



City of Richmond

Forensic Audit

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June 19, 2026





Private and Confidential

June 19, 2026

Mr. Jerry Chong
General Manager, Finance & Corporate Services
City of Richmond
Richmond BC V6Y 2C1

Dear Mr. Chong,

Re: Forensic Audit

Please find attached our report prepared in connection with our engagement with you, the City of Richmond.

If you have any questions, please do not hesitate to contact Krista Mooney at krista.a.mooney@pwc.com.

Yours sincerely,

PricewaterhouseCoopers LLP

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I. Introduction

1. Following submission of a proposal in response to the City of Richmond (the City) issuance of an Invitation to Provide Quotations (ITPQ), PricewaterhouseCoopers LLP (PwC or we) was engaged by the City to provide a forensic audit with respect to the Richmond Olympic Oval Corporation (the ROO) operations during the period January 1, 2012 to December 31, 2024 (the Period of Review). Specifically, we were asked to conduct the following procedures:
 - a. Select a sample of ROO employees and Board of Directors (the Board) expenditures¹ to assess for compliance with ROO's policies and procedures (the Expense Review); and
 - b. Select a sample of procurement contracts to assess for compliance with ROO's policies and procedures (the Contract Review).

(collectively referred to herein as, the Expense and Contract Review)
2. Subsequent to awarding of the contract, it was discovered that the ROO's procurement contract data provided for the period 2012 to 2016 was incomplete and could not be relied upon. As agreed to with the City, the period of review for the Contract Review was amended to a shorter timeframe of 2017 to 2024, to align with the data set available from the City (the Contract Period of Review).
3. We understand that the City requested a forensic audit due to heightened public attention around the ROO's financial and governance frameworks, for purposes of identifying any potential non-compliance with policies and procedures, internal control issues and/or financial impropriety.
4. The purpose of this report (the Report) is to summarize the procedures performed, understanding of processes, detailed findings and recommendations as it relates to the Expense and Contract Review. This Report should be read with our *Restrictions and Qualifications* set out in **Appendix A**.
5. A release letter is required to be signed by any third party who requests and receives access to this Report. In the event that this Report is shared with a third party who does not sign the release letter, the City agrees to indemnify PwC in respect of claims made, if any, by the third party.
6. Unless otherwise stated, all amounts throughout this Report are stated in Canadian dollars and have been rounded to the nearest dollar.

¹ Expenditures includes both credit card expenditures and out-of-pocket expenditures.

II. Background

7. The ROO was incorporated on June 16, 2008, under the Business Corporations Act of British Columbia, as a municipal corporation wholly owned by the City.
8. The ROO manages the Richmond Olympic Oval, a community multi-sport and fitness facility located in Richmond, British Columbia, consisting of amenities such as a fitness center, ice rinks, climbing wall, basketball courts, track zone, fitness studios and rowing tank. The facility also features the Richmond Olympic Experience Museum (ROX), an interactive museum celebrating Olympic history through exhibits and sport simulators. In 2014, the ROO entered into a partnership with VRX Ventures Ltd. and established a company called VROX Sport Simulation Ltd. (VROX)² to develop a prototype of a sport simulator for installation in the ROX.
9. The ROO's operations are governed by the City and overseen by the ROO Board of Directors (the Board) who provide strategic direction and specialized expertise. The objectives outlined in ROO's Operating Agreement³ include, but are not limited to, the following:
 - a. Provide facilities, programs, and services that support quality sport, fitness, recreation, and wellness for the Richmond community, neighboring communities, and the general public;
 - b. Offer facilities for non-sporting, community, and entertainment events;
 - c. Develop, utilize, and promote the venue as a training and competition facility for high-performance sport; and
 - d. Deliver ancillary commercial, retail, health, and wellness services that enhance the use and accessibility of the facility in alignment with the activities noted above.

² We understand that VROX was subsequently dissolved on December 4, 2017.

³ The City of Richmond and the ROO are parties to an Operating Agreement dated July 1, 2008.

III. Executive Summary

10. PwC was engaged by the City of Richmond (the City), following an Invitation to Provide Quotations (ITPQ), to provide a forensic audit with respect to the Richmond Olympic Oval Corporation (the ROO) operations during the period January 1, 2012 to December 31, 2024 (Period of Review). Specifically, PwC was asked to conduct the following procedures:
 - a. Select a sample of ROO employees and Board of Directors (the Board) expenditures⁴ to assess for compliance with ROO's policies and procedures (the Expense Review); and
 - b. Select a sample of procurement contracts to assess for compliance with ROO's policies and procedures (the Contract Review).(collectively referred to herein as, the Expense and Contract Review)
11. We understand that the City requested a forensic audit due to heightened public attention around the ROO's financial and governance frameworks, for purposes of identifying any potential non-compliance with policies and procedures, internal control issues and/or financial impropriety.
12. Based on *Section IV. Procedures Performed*, and subject to our *Restrictions and Qualifications* set out in **Appendix A**, our key findings for each of the Expense Review and Contract Review are set out below.

Expense Review

13. Corporate credit card charges and out-of-pocket expenditures for ROO employees and the Board totaled \$3,924,314 for the Period of Review. Using a risk-based approach, PwC sampled 486 transactions totaling \$735,162 (approximately 19% of the total population) for purposes of assessing compliance with the Expense Policies⁴.
14. Set out in **Table 1** below is a summary of our findings, by compliance category, for the samples reviewed. As noted in the table, 67% of expenditures reviewed were deemed *Compliant*, 29% were deemed *Non-Compliant* and 4% were deemed *Unable to Determine*.

⁴ The Expense Policies for which we assessed against are defined in *Section IV. Procedures Performed* (see paragraph 24).

Table 1 - Expense Review Findings by Compliance Category

Compliance Category ⁵	# of Samples	Value of Samples (\$)	% of Value of Samples
Compliant	339	492,487	67%
Non-Compliant	101	215,263	29%
Unable to Determine	46	27,412	4%
Total	486	735,162	100%

- a. With respect to the *Non-Compliant* transactions noted in Table 1, and as detailed further in our Report, these expenditures did not adhere to the requirements of the Expense Policies and were deemed *Non-Compliant* for one of three reasons: they were ineligible per the Expense Policies (62%); they lacked the required approval(s) per the Expense Policies (37%) or they were personal in nature (1%). We further note the following with respect to the \$215,263 Expenses Transactions deemed *Non-Compliant*:
- i. \$131,931 (61%) related to capital items that, while approved purchases in and of themselves, were deemed non-compliant because the Expense Policies prohibit the use of the corporate credit card for purchases that are capital in nature.
 - ii. \$2,181 (1%) related to purchases that were personal in nature and unrelated to ROO's operations. Based on our discussions with the ROO and documentation reviewed, all such transactions were previously identified by the ROO and repaid by the employees that incurred the expense.
- b. With respect to the European Trips (Barcelona and Switzerland) for certain ROO employees and Board members in October 2022, we sampled and reviewed \$39,438 of the \$77,787 in expenditures incurred related to these trips (approximately 51% of the total expenditures). Of this amount, \$32,897 (83%) were deemed *Compliant* and \$6,541 (17%) were deemed *Non-Compliant*. The *Non-Compliant* expenditures were assessed as such due primarily to insufficient approval documentation in accordance with the Expense Policies.

Contract Review

15. PwC reviewed 41 Purchase Order (PO) Transactions for purposes of assessing compliance with the Procurement Policies.⁶ The period of review for the Contract Review was amended to 2017 to 2024 (the Contract Period of Review) due to incomplete data for the period 2012 to 2016.

⁵ The Compliance Category definitions are set out in *Section IV. Procedures Performed* (see paragraph 29).

⁶ The Procurement Policies for which we assessed against are defined in *Section IV. Procedures Performed* (see paragraph 31).

16. Set out in **Table 2** below is a summary of our findings, by compliance category, for the 41 samples reviewed. As noted in the table, 32 samples (78%) were deemed *Compliant* and 9 samples (22%) were deemed *Non-Compliant*.

Table 2 - Procurement Review Findings by Compliance Category

Compliance Category⁷	# of Samples	% of Sample Population
Compliant	32	78%
Non-Compliant	9	22%
Total	41	100%

- a. With respect to the nine *Non-Compliant* transactions noted in Table 2, we noted seven PO Transactions that did not adhere to documentation requirements and two Single Source POs that lacked the required CEO or General Manager approval. The majority of non-compliance was concentrated in the earlier years of the Contract Period of Review, particularly 2017 and 2018.
17. Based on *Section IV. Procedures Performed* and subject to our *Restrictions and Qualifications* set out in **Appendix A**, for the transactions reviewed, while we noted instances of non-compliance with certain of the Expense Policies and Procurement Policies, we did not find evidence of financial impropriety.
18. Our recommendations, based on the findings from both the Expense Review and the Contract Review, are set out in further detail in *Section VII. Recommendations*.

⁷ The Compliance Category definitions are set out in *Section IV. Procedures Performed* (see paragraph 36).

IV. Procedures Performed

19. PwC performed the procedures noted below applicable to both the Expense and Contract Reviews.
20. Conducted information seeking discussions and/or interviews with the following ROO employees:
 - a. Mr. Tanveer Mand, Senior Accountant;
 - b. Mr. Chris Hsu, Senior Finance & Accounting Manager; and
 - c. Mr. Rick Dusanj, Director, Finance, Innovation & Technology.
21. Provided periodic updates to the City throughout the engagement.
22. Conducted a fact validation exercise with ROO employees (Mr. Hsu and Mr. Dusanj) to discuss our findings for each of the Expense and Contract Reviews, and to provide the ROO with an opportunity to share additional information and/or supporting documentation relevant to our review. In addition, the ROO has an opportunity to review this Report to ensure factual accuracy.

Expense Review

23. PwC performed the procedures noted below applicable to the Expense Review for the Period of Review.
24. Reviewed the following ROO policies and procedures (collectively referred to herein as, the Expense Policies):
 - a. Expense Reimbursement Procedures – Administrative Procedure 3708.01⁸;
 - b. Conflict of Interest – Policy 6801;
 - c. Administration of Board Remuneration; and
 - d. Corporate Commercial Card User Manual⁹
25. Analyzed the following records for ROO employees, ROO Board members, and City employees with ROO responsibilities for the Period of Review:
 - a. Monthly corporate credit card statements;
 - b. Monthly reimbursement (REIMBU) reports;
 - c. Annual REIMBU reports; and
 - d. Expense reports for select employees and Board members.

⁸ The Expense Reimbursement Policy has been in effect since January 25, 2013 and remains current. ROO advised that no written policy was in place prior to January 2013; therefore, this policy was referenced for the entire Period of Review.

⁹ We were advised that the Corporate Commercial Card User Manual, while dated March 21, 2022, was in effect for the entire Period of Review.

26. Performed the following procedures to determine the sample selection for further analysis for the Period of Review (collectively referred to herein as, the Expense Transactions):
 - a. *Credit card transactions* – using a risk-based approach, selected a sample of credit card transactions across 48 ROO employees and City employees with ROO responsibilities (collectively referred to herein, as Employees), for further review. This methodology incorporated data analytics on the transactions to understand the spending history and patterns, using keyword searches on transaction descriptions as well as flags for potential duplicate charges and round-dollar amounts. In addition, we ensured sample coverage across the Employees.
 - b. *Out-of-pocket reimbursements* – we obtained and reviewed a listing of expense reports for 352 Employees and ROO Board members (Board Members) who were reimbursed by the ROO during the Period of Review. Due to the limited information reflected in the listing (e.g., it did not contain an expense incurred date, individual transaction values, nature of expense or vendor details), we were unable to perform data analytics and keyword searches to assist in our sample selection. Our sample selection approach prioritized high-value transactions and business travel, and ensured coverage across Employees and Board Members.
27. Analyzed invoices, receipts, purchase orders (POs), and other supporting documentation to support the Expense Transactions (collectively referred to herein as, the Expense Transaction Support).
28. Reviewed the Expense Transaction Support provided and assessed adherence to the requirements¹⁰ set out in the Expense Policies. Where clarification was required, we communicated with the ROO to confirm interpretation.
29. Categorized and quantified our findings from the Expense Review into the following three categories, as agreed to with the City:
 - a. **Compliant:** Expense Transaction Support was provided and the following requirements¹⁰ were satisfied:
 - i. The Expense Transaction aligned with the Expense Policies in terms of its nature;
 - ii. The Expense Transaction was approved in accordance with the Expense Policies; and
 - iii. The Expense Transaction either appeared, or was confirmed by the ROO, to be in relation to the ROO's operations.

¹⁰ The requirements are set out in further detail in *Section V. Understanding of Processes* (see paragraph 42 to 46).

- b. **Non-Compliant:** Expense Transaction Support¹¹ was provided; however, one or more of the following requirements¹² were noted:
 - i. The Expense Transaction was expressly prohibited and/or personal in nature as set out in the Expense Policies;
 - ii. The Expense Transaction was not approved in accordance with the Expense Policies; and/or
 - iii. The business nature of the Expense Transaction did not appear to be aligned with the ROO's operations.
- c. **Unable to Determine:** Expense Transaction Support was either not provided or was insufficient to assess whether the expenditure was *Compliant* or *Non-Compliant* with the Expense Policies. These expenditures have been categorized as *Unable to Determine* based on our understanding of ROO's document retention requirements.¹³

Contract Review

- 30. PwC performed the procedures noted below applicable to the Contract Review for the Contract Period of Review.
- 31. Reviewed the following ROO policies and procedures:
 - a. Procurement – Policy 3104, which included a policy dated September 14, 2011 (2011 Policy) and a policy subsequently revised on March 8, 2022 (2022 Policy) (collectively referred to herein as, the Procurement Policies); and
 - b. Financial Signing Authorities Policy (FSA Policy) (strictly with respect to the commitment authority)¹⁴.
- 32. Obtained from the ROO a PO Action Report extracted from its Sage accounting software system for the Period or Review. Thereafter, the ROO advised us that the data set was incomplete and could not be relied upon. Subsequently, the ROO provided a manually maintained source document titled 'Purchase Order Log' (the Log), covering the Contract Period of Review. The ROO advised us that the Log was both accurate and complete, and we therefore used it as the basis for our sample selection.
- 33. Applied the following approach to determine the sample selection for further review (collectively referred to herein as, the PO Transactions):

¹¹ The documentation requirements are set out in further detail in *Section V. Understanding of Processes* (see paragraph 42).

¹² The requirements are set out in further detail in *Section V. Understanding of Processes* (see paragraph 43 to 46).

¹³ The document retention considerations are set out in further detail in *Section V. Understanding of Processes* (see paragraph 47).

¹⁴ The FSA Policy was first adopted on December 8, 2010, and subsequently amended on December 1, 2016; April 19, 2017; April 22, 2021; and most recently on August 21, 2024.

- a. *Random sampling* – samples were allocated across the Contract Period of Review based on total PO dollar values, and their corresponding procurement methods with dollar thresholds¹⁵; and
 - b. *Risk-based sampling* – additional samples were selected based on identified procurement risk factors, including Open POs, Various Suppliers and Change Orders. We also ensured sample coverage across the Contract Period of Review.
34. Requested supporting documentation from the ROO, as applicable to the procurement method and dollar threshold for each PO. Supporting documentation included, but was not limited to, the following (collectively referred to herein as, the PO Transaction Support):
- a. Purchase requisition with appropriate approvals;
 - b. PO form;
 - c. Invitation to tender (for PO amounts requiring a competitive bidding process);
 - d. Written specifications of the goods/services;
 - e. Written quotation records (minimum of three businesses, where required);
 - f. Vendor/supplier evaluation;
 - g. Pre-qualified vendors process (for major projects); and
 - h. Contracts/agreements signed with supplier/vendor.
35. Reviewed the PO Transaction Support provided and assessed adherence to the requirements¹⁶ set out in the Procurement Policies. Where clarification was required, we communicated with the ROO to confirm interpretation.
36. Categorized and quantified our findings from the Contract Review into the following three categories, as agreed to with the City:
- a. **Compliant:** PO Transaction Support was provided and the following requirements¹⁶ were satisfied:
 - i. The PO Transaction Support aligned with the procurement method requirements set out in the Procurement Policies;
 - ii. The required approval(s) was in accordance with the FSA Policy; and
 - iii. The procurement of the goods/services either appeared, or was confirmed by the ROO, to be in relation to the ROO's operations.

¹⁵ The procurement methods are set out in further detail in *Section V. Understanding of Processes* (see paragraph 51).

¹⁶ The requirements are set out in further detail in *Section V. Understanding of Processes* (see paragraph 49 to 56).

- b. **Non-Compliant:** The PO Transaction Support was provided; however, one of more of the following requirements¹⁷ were noted:
- i. The PO Transaction Support did not align with the procurement method requirements set out in the Procurement Policies; and/or
 - ii. The required approval(s) was/were not in accordance with the FSA Policy; and/or
 - iii. The procurement of the goods/service did not appear to be aligned with the ROO's operations.
- c. **Exempted:** The PO Transactions selected for review fell under Schedule 1 Exemptions¹⁸ and were not subject to the Procurement Policies.

¹⁷ The requirements are set out in further detail in *Section V. Understanding of Processes* (see paragraph 49 to 56).

¹⁸ The Schedule 1 Exemptions are set out in further detail in *Section V. Understanding of Processes* (see paragraph 57).

V. Understanding of Processes

37. Set out below is our understanding of the processes that relate to the ROO's expense reimbursement and procurement lifecycle. Any recommendations identified with respect to these processes have been set out in *Section VII. Recommendations*.

Expense Review

38. We understand the following with respect to expenses incurred on behalf of the ROO, including Employees and Board Members:
39. Employee and Board Member expense reports are submitted when business-related expenses are incurred either through:
- a. *Corporate credit card* – issued to Employees with a demonstrated business need; or
 - b. *Out-of-pocket reimbursements* – Employees and Board Members seek reimbursement for ROO eligible business expenses that were paid by them personally.
40. The corporate credit card is automatically paid by the ROO on a monthly basis. All Employees are required to submit an expense report for their credit card transactions. Completed and approved expense reports must be submitted by the Employee to the Finance department by the 5th business day of the following month. Finance performs a reconciliation between the credit card statements and submitted expense reports to ensure transactions are accurately recorded in the accounting system. Discrepancies, if any, are followed up on by Finance with the respective Employee.
41. Completed and approved expense reports for out-of-pocket expenses must be submitted to the Finance department for review (no time period specified in the Expense Policies). Once reviewed, reimbursements (including per diems) are processed for payment via payroll deposit. In limited cases (e.g. reimbursements to Board Members), payment is made by cheque.

Required Documentation

42. The Expense Policies set out the following documentation requirements to support Expense Transactions:
- a. Employees and Board Members are required to submit completed and approved expense reports;
 - b. For all Expense Transactions, Employees and Board Members are required to retain original receipts, sales slips, or other relevant supporting documentation and include such documentation with their expense report;

- c. In cases where the original receipt is unavailable, a Missing Expense Receipt Form must be completed and signed by the Employee or Board Member; and
- d. For per diem reimbursements, Employees and Board Members are required to complete a per diem form that includes a detailed breakdown of the reimbursement, to be signed by the Employee or Board Member and subsequently approved by their direct supervisor or manager.

Nature of Expenditures

- 43. With respect to the nature of expenditures, other than those explicitly prohibited under the Expense Policies as set out below, there are no restrictions provided the expense supports the overall conduct of business at ROO. The following transactions are explicitly prohibited under the Expense Policies:
 - a. Purchases of a capital nature, unless prior written approval is obtained from ROO's Senior Management;
 - b. Personal purchases, regardless of the cardholder's intent to reimburse the ROO;
 - c. Payment of invoices using the corporate credit card¹⁹; and
 - d. Expenses already covered by the per diem travel allowance.
- 44. The Expense Policies set out specific requirements with respect to expenditures that are travel in nature, as follows:
 - a. Attendance by executive officers and employees at courses, meetings, workshops, seminars, training, conferences, conventions and retreats that involve travel requires approval from the CEO/CFO/COO or Director responsible for the employee;
 - b. Travellers may choose their means of travel. All costs, including accommodations, must be reasonable in relation to the distance travelled and must be the most economical;
 - c. The basis for ROO air travel is a direct, return flight at the lowest available fare; and
 - d. Business class travel to conduct ROO business is permissible for flights more than four hours in length, with approval from the CEO/CFO/COO.

¹⁹ Although payment of invoices via the corporate credit card is prohibited by the Expense Policies, we understand from the ROO that this requirement is not enforced due to operational requirements. Accordingly, this requirement has been excluded from our assessment of compliance and non-compliance as defined in *Section IV. Procedures Performed* (see paragraph 29).

Approval Requirements

45. The Expense Policies set out the following requirements for approval of Expense Transactions:
- a. Employees are required to have their expense reports approved by their direct supervisor and other specific approvers, set out as follows:
 - i. *Directors* - require approval from their respective General Manager (GM);
 - ii. *GM* - require approval from the Chief Executive Officer (CEO);
 - iii. *CEO* – requires approval from the Chief Financial Officer (CFO); and
 - iv. *Board Members* - require approval from the Director overseeing the Administrative function.
 - b. Employees and Board Members are required to have their per diem form approved by their direct supervisor/manager or the Director overseeing the Administrative function, respectively.
 - c. Approvers are required to evidence their approval by way of a signature on the applicable expense report or per diem form.

Business Purpose

46. The corporate credit card is to be used solely for expenditures that support the conduct of ROO business and a brief justification of the purchase must be included on the expense report.

Document Retention

47. The ROO does not have a document/data retention policy. Based on our discussions with ROO staff, it is expected that all supporting documentation be retained on file with respect to expense transactions; however, the Expense Policies do not specify the duration for which such documentation must be retained. The absence of a retention policy may result in instances where supporting documentation was available at the time of the transaction, however is subsequently unavailable for review.

Contract Review

48. We understand the following with respect to awarding of contracts (quotations, tenders, proposals and contracts) for the purchasing of goods and services on behalf of ROO:

ROO Operations

49. The ROO adheres to specific governance and accountability standards for the purchase of goods and services to ensure fiscal responsibility and transparency. Specifically, the ROO's Procurement Policies provide the guiding principles with respect to procurement decisions in relation to the ROO's operations for delivery of ROO programs.

Procurement Method Requirements

50. The Procurement Policies set out various procurement methods, categorized based on either dollar thresholds or specific circumstances. Dollar threshold-based procurement methods are determined by the total value of the procurement transaction, whereas circumstance-based procurement methods are applied when specific conditions exist, such as limited supply availability, cost-effectiveness considerations, or urgent operational requirements.
51. Set out in **Table 3** below is a summary of the procurement methods outlined in the Procurement Policies.

Table 3 – Procurement Methods set out in the Procurement Policies

Procurement Method	Identification criteria		Key requirements
	2011 Policy	2022 Policy	
Small Purchases • Local PO	Up to \$1,000	Up to \$2,500	<ul style="list-style-type: none"> Verify items are not in existing supply agreement. Verify items are not available from inventory. Verification that items are not capital in nature.²⁰ Purchaser to obtain competitive rates.
Verbal Price Quotations	\$1,001 – \$5,000	NA - removed	<ul style="list-style-type: none"> Minimum three businesses solicited. Records kept of businesses submitting quotations. Purchase Requisition used.
Written Price Quotations	\$5,001 – \$25,000	\$2,501 – \$25,000	<ul style="list-style-type: none"> Minimum of three informal written quotations. Records of all quotations maintained. Purchase Requisition used.
Formal Written Competitive Bid	\$25,001 – \$100,000	\$25,001 – \$100,000	<ul style="list-style-type: none"> Minimum three businesses solicited via formal quote. Written specifications are drafted. Joint review by Controller/finance designate and requesting department. Purchase Requisition used. Records shall be kept of all quotations.
Formal Publicly Tendered Competitive Sealed Bid	Over \$100,000	Over \$100,000	<ul style="list-style-type: none"> Formal competitive sealed-bid process via invitation to tender. Written specifications.

²⁰ Applicable under the 2011 Policy only.

Procurement Method	Identification criteria		Key requirements
	2011 Policy	2022 Policy	
			<ul style="list-style-type: none"> All bidders of major projects will be pre-qualified using an administrative process involving appropriate ROO staff and project consultants²¹. Developed formal publicly tendered contract.
Sole Source Procurement	Only one source available for required goods, services, or construction after review of available sources.		<ul style="list-style-type: none"> CEO or GM approval to waive competitive bidding process and award contract. Sole Source Justification form or equivalent written documentation.
Single Source Procurement	Multiple sources exist, but one is recommended as more cost-effective or beneficial to the ROO.		<ul style="list-style-type: none"> CEO or GM approval to waive competitive bidding process and award contract. Report or memo outlining rationale required.
Emergency Purchases	Immediate and serious need that cannot reasonably be met through standard procedures.		<ul style="list-style-type: none"> CEO or GM approval; Written determination of emergency basis.. Competition as practical under circumstances.
Change Orders	Modifications to existing contracts during performance.		<ul style="list-style-type: none"> If contract includes modification provisions, no fixed contract can be increased by more than 10% of original contract value without advance approval. Total contract cost (including modifications) determines approval level.

52. The ROO does not have a document/data retention policy. Based on our discussions with ROO staff, it is expected that all supporting documentation be retained on file with respect to the purchasing of goods and services on behalf of the ROO. The Procurement Policies note the following with respect to record retention:

- a. *Verbal Price Quotations* – ‘Records shall be kept of the names of businesses submitting quotations’ (2011 Policy only).
- b. *Written Price Quotations* – ‘Records shall be kept of all quotations’.
- c. *Formal Written Competitive Bid Method* - ‘Records shall be kept of all quotations’.
- d. *Executed Contracts* – ‘All contracts executed pursuant to this Policy shall be delivered to the Controller for safekeeping’.

²¹ The Procurement Policies do not contain a definition of what constitutes "major projects". The ROO advised us that there are no formal guidelines as to what constitutes a major project; however, it is generally determined based on several factors which may include dollar value, scope, or organizational strategic impact. Due to the lack of formal definition/guidelines, we are unable to assess compliance with respect to the pre-qualification requirement for major projects. See *Section VII. Recommendations* (see paragraph 121) for our recommendation to address this matter.

Approval Requirements

53. With respect to who has signing and approval authority for the awarding of contracts, the ROO adheres to the FSA Policy. The FSA Policy sets out the commitment authority level for transactions against the ROO's expense accounts. The FSA Policy is in accordance with the Procurement Policies' Application section which states the following: '*Subject to the authorities and limitations stipulated in the Richmond Olympic Oval Corporation Financial Signing Authorities Policy 3000.*' We noted, however, that the Procurement Policies contain authority approval thresholds that are inconsistent with the thresholds reflected in certain versions of the FSA Policy in effect during the Contract Period of Review. We were advised by the ROO that the FSA Policy takes precedence over any authority limits reflected in the Procurement Policies for determining who is authorized to approve contracts. As such, for purposes of conducting our assessment, we used the approval authorities reflected in the FSA Policy.
54. During the Contract Period of Review, the ROO had five versions of the FSA Policy in effect. The FSA policies that are applicable based on our samples selected for review are as follows (collectively referred to herein as, the FSA Policies)²²:
- a. December 1, 2016 (2016 FSA Policy);
 - b. April 19, 2017 (2017 FSA Policy); and
 - c. April 22, 2021 (2021 FSA Policy).
55. The key differences between the various versions of the FSA Policies relate to changes made by the ROO to dollar thresholds and signature requirements.
56. Set out in **Table 4** and **Table 5** below are the expense limits and the commitment authority levels, as reflected in the FSA Policies applicable for our review.

Table 4 – 2016 FSA Policy and 2017 FSA Policy: Expense Limits and Commitment Authority

Expense Limits	Commitment Authority Level
Less than \$1,000	One signature from: Program Manager / Department Manager
\$1,001–\$2,500	Two signatures from: Program Manager and Department Manager
\$2,501–\$50,000	Two signatures from: Oval Executives
\$50,001–\$100,000	Three signatures from: Two Oval Executives and One of CEO / CFO
Greater than \$100,000	Four signatures from: Two Oval Executives, One of CEO / CFO, and the Board/Committee Chair

²² FSA Policies dated December 8, 2010 (2010 FSA Policy) and August 21, 2024 (2024 FSA Policy) were not applicable as the dates of the PO samples were outside these time periods.

Table 5 – 2021 FSA Policy: Expense Limits and Commitment Authority

Expense Limits	Commitment Authority Level
Less than \$2,500	One signature from: Program Manager / Manager / Director / SM / GM / CFO / CEO
\$2,501–\$25,000	One signature from: Director / SM / GM / CFO / CEO or Two signatures from: Program Manager and Manager
\$25,001–\$50,000	One signature from: GM / CFO / CEO or Two signatures from: Manager and Director / SM
\$50,001–\$100,000	One signature from: GM / CFO / CEO
Greater than \$100,000	Three signatures from: GM, CEO, and Board/Audit Finance Committee Chair (AFC Chair) or CFO, CEO and Board/AFC Chair

Schedule 1 Exemptions

57. Goods and services that are not subject to the Procurement Policies are reflected in Schedule 1 of the policy (Schedule 1 Exemptions) and include the following:
- a. Training and education;
 - b. Labour relations expenses;
 - c. Refundable employee expenses;
 - d. Employer's general expenses;
 - e. Licenses, certificates;
 - f. Ongoing maintenance and service contracts for proprietary equipment, computer hardware and software;
 - g. Other professional and special services;
 - h. Utilities; and
 - i. Original equipment manufacturers parts for maintenance, repairs and operations.

VI. Detailed Findings

58. Based on *Section IV. Procedures Performed*, and subject to our *Restrictions and Qualifications* set out in **Appendix A**, set out below are our detailed findings as they relate to the Expense and Contract Reviews.

Expense Review

59. *Credit card transactions* - Based on our review of the monthly corporate credit card statements²³ for the 48 Employees, corporate credit card charges incurred totaled \$3,339,465 for the Period of Review.

60. *Out-of-pocket reimbursements* - Based on our review of the REIMBU reports received, out-of-pocket expenses paid by the ROO to 352 Employees and Board Members totaled \$584,849 for the Period of Review.

61. As set out in **Table 6** below, PwC selected a combined total of 486 Expense Transactions, totaling \$735,162 for purposes of assessing adherence to the requirements set out in the Expense Policies.

Table 6 – Summary of Expense Review Sample and Population

Method of Expenditure	# of Samples	Value of Samples (\$)	Value of Total Population (\$)	% of Value of Samples vs Population
Credit Card	426	666,875	3,339,465	20%
Out of Pocket	60	68,287	584,849	12%
Total	486	735,162	3,924,314	19%

Expense Transactions Analysis

62. A total of 48 Employees were issued corporate credit cards during the Period of Review. PwC performed data analytics on the corporate credit card transaction data and noted the following high-level observations:

- a. The highest level of credit card activity occurred in 2023, with total charges of \$427,016 (representing 13% of total credit card charges during the Period of Review). The lowest activity was observed in 2012, the year the corporate credit card program was first established, with total charges of \$75,560 (representing 2% of total credit card charges during the Period of Review). A detailed breakdown of annual activity is provided in **Appendix B**.

²³ The monthly credit card statements for May and June 2014 were not available; as such, our analysis did not include corporate credit card expenses that were incurred during these two months.

- b. Ten Employees accounted for \$2,249,805 (67%) of total corporate credit card activity during the Period of Review. Among these, the highest spenders were two executive assistants, who are responsible for the coordination of travel-related arrangements.
 - c. The largest category of credit card expenses incurred during the Review Period was attributed to travel, totaling \$806,873 and representing approximately 24% of total credit card charges.
 - d. Corporate credit card activity during the Period of Review to the ROO's top ten vendors totalled \$936,364, accounting for approximately 28% of total credit card charges. Airlines, namely Air Canada and Lufthansa, accounted for \$387,195 of this total. A summary of the ROO's credit card charges by top ten vendor is provided in **Appendix C**.
 - e. PwC identified instances where certain ROO employees held more than one corporate credit card concurrently. We understand from the ROO that in certain instances, employees were issued two cards due to distinct project responsibilities and for cost accounting purposes. For example, an employee supporting both the ROO's day-to-day operations and VROX activities associated with the development of the ROX museum would have been issued separate credit cards.
63. The above high-level observations relate to ROO's credit card transactions. Due to the absence of transaction-level detail with respect to the ROO's reimbursement of out-of-pocket expenses (e.g. expense date, nature, and itemization in one location), we were unable to assess spending patterns or perform detailed analysis for the ROO's out-of-pocket expenses, as was done for the credit card data.

Expense Review Findings by Compliance Category

64. Set out in **Table 7** below is a summary of our findings, by compliance category, for the 486 Expenses Transactions, totaling \$735,162, assessed for adherence to the Expense Policies.

Table 7 - Expense Review Findings by Compliance Category

Compliance Category ²⁴	# of Samples	Value of Samples (\$)	% of Value of Samples	Par Ref.
Compliant	339	492,487	67%	65
Non-Compliant	101	215,263	29%	66-70
Unable to Determine	46	27,412	4%	71
Total	486	735,162	100%	

²⁴ Category definitions are reflected in *Section IV. Procedures Performed* (see paragraph 29) of the Report.

Compliant

65. As summarized in **Table 7** above, we identified and categorized \$492,487 of the Expense Transactions (339 samples) as *Compliant*, representing approximately 67% of the total expenditures sampled. These Expense Transactions met the requirements for Compliant, as set out in *Section IV. Procedures Performed* (see paragraph 29).

Non-Compliant

66. As summarized in **Table 7** above, we identified and categorized \$215,263 of Expense Transactions (101 samples) as *Non-Compliant*, representing approximately 29% of the total expenditures sampled. These Expense Transactions did not adhere to the requirements of the Expense Policies for one of three reasons: the expenses were ineligible, they lacked the required approval(s) or they were personal in nature.

67. Set out in **Table 8** below is a breakdown of the *Non-Compliant* Expense Transactions based on our assessed nature of the non-compliance category.

Table 8 - Non-Compliant Expense Transactions by Category

Non-Compliant Category	# of Non-Compliant Samples	Value of Non-Compliant Samples (\$)	% of Value of Non-Compliant Samples	Par Ref.
Ineligible charges	45	132,559	62%	68
Lacked required approval	46	80,523	37%	69
Personal expenses	10	2,181	1%	70
Total	101	215,263	100%	

Ineligible charges

68. During our analysis, we identified ineligible expenses totaling \$132,559 that were prohibited by the Expense Policies. These prohibited expenses consisted of the following:

- a. *Capital purchases (\$131,931)* - as set out in the Expense Policies and described in *Section V: Understanding of Processes* (see paragraph 43 a.), using the corporate credit card for purchases that are capital in nature is prohibited unless prior written approval is obtained from ROO Senior Management. PwC identified 43 Expense Transactions totaling \$131,931 for capital purchases incurred on the corporate credit card for which there was no evidence of prior written approval from Senior Management. We further noted that where required, in all but one instance, there was approval (via a purchase order) for the purchase of the capital item itself. Accordingly, the non-compliance noted herein is a result of the method of payment (corporate credit) used for procuring the capital items, which is prohibited per the Expense Policies.

- b. *Unsubstantiated Business Purpose (\$470)* - as set out in the Expense Policies and described in *Section V: Understanding of Processes* (see paragraph 46), the ROO's corporate credit cards are to be used solely for expenditures that support the conduct of the ROO business operations. PwC identified one Expense Transaction totaling \$470 for which its nature could not be substantiated as business-related.
- c. Per diem charges (\$158) - as set out in the Expense Policies and described in *Section V: Understanding of Processes* (see paragraph 43 d.), the use of the credit card for expenses already covered by the per diem travel allowance is prohibited. PwC identified one Expense Transaction totaling \$158 that was also covered by a per diem received. The ROO advised us that the charge had already been repaid by the respective employee.

Lacked required approval

69. Based on our analysis, we identified Expense Transactions totaling \$80,523 that did not adhere to the approval procedures as set out in the Expense Policies. These Expense Transactions included the following:
- a. *Absence of Approval (\$44,581)* - as set out in the Expense Policies and described in *Section V: Understanding of Processes* (see paragraph 45 c.), expense reports must be approved as evidenced by a signature. We identified 31 Expense Transactions totaling \$44,581 that lacked approval.
 - b. *Self-Approval (\$34,563)* - as set out in the Expense Policies and described in *Section V: Understanding of Processes* (see paragraph 45 a.), all Employees must obtain signed approval from their direct supervisor (or other specific approvers, as noted in the policies). PwC noted 13 transactions totaling \$34,563 that were self-approved. These transactions involved expenses incurred by an executive-assistant on behalf of a senior executive, for which the same executive then approved the expenses as part of the approval process.
 - c. *Incorrect Approver (\$1,379)* - as set out in the Expense Policies and described in *Section V: Understanding of Processes* (see paragraph 45 a. iii.), all expenses incurred by the CEO must be authorized by the CFO. PwC identified two Expense Transactions, totaling \$1,379 where CEO expenses were approved by the COO instead of the CFO. Per our discussion with the ROO, we were advised that this required procedure pursuant to the Expense Policies does not align with the ROO's established current practices, and that the policies should be updated for current state. PwC further notes that CEO expenditures should be approved by an independent party, typically the Board. See *Section VII. Recommendations* (see paragraph 104) for our recommendation to address this matter.

Personal expenses

70. As set out in the Expense Policies and described in *Section V: Understanding of Processes* (see paragraph 43 b.), personal purchases are explicitly prohibited, even if the cardholder intends to reimburse ROO for the expense. During our analysis, we identified ten transactions totaling \$2,181 that were personal in nature and unrelated to ROO's operations. Based on our discussions with the ROO and documentation reviewed, all such transactions were previously identified by the ROO and repaid by the employees that incurred the expense.

Unable to Determine

71. As summarized in **Table 7** above, we identified and categorized \$27,412 of the Expense Transactions (46 samples) as *Unable to Determine*, representing approximately 4% of the total expenditures sampled.
- a. 24 Expense Transactions involving 12 Employees or Board Members, totaling \$16,132, had no supporting documentation available for review; and
 - b. 22 Expense Transactions totaling \$11,280 had supporting documentation, however it was insufficient to determine the business purpose of the expenditure. As such, we were unable to assess for compliance in accordance with the Expense Policies.

Findings Related to European trips in October 2022

72. During the Period of Review, 112 Expense Transactions totaling \$77,787 were incurred relating to trips by ROO Employees or Board Members to Barcelona and Switzerland. From our discussion with the ROO, these trips were business related and undertaken in October 2022 for the purpose of visiting the Barcelona Olympic Museum and the International Olympic Committee Museum in Lausanne, Switzerland (the European Trips).
73. Given the heightened attention surrounding the European Trips and as discussed with the City, we obtained and reviewed a detailed breakdown of expenses incurred by each traveller participating in the European Trips. In addition, we reviewed the ROO Board meeting minutes dated August 17, 2022. We included in our sample of Expense Transactions expenditures totaling \$39,438 related to the European Trips (representing 51% of the total expenses for the European Trips).
74. Set out in **Table 9** below is a breakdown, by Employee and/or Board Member, of the European Trip expenses selected for review as part of the Expense Transactions.

Table 9 – European Trip Expense Transactions by Employee / Board Member

Employee / Board Member	Title	Value of Samples (\$)
Chris Gear	Board Member	6,602
Christine Nesbitt	Board Member	7,671
Gail Terry	Board Member	2,377
George Duncan	CEO	8,052
Gerry De Cicco	Managing Director	6,186
Gregory Huzar	Richmond Olympic Experience Manager	941
Lucas Duncan	Project Manager	941
Serena Lusk	Chief Administrative Officer	6,668
Total		39,438

75. Set out in **Table 10** below is a breakdown, by type of expense, of the European Trip expenses selected as part of the Expense Transactions.

Table 10 – European Expense Transactions by Expense Type

Expense Nature	Value of Samples (\$)
Airfare	26,262
Accommodation	9,142
Per Diem	3,548
Entertainment	486
Total	39,438

76. Set out below are our findings with respect to the European Trips.

a. Expense Transactions - European Trips

- i. *Compliant (\$32,897)* - We identified and categorized \$32,897²⁵ (83% of sample selected) of the European Trip expenses as *Compliant*. These expenses included all expense types noted above (airfare²⁶, accommodation, per diem and entertainment).

Non-Compliant (\$6,541) - We identified and categorized \$6,541²⁷ (17% of sample selected) of the European Trip expenses as *Non-Compliant* due to the fact that the expenditures were self-approved (see paragraph 69 b.).

²⁵ This \$32,897 is included in the *Compliant* category total of \$492,487 set out in Table 7 (paragraph 64).

²⁶ Included in airfare is business class travel, further details of which are set out in paragraph 80.

²⁷ This \$6,541 is included in the *Non-Compliant* category total of \$215,263 set out in Table 7 (paragraph 64).

- b. ROO Board meeting minutes dated August 17, 2022 (the Minutes)
 - i. The Minutes approved the establishment of the ROX Committee (the Committee). The Committee was established to review plans, budgets, exhibits, and simulator proposals, and to maintain and establish strategic alliances with the International Olympic Committee (IOC) and Canadian Olympic Committee (COC).
 - ii. The minutes did not specifically reference the European Trips; however, the Committee provides general support for Olympic-related travel, including travel related to the ROX.
- 77. Per our discussions with the ROO, they advised us that there was no separate budget prepared for the European Trips as the associated travel costs formed part of the ROO's operating expenses.
- 78. Based on *Section IV. Procedures Performed* and subject to our *Restrictions and Qualifications* set out in **Appendix A**, for the Expense Transactions reviewed, while we noted instances of non-compliance with certain of the Expense Policies, we did not find evidence of financial impropriety with respect to these transactions.

Findings Related to Policy and Control Enhancements

- 79. Set out below are additional findings identified during the Expense Review. The Expense Transactions associated with these findings were assessed as *Compliant*; however, these findings represent areas where policy clarification and enhanced documentation are recommended.

Expense Policy Enhancement - Business Class Travel

- 80. The Expense Policies state that travel to conduct ROO business requires approval from the CEO/CFO/COO or Director responsible for the employee. Further, business class travel, in excess of four hours, requires approval of the CEO/CFO/COO. The policies do not specify the required form of approval, i.e. verbal versus written. We identified certain ROO travel expenses incurred by ROO Employees and Board Members, including business class travel in excess of four hours, where there was no written approval provided. We understand from Mr. Hsu that verbal approval was provided for these expenditures. We have categorized these transactions as *Compliant* given verbal approval was obtained and in the absence of the Expense Policies dictating the required form of approval. See *Section VII. Recommendations* (paragraph 105) for our recommendation to address this matter.

Expense Policy Enhancement - Approval

- 81. The Expense Policies state that approval is required for all expense reports. The policies do not explicitly state the required form of signature approval, i.e. handwritten, digital/electronic or typed signature. From our review of the supporting documentation, we observed that the prevailing practice was for approvers to provide their handwritten signature evidencing approval of the expense reports.

We identified expense reports, totaling \$17,333, that were approved with a typed signature instead of handwritten approval. We have categorized these transactions as *Compliant* in the absence of the Expense Policies dictating the required form of signature approval. See *Section VII. Recommendations* (paragraph 106) for our recommendation to address this matter.

Expense Policy Enhancement – Gifts/Gift Cards, Alcohol, Meals/Entertainment and Sponsorships

82. As set out below, our analysis identified expenditures related to gifts and gift cards, alcohol and meals, entertainment and sponsorships. While these expenditures have been categorized as *Compliant* based on the current wording in the Expense Policies, as noted below clearer policy guidance is recommended to ensure consistent application and to reduce potential reputational risks to the ROO and the City.
- a. *Gift and gift card expenses* included items such as gift cards for client and employee recognition. While the Expense Transaction Support included what appeared to be a valid business purpose, we recommend that the ROO adopt clearer policy guidance regarding the permissibility of gift related expenses. See *Section VII. Recommendations* (paragraph 107) for our recommendation to address this matter.
 - b. Alcohol expenses included purchases related to retreat expenses and refreshments. While the Expense Transaction Support included what appeared to be a valid business purpose, given the required accountability and transparency with respect to the use of public funds, we recommend that the ROO adopt clearer policy guidance on when/if these expenses are permissible. See *Section VII. Recommendations* (paragraph 108) for our recommendation to address this matter.
 - c. Meals and Entertainment and Sponsorships were noted within the Expense Transactions reviewed. While the Expense Transaction Support included what appeared to be a valid business purpose for the item, we recommend that the ROO adopt clearer policy guidance in these areas to ensure accountability, transparency, and the appropriate use of public funds. See *Section VII. Recommendations* (paragraph 109) for our recommendation to address this matter.

Contract Review

83. PwC selected 48 PO Transactions, from a population of 2,482²⁸, for purposes of assessing adherence to the requirements set out in the Procurement Policies. Note that six of the POs were identified and confirmed Schedule 1 Exemptions²⁹, and one PO was cancelled by ROO as the procurement was no longer needed. As a result, 41 PO Transactions were assessed for adherence to the Procurement Policies.

²⁸ This sample size was discussed with the City, taking into account budgetary considerations and the primary focus of our work being on the Expense Transactions.

²⁹ The six Exempted POs met the criteria noted in *Section V. Understanding of Processes* (see paragraph 57). They occurred within the sample selections in the following years: 2018 (2), 2019 (1), 2021 (1), 2023 (1), and 2024 (1).

Contract Review Findings by Compliance Category & Procurement Method

84. Set out in **Table 11** below is a summary of our findings, by compliance category, for the 41 PO Transactions assessed for adherence to the Procurement Policies.

Table 11 - Procurement Review Findings by Compliance Category

Compliance Category ³⁰	# of Samples	% of Sample Population	Par Ref.
Compliant	32	78%	86
Non-Compliant	9	22%	87-90
Total	41	100%	

85. Set out in **Table 12** below is a summary of our findings, by procurement method, for the 41 PO Transactions assessed for adherence to the Procurement Policies.

Table 12 – Procurement Review Findings by Procurement Method

Procurement Method ³¹	# of Compliant Samples	# of Non-Compliant Samples	# of Total Samples
Small Purchases - Local PO	1	-	1
Verbal Price Quotations	-	1	1
Written Price Quotations	1	1	2
Formal Written Competitive Bid	1	5	6
Formal Publicly Tendered Competitive Sealed Bid	2	-	2
Sole Source Procurement	6	-	6
Single Source Procurement	14	2	16
Emergency Purchases	1	-	1
Change Orders	6	-	6
Total	32	9	41

Compliant

86. As summarized in **Table 11** above, we identified and categorized 32 PO Transactions as *Compliant*, representing approximately 78% of the total POs sampled. These PO Transactions met the requirements for *Compliant*, as set out in *Section IV. Procedures Performed* (see paragraph 36).

³⁰ Category definitions are reflected in *Section IV. Procedures Performed* (see paragraph 36) of the Report.

³¹ Procurement method definitions are reflected in *Section V: Understanding of Processes* (see paragraph 51) of the Report.

Non-Compliant

87. As summarized in **Table 11** above, we identified and categorized nine PO Transactions as *Non-Compliant*, representing approximately 22% of the total POs sampled. These PO Transactions did not adhere to the requirements of the Procurement Policies and/or FSA Policies for one of two reasons: the POs lacked required supporting documentation or they lacked the required approval(s).
88. Set out in **Table 13** below is a breakdown of the *Non-Compliant* PO Transactions based on our assessed nature of the non-compliance category.

Table 13 - Non-Compliant PO Transactions by Category

Non-Compliant Category	# of Non-Compliant Samples	% of Non-Compliant Samples	Par Ref.
Lack of Required Documentation	7	78%	89
Insufficient/Improper Signing Authority	2	22%	90
Total	9	100%	

Lack of required documentation

89. Based on our analysis, we identified seven PO Transactions that did not adhere to the documentation requirements as set out in the Procurement Policies. These Procurement Transactions included the following:
- a. *Missing Quotations*: The Procurement Policies require procurements within specific dollar thresholds to have a minimum of three quotations solicited from businesses and retained on file. PwC identified seven PO Transactions where the required quotations were not available for review. Additional details with respect to these POs are as follows:
 - i. Five PO Transactions related to Formal Written Competitive Bid procurements (PO values between \$25,001 and \$100,000) where the required formal quotations from a minimum of three businesses were not retained;
 - ii. One PO Transaction related to a Written Price Quotation (PO values between \$5,001 to \$25,000) where the required written price quotations from a minimum three businesses were not retained; and
 - iii. One PO Transaction related to a Verbal Price Quotations (PO value between \$1,001 and \$5,000 under the 2011 Policy) where records of the three required price quotations were not retained.

See *Section VII. Recommendations* (paragraph 115) for our recommendation to address this matter.

Insufficient/Improper Signing Authority

90. As set out in the Procurement Policies, Sole Source and Single Source procurements require CEO or GM approval to waive the competitive bidding process and award a contract. We identified two Single Source POs where no approval appears to have been obtained from the CEO or GM as required. See *Section VII. Recommendations* (paragraph 116) for our recommendation to address this matter.

Compliance Analysis by Year

91. Set out in **Table 14** below is a breakdown of the *Compliant* and *Non-Compliant* PO samples by year across the Contract Period of Review. This analysis was performed to identify whether there were any patterns in compliance/non-compliance over time. As noted, the majority of non-compliance instances occurred in the earlier years of the Contract Period of Review, particularly in 2017 and 2018.

Table 14 - Compliance Analysis by Year per the Contract Period of Review

Year	Compliant		Non-Compliant		# of Samples Assessed ³²
	# of Samples	% of Sample Population	# of Samples	% of Sample Population	
2017	2	25%	6	75%	8
2018	2	67%	1	33%	3
2019	7	100%	-	-	7
2020	3	100%	-	-	3
2021	3	100%	-	-	3
2022	9	90%	1	10%	10
2023	1	100%	-	-	1
2024	5	83%	1	17%	6
Total	32		9		41

92. Based on *Section IV. Procedures Performed* and subject to our *Restrictions and Qualifications* set out in **Appendix A**, for the Procurement Transactions reviewed, while we noted instances of non-compliance with certain of the Procurement Policies, we did not find evidence of financial impropriety with respect to these transactions.

³² The six Exempted POs occurred within the sample selections in the following years: 2018 (2), 2019 (1), 2021 (1), 2023 (1), and 2024 (1).

Findings Related to Policy and Control Enhancements

93. Set out below are additional findings identified during the Contract Review. The PO Transactions associated with these findings were assessed as *Compliant*; however, these findings represent areas where policy clarification, enhanced documentation, or strengthened controls are recommended.

Approval Authority Inconsistencies

94. We identified inconsistencies between the approval requirements set out in the Procurement Policies and those reflected in certain versions of the FSA Policies. While the Procurement Policy approval requirements aligned with the 2010 FSA Policy requirements, they did not with the 2016, 2017 and 2021 FSA Policies in existence during the Contract Period of Review.

95. Specifically, we noted the following inconsistencies between the Procurement Policies and the FSA Policies:

a. Number of Required Signatures: Certain of the FSA Policies differ from the Procurement Policies in terms of the number of required signatures for certain procurement dollar thresholds outlined in the Procurement Policies. Examples include the following:

i. For procurements valued between \$1,001 and \$25,000, the Procurement Policies require two signatures, whereas the 2016/2017 FSA Policies require either one or two signatures depending on the approvers' roles, and the 2021 FSA Policy permits a single signature; and

ii. For procurements valued between \$50,001 and \$100,000, the Procurement Policies require two signatures, while the 2016/2017 FSA Policies require three signatures, and the 2021 FSA Policy requires only one signature.

iii. The roles designated as authorized signatories differ between certain of the FSA Policies and the Procurement Policies. The Procurement Policies reference specific positions (e.g. Controller, Assistant GM, Director ACS) that align with the 2010 FSA Policy structure, while subsequent FSA Policies reference different role categories (e.g. Program Manager, Senior Manager, Director).

96. While these inconsistencies did not impact our compliance assessment (as the FSA Policy takes precedence), maintaining conflicting authority levels across multiple policies may create confusion for staff when determining the appropriate approval process. See *Section VII. Recommendations* (paragraph 117) for our recommendation to address this matter.

Segregation of Duties

97. During our Contract Review, we noted that for one PO Transaction, the requester and approver were the same individual. We note there is no clause in the FSA Policies or the Procurement Policy prohibiting a person from providing the authority as both the requester and approver, provided they have the appropriate authority level. The PO Transaction was deemed *Compliant* as the individual had the appropriate authority level pursuant to the FSA Policies. See *Section VII. Recommendations* (paragraph 118) for our recommendation to address this matter.

Grant Disbursements and Community Sponsorships

98. During our Contract Review, we identified PO samples related to community sponsorships and event support disbursements. These included cash sponsorships to community organizations and Open POs that granted discretionary spending authority to management for event support funding. The PO Transactions were deemed *Compliant* as the requirements set out in *Section IV. Procedures Performed* (see paragraph 36) were satisfied.

99. We note that grants and sponsorships differ from the acquisition of goods and services, as the underlying intent of the transaction is different, as follows:

- a. *Grants/Sponsorships* - generally aimed at supporting a cause, project or receiving exposure.
- b. *Acquisition of Goods & Services* - a commercial transaction to directly acquire specific goods or services for the purchasers own use.

100. The Procurement Policies do not explicitly address the documentation and process expectations for grant disbursements and community sponsorships, nor does the ROO have a separate Grants and Sponsorship Policy. See *Section VII. Recommendations* (paragraph 119) for our recommendation to address this matter.

Acting Position Authority

101. During our Contract Review, we noted instances where individuals serving in acting positions (e.g. acting GM or acting CEO) approved PO Transactions. Signatory roles were not documented on the PO Transaction Support; however, upon request, the ROO confirmed the identity and roles of the signatories. We noted the following related to acting position authority:

- a. *Lack of Policy Guidance for Acting Positions* - the Procurement Policies and the FSA Policies do not contain clauses addressing signing authority for individuals in acting or temporary leadership positions, nor do they require formal documentation of acting appointments. See *Section VII. Recommendations* (paragraph 120) for our recommendation to address this matter.

- b. *Single/Sole Source Approval Documentation* - the current Single Source and Sole Source Justification Forms are required to be approved by the CEO or GM; however, we noted that the forms themselves do not include a designated area for CEO or GM sign-off, nor do they capture the signatory's title at the time of approval. This limits the ability to verify whether the appropriate level of authority reviewed and authorized the procurement, particularly in cases where individuals may have been serving in acting capacities. See *Section VII. Recommendations* (paragraph 120) for our recommendation to address this matter.

VII. Recommendations

102. Set out below are our recommendations from each of the Expense and Contract Review, for the City's consideration and discussion with the ROO. These recommendations are based on *Section IV. Procedures Performed Section VI. Detailed Findings* and are subject to our *Restrictions and Qualifications* set out in **Appendix A**.

Expense Review

103. Set out below are our recommendations from the Expense Review.

Expense Policy Revision – Approval of CEO Expenses

104. Currently, the Expense Policies require that all expenses incurred by the CEO be authorized by the CFO. To ensure proper governance and avoid conflicts of interest, we recommend that the CEO's expenses be reviewed and approved by an independent party, which would typically be the Board. The ROO should revise its Expense Policy for this requirement as it will assist in providing independent oversight and maintain financial accountability.

Expense Policy Enhancement – Business Class Travel

105. Currently, the Expense Policies state that travel to conduct ROO business requires approval from the CEO/CFO/COO or Director responsible for the employee; however, the policies do not specify the required form of approval (i.e. verbal versus written). We recommend that the ROO update the Expense Policies to require written approval for all travel, and that this written approval be included as supporting documentation with the expense report.

Expense Policy Enhancement – Approval of Expense Reports

106. Currently, the Expense Policies state that all expense reports must be approved, but do not explicitly state the required form of approval. We recommend that the ROO consider revising the Expense Policies to provide specificity and clarity on the format of the required approval. We further recommend that approval for expense reports be provided in a format that provides a clear audit trail. Organizations typically obtain the required approvals through an automated expense management software (e.g. Concur, SAP), formalized email approval, or with verifiable electronic signatures, such as DocuSign.

Expense Policy Enhancement – Gifts/Gift Cards, Alcohol, Meals/Entertainment and Sponsorships

107. Currently, the Expense Policies do not provide clear guidance regarding the permissibility of gift related expenses. The use of gifts cards is similar to using cash, which is considered higher risk due to the potential for misuse. If the purchase and issuance of gift cards and/or gifts is required by the ROO for business purposes, we recommend that the ROO develop a formal policy governing their purchase and usage. The policy should outline the entire life cycle of the gift card, from purchase and storage to distribution and required tax reporting.
108. Currently, the Expense Policies do not provide clear guidance regarding the permissibility of alcohol expenditures. This creates risk for the ROO and the City, given expectations for accountability and transparency in the use of public funds. We recommend that the ROO assess under which circumstances (e.g. business events), if any, alcohol expenses are permissible for reimbursement, and establish a formal policy to reflect their position.
109. Currently, the Expense Policies do not provide clear guidance regarding meals and entertainment or sponsorships. This creates risk for the ROO and the City, given expectations for accountability and transparency in the use of public funds. We recommend that the ROO establish clear policy guidance on what qualifies as a reasonable meals and entertainment expense. Additionally, we recommend that funds used for sponsorships be pre-approved and that specific guidance with respect to recipients and dollar limits be set out within the Expense Policies.

Expense Policy Enhancement – Other

110. Currently, the Expense Policies do not provide clear guidance as to what supporting documentation is required for expenditures. Without such a definition, there may not be consistent application of acceptable supporting documentation standards. We recommend that the ROO update the Expense Policies to set out a clear definition of an 'itemized receipt', specifying it as a detailed document from a third party that identifies the individual items or services purchased (e.g, invoices, statements or detailed receipts).

Other Recommendations – Corporate credit cards

111. We understand that the ROO last reviewed and revised the CCCM in March 2022. A policy/manual is most effective when it reflects the realities of the current business landscape (e.g. business practices, operational requirements, etc.). We recommend that the ROO conduct periodic reviews of the CCCM and make the necessary revisions (e.g. scenarios where employees are issued multiple cards for distinct projects or operational purposes). In addition, the CCCM should reflect the date of last review/revision.

112. We recommend that the ROO provide mandatory training to employees who have been issued credit cards on topics reflected in the Corporate Commercial Card Manual (CCCM) to ensure that employees are aware of their fiduciary responsibility with respect to spending public funds. Topics could include, but are not limited to, policy requirements (e.g. eligible expenses, approvals, supporting documentation, etc.), fraud, waste and abuse. Employees should be required to sign an acknowledgment of the CCCM upon card issuance and when the manual is revised. Records of signed acknowledgements should be maintained by Finance/HR, to evidence that the employee was informed of the rules and the consequences for misuse.
113. We recommend that the ROO implement a periodic review process, at a minimum annually, to assess whether corporate credit cards are still required for each cardholder and whether credit limits remain appropriate based on the employee's role and spending patterns. This procedure will assist in mitigating the risk of loss from unauthorized or unnecessary spending.

Contract Review

114. Set out below are our recommendations from the Contract Review.

Documentation Retention

115. For seven of the PO Transactions selected for review, PO Transaction Support was not available. We further understand that the ROO does not have a record retention policy. A policy of this nature is a critical governance tool that outlines how an organization manages its data. We recommend that the ROO consider creating and implementing a record retention policy to ensure retention and preservation of electronic and hardcopy documents. Specific to the Procurement Policy, ROO should ensure that the requirement for record retention applies to all procurement methods and that required documentation be retained, including but limited to the following:
- a. Needs Assessments;
 - b. Solicitation – Request for Proposals (RFP), Request for Quotations (RFQ), Request for Information (RFI) and bid request notices;
 - c. Vendor Submissions – All bids, proposals and quotes received (including unsuccessful bidders);
 - d. Evaluation Records – Conflict of Interest Declarations, scoring sheets, evaluation criteria, selection committee meeting notes and rejection letters;
 - e. Exemption Justification – documentation for non-competitive awards (i.e. sole/single source procurement); and
 - f. Contracts – Signed purchase requisitions, budgetary sign-off, signed contracts/POs, signed amendments/change orders.

Policy Enhancements: Signing Authority

116. During our Contract Review, we identified instances where PO Transactions lacked the required approvals pursuant to the FSA Policy, including two Single Source procurements where CEO or GM approval was not evidenced. Obtaining proper approvals in accordance with the FSA Policy is a fundamental requirement to ensure that procurement decisions are made fairly and openly, and that a structured approval process was followed to identify who authorized each purchase. We recommend that the ROO consider implementing the following procedures, which address the approvals, as well as other enhancements to ensure that the proper authorization is obtained and retained on file pursuant to the FSA Policy:

- a. *Compliance Checklist* – many organizations utilize a checklist for all of their procurement methods to ensure that all mandatory steps, including signed approvals, are present prior to contract award. The ROO should consider implementing such a procedure.
- b. *Internal Audit Testing*– the ROO should consider including periodic testing of procurement files as part of its risk-based audit program. This will verify that the proper level of authority was obtained and sufficient support is retained on file.
- c. *Automated Approvals* – procurement is the cornerstone of an organization’s operations. Organizations are shifting towards procurement automation as it provides several benefits including efficiency (reducing bottlenecks by instantly seeking approver based on pre-set rules), enforced compliance (stop non-compliant requests), an enhanced audit trail (permanent digital record) and fraud mitigation (enforces segregation of duties). The ROO should consider conducting a cost-benefit analysis with respect to the acquisition and implementation of procurement automation.
- d. *GM/CEO Approval* - the Procurement Policies require GM or CEO approval for Sole Source and Single Source. During our Contract Review, we noted that the current Single Source and Sole Source Justification Forms only contain a section for the requestor's name and approval, and does not include a designated area for CEO or GM sign-off. The ROO should consider revising the form to include a dedicated approval section for the CEO or GM (name, signature, date, title) to strengthen internal controls, ensure policy compliance, and provide a clear audit trail demonstrating the appropriate level of authority reviewed and authorized the non-competitive procurement.

Policy Enhancements: Approval Authorities

117. Currently, the Procurement Policies states that they are subject to the authorities and limitations stipulated in the FSA Policy. However, based on our review of the Procurement Policies, there are inconsistencies between them and the FSA Policy with respect to the number of required signatures as

well as authorized signatories. When authority levels are reflected across different policies, it can create policy fragmentation, resulting in operational risks (e.g. conflicting information due to policy revisions, policy shopping, etc.). We recommend that the ROO consider revising the Procurement Policies to remove specific authority levels and instead refer strictly to the FSA Policy. Having one authoritative policy will reduce potential confusion and inconsistencies amongst employees.

Policy Enhancements Segregation of Duties

118. Currently, there is nothing in the FSA Policies or the Procurement Policy prohibiting a person from proving the authority as both the requester and approver of a purchasing transaction, which permits a single individual to both initiate and approve expenditures (provided they have the appropriate authority level). Segregation of duties between the requester and the approver with respect to the purchasing of goods and services is a critical and fundamental internal control designed to mitigate fraud, minimize errors, and ensure financial accountability. We recommend that the ROO consider revising the FSA Policy to stipulate that the initiation and approval of a purchasing transaction must be performed by different individuals.

Policy Enhancements: Grant Disbursements and Community Sponsorships

119. We understand that the ROO does not have a Grant and Sponsorship Policy. Formal guidelines for grants and sponsorships will assist in ensuring that every funding decision is aligned with the organization's mission, values and strategic plan. We recommend that the ROO consider establishing a Grant and Sponsorship Policy as it will assist in its decision-making process to ensure financial integrity, operational consistency and strategic alignment.

Policy Enhancements: Acting Position Authority

120. Currently, the FSA Policy does not contain clauses for individuals serving in acting or temporary leadership positions. The ROO should consider revising the FSA Policy to include clauses for acting positions. This will assist in ensuring operational continuity, maintaining strict internal controls, and defining accountability during staff absences, while mitigating the risks associated with staff fulfilling temporary leadership positions.

Other Recommendation: Major Project Definition

121. The Procurement Policies do not include a definition as to what constitutes a 'major project'. We recommend that the policies be updated to include this definition, to alleviate any ambiguity surrounding the proper process to be followed with respect to high-value and high-risk projects.

Appendix A – Restrictions and Qualifications

General

122. We have set out in this Report the procedures undertaken by us and our findings therein. The primary sources of information considered and relied upon are referred to in the body of this Report. Our work performed does not constitute an audit, as defined by Canadian Auditing Standards. We have not attempted to audit or otherwise verify the information presented to us beyond the express procedures stated in this Report. We have not sought external verification of the information provided to us except as expressly stated.
123. Our work was limited to the specific procedures and analysis described herein and was based on information up to the time of the Report. Should further information come to our attention, the results and conclusions expressed herein may change. We reserve the right, but are under no obligation, to review such information and reconsider and amend the findings set out in this Report.
124. Our Report is not intended for general circulation or publication, nor is it to be reproduced or used for any Purpose other than as outlined above without our prior written consent in each instance. We will not assume any responsibility or liability for losses occasioned to you, or other parties as a result of the circulation, publication, reproduction or use of this Report contrary to the provisions of this paragraph.
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126. This Report must be considered in its entirety by the reader. Selecting and relying on specific portions of the analysis, or factors considered by PwC, in isolation may be misleading.
127. We make no representation regarding questions of legal interpretation.

Specific

128. We note the following specific limitations:
129. We have not assessed the design or operating effectiveness of the ROO's internal controls, beyond the expressed procedures stated in this Report.
130. We requested, but were not provided, corporate credit card statements for the months of May and June 2014. As such, we were not able to include Expense Transactions from the credit card statements for these months.

131. The ROO's *Expense Reimbursement Procedure* was implemented on January 25, 2013. The ROO was unable to provide documentation of the applicable policy that would govern the period from January 1, 2012 to January 24, 2013. Accordingly, we applied the same Expense Reimbursement Procedure to the entire Period of Review.
132. For certain Expense Transactions (e.g. gift cards, alcohol purchases, meals/entertainment), the Expense Transaction support appeared to contain a valid business purpose for the expenditure. We did not perform additional procedures to corroborate the business purpose noted on the expense support.
133. The ROO was unable to generate a comprehensive transaction listing of the out-of-pocket expenses for the Period of Review. The summary provided was aggregated by employee and total reimbursement amount, without accompanying details such as expense incurred date, individual transaction values, nature of expense or vendor details. Due to the absence of itemized data, our analysis was limited to employee type and reimbursement amount, and we were unable to assess out-of-pocket expenses by nature or category when selecting our samples for review.
134. The signatory roles were not reflected on the procurement documentation. The ROO provided written confirmation of the signatories and the roles they held at the time of approval, including instances where individuals were in acting roles (e.g. acting GM or acting CEO). We did not independently verify or validate the roles provided or the periods during which these individuals held such authority.
135. Our Expense Review assessed compliance with the Expense Policies, including the appropriateness of expenditures, supporting documentation and approval requirements. For Expense Transactions that involved the purchase of goods or services, we did not assess whether the purchase complied with the requirements of the Procurement Policies, given procurement compliance was addressed under the scope of the Contract Review.
136. PwC did not undertake an assessment of value for money obtained by the ROO in relation to any reviewed expenses or contracts.

Appendix B – Corporate Credit Card Activity by Year

Set out in **Table B** below is a summary of the total corporate credit card charges, by year, for the Period of Review.

Table B - Credit Card Charges by Year

Fiscal Year	Total Charges (\$)	% of Total Charges
2012	75,560	2%
2013	235,688	7%
2014	163,580	5%
2015	170,654	5%
2016	251,942	8%
2017	230,658	7%
2018	342,221	10%
2019	266,166	8%
2020	192,910	6%
2021	216,577	6%
2022	398,411	12%
2023	427,016	13%
2024	368,082	11%
Total	3,339,465	100%

Appendix C – Corporate Credit Card Spend by Vendor

Set out in **Table C** below is a summary of the ROO’s corporate credit card charges, by top ten vendor, for the Period of Review.

Table C - Credit Card Charges by Vendor (top 10)

No.	Vendor Name	Nature of Expenses	Total Charges (\$)	% of Total Charges
1	Air Canada	Travel	219,042	7%
2	Lufthansa	Travel	168,153	5%
3	Amazon	General - Online retailer	109,998	3%
4	Adobe	Software subscription	109,887	3%
5	Facebook	Marketing	96,701	3%
6	Costco	Inventory	56,233	2%
7	Mindbody	Software subscription	51,767	2%
8	BC Ferries	Transportation	46,564	1%
9	4Imprint	Marketing	39,350	1%
10	Sage Software Canada	Software subscription	38,669	1%
Total for Top Ten Vendors			936,364	28%
Total Spend			3,339,465	100%