

---

Audit of the 5-Year Review Process for  
Community Grants

---

May 5, 2023  
Final Report

---



## **SUMMARY**

### **Objectives**

The objective of this audit was to determine if staff's value-for-money criteria were appropriate and were applied consistently when recommending grant applicants for continued funding within the 5-year review process.

### **Scope and Methodology**

The scope of this audit included activities from January 1, 2013 to April 30, 2023.

This audit employed dollar unit sampling which enabled the audit team to review the 17 grant applicants which received 65 percent of the total community grants issued in 2022.

### **Background**

As required by Council, staff within the Community Development Department conduct a value-for-money review to assess the alignment of grant applicants with current goals, objectives and policies when determining their eligibility for continued funding every 5 years.

### **Executive Summary**

Our audit indicated that the value-for-money criteria were appropriate and were consistently applied by staff to the grant applicants. During our audit, we identified opportunities to improve grant agreements to help ensure that grants are spent in accordance with program objectives.

### **Audit Standards**

We conducted our audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we adequately plan for the audit; properly supervise audit staff; obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions; and prepare audit documentation related to the planning, conducting, and reporting for each audit.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit. For further information regarding this report, please contact Ron Foster at extension 4402 or via email at [ron.foster@greatersudbury.ca](mailto:ron.foster@greatersudbury.ca)

## OBSERVATIONS

### Review Process for Grants

Several instances were identified where grants were paid in 2021 and 2022 solely on the basis of annual financial information submitted within Schedule B by grant recipients without reference to other information that raised compliance concerns. We also noted that the financial information that grant recipients are required to submit is sometimes insufficient to ensure compliance with the operating agreements.

### Recommendations

We recommend that future agreements with grant recipients be amended as follows:

Revise the annual financial information submission requirements as follows:

1. Require annual financial statements with a notice to reader report from a CPA firm to be submitted for all grants > \$20,000; and
2. Require bank statements to be submitted by all grant recipients unless audited financial statements have been submitted.

We also recommend revising the definition of ineligible expenses within grant agreements to include:

1. Capital expenses for facilities and equipment and the improvement of these assets; and
2. Expenses incurred when the lowest sum of cash and investments held during the year exceeds the annual total of the eligible expenses.

### **Management Response and Action Plan**

*The Auditor General recommendations for submission requirements and ineligible expenses will be incorporated into future grant agreements. We anticipate that the new reporting requirements may present challenges for some organizations in 2023. Where concerns are raised, staff will review with Finance and other internal stakeholders appropriate phasing in of new reporting requirements.*