



## CORPORATE SERVICES COMMITTEE MEETING AGENDA

WEDNESDAY, FEBRUARY 14, 2018  
BOARD ROOM  
175 INGRAM STREET, DUNCAN, BC

CLOSED SESSION 3:00 PM  
OPEN SESSION 4:30 PM

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### PAGE

#### 1. CLOSED SESSION

Motion that the Closed Session Agenda be approved, and that the meeting be closed to the public in accordance with the *Community Charter* Part 4, Division 3, Section 90, subsections as noted in accordance with each agenda item.

CS M1 Closed Session Minutes of October 11, 2017

CS SR1 {Sub (1)(c)} Employee Relations

#### 2. APPROVAL OF AGENDA

#### 3. ADOPTION OF MINUTES

M1 Regular Corporate Services Committee meeting of October 11, 2017

1

**Recommendation** That the minutes of the Regular Corporate Services Committee meeting of October 11, 2017 be adopted.

M2 Special Corporate Services Committee meeting of November 30, 2017

5

**Recommendation** That the minutes of the Special Corporate Services Committee meeting of November 30, 2017 be adopted.

#### 4. BUSINESS ARISING FROM THE MINUTES

#### 5. PUBLIC INPUT PERIOD

#### 6. DELEGATIONS

#### 7. CORRESPONDENCE

C1 Two-Year Pilot Project Re: AVICC Regional Community Benefit Hub

11

**Recommendation** For Information

8. **INFORMATION**

9. **REPORTS**

R1 Report from the Manager, Finance Re: CVRD 2017 Audit Plan 19

**Recommendation** That it be recommended to the Board that the 2017 Audit Planning Communication Report, as submitted by the audit firm BDO Canada LLP be received.

R2 Report from the Corporate Secretary Re: Election Candidate Nomination Process 55

**Recommendation** For Direction

R3 Report from the Chief Administrative Officer Re: Proposed Services for 2018 Public Approval Verbal Report

R4 Report from the Senior Planner, Community Planning Re: Affordable Housing - Cowichan Housing Association's Proposal to Establish a Regional Service (Referred from the January 24, 2018 Regional Services Committee meeting) 57

**Recommendation** For Direction

R5 Report from the Corporate Secretary Re: Options and Timing for Seeking Public Approval - Regional Grant-in-Aid Service Establishment Proposal (Referred from the January 24, 2018 Board meeting) 93

**Recommendation** For Direction

10. **UNFINISHED BUSINESS**

11. **NEW BUSINESS**

12. **QUESTION PERIOD**

13. **ADJOURNMENT**

The next Corporate Services Committee Meeting will be held Wednesday, March 14, 2018 at 3:00 PM, in the Board Room, 175 Ingram Street, Duncan, BC.

**Committee Members**

Director B. Day, Chairperson  
Director A. Nicholson, Vice-Chairperson  
Director S. Acton  
Director M. Clement  
Director K. Davis

Director M. Dorey  
Director L. Iannidinaro  
Director S. Jackson  
Director K. Kuhn  
Director J. Lefebure

Director M. Marcotte  
Director K. Marsh  
Director I. Morrison  
Director A. Stone  
Director T. Walker

Minutes of the Corporate Services Committee Meeting held on Wednesday, October 11, 2017 in the Board Room, 175 Ingram Street, Duncan BC at 3:00 PM.

**PRESENT:** Chair B. Day  
Director A. Stone <until 4:34 PM>  
Director S. Acton  
Director M. Clement  
Director K. Davis  
Director L. Iannidinardo  
Director S. Jackson  
Director K. Kuhn  
Director J. Lefebure  
Director K. Marsh  
Director M. Marcotte  
Director I. Morrison  
Director A. Nicholson  
Director T. Walker  
Alternate Director S. Jonas

**ALSO PRESENT:** B. Carruthers, Chief Administrative Officer  
J. Barry, Corporate Secretary  
M. Kueber, General Manager, Corporate Services  
J. Elzinga, General Manager, Community Services  
R. Blackwell, General Manager, Land Use Services  
A. Jeffery, Procurement Officer  
S. Moss, Manager, Finance  
L. Smith, Assistant Finance Manager  
B. Mohan, Manager, Human Resources  
C. Lockrey, Manager, Strategic Services  
C. Cowan, Manager, Public Safety  
J. deJong, Fire Rescue Services Coordinator  
S. Sanderson, Emergency Planning Coordinator, Public Safety  
T. Daly, Recording Secretary

**ABSENT:** Director M. Dorey

The Corporate Secretary administered the Oath of Office to Director-Elect Sierra Acton, who was elected in the September 30, 2017 Electoral Area B - Shawnigan Lake By-Election.

#### **APPROVAL OF AGENDA**

**It was moved and seconded that the agenda be approved.**

**MOTION CARRIED**

**ADOPTION OF MINUTES**

**M1** Regular Corporate Services Committee meeting of September 13, 2017

**It was moved and seconded that the minutes of the Regular Corporate Services Committee meeting of September 13, 2017 be adopted.**

**MOTION CARRIED**

**REPORTS**

**R1** Report from the Chief Administrative Officer Re: 2018 Supplemental Budget Requests was received for information.

**R2** Report from the General Manager, Corporate Services Re: Draft 2018 Budget was received for information.

**R3** Report from the Manager, Strategic Services Re: Community Engagement Policy

**4:34 PM** Director Stone left the meeting at 4:34 PM.

**It was moved and seconded that it be recommended to the Board that the Community Engagement Policy attached to the October 2, 2017 Strategic Services Staff Report be approved.**

**MOTION CARRIED**

**R4** Verbal Report and PowerPoint Presentation from the Chief Administrative Officer Re: 2017 BC Wildfires - CVRD Experiences

Through a PowerPoint presentation, the Chief Administrative Officer, Fire Rescue Services Coordinator, and Emergency Planning Coordinator provided an overview of their experiences in the Cariboo with the 2017 BC Wildfires for information.

**CLOSED SESSION**

**5:24 PM** **It was moved and seconded that the meeting be closed to the public in accordance with the Community Charter Part 4, Division 3, Section 90 (1)(e) Land Acquisition; (1)(l) Solicitor - Client Privilege; and Closed Session Minutes of June 14, 2017.**

**MOTION CARRIED**

**RISE FROM CLOSED SESSION**

**6:10 PM** **It was moved and seconded that the Committee rise without report, and return to the Open portion of the meeting.**

**MOTION CARRIED**

**ADJOURNMENT**

**6:10 PM**            **It was moved and seconded that the meeting be adjourned.**

**MOTION CARRIED**

The meeting adjourned at 6:10 PM.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary

Dated: \_\_\_\_\_



Minutes of the Special Corporate Services Committee Meeting held on Thursday, November 30, 2017 in the Board Room, 175 Ingram Street, Duncan BC at 9:00 AM.

**PRESENT:** Chair B. Day  
Director S. Acton  
Director M. Clement <after 9:03 AM>  
Director K. Davis  
Director M. Dorey  
Director L. Iannidinardo  
Director K. Kuhn  
Director J. Lefebure  
Director M. Marcotte  
Director I. Morrison  
Director A. Nicholson  
Director A. Stone <after 9:12 AM> <until 11:41 AM>  
Alternate Director P. Kent

**ALSO PRESENT:** B. Carruthers, Chief Administrative Officer  
M. Kueber, General Manager, Corporate Services  
J. Barry, Corporate Secretary  
K. Harrison, Deputy Corporate Secretary  
R. Blackwell, General Manager, Land Use Services  
C. Cowan, Manager, Public Safety  
B. Dennison, Manager, Water Management  
B. Farquhar, Manager, Parks & Trails  
S. Heppner, Manager, Information Technology  
K. Liddle, Manager, South Cowichan Recreation  
K. Miller, Manager, Environmental Services  
B. Mohan, Manager, Human Resources  
S. Moss, Manager, Finance  
K. Schrader, Manager, Arts & Culture  
M. Tippett, Manager, Community Planning  
J. Wakeham, Manager, Facilities & Transit Management  
T. Waraich, Manager, Recycling & Waste Management  
L. Smith, Assistant Finance Manager  
L. Knodel-Joy, Senior Engineering Technologist  
T. Etherington, Utilities Operations Superintendent  
T. Daly, Recording Secretary

**ABSENT:** Director S. Jackson  
Director K. Marsh  
Director T. Walker

#### **APPROVAL OF AGENDA**

**It was moved and seconded that the agenda be approved.**

**MOTION CARRIED**

**9:03 AM** Director Clement entered the meeting at 9:03 AM.

The General Manager, Corporate Services provided an overview of the process to date and the steps still needed for the adoption of the 2018 Budget. Unless there is an amendment to a Function, a recommendation is unnecessary as the core budget, previously presented, has been approved.

**R1** Report from the General Manager, Corporate Services Re: 2018 Budget Public Meetings was received for information.

**9:12 AM** Director Stone entered the meeting at 9:12 AM.

**R2** Report from the General Manager, Corporate Services Re: Public Engagement Budget – Potential New Services in 2018 was received for information.

**R3** Report from the General Manager, Community Services Re: Victim Services Budget Request

**It was moved and seconded that the 2018 Budget for Function 459 be amended to increase requisition by \$12,000.**

**MOTION CARRIED**

**It was moved and seconded that the 2018 Budget for Function 457 be amended to increase requisition by \$2,375.**

**MOTION CARRIED**

**It was moved and seconded that it be recommended to the Board that the five year service agreement with the Cowichan Women Against Violence Society be amended to increase funds by \$14,375.**

**MOTION CARRIED**

**R4** Report from the Manager, Parks & Trails Re: Function 283 – Kinsol Trestle 2018 Budget Amendment for Approved Grant Funds

**It was moved and seconded that the 2018 Budget for Function 283 – Kinsol Trestle be amended to increase Grants – Federal Conditional by \$35,000 and to increase Capital – Lease Improvements by \$35,000.**

**MOTION CARRIED**

**R5** Report from the Manager, Parks & Trails Re: Administrative Support for Park Bookings and Special Events Requests

**It was moved and seconded that the 2018 Budget for Function 279 – Parks and Trails be amended to increase the requisition by \$11,060 and the 2018 Budget for Function 280 – Regional Parks be amended to increase the requisition by \$11,060 to fund a 0.25 FTE administrative booking support position within the Parks & Trails Division.**

**MOTION CARRIED**

**R6** Report from the Corporate Secretary Re: Increased Voting Opportunities – Additional Budget Cost

**It was moved and seconded that the 2018 Budget for Function 250 – Electoral Area Services budget be amended by adding \$16,500 for the purpose of three additional voting places on both advance voting days during the 2018 Local Government Election.**

**MOTION CARRIED**

**10:01 AM** It was the consensus of the Committee to recess until 10:20 AM.

**10:22 AM** The meeting resumed at 10:22 AM.

**R7** Report from the General Manager, Corporate Services Re: 2018 Budget Review

**It was moved and seconded that the 2018 Budget for Function 111 Grant-in-Aid Area A be amended by decreasing Surplus by \$500 and decreasing Grant to Organization by \$500.**

**MOTION CARRIED**

**It was moved and seconded that the 2018 Budget for Function 121 Economic Development be amended by increasing Funding to Outside Group by \$10,000 and by increasing 2018 Surplus by \$10,000.**

**MOTION CARRIED**

**It was moved and seconded that the 2018 Budget for Function 235 Community Parks Area E be amended by increasing Requisition by \$57,919 and increasing Transfer to Capital Reserve by \$57,919.**

**MOTION CARRIED**

**It was moved and seconded that the 2018 Budget for Function 236 Community Parks Area F be amended by decreasing Requisition by \$10,000 and increasing Transfer from Operating Reserve by \$10,000.**

**MOTION CARRIED**

**It was moved and seconded that the 2018 Budget for Function 237 Community Parks Area G be amended by increasing Requisition by \$2,500 and increasing Expenses by \$2,500.**

**MOTION CARRIED**

**It was moved and seconded that the 2018 Budget for Function 239 Community Parks Area I be amended by increasing Transfer from Gas Tax Reserves by \$100,000; by increasing Transfer from Capital Reserves by \$100,000; and by increasing Capital – Land Improvements by \$200,000.**

**MOTION CARRIED**

**It was moved and seconded that the 2018 Budget for Function 358 – Fire Protection Youbou be amended by decreasing Requisition by \$37,646 and by increasing Transfer from Operating Reserves by \$37,646.**

**MOTION CARRIED**

**It was moved and seconded that the 2018 Budget for Function 239 – Community Parks Area I Community Parks be amended by decreasing**

Requisition by \$7,200; by decreasing R&M General by \$1,500; by decreasing Grass Cutting and Maintenance by \$2,900; by decreasing Garbage Disposal by \$400; by decreasing Supplies – Turf Management by \$500; and by decreasing Mile 77 Park expenditures by \$1,900.

**MOTION CARRIED**

It was moved and seconded that the 2018 Budget for Function 117 Grant-in-Aid Area G be amended by decreasing Requisition by \$2,500 and decreasing Grant to Organization by \$2,500.

**MOTION CARRIED**

It was moved and seconded that the 2018 Budget for Function 456 – Recreation Saltair be amended by increasing Debt Proceeds by \$137,000; by increasing Transfer from Operating Reserves by \$33,000; by increasing Transfer from Gas Tax Reserves by \$130,000; and by increasing Capital – Building Improvements by \$300,000.

Director Clement was absent at the vote.

**MOTION CARRIED**

It was moved and seconded that the 2018 Budget for Function 531 – South Cowichan Water Study be amended by increasing the Requisition by \$10,000.

It was moved and seconded that the 2018 Budget for Function 531 – South Cowichan Water Study be referred to after lunch.

**MOTION CARRIED**

It was moved and seconded that the 2018 Budget for Function 714 – Cobble Hill Drainage System be amended by increasing Transfer from Operating Reserve by \$22,000 and by increasing Minor Capital by \$22,000.

Director Iannidinardo was absent at the vote.

**MOTION CARRIED**

**11:41 AM** It was moved and seconded that the Committee recess until 1:00 PM.

Director Iannidinardo was absent at the vote.

**MOTION CARRIED**

**11:41 AM** Director Stone left the meeting at 11:41 AM.

**1:04 PM** The meeting resumed at 1:04 PM.

It was moved and seconded that the 2018 Budget for Function 531 – South Cowichan Water Study be amended by increasing Requisition by \$10,000; by increasing Project Expenditures by \$10,000; by decreasing Surplus by \$13,008; and by decreasing Project Expenditures by \$13,008.

**MOTION CARRIED**

It was moved and seconded that the 2018 Budget for Function 310 – Animal Control be amended by increasing Requisition by \$18,000; by increasing

**Transfer from Operating Reserves by \$11,000; by increasing Deficit by \$10,000; by decreasing Sale of Dog Tags & Licenses by \$28,000; by decreasing Advertising by \$6,000; by decreasing Compensation Costs by \$2,000; and by decreasing Contingency by \$1,000.**

**MOTION CARRIED**

**ADJOURNMENT  
1:31 PM**

**It was moved and seconded that the meeting be adjourned.**

**MOTION CARRIED**

The meeting adjourned at 1:31 PM.

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recording Secretary

Dated: \_\_\_\_\_



**Outline for Budget and Funding Proposal**  
**for AVICC Region Community Benefit Hub to Advance Strategic Procurement on**  
**Vancouver Island and Coastal Communities in the MASH (Municipal, Academic**  
**Institutions, Schools, Hospitals ) Sector: Two-Year Pilot Project**

This proposal has been created by the following members:

*Lisa Helps (Victoria, CRD)*  
*Rob Southcott (Powell River, PRRD)*  
*Daniel Sailland (Qualicum Beach, staff)*  
*Teunis Westbroek (Qualicum Beach, RDN)*  
*Ian Morrison (AVICC Executive, CVRD)*  
*Josie Osborne (Tofino, ACRD)*  
*Aaron Stone (Ladysmith, CVRD)*  
*Colleen Evans (Campbell River)*  
*Rob Southcott (Powell River, PRRD)*  
*Dave Morris (Campbell River, staff)*  
*Shirley Ackland (Port McNeill, ACRD)*  
*Silas White (Gibsons)*  
*Leslie Baird (Cumberland, CVRD)*  
*Lori Pratt (Sunshine Coast School District)*

**Why This Really Matters and Why It Matters Now**

Strategic Procurement is a growing practice that seeks to better leverage tax dollars to achieve positive social outcomes aligned with community values and strategic objectives. Strategic or social procurement, as it's known in most places, has been adopted around the world and is demonstrating positive results for taxpayers and the wider community.

In 2013, the UK introduced the *Social Value Act*, which generated 70,000 social enterprises, one million previously unemployed people employed and \$18 billion in new economic development. Scotland made social procurement law in 2014, resulting in \$11 billion procured with a social benefit, 3,500 training opportunities and 80 percent of the government supply chain shifting to small and medium-sized enterprises. In July 2015, Ontario's adoption of Bill 6 added a requirement for "Community Benefit Clauses" in all infrastructure projects. And in May 2016, the City of Toronto unanimously adopted its own Social Procurement Program.

Closer to home, the Village of Cumberland was the first in the Association of Vancouver Island and Coastal Communities (AVICC) region to adopt and implement a Social Procurement Framework. The Towns of Qualicum Beach and Ladysmith are also implementing procurement with a strategic focus to benefit the community. The City of Victoria Council has adopted the *Good Jobs + Good Business = Better Community* Action Plan and is working toward implementation, including a direction for the procurement of construction of the Crystal Pool to model the federal government's soon-to-be-released Community Benefits Report Framework.

At the same time, across the AVICC region there are ongoing social issues, youth and First Nations unemployment, and more employment-ready young people on income assistance in 2016 than in 2011.

And there's a labour shortage across sectors from retail to trades. In the trades in particular, there is an anticipated labour shortage in the coming years due to retirements/demographics.

## **Executive Summary**

The proposed Community Benefit Hub Pilot Project developed by the AVICC working group proposes to address all the challenges and opportunities outlined above as a region. The aim is to develop a cohesive approach to strategic procurement across the region while enabling individual communities to create their own strategic focus regarding community benefits. This cohesion is important from the point of view of industry. It is also important from the point of view of measuring outcomes.

### Purpose

*To incubate a Community Benefit Hub for the AVICC Region that will support all local governments in the AVICC region in implementing strategic procurement.*

### Goals

1. Local governments in the AVICC region are embracing and implementing strategic procurement principles/policies/frameworks.
2. There is a standardized approach to strategic procurement across local government while each local community has the ability to create the social value as determined by its elected officials/community.
3. Procurement staff in local governments are trained in strategic procurement and have the know-how to issue tenders and RFPs that result in community benefits.
4. Product and service suppliers are fully engaged in and supportive of the Hub and are bidding on contracts and responding to RFPs issued by local governments.
5. The provincial government is aware of, engaged in, and fully supportive of the Hub.
6. A robust monitoring reporting framework is in place.
7. A business plan has been developed, with a sustainable funding model for either the continuation of the Community Benefit Hub or for an "AnchorVI."
8. The interest of the wider MASH sector has been piqued.

### Vision

*All local governments in the AVICC region have access to advice to develop in-house tools and skills to implement strategic procurement.*

### Mission

*To improve the health of our communities and the strength of our economies by changing the culture of public sector procurement.*

## **History and Background**

At the 2016 AVICC meeting in Nanaimo, the membership passed a motion put forward by the Village of Cumberland and the City of Victoria that the AVICC and UBCM advance the use of social procurement by local governments. Immediately following the passing of this resolution, an informal working group formed with representatives from all sub-regions within the AVICC region. The group has met quarterly

since May 2016 in order to determine the most effective, efficient and collaborative way to ensure that local governments in the AVICC region are prepared to implement strategic procurement.<sup>1</sup>

At the 2017 AVICC meeting in Campbell River, the membership endorsed a further resolution that the AVICC appoint a liaison to the working group of volunteer elected officials; and that the AVICC membership invite the Ad Hoc Working Group to undertake, at no cost to AVICC members, a feasibility assessment of a “Community Benefit Hub” and report back at the AVICC 2018 AGM.

This proposal is a response to that motion. In order to have a viable program in place by the 2018 AVICC meeting, the Founding Members (see below) in partnership with outside funders will establish the Community Benefit Hub for the municipal budget year of 2018. The two-year pilot project will run from June 2018 to June 2020; this will enable additional interested members to join as Founding Members following the AVICC meeting in April 2018.

### **Community Benefit Hub – Pilot Project**

#### Vision

*All local governments in the AVICC region have access to advice to develop in-house tools and skills to implement strategic procurement.*

#### Mission

*To improve the health of our communities and the strength of our economies by changing the culture of public sector procurement.*

#### Community Benefit Hub: Two-Year Pilot Program

To create a Hub to support all local governments in the AVICC region in implementing strategic procurement. The Hub will:

1. Educate and build awareness among elected officials and public sector institutions
2. Train staff
3. Communicate and network: collect and tell stories of success and challenges
4. Educate and build awareness amongst suppliers
5. Train suppliers

#### Goals and Actions for Two-Year Pilot Project

##### **Goal #1:**

*Local governments in the AVICC region are embracing and implementing strategic procurement principles/policies/frameworks.*

##### **Actions:**

1. Build awareness through speaker series and regional presentations.
2. Provide demand-side education – e.g., education to boards, councils and senior staff.

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<sup>1</sup> Strategic procurement is when government institutions procure goods and services in a such as way as to both advance their strategic objectives and ensure value for tax dollars.

**Goal #2**

*There is a standardized approach to strategic procurement across local governments in the AVICC region, with each local community maintaining the ability to create the social value as determined by its elected officials/community.*

**Actions:**

3. Create a template public engagement framework (toolkit) to engage the public on community values that should drive each community's approach to strategic procurement.
4. Create a template strategic procurement framework and purchasing policy.
5. Create a standardized reporting and monitoring framework to measure success. (See also Goal #5)
6. Build awareness through speaker series and regional presentations.<sup>2</sup>
7. Demand-side education – e.g., education to boards and councils and senior staff, ability to dedicate a minimum number of hours per founding member; and to host a minimum number of workshops/seminars in the AVICC region in conjunction with visits to founding member local governments.

**Goal #3**

*Procurement staff in local governments are trained in strategic procurement and have the know-how to issue tenders and RFPs that result in community benefits.*

**Actions:**

8. Provide technical training: specific training tool kits for procurement staff.

**Goal #4**

*Product and service suppliers are fully engaged in and supportive of the Hub and are bidding on contracts and responding to RFPs issued by local governments.*

**Actions**

9. Develop key relationships with suppliers.
10. Measure the number of suppliers that understand the changing landscape and are willing to support this new approach through bidding on projects and responding to RFPs.

**Goal #5**

*The provincial government is aware of, engaged in, and fully supportive of the Hub.*

**Actions:**

11. Work with provincial government to secure training dollars for companies and social enterprises involved in local government procurement in AVICC region.
12. Work with Province so that provincial policies mirror and reflect strategic procurement principles.
13. Make presentations and have meetings with key government staff and ministers.

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<sup>2</sup> For example if the contractor was on site doing some work with a particular local government, a presentation or workshop could be held for all other local governments in that area to attend, thus maximizing the limited travel budget and reducing GHGs associated with extra travel specifically for hosting workshops.

**Goal #6**

*A robust monitoring reporting framework is in place.*

**Goal #7:**

*A business plan has been developed, with a sustainable funding model for either the continuation of the Community Benefit Hub or for an “AnchorVI.”<sup>3</sup>*

**Goal #8**

*The interest of the wider MASH sector has been piqued.*

Funding Model

The two-year pilot project will be funded through a combination of third-party funding, a contribution from the City of Victoria, and contributions from other founding members based on the AVICC membership funding model (population based – see Appendix A).

For year one of the pilot project we will seek funding from Island Coastal Economic Trust (<http://www.islandcoastaltrust.ca/>) which funds economic development projects *outside* of the Capital Region. Funding from ICET will be subject to matching funding from the City of Victoria and vice versa. Funding from both the City of Victoria *and* ICET will be subject to at least six additional local governments joining in year one of the pilot project (by the proposed launch date of June 2018). Membership rates are annual and are due at the time that a local government joins the Hub.

Founding Members

Any local government that joins the Hub in the first two years of its pilot operation will be considered a founding member. Piloting a new initiative is challenging and we want to ensure that all local governments who enter the pilot project – regardless of at what stage in the two-year process – will be recognized as leaders and champions.

**Governance Options and Preferred Hub Model**

The CAO of Qualicum Beach prepared an analysis of a variety of Hub models that was shared with other CAOs and CFOs from Working Group member local governments for comment. Based on this analysis (see attached Appendix C) the proposed pilot model is to situate the Hub at the City of Victoria where one person will work on contract to fulfill the goals and undertake the actions outlined above. The Terms of Reference in Appendix D will govern the relationship between the Steering Committee and the City of Victoria.

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<sup>3</sup> AnchorVI will be a Vancouver Island and Coastal Communities collaboration among all MASH sector entities. It will modelled on AnchorTO which is a collaboration of public sector institutions in Toronto that work together on procurement. Anchor institutions are large public or nonprofit organizations – such as hospitals, universities or municipal governments – that are rooted in community. An anchor mission is the process of deliberately deploying the institution’s long-term, place-based economic power to strengthen a local community, especially neighbourhoods where people facing historic and other barriers to economic opportunity live. See <http://anchorinstitutions.ca/>

The informal Working Group (listed above) that has developed the proposal to date will become a Steering Committee that will meet quarterly with the contractor to receive reports on work to date and provide input and guidance. See Terms of Reference in Appendix E. Each local government that joins the Hub as a founding member in the duration of the pilot project will be invited to appoint a member to the Steering Committee; that member may be an elected official or a relevant staff member. If there is large uptake in Hub membership and the Steering Committee gets too large to be workable, the Steering Committee will, by consensus, adjust the Terms of Reference to allow for fair representation of each sub-region of the AVICC region.

### **Request for Proposals for Contractor**

The Request for Proposals will be developed by staff from at least three of the participating communities including the City of Victoria. The RFP will be based on the Goals and Actions as outlined above. The staff RFP process will be led by the Director of Finance for the City of Victoria. The staff group will issue the RFP, select a preferred proposal and then present the recommendation to the Steering Committee for their consideration.

### **Budget**

The cost of the program is approximately \$118,200 per year for two years. This includes an approximate in-kind contribution of \$15,600. See Appendix F for details.

### **Conclusion**

This proposal has been two years in the making and has been co-developed by elected officials and staff with inputs from industry. Those of us who have developed it urge our councils and regional boards to carefully consider the benefits of acting as a region as we work in our individual local governments to procure goods and services more strategically in such a way that will continue to provide high-value bids and responses to RFPs *at the same time as* providing wider benefits to our communities. As outlined above, this is the direction that procurement is moving in many other parts of the world and there is strong indication that both the governments of Canada and British Columbia have an interest in social or strategic procurement. This two-year pilot project will allow the AVICC region to lead and to be ready to meet the future.

**Appendix A**

Sample dues for some potential participants based on 2016 population and 2016 AVICC membership rates.

Alberni-Clayoquot (Electorial Areas Only)	\$922
Campbell River	\$3,305
Cumberland	\$474
Gibsons	\$582
Ladysmith	\$1,017
Port Alberni	\$1,966
Qualicum Beach	\$1,061
Tofino	\$244

## Appendix B - AVICC Motions

### April 2016

Whereas fostering the social wellbeing of the community is identified as a municipal purpose by the *Community Charter* and a regional district purpose by the *Local Government Act*;

And whereas the widespread adoption of social procurement practices by all local governments in BC will diversify the vendor pool and further leverage tax dollars to better align with community values;

Therefore be it resolved that AVICC and UBCM advance the use of social procurement practices by local governments;

And be it further resolved that UBCM urge the provincial government to consider the inclusion of social procurement into Part 6 (Financial Management) of the *Community Charter* and Part 11 (Regional District Financial Management) of the *Local Government Act*.

### April 2017

WHEREAS in 2016 the AVICC and UBCM membership passed a resolution to “advance the use of social procurement practices”; and

WHEREAS the AVICC Executive has discussed the issue of Social Procurement at length on six occasions in the past year including receiving a delegation from a working group of volunteer elected officials requesting funding and support for establishing a “Community Benefit Procurement Hub” and establishing an AVICC Committee; and

WHEREAS the AVICC has received a 2017 resolution from four municipalities requesting AVICC appoint a liaison to the working group that is planning to undertake a feasibility assessment of a “Community Benefit Procurement Hub”; and

WHEREAS the AVICC Executive requested the working group to develop a resolution to present through the resolution process at the 2017 AVICC Convention for a decision on clear direction to the Executive;

THEREFORE BE IT RESOLVED that the membership clarify direction on the role of the AVICC and social procurement practices by endorsing the following:

- Advancing social procurement practices by implementing a Community Benefit Procurement Hub is beyond the current resources of the AVICC and is primarily a provincial issue;
- The AVICC support the advancement of social procurement practices by disseminating information about the resources available to those members interested in pursuing social procurement in their communities;
- The AVICC appoint a liaison to the working group of volunteer elected officials; and
- That the AVICC membership invite the Ad Hoc Working Group to undertake, at no cost to AVICC members, a feasibility assessment of a “Community Benefit Hub and report back at the AVICC 2018 AGM.



# STAFF REPORT TO COMMITTEE

**DATE OF REPORT** February 5, 2018

**MEETING TYPE & DATE** Corporate Services Committee of February 14, 2018

**FROM:** Finance Division  
Corporate Services Department

**SUBJECT:** Cowichan Valley Regional District 2017 Audit

**FILE:**

## PURPOSE/INTRODUCTION

The purpose of this report is to present to the Committee the 2017 BDO Canada LLP audit plan.

## RECOMMENDED RESOLUTION

That it be recommended to the Board that the 2017 Audit Planning Communication Report, as submitted by the audit firm BDO Canada LLP be received.

## BACKGROUND

During 2016, BDO Canada LLP was appointed as the CVRD auditor for a five year term. The Audit Planning Communication Report is presented annually and covers the audit for the Cowichan Valley Regional District for the period January 1, 2017 to December 31, 2017.

## ANALYSIS

Attached is the 2017 Audit Planning Communication, prepared by BDO, to assist the Board and Management in understanding the audit approach and states that in the Auditor's opinion they are independent from the Regional District. This is an attempt to ensure that the Board has an understanding of the important issue and decisions that are made during the Audit and Financial Statement preparation process. The Audit Plan also explains the terms under which the firm was hired and what is expected of them.

## FINANCIAL CONSIDERATIONS

The annual audit fee is budgeted under Finance in Function 100, General Government.

## COMMUNICATION CONSIDERATIONS

Once the Audit Plan has been received and a motion made at the Board, a copy of this motion will be distributed to the Auditor to confirm the Board's receipt of the Audit Plan.

## STRATEGIC/BUSINESS PLAN CONSIDERATIONS

The Regional Board exercises their independent authority relating to the external auditor by receiving and reviewing the annual Audit Planning Communication which is consistent with the Sound Fiscal Management Focus Area of the Corporate Strategic Plan.

Referred to (upon completion):

- Community Services (*Island Savings Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Public Safety, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Legislative Services, Information Technology*)
- Engineering Services (*Environmental Services, Recycling & Waste Management, Water Management*)

- Planning & Development Services (*Community & Regional Planning, Development Services, Inspection & Enforcement, Economic Development, Parks & Trails*)
- Strategic Services

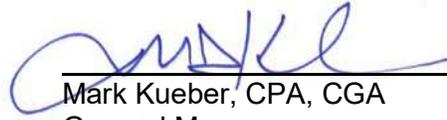
Prepared by:

Reviewed by:



\_\_\_\_\_  
Sharon Moss, CPA, CGA  
Manager

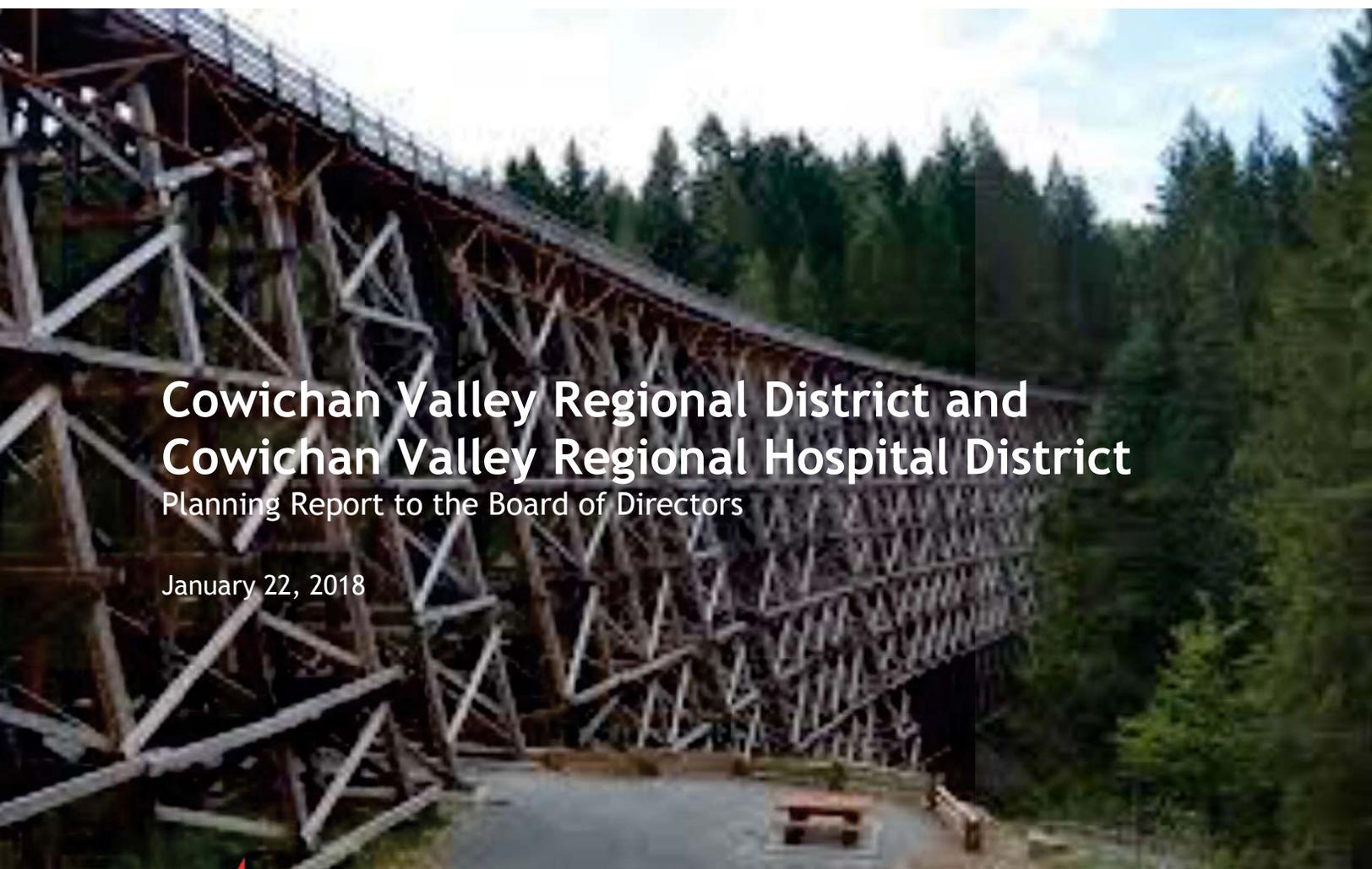
\_\_\_\_\_  
Not Applicable  
Not Applicable



\_\_\_\_\_  
Mark Kueber, CPA, CGA  
General Manager

**ATTACHMENTS:**

Attachment A – 2017 BDO Audit Planning Report



**Cowichan Valley Regional District and  
Cowichan Valley Regional Hospital District**  
Planning Report to the Board of Directors

January 22, 2018





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Fax: 604 688 5132  
vancouver@bdo.ca  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

R1

Direct Line: 604-443-4735  
E-mail: ksimpson@bdo.ca

January 22, 2018

Board of Directors  
Cowichan Valley Regional District and Cowichan Valley Regional Hospital District  
175 Ingram Street  
Duncan, BC V9L 1N8

Dear Members of the Board of Directors:

We are pleased to present our audit plan for the audit of the financial statements of the Cowichan Valley Regional District and Cowichan Valley Regional Hospital District (the “Regional District” and “Hospital District”) for the year ended December 31, 2017.

Our report is designed to highlight and explain key issues which we believe to be relevant to the audits including audit risks, the nature, extent and timing of our audit work and the terms of our engagement. The audit planning report forms a significant part of our overall communication strategy with the Board of Directors and is designed to promote effective two-way communication throughout the audit process. It is important that we maintain effective two-way communication with the Board of Directors throughout the entire audit process so that we may both share timely information. The audit process will conclude with a Board of Directors meeting and the preparation of our final report to the Board of Directors.

This report has been prepared solely for the use of the Board of Directors and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

The Board of Directors plays an important part in the audit planning process and we welcome any feedback and you can contact us directly.

Yours truly,

Kristine Simpson, CPA, CA  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants

KLS/ni



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## EXECUTIVE SUMMARY

### ENGAGEMENT LETTER

The terms and conditions of our engagement are included in the most recent engagement letters for the Regional District and Hospital District dated December 19, 2016.

### RESPONSIBILITIES

It is important for the Board of Directors (the “Board”) to understand the responsibilities that rest with the external auditor and the responsibilities of those charged with governance. BDO’s responsibilities are outlined within the engagement letters. The oversight and financial reporting responsibilities of the Board as they pertain to the annual audit are summarized below.

- Oversee the work of the external auditor engaged for the purpose of issuing independent auditor’s reports.
- Review all non-audit services to be provided to the Regional District and Hospital District by the external auditor.
- Facilitate the resolution of disagreements between management and the external auditor regarding financial reporting matters, if any.
- Refer to Appendix E for full details on the responsibilities of the Board.

### ENGAGEMENT OBJECTIVES

- Express an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, changes in its net debt, and cash flows of the Regional District and Hospital District in accordance with Public Sector Accounting Standards (“PSAS”).
- Present significant findings to the Board including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.
- Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit. See Appendix K for prior year’s management letter.
- Consult regarding accounting, indirect taxes and reporting matters as requested throughout the year.
- Read the other information included in the Regional District’s Annual Report to identify material inconsistencies, if any, with the audited financial statements.



## AUDIT STRATEGY

We plan to focus much of our review of transaction streams using “tests of controls” (compliance procedures) in combination with analytical review and testing. Balances will be tested using a combination of compliance procedures and substantive procedures (such as analysis of data and obtaining direct evidence as to the validity of the items).

Refer to Appendix B for a high level overview of our audit strategy.

## MATERIALITY

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

For purposes of our audit, for the Regional District, we have set preliminary materiality at \$1,150,000 and preliminary performance materiality at \$862,500. For the Hospital District, we have set preliminary materiality at \$191,000 and preliminary performance materiality at \$143,000.

Our materiality calculation is based on the Regional District’s and Hospital District’s prior year results. In the event that actual results vary significantly from those used to calculate preliminary materiality, we will communicate these changes to the Board as part of our year end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Board, other than those which we determine to be “clearly trivial” i.e. less than \$57,500 for the Regional District and \$9,550 for the Hospital District. Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

We encourage management to correct any misstatements identified throughout the audit process.

## KEY AUDIT AREAS AND PLANNED AUDIT RESPONSES

Based on our knowledge of the Regional District’s and Hospital District’s operations, our past experience, and knowledge gained from management and the Board, we have identified the following key audit areas; those risks of material misstatement that, in our judgment, require special audit consideration.

Key audit areas arise mainly because of the complexity of the accounting rules, the extent of estimation and judgment involved in the accounting of these financial statement areas, and the existence of new accounting pronouncements that affect them. We request your input on the following key audit areas and whether there are any other areas of concern that the Board has identified.



## KEY AUDIT AREAS AND PLANNED AUDIT RESPONSES (CONTINUED)

	Audit Risk	Proposed Audit Approach
Management Override of Internal Controls	The Regional District's and Hospital District's current internal control systems could be subject to an override of existing controls by management resulting in unauthorized transactions or unauthorized adjustments to the accounting records.	Review of significant transactions recorded in the various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures.

Other key audit areas are as follows:

	Audit Risk	Proposed Audit Approach
Cash and Investments	<p>Cash planning and investment management are important aspects of good financial controls.</p> <p>Due to its nature, cash and investments are almost always considered to be a risk area in any audit.</p>	<p>Our planned audit procedures include review of reconciliations, substantive testing of transactions and confirmations of end of period balances.</p> <p>We will also review reports on investment return and investment strategies.</p>
Staff Salaries	A significant single type of expenditure that covers many employees and departments. As a Regional District and Hospital District, this figure is often of particular interest to financial statement users (ratepayers).	<p>Application of computer audit testing to analyze all payroll transactions in the year is a key step to identify unusual payroll relationships for testing.</p> <p>We will also perform systems testing, tests of controls and analytical review of staff salary and levels.</p>
Tangible Capital Assets and Accumulated Amortization	Due to the variability in capital projects there is increased risk that items can be accounted for improperly or in the incorrect period.	<p>We will perform test of controls for appropriate authorization of purchases combined with substantive testing of significant additions and disposals in the year and amortization calculations.</p> <p>As replacement assets are being contemplated and installed, the useful lives of existing assets will be reviewed for changes in estimates, if applicable.</p> <p>Repairs and maintenance ledgers will also be reviewed for possible capital items that have been expensed.</p> <p>The costs incurred for the concept plan for the new hospital will be reviewed to determine</p>



		appropriate accounting treatment.
	Audit Risk	Proposed Audit Approach
<b>Government Grants and Recognition of Revenue</b>	<p>There is a risk of government grants not being recorded accurately on the financial statements.</p> <p>Accounting standards are complex and open to interpretation. There is a risk that revenue may be incorrectly deferred into future periods.</p>	<p>Our planned audit procedures include review of agreements from funding agencies, review of government transfers, and review of expenditures relating to grants and government transfers.</p>
<b>Landfill Closure and Post Closure Liability</b>	<p>There is a risk that the landfill closure and post closure liabilities are not identified, estimated and disclosed appropriately.</p>	<p>We will review the engineering reports as well as the inputs used by the engineers to estimate the liability.</p> <p>We will review the associated financial statements disclosures.</p>
<b>Contaminated Sites</b>	<p>Due to the complexity of this standard, there is a risk that not all of the contaminated sites are identified, estimated and disclosed correctly.</p>	<p>We will discuss the contaminated sites liability with financial management staff and corroborate our findings with other departments. As well, we will review the estimates and disclosures for any contaminated sites identified.</p>



## FRAUD RISK

Canadian generally accepted auditing standards require us to discuss fraud risk with the Board on an annual basis. We have prepared the following comments to facilitate this discussion.

Required Discussion	BDO Response	Question to the Board
Details of existing oversight processes with regards to fraud.	<p>Through our planning process, and based on prior years' audits, we have developed an understanding of your oversight processes including:</p> <ul style="list-style-type: none"> <li>• Annual Board of Directors meeting with management to discuss fraud;</li> <li>• Discussions at regular Board of Directors meetings and our attendance at some of those meetings;</li> <li>• Review of related party transactions; and</li> <li>• Consideration of tone at the top.</li> </ul>	Are there any new processes or changes in existing processes relating to fraud that we should be aware of?
Knowledge of actual, suspected or alleged fraud.	Currently, we are not aware of any fraud.	Are you aware of any instances of actual, suspected or alleged fraud affecting the Regional District and Hospital District?

Refer to Appendix F for our considerations of possible fraud and illegal activities during the performance of our audit.



## FINAL ENGAGEMENT REPORTING

As part of our final reporting to the Board, we will provide a communications package to support the Board in discharging their responsibilities. This communication will include any identified significant deficiencies in internal controls. See Appendix H for a comprehensive list of communication requirements throughout the audit.

## OTHER MATTERS

<b>Timing</b>	<p>The following schedule has been agreed to with management:</p> <ul style="list-style-type: none"> <li>• Interim audit fieldwork - October 16-20, 2017 (completed without issue)</li> <li>• Year end audit fieldwork - April 3-9, 2018</li> <li>• Review of draft financial statements with the Board - to be determined (Early May 2018)</li> <li>• Finalization of financial statements - Immediately subsequent to approval by the Board</li> </ul>
<b>Independence</b>	<p>Our annual independence letter has been included as Appendix G.</p>
<b>Management Representations</b>	<p>As part of our audit finalization we will obtain written representation from management, a copy of these representations will be included as part of our final report.</p>
<b>New Accounting Standards</b>	<p>Refer to Appendix J for changes in standards.</p>



## APPENDIX A - Your BDO Engagement Team

Name	Title	-E-mail	Phone
Kristine Simpson, CPA, CA	Engagement Partner	ksimpson@bdo.ca	604.443.4735
Bill Cox, FCPA, FCA	Engagement Quality Control Review (EQCR) Partner	<a href="mailto:bcox@bdo.ca">bcox@bdo.ca</a>	604.443.4716
Limin Ruan, CPA, CA	Audit Manager	lruan@bdo.ca	604.688.5421
Jonas Kwong, CPA	Audit senior	jkwong@bdo.ca	604.688.5421

## APPENDIX B - Audit Strategy

Our overall audit strategy involves extensive partner and manager involvement in all aspects of the planning and execution of the audit and is based on our overall understanding of the Regional District and the Hospital District.

We will perform a risk-based audit which allows us to focus our audit effort on higher risk areas and other areas of concern for management and the Board.

To assess risk accurately, we need to gain a detailed understanding of the Regional District's and Hospital District's operations and the environment it operates in. This allows us to identify, assess and respond to the risks of material misstatement.

To identify, assess and respond to risk, we obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements. We then determine whether adequate accounting records have been maintained and assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.



Based on our risk assessment, we design an appropriate audit strategy to obtain sufficient assurance to enable us to report on the financial statements.

We choose audit procedures that we believe are the most effective and efficient to reduce audit risk to an acceptably low level. The procedures are a combination of testing the operating effectiveness of internal controls, substantive analytical procedures and other tests of detailed transactions.

Having planned our audit, we will perform audit procedures maintaining an appropriate degree of professional skepticism, in order to collect evidence to support our audit opinion.



## APPENDIX C - Management Responsibilities

All facets of the Regional District's and Hospital District's internal controls including those governing the accounting records, systems and financial statements will be impacted by the organization's complexity, the nature of risks, and the related laws, regulations, or stakeholder requirements. It is management's responsibility to determine the level of internal control required to respond reasonably to the Regional District's and Hospital District's risks.

The preparation of the Regional District's and Hospital District's financial statements including all disclosures in accordance with Canadian public sector accounting standards is the responsibility of management. Among other things, management is responsible for:

1. Designing and implementing internal controls over financial reporting to enable the preparation of financial statements that are free of material misstatements;
2. Informing the Regional District's and Hospital District's auditors of any deficiencies in design or operation of internal controls;
3. Updating the Regional District's and Hospital District's auditors for any material change in the Regional District's and Hospital District's internal controls including if the individuals responsible for the controls that have changed;
4. Identifying and complying with any laws, regulations, and/or agreements which apply to the Regional District and Hospital District;
5. Recording any adjustments required to the financial statements to correct material misstatements;
6. Safeguarding of assets;
7. Providing the auditor with all financial records, and related data which may be related to the recognition, measurement and or disclosure of transactions in the financial statements;
8. Providing accurate copies of all minutes of the regular and closed meetings of the Board;
9. Providing timely, accurate information as requested for the completion of the audit;
10. Allowing unrestricted access to persons or information as requested as part of the audit; and
11. Notifying the auditor of any circumstances which arise between the date the audit work is completed and the approval date of the financial statements.

### Representation Letter

We will make specific inquiries of the Regional District's and Hospital District's management about the representations embodied in the financial statements and internal control over financial reporting. During the completion of our audit documentation, we will require management to confirm in writing certain representations in accordance with Canadian generally accepted auditing standards. These representations are to be provided to us in the form of a representations letter which will be provided as near as practicable to, but not after the date of our auditor's report on the financial statements.

## APPENDIX D - Circumstances Affecting Timing and Fees

Our professional fee for the audit is based on careful consideration of the time required to complete the required work. Circumstances may arise during the engagement which could significantly impact the targeted completion dates and or the extent of work required to complete the audit. As a result, additional fees may be necessary. Such circumstances include, but are not limited to, the following:

### Significant Issues

1. Changes in the design or function of internal controls can impact the audit and result in additional substantive testing;
2. Significant number of proposed adjustments which are identified during the audit work;
3. Significant changes are required to the format or information contained in the financial statements;
4. New issues resulting from changes to:
  - a. Accounting standards, policies or practices
  - b. Special events or transactions which were not contemplated in the original budget
  - c. The financial reporting process or systems involved
  - d. Accounting personnel or availability of accounting personnel
  - e. The requirement to include specialists in the audit work
5. Changes to the scope of the audit.

### Audit Execution

1. Audit schedules are not provided in a timely manner, are not mathematically correct, or do not agree to the underlying accounting records.
2. There are significant delays in responding to our requests for information or responses require significant further investigation.
3. The quality of the supporting information for the audit work has deteriorated from our previous experience.
4. A complete working paper package is not provided on the agreed upon date.
5. There is a limitation of access to the financial staff required to complete the audit.



## APPENDIX E - Board Responsibilities

### General Responsibilities

It is the Board's responsibility to provide oversight of the financial reporting process. This includes management's preparation of the financial statements, monitoring of the Regional District's and Hospital District's internal controls, overseeing the work of the external auditor, facilitating the resolution of disagreements between management and the auditor, as well as the final review of the financial statements and other annual reporting.

### Significant Audit Findings

Based on the work we perform, any significant identified deficiencies in internal control will be reported to you in writing. The purpose of our audit is to express an opinion on the financial statements. While our audit includes a consideration of the internal control structure of the Regional District and Hospital District, our work is focused on those controls relevant to financial reporting. As such, our work was not designed to provide an opinion on the effectiveness of the internal controls.

We will communicate our views regarding any significant qualitative aspects of the Regional District's and Hospital District's accounting practices. This would include the selection and application of accounting policies, estimates and financial statement disclosure. If during our audit we feel that the selected policies, estimates or disclosures are not appropriate for the Regional District and Hospital District under its reporting framework, we will communicate these matters to the Board.

In addition, we will communicate:

- Any significant difficulties which arose during the audit;
- Any reasons identified which may cause doubt as to the Regional District's and Hospital District's ability to continue as a going concern;
- The written representations we will request from management;
- Any identified unadjusted misstatements; and
- Any identified or suspected fraudulent activities.



## APPENDIX F - Auditor's Considerations of Possible Fraud and Illegal Activities

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- Identifying and assessing the risks of material misstatement due to fraud;
- Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion, as well as sophisticated and carefully organized schemes designed to conceal it.

During the audit, we will perform risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Regional District and Hospital District's internal control system, to obtain information for use in identifying the risks of material misstatement due to fraud and make inquiries of management regarding:

- Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- Management's process for identifying and responding to the risks of fraud in the Regional District and Hospital District, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the Regional District and Hospital District; and
- Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

In response to our risk assessment and our inquiries of management, we will perform procedures to address the assessed risks, which may include:

- Inquiring of management, the Board and others related to any knowledge of fraud, suspected fraud or alleged fraud;
- Performing disaggregated analytical procedures and considering unusual or unexpected relationships identified in the planning of our audit;
- Incorporating an element of unpredictability in the selection of the nature, timing and extent of our audit procedures; and
- Performing additional required procedures to address the risk of management's override of controls including:
  - Testing internal controls designed to prevent and detect fraud;
  - Testing the appropriateness of a sample of adjusting journal entries and other adjustments for evidence of the possibility of material misstatement due to fraud;
  - Reviewing accounting estimates for biases that could result in material misstatements due to fraud, including a retrospective review of significant prior years' estimates; and
  - Evaluating the business rationale for significant unusual transactions.



## APPENDIX G - Independence Letter

Direct Line: 604-443-4735  
E-mail: ksimpson@bdo.ca

January 22, 2018

Board of Directors  
Cowichan Valley Regional District and Cowichan Valley Regional Hospital District  
175 Ingram Street  
Duncan, BC V9L 1N8

Dear Members of the Board of Directors:

We have been engaged to audit the financial statements of the Cowichan Valley Regional District and Cowichan Valley Regional Hospital District (the “Regional District” and “Hospital District”) for the year ended December 31, 2017.

Canadian generally accepted auditing standards (GAAS) no longer require that we communicate formally to you in regard to independence matters, however we consider it to be a good practice. As such, we are reporting to you regarding all relationships between the Regional District and Hospital District (and its related entities) and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Chartered Professional Accountants of British Columbia and applicable legislation, covering such matters as:

- Holding a financial interest, either directly or indirectly in a client;
- Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- Economic dependence on a client; and
- Provision of services in addition to the audit engagement.

We are not aware of any relationships between the Regional District and Hospital District and our firm that, in our professional judgment, may reasonably be through to bear on our independence.

We hereby confirm that we are independent with respect to the Regional District and Hospital District within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia as of the date of this letter.

This letter is intended solely for the use of the Board and management and should not be used for any other purposes.

Yours truly,

Kristine Simpson, CPA, CA  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants

KLS/ni

## APPENDIX H - Communication Requirements

Required Communication	Audit Planning Letter	Audit Results Letter	Communication Completed
1. Our responsibilities under Canadian GAAS	✓		Y
2. Our audit strategy and audit scope	✓		Y
3. Fraud risk factors	✓		Y
4. Going concern matters		✓	N
5. Significant estimates or judgments		✓	N
6. Audit adjustments		✓	N
7. Unadjusted misstatements		✓	N
8. Omitted disclosures		✓	N
9. Disagreements with Management		✓	N
10. Consultations with other accountants or experts		✓	N
11. Major issues discussed with Management in regards to retention		✓	N
12. Significant difficulties encountered during the audit		✓	N
13. Significant deficiencies in internal control		✓	N
14. Material written communication between BDO and Management		✓	N
15. Any relationships which may affect our independence	✓		Y
16. Any illegal acts identified during the audit		✓	N
17. Any fraud or possible fraudulent acts identified during the audit		✓	N
18. Significant transactions with related parties not consistent with ordinary business		✓	N
19. Non-compliance with laws or regulations identified during the audit		✓	N
20. Limitations of scope over our audit, if any		✓	N
21. Written representations made by Management		✓	N
22. Any modifications to our opinion, if required		✓	N

## APPENDIX I - Resources and Services

### OTHER BDO SERVICES

<p><b>Advisory</b></p>	<p>As Canada’s leading financial advisory firm, BDO helps organizations and their management teams effectively assess, develop and manage strategic initiatives, such as:</p> <p><b>Asset Reserve Policies</b> - Asset reserves seem to be on everyone’s agenda these days. Municipalities and Regional Districts across the country are asking themselves if they have enough money for infrastructure, how much they have, how much they will need and so on. BDO is excited to host interactive workshops on Managing Asset Reserves.</p> <p><b>Internal Control Assessments</b> - BDO has been engaged by many clients to perform a review and assessment of current processes and key internal controls over financial reporting (ICFR), as well as the structure of accounting/finance departments. The engagements include identification of gaps in control, as well as assessment of the current governance and reporting structure of the accounting/finance department.</p> <p>Visit the following link to find out more:</p> <p><a href="http://www.bdo.ca/en/Services/Advisory/Financial-Advisory/pages/default.aspx">http://www.bdo.ca/en/Services/Advisory/Financial-Advisory/pages/default.aspx</a></p>
<p><b>Indirect Tax</b></p>	<p>Government Entities operating in Canada are impacted by commodity taxes in some way or another. These include GST/HST, QST, PST, various employer taxes, and unless managed properly, can have a significant impact on your organization’s bottom line. The rules for Government Entities can be especially confusing, and as a result many organizations end up paying more for indirect tax than they need to.</p> <p>Government Entities must keep on top of changes to ensure they are taking advantage of the maximum refund opportunities. At BDO, we have helped a number of organizations of all sizes with refund opportunities, which can reduce costs for the organization and improve overall financial health.</p> <p>For more information, please visit the following link:</p> <p><a href="http://www.bdo.ca/en/Services/Tax/Indirect-Tax/pages/default.aspx">http://www.bdo.ca/en/Services/Tax/Indirect-Tax/pages/default.aspx</a></p>
<p><b>Solutions</b></p>	<p>BDO Solutions provides accounting software management tools need to run a better operation. Our expert team understands the complex reporting requirements government entities must adhere to, as well as the limited resources they have to address these needs. Spend more time serving your constituents, better manage budgets, allocate time and resources more effectively and improve your ability to focus on the work that really matters to your organization.</p> <p>For more information, please visit the following link:</p> <p><a href="http://www.bdosolutions.com/ca/">http://www.bdosolutions.com/ca/</a></p>



## Outsourcing

Our dedicated team of professional bookkeepers across Canada combined with our powerful Microsoft cloud technology platform can provide you and your organization with a world class bookkeeping solution that gives you anytime access to your financial information. Our BDO Client Portal provides you with access to comprehensive business management functionality and enables you to make proactive and informed decisions for your organization.

Visit the link below to find out how we can create a customized bookkeeping solution for your organization:

<http://www.bdo.ca/en/Services/Outsourcing/Bookkeeping/pages/default.aspx>

## Succession Planning

Having a strong strategic plan, such as a succession plan for key employees and strategic planning for the Board of Directors, is critical to an organization's success. With our succession planning services, we can help your organization with:

- Planning for a change in leadership
- Setting a strategic direction for the Board of Directors
- Develop a strategic business plan for operations
- Aligning all three groups of stakeholders (the Board, employees and rate payers) and enhancing communication

For more information, please visit the following link:

<http://www.bdo.ca/en/Services/Advisory/Business-Transition/pages/default.aspx>

## BDO PUBLICATIONS

BDO's national and international accounting and assurance department issues publications on the transition and application of Public Sector Accounting Standards. In addition, we offer a wide array of publications on Accounting Standards for Private Enterprises (ASPE), International Financial Reporting Standards (IFRS), and Accounting Standards for Not-for-Profit Organizations (ASNPO).

For additional information on PSAS, including links to archived publications and model financial statements, refer to the link below:

<http://www.bdo.ca/en/library/services/assurance-and-accounting/pages/default.aspx>.



## APPENDIX J - Changes in Accounting Standards With Potential to Impact the Regional District and Hospital District

*The following summarizes the status of new standards and the changes to existing standards as of the fall of 2017. The Appendix also reviews Exposure Drafts, Consultation Papers, Statements of Principles, projects and Post Implementation Reviews that provide information on the future direction of CPA Public Sector Accounting Handbook.*

### NEW STANDARDS - PSAS (NOT YET EFFECTIVE)

#### *Amendments to the Introduction*

PSAB amended the introduction to Public Sector Accounting Standards to clarify the applicability of the CPA PSA Handbook for various public sector entities. A government component, for example a provincial Ministry, that prepares standalone statements, would be directed to use PSAB effective on or after January 1, 2017.

#### *Section PS 1201, Financial Statement Presentation*

This Section revises and replaces Financial Statement Presentation, Section PS 1200. The following changes have been made to the Section:

- Remeasurement gains and losses are reported in a new statement;
- Other comprehensive income that can arise when a government includes results of government business enterprises and government business partnerships in its summary financial statements is reported in the statement of remeasurement gains and losses; and
- The accumulated surplus or deficit is presented as the total of the accumulated operating surplus or deficit and the accumulated remeasurement gains and losses.

Part of this standard will not have much of an impact until Section PS 3450 - Financial Instruments has been adopted.

The standard is effective for fiscal years beginning on or after April 1, 2012. In the case of governments, the new requirements are effective for fiscal years beginning on or after April 1, 2019. For entities with a December year end, this means that 2020 is the first year that the standard must be followed. However, we are expecting that the Standard will be further deferred. Earlier adoption is permitted.



### *Section PS 2200, Related Party Disclosures*

This new Section defines a related party and establishes disclosures required for related party transactions.

A related party exists when one party has the ability to exercise control or shared control over the other. Two or more parties are related when they are subject to common control or shared control. Related parties also include individuals that are members of key management personnel and close family members.

- Disclosure of key management personnel compensation arrangements, expense allowances and other similar payments routinely paid in exchange for services rendered is not required.
- Two entities that have a member of key management personnel in common may be related depending upon that individual's ability to affect the policies of both entities in their mutual dealings.
- Disclosure is only required when transactions and events between related parties have or could have a material financial effect on the financial statements.
- Determining which related party transactions to disclose is a matter of judgment based on the assessment of certain factors.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

### *Section PS 2601, Foreign Currency Translation*

This Section revises and replaces *PS 2600, Foreign Currency Translation*. The following changes have been made to the Section:

- The definition of currency risk is amended to conform to the definition in *PS 3450, Financial Instruments*;
- The exception to the measurement of items on initial recognition that applies when synthetic instrument accounting is used is removed;
- At each financial statement date subsequent to initial recognition, non-monetary items denominated in a foreign currency that are included in the fair value category in accordance with Section PS 3450 are adjusted to reflect the exchange rate at that date;
- The deferral and amortization of foreign exchange gains and losses relating to long-term foreign currency denominated monetary items is discontinued;
- Until the period of settlement, exchange gains and losses are recognized in the statement of remeasurement gains and losses rather than the statement of operations; and
- Hedge accounting and the presentation of items as synthetic instruments are removed.

The new requirements are to be applied at the same time as *PS 3450, Financial Instruments*, and are effective for fiscal years beginning on or after April 1, 2012. In the case of governments, the new requirements have been delayed and are now effective for fiscal years beginning on or after April 1, 2019. For entities with a December year end this means 2020 is the first year that the standard must be followed. However, we expect that the standard will be further deferred. Earlier adoption is permitted.



### ***Section PS 3041, Portfolio Investments***

This Section revises and replaces Section *PS 3040, Portfolio Investments*. The following changes have been made:

- The scope is expanded to include interests in pooled investment funds;
- Definitions are conformed to those in *PS 3450, Financial Instruments*;
- The requirement to apply the cost method is removed, as the recognition and measurement requirements within Section PS 3450 apply, other than to the initial recognition of an investment with significant concessionary terms; and
- Other terms and requirements are conformed to Section PS 3450, including use of the effective interest method.

This Section is to be applied for government organizations are effective for fiscal years beginning on or after April 1, 2012. In the case of governments, the new requirements are effective for fiscal years beginning on or after April 1, 2019. For entities with a December year end, this means that 2020 is the first year that the standard must be followed. Earlier adoption is permitted.

### ***Section PS 3420, Inter-Entity Transactions***

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The main features are:

- Inter-entity transactions involving the transfer of assets or liabilities should be recognized by both a provider and a recipient at carrying amount, exchange amount or fair value depending on the particular circumstances of each case.
- Inter-entity transactions in the normal course of operations or under a policy of cost allocation and recovery should be recognized on a gross basis at the exchange amount.
- A recipient may recognize unallocated costs as a revenue and expense at carrying amount, fair value or another amount based on existing policy, accountability structure or budget practice depending on the particular circumstances of each case.
- Information about inter-entity transactions would be disclosed in accordance with the new Section on related party disclosures.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

### ***Section PS 3210, Assets***

This new Section provides additional guidance on the definition of assets and establishes general disclosure standards for assets. Disclosure of types of assets that are not recognized is required.

However, this standard does not address intangible assets which are still not recognized under the PSAB accounting framework.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

### ***Section PS 3320, Contingent Assets***

This new Section defines and establishes disclosure standards on contingent assets. Disclosure about contingent assets is required when the occurrence of the confirming future event is likely.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a



December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

#### ***Section PS 3380, Contractual Rights***

This new Section defines and establishes disclosure standards on contractual rights. Disclosure about contractual rights is required including the description about their nature and extent and the timing.

This Section is effective for fiscal periods beginning on or after April 1, 2017. For entities with a December year end, this means that 2018 is the first year that the standard must be followed. Earlier adoption is permitted.

#### ***Section PS 3430, Restructuring Transactions***

This Section addresses a problem area for public sector accounting. In the past there was no Canadian standard that addressed acquisition of services and service areas, therefore, accountants looked to the US and international standards for guidance.

This new Section defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities transferred in a restructuring transaction. A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities, that does not involve an exchange of consideration based primarily on the fair value of the individual assets and liabilities transferred.

- The net effect of the restructuring transaction should be recognized as a revenue or expense by the entities involved.
- A recipient should recognize individual assets and liabilities received in a restructuring transaction at their carrying amount with applicable adjustments at the restructuring date.
- The financial position and results of operations prior to the restructuring date are not restated.
- A transferor and a recipient should disclose sufficient information to enable users to assess the nature and financial effects of a restructuring transaction on their financial position and operations.

This Section applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018. For entities with a December year, end this means that 2019 is the first year that the standard must be followed. Earlier adoption is permitted.

#### ***Section PS 3450, Financial Instruments***

PSAB approved amendments to *Section PS 3450, Financial Instruments*, to align the reporting of income on externally restricted assets that are financial instruments with the requirements in Section PS 3100, Restricted Assets and Revenues. The amendments clarify the application of Section PS 3100 (paragraphs PS 3100.11 - .12) when accounting for:

- A change in the fair value of a financial asset in the fair value category that is externally restricted;
- Income attributable to a financial instrument that is externally restricted; or
- A gain or loss associated with a financial instrument that is externally restricted.

These amendments recognize the importance of the nature of restrictions and the terms of contractual agreements in reporting such transactions and events when externally restricted assets and income are involved.

This new Section, although not as demanding as the private sector section, establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.



The main features of the new Section are:

- Items within the scope of the Section are assigned to one of two measurement categories: fair value, or cost or amortized cost;
- Almost all derivatives, including embedded derivatives that are not closely related to the host contract, are measured at fair value;
- Fair value measurement also applies to portfolio investments in equity instruments that are quoted in an active market;
- Other financial assets and financial liabilities are generally measured at cost or amortized cost;
- Until an item is derecognized, gains and losses arising due to fair value remeasurement are reported in the statement of remeasurement gains and losses;
- Budget-to-actual comparisons are not required within the statement of remeasurement gains and losses;
- When the reporting entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, the entity may elect to include these items in the fair value category;
- New requirements clarify when financial liabilities are derecognized;
- The offsetting of a financial liability and a financial asset is prohibited in absence of a legally enforceable right to set off the recognized amounts and an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously; and
- New disclosure requirements of items reported on and the nature and extent of risks arising from financial instruments.

The new requirements are to be applied at the same time as *PS 2601, Foreign Currency Translation* and for government organizations are effective for fiscal years beginning on or after April 1, 2012. In the case of governments, the new requirements have been delayed, mainly due to concerns of the senior government, and are effective for fiscal years beginning on or after April 1, 2019. For entities with a December year end this means 2020 is the first year that the standard must be followed. However, we expect that this Standard will be further deferred. Earlier adoption is permitted. This Standard should be adopted with prospective application except for an accounting policy related to embedded derivatives within contracts, which can be applied retroactively or prospectively.

Note also the exposure draft “Financial Instruments: Transition” (discussed below) that proposed clarification of some detailed aspects of the Financial Instruments standard.

## EXPOSURE DRAFTS - PSAS

### *Asset Retirement Obligations: Deliberating (Closed for comment)*

A new accounting standard that addresses the reporting of legal obligations associated with the retirement of tangible capital assets is required.

Reporting guidance on asset retirement obligations was covered in the pre-changeover accounting standards in Part V of the CPA Canada Handbook - Accounting. There is not yet specific accounting guidance in this area in the CPA Canada Public Sector Accounting (PSA) Handbook. Government organizations transitioning to the PSA Handbook would need guidance in this area.

This project will address the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets.



### *Revenue (Closed for comment)*

Revenue recognition principles that apply to revenues of governments and government organizations other than government transfers and tax revenue require development.

The Public Sector Accounting Handbook has two Sections that address two major sources of government revenues, government transfers and tax revenue. Revenues are defined in Section PS 1000, Financial Statement Concepts. Recognition and disclosure of revenues are described in general terms in Section PS 1201, Financial Statement Presentation.

This project will address recognition, measurement and presentation of revenues that are common in the public sector.

### **INVITATIONS TO COMMENT - PSAB**

#### *Employment Benefits*

Identified as the top priority in PSAB's 2014 Project Priority Survey, the Board has approved a project to review Section PS 3250, Retirement Benefits, and Section PS 3255, Post-employment Benefits, Compensated Absences and Termination Benefits. Since the issuance of these Sections decades ago, new types of pension plans have been introduced and there have been changes in the related accounting concepts.

The first stage of this project will involve looking at issues such as deferral of experience gains and losses, and discount rates. The second stage will involve determining how to account for shared risk plans, multi-employer defined benefit plans and vested sick leave benefits. Other improvements to existing guidance will also be considered.

A new, comprehensive Handbook Section on employment benefits will replace the two existing Sections.

### **STATEMENTS OF PRINCIPLES - PSAB**

#### *Concepts Underlying Financial Performance (Statement of principles being developed)*

The conceptual framework in Sections PS 1000, Financial Statement Concepts, and PS 1100, Financial Statement Objectives, require review with a focus on measuring the financial performance of public sector entities.

This review was identified as a high priority in the Public Sector Accounting Board's (PSAB) 2010-2013 Strategic Plan in response to a suggestion from the senior government finance community.

This project will consider the concepts underlying the measure of financial performance. The review may result in amendments to the conceptual framework and could also affect Section PS 1201, Financial Statement Presentation.

#### *Public Private Partnerships (Closed for comments)*

Identified as a priority in PSAB's 2014 Project Priority Survey, the Board approved a project to develop authoritative guidance specific to public private partnerships.

In recent years, governments across Canada are increasingly using various forms of public private partnership arrangements for the provision of assets and delivery of services.



This project is expected to develop in two stages. The first stage will involve contemplating specific issues, including project scope, recognition and measurement of a public private partnership and disclosure requirements. Other issues will also be considered. The second stage will involve determining how to account for public private partnerships.

The objective is to develop a public sector accounting standard specific to public private partnerships.

#### **PROJECTS - PSAB**

##### **Financial Instruments - Subsequent Issues**

Since the issuance of Section PS 3450, Financial Instruments, there have been reports of transition and other issues that have been brought to the Public Sector Accounting Board's (PSAB) attention.

The objective of this project is to consider these issues as they arise.

#### **POST IMPLEMENTATION REVIEW - PSAB**

##### **Government Transfers**

This post-implementation review of Section PS 3410, Government Transfers, will help the Public Sector Accounting Board (PSAB) assess any implementation challenges encountered by stakeholders, and the nature, extent and cause of any ongoing issues.

This is the first post-implementation review undertaken by PSAB. Such reviews consider whether the standard has been implemented and achieved the intended objectives.



## NEW STANDARDS - AUDITING AND ASSURANCE STANDARDS BOARD (AASB)

### *Auditor Reporting*

Users of audited financial statements are asking auditors to provide more information in their reports about significant matters in the financial statements, as well as about the conduct of the audit.

The International Auditing and Assurance Standards Board (IAASB) and the AASB believe that a quality audit should be accompanied by an informative auditor's report that delivers value to the entity's stakeholders. The IAASB has undertaken a project to revise the auditor reporting standard.

Revisions that the IAASB makes to its auditor reporting standard (i.e., ISA 700, Forming an Opinion and Reporting on Financial Statements) will be reflected in the equivalent CAS with limited Canadian-specific amendments, if any are necessary.

### *Auditor Reporting - Special Considerations*

The IAASB is proposing amendments to ISA 800, Special Considerations - Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks, and ISA 805, Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement, resulting from significant revisions to its auditor reporting standards.

The IAASB will address the voluntary communication of key audit matters and naming the engagement partner in the auditor's report on a single financial statement or an element of a financial statement.

Revisions that the IAASB makes to these standards will be reflected in the equivalent CASs with limited Canadian-specific amendments, if any are necessary.

### *Auditor Reporting - Summary Financial Statements*

The IAASB is proposing amendments to ISA 810, Engagements to Report on Summary Financial Statements, resulting from significant revisions to its auditor reporting standards.

The IAASB will address issues related to key audit matters, going concern and other information.

Revisions that the IAASB makes to this standard will be reflected in the equivalent CAS with limited Canadian-specific amendments, if any are necessary.

### *Financial Statement Disclosures*

Financial statement disclosures have become more detailed and complex as a result of evolving financial reporting standards.

The International Auditing and Assurance Standards Board (IAASB) has commenced a project to develop guidance on the audit of financial statement disclosures.

The objective of the IAASB project is to gain robust understanding of the views and perspectives on issues relevant to auditing disclosures in a financial statement audit. The IAASB's objectives further include:



- determining whether revisions (in the form of new or revised requirements, or additional application material) to the International Standards on Auditing (ISAs) with respect to auditing disclosures are required;
- considering how such revisions should be presented (for example, within the relevant ISAs or in a separate ISA); and
- determining whether another type of non-authoritative guidance should be developed and, if so, developing the content.

The Auditing and Assurance Standards Board (AASB) is committed to adopting the ISAs. Revisions that the IAASB makes to the ISAs will be reflected in the equivalent Canadian Auditing Standards (CASs). Should the IAASB develop a new ISA, the AASB will adopt the standard in an equivalent CAS. Amendments, if any, that the AASB makes to the ISA wording would be in accordance with the AASB's criteria for such amendments, as set out in Appendix 1 of the Preface to the CPA Canada Handbook - Assurance.

### ***Responsibilities Relating to Other Information***

International Standard on Auditing (ISA) 720, The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements, is being revised by the International Auditing and Assurance Board (IAASB) to ensure that it continues to be capable of enhancing the credibility of financial statements.

Revised ISA 720 will specify appropriate responsibilities of the auditor relating to the range of other information in documents containing audited financial information. Revisions will also be made to take into account how such information is disseminated.

The AASB is committed to adopting the ISAs. Accordingly, revisions that the IAASB makes to ISA 720 will be reflected in Canadian Auditing Standard (CAS) 720. Amendments, if any, that the AASB would make to the ISA wording would be in accordance with the AASB's criteria for such amendments, as set out in Appendix 1 of the Preface to the CPA Canada Handbook - Assurance.

## **EXPOSURE DRAFTS - AASB**

### ***Auditing Accounting Estimates (Closed for comments)***

Accounting estimates and related disclosures have become more complex. Stakeholders have indicated that clearer or additional guidance is needed to enable auditors to appropriately deal with these complexities.

The International Auditing and Assurance Standards Board (IAASB) is proposing revisions to ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*.

The IAASB proposals include establishing more robust requirements and appropriately detailed guidance to foster audit quality. This would be done by driving auditors to perform appropriate procedures in relation to accounting estimates and related disclosures.

It is anticipated that these revisions would also seek to emphasize the importance of the appropriate application of professional skepticism.



### *Quality Control (Exposure draft being developed)*

Auditors must effectively manage audit quality, both at the firm and the engagement level, with high-quality audits supporting financial stability.

Through consultations with stakeholders, the International Auditing and Assurance Standards Board (IAASB) identified a need to strengthen standards addressing quality control.

Therefore, the IAASB is proposing revisions to:

- ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*; and
- ISA 220, *Quality Control for an Audit of Financial Statements*.

The IAASB proposals includes revisions to these standards to:

- Strengthen and improve a firms' management of quality for all engagements by more explicitly incorporating a quality management approach, fostering the ability of the standards to be applied to a wide range of circumstances; and
- Focus on identifying, assessing and responding to quality risks in a broad range of engagement circumstances.

## **PROJECTS - AASB**

### *Group audits*

Many audits today are audits of group financial statements - also known as group audits - these type of engagements can be very challenging.

This is a result of complex group structures, cultural and language barriers, differences in laws and regulation, involvement of component auditors and many other factors.

The IAASB is proposing revisions to ISA 600, *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)* to:

- Strengthen the auditor's approach to planning and performance of a group audit; and
- Clarify the interaction of ISA 600 to the other ISAs.

### *Identifying and Assessing the Risks of Material Misstatement*

There are challenges involved in identifying and assessing audit risks for entities – in particular, those that vary in size and nature. Clearer or additional guidance is needed to help address these challenges.

As a result, the International Auditing and Assurance Standards Board (IAASB) is proposing revisions to ISA 315, *Identifying and Assessing the Risks of Material Misstatement through Understanding of the Entity and its Environment*.

The IAASB proposal includes establishing more robust requirements and appropriately detailed guidance to drive auditors to perform appropriate risk assessment procedures in accordance with the size and nature of the entity. This would be done by focusing on enhancing the auditor's approach to understanding the entity and risk assessment activities in light of the changing environment.

It is anticipated that the IAASB will consider whether and how ISA 315, in organization and structure, can be modified to promote a more effective risk assessment.



## APPENDIX K - Prior Year's Management Letter (for information)

Direct Line: 604-443-4735

E-Mail: ksimpson@bdo.ca

May 3, 2017

Sharon Moss  
 Manager, Finance Division, Corporate Services Department  
 Cowichan Valley Regional District  
 175 Ingram Street  
 Duncan, BC V9L 1N8

Dear Ms. Moss:

As your external auditors, we are engaged to provide an audit opinion on your year-end financial statements. An external audit requires testing of transactions and balances and review of those internal control systems upon which we may place reliance. A positive opinion on the financial statements does not necessarily mean that your internal control systems are all operating effectively. This is because we review only those internal control systems where we feel that failure in those systems could result in a material error on the financial statements. With those systems that we do review, our focus is on the assertions necessary to meet our financial statement audit objectives.

Our review of systems, transactions and balances as well as discussions with staff at various levels gives us a unique insight into your operations. While conducting this work we make note of items that come to our attention where we feel that improvement could be made or alternatives could be considered. We are fortunate in that we work with a great number of clients and observe a wide variety of processes. We see firsthand any procedures that are emerging as best practices. As matters come to our attention, we make note of these for subsequent follow-up. For minor matters we discuss directly with the staff involved. More important matters are brought forward in this letter (known as a management letter).

It is worth noting that we have management letter comments for virtually all audits of all clients.

The existence of points does not mean that there are significant problems with your systems or staff. They are just recommendations to make good systems better.

### Status of Prior Year Recommendations

#### 1. Contaminated Site Investigation

##### *Observation*

During the audit, it was noted that in the course of the District's assessment of its contaminated sites inventory during the adoption of PS3260 (Liability for Contaminated Sites), there was a portion of a site, at the Bings Creek Drop Off Depot, which has been determined to have evidence of contamination. Further investigation and assessment must occur before it can be determined if this contamination is in excess of an environmental standard requiring remediation at this time. It was also noted that the District identified 9 potential old landfill/dump sites that may be contaminated. However, the District did not have coordinates or civic addresses that would indicate the specific location of these 9 sites. Therefore, it had not been able to investigate and determine if there is contamination, and if such contamination exceeds an environmental standard requiring mediation.



We recommended that the District complete its assessment during 2016 to determine if a liability should or should not be recorded.

#### *2016 Update*

*During 2016, CVRD has performed an assessment over the 9 contaminated sites as recommended and will continue to monitor the condition of the other sites with potential contamination.*

### 2. Conflict of Interest Policy - Go Beyond the Legal Requirements

#### *Observation*

We noted last year that the Financial Disclosure Act requires that members of Council as well as employees appointed by Council (generally senior management) make written disclosure of their corporate holdings, business interests, other organizations which may compensate them, and their interests in lands. These disclosures must be updated yearly.

We recommended that the District consider going beyond the baseline requirements to enhance openness and transparency. Best practice would require that an in-house conflict of interest policy be developed and regularly reviewed.

#### *2016 Update*

*No Conflict of Interest Policy has been drafted up as of the date of this letter. Senior management still plans on developing one for presentation to the Board in the future.*

### 3. Asset Lifecycle Costing

The District had its own procedures in consideration of lifecycle costs. However, this information was not brought together formally and was not explicitly discussed as part of the business case for major infrastructure projects. For example, in the District's recent purchase of Baldy Mountain, while the District did not have current plans to develop this area, there were still post-acquisition costs such as general maintenance and upkeep of this area that should be considered and budgeted for, until such time that any potential development might take place.

We recommended that this process be formalized by ensuring that all key considerations are documented, estimates tested and verified through third party research. The development of a template for lifecycle costing review would be beneficial as it would help ensure that all appropriate considerations were made as part of the lifecycle costing review.

#### *2016 Update*

*On September 5, 2016, CVRD hired a third-party training provider to provide training for management on business case writing for large infrastructures. The course was beneficial and managers are encouraged to apply concepts learned from the course to future major projects.*

#### **Current Year Observations**

##### 1. Bid and Tenders records

#### *Observations:*

During the course of the audit, we were not able to locate some tendering and RFP documentation. Through examining one of the RFP documents, we also noted that it was not signed off by the proper level of authority.



*Recommendation:*

*We recommend that management standardize the filing for bids and tenders so that all documents will be easily categorized and retrieved easily. The purchasing policy should be closely followed and regularly updated (the most recent one was in 2009) to ensure appropriateness of the expenditures.*

*Management comment :*

*Management supports BDO's recommendation. To this end a Procurement Officer was hired and joined the CVRD March 2017. The Procurement Officer, in consultation with staff, is currently updating the procurement policy and associated procedures. Part of this process will be to standardize the filing of bid documents for ease of access and retrieval purposes.*

## 2. Payroll Reconciliations

*Observations:*

As part of the payroll procedures, the payroll coordinator prepares the reconciliation for payable amounts monthly and records these in Excel. However, due to timing constraints, this reconciliation was not prepared and available for the Manager of Finance's review on a regular basis.

*Recommendation:*

*We recommend that the payroll reconciliation be done and submitted to the Manager of Finance for review and sign off on a monthly basis as payroll expenses form a substantial portion of CVRD's operating expenses. Through regular reviews, the risk of material misstatement or fraud can be greatly reduced.*

*Management comment:*

*Management acknowledges tight deadlines and staff capacity has created difficulties for payroll staff to complete reconciliations on a timely basis. Finance will work with Human Resources to establish reasonable due dates for reconciliations to enable timely review of payable accounts.*

## 3. Allowances for Members of Legislative Assemblies and Certain Municipal Officers

We would like to highlight for you one of the changes announced in the recent Federal Budget. Employees who are reimbursed for expenses incurred by them in the course of carrying out their employment duties are generally not required to include such amounts in income as taxable benefits, while those who receive non-accountable allowances are generally required to do so. However, elected members of provincial and territorial legislative assemblies and officers of incorporated municipalities, elected officers of municipal utilities boards, commissions, corporations, or similar bodies, and members of public or separate school boards or of similar bodies governing a school district are currently entitled to exclude non-accountable allowances from income.

Budget 2017 proposes to repeal this exemption by 2019.

We recommend that management begin reviewing their allowance policies and determine if it should be updated to help prevent the allowances from becoming taxable.



*Management comment:*

*Management has discussed this topic with the CVRD Board and will be preparing a report to determine if changes are necessary to the Director Remuneration Bylaw.*

This communication is prepared solely for the information of management and those charged with governance and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the co-operation and assistance which we received from you, Tracy Bowen and the rest of the finance division during the course of the audit. We shall be pleased to discuss with you further any matters mentioned in this letter at your convenience.

Yours truly,

A handwritten signature in black ink that reads 'Kristine Simpson'.

Kristine Simpson, CPA, CA  
Partner through a corporation  
BDO Canada LLP  
Chartered Professional Accountants

KLS/ni

cc: Board of Directors





# STAFF REPORT TO COMMITTEE

**DATE OF REPORT** January 2, 2018

**MEETING TYPE & DATE** Corporate Services Committee of February 14, 2018

**FROM:** Legislative Services Division  
Corporate Services Department

**SUBJECT:** Election Candidate Nomination Process

**FILE:**

## PURPOSE/INTRODUCTION

The purpose of this report is to consider possible changes to the candidate nomination process for the October 2018 General Local Election.

## RECOMMENDED RESOLUTION

For direction.

## BACKGROUND

At the June 14, 2017 Corporate Services Committee meeting, the Directors considered a staff report introducing Election and Assent Voting Procedures Bylaw No. 4126 which amalgamated three CVRD election procedure bylaws and update wording and references to *Local Government Act* section numbers. The report also contained a section regarding possible changes to the candidate nomination process.

While the Committee recommended moving forward with Bylaw No. 4126, the following resolution was passed regarding the candidate nomination process: "That possible changes to the candidate nomination process for elections be discussed and considered in the fall at a future Corporate Services Committee meeting".

As noted in the earlier staff report, the Committee needs to consider whether changes should be made to the candidate nomination process. Changes made to the *Local Government Act* in 2008 regarding voluntary options to the candidate nomination process have never been considered by the CVRD. The introduction of Bylaw No. 4126 provided the Directors with an opportunity to at least consider the voluntary options.

## ANALYSIS

In order for a candidate to file a nomination, only two qualified electors are required to sign their nomination form. Approximately twenty years ago in the City of Vancouver, numerous submissions from "frivolous" candidates (using names such as "Frank the Moose" and "Zippy the Circus Chimp") were received by the City. One candidate offered to give free beer to people who would run for Mayor. As a result, the City had 58 names listed on their ballot for Mayor. Over the next couple of elections, other jurisdictions also had an increase in candidates who ran for election with little to no expectation of winning.

Eventually the *Local Government Act* was amended so that local governments could increase the minimum number of qualified nominators from two to either 10 or 25, depending on a 5,000 electoral area population threshold. The amendments also introduced the concept of a "nomination deposit". The Board could require a nomination deposit of one hundred dollars, which would be returned once the candidate filed their candidate disclosure statement. If the candidate

never filed the required disclosure statement, the deposit would be forfeited and retained by the local government.

Requiring prospective candidates to obtain 10 nominator signatures, and providing a \$100 nomination deposit, would recognize the formality of the election process and reduce the possibility of somebody running on a lark in the future. There can be financial ramifications in the thousands of dollars if such a candidate triggers an election. The requirement for a candidate to obtain eight more signatures than the two required currently, and to submit a refundable deposit, won't prevent a serious candidate from running for office.

Locally, a nomination deposit of \$100 must accompany nominations for Mayor or Councillor in the City of Duncan.

If the Board wishes to include such provisions in future elections, the following motions would be required:

1. That a bylaw be prepared to amend Election and Assent Voting Procedures Bylaw No. 4126 to include a requirement that a candidate must be nominated by 10 eligible electors from the appropriate electoral area.
2. That a bylaw be prepared to amend Election and Assent Voting Procedures Bylaw No. 4126 to include a \$100 refundable nomination deposit from all candidates running for office.

**FINANCIAL CONSIDERATIONS**

N/A

**COMMUNICATION CONSIDERATIONS**

N/A

**STRATEGIC/BUSINESS PLAN CONSIDERATIONS**

N/A

Referred to (upon completion):

- Community Services (*Island Savings Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Public Safety, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Legislative Services, Information Technology, Procurement*)
- Engineering Services (*Environmental Services, Recycling & Waste Management, Water Management*)
- Land Use Services (*Community Planning, Development Services, Inspection & Enforcement, Economic Development, Parks & Trails*)
- Strategic Services

Prepared by:

Reviewed by:




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Joe Barry  
Corporate Secretary

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Not Applicable  
Not Applicable




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Mark Kueber, CPA, CGA  
General Manager



# STAFF REPORT TO COMMITTEE

**DATE OF REPORT** January 8, 2018

**MEETING TYPE & DATE** Regional Services Committee Meeting of January 24, 2018

**FROM:** Community Planning Division  
Land Use Services Department

**SUBJECT:** Affordable Housing: Cowichan Housing Association's Proposal to  
Establish a Regional Service

**FILE:**

## PURPOSE/INTRODUCTION

The purpose of this report is to introduce the Cowichan Housing Association's proposal that the CVRD establish a regional affordable housing service. Cowichan Housing Association will be presenting this proposal to the Committee, and be able to respond to any questions about it.

## RECOMMENDED RESOLUTION

For direction.

## BACKGROUND

In July 2017, the Regional Services Committee considered a report on options for taking action on the issue of affordable housing. At that meeting, a decision was made to learn more about the issues through an Affordable Housing workshop, to be organized by the Cowichan Housing Association. Other opportunities to learn more about what is being done on this issue were made available as well, such as a tour of Warmland House to learn more about the facility and the services offered, as well as an invitation to participate in a Cowichan Housing Association workshop on "Housing First."

On November 6, 2017, members of the CVRD Board, together with elected officials from municipal jurisdictions and alternate Board members, participated in an Affordable Housing workshop, facilitated by representatives from the Cowichan Housing Association, Social Planning Cowichan, OUR Cowichan, and the United Way. The workshop included presentations from two nearby Regional Districts, together with their community partners: Capital Regional District, and the Comox Valley Regional District. Through discussions at that workshop, and a subsequent delegation to the Regional Services Committee in November 2017, the Cowichan Housing Association was encouraged to bring a proposal forward to the CVRD outlining a regional response to the affordable housing situation. This proposal is attached, together with a slide presentation.

## ANALYSIS

The proposal presented by the Cowichan Housing Association reflects the considerable work being undertaken within the Cowichan community, including community-based organizations, churches, and local governments, to develop a comprehensive and effective response to the issue of affordable housing and homelessness within the Cowichan Region. The community is mobilizing to develop capacity and partnerships to meet current needs for shelter and affordable housing, and prevent homelessness. Part of the overall response is the development of a community-based plan to identify priority actions. This plan should be completed by March 2018.

Recent announcements regarding the National Housing Strategy, which is anticipated to invest significant new money into communities to address affordable housing needs, have emphasized

that all levels of government need to be involved with community-based organizations in working together on affordable housing issues. It is anticipated that matching funds will be required.

The community planning process has identified that there are three gaps:

1. Financial resources at the local level to provide opportunities for matching or leveraging funds for projects to be financed by the federal initiative;
2. The need for a regional strategy to address the spectrum of housing needs; and
3. Access to data, such as GIS data, that local governments could provide in support of community-based planning efforts, and other ways that local governments could lend their capacity to community-based efforts.

The attached document presents a proposal that the CVRD participate in addressing these three gaps, by:

1. Establishing a CVRD Affordable Housing Contribution Service, to be managed (via contribution agreement) by the Cowichan Housing Association, in the amount of \$750,000 per year to be allocated to community-based investment in affordable housing (67%), community planning services such as partnership development, research and education (18%), and administration of the funds and overhead costs (15%);
2. Supporting the development of a Regional Attainable Housing Strategy and Action Plan by the Cowichan Housing Association and community partners. This could be through grant-in-aid funding or some other mechanism; and
3. Permitting CVRD staff members (as appropriate) to work in partnership with community-based organizations, and provide in-kind support to community projects as appropriate and as negotiated on a case-by-case basis respecting workloads, privacy regulations, etc., including:
  - providing GIS and other data as required for community-based plans and project development;
  - participating in planning processes;
  - partnering on grant applications (particularly in those cases where the funding source requires that the local government submits the grant applications); and
  - other related activities.

Prior to moving ahead with the proposal for an Affordable Housing Contribution Service, the Board may wish to have an evaluation of the relative costs and benefits of having the CVRD operate such a service, in contrast with contracting with the CHA as a community-based organization to operate such a service.

#### **FINANCIAL CONSIDERATIONS**

The establishment of a CVRD Affordable Housing Contribution Service is, essentially, the establishment of a new tax. This will require that a referendum be held.

Given the procedures as laid out in the *Local Government Act* regarding the establishment of new services, and given the community engagement commitments laid out in CVRD policy, there will be costs associated with these processes. A rough estimate of these costs is \$100,000. This cost estimate includes hiring a consultant to develop the community engagement/communications plan and execute the plan.

Should the CVRD Board decide to proceed with this investigating this initiative further funding for referendum costs will need to be addressed in the 2018 budget, although should the service be established, *Local Government Act* Section 379 (5) directs that "the costs of the referendum are

deemed to be costs of the service." Actual implications for the 2018 budget need to be determined by the Finance Division.

### COMMUNICATION CONSIDERATIONS

Should the CVRD Board decide to proceed with this initiative, which will require a referendum, community education and engagement on the proposal will be required. The nature of the required communications are laid out in the CVRD's Alternative Approval Process Policy, adopted by the Board in 2016. The CVRD may consider working collaboratively with member municipalities and community-based organizations in undertaking the necessary community education and engagement initiatives. Financial implications are considered above. This cost estimate addresses advertising in newspapers and other media, venue rentals for meetings to be held, and other related costs.

### STRATEGIC/BUSINESS PLAN CONSIDERATIONS

The CVRD's vision is that "Cowichan communities will be the most livable and healthy in Canada." Its mission is that "We serve the public interest through leadership, cooperation and a focus on community priorities and strengths."

Referred to (upon completion):

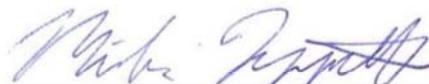
- Community Services (*Island Savings Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Public Safety, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Legislative Services, Information Technology, Procurement*)
- Engineering Services (*Environmental Services, Recycling & Waste Management, Water Management*)
- Land Use Services (*Community Planning, Development Services, Inspection & Enforcement, Economic Development, Parks & Trails*)
- Strategic Services

Prepared by:

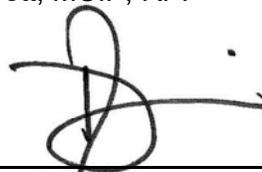


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General Manager

### ATTACHMENTS:

Attachment A – Proposal for a CVRD Affordable Housing Contribution Service

Attachment B – Letter dated January 15, 2018, from Cowichan Housing Association to Chair Lefebure

Attachment C – January 15, 2018, PowerPoint Presentation Affordable Housing In the Cowichan Region



**Proposal for a  
CVRD Affordable Housing  
Contribution Service**

**Cowichan Housing Association**

**January 15, 2018**

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## 1. Background and Purpose

The issue of affordable housing has been of concern in the Cowichan region for the past decade or more. Appendix B provides a detailed background on the issues and actions undertaken to address them.

The last four years has seen increasing homelessness in our region; more people are precariously housed or couch surfing and due to the rising cost of rents and shrinking affordable housing supply, there are more people at risk of becoming homeless. Young people entering the job market, anyone on a fixed income, and many others, are struggling to find and maintain affordable housing.

There is compelling evidence from around the country that providing housing has long-term benefits to communities in lowering costs for a wide range of health, police and other services and in supporting community well-being and economic development. The Cowichan community has mobilized to develop capacity and partnerships to address homelessness and affordable housing. Federal and provincial funding strategies have existed in the past and are being revised and up-dated now.

Three key gaps have been identified:

- 1) Lack of financial resources at the local level to enable the breadth of partnerships and funding resources required to address needs for affordable housing and homelessness prevention.
- 2) Lack of a Regional Attainable Housing Strategy to provide clear direction and aims for addressing the spectrum of housing needs.
- 3) Access to data (for example, GIS services) that local governments could provide in support of community-based planning efforts, and staff assistance in planning and partnership initiatives.

The purpose of this report is to provide a proposal and rationale for the involvement and support of the Cowichan Valley Regional District in directly addressing affordable housing need for the Region.

## 2. Summary of Recommendations

It is recommended that:

- I. The Cowichan Valley Regional District (CVRD) establish a CVRD Affordable Housing Contribution Service to address issues related to Affordable Housing and Homelessness Prevention (see Section 3)
- II. The CVRD enter into a working agreement with Cowichan Housing Association (CHA) to manage the funding on behalf of the community and provide community coordination and development services related to affordable housing and homelessness prevention (Section 4)
- III. The CVRD support the development of a Regional Attainable Housing Strategy and Action Plan that will assist in guiding implementation of the Service objectives (Section 5)
- IV. The CVRD strengthen community partnerships through allocating staff time to support and participate in community planning processes (Section 6).

Each of these recommendations will be discussed in turn.

### 3. Proposed Cowichan Valley Regional District Affordable Housing Service

Cowichan Housing Association (CHA), together with members of the newly formed Cowichan Coalition to Address Homelessness and Affordable Housing, proposes that the CVRD establish a Regional Affordable Housing Contribution Service. This Service would provide flow-through funding to the Cowichan Housing Association to address issues related to Affordable Housing and Homelessness Prevention.

The benefits of this Service would be to provide and leverage funds to invest in Affordable Housing and Homelessness Prevention. Moreover, it would position Cowichan as a region that is engaged in investing, funding and partnerships for Affordable Housing and Prevention of Homelessness and is therefore ready for investment from other levels of government and funding agencies. To access additional funds from provincial and federal sources requires commitments from local municipal levels as evidenced by the success of other municipalities across the country.

#### 3.1 Objectives of the Service

The specific objectives of a Regional Affordable Housing Contribution Service would be to:

- i. Increase the supply of affordable housing
- ii. Prevent housing loss and homelessness
- iii. Facilitate community planning and partnerships
- iv. Conduct research and analysis to inform and guide planning and decisions
- v. Engage, educate and inform the broader community around issues and solutions
- vi. Ensure efficient management, oversight, monitoring and accountability

The following table lays out these objectives in detail.

### 3.2 Detailed Aims of an Affordable Housing Contribution Service

Objective		Details
I.	<b>Increase supply of affordable housing</b>	<ul style="list-style-type: none"> <li>i. Assist in the acquisition, development and retention of housing that is affordable for those households in the region with low or moderate household incomes</li> <li>ii. Facilitate economic and social investment in affordable housing</li> <li>iii. Provide partnership funding to assist in development of affordable housing and particularly to leverage the funding resources of non-profit private, municipal, provincial and federal sources</li> <li>iv. Facilitate partnerships with other levels of government and foundations to garner funding for affordable housing</li> </ul>
II.	<b>Prevent housing loss and homelessness</b>	<ul style="list-style-type: none"> <li>i. Provide partnership funding to assist community-based initiatives to leverage funds and to deliver housing loss and homelessness prevention services</li> <li>ii. Facilitate partnerships with other levels of government and foundations to garner funding for homelessness prevention</li> </ul>
III.	<b>Facilitate community planning and partnerships</b>	<ul style="list-style-type: none"> <li>i. Provide coordination to the Cowichan Coalition and be the first point of contact for the Coalition in the community</li> <li>ii. Establish linkages with regional, provincial and national agencies and networks</li> </ul>
IV.	<b>Conduct research necessary to inform and guide planning and decisions for the Contribution Service</b>	<ul style="list-style-type: none"> <li>i. Conduct research, data gathering and policy analysis to ensure there is a current body of information, evidence and best practices necessary to inform strategies, planning and actions</li> </ul>
V.	<b>Engage, educate and inform the broader community on issues and solutions</b>	<ul style="list-style-type: none"> <li>i. Develop a Communications Plan and communications tools for effective information sharing and consultation</li> <li>ii. Provide education and information on housing and homelessness issues and solutions geared to all sectors of the community</li> <li>iii. Conduct broader community engagement and networking to share information and to engage and consult with relevant agencies and organizations regionally, provincially and nationally</li> </ul>
VI.	<b>Ensure efficient management, oversight, monitoring and accountability of Contribution Service funds</b>	<ul style="list-style-type: none"> <li>i. Develop, implement and maintain a sound and efficient process for financial and decision making processes related to the Service, as well as monitoring, performance analysis, reporting and financial accounting</li> <li>ii. Establish and maintain thorough and sound policies, criteria and processes for soliciting, reviewing and awarding of project funding</li> </ul>

### 3.3 Costs of A CVRD Affordable Housing Contribution Service

In consideration of the level of need for affordable housing in the Cowichan Region and of the capital requirements for developing housing, the recommended annual amount for the Contribution Service is \$765,000.

The annual allocation of funds would be as follows:

- \$500,000 (67%) Directly for affordable housing and homelessness prevention projects
- \$138,000 (18%) Research, data, coordination, communications and education activities
- \$112,500 (15%) devoted to administration of the Service  
(Management, overhead, professional development, accounting)
- \$15,000 (2%) CVRD Administration Fee

## 4. Working Agreement with Cowichan Housing Association

### 4.1 Fund Administration and Accountability

CHA will steward funds provided by the CVRD on behalf of the community, and be responsible for implementation of Service objectives and fund administration.

Decisions relating to direct fund investments and allocations will be made in close consultation with the Cowichan Coalition and CVRD and will be based on relevant community plans and strategies, research, data and needs analysis. Principles, policies and processes will be developed to manage and guide fund expenditures and measure impact based on maximum benefit, positive outcomes, community priorities and leveraging potential. CHA will provide an annual budget and work plan outlining current year priorities.

CHA is a registered non-profit society governed by a Board of Directors. The Society was formed in 2015, building upon ten years of work and development by Social Planning Cowichan and the Regional Affordable Housing Directorate. Since 2015, CHA has developed a number of initiatives, including most recently, a Housing First For Youth initiative. We have successfully leveraged over \$270,000 in support of affordable housing and homelessness prevention (see Appendix B for background). CHA is part of the Collective Backbone 'Home Team' and will serve as the coordinator/facilitator for the Cowichan Coalition (see Appendix C) in planning and decisions.

The newly formed Cowichan Coalition made up of agencies and funders is under development, and considerable work has already been completed in 2017 to create a new multi-year strategy to address homelessness and affordable housing. The new plan will be completed by March 2018.

## 5. Development of an Attainable Housing Strategy and Action Plan

Evidence suggests that in addition to lack of supply and variable conditions of existing affordable and supported rental units, that home ownership is not attainable for many working people. As house prices rise, fewer young households and households with low to moderate incomes are able to purchase a home. This lack of housing impacts employee recruitment and retention and has broader economic development implications.

Appendix B lists several studies that have been undertaken with regard to affordable housing needs and strategies including a 2010 CVRD Affordable Housing Strategy (Regional Affordable Housing Directorate (RHAD) and a 2014 Regional Affordable Housing Needs Assessment (CVRD). A Community Plan to address homelessness is under development.

An updated Strategy is needed to support the Community Plan with current statistical data, strategies and an action plan that reflects the current situation and information. A Regional Attainable Housing Strategy would identify in more detail, ownership and rental housing needs in communities around the region, and to develop strategies, actions and an implementation plan that will support decisions for allocation of a Contribution Service. As such this would be developed during 2018 for completion by January 2019.

The support and participation of the CVRD in the development of this Strategy will be important in both its elaboration and implementation. CHA requests that the CVRD support its development through participation of staff and in-kind resources, and commit to adopting the plan upon completion.

## 6. CVRD Partnership

A partnership with the CVRD is needed to provide assistance to community efforts and where possible, to align our activities. In our efforts to plan, develop partnerships, funding applications, and to build and maintain a body of data, it is helpful to identify areas where we can work together, share information, leverage impact and avoid duplication.

We request that the CVRD allocate staff time to support and participate in community planning processes including:

- Providing data in support of community-based planning and project development.
- Participating in planning and committee processes to ensure the voice of the CVRD in decisions.
- Partnering in and assisting with grant applications where funding sources require that the local governments, in partnership with community, submit the grant applications.

## 7. Conclusion

The Cowichan community has mobilized to develop capacity and partnerships to address affordable housing and prevention of homelessness. Three key needs have been identified:

- 1) Financial resources at the local level to enable the breadth of partnerships and resources required to address needs for affordable housing and homelessness prevention.
- 2) A Regional Attainable Housing Strategy to provide clear direction and aims for addressing the

spectrum of housing needs.

3) Partnering in and assisting with grant applications where funding sources require that the local governments, in partnership with community, submit the grant applications.

Through providing financial resources, local government can assist both directly to increase housing services, and to leverage funding from other levels of government. A Regional Attainable Housing Strategy will establish direction toward achieving a broad spectrum of housing needs. Through strengthening the partnership between the CVRD and the community, we can achieve greater alignment, benefit from in kind support and participation in planning processes.

## APPENDIX A: COWICHAN HOUSING ASSOCIATION BACKGROUND

**Incorporated: January 14, 2015**

**S-0063519**

### **Our Vision**

Our vision is that everyone in the Cowichan Region has the opportunity to live in safe, affordable, culturally appropriate housing as a foundation for a healthy community.

### **Our Mission**

Cowichan Housing Association (CHA) works to improve affordable housing at all levels of the housing continuum with a focus on prevention of homelessness. CHA is a regional organization that coordinates community initiatives and provides a host of services, programs, and projects that are best provided through a central organization.

### **Our Purposes**

- 1) Addressing the need for housing for low income individuals and families and all vulnerable populations living in the Cowichan region by undertaking development and operation of affordable housing units and to also support development of new affordable housing units by other parties;
- 2) Addressing the need for housing for low income individuals and families and all vulnerable populations living in the Cowichan region by facilitating the establishment of and operating an affordable housing trust fund;
- 3) Addressing the need for secure, stable and adequate rental accommodation for individuals and families and all vulnerable populations living in the Cowichan region by providing educational programs and workshops on tenants and landlords rights and responsibilities;
- 4) Addressing the need to maintain rental accommodation of low-income individuals and families living in the Cowichan region by offering various forms of assistance.

### **Our History**

From 2007 to 2014 the Regional Affordable Housing Directorate (RAHD) under Social Planning Cowichan brought together a diverse group of stakeholders who were concerned about homelessness and housing needs. Over the years, their work and accomplishments included:

- Report on Inadequate Shelter in the Cowichan Region
- An Affordable Housing Strategy for the Cowichan Region
- Community consultations on Strategy Implementation resulting in recommendation to develop a new housing association with a two year plan
- A Regional Homeless Count (February 2014)
- Aboriginal Off-Reserve Housing Needs study (2014)
- Ready to Rent Programming and Aboriginal Housing Outreach Worker
- Community information and education
- Incorporation of Cowichan Housing Association in 2015

From 2015 to 2017 Cowichan Housing Association has:

- Developed a four year Strategic Plan
- Leveraged approximately \$270,000 in grants from the Homelessness Prevention Strategy for

provision of Tenant and Landlord Education, Community Information and Education, Tenant Information and Referrals, Rental Subsidies for emergency assistance

- Conducted community consultations into youth homelessness and produced a partnership proposal that leveraged \$154,000 from the Homelessness Partnering Strategy to address youth homelessness through the Close to Home: Housing First for Youth Project
- Conducted a region-wide Youth Homelessness Needs Assessment
- Conducted comprehensive research and data gathering to produce a series of Snapshots on Affordable Housing and Homelessness and is in the process of establishing a regional database
- Worked with key community partners (Social Planning Cowichan, Our Cowichan Communities Health Network, United Way and Cowichan Division of Family Practice) to host three community forums, and plan a Cowichan Coalition to Address Affordable Housing and Homelessness Prevention
- Facilitated partnerships toward development of Affordable Housing and currently working to foster two key youth housing projects

### **Our Board and Staff**

CHA's Board holds skills in a number of fields including those who are or were directly involved in the following: law, city and regional planning, senior government housing programs, homelessness support, chartered accountant/business development and community activism.

#### **Board Chair: Chris Hall** - Consultant; Board - Social Planning Cowichan

Chris is a long time Vancouver Island resident, having spent time exploring as much of the Island as possible. Most of his career years have been involved with local governments, notably Campbell River and North Cowichan where he provided oversight to the respective Planning and Development Departments. More recently, he works part time as a consultant on land use and development projects. Housing needs in our communities remains one of his interests.

#### **Vice Chair: Craig Marchinko** - Semi- Retired - Extensive Background in Social Housing

Craig spent the past 30 plus years in the social housing sector. He is a Chartered Member of the Chartered Institute of Housing and a founding member of the CIH Canada chapter. [CIH is a UK based royal chartered entity established 100 years ago to ensure professionalism and continuing education for public housing entities in the UK]. Craig recently retired from the position of Deputy Minister, Housing and Community Development for the Government of Manitoba and as Chairman of the Manitoba Housing and Renewal Corporation. He is former President of Saskatchewan Housing Corporation and ADM within Social Services. Craig recently retired and now lives in the Cowichan Valley

#### **Treasurer: Gail Calderwood** – M.Sc. (Oceanography), LLB.

Gail studied and worked in the field of biological oceanography and served on the board and worked with the Cowichan Community Land Trust before becoming a lawyer. She has now retired from her law practice which had a substantial focus on real estate. Gail remains involved in various community groups in the Cowichan region that are working to sustain and build resilience in our natural and social environments.

#### **Secretary: Monica Finn** - Vancouver Island Regional Library

Monica is a librarian at the Vancouver Island Regional Library system. She has lived on Vancouver Island since 2002 and now lives in Duncan where she is actively involved in community events. She has been contributing to RAHD since attending the first Day of Direct Services event during Homelessness Action

Week in 2013.

**Morgan McLeod** – Development Planner, Municipality of North Cowichan

Morgan originally grew up in the Cowichan Valley but left to pursue education and careers in real estate assessment and urban planning. After 19 years away, Morgan has returned to the Cowichan Valley as a Development Planner for the Municipality of North Cowichan. Her specialties include policy writing, land development of both urban and rural communities and public engagement. She has a passion for minimalism, affordable housing, community resiliency and sustainable development. She is an avid hot yogi, foodie, runner and hiker.

**Debbie Williams** - Executive Director - Hiiye'yu Lelum – House of Friendship

As Executive Director of Hiiye'yu Lelum (House of Friendship), Debbie Williams oversees a broad and effective range of programs of cross-cultural awareness, parenting and social skills development. Debbie has served as Secretary of the Cowichan Foundation. She has also served as the Representative to the National Association of Friendship Centres Board of Directors, an ex-officio position to the B.C. Association of Aboriginal Friendship Centres Executive Committee and is currently on the Minister's Advisory Council on Aboriginal Women.

**James (Jim) Cosh** - Retired Accountant

James is a retired Fellow of the BC Institute of Chartered Accountants. He spent his career in public practice serving local government, small business and government enterprises. Much of his career was involved in the management of KPMG, one of the major accounting firms, based in Victoria, Vancouver, Calgary, Ottawa, China and Korea. James and his wife Lois retired to the Cowichan Valley in 2003 to take time for gardening and enjoying the family dog Harley. He is currently active in Rotary, Community Planning and Quamichan Stewards.

**Georgina (Georgie) Jackson**

**Key Staff: Terri Mattin Dame MA, Executive Director**

Terri has an undergraduate degree in Urban and Regional Geography, and an MA in Community Safety & Crime Prevention emphasizing local and neighbourhood planning, social development and inclusion. Terri has over twenty years of experience in project and performance management, community-based research and social development, working with complex community issues, engaging communities and developing and maintaining collaborative relationships.

## APPENDIX B: BACKGROUND ON AFFORDABLE HOUSING AND HOMELESSNESS ISSUES

### Affordable Housing and Homelessness

The issue of affordable housing has been of concern in the Cowichan region for the past decade or more. Several reports have outlined issues and needs including:

1. SPC/RAHD (2007) Inadequate Shelter in the Cowichan Valley
2. SPC/RAHD (2010) Cowichan Region Affordable Housing Strategy
3. SPC/RAHD (2010) Affordable Housing in the Cowichan Valley, A Discussion Paper
4. RAHD/SPC (2014) Aboriginal Off-Reserve Housing Needs in the Cowichan Region
5. RAHD/SPC (2014) Cowichan Region Homelessness Report
6. CVRD (2013) Cobble Hill Age-Friendly Community Report
7. CVRD (2014) Regional Affordable Housing Needs Assessment
8. CVRD (2014) Housing Indicators Report
9. CVRD (2017) Mill Bay Age-Friendly community Report
10. BC Non Profit Housing Association (2012) Our Home, Our Future: Projections of Rental Housing Demand and Core Housing Need – Cowichan Valley Regional District to 2036
11. Cowichan Housing Association (2016) Youth Homelessness and Housing Challenges Community Meetings
12. Emmanuel, Joy (2017) Duncan Winter and Summer Point in Time Homeless Counts
13. Cowichan Housing Association (2017) Affordable Housing Snapshot
14. Cowichan Housing Association (2017) Rental Housing Snapshot
15. Cowichan Housing Association (2017) Cost of Homelessness

In 2015, the Regional Affordable Housing Directorate developed a Business Case for a Cowichan Valley Regional Affordable Housing Trust Fund which outlined the implications of establishing a Housing Trust Fund, essentially a way to assist non-profit housing providers with capital costs related to new affordable housing projects, or renovations to existing affordable housing.

In addition to local studies that have highlighted issues of homelessness and affordable housing, these issues have been discussed at numerous community tables including the Tze Tza Community Advisory Board, CVRD Community Safety Advisory Commission, Cowichan Harm Reduction Roundtable, Our Cowichan Communities Health Network, Social Planning Cowichan, the Cowichan Safe Needle Disposal Committee, the Mental Health and Substance Use Collective Impact table, and Safer Pregnancies Collaborative.

Key challenges in the region include: increasing costs to own, increasing demand and cost for rental housing, declining rental supply plus adequacy issues, and increasing homelessness.

- In 2011, 8,325 or 25% of CVRD households did not meet one or more standards for housing adequacy, suitability or affordability. This number represents an increase of over 100 households since 2006.
- The 2014 Cowichan Regional Affordable Housing Needs Assessment characterized a range of housing needs for both affordable home ownership and affordable rentals.
- 1 in 5 families in the CVRD are renter households.
- In 2011, 3,195 (1 in 2) Renter households in the CVRD were spending more than 30% of their

income on housing.

- The 2017 Point in Time Counts indicate an increase of approximately 26% of absolutely homeless people in the Cowichan Region since 2014.

### Costs Associated with Homelessness and Lack of Affordable Housing

Homelessness and inadequate housing are correlated with increased incidence of illness and injury, and incarceration. The annual economic costs of responding to homelessness in Canada through emergency responses such as shelters, policing, and emergency medical services is estimated to be as high as \$7.05 billion, annually.

Our Cowichan Communities Health Network is gathering research to provide a comprehensive estimate of the range of local costs borne by services in relation to homelessness, mental health and substance use. At present we have two indicators that illustrate this aspect: 1) Justice: In January 2017 Duncan/North Cowichan RCMP utilized the equivalent of two full time officers on issues related to homelessness. A total weekly cost for policing homelessness by the Detachment would be \$8,190 and over one month, \$32,760. 2) Health Care: On the night of the February 2017 Count, 29 people were being kept at the local hospital who no longer needed the acute care services of a hospital because they do not have adequate housing to be released to.

### Current Programming and Initiatives

There are many organizations in the region providing a wide range of services to support the well being of individuals. A number of organizations provide homelessness supports and shelter services, including the local branch of the Canadian Mental Health Association that operates Warmland Shelter (30 plus 10 extreme weather beds). Ladysmith Resource Centre operates 5-10 emergency shelter beds. CMHA also operates scattered site housing and Tenant Support, as well as a Sobering and Detox program. Cowichan Women Against Violence Society Transition House operates 10 shelter beds for women and children. A comprehensive inventory of existing community resources is being prepared through the Regional Community Plan process.

The Cowichan Region has nineteen Non Profit Housing buildings, with approximately 540 units (110 of which are for First Nations families living off-reserve). As at March 2017 there were 154 individuals on wait lists.

The Cowichan Region currently has insufficient supply of housing that is affordable for many people. Statistics indicate 750 renter households in the region are currently in need of a new unit, and rental housing demand in Cowichan Valley is projected to increase by 30% to 34% over the next 25 years. Within five years alone, we will need an additional 1092 units to accommodate the need.

Currently, federal and provincial levels of government are funding housing projects and services to address homelessness in our region. These include:

- Homeless Partnering Strategy Aboriginal Funding (United Way Community Entity) is investing over \$150,000 annually into Aboriginal Homelessness in Duncan. The Tze Tza Watul Community Advisory Board supports investment decisions and currently, HPS is funding a youth outreach program and a breakfast program at Hiiye'yu Lelum - House of Friendship. HPS is also currently funding a regional Community Plan to Address Homelessness and Affordable Housing, and

funded the 2 Point-in-Time counts that took place in 2017. HPS is also supporting the Extreme Weather Shelter for women.

- The Homeless Partnering Strategy Innovative Solutions Program is currently funding CHA to work with the Mental Health and Substance Use Collective Impact Team in the development of a Youth Housing First initiative including a comprehensive Needs Assessment, Housing First Plan and Housing Plan.
- Homelessness Partnering Strategy Rural and Remote Funding through CHA supports Tenant and Landlord education, information and referrals and Emergency Housing Assistance.

The work to address affordable housing needs and homelessness prevention in the Cowichan Region is complex and will potentially require substantial investments. In “BC’s Affordable Housing Plan” the BC Non Profit Housing Association estimates that a \$28.39 million average annual investment is needed to support current and future affordability and supply needs in the Cowichan Valley. The report suggests that to meet these needs, resources should come from all levels of government and the community. While this overall level of funding may not be realistically achievable, key to this message is the importance of broad partnerships, collaboratively planning and prioritizing actions, and increasing available resources.

### Evidence on Homelessness and Affordable Housing Solutions

The current situation with regard to homelessness and affordable housing in the Cowichan Region mirrors that of many communities across Canada and in depth research into evidence and Best Practices has been done to provide a foundation for action. Responses and solutions that have been successful in other communities indicate the importance of taking a Housing First approach, increasing affordable housing stock, and creating partnerships at local, provincial and federal levels to garner resources and the necessary collaboration to address the complexities of the problem.

- *The At Home Chez Soi Project funded by the Mental Health Commission of Canada estimated that for every \$10 invested in affordable housing, a cost savings of almost \$22 was the economic result.*
- *The BC Housing (2016) Social Return on Investment report noted that for every dollar invested in supporting affordable housing, between two and three dollars in direct social and economic value is created for individuals, governments, and communities.*

### Key Actions on Homelessness and Affordable Housing During 2017

In recognition of the links between housing and the social determinants of health, and the need for working together, five key organizations (Cowichan Housing Association, Social Planning Cowichan, Our Cowichan Communities Health Network, United Way, Cowichan Division of Family Practice) are working collaboratively to build capacity and coordination, foster affordable housing development and enhance prevention and response to issues of homelessness and affordable housing.

This year, a number of initiatives have been launched in the community toward fostering awareness of the issues, development of community plans and development of partnerships needed for affordable housing development and homelessness prevention.

During 2017, three community forums were held that brought together community members to develop an overarching coordinating structure that would bring the necessary partnerships together to address

this complex issue. These efforts were coordinated by Social Planning Cowichan, Our Cowichan Communities Health Network, Cowichan Housing Association and the United Way, with funding from the federal Homelessness Partnership Strategy (Duncan Aboriginal and Rural/Remote HPS), and the in-kind efforts of all the organizations involved in the planning. The Community Plan Steering Committee evolved into the Cowichan Coalition to Address Homelessness and Housing was formed in October 2017 with the Vision that: All citizens in the Cowichan Region have a safe, affordable home and adequate supports for well-being.

The Cowichan Coalition (see Appendices C and D) will house four streams of work – Homelessness Prevention and Response, Affordable Housing, Communications/Education/Advocacy and Funding. Key highlights of work to date include:

- The Coalition has been working over the past year with a consultant (funded by HPS through the Tze Tza Watul Community Advisory Board and United Way) to prepare a comprehensive plan to address homelessness and affordable housing for the region. This plan will be complete by March 2018. Included in the plan will be a service gap analysis, map of what funding currently comes into the community, and recommendations on solutions that are tailored for the Cowichan region and grounded in experience learned from other communities on the Island and in BC. The Coalition is currently undertaking actions to address an extreme weather response for the winter months.
- Also under the Coalition umbrella, Cowichan Housing Association in partnership with the Mental Health and Substance Use Collective Impact Team is working on a Housing First for Youth Initiative and Youth Housing Plan (also funded by HPS) that will be completed in May of 2018.
- The Ad Hoc Affordable Housing Committee under the Coalition is working to identify potential properties, community and funding partnerships for the creation of Youth Transitional and Supported Housing and Affordable Housing units.
- The Home Team (Cowichan Housing Association, Social Planning Cowichan, Our Cowichan Community Health Network and United Way) designed and delivered a workshop for CVRD Elected Officials and Staff in November 2017 to provide information on local government options for affordable housing.

### National and Provincial Context

Recently, senior levels of government have resumed engagement with housing matters. The federal government, in its 2017 budget, announced \$11.2 billion over 11 years allocated for the implementation of an inclusive National Housing Strategy.

The new National Housing Strategy was released in November 2017 lays out a framework of investments that will be implemented in partnership with local and provincial levels of government.

- The National Housing Strategy is a 10-year, \$40-billion plan with the goal of a 50% reduction in chronic homelessness, 100,000 units of new housing and 300,000 units repaired or renewed.
- It will include a National Housing Co-Investment Fund that will provide \$15.9 billion – including \$4.7 billion in contributions and \$11.2 billion in low interest loans – to repair existing rental housing and

develop new affordable housing. The Fund is expected to create up to 60,000 new homes and repair up to 240,000 existing community homes.

- The federal government will invite provinces and territories to partner on a jointly funded \$4-billion Canada Housing Benefit. To be launched in 2020, the Canada Housing Benefit will provide affordability support directly to families and individuals in housing need, including those currently living in social housing, those on a social housing wait-list and those housed in the private market but struggling to make ends meet.

At the Provincial level the mandate letter for the Minister of Municipal Affairs and Housing indicates the intention that through partnerships with local governments, the federal government, and the private and not-for-profit sectors, the Province will begin to build 114,000 units of affordable market rental, non-profit, co-op, supported social housing and owner-purchase housing. In both the provincial and federal cases, there is an expectation that matching funds will be raised by the community.

With the return of senior levels of government to the funding table for affordable housing, there are opportunities for the CVRD to assist non-profit organizations and others in addressing the issues.

### Examples of Regional District Homelessness and Affordable Housing Services

Nearby examples of local government-community partnerships include the Capital Regional District (CRD), and the Comox Valley Regional District.

#### Comox Valley Regional District

The Comox Valley Regional District has established a financial service related to homelessness as an “arm’s length” model, in that the board will approve annual funding contributions to non-governmental organizations (NGOs) to deliver the services. Bylaw Number 389 was adopted in 2015, and is “A bylaw to establish the Comox Valley homelessness supports service to provide funds to non-governmental organizations to address homelessness in the Comox Valley”. Funding is provided to one or more local non-governmental organizations based on a board-approved, and community developed, five-year action plan to address homelessness in the Comox Valley, with annual recommendations from the Coalition to End Homelessness.

In this case, with the support of the local community, as determined through a specific survey in advance of the referendum, a level of taxation was established specifically to support the provision of resources to the community to address the issues. The northern CVRD can be characterized as facilitating the work of community. There is no overhead burden within the regional district to support their Housing Service. The funds are passed straight through to the community.

#### Capital Regional District

The CRD has established a two-part housing function: 1) the Capital Region Housing Corporation (CRHC), and 2) a division called Housing Planning and Programs (HPP). HPP has a mandate to develop a coordinated approach within the Region to increase the supply of affordable housing by identifying how municipalities, funding agencies and the non-profit sector can work together to meet the housing needs of the most vulnerable citizens. The CRD provides funding to the Victoria Coalition and also manages a Housing Trust Fund.

The Regional Housing Trust Fund is a key implementation initiative of the Regional Housing Affordability Strategy. The Fund was established by the CRD Board in 2005, in recognition that housing affordability is a regional priority and key issue in the Capital Region. The Fund provides capital grants for “bricks and mortar” in the acquisition, development and retention of housing that is affordable to households with low or moderate incomes in the Capital Region. The Regional Housing Trust Fund has significantly increased the Capital Region’s ability to raise funds for affordable housing, by raising an ongoing equity stake that can be used to leverage additional funds, primarily from senior levels of government and the private sector. Between 2005-2016 \$9.6 million was granted toward capital assets valued at more than \$114 million.

In 2016 the CRD Board approved the Regional Housing First Program (RHFP) Implementation Plan that will create at least 268 supported and affordable housing units at provincial shelter rates and at least 175 housing units affordable to low and moderate income households in the region. Island Health has agreed to align its existing mental health and substance services with new affordable housing opportunities developed through the RHFP.

### Observations

These two examples from neighbouring regional districts showcase the power of community and local government partnerships. Such partnerships leverage the strengths of community groups to maximize the financial investments that are required, which are within the purview of local governments. They also position a community or region to best compete for funding from senior levels of government to address the issues.

Neither of these examples can be transferred directly to the Cowichan Region. We need a “made in Cowichan” response to the issues we have here, that reflects the community resources and energy on these issues. However, these examples can serve as inspirations and case studies, allowing the Cowichan Region to learn from the initiatives of others.

## APPENDIX C: COWICHAN COALITION DRAFT GUIDING PRINCIPLES

(NOVEMBER 2017)

### 1. Overarching Aims

- To connect, coordinate, collaborate, and communicate around issues of homelessness and affordable housing needs in the Cowichan Valley Regional District, and to promote, support and facilitate the development of affordable housing.
- To foster and support policy to promote the development of affordable housing.

### 2. Functions of the Coalition

The Cowichan Coalition will undertake four inter-related streams of work that will be outlined in a Strategic Plan.

#### i. Affordable Housing

- Assesses, evaluates, and monitors the need for affordable housing
- Plans, sets targets
- Links with other streams to identify projects, research and facilitate funding, leverage resources, service provision, education and advocacy

#### ii. Homelessness Response and Prevention

- Coordinates the continuum of services to facilitate a holistic response for supporting individuals to get and maintain housing
- Assists with navigation
- Includes Housing First

#### iii. Communications/Education/Advocacy

- Ensures communications between the Coalition work streams
- Provides continuous communication with the larger community
- Provides, supports and facilitates community dialogue and education needed to promote support for affordable housing and reduce stigma
- Is guided by a Communications Strategy
- Provides a table for issues relating to systemic challenges

#### iv. Funding and Resource Procurement

- Researches, networks and fosters development of a range of resources including funding from government, foundations, private sector, as well as in kind resources and lands
- Works to align funding

### 3. Representation

- Representation on the Cowichan Coalition will be comprehensive and diverse. The Coalition will include people with lived experience, community agencies from pre-natal to end of life, faith-based organizations, the business, construction and economic development sectors, and municipal, regional, provincial, federal levels of government ensuring adequate representation from Cowichan Tribes and other First Nation bands.
- The Coalition will work to have strong links with local governments, including staff and/or political representation from the CVRD and all member municipalities.
- The Cowichan Coalition will provide the community 'space' for dialogue and action on homelessness and

affordable housing. As such it must be inclusive and provide a trusted and culturally safe environment.

- To ensure that it is properly linked and informed, it will establish a Social Inclusion Advisory Committee/function.
- To ensure focussed and specific attention to Aboriginal and Youth homelessness and housing issues, the Coalition will have Aboriginal and Youth Task Forces.

#### 4. Structure and Process

- The Cowichan Coalition will be guided by a Coalition Charter, Terms of Reference, Vision and Mission Statements. These documents will provide for transparency and accountability, and will have a process built in for self-assessment.
- The Cowichan Coalition will be guided by a Strategic Plan with clear and achievable goals that highlight **“Every citizen in the Cowichan Region has access to safe, affordable and supported housing”**. The Strategic Plan will include an evaluation and monitoring plan and be re-visited annually to allow for changing needs.
- To ensure sustainability, Coalition members may choose to form a registered Society, and seek ongoing funding that will contribute to the activities as well as coordination and administration.
- The Coalition will either be supported by a “backbone”, or through the formation of a Society, will provide a backbone function for the community (similar to the Victoria model).
- The Cowichan Coalition is regional in scope to acknowledge that issues and needs cross municipal, electoral and health jurisdictions, and are not limited to urban areas.
- The Coalition will need a strong and efficient Administrative structure to support the range of work.
- The Cowichan Coalition will liaise and network with other Coalitions, and seek mentorship of the Victoria Coalition.

APPENDIX D: COWICHAN COALITION INITIAL STRUCTURE

*Vision:*  
All citizens in the Cowichan Region have a safe, affordable home and adequate supports for well-being

**COWICHAN COALITION TO ADDRESS HOMELESSNESS AND HOUSING**

*Leadership, strategic planning, collaboration, coordination, capacity building*

Home Team  
Facilitating  
Coalition  
Development

Community Plans



**Homeless Prevention and Response**

**Affordable Housing**

**Advocacy and Education**

**Funding**

Housing First  
Emergency Response  
• Women’s Winter Shelter  
• Warming Station  
• Housing Subsidies

Affordable Housing Strategy  
Housing Projects and Partnerships

Communications  
Community Education and Awareness  
Advocacy

Allocations  
Funding Partnerships  
Fundraising

**RESEARCH, DATA COLLECTION AND ANALYSIS**  
**DATABASE OF INFORMATION, STATISTICS, FUNDING, PARTNERSHIPS AND RESOURCES**

*Collective Impact Framework*  
*Common agenda, Shared measures across initiatives, Continuous communication across initiatives, Mutually reinforcing activities,*



January 15, 2018

Chair Jon Lefebure  
Members of the CVRD Board of Directors  
Cowichan Valley Regional District  
175 Ingram Street, Duncan BC V9L 1N8

Dear Chair Lefebure and Members of the Board,

**Re: Affordable Housing and Homelessness in the Cowichan Region**

Cowichan Housing Association (CHA), together with members of the newly formed Cowichan Coalition to Address Homelessness and Affordable Housing, have worked over the past year to build capacity and collaboration toward addressing issues of homelessness and lack of affordable housing in the Cowichan Region.

We request that the CVRD Board take action on Affordable Housing and the rising number of homeless in our region. The attached report provides further background on the current situation with regard to Affordable Housing, steps the community is taking to address this issue, and the gaps that have been identified. These gaps include lack of funding to support affordable housing initiatives, lack of comprehensive strategy for attainable housing and CVRD assistance in planning and partnership initiatives.

Therefore we are making the recommendation that:

- I. The Cowichan Valley Regional District (CVRD) establish a CVRD Affordable Housing Contribution Service to address issues related to Affordable Housing and Homelessness Prevention
- II. The CVRD enter into a working agreement with Cowichan Housing Association (CHA) to manage the funding on behalf of the community and provide community coordination and development services related to affordable housing and homelessness prevention
- III. The CVRD support the development of a Regional Attainable Housing Strategy and Action Plan that will assist in guiding implementation of the Service objectives
- IV. The CVRD strengthen community partnerships through allocating staff time to support and participate in community planning processes.

Attached please find our proposal and case for the recommendations that we have made.

Sincerely,

A handwritten signature in cursive script that reads "Terri Dame".

Terri Mattin Dame  
Executive Director, Cowichan Housing Association

# Affordable Housing In the Cowichan Region

Cowichan Housing Association

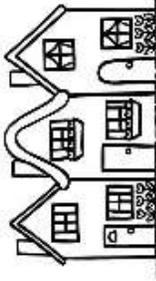
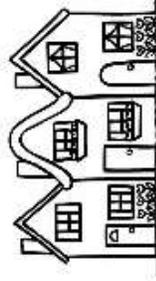
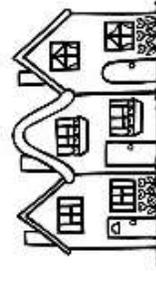
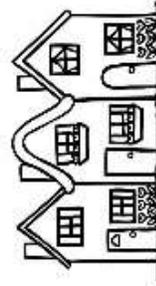
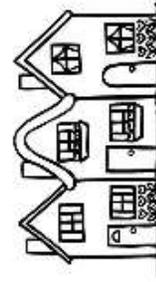
January 2018

**R4**



# A Decade of Work and Success

- RAHD (2007-2014)
- Cowichan Housing Association (2015)
- Solid base of research and data (2015-2017)
- Homelessness Prevention projects (2013-now)
- Cowichan Coalition formed (2017)
- National Strategy announced stressing Partnerships  
at all levels

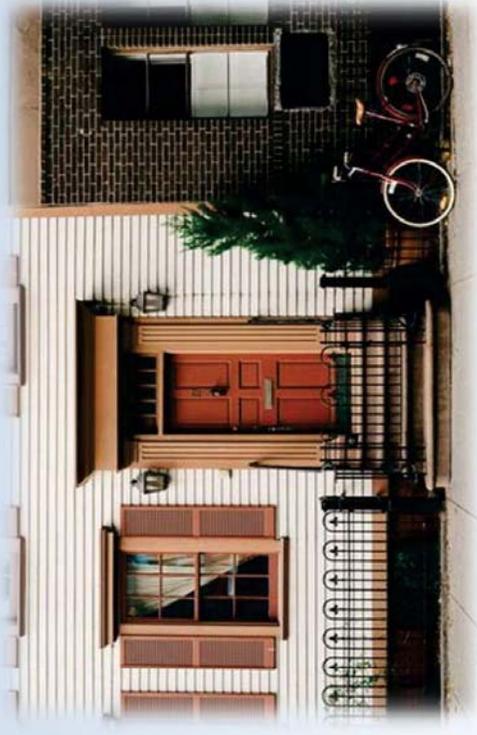


# Increasing Housing Need



# What Has Been Learned

- This is an issue that spans many sectors
- Housing First is key
- Housing is a long term investment with economic, social and health benefits
- Partnerships are essential: collaboration and working regionally



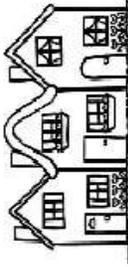
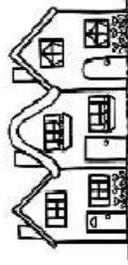
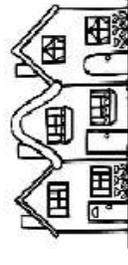
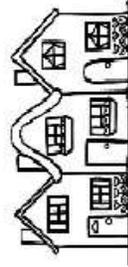
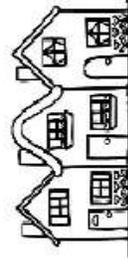
# What is needed to move forward

- Financial resources at the local level to support partnership funding and collaboration
- Regional picture and action plan for Attainable Housing
- Local government partnerships for planning and data



# A CVRD Affordable Housing Contribution Service

- I. Assist in the acquisition, development and retention of affordable housing
- II. Prevent housing loss and homelessness
- III. Facilitate community planning and partnerships
- IV. Research and analysis to inform and guide planning and decisions
- V. Engage, educate and inform the broader community
  - I. Ensure efficient management, oversight, monitoring and accountability

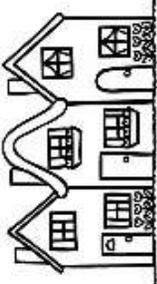
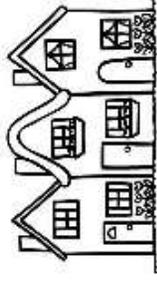
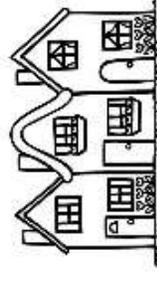
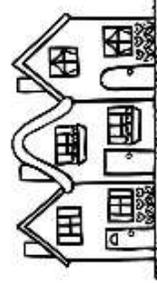


- Flow through funding
- Administered under Service Agreement by Cowichan Housing Association
- Management, Monitoring and Accountability
- Consultation, planning with the Cowichan Coalition and CVRD
- Recommendations for allocations based on solid principles, criteria and priorities



# Recommended Annual CVRD Affordable Housing Contribution Service

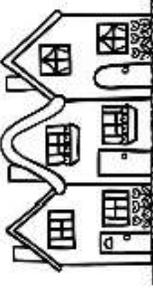
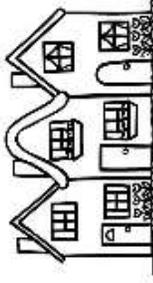
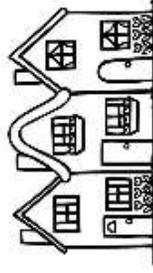
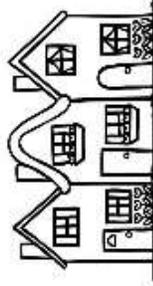
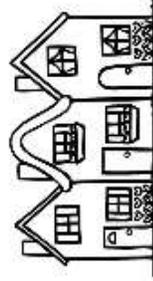
- \$500,000 (67%) directly for affordable housing and homelessness prevention.
- \$137,500 (18%) devoted to implementation of Service objectives
- \$112,500 (15%) devoted to administration of the Service
- \$15,000 (2%) CVRD Administrative fee



# Cost Areas

## Implementation and Administration

- Community planning services
- Research, data, policy analysis
- Coordination, communications and education activities
- Management
- Overhead
- Professional development
- Accounting and financial processes



# Next Steps: 2018



- **Finalize Community Plans**
- **Undertake region-wide community engagement and education**
- **Continue to update knowledge, research and best practices**
- **Coalition development and key implementation plans**
- **Systems planning - financial accountability, monitoring and performance, policies and linkages**



# Desired Outcomes



- **By spring 2019, Service established with a solid administrative / financial structure and guiding partnerships, policies and processes**
- **Established community and government / funding partnerships**
- **Community plans and strategies in place to guide investment**
- **A new era for collaboration and investment begins**







# STAFF REPORT TO THE BOARD

**DATE OF REPORT** January 12, 2018

**MEETING TYPE & DATE** Board Meeting of January 24, 2018

**FROM:** Legislative Services Division  
Corporate Services Department

**SUBJECT:** Options and Timing for Seeking Public Approval - Regional Grant-in-Aid Service Establishment Proposal

**FILE:** Bylaw No. 4162

## PURPOSE/INTRODUCTION

The purpose of this report is to choose the method by which to seek public approval regarding proposed Regional Grant-in-Aid Service Establishment Bylaw No. 4162, including the timing of when to seek public approval.

## RECOMMENDED RESOLUTION

For direction.

## BACKGROUND

The Board considered recommendations from the Grant-in-Aid select committee at the November 29, 2017 Board meeting and passed the following resolution:

*“That a bylaw be prepared to establish a new Regional Grant-in-Aid service with a maximum requisition of \$150,000 and with the service area consisting of all thirteen jurisdictions”.*

Regional Grant-in-Aid Service Establishment Bylaw No. 4162 has been prepared and is ready for consideration of first three readings. However, the Board needs to decide the method by which to seek public approval regarding Bylaw No. 4162 and the timing of when to seek public approval.

## ANALYSIS

Prior to establishing this new Regional Grant-in-Aid service, public approval is required either through an Alternative Approval Process (AAP) or by Referendum. In either case, the Board’s AAP policy requires a 60 day public engagement period prior to undertaking an AAP (or Referendum). Since this proposal is for a full regional service, the costs incurred during the public engagement period will be significantly higher than if only one or two jurisdictions were participating service partners.

An unaddressed information card sent by direct mailing to all households in the region would cost a minimum \$30,000 for design, printing and postage costs. Four open houses (one each in the north, central, west and south geographical areas) would incur \$5,000 to \$7,000 in costs (handouts, advertising, storyboards, mileage, refreshments, and hall rentals). Staff resources would be used to update and manage PlaceSpeak, social media and the regional district’s website.

The cost for the required community engagement is estimated at approximately \$37,000. If, after considering the input received from the community, the Board proceeds with the proposal, the approximate cost for the legislated newspaper advertising would be an additional \$3,000.

Option #1 – Spring AAP (With Stand Alone Referendum Option)

First three readings are given to Bylaw No. 4162 at this meeting (January 24) with the community engagement period occurring from late January to late March. Public comments would be considered at the March 28<sup>th</sup> meeting and the Board would decide whether or not to proceed with an AAP. If the decision is to proceed, the elector response deadline would be set for June 6, 2018. Provided less than 10% of the electors oppose the adoption of Bylaw No. 4162, the Board would consider adoption of the Bylaw on June 13, 2018.

If more than 10% of the electors are opposed, the Board has the option of proceeding to referendum within 80 days of the AAP deadline date of June 6. This would result in a referendum being held on August 25. Local governments occasionally proceed to referendum if the percentage of opposed is slightly more than 10% of the electors. However, since the total requisition of the proposed service is \$150,000 annually and the cost of a stand alone regional referendum would be approximately \$150,000, it is extremely unlikely that the Board would proceed with a referendum in this scenario.

Option #2 – Summer AAP (With Referendum Option Held in Conjunction With the Election)

First three readings are given to Bylaw No. 4162 on March 14 with the community engagement period occurring from mid-March to mid-May. Public comments would be considered at the May 23 meeting and the Board would decide whether or not to proceed with an AAP. If the decision is to proceed, the elector response deadline would be set for August 7, 2018. Provided less than 10% of the electors oppose the adoption of Bylaw No. 4162, the Board would consider adoption of the Bylaw on August 22, 2018.

If more than 10% of the electors are opposed, the Board has the option of proceeding to referendum within 80 days of the AAP deadline date of August 7. This would result in a referendum being held in conjunction with the election on October 20. The referendum costs in this scenario would be approximately \$3,000 for additional statutory newspaper advertising.

Option #3 – Direct to Referendum (Held in Conjunction With the Election)

The Board gives first three readings to Bylaw No. 4162 on June 13 with the community engagement period occurring from mid-June to mid-August. Public comments would be considered on August 8 and the Board would decide whether or not to proceed to referendum. If the decision is to proceed, the referendum would be held in conjunction with the election on October 20.

**FINANCIAL CONSIDERATIONS**

Approximately \$40,000 for community engagement and statutory newspaper advertising.

**COMMUNICATION CONSIDERATIONS**

All three options would require a two month community engagement period in order to obtain public comments on the proposed service. Additional communication would be required if a referendum is held.

**STRATEGIC/BUSINESS PLAN CONSIDERATIONS**

N/A

Referred to (upon completion):

- Community Services (*Island Savings Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Public Safety, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Legislative Services, Information Technology, Procurement*)
- Engineering Services (*Environmental Services, Water Management, Recycling & Waste Management*)
- Land Use Services (*Community Planning, Development Services, Inspection & Enforcement, Economic Development, Parks & Trails*)
- Strategic Services

Prepared by:

Reviewed by:




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Joe Barry  
Corporate Secretary

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Not Applicable  
Not Applicable

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Not Applicable  
Not Applicable

Reviewed for Form and Content and Approved for Submission to the Board:

Chief Administrative Officer's Comments / Concurrence




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Mark Kueber, CPA, CGA  
A/CAO

**ATTACHMENTS:**

Attachment A – 2018 Timelines for Seeking Public Approval

Attachment A									
2018 TIMELINES FOR SEEKING PUBLIC APPROVAL									
	Date Board Gives First Three Readings to bylaw	60 Day Formal Community Engagement (while Province considers formal approval of bylaw)	Date when Board considers public comments and sets AAP Deadline Date	Statutory Newspaper AAP Ads	60 Day Elector Response Period	AAP Deadline Date	Date when Board considers adoption of bylaw	If Board decides to take bylaw to Referendum (must be within 80 days of AAP Deadline Date)	
<b>Spring AAP (with no option of going to referendum)</b>	<b>January 24</b>	Late January to Late March	March 28	April 6 and April 13	Mid-April to Mid-June	Wed. June 6	<b>June 13</b>	Saturday August 25	
<b>Summer AAP (with option of going to referendum in October)</b>	<b>March 14</b>	Mid-March to Mid-May	May 23	May 30 and June 6	Early June to Early August	Tuesday August 7	<b>August 22</b>	Saturday October 20 **same day as election*	
<b>Direct to Referendum (no AAP)</b>	<b>June 13</b>	Mid-June to Mid-August	N/A	N/A	N/A	N/A * Aug 8 - Board approves wording of Ref. question	N/A	Saturday October 20 **same day as election*	