Office of the Auditor General

Memorandum to City Council

To: Members of City Council
From: Auditor General
Date: June 4, 2026
Subject: Required Communication – Auditor General 2026 Work Plan Implementation Update

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Report Summary

Council provided direction through CR144/2026, which materially affected the execution of elements of the Auditor General function. Professional standards require timely communication with the governing body regarding significant operational constraints and matters affecting the execution of the mandate. This report communicates the resulting operational implementation state and associated impacts arising from the implementation of CR144/2026.

This memorandum:

- communicates the resulting operational implementation state arising from CR 144/2026;
- summarizes the resulting impacts on the execution of elements of the Auditor General mandate within the remaining 2026 resource envelope;
- fulfills governance, reporting, and professional standards-related communication responsibilities of the Auditor General to the governing body regarding resulting operational constraints and implementation impacts; and
- establishes the revised 2026 operational work plan implementation state.

Appendix A provides the revised operational implementation update for the balance of the 2026 Work Plan, including revised deliverables, deferred activities, operational constraints, and year-end operational activities.

Appendices B–E summarize the resulting operational impacts across key Auditor General governance and standards frameworks, including:

- the Auditor General By-law;
- the Auditor General Charter; and
- selected professional standards-related operational considerations.

Purpose

This memorandum provides a summary of the impacts of implementing Council Resolution CR 144/2026 on the Auditor General's 2026 Work Plan and execution of the mandate. The matters outlined in this memorandum constitute a required communication under professional standards.

Background

On March 30, 2026 Council passed CR 144/2026. Formal notice of the resolution was subsequently provided to the Auditor General on April 15, 2026.

Following receipt of the resolution, subsequent implementation discussions, a draft clarifciaton report with implementation interpretations being options A, B, C and D was prepared. The Auditor General received clarification that Council's intended direction aligned with "Option D" while ensuing in progress work was completed. Risk assessment activities were suspended and recently commenced investigations were deferred, including certain matters technically initiated before March 30, 2026, that had only recently entered planning or assessment stages. While some of these matters had formally commenced before March 30, 2026, continued advancement following the receipt and implementation of CR 144/2026 was not considered aligned with the communicated implementation intent to direct substantially all remaining effort toward the Transit Windsor review. Therefore, the three Critical/High-risk investigations in planning were deferred pending future direction regarding their disposition.

On April 27, 2026, Council subsequently approved amendments to the Auditor General By-law and Auditor General Charter. These amendments clarified and reaffirmed several elements of governance, standards, reporting, independence, and the Auditor General's authority relevant to the implementation of CR 144/2026.

While earlier Charter-related analysis had been performed in November and December 2025, additional time had passed; the governance framework had continued to evolve; and the Auditor General's tools, analysis approach, and interpretation of professional standards had been further developed. Due to the timing of the Charter amendment process and Council agenda timelines, a detailed review of the final revised Charter for alignment with governance and professional standards was completed after Council approval. That subsequent analysis identified additional observations and alignment considerations that are expected to be addressed through future governance and operational documentation rather than through further immediate Charter revision during the current term.

1. Work Plan Changes (2026)

CR 144/2026 included a direction that all remaining available effort be refocused solely on the Transit Windsor review. Operational implementation of that direction resulted in substantially all remaining discretionary effort being concentrated on the Transit Windsor review, while limited effort continued for minimum governance continuity and intake administration activities.

Resulting Work Plan Changes:

- No new discretionary projects will be initiated
- Work initiated before March 30, 2026, will be completed where feasible
- Substantially all remaining discretionary effort is allocated to the Transit Windsor review

2. Core Mandate Impacts

As a result of this direction, certain required (non-discretionary) elements of the Auditor General's mandate will not be completed within the 2026 period, while others are constrained in execution.

Not Completed within 2026 as a Result of CR144/2026 Implementation:

- Annual reporting to Council on the activities of the Auditor General
- Quality Assurance and Improvement Program (QAIP) and related reporting
- Certain governance and reporting functions required under the Work Plan

Several of these activities arise from governance, reporting, or professional standards requirements that remain established within the Auditor General governance framework but are not expected to be completed within the 2026 period as a result of the operational implementation of CR144/2026

These elements are time-sensitive governance and standards activities and are not expected to be completed within the applicable 2026 reporting period. In several cases, meaningful retrospective completion may not be practical within the remaining mandate period without additional transition arrangements, working paper continuity arrangements, and associated resourcing.

Constrained:

- Adherence to professional standards beyond previously communicated levels
- Identification, assessment, validation, and escalation responsiveness relating to suspected or known instances of fraud

3. Investigations and Fraud & Waste Hotline

Fraud & Waste Hotline:

- Intake of allegations will continue, including logging, administrative screening for completeness and applicability, and follow-up for missing information where required
- Allegations that do not meet the exclusion criteria will be placed in an investigation queue
- No prioritization, advancement, or investigation activities will be performed in 2026

Investigations:

- Investigations initiated before March 30, 2026, will be completed where feasible
- Investigations initiated after that date will not proceed in 2026
- No new investigations will be initiated

Result:

- The investigative function is substantially limited to intake, administrative handling, and queue management activities.
- The ability to respond substantively to new allegations is materially constrained in practice.

4. Governance Context and Disposition

The above impacts arise from implementing CR 144/2026 within a fixed resource envelope and reflect the practical effect of allocating all remaining discretionary effort substantially to a single Council-directed engagement.

Certain elements of the Auditor General's mandate—established under the By-law, Charter, and approved Work Plan—remain within the revised governance framework but have become practically constrained through implementation of CR 144/2026 within the remaining resource envelope:

- Annual reporting obligations to Council
- Investigation and Fraud & Waste Hotline responsibilities
- Authority to reprioritize work based on emerging risks
- Requirements under professional standards
- Independence protections relating to scope, timing, and reporting

Disposition:

- **Time-bound governance and reporting requirements (e.g., annual reporting, QAIP)** are **not expected to be completed** in, or for, 2026. Meaningful subsequent completion may not be practical within the current mandate framework without additional mandate direction, transition arrangements, continuity of supporting working papers, and associated resourcing.

- **Investigation and Fraud & Waste Hotline responsibilities are limited to intake, administrative screening, and queue management**; however, no investigative prioritization, advancement, or further investigative activities are expected to occur within the 2026 period beyond intake administration, preliminary triage, and queue management. As a result, the **ability to assess, validate, and escalate suspected or known instances of fraud is materially constrained**, except in matters that are immediately evident through intake, direct awareness, or information already available through other ongoing work.

- **Authority to reprioritize work in response to emerging risks remains established within the governance framework;** however, **practical exercise of this authority became materially constrained** following implementation of Council's direction to concentrate substantially all remaining discretionary effort within the Auditor General's remaining 2026 work plan period (April 1–December 31, 2026) on the Transit Windsor review.

- **Professional standards requirements** continue to apply; however, **adherence is further constrained** beyond previously communicated levels due to the concentration of effort and reduced execution of other elements of the mandate.

- **Independence requirements** continue to be maintained in the conduct of the engagement; however, the **conditions under which the work is performed introduce considerations related to independence in fact and appearance**, as further described in Section 5.

The resulting operational state across key governance and standards elements is summarized in the attached appendices B-D.

5. Professional Standards and Assurance Considerations

The nature of the Transit Windsor review (audit/assurance vs. advisory/consulting) was not explicitly defined in CR 144/2026.

This affects:

- methodology and level of assurance;
- reporting approach; and
- future ability to provide independent assurance.

The determination of engagement scope, approach, and assurance classification remains a core responsibility of the Auditor General and is integral to maintaining independence and objectivity.

When the Auditor General defines the scope and execution of an engagement, independence is maintained. Where engagement selection, scope, objectives, or other significant elements are externally directed or influenced, considerations relating to independence in fact or appearance require ongoing evaluation in accordance with professional standards.

The concentration of substantially all remaining discretionary effort on a single Council-directed engagement, combined with reduced execution of other mandate elements, introduces constraints on the application of professional standards.

5.1 Transit Windsor Review – Scope and Engagement Considerations

As part of engagement planning, the Auditor General developed and presented multiple engagement approaches, including assurance, hybrid, and consulting-oriented alternatives.

Following planning discussions, Administration identified the preferred review focus and policy areas from those alternatives based on its understanding of Council's objectives, transition priorities, and operational requirements. The Auditor General retained responsibility for the execution of engagements, the procedures performed, reporting, observations, and professional judgments.

The engagement was subsequently structured as a Hybrid Governance Review and Transition Support engagement focused on selected Transit Windsor policies and procedures affecting non-union employee transition arrangements, together with related governance, policy alignment, transition, and implementation considerations associated with Transit Windsor's transition to a City department.

Any resulting limitations, scope considerations, independence implications, or professional standards-related matters will be disclosed in the final Transit Windsor report as appropriate.

Closing

This information is provided to ensure Council is informed of the implications of its direction on:

- the execution of the Auditor General’s mandate, and
- adherence to applicable professional standards.

This memorandum is provided to support transparency, informed Council awareness, governance clarity, and alignment with applicable professional standards and governance obligations.

Attached: ***Appendix A - 2026 Auditor General Work Plan Revision***
Appendix B - Governance Legend / Rating Methodology
Appendix C - By-law Alignment Operational Assessment
Appendix D - Auditor General Charter Governance Operational State
Appendix E - Professional Standards Impact Considerations

Appendix A - 2026 Auditor General Work Plan Revision

(Operational Implementation Update Following CR 144/2026)

1. Overview of Revised Work Plan Coverage Jan–Dec 2026

Category / Activity	Original Approved Plan (Oct. 23, 2025)	Revised Plan (Mar. 30/26)
Core Activities		
Auditor General Function	✅	⚠️
Annual Quality Self-Assessment & Reporting	✅	❌
Management Relationship & Performance Reporting	✅	⚠️
AG Executive Leadership Development	✅	❌
Annual Risk Assessment & Work Plan Update	✅	❌
Fraud & Waste Hotline Administration	✅	✅
Management Action Plan Follow-Up	❌	❌
Governance & Emerging Issues Reserve (Unallocated)	❌	❌
Investigations	⚠️	⚠️
Risk-Based Project Reviews	❌	❌
Council-Directed Transit Windsor Review Activities	NA	✅

Legend:

- ✅ Operating
- ⚠️ Operating with constraints / modified
- ❌ Not proceeding in 2026

2. Purpose & Context

This Appendix provides an operational implementation update regarding the 2026 Auditor General Work Plan following implementation of Council Resolution CR 144/2026.

The revised implementation state reflects:

- concentration of operational effort toward Transit Windsor review activities;
- continuation of selected substantially advanced investigations and minimum governance activities;
- continuation of Fraud & Waste Hotline intake and administration activities; and
- increased governance, reporting, and operational close-out activities associated with the remaining 2026 implementation period.

This implementation update:

- summarizes the revised operational state for the balance of 2026;
- provides visibility into anticipated remaining deliverables;
- identifies deferred or reduced activities; and
- supports continuity between approved work planning, status reporting, and transition activities.

3. Operational Implementation Impacts

The implementation of Council Resolution CR 144/2026 resulted in a material operational reprioritization of the the remaining 2026 Auditor General activities.

The revised implementation state reflects:

- concentration of remaining operational effort toward Transit Windsor review activities;
- continuation of selected substantially advanced investigations and investigations already in progress;
- continuation of minimum governance, reporting, and standards-related obligations;
- increased governance, reporting, and operational administration activities associated with the remaining 2026 implementation period;
- reduced responsiveness capacity for new allegations, investigations, and emerging governance matters; and
- deferral or reduction of selected activities originally contemplated within the broader 2026 Work Plan framework.

The implementation state also reflects practical operational constraints associated with:

- The remaining time to calendar year-end;
- municipal election timing and Council transition;
- Council agenda and reporting timelines;

- management response and validation processes;
- and the completion status of ongoing investigations and reporting activities.

Summary of Revised Operational State

Area	Original 2026 Work Plan State	Revised Operational Implementation State
Transit Windsor Review Activities	One component of the overall Work Plan	Primary operational focus
Investigations	Risk-prioritized ongoing investigations	Limited to substantially advanced, in-progress, or high-priority matters
Fraud & Waste Hotline	Full administration and investigation responsiveness	Intake, administration, triage, and limited investigation continuation
Governance & Standards Activities	Full planned activities	Reduced to required or transition-related activities
Follow-Up & Validation Activities	Planned ongoing activities	Reduced/deferred
Emerging Issues Capacity	Limited reserve capacity	Significantly constrained
Year-End Documentation Activities	Minimal/standard	Significant operational workstream
Public Reporting	Quarterly and annual reporting	Continued with revised implementation focus

4. Remaining 2026 Deliverables

The following section summarizes the anticipated remaining Council-level deliverables and major transition-related outputs for the balance of 2026. Timing remains subject to:

- management response timelines;
- validation and closing meeting processes;
- Council agenda scheduling requirements;
- and operational developments associated with ongoing investigations and transition activities.

The revised implementation cadence reflects practical considerations for reporting, validation, election-period, and transition timing for the remaining implementation period within the current Auditor General term.

Anticipated Council Deliverables

June 29, 2026 Council Cycle

- Q2 Status Report (issued June 10, 2026)
- Required Communication – Auditor General 2026 Work Plan Implementation Update (issued June 5, 2026)
- Auditor General's Report on Administration's Alignment with Essential Conditions (issued June 5, 2026)
- Investigation – Administration of Right-of-Way Sewer Permits (issued June 5, 2026)
- Investigation – City Employee Operational Conduct – Transit Windsor (issued June 5, 2026)
- Investigation – Hiring Practices (issued June 5, 2026)
- Investigation – Safety Concerns and Responsibility Dispute Over Municipal Road Closure (issued June 5, 2026)
- Investigation – Treatment of Citizen – Exclusionary Communication (issued June 5, 2026)
- Investigation – Parking Ticket Practices (issued June 5, 2026)

October 19, 2026 Council Cycle

- Q3 Status Report (September 30, 2026)
- Auditor General Function – Future Governance and Service Delivery Considerations

December 7, 2026 Council Cycle

- Q4 Status Report (November 18, 2026)
- Investigation – Compensation Practices (expected to be issued
- Investigation – Procurement Practices (expected to be issued
- Transit Windsor Policy Review Report (expected to be issued
- Investigation – WECHC Complaint (Oversight of Ongoing Communications)
- Fraud & Waste Hotline Administration Summary
- Transition Report – Transition Constraints, Approach and Documentation Outputs

The revised operational implementation state has resulted in the deferral, reduction, or transition of certain activities originally contemplated within the broader 2026 Auditor General Work Plan framework.

5. Deferred or Reduced Activities

Area	Revised Status
Additional risk-based investigations and project work	Deferred/transitioned
Certain emerging issue response capacity	Significantly reduced
Expanded governance and standards enhancement activities	Reduced
Selected long-range planning activities	Deferred
Certain follow-up and validation activities	Deferred/reduced

Activities Transitioned to Year-End Continuity Documentation

- Open findings and follow-up inventory
- Investigation portfolio continuity summary
- Governance and standards closure documentation
- Hotline continuity and transition documentation
- Working paper and evidence inventory
- Information custody and access documentation
- Complainant management and confidentiality transition activities

The revised implementation state reflects practical operational prioritization for the remaining implementation period of the current Auditor General term.

6. Key Assumptions & Constraints

This implementation update reflects the operational assumptions and constraints known as of June 2026.

Remaining deliverables and timing assumptions are dependent upon:

- Council agenda and reporting timelines;
- management response and validation timing;
- operational developments associated with ongoing investigations;
- remaining available effort within the approved contract envelope;
- municipal election and Council transition timing;
- completion of transition and continuity obligations associated with the end of the current Auditor General term; and
- Certain operational governance, records management, and continuity matters may require additional Council direction during the remaining 2026 Council cycle to support orderly completion of activities within the current Auditor General term.

This implementation update is intended to provide transparency regarding the revised operational status of the 2026 Auditor General Work Plan following the implementation of Council Resolution CR 144/2026 and related operational direction.

Additional key assumptions are:

- Current operational implementation assumptions contemplate substantive investigation, reporting, issuance, validation, transition preparation, and related contract activities will be substantially completed within the current contract term ending December 31, 2026. The current implementation assumptions do not include incumbent operational support, investigation continuation, transition execution, complainant management, records transfer support, or post-term governance activities beyond that date unless separately authorized and resourced.
- Remaining implementation timing assumptions may therefore require that certain transition governance, continuity, records custody, complainant communication, and future service delivery decisions be established sufficiently in advance of December 31, 2026,, to permit orderly implementation within the remaining term.

Appendix B - Governance Legend / Rating Methodology

✅	Operating
🟡	Operating with constraints / modified
🟠	Operating with significant limitations
⊘	Not proceeding in 2026

APPENDIX C - By-law Alignment Operational Assessment

Requirement	Pre-CR144 State		CR144 Impact	Current State	
Annual Audit Plan	🟡	Operating with SLF Constraints	Displaced through the implementation of Council direction	⊘	Council directed Workplan
Annual Reporting	✅	Operating	Displaced through the implementation of Council direction	⊘	Not proceeding in 2026
Fraud & Waste Hotline administration	✅	Operating	None	✅	Operating
Investigations	✅	Operating	New work is materially constrained	🟠	Complete those beyond planning; Queue and defer the remaining
Council reporting	✅	Operating	Modified through the implementation of Council direction	🟡	Limited governance reporting
Standards adherence	✅	Operating (with SLF Constraints)	Additional practical constraints	🟠	Operating with significant limitations
Independence	✅	Operating	Potential scope/timing implications	🟡	Maintained subject to ongoing monitoring considerations
QAIP/QAR obligations	🟡	Operating (with SLF Constraints)	Displaced through the implementation of Council direction	⊘	Not proceeding in 2026

Appendix D - Auditor General Charter Governance Operational State

Charter Element	Pre-CR144 State		CR144 Impact	Current State	
Risk-based Annual Audit Plan	✅	Operating	Refocused by Council direction	🟡	Modified
Fraud & Waste Hotline Oversight	✅	Operating	Reduced responsiveness	🟡	Operating with constraints
Investigation Responsiveness	✅	Operating	New work is materially constrained	🟠	Operating with significant limitations
Authority to Redirect Work Based on Allegations	✅	Operating	Practical exercise constrained	🟠	Operating with significant limitations
Validation Reporting	✅	Operating	Reduced investigative progression	🟡	Limited
Annual Reporting	✅	Operating	Reduced governance cadence	⊘	Not proceeding in 2026
QAIP Execution and Reporting	🟡	Operating with SLF Constraints	Additional execution limitations	⊘	Not proceeding in 2026
Follow-up Monitoring	⊘	Deferred under SLF constraints	Deferred projects and findings	⊘	Deferred under SLF constraints
Risk Management and Governance Reporting	✅	Operating	Reduced non-Transit work	🟠	Operating with significant limitations

Charter Element	Pre-CR144 State		CR144 Impact	Current State	
Resource Sufficiency Monitoring	🟡	Operating with SLF Constraints	Further constrained	🟠	Operating with significant limitations
Immediate Fraud Communication Obligations	✅	Operating	Assessment/escalation capability constrained	🟡	Operating with constraints
Independence and Objectivity	✅	Operating	Scope concentration considerations	🟠	Maintained subject to ongoing monitoring considerations
Unrestricted Access Authority	✅	Operating	No material impact	✅	Operating
Coordination with External Audit	✅	Operating	Reduced practical focus	🟡	Limited
Standards Conformance	🟡	Operating with SLF Constraints	Additional practical constraints	🟠	Operating with significant limitations

APPENDIX E - Professional Standards Impact Considerations

Standards Area	QAR/SLF Baseline		CR144 Impact	Current State	
Organizational Independence	✅	Fully Conforms	Scope concentration considerations	🟡	Maintained subject to ongoing monitoring considerations
Strategic Planning	✅	Fully Conforms	Available Workplan refocused on Council direction	🟠	Operating with significant limitations
Resource Sufficiency	🟡	Partially Conforms	Further constrained	🟠	Operating with significant limitations
Quality Assurance	✅	Generally Conforms	Modified through the implementation of Council direction	🟠	Operating with significant limitations
Communication with Board	✅	Fully Conforms	Reduced cadence	🟡	Limited
Internal Audit Plan	✅	Fully Conforms	Reprioritized by Council	🟡	Modified
Performance Measurement	✅	Fully Conforms	Modified through the implementation of Council direction	🟡	Limited
Engagement Monitoring	✅	Operating	Deferred projects	🟡	Partially operating

Note: Certain resource sufficiency and quality assurance limitations existed before CR 144 and were transparently disclosed through the Council-approved Standards Limiting Framework.