improved experiences to customers. Improving oversight and monitoring will mitigate the risk of compliance issues and potential revenue loss.

Recommendations

We recommend that management:

- Implement solutions using integrated information systems such as AMANDA to streamline workflows of Heritage Permits, improve data sharing, and reduce reliance on manual processes.

- Establish oversight mechanisms on the Heritage Permit process. Heritage Permit applications should be processed with proof of fee payment. Develop reconciliation procedures for fee collection to ensure compliance with the relevant By-laws and avoid revenue loss.

- Work with Legal Services to develop a strategy to collect missed fee payments.

Management Action Plan

The Development Planning Department agrees with the recommendations.

The Urban Design and Cultural Heritage Business Unit has engaged the OCIO to initiate integration of the Heritage Permit Process into the AMANDA system to improve the oversight, data sharing and reduce reliance on manual processes. The expected completion date is Q4 2025.

The Urban Design and Cultural Heritage Business Unit has assigned a dedicated staff to ensure all permits are tracked and fees paid prior to issuance of Heritage permits.

The Urban Design and Cultural Heritage Business Unit will engage Legal Services by Q4 2024 to explore the feasibility of collection of missed fees in 2024.

6. Refine Collaboration and Information Sharing in the Tree Protection Agreement (TPA) Process

In May, 2018, the Tree Protection Protocol (the Protocol) was implemented to maintain and enhance the City's tree canopy through the development approval process. The Protocol establishes the TPA that will allow for greater standardization of tree preservation, tree removal, and tree compensation through new tree planting in new developments.

The TPA process is coordinated mainly by the Urban Design and Cultural Heritage Business Unit (the Business Unit) and Urban Forestry, Parks, Forestry and Horticulture Operations (the Forestry Division or Forestry). The Forestry Division conducts site visits to confirm the accuracy of submitted documents and provides the information to the Business Unit. The Urban Designer assigned reviews the information and provides feedback prior to the approval of the Manager of Urban Design and distribution along with the executed TPA forms to all the City departments involved.

Our review of the TPA process had the following observations:

- Once Forestry Staff submit their comments, they have limited knowledge of subsequent developments and access to information including the final TPA. This posts challenges to Forestry regarding their enforcement, inspection and execution of the TPA and providing timely responses to public inquiries.

- An integrated information system is not utilized to manage the TPA process. The Business Unit needs to migrate the TPA process to an information system to clearly define roles, responsibilities, and processes, and provide all stakeholders access to the relevant documentation.

Communication gaps between departments and the lack of an integrated process utilizing information systems, have resulted in challenges in information sharing, enforcement, and responsiveness to public inquiries. Failing to respond to public inquires in a timely manner may also post reputational risks to the City.

Recommendations

We recommend that management:

- Implement solutions using integrated information systems like AMANDA to streamline workflows of TPA, improve data sharing, and reduce reliance on manual processes.

- Foster better communication and collaboration between departments, such as Urban Design and Forestry, through improved information sharing protocols and regular coordination meetings.

- Encourage a culture of continuous improvement by regularly reviewing and updating processes, incorporating feedback from stakeholders, and exploring opportunities for technological advancements to optimize efficiency and effectiveness.

Management Action Plan

The Development Planning Department agrees with the recommendations.

The Urban Design and Cultural Heritage Business Unit is engaging the OCIO to initiate integration of Tree Protection Review Process into the AMANDA system to improve information sharing between Forestry and Urban Design, data sharing and reduce reliance on manual process of the review. The expected completion date is Q4 2025.

Urban Design and Forestry are currently undertaking a review of the Tree Protection Protocol process to refine the process and find efficiencies. The expected completion date is Q1 2025.

7. *Improve the Urban Design and Cultural Heritage Capital Project Process*

The Urban Design and Cultural Heritage Business Unit (the Business Unit) oversees capital projects funded by the DP budget. These capital projects aim to address various aspects of urban planning, development, infrastructure, and community enhancement. The Business Unit uses an Excel spreadsheet to track the costs and timeline for each project.

Our review of the capital project management process identified the following opportunities for improvement:

- Upon review of the tracking sheet, Internal Audit identified discrepancies in actual costs and project progress.

- There is no central shared space for file storage, which resulted into inefficient information retrieval and sharing.

- An integrated information system is not utilized to manage and monitor capital projects. The Business Unit is in need of an information system with project management functionalities. Eclipse is a system that other City departments are already using for these purposes, and could enhance the capital project tracking process, such as automated data entry, customizable templates, storing and managing the project schedule, developing the project scope, utilizing the risk register, tracking project spending and progress, and advanced reporting capabilities.

The discrepancies in actual costs and project progress stem primarily from delays in updating the tracking sheet, which is a manual process within the Business Unit. The absence of automation or integration between financial and project progress tracking systems further exacerbates the problem, leading to disjointed data management practices. Manual, paper-based processes utilizing end-user computing (Excel Spreadsheets) and the current records management methods are long history practices.

Lack of real-time and accurate project status can lead to outdated data affecting decision-making, budgeting errors, project timeline discrepancies, and undermine organizational effectiveness.

Since the commencement of the audit, with the assistance of the City's PMO, the Business Unit management is taking steps to improve the related processes.

Recommendations

It is recommended that management:

- Enhance the timeliness and accuracy of project tracking, continue to work with the City's PMO in implementing the real-time Eclipse tracking dashboard and centralized records management.

- To maintain the accuracy and reliability of project tracking information, establish a regular review and monitoring mechanism. This includes conducting periodic reviews of tracking systems and processes to identify and address any discrepancies or inefficiencies promptly.

Management Action Plan

The Development Planning Department agrees with the recommendations.

The Urban Design and Cultural Heritage Business Unit is working with the PMO to transition all capital projects into the Eclipse system to improve budget and timeline tracking and centralize records management for Q4 2025.

8. *Follow Best Practices and Improve Online Development Guidance and Services*

The City of Vaughan's Development Planning webpage serves as a comprehensive resource for stakeholders navigating the development approval process. It provides detailed information on application procedures, types, deadlines, costs, submission methods, required documents, fees, document formats, and appeals processes, facilitating efficient and transparent interactions between applicants and the municipality.

As discussed earlier, BILD issues a Municipal Benchmarking Study (the Study) on a bi-annual basis. Among other metrics the Study examined Development Guidance. This metric primarily pertains to development planning guidance the municipalities' website provide to the public and the applicants. The Study uses twenty parameters to assess municipal development guidance comprehensively, covering aspects such as application process, types, deadlines, costs, submission methods, document requirements, fees, formats, and appeals processes. It provides a list of common issues and best practices.

While the City has incorporated some of the recommended best practices, our review identified the following opportunities for improvement:

- Seek out feedback from both new applicants and applicants with experience on user friendliness of websites, guides and overall planning services.

- While the City recently introduced a PAC Understanding Package which includes a checklist of required information, studies and reports, and provides outlines and explanation of what each report should address, some links to outdated or inconsistent information still exist on the website.

- Consider the business needs for electronic payment options.

- Provide both user guides in written format and video for the online submission portal.

Per discussion with management, the migration to the new City website resulted in incomplete data transfer from the old platform, prompting recent updates to the DP webpage. Management acknowledges the need for ongoing improvement and have been continuously enhancing development guidance provided on the City's website.

Without soliciting feedback and continuously seeking ways to improve the user experience, the City may miss valuable opportunities to streamline processes and better serve stakeholders. The absence of electronic payment options could delay processing. These could potentially lead to public dissatisfaction and reputational damage.

Recommendations

We recommend that management continue improving online development guidance and services following best practices and based on business needs.

<u>Management Action Plan</u>

The Development Planning Department agrees with the recommendation.

Staff will continue to pursue improving online development guidance and services to allow for feedback from both new applicants and applicants with experience on user friendliness of websites, guides and overall planning services in conjunction with other departments, i.e. Communications, Marketing and Engagement by Q4 2025, as it is a corporate website. This timeline may alter depending on Communications, Marketing and Engagement resource availability.

Staff will continue to update and improve website information for the Development Planning Department and ensure that links are accurate and maintained to reduce inconsistency on the City's website.

Staff will continue to engage with appropriate departments (i.e. Finance and OCIO) to improve online submission portal, including guides and videos and online payment options expected to be completed by Q4 2025.

Development Planning Audit

Audit Committee – Monday September 30th, 2024

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Agenda

1. Audit Objective
2. Scope and Methodology
3. Audit Conclusion
4. Management Action Plans
5. Next Steps
6. Questions

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Audit Objective

- To evaluate the adequacy and effectiveness of the internal controls, processes and procedures in place to mitigate the business risks associated with the management and administration of the Development Planning Department.

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Audit Scope and Methodology

- Review of strategic goals, objectives, policies and procedures and management oversight

- Use of technology

- Staff interviews

- The audit scope included department related activities

  that occurred from January 1, 2022 to October 31, 2023.

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Audit Conclusion

While Development Planning has made significant progress on several initiatives over the past number of years, further improvements will be required to ensure risks related to Development Planning are mitigated.

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Issues and Observations

The following opportunities were identified:

1 Continue transforming the Development Planning and Cultural Heritage Processes and Policies in response to the new legislation.

2 Expedite the migration to one system to collect/monitor development activity for business enhancement.

3 Improve management oversight to ensure the completeness of application documentation and the timely updating of application status.

4 Establish Key Performance Indicators to measure department performance by benchmarking against peer municipalities and industry standards.

5 Leverage advances in technology to enhance various business processes, records management, and online services.

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Management Action Plans

Management Action Plans

1 Continue transforming the Development Planning and Cultural Heritage Processes and Policies in response to the new legislation.

➢ To continue to work with stakeholder departments to fully understand the impacts of Bill 109, Bill 23 and Bill 185.

➢ Participate in learning sessions to bring staff up to date on changes that may affect work processes and efficiency.

➢ The Urban Design and Cultural Heritage Business Unit has initiated review of internal process in response to all the recent changes to Ontario Heritage Act.

➢ Work collaboratively with legal to further define this process and intend to implement this action plan by Q1 2025.

Management Action Plans

2 Expedite the migration to one system to collect/monitor development activity for business enhancement.

➢ To explore the process of creating a plan to utilize the AMANDA automatic circulations with other City of Vaughan Departments such as By-law and compliance, Forestry and Development Engineering.

➢ DP expect to complete the AMANDA integration of the Urban Design and Cultural Heritage processes by Q4, 2025. Steps have been identified to proceed with a formal request to secure OCIO resources.

➢ A dedicated staff resource will continue to help planning staff with training and resolve other AMANDA-related issues.

➢ Continue working with Planning Staff, OCIO, and the PMO to complete the migration to AMANDA.

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Management Action Plans

3 Improve management oversight to ensure the completeness of application documentation and the timely updating of application status.

- ➢ To continue to build a catalogue of Standard Operating Procedures (SOP's) within 2024/2025; review cycle will be established for SOP's to coincide with new legislative updates and every 4 – 5 years.
- ➢ Continue to train new staff members on procedures and importance of timely and accurate document uploads. Further training will be identified to ensure new and existing staff are aware of the status update requirements.
- ➢ To enhance training to all staff members on relevant legislative and process changes as required. DP Management Staff will continue to follow-up and monitor progress of document uploads and file status updates with staff.

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Management Action Plans

4 Establish Key Performance Indicators to measure department performance by benchmarking against peer municipalities and industry standards.

➢ Staff will initiate the development of appropriate performance benchmarks and perform regular review of performance data against external stakeholders and partners (i.e., peer municipalities and industry average) aligned with the relevant frameworks and with current legislative requirements.

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Management Action Plans

5 Leverage advances in technology to enhance various business processes, records management, and online services.

➤ The Urban Design and Cultural Heritage Business Unit has engaged OCIO to initiate integration of the Heritage Permit Process into the AMANDA system to improve the oversight, data sharing and reduce reliance on manual processes.

➤ The Urban Design and Cultural Heritage Business Unit has assigned a dedicated staff to ensure all permits are tracked and fees paid prior to issuance of the Heritage permits.

➤ Initiate integration of Tree Protection Review Process into the AMANDA system to improve information sharing and reduce reliance on manual process of the review.

➤ To update and improve departmental website information and ensure that links are accurate and maintained to reduce inconsistency on the City's website.

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Next Steps

✓ Action plans have been developed

✓ Implementation is underway or completed

✓ Internal Audit will follow up and report on the status of these action plans

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Questions?

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Thank you!