



Office of the  
Auditor General  
City of Ottawa

# Audit of Cash-In-Lieu of Parkland Funds

April 2026

Table of Contents

Acknowledgement ..... 1

Introduction..... 2

Background/Context ..... 2

Audit Objective and Scope ..... 5

Conclusion..... 6

Audit Findings and Recommendations ..... 7

Appendix 1 – About the Audit ..... 18

Appendix 2 – Rating Scale for Audit Findings..... 20



## Acknowledgement

The audit was conducted under the supervision Joanne Gorenstein, Deputy Auditor General and my direction. My colleagues and I would like to thank those who contributed to this project.

Respectfully,

Nathalie Gougeon, CPA, CA, CIA, CRMA, B. Comm  
Auditor General

The **Fraud and Waste Hotline** is a confidential and anonymous service that allows City of Ottawa employees and members of the general public to report suspected or witnessed cases of fraud or waste 24 hours a day, seven days a week.

[www.ottawa.fraudwaste-fraudeabus.ca](http://www.ottawa.fraudwaste-fraudeabus.ca) / 1-866-959-9309

## Introduction

An Audit of Development Application Review was included in the 2024-2025 Audit Work Plan of the Office of the Auditor General (OAG), approved by City Council (Council) on December 6, 2023. This audit report was presented to the Audit Committee in September 2025. Processes related to Cash-in-Lieu of Parkland Funds were specifically excluded from the scope of that audit. As a result, a separate audit was initiated to focus on Cash-in-Lieu of Parkland Funds.

## Background/Context

### Legislative Background

Ontario's [\*Planning Act\*](#) (the *Act*) is the Provincial legislation that determines the rules for land use in the province and grants the authority for land use planning to the municipal government. Under Sections 42, 51.1 and 53 of the *Act*, as part of the municipal approval process for land development and redevelopment, municipalities can require developers to either contribute land for parks and/or provide cash-in-lieu of parkland as a condition of development, redevelopment, subdivision or land severance. The intent of this conveyance of land or cash is to increase parkland capacity to address increased density resulting from the development.



In some cases, land conveyance is most practical to support growth; however, requiring cash-in-lieu of parkland may be more efficient than the dedication of parkland.

In 2022, the Province passed *Bill 23, More Homes Built Faster Act, 2022 (Bill 23)*, which made amendments to the *Act*, including introducing exemptions to parkland

dedication and changes to how it is calculated (i.e., the prescribed rates). Under *Bill 23*, parkland dedication rates decreased, including establishing a maximum rate of land conveyance based on the size of the developable land.

### Parkland/Cash-in-Lieu at the City

The City of Ottawa's (the City) Parkland Dedication By-law ([\*By-law 2022-280 as amended\*](#)) (the By-law) imposes the amount of parkland to be conveyed to the City or cash-in-lieu of parkland, or a combination of both as a condition of approval for a planning application or issuance of a building permit (based on the prescribed rates and requirements in the *Act*).



The City also has a [Cash-in-Lieu of Funds Parkland Funds Policy](#) (the Policy) to ensure the “consistent and wise use of all funds collected for the provision of park and recreational purposes”. The Policy defines the purposes for which cash-in-lieu may be used and establishes the mechanisms by which the cash-in-lieu funds are accessed and accounted for. Eligible projects include, but are not limited to:

- Acquisition of land for public park purposes.
- Capital projects for the development of new public parks or to increase the capacity of existing public parks and/or recreation facilities.
- Projects for repair, renewal and lifecycle replacement in relation to fixed recreation and park assets. More specifically, cash-in-lieu can be used to advance (i.e. speed up) the lifecycle repair/replace of a park or recreational facility asset but it cannot be used to repair/replace an asset in the year it is budgeted for. In addition, it can also be used towards enhancing an existing asset.
- The non-growth component of growth-related park and recreation facility projects (also known as Benefit to Existing or BTE).<sup>1</sup>

The Policy also sets out how collected cash-in-lieu funds are allocated within the City:

- Sixty per cent (60%) of the funds paid are allocated to use in the ward in which the development is located.
- Forty per cent (40%) of the funds paid are allocated for City-wide purposes.
- In special administrative areas identified in the By-law, one hundred per cent (100%) of the funds paid are allocated to use in the special administrative area where the development is located<sup>2</sup>.

Municipalities across the province have taken different approaches to the allocation of cash-in-lieu funds. The closest to the City’s model is Toronto where there is a 50/50 allocation between land acquisition and development/upgrade of parks and recreational facilities. Within each 50% allocation, it is further broken down evenly between City vs. districts<sup>3</sup>.

<sup>1</sup> As part of the City’s Development Charges Background Study, a specific percentage of identified growth park/recreational facility projects are identified as benefitting the existing population (i.e. not just new growth in population) which are not funded from development charges but other sources of capital funding, including cash-in-lieu of parkland. This is defined as the non-growth component.

<sup>2</sup> Special administrative area is a designated geographic zone which crosses ward boundaries, established by Council, in which 100% of cash-in-lieu of parkland collected from development within that area is reserved exclusively for reinvestment within the same area.

<sup>3</sup> As indicated by representatives from the City of Toronto, districts represent geographical areas with boundaries established by the City which include several wards.



## Current Landscape

City Council approved the new Parkland Dedication By-law in September 2022. Subsequent to the By-law's enactment, several appeals were registered by the development industry with the Ontario Land Tribunal (OLT). Legal Services and the Recreation, Culture and Facility Services (RCFS) department have been working diligently to resolve all outstanding issues with the assistance of an OLT appointed mediator. All cash-in-lieu of parkland funds collected after September 2022 had been on hold pending final resolution of the appeals, in the event that financial adjustments were required. In December 2025, the City Solicitor announced that 50% of the funds on hold would be released.

A detailed breakdown of each ward and City-wide cash-in-lieu account, as of December 31, 2025, can be found in **Table 1** below.

**Table 1: Cash-in-Lieu Account Balances as of December 31, 2025**

| Ward                                    | Available Balance (\$) | On Hold Balance (\$) | Total Balance (\$) |
|-----------------------------------------|------------------------|----------------------|--------------------|
| 1 – Orleans East-Cumberland             | 583,737                | 668,239              | 1,251,976          |
| 2 – Orleans West-Innes                  | 706,143                | 365,560              | 1,071,704          |
| 3 – Barrhaven West                      | 870,848                | 101,441              | 972,289            |
| 4 – Kanata North                        | 1,253,894              | 645,071              | 1,898,965          |
| 5 – West Carleton-March                 | 636,592                | 544,179              | 1,180,771          |
| 6 – Stittsville                         | 792,622                | 568,278              | 1,360,900          |
| 7 – Bay                                 | 1,062,090              | 591,526              | 1,653,616          |
| 8 – College                             | 1,010,539              | 388,349              | 1,398,888          |
| 9 – Knoxdale-Merivale                   | 444,235                | 174,892              | 619,127            |
| 10 – Gloucester-Southgate               | 940,126                | 436,075              | 1,376,201          |
| 11 – Beacon Hill/Cyrville               | 900,912                | 820,921              | 1,721,833          |
| 12 – Rideau-Vanier                      | 2,844,778              | 2,386,418            | 5,231,196          |
| 13 – Rideau-Rockliffe                   | 1,063,795              | 539,523              | 1,603,318          |
| 14 – Somerset                           | 6,855,415              | 1,877,985            | 8,733,400          |
| 15 – Kitchissippi                       | 1,985,977              | 2,841,435            | 4,827,413          |
| 16 – River                              | 1,624,487              | 335,267              | 1,959,754          |
| 17 – Capital                            | 962,488                | 229,203              | 1,191,691          |
| 18 – Alta Vista                         | 238,632                | 116,099              | 354,731            |
| 19 – Orleans South – Navan              | 1,581,516              | 654,942              | 2,236,458          |
| 20 – Osgoode                            | 892,236                | 287,663              | 1,179,900          |
| 21 – Rideau-Jock                        | 830,967                | 260,320              | 1,091,287          |
| 22 – Riverside South/ Findlay Creek     | 536,206                | 432,404              | 968,610            |
| 23 – Kanata South                       | 523,613                | 63,800               | 587,413            |
| 24 – Barrhaven East                     | 187,895                | 37,361               | 225,256            |
| <b>Total – Wards</b>                    | <b>29,329,742</b>      | <b>15,366,954</b>    | <b>44,696,696</b>  |
| City-Wide                               | 9,885,524              | 9,408,238            | 19,293,762         |
| Preston-Carling District                | 574,387                | 89,307               | 663,694            |
| Developer Contribution Park Development | 270,449                | 8,358                | 278,807            |
| <b>Grand Total</b>                      | <b>40,060,102</b>      | <b>24,872,856</b>    | <b>64,932,958</b>  |



## Audit Objective and Scope

The objective of the audit was to assess whether the City has the necessary processes and controls in place to effectively and efficiently manage cash-in-lieu of parkland funds, and to assess the prudent use of cash-in-lieu of parkland funds.

The audit primarily focused on the following:

- Determination of cash-in-lieu of parkland funds within the development application process,
- Prioritization, selection and approval of cash-in-lieu of parkland projects, and
- Project pre-planning for cash-in-lieu of parkland projects.

More specifically, the scope included a sample of:

- Development application files where cash-in lieu of parkland funds were required by the City, and
- Completed and active cash-in-lieu projects since January 2024 (both ward-specific and City-wide).

The scope of the audit for individual projects was limited to initial planning of cash-in-lieu of parkland projects and the coordination between RCFS/other departments to develop a project charter.

The scope of this audit **did not** include:

- The full development application review process as this was the focus of the OAG's [Audit of Development Application Review](#) tabled in September 2025,
- Project delivery of cash-in-lieu projects (i.e. after the project charter is approved and ownership of the project is assumed by Infrastructure and Water Services (IWS) department for design and construction) as a larger audit in this area has been included on our [2026-2027 Audit Work Plan](#),
- Parkland conveyance, and
- Processes related to development charges, as this may be considered as a future standalone audit.

Refer to [Appendix 1](#) for additional details on the objective, criteria, and approach to the audit. This audit was conducted in conformance with the Institute of Internal Auditors' [Global Internal Audit Standards \(2024\)](#).



## Conclusion

While the allocation of cash-in-lieu funds between ward and City-wide is unique, given the 60/40 split, our audit noted that it puts the majority back into the ward to provide additional parkland/recreational facility investment where the development took place to account for the additional population growth.

The process to select cash-in-lieu projects is currently governed by the Cash-in-Lieu of Parkland Funds Policy which requires concurrence of the ward Councillor in selecting projects using ward-specific cash-in-lieu funds. In practice, Councillors are determining how best to spend funds allocated to their ward's cash-in-lieu accounts, within the eligibility limits of the Policy. These decisions are determined inconsistently across wards and may not align with the overall parks and recreation priorities of the City. This also limits the City's ability to consistently demonstrate prudent use of funds. Additionally, there is an opportunity for the City to establish a strategy for spending relative to City-wide cash-in-lieu funds.

Our audit further identified that current reporting of cash-in-lieu activities are not aligned with the requirements outlined in the Cash-in-Lieu of Parkland Funds Policy which are designed to ensure transparency of cash-in-lieu spending.

It was noted that there have been historical challenges with the planning of cash-in-lieu projects due to staff capacity and misalignment of expectations between City staff and Councillors. The recent introduction of an intake process, planned additional resources, and enhanced collaboration across teams are expected to improve project planning going forward.

Additional opportunities to strengthen documentation practices were outlined in a management letter, which was provided directly to management.

Each finding in this report has been assigned a rating that prioritizes the associated remediation. Rating definitions are provided in [Appendix 2](#).

---

***Value of Audit: The recommendations from this audit will help ensure that cash-in-lieu funds are spent on priorities of the City and that it can demonstrate prudent use of available dollars. Further, considerations from this report will support effective and efficient prioritization and planning processes.***

---

## Audit Findings and Recommendations

### 1. Ward Cash-in-Lieu Funds

The Policy delegates authority to the General Managers of Recreation, Cultural and Facilities Services, and Infrastructure and Water Services to use cash-in-lieu funds for eligible projects related to existing parks or for the creation of new parks not connected to the development review process. For the 60% of cash-in-lieu collected that is allocated to a ward account, use of these cash-in-lieu funds requires the concurrence of the Ward Councillor.

#### **1.1 Given the discretion Councillors have for cash-in-lieu spending, there is a risk that decisions made are based on varying priorities and may not reflect the overall park and recreation needs of the City.**

**Priority  
Rating: Moderate**

The audit found that although the ward cash-in-lieu funds are the direct responsibility of the City, Councillors generally view ward cash-in-lieu balances as their funds to administer. While the Policy delegates authority to management, in practice, Councillors identify and prioritize ward projects within Policy eligibility parameters, while RCFS provides concurrence if proposed projects meet eligibility and feasibility requirements. We understand, in some instances, RCFS will bring project ideas forward to Councillors for their consideration.

While it is recognized that Councillor input into project selection provides significant value, as they have direct knowledge of their community needs, the approach taken to prioritize projects varies significantly across wards, ranging from resident requests and complaints or consultation with community associations to broader considerations such as asset condition or the location of the development responsible for generating the funds.

Cash in lieu projects sampled ranged from park benches for approximately \$5,000 to a basketball court upgrade of approximately \$750,000 (which included a contribution from City-wide cash-in-lieu funds). File testing confirmed that selected projects complied with the Policy and generally aligned with the Parks and Recreation Facilities Master Plan. However, without a holistic view of

parks and recreation facility priorities within and across wards, projects selected may not represent the highest priority and needs of the City. Further, the intent of the cash-in-lieu funds is to address pressures for parkland/recreational facilities as a result of population

#### **Examples of Ward Cash-in-Lieu Projects:**

- Land Acquisition
- Play Structure Enhancements
- Outdoor Fitness Equipment
- Off Leash Dog Park
- Recreation Centre Amenities
- Basketball Court
- Splashpad

growth and selected projects do not consistently address this. Our audit noted instances where staff raised concerns regarding priority or feasibility of a proposed project; however, there were situations where the project still proceeded at the Councillor's request.

In 2025, RCFS introduced a pilot intake process to bring more structure to ward cash-in-lieu project selection. Councillors submitted priority lists, which RCFS and other City stakeholders assessed for eligibility, alignment with City priorities, and feasibility. In some cases, staff recommended changes to the priority order. Despite this input, several Councillors opted to proceed with their original priorities, and rationales for deviating from staff recommendations were not documented. This further demonstrates the level of authority assumed by Councillors in determining how ward cash-in-lieu funds are used.



Due to the similarities in models between Ottawa and Toronto, a benchmarking comparison of the two processes was conducted. The review found that, in the City of Toronto, management is responsible for identifying and recommending projects to be funded through both city-wide and district-level cash-in-lieu accounts. City staff present their recommended projects to Councillors for feedback, but final decision-making authority rests with staff rather than elected officials.

Spending priorities and decisions made by individual Councillors could result in cash-in-lieu funds not being directed to areas of greatest need or best aligned with municipal strategic priorities. This limits the City's ability to demonstrate value for money and may create perceptions that spending decisions are politically motivated rather than operationally neutral.

## RECOMMENDATION 1 – ASSESS PROJECTS AGAINST ESTABLISHED EVALUATION CRITERIA

Consistent with the pilot intake process, the General Manager, Recreation, Cultural and Facilities Services should assess each proposed cash-in-lieu project against an established set of evaluation criteria to ensure alignment with City and community priorities and prudent use of funds. Once evaluated and prioritized, final spending

decisions should be consistently made by the General Manager, in line with the established delegated authority.

#### MANAGEMENT RESPONSE 1

Management agrees with the recommendation.

The revised Cash-In-Lieu (CIL) of Parkland Policy targeted for completion and City Council approval in Q3 2027, will recommend a new collaborative process for identifying potential projects, a confirmation of the evaluation and prioritization process developed as part of the 2025 pilot project, and clear authority for final spending decisions based on the General Manager's delegated authority. The CIL Evaluation Matrix will continue to be used to align projects with City and community priorities and will be used by the General Manager to provide final project approvals for each new CIL project. All project assessments and approval decisions under the new process will be documented and maintained in the CIL SharePoint site.

## 2. City-Wide Cash-in-Lieu Funds

As outlined in the Policy, the City allocates 40% of cash-in-lieu funds collected to a City-wide reserve. The Policy defines City-wide as projects “having relevance to or providing services for the population of the city as a whole or where there is a larger impact than simply within/to a single ward”.

City-wide cash-in-lieu funds are typically used in three areas:

1. **Benefit to Existing (BTE) Contributions:** For development-related capital projects where a portion of the benefit goes to existing residents, as outlined in the City's Development Charges Background Study. In these cases, City-wide cash-in-lieu is used as one of the funding sources for the non-development charge portion.
2. **RCFS-Initiated Projects Eligible Under the Policy:** This includes land acquisitions and district-level park or facility improvements.
3. **Contributions to Existing Projects:** Including support for ward cash-in-lieu projects, supplements to capital projects, or accelerated lifecycle work when the project has a district or City-wide service impact.

In fiscal years 2024 and 2025, a total of \$12,209,826 in City-wide cash-in-lieu was allocated to projects, with 71% directed towards benefit to existing contributions.



## 2.1 There is currently no formal plan or strategy governing the use of the City-wide cash-in-lieu funds.

**Priority  
Rating: Moderate**

Our testing of a sample of City-wide projects found that selected initiatives were eligible under the Policy and generally aligned with City priorities. Outside of contributions to the Benefit to Existing category, which are determined through the budget process, RCFS management decides which projects receive City-wide cash-in-lieu funding. However, there is currently no formal plan or strategy guiding these decisions. As a result, spending tends to be ad hoc and reactive to emerging needs. As an example, City-wide funds have been used to support ward cash-in-lieu projects that need additional funds due to budget overruns.

### Examples of City-wide Cash-in-Lieu Projects:

- Land acquisition
- Skateboard Park
- Basketball Court
- Tennis /Pickleball Courts
- Multi-Use Pathway with Lighting
- Walking and Ski Trails with Signage

Although a significant portion of City-wide cash-in-lieu is directed toward Benefit to Existing requirements, sufficient available funds remain to support other eligible projects. Without a strategy, however, there is no assurance that these funds are being directed toward the City's highest growth related strategic priorities.

In addition, we learned that there are no formal equity considerations as part of the decision making for the use of City-wide cash-in-lieu funds. There are wards which receive little or no ward-level cash-in-lieu due to limited development/redevelopment, increasing the risk of disparities in park redevelopment and recreational amenities across the City. The current ad hoc approach to the use of City-wide cash-in-lieu funds limits the City's ability to consistently apply an equity lens or to proactively address inequities across the City relative to parks and recreation facilities.

### RECOMMENDATION 2: ESTABLISH STRATEGY TO GOVERN CITY-WIDE CASH-IN-LIEU FUNDS

The General Manager, Recreation, Cultural and Facilities Services should create a strategy to govern the use of City-wide cash-in-lieu funds aligned with the Parks and Recreation Facilities Master Plan and other relevant guidance.

As part of this strategy, an equity lens should be applied in determining the priorities for the use of City-wide cash-in-lieu funds. This should be reflected in the next review and update of the Policy.



## MANAGEMENT RESPONSE 2

Management agrees with the recommendation.

A formal strategy will be developed to guide the use of City-wide cash-in-lieu (CIL), ensuring alignment with the Parks and Recreation Facilities Master Plan (PRFMP).

The strategy will establish clear priorities and incorporate an equity lens as recommended within the PRFMP.

Consideration will be given to reflecting these elements in the next update of the CIL Policy which is targeted for completion in Q3 2027.

### 3. Reporting of Cash-in-Lieu Activities

The Policy outlines specific requirements for monitoring and reporting on the use of cash-in-lieu funds. The Policy directs that the Treasurer present a financial report to the Planning Committee and Council in the first quarter of each year. This report must summarize the following:

- reserve fund balances
- interest earned
- fees collected on a ward and City-wide basis
- land acquired
- details of all works funded, the cost of each project, and information on supporting funding sources

The Policy also requires the Treasurer to provide a quarterly memorandum to Councillors reporting cash-in-lieu account balances.

#### 3.1 Current reporting of cash-in-lieu funds does not fully meet the requirements outlined in the Cash-in Lieu of Parkland Funds Policy.

**Priority  
Rating: Moderate**

The audit confirmed that Councillors receive quarterly memoranda reporting ward, City-wide, and Special Administrative Area cash-in-lieu balances. Since the OLT appeal of the Parkland Dedication By-law, the memoranda have also included the total revenue being held pending the outcome of the appeal.

The audit found; however, that the annual reporting requirements outlined in the Policy are not being met.

- For 2023, the annual report outlined the capital funding details concerning all cash-in-lieu transactions made in 2023 for parkland dedication purposes from City-wide

and ward accounts; however, this report was not published until December 2024, several months after the Policy's first-quarter deadline.

- For 2024, the published report provided only high-level financial information, such as opening and closing balances, interest earned, revenues, and transfers. It did not include details on projects funded through cash-in-lieu or the other funding sources supporting those projects, as required by the Policy.

As a result, recent reporting has not provided comprehensive information on how cash-in-lieu funds are being used. Consistent with this, Councillors expressed concerns about limited visibility into City-wide cash-in-lieu spending and a lack of clarity regarding the criteria used to make funding decisions.

Non-compliance with the Policy's reporting requirements reduces transparency regarding how cash-in-lieu funds are used in order to demonstrate that spending decisions are aligned with strategic priorities.

### RECOMMENDATION 3 – ADHERENCE TO ANNUAL REPORTING REQUIREMENTS

The General Manager, Finance and Corporate Services and Chief Financial Officer, in collaboration with the General Manager, Recreation, Cultural and Facilities Services should ensure that the annual reporting requirements of the Cash-in-Lieu of Parkland Funds Policy are being adhered to, in order to demonstrate that the City is providing meaningful and timely insights on the use of these funds.

### MANAGEMENT RESPONSE 3

Management agrees with the recommendation.

Staff will adjust the current annual reporting on Cash-in-Lieu of Parkland Funds that is already in place to ensure complete adherence with the annual reporting requirements outlined in the City's Cash-in-Lieu of Parkland Funds Policy, starting in Q1 2027.

## 4. Planning of Cash-in-Lieu Projects

Once a cash-in-lieu project has received concurrence from the General Manager of RCFS and the ward Councillor to proceed, Park Planners in RCFS develop a project charter, which outlines how the project will be planned, executed, and managed. Once developed, the project charter is then reviewed by Infrastructure and Water Services, after which a Project Manager within Infrastructure and Water Services is assigned to lead detailed design and construction.

Councillors reported that, for projects that use the cash-in-lieu funds from their ward accounts, they feel accountable for project outcomes and therefore take an active oversight role in the planning and delivery of these projects.

#### **4.1 Capacity constraints and misaligned expectations have led to inconsistent experiences in the planning of cash-in-lieu projects.**

**Priority  
Rating: Moderate**

The audit confirmed several interrelated challenges affecting the planning and delivery of cash-in-lieu projects. Historically, project requests were initiated on an ad hoc basis, meaning Park Planners often managed cash-in-lieu work alongside other projects and responsibilities. This limited capacity resulted in prolonged planning timelines. While the new intake process has helped coordinate workflow, the release of funds previously held under the OLT appeal is expecting to significantly increase demand for use of these funds, placing additional pressure on already limited planning resources. RCFS is hiring temporary staff to help address these capacity constraints.

At the project charter stage, Park Planners prepare preliminary budgets and timelines based on limited scope information. These early estimates are shared with Councillors before detailed analysis is complete, creating expectations that could vary significantly from the more accurate estimates generated during detailed design – despite the fact that large contingencies



are applied to these early cost estimates. In addition, Park Planners noted that they do not always have the technical expertise required for precise early estimating. As a result, RCFS and IWS are working to improve available cost data to support more reliable initial estimation.

Communication challenges further compound these issues. Councillors reported delays in receiving updates on project status and noted that they often had to follow up with staff for information. Additionally, even after projects were transferred to IWS for delivery, updates continued to be routed through Park Planners, which at times, contributed to miscommunication and missed or delayed information. IWS has indicated that it will now

communicate directly with Councillors once projects move into the design and construction phases to address these gaps.

Taken together, high Councillor expectations, limited staff capacity, challenges with early estimates, and inconsistent communication have contributed to frustration and reduced alignment throughout the planning process. These issues strain working relationships between Councillors and staff and erode trust in project delivery. These challenges may also create public perceptions of inefficiency or mismanagement, undermining trust in the City's ability to deliver park and recreation projects effectively.

#### RECOMMENDATION 4 – FORMALIZE EXPECTATIONS WITH COUNCILLORS

The General Manager, Recreation, Cultural and Facilities Services should formalize a standard set of expectations related to roles, responsibilities, and communications relative to ward cash-in-lieu projects to ensure there is better alignment of expectations. This should include:

- Who is responsible for communicating with Councillors at specific stages/milestones of the project (RCFS vs. IWS),
- Frequency of communication,
- Points of the project where staff will engage Councillors more frequently, and
- Caveats/context to the cost estimates provided at different points in the project.

#### MANAGEMENT RESPONSE 4

Management agrees with the recommendation.

Recreation, Cultural and Facility Services (RCFS) and Infrastructure and Water Services (IWS) will develop standard communication protocols to formalize roles, responsibilities, and expectations. This will include defined communication responsibilities between RCFS and IWS, key project milestones for Councillor engagement, and the minimum communication frequency.

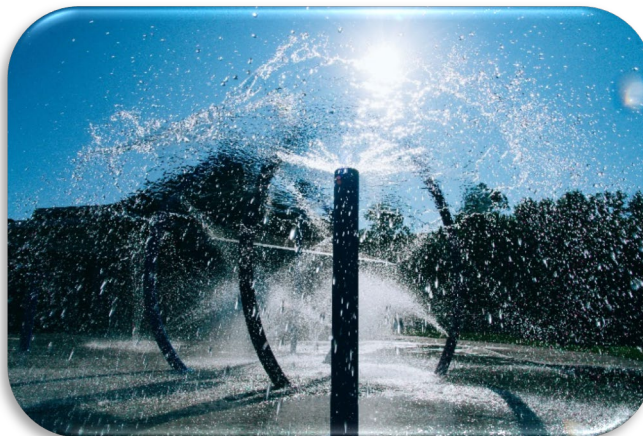
RCFS and IWS will continue to refine cost estimation accuracy and include standard contingencies following the Project Delivery Review and Cost Estimating Guideline and ensure consistent messaging with context and caveats for cost estimates at various stages of project development.

This joint protocol will be established by Q4 2026.

## 5. Intake Process - Prioritization of Cash-in-Lieu Projects

As noted in the sections above, the intake process for cash-in-lieu projects was introduced as a pilot in 2025 in anticipation of the release of funds held as part of the OLT appeal. Two intake cycles were conducted in 2025, during which Councillors were invited to submit a list of their prioritized projects for use of ward cash-in-lieu balances.

Following submissions, RCFS, supported by subject matter experts from across the City, assessed each proposed project against a set of evaluation criteria and developed a recommended priority list for each ward. These recommendations were discussed with Councillors and a short-list of the top priority projects (typically one or two per ward) were forwarded to IWS to confirm delivery capacity before assigning projects to Park Planners for initiation and project charter development.



### 5.1 There is an opportunity to consider lessons learned from the piloted intake process to ensure the associated processes continue to be effective and efficient.

**Priority  
Rating: Low**

The audit found that while the pilot intake process has established a structure in comparison to prior ad hoc practices, there is an opportunity to reflect on lessons learned from the pilot and refine the process before full implementation. RCFS indicated that the intended approach moving forward would involve a minimum of three intake cycles per year. However, multiple intakes could create unrealistic expectations for project initiation, particularly given limited capacity in both RCFS and IWS. As of the time of this audit, several cash-in-lieu projects were already delayed, and the selection of projects to move forward from the 2025 intake had not been finalized. Setting expectations for multiple intake cycles per year could exacerbate capacity pressures.

As noted earlier in this report, as part of the pilot, each proposed project submitted by Councillors was assessed against an established set of criteria including:

- Physical space feasibility (i.e. impact on trees, grading, drainage)
- Alignment with Parks and Recreation Facilities Master Plan
- Community reach and input



- Accessibility improvements
- Equity and inclusivity (i.e. promotes equitable access)
- Operational/maintenance sustainability (including costs)
- Safety and liability considerations

Our audit found these criteria to be reasonable and should be used going forward (see recommendation #1 above); however, there is an opportunity to also consider a criterion related to the extent to which the proposed project will address the population growth (as this is the intended purpose for the collection of the cash-in-lieu funds).

Councillors expect that priorities submitted through the intake process will advance in a timely manner. Without clear expectations regarding the volume of projects that can be initiated or delivered within available staff capacity, there is a risk of further delays and strain on the working relationship between Councillors and staff. In addition, more frequent intake cycles may result in shifting priorities between cycles, which can complicate planning and can impact the efficiency of the planning and delivery process.

#### RECOMMENDATION 5 – CONSIDER INTAKE PROCESS LESSONS LEARNED

The General Manager, Recreation, Cultural and Facilities Services should conduct a lessons learned exercise based on the pilot intake process. This exercise should consider:

- A once per year intake for large projects to ensure the efficiency of the process; potentially creating a separate, simplified process for quick, low, dollar, non-complex purchases (e.g. park benches),
- Expectations setting with Councillors with respect to the number of projects planned to be undertaken given the capacity limitations in both RCFS and IWS, and
- The addition of an assessment criterion related to the extent to which the project addresses population growth.

#### MANAGEMENT RESPONSE 5

Management agrees with the recommendation.

Recreation, Cultural and Facility Services (RCFS) will conduct a lessons learned exercise to review the pilot intake process, considering intake frequency, capacity expectations, and potential evaluation improvements, including the addition of a population growth criterion.



This exercise will be carried out by RCFS with relevant collaborators by Q4 2026, with resulting actions incorporated into the process by the first CIL intake of Q1 2027. Documentation of the exercise and decisions will be maintained on the CIL SharePoint site and via email correspondence.



## Appendix 1 – About the Audit

### Audit Objective and Criteria

The objective of the audit was to assess whether the City has the necessary processes and controls in place to effectively and efficiently manage cash-in-lieu of parkland funds, and to assess the prudent use of cash-in-lieu of parkland funds.

Criteria listed below have been developed based on applicable legislation, by-laws and policies and from our assessment of key risks related to the City's parkland dedication and cash-in-lieu portfolio.

| 1. Determination of Parkland and/or Cash-in-Lieu of Parkland Funds |                                                                                                                                                                                           |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1                                                                | Discussions regarding parkland conveyance and/or cash-in-lieu within the development application review process take place with developers in a consistent and timely manner.             |
| 1.2                                                                | Decisions related cash-in-lieu of parkland are aligned with criteria established in the Parkland Dedication By-law and other relevant guidance and is formally documented.                |
| 1.3                                                                | The Cash-in-Lieu of Parkland Funds Policy aligns with the <i>Planning Act</i> and the allocation of funds between ward and City is consistent with peer municipalities.                   |
| 2. Use of Cash-in-Lieu of Parkland Funds                           |                                                                                                                                                                                           |
| 2.1                                                                | The selection of <b>ward specific</b> cash-in-lieu projects are aligned with the Cash-in-Lieu of Parkland Funds Policy and other relevant guidance and reflects the prudent use of funds. |
| 2.2                                                                | The selection of <b>City-wide</b> cash-in-lieu projects are aligned with the Cash-in-Lieu of Parkland Funds Policy and other relevant guidance and reflects the prudent use of funds.     |
| 2.3                                                                | There is timely and complete public reporting on what projects are being funded and how they are supporting the City's goals.                                                             |
| 3. Planning of Cash-in-Lieu Projects                               |                                                                                                                                                                                           |
| 3.1                                                                | Cash-in-lieu project charters are developed based on reasonable assumptions and estimates and include input from appropriate internal stakeholders.                                       |



|     |                                                                                                                            |
|-----|----------------------------------------------------------------------------------------------------------------------------|
| 3.2 | Clear and timely expectations are communicated to Councillors during the planning of ward specific, cash-in-lieu projects. |
|-----|----------------------------------------------------------------------------------------------------------------------------|

### **Audit Approach and Methodology**

Audit staff performed the following procedures to complete this audit:

- Reviewed relevant documents
- Conducted interviews and walkthroughs with key City personnel and Councillors
- Conducted testing of cash-in-lieu projects (ward and City-wide)
- Benchmarking with other provincial municipalities
- Performed other analysis and tests, as deemed necessary



## **Appendix 2 – Rating Scale for Audit Findings**

The following rating definitions were used to assign priority to the findings associated with this audit.

| <b>Priority Rating</b> | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Critical</b>        | The finding represents a severe control deficiency, non-compliance or strategic risk/opportunity and requires an immediate remedy. If left uncorrected, this could have a catastrophic impact on the achievement of the City's strategic priorities, its ongoing business operations, including the risk of loss, asset misappropriation, data compromise or interruption, fines and penalties, increased regulatory scrutiny, or reputation damage.                 |
| <b>High</b>            | The finding represents a significant control deficiency, non-compliance or strategic risk/opportunity and requires prompt attention. If left uncorrected, this could have a significant impact on the achievement of the City's strategic priorities, its ongoing business operations, including the risk of loss, asset misappropriation, data compromise or interruption, fines and penalties, increased regulatory scrutiny, or reputation damage.                |
| <b>Moderate</b>        | The finding represents a moderate internal control deficiency, non-compliance or is a risk/opportunity to business operations that should be addressed timely. If left uncorrected, this could have a partial impact on business operations, resulting in loss or misappropriation of organizational assets, compromise of data, fines and penalties, or increased regulatory scrutiny. Typically, these issues should be resolved after any high-priority findings. |
| <b>Low</b>             | The finding should be addressed to meet leading practice or efficiency objectives. Remediation should occur as time and resources permit. While it is not considered to represent a significant or immediate risk, repeated oversights without corrective action or compensating controls could lead to increased exposure or scrutiny.                                                                                                                              |