

January 31, 2025

Office of the Auditor Guiding Practices

# Summary Package

## Executive Summary

### Context

As part of updating practices for alignment and adherence to the Institute for Internal Auditors (IIA) Standards Board released the updated Global Internal Audit Standards (Standards), the main component of the International Professional Practices Framework (IPPF).

Several governing and guiding documents were updated or created. This package provides a summary of the documents and the actual materials created for use.

### Overview of the New Standard & Changes

#### Governance

1. [The Auditor General Role Overview](#) provides a high-level context of the role.
2. [The Auditor General Charter](#) has been updated to consider alignment with the new IIA IPPF and reporting directly to the Council (as when the original mandate was prepared, the CSSC was in place). A clean final copy and a track changes version are presented.
3. [Analysis of Essential Elements of Governance](#) provides an overview of the essential elements of the IIA IPPF, which the Council and Management must be aware of and actively endorse. Further, the outline of the assessment framework to be completed in 2025 is included.

#### Communication

4. [Items to Be Escalated as Part of the Normal Course of Reporting](#) provide the framework for qualifying/assessing findings as they are noted and reported in the normal course of work. These will be the guiding principles of assessment for the Office of the Auditor General.
5. [Issues that Should Be Escalated Immediately to the City Council and Senior Management](#) provide the framework for qualifying/assessing, which circumvents the regular reporting practices and requires more rapid escalation. These will be the guiding principles of assessment for such items for the Office of the Auditor General.
6. [2025 Materiality and Ratings](#) provides the current basis for the financial and qualitative considerations used by the Office

of the Auditor General in determining ratings for the overall report and individual findings.

### Annual Strategy and Framework

7. [2025 Auditor General Strategy](#) outlines the objectives, focus areas and key components guiding the function for the coming year.
8. [2025 Auditor General & Office of the Auditor General Budget](#) outlines the major categories for which the budget provides funding.
9. [Technology Implementation Plan](#) outlines the current state assessment and planned technology initiative enabling the Office of the Auditor General and plans for 2025.
10. [Executive Learning Plan](#) identifies the planned development areas and approach for the Auditor General over the next 2-3 years.

## CONTENTS

<b>1. Auditor General Role Overview</b>	<b>4</b>
<b>2. Auditor General Charter</b>	<b>6</b>
<b>3. Analysis of Essential Elements of Governance</b>	<b>13</b>
<b>4. Items to Be Escalated as Part of the Normal Course of Reporting</b>	<b>24</b>
<b>5. Issues that Should Be Escalated Immediately to the City Council and Senior Management</b>	<b>29</b>
<b>6. 2025 Materiality and Ratings</b>	<b>33</b>
<b>7. 2025 Auditor General Strategy</b>	<b>37</b>
<b>8. 2025 Auditor General &amp; Office of the Auditor General Budget</b>	<b>39</b>
<b>9. Technology Implementation Plan</b>	<b>41</b>
<b>10. Executive Learning Plan</b>	<b>43</b>
<b>Appendix A - Redlined Auditor General Charter</b>	<b>48</b>

## **1. Auditor General Role Overview**

Windsor's Auditor General is one of two independent Accountability Officers appointed by, and accountable to, City Council to carry out their mandate as set out in the Municipal Act. The Auditor General assists City Council in holding itself and staff accountable to taxpayers of the City of Windsor including through reviews of City services and how public funds are used.

The Auditor General's Office is independent of the public service with authority through the Municipal Act to conduct financial, operational, compliance, information systems, forensic and other special reviews of most City departments, City agencies and corporations, local boards and other entities the City is related to, or has an interest in.

The role is that of an experienced and innovative leader in the role of Auditor General, which ensures that the Office is delivering on its mission and mandate to assist City Council in holding itself and City administrators accountable for the quality of stewardship over public funds and achieving value for money in City operations. The Auditor General is responsible for carrying out financial (excluding external attest audit), operational, compliance, performance (value for money), forensic and other special reviews of all programs, activities and functions of City divisions and local boards (restricted definition), and the offices of the Mayor and members of Council.

Separate Continuous Improvement and Risk Management functions, reporting to City Administration, provide risk and business consulting services to the public service, as well as independent and objective assurance that the systems for which management is responsible function properly.

This individual leads the overall strategic direction for the Auditor General's Office by establishing goals, objectives and priorities for the Office that are aligned with Council directions, overseeing the policy framework and administration of the Office, and providing strategic advice and guidance to City Council.

In addition to ongoing audit and reporting processes, the Auditor General formulates strategic multi-year audit plans based on a risk assessment process, supplemented with ad-hoc audit work based on self-initiated discovery or Council requests, and administers the Concerned Citizen and Employee Hotline in accordance with the City Council approved protocol.

The Auditor General conducts special studies of specific operations requiring the collection and analysis of data, interpretation of unusual factors, summarization of findings and presentation of recommendations and suggestions. The Auditor General prepares and provides written reports on the determinations and recommendations resulting from your investigations and audits, makes presentations, appears before and respond to questions at City Council and its Committees.

## Auditor General - Summary Package

---

Skills required include:

- An excellent relationship builder and skilled communicator who works closely with executive professionals within the City's agencies, boards, corporations and divisions, and senior officials from other orders of government, as well as private and community-based sectors, collaborating horizontally and creating opportunities for service improvement and efficiencies, and shared success.
- Managing media relations and other public forums relating to the Auditor General's Office.
- Future-focused, using effective management techniques, implement change and performance management processes to recruit and support competent and qualified employees and ensure adequate service levels to respond to changing work environments, and meet the expectations of Council and the public.

## 2. Auditor General Charter

The following document is the “clean” proposed version updated for consideration of (1) removal of CSSC terminology and (2) alignment to new professional standards. The redlined version is in Appendix A.

---

### AUDITOR GENERAL CHARTER

By virtue of the authority provided to a municipality in s. 223.19 of the *Municipal Act, 2001*, S.O. 2001, c. 25, (the “Act”) The Corporation of the City of Windsor (“City of Windsor”) appointed an auditor general (the “AG”) on September 23, 2019 by Council Resolution CR485/2019.

The purpose, scope, authority, responsibilities and accountability of the AG for the City of Windsor are described in this Auditor General Charter (the “Charter”).

This Charter shall be periodically reviewed and updated, in consultation with City Council.

### OVERVIEW

The AG is responsible for assisting the City of Windsor in holding itself and its administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in municipal operations. The AG will carry out its responsibilities by providing objective and independent assessment, advice and assurance with respect to governance, risk management, accountability, and performance. The role of the AG is not only to identify cost savings. When selecting audit projects, the AG attempts to balance audit work that will identify opportunities for cost reductions, loss avoidance, increased revenues, improved revenue collection, enhanced efficiency and effectiveness, and improvements to major control systems.

While cost savings may result from the work conducted by the AG, of equal importance is the work conducted to safeguard the City of Windsor resources and ensure proper use of public funds. Recommendations relating to the improvement of internal controls and the quality of stewardship over public funds are an important part of the AG’s work but are not easily quantifiable. Reports which have no apparent immediate financial benefit may nevertheless have significant other long-term benefits to the City.

The AG also has the responsibility to oversee the Concerned Citizen and Employee Hotline in accordance with the Council-approved protocol.

Throughout this Charter, the term City Council is used. Should City Council at any point create an Audit Committee as a standing committee the Auditor General will report to City Council through said Committee, but the Auditor General retains the right of access to address City Council.

### REPORTING

The AG for the City of Windsor shall report directly to City Council and will issue the annual plan reports and status updates to City Council.

Internal Audit personnel will report to and be overseen by the AG and support the AG in executing the mandates within this Charter, and shall be governed by it. Internal Audit personnel, and their efforts/hours will be directed by the AG. The AG has delegated the following powers conferred to him under the Act to the Internal Audit personnel who report to him or her, including all internal audit personnel: Scope, Duty to Furnish, Access to Records, Confidentiality and Testimony. (see Appendix A).

### PURPOSE

The purpose of the AG is to provide independent, objective assurance and advice designed to add value and improve the City of Windsor’s operations. Independence is mandated by the *Act* and carried out in accordance with professional standards. The AG will collaborate with the City of Windsor management and help the City of Windsor accomplish its objectives by

## Auditor General - Summary Package

---

bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

In addition to these primary services, the AG shall provide guidance to improve the effectiveness of controls, examine suspected fraudulent or irregular activities, and provide advisory services to assist with the improvement of operational activities.

### SCOPE

The scope of the AG is defined annually through the approved Work Plan ("Work Plan") and includes all audit activities to assist management in determining whether the City of Windsor's network of governance, risk management, and control processes, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Interactions and arrangements with third parties, including external parties, are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources and assets are acquired economically, used efficiently, and adequately safeguarded.
- Operations and initiatives are conducted to deliver results that are consistent with established objectives and goals.
- Quality and continuous improvement are fostered in the City of Windsor's control process.
- Legislative or regulatory compliance issues impacting the City of Windsor are recognized and addressed appropriately.

Opportunities for improving management control, financial and operating results, and the City of Windsor's structure or performance may be identified during audits. To fulfill its objective of adding value and improving the City of Windsor's operations, the AG will validate findings and recommendations with the appropriate level of management and obtain management responses and action plans to include in reports.

### ACCOUNTABILITY

The AG, in the discharge of his/her duties, shall be accountable to the City of Windsor by reporting directly to City Council to:

- Provide coverage of the adequacy and effectiveness of the City of Windsor's processes for controlling its activities and managing its risks.
- Report important issues related to the processes for managing risk and controlling the activities of the organization, including potential improvements to those processes, and provide information concerning such issues through resolution. This includes coverage of risk management and governance practices.
- Periodically provide information on the status and results of the annual Audit Plan and the sufficiency of department resources. This includes ensuring the resources are sufficient in amount and competency to cover the risks in the annual audit plan.
- Coordinate with and provide coverage of other control and monitoring functions (risk management, governance, compliance, security, legal, ethics, environmental).
- Coordinate with external audit.
- Along with management, establish a follow-up process to track and monitor the effective implementation of management actions related to important issues and recommendations.

### AUTHORITY, ACCESS AND SUPPORT

The AG may exercise the powers and shall perform the duties with respect to the City of Windsor's:

1. departments,



## Auditor General - Summary Package

---

2. local boards,
3. controlled corporations, and
4. grant recipients (where the grant received is directly or indirectly from the municipality, a local board or a municipally-controlled corporation for grants received 2006 or later).

The responsibilities of the AG do not include those matters for which an auditor is responsible under 296(1) of the *Act*. The AG's responsibilities do not include annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit.

As per the *Act*, the AG does not have the right to limit the natural person powers bestowed upon a municipality nor does the AG have the right to limit municipal by-laws respecting the following matters:

1. Governance structure of the municipality and its local boards.
2. Accountability and transparency of the municipality and its operations and of its local boards and their operations.
3. Financial management of the municipality and its local boards.
4. Public asset of the municipality acquired for the purpose of exercising its authority under this or any other Act.
5. Economic, social and environmental well-being of the municipality, including respecting climate change.
6. Health, safety and well-being of persons.
7. Services and things that the municipality is authorized to provide under subsection 1 of the Municipal Act.
8. Protection of persons and property, including consumer protection.
9. Animals.
10. Structures, including fences and signs.
11. Business licensing.

As per the *Act*, the City of Windsor, its local boards and its municipally-controlled corporations and grant recipients shall give the AG, such information regarding their powers, duties, activities, organization, financial transactions and methods of business as the AG believes to be necessary to perform their duties.

As per the *Act*, the AG is entitled to have free access to all books, accounts, financial records, electronic data processing records, reports, files and all other papers, things or property belonging to or used by the municipality, its local boards, the municipally-controlled corporations or the grant recipient, as the case may be, that the AG believes to be necessary to perform their duties.

For the purpose of this Charter, affiliates of the City of Windsor include, but are not limited to, service providers, subcontractors, consultants or any other party performing work, whereby the City of Windsor has an oversight role.

The AG shall have access to any functions, meetings, records, physical property, and personnel required to carry out its responsibilities. The AG shall handle confidential information by adhering to the same restrictions that apply to the department that manages it.

The AG will have full and free access to the CSSC and City Council.

The Mayor and City Councillors, City of Windsor management and staff shall provide full cooperation, access to records, explanations, assistance, and general facilitation to complete audit endeavours.

The AG shall have the authority to stop, delay or postpone active/ongoing or planned work in order to redirect efforts to conduct projects and analysis when a complaint/allegation is lodged which may have merit. Any such changes will be reported to City Council for approval of the Audit Plan change or alternatively for allocation of additional resources to avoid such changes to the plan.

The CAO, or his or her designate, is authorized to:

- Coordinate with management to ensure the audit personnel have unrestricted access to all functions, meetings, records, physical property, and personnel required to carry out their responsibilities.

## Auditor General - Summary Package

---

- Coordinate with management to allocate internal resources and/or seek from management the necessary assistance of personnel in departments of the City of Windsor or those contracting with the City of Windsor in order to accomplish audit objectives.
- As part of carrying out his or her responsibilities or at the request of management, provide advice to management on the audit process, as deemed appropriate.

### ETHICAL CONSIDERATIONS

The AG, and the office (personnel) that he/she oversees:

- is required to perform their work with honesty, professional courage and integrity.
- Must understand, respect, meet and contribute to the legitimate and ethical expectations of the City of Windsor
- Must be able to recognize and report conduct that is contrary to the City of Windsor's legitimate and ethical considerations.
- Comply with professional designation ethical requirements and related ethics training.

### RESPONSIBILITY

The AG's responsibilities and accountability are defined and approved by the City of Windsor through City Council as well as through the appointment of an Auditor General by the City of Windsor under the Act, which includes all activities that encompass:

- The examination and evaluation of the adequacy and effectiveness of the system of internal controls; and,
- The quality of performance in carrying out assigned responsibilities and operational activities.

The AG has responsibility to:

- Develop a rolling three-year Work Plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan, as well as any recommendations regarding changes to the plan, if required, to the CSSC for review and approval.
- Implement each year's Work Plan, as approved, including as appropriate any special tasks or projects requested by Council.
- Propose, and make merited, amendments to the annual Work Plan and projects as per the provided powers and authority.
- Maintain professional resources with staff and, where appropriate, additional resources with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess important merging/consolidating functions and new or changing services, business units, processes, systems, operations, and control processes coincident with their development, implementation, and/or expansion.
- Evaluate the reliability and integrity of operational and financial information and the means used to identify, measure, classify, and report such information.
- Evaluate the systems established to ensure compliance with policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluate the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- Evaluate the effectiveness and efficiency with which resources are employed.
- Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals.
- Evaluate and report on risk management processes, significant risk exposures and control issues.
- Consider fraud risks during the planning of audits, alertness to process deficiencies or other red flags which indicate the possibility that fraud could or has occurred, the determination of whether further action is required, and the recommendation of investigations where appropriate.

## Auditor General - Summary Package

---

- Assist as appropriate in the investigation of suspected fraudulent activities within the organization and notify management (where appropriate) and Council of the results.
- Issue periodic reports summarizing results of audit activities to the Executive Leadership Team and to Council.
- Keep Council informed of emerging trends and successful practices in internal auditing.
- Provide audit measurement goals and results to City Council.
- Coordinate its plans and efforts with those of the external auditors to avoid duplication of audit efforts and to optimize audit coverage.
- In discharging its responsibilities or at the request of management, as appropriate, provide advice to management that add value and improve an organization's governance, risk management, and control processes without the AG assuming management responsibility.
- Execute a quality assurance and improvement program to ensure effective operation of audit activities and annually report the results of the program to the CAO, or designate and Council in accordance with professional standards.

### INDEPENDENCE AND OBJECTIVITY

The AG is required to perform his or her responsibilities in an independent manner. He or she is required to be objective in accordance with professional standards.

In order to ensure maintenance of its independence and objectivity, the AG will remain free from interference by any element in the City of Windsor, including matters of audit scope, procedures, frequency, timing, or report content.

To provide for the organizational independence of the audit function, the AG will report functionally to City Council with administrative coordination provided by the CAO, or designate, to support the AG role.

To ensure objectivity, the AG shall not implement procedures or controls, develop records, or engage in any activity that would impair their objectivity. To assist management in discharging their responsibilities, the AG office may advise management in the formulation of policies and procedures, or the development of new systems. However to remain independent and objective, it will be in an advisory capacity, with final decisions and implementation being the responsibility of the appropriate management.

The AG shall not have direct responsibility or authority over any activities which they review. The AG will attest to the organizational independence of the AG's and related staff/personnel audit activity and identify any unwarranted restrictions on audit scope, communications, access, and resources, including personnel and externally contracted resources to Council, at least annually.

### REPORTING AND MONITORING

The AG will submit to Council:

1. A rolling three year risk-based Audit Plan for approval by Council. Annual Work Plans will be developed based on a prioritization of the audit universe using a risk-based methodology, including input from the Mayor, Councillors, the City of Windsor Corporate Leadership Team, senior management and other identified City of Windsor staff. Any significant deviation from the approved Work Plan, including modifications made by the AG based on merit and the AG powers, will be communicated to Council through periodic updates.
2. A written report will be prepared and issued following the conclusion of each audit engagement and once discussed with management, will be distributed as appropriate, including Council. To ensure management feedback and to encourage management participation in the process, the audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations, including timetable of anticipated completion.
3. A written report will be prepared based on validation of management's corrective action plan closure and summary status for all unresolved findings (those open as of the prior report as well as the new ones raised in the period).
4. An annual report on the audit activities conducted during the preceding year.
5. Immediate communication of any suspected or known instances of fraud to Council.

## Auditor General - Summary Package

---

Based on the AG's judgement, the escalation process will be directed to City Council or the CAO. Any team member, or contractor, reporting up through the chain of command of the AG shall report any ethical concerns to the AG unless it regards the AG directly - such concern should be reported directly to the CAO for escalation. Escalation guidance is provided in the document "AG Summary of Escalation Criteria".

### STANDARDS

The internal audit profession is covered by the International Professional Practices Framework of The Institute of Internal Auditors (IIA). This framework includes mandatory elements consisting of the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. As part of this standard the IIA has published "Unique Aspects of Internal Auditing in the Public Sector 2nd Edition - Global Practice Guide" which will also be leveraged as an interpretative and supporting standard reference.

The AG will meet the applicable mandatory requirements of the profession.

Where appropriate, performance audits (also known as value-for-money audits), may leverage the Generally Accepted Government Auditing Standards for Performance Audits or the Performance Audit Process as outlined by the Office of the Auditor General of Canada.

The AG shall employ established and proven frameworks and practices that are appropriate for the City and for the effective performance of AG responsibilities.

### ENQUIRIES

Enquiries about this policy should be directed to the AG, or designate or the CAO.

### APPROVAL

Modifications to the Auditor General Charter must be:

1. In compliance with the Act.
2. Based on the annual review and approved by the appointed AG.
3. Subsequent to the initial presentation, where modifications are identified through preceding items 1 and 2, such modifications will be presented to City Council for endorsement through a Council Resolution.

### APPENDIX A: DELEGATION OF POWERS AND DUTIES TO INTERNAL AUDIT PERSONNEL

Under the Act, section 223.19 (5) the Auditor General has the ability to delegate powers and duties while also retaining those powers and duties (section 223.29 (6)). The Auditor General hereby delegates the following powers and duties conferred upon him through the Act and Charter to all Internal Audit personnel:

**Duty to Furnish:** 223.20 (1) The municipality, its local boards and the municipally-controlled corporations and grant recipients referred to in subsection 223.19(3) shall give the Auditor General such information regarding their powers, duties, activities, organization, financial transactions and methods of business as the Auditor General believes to be necessary to perform his or her duties under this Part.2006, c. 32, Sched. A, s. 98.

**Access to Records:** 223.20 (2) The Auditor General is entitled to have free access to all books, accounts, financial records, electronic data processing records, reports, files and all other papers, things or property belonging to or used by the municipality, the local board, the municipally-controlled corporation or the grant recipient, as the case may be, that the Auditor General believes to be necessary to perform his or her duties under this Part.2006, c. 32, Sched. A, s. 98.

**Duty of Confidentiality:** 223.22(1) The Auditor General and every person acting under the instructions of the Auditor General shall preserve secrecy with respect to all matters that come to his or her knowledge in the course of his or her duties under this Part.2006, c.32, Sched.A,s.98.

**Testimony:** 223.23 Neither the Auditor General nor any person acting under the instructions of the Auditor General is a competent or compellable witness in a civil proceeding in connection with anything done under this Part.2006,c.32, Sched.A,s.98.

**Auditor General - Summary Package**

---

Further, the Auditor General hereby delegates the powers and duties (specifically, scope, authority, access and support, independence & objectivity, reporting & monitoring and standards) outlined in the Auditor General Charter to all Internal Audit personnel such that those personnel support him in executing said Charter.

---

Auditor General for the Corporation of the City of Windsor

---

Date

### 3. Analysis of Essential Elements of Governance

**The Purpose of Internal Auditing as articulated in Domain I: Purpose of Internal Auditing.**


The Office of the Auditor strengthens the organization’s ability to create, protect, and sustain value by providing the City Council and management with independent, risk-based, and objective assurance, advice, insight, and foresight.


The Office services to enhance the organization’s:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

**The essential conditions outlined under each of the standards in Domain III: Governing the Internal Audit Function.**

The following symbols are used to provide an assessment of the current governance practices related to The Corporation of the City of Windsor’s alignment with the Essential Condition of the new standards:

 - denotes areas where the summarized practices support the achievement of the Essential Condition or where future-oriented, the articulated plans as expected to support the Essential Condition.

 - denotes area of focus where there are challenges in meeting the Essential Condition. The required overview of the risk of not meeting the Essential Conditions is provided below in the Section Entitled “ “. The reporting of these challenges and the associated risks is a required communication from the Auditor General to City Council under the enhanced standards. Options for resolution are also provided.

**Essential Elements - City Council:**

#	Essential Condition	Assessment	Summary Assessment Notes
1	Discuss with the chief audit executive and senior management the appropriate authority, role, and responsibilities of the internal audit function.		

**Auditor General - Summary Package**

#	Essential Condition	Assessment	Summary Assessment Notes
2	Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.		
3	Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function.		
4	Approve the internal audit charter.		
5	Review the internal audit charter with the chief audit executive to consider changes affecting the organization, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization.		
6	Champion the internal audit function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.		
7	Work with senior management to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate.		
8	Support the chief audit executive through regular, direct communications.		
9	Demonstrate support by:		
9a	– Specifying that the chief audit executive reports to a level within the organization that allows the internal audit function to fulfill the internal audit mandate.		-

**Auditor General - Summary Package**

#	Essential Condition	Assessment	Summary Assessment Notes
9b	– Approving the internal audit charter, internal audit plan, budget, and resource plan.		
9c	– Making appropriate inquiries of senior management and the chief audit executive to determine whether any restrictions on the internal audit function’s scope, access, authority, or resources limit the function’s ability to carry out its responsibilities effectively.		
9d	– Meeting periodically with the chief audit executive in sessions without senior management present.		
10	Establish a direct reporting relationship with the chief audit executive and the internal audit function to enable the internal audit function to fulfill its mandate.		
11	Authorize the appointment and removal of the chief audit executive.		
12	Provide input to senior management to support the performance evaluation and remuneration of the chief audit executive.		
13	Provide the chief audit executive with opportunities to discuss significant and sensitive matters with the board, including meetings without senior management present.		
14	Review the requirements necessary for the chief audit executive to manage the internal audit function, as described in Domain IV: Managing the Internal Audit Function.		



**Auditor General - Summary Package**

#	Essential Condition	Assessment	Summary Assessment Notes
15	Approve the chief audit executive's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.		
16	Engage with senior management to appoint a chief audit executive with the qualifications and competencies necessary to manage the internal audit function effectively and ensure the quality performance of internal audit services.		
17	Communicate with the chief audit executive to understand how the internal audit function is fulfilling its mandate.		
18	Communicate the board's perspective on the organization's strategies, objectives, and risks to assist the chief audit executive with determining internal audit priorities.		
19	Set expectations with the chief audit executive for:		
20	– The frequency with which the board wants to receive communications from the chief audit executive.		
20a	– The criteria for determining which issues should be escalated to the board, such as significant risks that exceed the board's risk tolerance.		

**Auditor General - Summary Package**

#	Essential Condition	Assessment	Summary Assessment Notes
20b	– The process for escalating matters of importance to the board.		
20c	Gain an understanding of the effectiveness of the organization’s governance, risk management, and control processes based on the results of internal audit engagements and discussions with senior management.		
21	Discuss with the chief audit executive disagreements with senior management or other stakeholders and provide support as necessary to enable the chief audit executive to perform the responsibilities outlined in the internal audit mandate.		
22	Collaborate with senior management to provide the internal audit function with sufficient resources to fulfill the internal audit mandate and achieve the internal audit plan.		
23	Discuss with the chief audit executive, at least annually, the sufficiency, both in numbers and capabilities, of internal audit resources to fulfill the internal audit mandate and achieve the internal audit plan.		
24	Consider the impact of insufficient resources on the internal audit mandate and plan.		
25	Engage with senior management and the chief audit executive on remedying the situation if the		

**Auditor General - Summary Package**

#	Essential Condition	Assessment	Summary Assessment Notes
	resources are determined to be insufficient.		
26	Discuss with the chief audit executive the quality assurance and improvement program, as outlined in Domain IV: Managing the Internal Audit Function.		
27	Approve the internal audit function's performance objectives at least annually. (See also Standard 12.2 Performance Management.)		
28	Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:		
28a	– Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws and regulations; ability to meet the internal audit mandate; and progress towards completion of the internal audit plan.		
28b	– Considering the results of the internal audit function's quality assurance and improvement program.		
28c	– Determining the extent to which the internal audit function's performance objectives are being met.		
28d	Discuss with the chief audit executive the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.		

**Auditor General - Summary Package**

#	Essential Condition	Assessment	Summary Assessment Notes
30	Collaborate with senior management and the chief audit executive to determine the scope and frequency of the external quality assessment.		
31	Consider the responsibilities and regulatory requirements of the internal audit function and the chief audit executive, as described in the internal audit charter, when defining the scope of the external quality assessment.		
33	Review and approve the chief audit executive's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:		
33a	– The scope and frequency of assessments.		
33b	– The competencies and independence of the external assessor or assessment team.		
33c	– The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.		
34	Require receipt of the complete results of the external quality assessment or self- assessment with independent validation directly from the assessor.		
35	Review and approve the chief audit executive's action plans to address identified deficiencies and opportunities for improvement, if applicable.		

**Auditor General - Summary Package**

#	Essential Condition	Assessment	Summary Assessment Notes
36	Approve a timeline for completion of the action plans and monitor the chief audit executive's progress.		

**Essential Conditions - Management:**

#	Essential Condition	Assessment	Summary Assessment
1	Participate in discussions with the City Council and chief audit executive and provide input on expectations for the internal audit function that the City Council should consider when establishing the internal audit mandate.		
2	Support the internal audit mandate throughout the organization and promote the authority granted to the internal audit function.		
3	Communicate with the City Council and chief audit executive about management's expectations that should be considered for inclusion in the internal audit charter.		
4	Support recognition of the internal audit function throughout the organization.		
5	Work with the City Council and management throughout the organization to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate.		

**Auditor General - Summary Package**

6	Position the internal audit function at a level within the organization that enables it to perform its services and responsibilities without interference, as directed by the City Council.		
7	Recognize the chief audit executive's direct reporting relationship with the City Council.		
8	Engage with the City Council and the chief audit executive to understand any potential impairments to the internal audit function's independence caused by non-audit roles or other circumstances and support the implementation of appropriate safeguards to manage such impairments.		
9	Provide input to the City council on the appointment and removal of the chief audit executive.		
10	Solicit input from the City Council on the performance evaluation and remuneration of the chief audit executive.		
11	Engage with the City Council to determine the chief audit executive's qualifications, experience, and competencies.		
12	Enable the appointment, development, and remuneration of the chief audit executive through the organization's human resources processes.		
13	Engage with the City Council to provide the internal audit function with sufficient resources to fulfill the internal audit mandate and achieve the internal audit plan.		

**Auditor General - Summary Package**

14	Engage with the City Council and the chief audit executive on any issues of insufficient resources and how to remedy the situation.		
15	Provide input on the internal audit function's performance objectives.		
16	Participate with the City Council in an annual assessment of the chief audit executive and internal audit function.		
17	Collaborate with the City Council and the chief audit executive to determine the scope and frequency of the external quality assessment.		
18	Review the results of the external quality assessment, collaborate with the chief audit executive and City Council to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable, and agree on a timeline for completion of the action plans.		

**Essential Condition Non-Compliance Risks and Recommendations**

1	<b>Finding Title</b>
	Description of Finding
	<b>Risk:</b>
	<b>Potential Strategies For Resolution (Underlined Item is the Recommended Approach):</b> <ul style="list-style-type: none"><li>•</li></ul>



## 4. Items to Be Escalated as Part of the Normal Course of Reporting

### Criteria for the Chief Audit Executive (CAE) to Escalate Issues to the City Council and Senior Management

The Chief Audit Executive (CAE) plays a critical role in ensuring that significant issues, risks, and control deficiencies are appropriately communicated to the City Council and senior management. The decision to escalate issues must be based on the severity, potential impact, and urgency of the matter. Below is an outline of the criteria that should guide the CAE in determining when and how to escalate audit findings:

---

#### 1. Severity of the Issue

- **Material Weaknesses in Internal Controls:**
    - Any identified weaknesses in key internal controls that could lead to material misstatements in financial reporting, non-compliance with regulations, or financial losses should be escalated immediately.
    - **Example:** Failure in segregation of duties, inadequate fraud detection mechanisms, or significant deficiencies in IT security controls.
  - **Failure to Address Previously Identified Issues:**
    - If management has failed to take appropriate corrective action on previously identified audit findings or if previous remediation plans are not being executed effectively, these should be escalated to the City Council or senior management.
    - **Example:** Delays or failure to implement key recommendations from prior audits.
  - **Compliance Violations or Legal Risks:**
    - Escalate issues where there is a violation of laws, regulations, or significant contractual obligations that could lead to legal consequences, regulatory fines, or reputational damage.
    - **Example:** Non-compliance with provincial laws (e.g., **Municipal Act, 2001**) or federal regulations like **PIPEDA** (Personal Information Protection and Electronic Documents Act).
- 

#### 2. Financial Impact

- **Significant Financial Loss or Risk:**
-

- Any risk or issue that could lead to significant financial loss, impairment of assets, or undermining of the municipality's financial integrity should be brought to the attention of senior management or the City Council.
  - **Example:** Mismanagement of funds, significant overspending on a project, or exposure to fraud.
  - **Unusual Financial Transactions:**
    - Instances of large or unusual financial transactions that do not align with the municipality's typical spending patterns or that cannot be explained through normal business processes.
    - **Example:** Unauthorized payments, unusually high expenses, or lack of proper documentation for financial transactions.
- 

### **3. Reputational Risk**

- **Risk to Public Trust or Confidence:**
    - Any issue that could potentially damage the municipality's reputation, harm public trust, or lead to a loss of confidence among stakeholders (citizens, government, suppliers, etc.) should be escalated.
    - **Example:** Poor performance in public services, corruption allegations, mishandling of public funds, or failure to meet community expectations.
  - **High-Profile Public Issues:**
    - Issues that have the potential to become public scandals or attract significant media attention should be escalated to ensure that senior management and the City Council are prepared to address them effectively.
    - **Example:** A data breach that exposes sensitive citizen information or the mismanagement of a public health crisis.
- 

### **4. Risk of Operational Disruption**

- **Disruption to Critical Services:**
    - If audit findings point to risks that could disrupt essential public services, such as emergency services, healthcare, transportation, or utilities, the issue should be escalated to ensure timely corrective action.
    - **Example:** Identified weaknesses in IT systems that could result in failure of municipal service delivery (e.g., tax collection, waste management, water supply).
  - **Inadequate Disaster Recovery and Business Continuity Planning:**
    - If audits reveal gaps in disaster recovery and business continuity plans that could lead to extended operational disruptions in the event of a crisis, escalation is necessary.
    - **Example:** Lack of a tested IT disaster recovery plan or gaps in critical infrastructure maintenance.
-

## 5. Strategic Impact

- **Failure to Achieve Strategic Objectives:**
    - If internal audits reveal that risks or deficiencies are threatening the municipality's ability to achieve its strategic goals (e.g., infrastructure development, environmental sustainability), it should be escalated.
    - **Example:** Delays or failures in key projects that affect long-term planning (e.g., major public infrastructure projects, municipal digital transformation initiatives).
  - **Missed Opportunities for Efficiency or Cost Savings:**
    - Findings that suggest missed opportunities for operational efficiency, cost savings, or enhanced performance that could significantly improve the municipality's financial position or service delivery.
    - **Example:** Identification of inefficiencies or waste in service contracts, procurement, or resource allocation.
- 

## 6. Compliance with Ethical Standards

- **Ethical Violations or Conflicts of Interest:**
    - If audit findings indicate violations of ethical standards, conflicts of interest, or breaches of the municipality's code of conduct, they should be escalated.
    - **Example:** Cases where senior employees or council members are found to have engaged in unethical behaviour, such as nepotism, bribery, or accepting kickbacks from vendors.
  - **Concerns About Whistleblower Allegations:**
    - Any credible whistleblower complaints or reports of unethical conduct, fraud, or harassment should be carefully reviewed and escalated as necessary.
    - **Example:** A whistleblower report alleging discriminatory practices in the hiring process or misuse of funds.
- 

## 7. Audit or Control Environment Challenges

- **Inability to Complete Audits Due to Obstruction or Lack of Cooperation:**
    - If the audit team faces resistance from management or lacks access to critical information, this could hinder the audit's effectiveness and should be escalated.
    - **Example:** Senior management or staff not providing necessary documents, or failure to respond to audit requests in a timely manner.
  - **Lack of Audit Independence:**
-

- If internal auditors face pressures that compromise their objectivity or independence, it is crucial to escalate the issue to the City Council and senior management.
  - **Example:** Attempts by management to influence audit findings or the scope of the audit.
- 

## 8. Legal and Regulatory Deadlines

- **Failure to Meet Legal, Regulatory, or Contractual Deadlines:**
    - Escalate any situation where the municipality is at risk of missing important legal, regulatory, or contractual deadlines that could lead to penalties or non-compliance issues.
    - **Example:** Missed deadlines for submitting mandatory reports to the Ontario Ministry of Municipal Affairs and Housing, or failure to comply with audit requirements under the **Municipal Act, 2001**.
- 

## 9. High-Risk, High-Impact Projects

- **High-Risk Projects or Initiatives:**
    - Issues arising from high-profile or high-risk projects, particularly those involving large financial investments or critical public services, should be escalated immediately.
    - **Example:** A major capital project (e.g., building a new municipal facility, upgrading water treatment plants) facing budget overruns, compliance challenges, or significant delays.
  - **Complex or Unclear Project Oversight:**
    - If there are risks related to the oversight or governance of large-scale projects, particularly those involving multiple stakeholders (e.g., government agencies, contractors), the CAE should escalate these concerns.
    - **Example:** Confusion or lack of clarity in project governance leading to poor decision-making or cost overruns.
- 

## 10. Timing and Urgency

- **Immediate Threat to Operations or Reputation:**
    - Any issue posing an immediate and significant threat to operations, financial stability, or the municipality's reputation should be escalated as a priority.
-

- **Example:** A cybersecurity breach that compromises sensitive resident data or an internal fraud investigation that requires urgent attention to prevent further financial loss.
  - **Delayed Reporting of Critical Findings:**
    - If audit findings with significant implications are not reported in a timely manner, this could delay necessary interventions. The CAE should escalate any delays in reporting critical issues to the City Council and senior management.
    - **Example:** A key finding of a significant control deficiency that was not reported on time, delaying corrective action.
- 

## Conclusion

The CAE must ensure that issues are escalated to the City Council and senior management when they pose significant risks to the municipality's operations, financial stability, compliance, or reputation. The criteria outlined above should help guide this decision-making process, ensuring that critical matters are addressed in a timely and effective manner. Transparent communication with senior leadership is essential to mitigate risks and protect the interests of the municipality and its stakeholders.

## 5. Issues that Should Be Escalated Immediately to the City Council and Senior Management

Certain audit findings or risks are so critical that they require **immediate escalation** due to their potential to severely impact the municipality's operations, financial integrity, legal standing, or reputation. These issues should be promptly brought to the attention of the City Council and senior management to allow for rapid intervention and decision-making.

Such items first need to be based in fact or evidence prior to escalation.

---

In reading the following issues, the current materiality is set at \$5,000,000.

High-impact transaction-level concerns are set at \$375,000.

---

### 1. Material Weaknesses in Internal Controls

- **Significant Control Failures:**
    - Any identified **material weaknesses** in the internal controls that could lead to major financial misstatements, significant fraud, or non-compliance with laws and regulations.
    - **Example:** A breakdown in segregation of duties, lack of approval mechanisms for financial transactions, or deficiencies in IT system security that could allow unauthorized access.
  - **Inability to Mitigate Fraud Risks:**
    - If the audit identifies critical **fraud risks** that have not been mitigated through internal controls or monitoring systems.
    - **Example:** Gaps in procurement oversight or lack of fraud detection mechanisms that could result in significant financial loss.
- 

### 2. Legal and Compliance Violations

- **Regulatory Non-Compliance:**
    - Any violation of **municipal, provincial, or federal laws** that exposes the municipality to legal or regulatory penalties, fines, or reputational damage.
    - **Example:** Non-compliance with the **Municipal Act, 2001**, violations of the **Ontario Building Code**, or failure to meet **Environmental Protection Act** requirements.
  - **Potential Legal Liabilities:**
-

- Issues that could expose the municipality to **legal actions**, lawsuits, or settlements, particularly if these could have significant financial implications.
  - **Example:** Allegations of discrimination, harassment, or wrongful termination by municipal employees or contractors.
- 

### 3. Significant Financial Loss or Risk

- **Material Financial Loss or Irregularities:**
    - Any situation where there is a **substantial financial loss** due to fraud, mismanagement, or errors in financial transactions.
    - **Example:** Discovery of a major embezzlement, significant overpayments to contractors, or large discrepancies in municipal accounts.
  - **Unusual or Unauthorized Transactions:**
    - Instances of **unusual financial transactions** or payments that do not align with the municipality's policies, budgets, or historical trends, raising concerns about fraud, waste, or mismanagement.
    - **Example:** A large, unexplained wire transfer or payment to an unknown or unauthorized vendor.
- 

### 4. Cybersecurity and Data Privacy Breaches

- **Data Breaches or Cyberattacks:**
    - **Cybersecurity incidents** that expose sensitive information, disrupt municipal operations, or compromise data privacy (e.g., resident data, financial records).
    - **Example:** A **data breach** that exposes citizens' personal information or a **ransomware attack** that locks critical municipal systems, such as tax or billing systems.
  - **Failure to Protect Sensitive Data:**
    - Any **breach of data protection protocols**, especially involving sensitive personal, financial, or healthcare data (e.g., data governed by **PIPEDA** or local privacy laws).
    - **Example:** Exposure of confidential information due to poor encryption, lack of access controls, or employee mishandling of data.
- 

### 5. Major Disruption to Critical Services

- **Disruption of Essential Municipal Services:**
-

- **Service interruptions** that could severely impact residents or businesses, particularly in areas like water supply, emergency services, waste management, or public health.
  - **Example:** A failure in water treatment facilities, a disruption in the delivery of public health services, or significant delays in emergency response services due to inadequate planning or management.
  - **Significant Infrastructure Failures:**
    - Failure or risk of failure of critical municipal **infrastructure** that could cause widespread disruption or safety risks to residents.
    - **Example:** A bridge failure or collapse, major public transportation system outages, or electrical grid failures.
- 

## 6. High-Profile Ethical Violations or Conflicts of Interest

- **Fraud, Bribery, or Corruption:**
    - Discovery of any serious **fraud, bribery, or corruption** involving high-level municipal officials or contractors.
    - **Example:** Allegations of bribery in the procurement process or misuse of municipal funds by senior management or council members.
  - **Conflicts of Interest:**
    - Any **conflicts of interest** that could result in unethical or biased decision-making, particularly involving senior officials or individuals in key positions.
    - **Example:** A senior employee or elected official awarding contracts to family members or personal business interests.
- 

## 7. Issues That Threaten Public Trust or Reputation

- **Scandals or High-Profile Allegations:**
    - **Public scandals or high-profile allegations** that could seriously damage the municipality's reputation or erode public trust in local government.
    - **Example:** Allegations of sexual harassment or discrimination within the municipality, or poor handling of a public health or safety crisis.
  - **Severe Public Backlash:**
    - Any situation where **public outcry** is likely, especially when related to essential public services or policies.
    - **Example:** A major controversy over a public policy decision (e.g., significant cuts to essential services or increased taxes without proper consultation with the community).
- 
-



## 8. Critical Risk to Financial Stability or Viability

- **Impending Insolvency or Financial Distress:**
    - Risks of **insolvency**, **bankruptcy**, or other financial crises that could threaten the municipality's ability to meet its obligations or maintain critical services.
    - **Example:** Insolvency of a key municipal contractor or vendor, or a significant reduction in provincial funding that puts the municipality's budget at risk.
  - **Material Overruns in Major Projects:**
    - **Cost overruns** or significant delays in major capital or infrastructure projects that threaten financial stability or long-term planning.
    - **Example:** A public works project (e.g., road repair or public building construction) that exceeds its budget by a significant margin, or is delayed due to poor management or contractor issues.
- 

## 9. Unaddressed Audit Findings or Obstruction

- **Obstruction of Audit Process:**
    - If the audit team faces **resistance**, **lack of cooperation**, or **obstruction** from senior management or key stakeholders, preventing them from obtaining critical information or completing the audit process.
    - **Example:** Senior management failing to provide required documents or delaying audit activities that impede the ability to assess financial or operational risks.
  - **Failure to Act on Critical Audit Recommendations:**
    - If there are **critical audit findings** that remain unaddressed, and the delay in action could lead to significant risks.
    - **Example:** Failure to address a material weakness in the internal control system that could lead to financial misstatements or non-compliance with laws.
- 

## 10. Breach of Municipal Governance or Oversight

- **Governance Failures or Weak Oversight:**
    - Any failure or **weakness in governance** structures or oversight mechanisms that could lead to poor decision-making, mismanagement, or unethical behavior.
    - **Example:** A lack of independent oversight in the budgeting process, or where there are significant governance gaps in decision-making (e.g., improper delegation of authority, lack of transparency in council decisions).
-

## 6. 2025 Materiality and Ratings

### Determination

---

- **Annual Budget:** \$499,614,326
  - **Materiality Thresholds:**
    - Financial: 1% of total budget = **\$5 million**.
    - Impact for ratings: 1.5% - low, 7.5% - high
      - Low - <\$75,000
      - Medium - \$75,000 to \$375,000
      - High - >\$375,000
    - Aggregate: Systemic non-compliance > **\$100,000 cumulative**.
- 

### Considerations

#### 1. Define Materiality Objectives

- **Public sector considerations:**
    - Focus on safeguarding public funds, ensuring compliance with regulations, and achieving value for money.
    - Stakeholders include government bodies, taxpayers, and regulatory authorities.
  - Materiality thresholds should align with the goals of transparency and accountability.
- 

#### 2. Establish Financial Materiality Thresholds

- Use financial data from budgets, expenditures, or grants to set quantitative thresholds:
  - **Budget size:** A percentage of the annual budget or specific program budget.
  - **Expenditure:** A percentage of total expenditures.
  - **Revenue:** A percentage of total revenue or funding.

#### Examples of common financial thresholds:

- 0.5% to 1% of the entity's total annual budget for large public sector organizations.
- For smaller programs or departments, thresholds might be adjusted to 1% to 5%.

Determination:

- Materiality set at 1%
- 

### **3. Assess Qualitative Materiality Factors**

- In the public sector, qualitative factors often outweigh financial ones. Consider:
  - **Public perception:** Issues that could erode trust in public institutions.
  - **Legal and regulatory compliance:** Violations of laws or regulations, regardless of financial value.
  - **Critical services:** Impact on service delivery, especially for essential services like healthcare or education.
  - **Stakeholder sensitivity:** Issues of significant concern to elected officials or the public.

Determination

- A \$10,000 compliance issue with environmental regulations might be deemed material due to reputational risks and legal exposure.
- 

### **4. Link Materiality to Risk Appetite**

- Assess the entity's **risk tolerance** for errors or inefficiencies:
    - For high-risk areas (e.g., procurement, grants, fraud), use lower materiality thresholds.
    - For low-risk or non-critical processes, thresholds may be higher.
- 

### **5. Cumulative Materiality**

- In public sector audits, individually immaterial issues may collectively be significant, particularly if they reflect systemic issues.
  - Use cumulative materiality to assess the aggregate effect of multiple small issues.
- 

### **6. Relevance of Non-Financial Metrics**

- Public sector entities often manage non-financial resources, such as infrastructure, public services, or data. Include metrics such as:
    - Impact on service levels or performance targets.
    - Breaches of governance frameworks.
-

- Determination: Already included in ratings

## Audit Report Classification

Report Classification	Our work identified one or more of the following:
<b>Optimally Controlled</b>	<ul style="list-style-type: none"> <li>● Well-structured design effectively achieves fit-for-purpose control objectives.</li> <li>● Controls are consistently applied and operate at an optimum level of effectiveness.</li> </ul>
<b>Managed</b>	<ul style="list-style-type: none"> <li>● The sound design achieves control objectives.</li> <li>● No control design improvements were identified during the review.</li> <li>● Controls are consistently applied.</li> <li>● Only minor instances of controls identified as not operating, which have mitigating back-up controls or the risk of loss, are immaterial.</li> <li>● All previous significant audit action items have been closed.</li> </ul>
<b>Some Improvement Opportunity</b>	<ul style="list-style-type: none"> <li>● Control design improvements were identified; however, the risk of loss is immaterial.</li> <li>● Isolated or “one-off” significant controls were identified as not operating for which sufficient mitigating backup controls could not be identified.</li> <li>● Numerous instances of minor controls not operating for which sufficient mitigating back-up controls could not be identified. Some previous significant audit action items have not been resolved promptly.</li> </ul>
<b>Major Improvement Opportunity</b>	<ul style="list-style-type: none"> <li>● The design is not optimal and may put control objectives at risk.</li> <li>● Control design improvements were identified to ensure that the risk of material loss is minimized and functional objectives are met.</li> <li>● A number of significant controls were identified as not operating, for which sufficient mitigating backup controls could not be identified, which may put control objectives at risk.</li> <li>● Losses have occurred as a result of control environment deficiencies.</li> <li>● Little action was taken on previous significant audit findings to resolve the item promptly.</li> </ul>
<b>Unacceptable Risk Exposure</b>	<ul style="list-style-type: none"> <li>● Control design leaves the opportunity for loss, error or abuse.</li> <li>● Significant control design improvements were identified to ensure that the risk of material loss is minimized and functional objectives are met.</li> <li>● An unacceptable number of controls (including a selection of both significant and minor) were identified as not operating for which sufficient mitigating backup controls could not be identified, creating the opportunity for loss, error or abuse.</li> <li>● Material losses have occurred as a result of control environment deficiencies. Instances of fraud or significant contravention of corporate policy detected.</li> <li>● No action was taken on previous significant audit findings to resolve the item on time.</li> </ul>

## Findings Ratings

	Low Impact	Medium Impact	High Impact
Highly Likely	Moderate	Significant	Significant
Likely	Low	Moderate	Significant
Unlikely	Low	Low	Moderate

## Likelihood

Rating	Description
Highly Likely	History of regular occurrence of the event. The event is expected to occur in most circumstances.
Likely	History of occasional occurrences of the event. The event could happen at some time.
Unlikely	History of none or seldom occurrence of the event. The event may occur only in exceptional circumstances.

## Impact

Rating	Description (applied when one criterion is met)
High	<p><b>Financial impact</b> is likely to exceed \$375,000 in direct loss or opportunity cost.</p> <p><b>Internal Control:</b> Significant control weaknesses, which would lead to financial or fraud loss.</p> <p><b>An issue that requires a significant amount of senior management/Board effort to manage, such as</b></p> <ul style="list-style-type: none"> <li>● Failure to meet key strategic objectives/significant impact on strategy and objectives.</li> <li>● Loss of ability to sustain ongoing operations:                             <ul style="list-style-type: none"> <li>○ Loss of key competitive advantage/opportunity.</li> <li>○ Loss of supply of key process inputs.</li> </ul> </li> <li>● A significant reputational sensitivity, e.g., market share, earnings per share, credibility with stakeholders and brand name/reputation building.</li> </ul> <p><b>Legal/regulatory:</b> Large-scale action, major breach of legislation with very significant financial or reputational consequences</p>
Medium	<p><b>Financial impact</b> is likely to be between \$75,000 to \$375,000 in terms of direct loss or opportunity cost.</p> <p><b>Internal Control:</b> Significant control weaknesses, which could result in potential loss resulting from inefficiencies, wastage, and cumbersome workflow procedures.</p> <p><b>An issue that requires a significant amount of senior management/Board effort to manage, such as</b></p> <ul style="list-style-type: none"> <li>● No material or moderate impact on strategy and objectives.</li> <li>● Disruption to regular operation with a limited effect on achieving corporate strategy and objectives.</li> <li>● Moderate reputational sensitivity.</li> </ul> <p><b>Legal/regulatory:</b> Regulatory breach with material financial consequences, including fines.</p>
Low	<p><b>Financial impact</b> is likely to be less than \$75,000 in direct loss or opportunity cost.</p> <p><b>Internal Control:</b> Significant control weaknesses, which could result in potential insignificant loss resulting from workflow and operational inefficiencies.</p> <p><b>An issue that requires a significant amount of senior management/Board effort to manage, such as</b></p> <ul style="list-style-type: none"> <li>● Minimal impact on strategy.</li> <li>● Disruption in regular operations does not affect the achievement of corporate strategy and objectives.</li> <li>● Minimal reputational sensitivity.</li> </ul> <p><b>Legal/regulatory:</b> Regulatory breach with minimal consequences.</p>

## 7. 2025 Auditor General Strategy

### Vision:

To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

---

### Key Components:

#### 1. Objectives:

- Strengthen governance, risk management, and internal controls.
- Develop a plan to align functional activities to required professional standards, funding allocation and the Auditor General mandate
- Administer the Concerned Citizen and Employee Hotline and Investigate Qualified Allegations

#### 2. Strategic Focus Areas:

- **Close Open Projects:** Complete and report on BIA review work and Professional Standards Alignment work.
- **Agility:** Adapt audit plans to address emerging risks, trends, and organizational changes.
- **Stakeholder Engagement:** Maintain clear communication and collaboration with key stakeholders.
- **Allegation Investigation:** Conduct and complete the investigation of several allegations.

#### 3. Audit Plan:

- **Coverage:** Governance, procurement, BIAs, Concerned Citizen and Employee Hotline and professional standards.
- **Risk Assessment:** Perform an annual risk assessment to prioritize high-risk and high-impact areas to be assessed as the one key review area for 2026.

#### 4. Deliverables:

- Audit reports with clear recommendations, categorized by risk (High, Medium, Low).
- Two updates to the Council on progress, findings, and emerging risks.
- Follow-up reports to track management's implementation of corrective actions.
- Concerned Citizen and Employee Hotline status reports and reports on the Outcomes of Investigations.
- Quality assurance self-assessment

#### 5. Performance Metrics:

---

- **Efficiency:** Percentage of audits completed within the budgeted effort.
- **Quality:** Stakeholder satisfaction scores from post-audit surveys.
- **Impact:** Number of accepted recommendations and successful implementations.

### 6. Methodology:

- **IPPF Standards Compliance:** Ensure adherence to IIA's Standards and the Code of Ethics.
- **Continuous Improvement:** Regularly update the audit methodology and tools.
- **Integration:** Collaborate with external auditors, risk management, and compliance functions as relevant.

### 7. Key Risks Monitored in 2025:

- Cybersecurity threats and data privacy.
  - Regulatory changes and compliance.
  - Supply chain disruptions.
  - Fraud, corruption, and financial mismanagement.
  - Environmental, Social, and Governance (ESG) risks.
- 

### Structure:

#### Team Structure:

- Chief Audit Executive (CAE).
- Staff team members (2 part-time)
- Use of co-sourced or outsourced audit services for specialized expertise and resource supplementation

#### Technology and Tools:

- Risk Savvy Audit File Management Suite
- Productivity Tools
- IIA and ISACA Centres of Excellence and Knowledge Repositories

#### Reporting Lines:

- Functional reporting to City Council.
- Administrative reporting to the CAO.
- Status reporting to Commissioner of Finance/City Treasurer via Executive Initiatives Co-ordinator

## 8. 2025 Auditor General & Office of the Auditor General Budget

The budget allocation for the Office of the Auditor General was set at \$300,000. The total is expected to include service delivery and the core team's expenses to deliver the services. As such, the budget is expected to address the following IIA IPPF essential conditions:

### Staffing Costs (Personnel):

- Salaries and Benefits
- Training and Development
- Recruitment Costs

### 2. Technology and Tools:

- Audit Software
- Cybersecurity Tools
- Data Analytics and AI

### 3. External Support/Outsourcing:

- Outsourcing/Co-sourcing
- Specialist Resources

Actual costs for professional services will be treated as an expense and the total fees will be divided by the annual hourly rate to determine effort hours - at both budget/planning time and trued up upon completion.

### 4. Audit Materials and Resources:

- Travel and Subsistence
- Office Equipment

### 5. Risk Management and Governance Oversight:

- Risk Assessment Tools
- Governance and Compliance

### 6. Quality Assurance and Improvement:

- Quality Reviews
- Continuous Improvement

### 7. Contingency Funds:

- Unforeseen Audit Needs



## **8. Compliance and Legal Costs:**

- Legal Support (generally through the City Solicitor)
- Regulatory Reporting

Additionally, the Budget is expected to address the following elements which are not IIA IPPF essential conditions:

## **9. Concerned Citizen and Employee Hotline Administration**

- Administration and oversight
- Complainant Interaction
- Supporting technology/channels and access
- Protocol management and updates
- Investigations
- Reporting

## 9. Technology Implementation Plan

To limit security risks the specific tools and devices are not named in this public document.

### 1. Assessment and Planning

- **Current State Assessment:** Begin by assessing the internal audit function's current state. Evaluate existing tools, processes, and capabilities. Identify gaps where technology can improve, such as automating repetitive tasks, increasing coverage, or improving risk identification.

The internal audit function is a small function with a limited budget.

- Technology currently leveraged includes:
  - Devices:
    - Mobile computing solutions
    - Laser Printer/Sanner
    - Portable Scanner
  - Software solutions:
    - Cloud-based corporate productivity tools
    - Writing and proofreading
    - Natural language processing for research
    - Multi-layered security protection
    - File and note management software
    - Random sampling tools
    - PDF reader and generator
    - Virtual meeting solutions
    - File transfer acceleration
    - Application launcher and productivity platform
- Opportunities:
  - Greater efficiency in time/status reporting and mapping
  - More integrated file/document management for project work
  - Screen or meeting recording for evidentiary support
  - Possibly, data analytics, but not currently an issue
  - Automated file management solutions
  - Automation software
  - Rapid scheduling tools
  - Enhanced backup solutions
- **Define Objectives:** The key objectives for 2025 would be:
  - (1) increase efficiency and reduce error in time tracking, status reporting and analysis,
  - (2) increase ease and accuracy in file documentation and consolidation,

(3) ease of meeting enablement/reduced effort and

(4) continuity of services.

## **2. Selecting Technology Tools**

- **Tool Selection:**
  - Look into file management automation
  - Explore identified solutions for work file management, time tracking and status reporting
  - Look into virtual meeting software with a recording ability
  - Learn more about identified applications
  - SSD backups & cloud cross-backups

## **3. Integration and Testing**

- **Pilot Testing:** Pilot test each - note where/how below:
  - Unnamed - set up and trying - for January
  - Unnamed - reviewed and confirmed security - SOC2, access controls privacy, encryption at rest and in transmission. Set up templates for testing
  - Virtual mtg - see if CoW teams can do this
  - Unnamed - set up and trying - for February
  - Unnamed - set up and trying - for February
  - Unnamed - does not appear to add benefits, given the current functionality
  - Unnamed - set up and trying - for January through March
  - Backups - SSD - set up for February

## **4. Training and Change Management**

- **Training Programs:** Real-time use, prover courses and online
- **Ongoing Support** - vendor site and user forum.

## **5. Monitoring and Continuous Improvement**

**Monitor Effectiveness:** Evaluate each tool 1 month after roll-out, 3 mos, 6 mos and annually

## 10. Executive Learning Plan

An **Executive Learning Plan** for a **Chief Audit Executive (CAE)** is a structured approach to ongoing professional development, tailored to the CAE’s strategic and leadership role within the organization. It typically focuses on expanding the CAE’s knowledge in key areas such as governance, risk management, auditing standards, technology, and leadership, while also preparing the CAE to address current and emerging challenges within their organization.

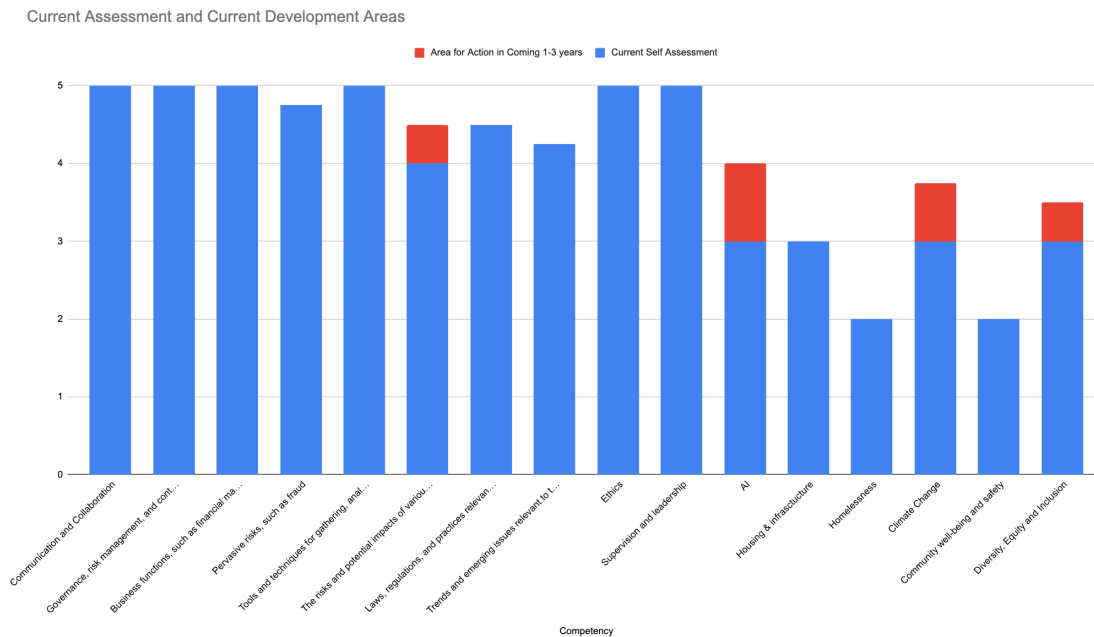
Below is a comprehensive **Executive Learning Plan** outline for a **Chief Audit Executive**:

### Executive Learning Plan for a Chief Audit Executive (CAE)

#### 1. Overview of Learning Goals

- Enhance leadership and strategic thinking skills.
- Stay current on auditing standards, governance, and risk management.
- Leverage technology, including data analytics and AI, to improve audit processes.
- Strengthen communication skills with senior leadership and the Board.
- Foster a culture of integrity, transparency, and risk management across the organization.

#### 1. Overview of Self-Assessment and Areas of Focus



## 2. Core Learning Areas

### 1. Governance and Leadership Development

- **Goal:** Build leadership skills to effectively lead the internal audit function, manage teams, and interact with the Board and senior management.
- **Learning Topics:**
  - **Governance Frameworks:** Understanding best practices in governance for boards and audit committees.
  - **Executive Leadership:** Development of communication, decision-making, and strategic planning skills.
  - **Board and Audit Committee Relations:** Training on effective reporting, escalation, and collaboration with senior leadership and the Board.
  - **Crisis Management and Decision Making:** How to lead in times of crisis or organizational change.
- **Resources:**
  - Executive coaching or mentoring programs.
  - **Courses or certifications** on governance and board interactions (e.g., **Corporate Governance by Harvard Business School** or **Institute of Internal Auditors (IIA)** courses).
  - **Leadership development programs** like those offered by the **National Association of Corporate Directors (NACD)**.

### 2. Auditing Standards and Risk Management

- **Goal:** Ensure knowledge of the latest auditing standards, compliance requirements, and best practices in risk management.
- **Learning Topics:**
  - **Public Sector Accounting Standards (PSAS), IFRS, and GAAP** (for municipalities or public sector bodies).
  - **Risk Management:** Advanced concepts in identifying, assessing, and mitigating organizational risks (operational, financial, strategic).
  - **Internal Control Frameworks:** Learn about the **COSO** framework for risk management and internal controls.
  - **Fraud Risk and Prevention:** Best practices for fraud risk assessment, detection, and prevention within an organization.
- **Resources:**
  - **IIA's Professional Practices Framework** and other relevant auditing standards (e.g., **AICPA, PSAB**).
  - **Risk Management** courses (e.g., **Enterprise Risk Management (ERM) workshops**).
  - **Webinars and seminars** hosted by **Audit and Risk Management Institutes** (e.g., IIA, ACFE).

### 3. Technology and Data Analytics in Auditing

- **Goal:** Understand and apply the latest technologies in the audit function, including data analytics, AI, and cybersecurity.
- **Learning Topics:**

- **Data Analytics for Auditing:** Leveraging tools like **IDEA**, **ACL**, or **Power BI** to analyze large datasets and identify risks.
- **Automation in Internal Audit:** Use of Robotic Process Automation (RPA) in audit testing and reporting.
- **Artificial Intelligence and Machine Learning:** Exploring AI tools to predict trends, assess risks, and optimize the audit process.
- **Cybersecurity and IT Auditing:** Knowledge of key cybersecurity risks, frameworks, and IT audit procedures.
- **Resources:**
  - **Advanced Analytics and AI in Auditing** online courses (e.g., **IIA's Data Analytics for Auditors**).
  - **RPA and AI certifications** (e.g., **UiPath Certified RPA Developer**).
  - **Cybersecurity training** (e.g., **Certified Information Systems Auditor (CISA)**, **Certified Information Systems Security Professional (CISSP)**).
- 4. **Strategic Risk Management and Business Continuity**
  - **Goal:** Strengthen strategic risk management and business continuity capabilities.
  - **Learning Topics:**
    - **Enterprise Risk Management (ERM):** Best practices for identifying and addressing enterprise-wide risks, including strategic, financial, operational, and reputational risks.
    - **Crisis and Business Continuity Planning:** Developing and evaluating plans for business continuity in the face of disruptions (e.g., pandemic, natural disasters, cyber-attacks).
    - **Scenario Planning:** Techniques for preparing for various future scenarios and their impact on the audit and risk function.
  - **Resources:**
    - **ERM and Business Continuity Planning** certifications (e.g., **CRO (Chief Risk Officer) certification**, **Business Continuity Institute certification**).
    - **Workshops** and **case studies** on crisis management and business continuity.
- 5. **Ethics and Integrity in Audit and Governance**
  - **Goal:** Ensure the highest standards of ethics, integrity, and independence in audit functions.
  - **Learning Topics:**
    - **Ethics in Internal Audit:** Key ethical principles (e.g., independence, objectivity, integrity) and dealing with ethical dilemmas.
    - **Conflicts of Interest:** Identifying and mitigating conflicts of interest within the audit function and organization.
    - **Regulatory Compliance:** Staying informed on regulatory changes and ensuring compliance with relevant laws (e.g., **PIPEDA**, **Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)** in Ontario).
  - **Resources:**

- **Ethics training and professional development** programs (e.g., IIA's **Ethics Training**).
  - **IIA's Code of Ethics and International Standards for the Professional Practice of Internal Auditing**.
- 

### 3. Action Plan

#### 1. Short-Term (0–6 months)

- Attend a panel on **public sector risks** in 2025.
- Attend an **audit technology workshop** and online training for audit file management; the project enables and automated file workflow.
- Develop an **AI learning path** leveraging IIA-published learning routes and materials.
- Attend training on **enhanced tracking and reporting tools** to reduce effort of team members in tracking and reporting status/efforts.
- Attend a **Cybersecurity Update** session.

#### 2. Medium-Term (6–12 months)

- Complete **AI learning plan** map.
- Attend a **Data Analytics** or **RPA training**.
- Develop and execute a plan to upskill **workflow management/file automation** in current tools.

#### 3. Long-Term (12+ months)

- Seek a **mentorship** or **coaching** relationship with a senior CAE from a larger municipality or corporation.
  - Evaluate and implement advanced audit technologies (e.g., **AI for predictive analytics**).
- 

### 4. Resources and Networks

- **Professional Networks:** Engage in organizations like the **Institute of Internal Auditors (IIA)**, **Risk Management Society (RIMS)**, and **Canadian Association of Municipal Administrators (CAMA)** for ongoing education and networking.
  - **Conferences and Workshops:** Participate in relevant conferences such as the **IIA International Conference**, **RiskMinds**, or **CIO/CISO summits** for insights on governance, technology, and risk.
  - **Peer Learning:** Participate in **peer exchange programs** or **mentoring initiatives** to collaborate with other CAEs and senior audit executives.
- 

### 5. Evaluation and Continuous Improvement

---

- **Semi-annual Check-Ins:** Assess progress in learning areas and adjust the learning plan as needed based on emerging organizational priorities or risks.
  - **Feedback from Board and Senior Management:** Regularly seek feedback on leadership effectiveness, audit quality, and communication to identify areas for improvement.
  - **Self-Reflection and Goal Review:** Annually review and refine learning objectives based on performance, feedback, and external changes (e.g., new technologies, governance changes, risk trends).
- 

## Conclusion

An **Executive Learning Plan** for a Chief Audit Executive (CAE) is a critical tool for personal and professional growth, ensuring that the CAE can effectively lead the internal audit function, align with organizational priorities, and address the dynamic landscape of risks, technology, and governance challenges. This plan should be flexible, tailored to the individual's needs, and consistently reviewed to adapt to emerging trends and challenges in the audit and risk management fields.



**Appendix A - Redlined Auditor General Charter**

## Auditor General - Summary Package

---

By virtue of the authority provided to a municipality in s. 223.19 of the *Municipal Act, 2001*, S.O. 2001, c. 25, (the "Act") The Corporation of the City of Windsor ("City of Windsor") appointed an auditor general (the "AG") on September 23, 2019 by Council Resolution CR485/2019.

The purpose, scope, authority, responsibilities and accountability of the AG for the City of Windsor are described in this Auditor General Charter (the "Charter").

This Charter shall be periodically reviewed and updated, in consultation with City Council.

### OVERVIEW

The AG is responsible for assisting the City of Windsor in holding itself and its administrators accountable for the quality of stewardship over public funds and for the achievement of value for money in municipal operations. The AG will carry out its responsibilities by providing objective and independent assessment, advice and assurance with respect to governance, risk management, accountability, and performance. The role of the AG is not only to identify cost savings. When selecting audit projects, the AG attempts to balance audit work that will identify opportunities for cost reductions, loss avoidance, increased revenues, improved revenue collection, enhanced efficiency and effectiveness, and improvements to major control systems.

While cost savings may result from the work conducted by the AG, of equal importance is the work conducted to safeguard the City of Windsor resources and ensure proper use of public funds. Recommendations relating to the improvement of internal controls and the quality of stewardship over public funds are an important part of the AG's work but are not easily quantifiable. Reports which have no apparent immediate financial benefit may nevertheless have significant other long-term benefits to the City.

The AG also has the responsibility to oversee the Concerned Citizen and Employee Hotline in accordance with the Council-approved protocol.

Throughout this Charter, the term City Council is used. Should City Council at any point create an Audit Committee as a standing committee the Auditor General will report to City Council through said Committee, but the Auditor General retains the right of access to address City Council.

### REPORTING

The AG for the City of Windsor shall report directly to City Council and will issue the annual plan reports and status updates to City Council.

Internal Audit personnel will report to and be overseen by the AG and support the AG in executing the mandates within this Charter, and shall be governed by it. Internal Audit personnel, and their efforts/hours will be directed by the AG. The AG has delegated the following powers conferred to him under the Act to the Internal Audit personnel who report to him or her, including all internal audit personnel: Scope, Duty to Furnish, Access to Records, Confidentiality and Testimony. (see Appendix A).

### PURPOSE

The purpose of the AG is to provide independent, objective assurance and advice designed to add value and improve the City of Windsor's operations. Independence is mandated by the Act and carried out in accordance with professional standards. The AG will collaborate with the City of Windsor management and help the City of Windsor accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

In addition to these primary services, the AG shall provide guidance to improve the effectiveness of controls, examine suspected fraudulent or irregular activities, and provide advisory services to assist with the improvement of operational activities.

## Auditor General - Summary Package

---

### SCOPE

The scope of the AG is defined annually through the approved **Work Plan** (“**Work Plan**”) and includes all audit activities to assist management in determining whether the City of Windsor’s network of governance, risk management, and control processes, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employees’ actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Interactions and arrangements with third parties, including external parties, are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources and assets are acquired economically, used efficiently, and adequately safeguarded.
- Operations and initiatives are conducted to deliver results that are consistent with established objectives and goals.
- Quality and continuous improvement are fostered in the City of Windsor’s control process.
- Legislative or regulatory compliance issues impacting the City of Windsor are recognized and addressed appropriately.

Opportunities for improving management control, financial and operating results, and the City of Windsor’s structure or performance may be identified during audits. To fulfill its objective of adding value and improving the City of Windsor’s operations, the AG will validate findings and recommendations with the appropriate level of management and obtain management responses and action plans to include in reports.

### ACCOUNTABILITY

The AG, in the discharge of **his/her** duties, shall be accountable to the City of Windsor by reporting directly to City Council to:

- Provide coverage of the adequacy and effectiveness of the City of Windsor’s processes for controlling its activities and managing its risks.
- Report important issues related to the processes for managing risk and controlling the activities of the organization, including potential improvements to those processes, and provide information concerning such issues through resolution. This includes coverage of risk management and governance practices.
- Periodically provide information on the status and results of the annual Audit Plan and the sufficiency of department resources. This includes ensuring the resources are sufficient in amount and competency to cover the risks in the annual audit plan.
- Coordinate with and provide coverage of other control and monitoring functions (risk management, governance, compliance, security, legal, ethics, environmental).
- Coordinate with external audit.
- Along with management, establish a follow-up process to track and monitor the effective implementation of management actions related to important issues and recommendations.

### AUTHORITY, ACCESS AND SUPPORT

The AG may exercise the powers and shall perform the duties with respect to the City of Windsor’s:

## Auditor General - Summary Package

---

1. departments,
2. local boards,
3. controlled corporations, and
4. grant recipients (where the grant received is directly or indirectly from the municipality, a local board or a municipally-controlled corporation for grants received 2006 or later).

The responsibilities of the AG do not include those matters for which an auditor is responsible under s.296(1) of the *Act*. The AG's responsibilities do not include annually auditing the accounts and transactions of the municipality and its local boards and expressing an opinion on the financial statements of these bodies based on the audit.

As per the *Act*, the AG does not have the right to limit the natural person powers bestowed upon a municipality nor does the AG have the right to limit municipal by-laws respecting the following matters:

1. Governance structure of the municipality and its local boards.
2. Accountability and transparency of the municipality and its operations and of its local boards and their operations.
3. Financial management of the municipality and its local boards.
4. Public asset of the municipality acquired for the purpose of exercising its authority under this or any other Act.
5. Economic, social and environmental well-being of the municipality, including respecting climate change.
6. Health, safety and well-being of persons.
7. Services and things that the municipality is authorized to provide under subsection 1 of the Municipal Act.
8. Protection of persons and property, including consumer protection.
9. Animals.
10. Structures, including fences and signs.
11. Business licensing.

As per the *Act*, the City of Windsor, its local boards and its municipally-controlled corporations and grant recipients shall give the AG, such information regarding their powers, duties, activities, organization, financial transactions and methods of business as the AG believes to be necessary to perform their duties.

As per the *Act*, the AG is entitled to have free access to all books, accounts, financial records, electronic data processing records, reports, files and all other papers, things or property belonging to or used by the municipality, its local boards, the municipally-controlled corporations or the grant recipient, as the case may be, that the AG believes to be necessary to perform their duties.

For the purpose of this Charter, affiliates of the City of Windsor include, but are not limited to, service providers, subcontractors, consultants or any other party performing work, whereby the City of Windsor has an oversight role.

The AG shall have access to any functions, meetings, records, physical property, and personnel required to carry out its responsibilities. The AG shall handle confidential information by adhering to the same restrictions that apply to the department that manages it.

The AG will have full and free access to the CSSC and City Council.

The Mayor and City Councillors, City of Windsor management and staff shall provide full cooperation, access to records, explanations, assistance, and general facilitation to complete audit endeavours.

## Auditor General - Summary Package

---

The AG shall have the authority to stop, delay or postpone active/ongoing or planned work in order to redirect efforts to conduct projects and analysis when a complaint/allegation is lodged which may have merit. Any such changes will be reported to City Council for approval of the Audit Plan change or alternatively for allocation of additional resources to avoid such changes to the plan.

The CAO, or his or her designate, is authorized to:

- Coordinate with management to ensure the audit personnel have unrestricted access to all functions, meetings, records, physical property, and personnel required to carry out their responsibilities.
- Coordinate with management to allocate internal resources and/or seek from management the necessary assistance of personnel in departments of the City of Windsor or those contracting with the City of Windsor in order to accomplish audit objectives.
- As part of carrying out his or her responsibilities or at the request of management, provide advice to management on the audit process, as deemed appropriate.

### ETHICAL CONSIDERATIONS

The AG, and the office (personnel) that he/she oversees:

- is required to perform their work with honesty, professional courage and integrity.
- Must understand, respect, meet and contribute to the legitimate and ethical expectations of the City of Windsor
- Must be able to recognize and report conduct that is contrary to the City of Windsor's legitimate and ethical considerations.
- Comply with professional designation ethical requirements and related ethics training.

### RESPONSIBILITY

The AG's responsibilities and accountability are defined and approved by the City of Windsor through City Council as well as through the appointment of an Auditor General by the City of Windsor under the *Act*, which includes all activities that encompass:

- The examination and evaluation of the adequacy and effectiveness of the system of internal controls; and,
- The quality of performance in carrying out assigned responsibilities and operational activities.

The AG has responsibility to:

- Develop a rolling three-year **Work** Plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan, as well as any recommendations regarding changes to the plan, if required, to the CSSC for review and approval.
- Implement each year's **Work** Plan, as approved, including as appropriate any special tasks or projects requested by Council.
- Propose, and make merited, amendments to the annual **Work** Plan and projects as per the provided powers and authority.
- Maintain professional resources with staff and, where appropriate, additional resources with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Evaluate and assess important merging/consolidating functions and new or changing services, business units, processes, systems, operations, and control processes coincident with their development, implementation, and/or expansion.

## Auditor General - Summary Package

---

- Evaluate the reliability and integrity of operational and financial information and the means used to identify, measure, classify, and report such information.
- Evaluate the systems established to ensure compliance with policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluate the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- Evaluate the effectiveness and efficiency with which resources are employed.
- Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals.
- Evaluate and report on risk management processes, significant risk exposures and control issues.
- Consider fraud risks during the planning of audits, alertness to process deficiencies or other red flags which indicate the possibility that fraud could or has occurred, the determination of whether further action is required, and the recommendation of investigations where appropriate.
- Assist as appropriate in the investigation of suspected fraudulent activities within the organization and notify management (where appropriate) and Council of the results.
- Issue periodic reports summarizing results of audit activities to the Executive Leadership Team and to Council.
- Keep Council informed of emerging trends and successful practices in internal auditing.
- Provide audit measurement goals and results to City Council.
- Coordinate its plans and efforts with those of the external auditors to avoid duplication of audit efforts and to optimize audit coverage.
- In discharging its responsibilities or at the request of management, as appropriate, provide advice to management that add value and improve an organization's governance, risk management, and control processes without the AG assuming management responsibility.
- Execute a quality assurance and improvement program to ensure effective operation of audit activities and annually report the results of the program to the CAO, or designate and Council in accordance with professional standards .

### INDEPENDENCE AND OBJECTIVITY

The AG is required to perform his or her responsibilities in an independent manner. He or she is required to be objective in accordance with professional standards.

In order to ensure maintenance of its independence and objectivity, the AG will remain free from interference by any element in the City of Windsor, including matters of audit scope, procedures, frequency, timing, or report content.

To provide for the organizational independence of the audit function, the AG will report functionally to City Council with administrative coordination provided by the CAO, or designate, to support the AG role.

To ensure objectivity, the AG shall not implement procedures or controls, develop records, or engage in any activity that would impair their objectivity. To assist management in discharging their responsibilities, the AG office may advise management in the formulation of policies and procedures, or the development of new systems. However to remain independent and objective, it will be in an advisory capacity, with final decisions and implementation being the responsibility of the appropriate management.

The AG shall not have direct responsibility or authority over any activities which they review. The AG will attest to the organizational independence of the AG's and related staff/personnel audit activity and identify any unwarranted restrictions

## Auditor General - Summary Package

---

on audit scope, communications, access, and resources, including personnel and externally contracted resources to Council, at least annually.

### REPORTING AND MONITORING

The AG will submit to **Council**:

1. A rolling three year risk-based Audit Plan for approval by Council. Annual **Work** Plans will be developed based on a prioritization of the audit universe using a risk-based methodology, including input from the Mayor, Councillors, the City of Windsor Corporate Leadership Team, senior management and other identified City of Windsor staff. Any significant deviation from the approved **Work** Plan, including modifications made by the AG based on merit and the AG powers, will be communicated to **Council** through periodic updates.
2. A written report will be prepared and issued following the conclusion of each audit engagement and once discussed with management, will be distributed as appropriate, including **Council**. To ensure management feedback and to encourage management participation in the process, the audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations, including timetable of anticipated completion.
3. A written report will be prepared based on validation of management's corrective action plan closure and summary status for all unresolved findings (those open as of the prior report as well as the new ones raised in the period).
4. An annual report on the audit activities conducted during the preceding year.
5. Immediate communication of any suspected or known instances of fraud to **Council**.

Based on the AG's judgement, the escalation process will be directed to City Council or the CAO. Any team member, or contractor, reporting up through the chain of command of the AG shall report any ethical concerns to the AG unless it regards the AG directly - such concern should be reported directly to the CAO for escalation. Escalation guidance is provided in the document "AG Summary of Escalation Criteria".

### STANDARDS

The internal audit profession is covered by the International Professional Practices Framework of The Institute of Internal Auditors (IIA). This framework includes mandatory elements consisting of the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. As part of this standard the IIA has published "Unique Aspects of Internal Auditing in the Public Sector 2nd Edition - Global Practice Guide" which will also be leveraged as an interpretative and supporting standard reference.

The AG will meet the applicable mandatory requirements of the profession.

Where appropriate, performance audits (also known as value-for-money audits), may leverage the Generally Accepted Government Auditing Standards for Performance Audits or the Performance Audit Process as outlined by the Office of the Auditor General of Canada.

The AG shall employ established and proven frameworks and practices that are appropriate for the City and for the effective performance of AG responsibilities.

### ENQUIRIES

Enquiries about this policy should be directed to the **AG**, or designate or the **CAO**.

### APPROVAL

Modifications to the Auditor General Charter must be:

1. In compliance with the Act.
2. Based on the annual review and approved by the appointed AG.

- 
- 
3. Subsequent to **the** initial presentation, where modifications are identified through preceding items 1 and 2, such modifications will be presented to City Council for endorsement through a Council Resolution.



# Auditor General - Summary Package

---

## APPENDIX A: DELEGATION OF POWERS AND DUTIES TO INTERNAL AUDIT PERSONNEL

Under the Act, section 223.19 (5) the Auditor General has the ability to delegate powers and duties while also retaining those powers and duties (section 223.29 (6)). The Auditor General hereby delegates the following powers and duties conferred upon him through the Act and Charter to all Internal Audit personnel:

Duty to Furnish: 223.20 (1) The municipality, its local boards and the municipally-controlled corporations and grant recipients referred to in subsection 223.19(3) shall give the Auditor General such information regarding their powers, duties, activities, organization, financial transactions and methods of business as the Auditor General believes to be necessary to perform his or her duties under this Part. 2006, c. 32, Sched. A, s. 98.

Access to Records: 223.20 (2) The Auditor General is entitled to have free access to all books, accounts, financial records, electronic data processing records, reports, files and all other papers, things or property belonging to or used by the municipality, the local board, the municipally-controlled corporation or the grant recipient, as the case may be, that the Auditor General believes to be necessary to perform his or her duties under this Part. 2006, c. 32, Sched. A, s. 98.

Duty of Confidentiality: 223.22(1) The Auditor General and every person acting under the instructions of the Auditor General shall reserve secrecy with respect to all matters that come to his or her knowledge in the course of his or her duties under this Part. 2006, c. 32, Sched. A, s. 98.

Testimony: 223.23 Neither the Auditor General nor any person acting under the instructions of the Auditor General is a competent or compellable witness in a civil proceeding in connection with anything done under this Part. 2006, c. 32, Sched. A, s. 98.

Further, the Auditor General hereby delegates the powers and duties (specifically, scope, authority, access and support, independence & objectivity, reporting & monitoring and standards) outlined in the Auditor General Charter to all Internal Audit personnel such that those personnel support him in executing said Charter.

---

Auditor General for the Corporation of the City of Windsor

---

Date