



SASKATOON LAND

INTERNAL AUDIT REPORT SUMMARY



Saskatoon Land plays a major role in developing innovative communities and supplying serviced industrial/commercial land to support economic growth in our city.

Land development is a dynamic, complex process. To ensure Saskatoon Land is operating efficiently and in accordance with City of Saskatoon policies and guidelines, an Internal Audit of operations was conducted between January 2015 and July 2016 by the Internal Auditor. The audit focused on seven key areas. Here is a summary of findings.

Adherence to Policies

PURPOSE – Assess whether Saskatoon Land is adhering to policies regarding administration of lot draws, administration of returned lots, maintenance of the Eligible Builders’ List, and adherence to timeframe to build requirements on lot purchases.

FINDINGS – Overall, Saskatoon Land’s adherence to policies and procedures are consistent with City Council’s overarching policies.

OPPORTUNITIES FOR IMPROVEMENT – There is room for improvement in Saskatoon Land’s adherence to policies and procedures in specific areas. This includes greater consistency in applying policy in different situations, more clearly defining appropriate discretion, review of requirements to register/attend lot draws, increased diligence in requiring minimum down payment and taxes at time of purchase, development of formal policy to deal with cancellations, fees and penalties, documentation of rationale for non-performance of site inspection, stricter adherence to requirements regarding the Eligible Builder’s List, and internal procedures to monitor and enforce the Time Frame to Build Requirement.



Conflict of Interest

PURPOSE – Assess whether Saskatoon Land’s current Conflict of Interest Guidelines have adequate safeguards in place to avoid conflict of interest with builders and their trades.

FINDINGS – The internal audit did not find any previously unresolved concerns with conflict of interest.

OPPORTUNITIES FOR IMPROVEMENT – Developing a formal employee conflict of interest policy specific to Saskatoon Land could provide employees with greater clarity on what, precisely, constitutes a conflict of interest. Formally presenting such a policy to all Saskatoon Land staff could enhance awareness and understanding of the policy, while also providing a forum for discussing potential conflicts of interest.

Lot Prices/Lot Pricing Process

PURPOSE – Assess whether Saskatoon Land’s residential lot prices and the lot pricing process are competitive and responding to the market.

FINDINGS – Internal audit findings show that Saskatoon Land residential lot prices are consistent with other residential price trends in the city. The audit also shows that Saskatoon’s residential market performance and trends are similar to residential market performance and trends in comparable municipalities (i.e. Regina, Edmonton, Winnipeg). Findings suggest that Saskatoon Land’s role in the residential real estate market has no discernible direct impact on residential lot prices in the city.

The Internal Audit looked at ...

Adherence to policies

Conflict of interest

Lot prices/lot pricing process

Assessment of policies

Privacy, access to information and financial reporting

Business and governance structure

Risk assessment



Privacy, Access to Information and Financial Reporting

PURPOSE – Assess whether Saskatoon Land’s application of the City’s Privacy and Access to Information Policy ensures all information that should be made public is being made public.

FINDINGS – The internal audit found that Saskatoon Land and the City are responding to all Freedom of Information requests related to Saskatoon Land. While Saskatoon Land’s financial reporting is in compliance with baseline requirements of accounting and financial reporting standards, there is currently a low level of transparency.

OPPORTUNITIES FOR IMPROVEMENT – To improve the transparency of Saskatoon Land’s financial and operational reporting, the City could report Saskatoon Land as a unique operating element and/or include more detail on land development activities in the City’s existing budget. Saskatoon Land could also incorporate additional financial reporting into its annual report and consider publishing the Eligible Builder’s List on an annual basis.

The Internal Audit included ...

Analysis of background information on Saskatoon Land operations and relationships

Interviews with decision-makers and staff

Comparison of Saskatoon Land policies, financial reporting practices and governance structures with other municipal land corporations and private sector developers

Assessment of Policies

PURPOSE – Assess whether Saskatoon Land policies and procedures are equitable and whether a suitable degree of discretion is exercised in the administration of lot sales, returns and fees. Compare Saskatoon Land policies and procedures to those of other municipalities with land development activities.

FINDINGS – Overall, the audit found that Saskatoon Land policies and procedures are equitable. Comparing these policies and procedures to other municipalities with direct involvement in land development and sales (i.e. Edmonton, Red Deer, Lethbridge, Medicine Hat) found that other municipalities have more flexibility, while Saskatoon Land must comply with overarching City Council policies. The audit concluded that the much larger scale of Saskatoon Land operations makes its operating approach preferable because it ensures consistency from sale to sale.

OPPORTUNITIES FOR IMPROVEMENT – Saskatoon Land could consider increasing required deposits or related fees to facilitate entry into the lot draw or sales agreement. Saskatoon Land could also explore tighter payment timelines, higher interest rates, and/or stricter consequences of non-payment. Finally, Saskatoon Land could consider implementing changes to the lot return calculations.

Business and Governance Structure

PURPOSE – Analyse the appropriateness of Saskatoon Land’s current business and governance structure. Identify possible alternative structures that could add value to land development while managing risk exposure.

FINDINGS – Saskatoon Land is currently a department within the City’s Asset & Financial Management division. This poses several challenges, including potential for conflict of interest with other City departments and a governing body with limited direct experience in land development or sales.

OPPORTUNITIES FOR IMPROVEMENT – The internal audit suggested the City explore a separate municipal development corporation to house Saskatoon Land, similar to what the City currently has in place for TCU Place and Sasktel Centre. While the majority, if not all, of the recommendations within the report could be achieved under the current structure, the audit noted that the municipal development corporation model would be most impactful in terms of enhancing Saskatoon Land’s governance structure, managing risk exposure, and adding value to land development efforts.

Risk Assessment

PURPOSE – Conduct a risk assessment of Saskatoon Land’s operations to determine whether investments are timely and do not overexpose the citizens of Saskatoon to unnecessary risk.

FINDINGS – Land development involves risks at every stage – permitting, construction, marketing, pricing, consumer preferences, and general economic conditions. Saskatoon Land uses a combination of upfront due diligence, continual market monitoring, development phasing and cost monitoring/management to mitigate risk. Saskatoon Land’s approach to risk management is consistent with general industry best practices as well as with other municipal land development agencies. Returns are also generally consistent with other entities, including private sector land developers.

OPPORTUNITIES FOR IMPROVEMENT – There may be an opportunity for Saskatoon Land to implement additional protocols to further manage risk, such as offering limited lot presales to lock-in future land sales.

For more information contact:



201-3rd Avenue North, Saskatoon, SK S7K 2H7

Phone: 306-975-3278 | Fax: 306-975-3070 | Email: land@saskatoon.ca