



**Office of the Auditor General: Follow-up to the
2013 Review of the City's Acquisition of Land for
Soccer Fields, Tabled at Audit Committee –
May 25, 2017**

Table of Contents

Executive summary	1
Conclusion	1
Acknowledgement.....	2
Detailed report – Assessment of implementation status	3

Executive summary

The Follow-up to the 2013 Review of the City's Acquisition of Land for Soccer Fields was included in the Auditor General's 2015 Audit Work Plan.

The key findings of the original 2013 review included:

- The City's May 2010 appraisal for a property acquisition of 32 acres of land for use as soccer fields relied on the seller's May 2008 appraisal for the estimated \$762,000 cost for improvements. This resulted in the City not receiving the benefit of two separate independent appraisals which did not meet the intention of the Real Property Acquisition Policy (formerly called the Acquisition Policy) and the October 2009 report to Council.
- Inaccurate and incomplete information was provided to Council on this land transaction in the July 2010 report regarding:
 - Not disclosing the reliance of the City's appraisal on the seller's appraisal for the improvements of \$762,000;
 - Indicating that there was no donation receipt issued for income tax purposes when in fact tax donation receipts were to be issued to the sellers for a total of \$250,000 for a cash donation provided to the City upon completion of the transaction; and
 - Not disclosing that the sellers were also on the Board of Directors of the Ottawa South United Soccer Association (OSUSA) with whom the City was negotiating the sports field agreement for the site.

Table 1: Summary of status of completion of recommendations

Recommendations	Total	Complete	Partially complete	Not started	No longer applicable
Number	3	3	-	-	-
Percentage	100%	100%	-	-	-

Conclusion

Management has been proactive in addressing the recommendations. All the recommendations have been completed.

Acknowledgement

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.

Detailed report – Assessment of implementation status

The detailed section of this report is available in English only and may be translated in whole or in part upon request. For more information, please contact Ines Santoro at 613-580-2424, extension 26052.

La section détaillée de ce rapport n'existe qu'en anglais et pourrait être traduite en partie ou en totalité sur demande. Renseignements : Ines Santoro, 613-580-2424, poste 26052.

The following information provides management's update on the implementation status of each recommendation as of June 2016 and the Office of the Auditor General's (OAG) assessment as of January 2017.

Recommendation #1

Status	OAG assessment
	Complete

Audit recommendation:

That management ensure that appraisals for all property acquisitions are completed in accordance with the City's Acquisition Policy and that appropriate supporting documentation is retained.

Original management response:

Management agrees with this recommendation and it has been implemented. As per the City's Real Property Acquisition Policy, two appraisals were completed for only the vacant land component. The City's estimate for the cost of improvements should have been vetted by a third party to arrive at an overall value of the land and improvements.

Management will ensure that appraisals for all property acquisitions are completed in accordance with the City's Acquisition Policy and that supporting documentation is retained in accordance with the City's Corporate Records Management Policy.

Management update:

As per the City's Real Property Acquisition Policy, two appraisals are completed for all property acquisitions where the estimated market value is \$750,000 or greater and supporting documentation is retained on file.

OAG assessment:

OAG reviewed four sample files for properties acquired by the City, of which one was valued over \$750,000. All four met the substantive appraisal requirements of the City's Real Property Acquisition Policy. One of the four properties had an acquisition value that was higher than the City's appraised value, and an explanation was provided in the recommendation report as required by the Policy.

As the required appraisals were completed and supporting documentation was retained, we have assessed the recommendation as implemented. We did note however that one of the property acquisition files was missing some non-appraisal related documentation that is required under the Policy. There was no documentation on file to confirm that an environmental pre-screening had been completed; although, it had in fact been completed.

Recommendation #2

Status	OAG assessment
	Complete

Audit recommendation:

That management ensure that they accurately and completely report land and other related transactions to Committee and Council.

Original management response:

Management agrees with this recommendation and it has been implemented.

More information should have been provided within the Committee and Council report as to how staff arrived at the value of the improvements.

Management will ensure that when reporting land and other related transactions to Committee and Council that the information provided in the report is complete, providing Council with the level of detail they need to support effective decision making.

Management update:

Management reviews all Committee and Council reports related to land transactions to ensure that the information provided in the report is complete, providing Council with the level of detail they need to support effective decision making.

OAG assessment:

Reporting of the same four samples described above in Recommendation 1 was reviewed. Complete and accurate details on the price paid for three of the four acquisitions were provided to Committee and Council. For one property, the acquisition price from the original agreement was reported to Committee and Council. However, there was a small difference in the total price paid, due to the actual land area purchased being slightly larger than that listed in the agreement. This difference was not subsequently reported.

As the difference between the actual price and the amount reported was insignificant, we have assessed the recommendation as implemented.

Management confirmed that small adjustments in price resulting from land surveys being completed after an agreement is negotiated are not reported to Committee and Council.

Follow-up to the 2013 Review of the City's
Acquisition of Land for Soccer Fields

Recommendation #3

Status	OAG assessment
	Complete

Audit recommendation:

That the City considers whether the issuance of tax donation receipts in this situation was appropriate and take action as necessary.

Original management response:

Management agrees with this recommendation.

Finance staff, in conjunction with the City Clerk and Solicitor department, have reviewed the circumstances around the issuance of the donation tax receipt and confirmed that the City's Donation Receipt Policy/Procedures and Canada Revenue Agency legislative requirements were adhered to. Finance will be reviewing the corporate policy and procedures related to donations as part of their 2015 work plan and will complete the review by Q4 2015.

Management update:

The Donation Receipt Policy and Procedures were revised and posted on Ozone in Q1 2016.

OAG assessment:

Finance staff reviewed with the Office of the City Clerk and Solicitor whether the issuance of tax donation receipts was appropriate in this situation. This review confirmed that no further action was required at that time. Should there be future changes related to the conditions associated with the donation, further actions may be required as outlined in the City's Donation Receipt Policy and Procedures.

Follow-up to the 2013 Review of the City's
Acquisition of Land for Soccer Fields



Table 2: Status legend

Status	Definition
Not started	No significant progress has been made. Generating informal plans is regarded as insignificant progress.
Partially complete	The City has begun implementation; however, it is not yet complete.
Complete	Action is complete, and/or structures and processes are operating as intended and implemented fully in all intended areas of the City.
No longer applicable	The recommendation is obsolete due to time lapses, new policies, etc.