



Why we did this audit

Under the *Planning Act*, 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 is to increase parkland capacity to address increased density resulting from the development.

The City of Ottawa collects cash-in-lieu of parkland from development applications when dedicating physical parkland is not feasible. Under the City's allocation model, 60% of collected funds are directed to the ward in which the development occurs, and 40% are allocated to City-wide purposes.

The release of funds previously held pending appeal outcomes have increased cash-in-lieu funds available. This audit was undertaken to assess whether the City has effective processes to manage cash-in-lieu funds and to ensure that these funds are used prudently.

What we found

The audit confirmed that policies governing cash-in-lieu funds are in place and that tested projects were eligible based on established regulations/policy.

Despite the authority to make cash-in-lieu spending decisions delegated to City management, Councillors are determining how best to spend funds allocated to their ward's cash-in-lieu accounts, within the established eligibility requirements. These decisions 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.

Further, we found that decisions related to the use of City-wide funds are made without a formal strategy, resulting in ad hoc allocations. Additionally, current reporting does not meet policy requirements, reducing transparency of use of these funds.

We identified that planning of cash-in-lieu projects has been a challenge due to capacity constraints and misalignment of expectations between City staff and Councillors. The recent introduction of a cash-in-lieu intake process, planned additional resources, and enhanced collaboration across teams are expected to improve project planning going forward. While the pilot intake process has established a structure, there is an opportunity for further refinement.

We made five recommendations to ensure that:

- An established set of evaluation criteria is applied for project selection of cash-in-lieu projects and spending decisions are consistently made in line with established delegated authority.
- Use of City-wide cash-in-lieu funds are governed by a common strategy, including consideration of equity.
- Annual reporting requirements are met.
- A standard set of expectations related to roles, responsibilities, and communications for ward cash-in-lieu projects are formalized.
- The cash-in-lieu project intake process is reviewed for lessons learned and further refined as needed.

For more details on this report please visit our [website](#).

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