

Corporation of the City of Windsor

Complaint Investigation Report Auditor General Role

Prepared as of January 14, 2021

Limitations and responsibilities

This Report was developed in accordance with our engagement letter dated 01/24/2020 and is subject to the terms and conditions included therein. Our work was limited to the specific procedures and analysis described herein and was based only on the information made available at the time we prepared the report. Accordingly, changes in circumstances after the date of this Report could affect the findings outlined herein. We are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us. This information has been prepared solely for the use and benefit of and pursuant to a client relationship exclusively with the Corporation of the City of Windsor. PwC disclaims any responsibility to others based on its use and accordingly this information may not be relied upon by anyone other than the Corporation of the City of Windsor.



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Executive summary

Background

On December 2, 2020 a Citizen of the City of Windsor sent an email to the Auditor General (AG) with specific enquiries relating to the fulfillment of the AG role. An anonymized version of this email is included in Appendix A. The communication referenced AG duties outlined in the Charter and suggested that the duties may not have been fulfilled.

Given that the AG reports to the City Council, the AG suggested that the citizen should direct questions to the City Council for consideration. The Citizen was registered as a delegate for the December 7, 2020 session however, audio connectivity did not permit the Citizen to raise their concerns. As a result the AG indicated that the above mentioned email had been received, and that the message and a response could be prepared for an upcoming meeting. Please note that during the drafting of this response a second email was received from the Citizen which is included in Appendix B.

Investigation approach

The AG reviewed the Citizen questions, compared the exceptions to the approved AG charter, drafted a response and consulted with Senior City leadership and PwC risk, quality and legal advisors as part of providing this response. Further, research on publicly presented historical materials contained on the City Website was also included in the generation of this response.

Scope limitation

This is a self assessment of the AG's fulfillment of specific duties. Where possible reference to publicly available information is used to reduce the risk of that self assessment.

Summary of procedures & findings

In reading the questions posed by the Citizen it appears, to the AG, that much of the questions may be answered by addressing one point early on in the message: "...I can find no mention of a dedicated, (not PwC.) report on the meeting agenda...". Clarification of this point may address many elements, however, the AG is providing a response to each question later in this report.

On September 23, 2019 City Council passed a Council Resolution CR 485/2019 selecting Option 1 as outlined in the management report. Option 1 was entitled "**Engage a Fully Outsourced Auditor General's Office and appoint a designated person as the Auditor General...** Under this scenario, on the appointment of an auditing firm, a representative partner of the auditing firm would be the Auditor General and have all the legislative powers of the position. He or she would then draw on the considerable resources of the firm's staff to undertake the work plan."¹ This means that on September 23, 2019, Windsor City Council conferred the powers of the Auditor General upon Christopher O'Connor, a representative Partner with PricewaterhouseCoopers LLP (PwC). From that date on all activities related to the City of Windsor conducted by Christopher O'Connor are conducted as a Partner with PwC as well as with the powers of an Auditor General as per the Municipal Act.

The resources to execute the AG mandate and the internal audit projects are provided by PwC as per the inforce contract. The AG is, and remains, a Partner with PwC.

To keep the contract that was, and is, in existence between the City of Windsor and PwC, the AG charter was structured such that Internal Audit would be overseen by, and report to, the AG. Therefore when any internal audit report/communication is reported to Corporate Services Standing Committee (CSSC), or City Council, it is overseen, reviewed and approved by the AG prior to issuance.

As it relates to the City of Windsor, Christopher O'Connor carries the powers, under the Municipal Act on all City activity. These powers are everpresent and others are as invoked, only when required.

Further, through the AG charter² the powers conferred upon the AG related to:

- a. Duty to Furnish: 223.20 (1);
- b. Access to Records: 223.20 (2);
- c. Duty of Confidentiality: 223.22,;

¹ See [September 23, 2019 Council Agenda](#) page 235 of 441.

² See [January 20, 2020 Council Agenda](#) pages 54 through 63

- d. Testimony: 223.23; as well as
- e. scope, authority, access and support, independence & objectivity, reporting & monitoring and standards.

are delegated to and thereby conferred upon the individuals executing the internal audit plan as directed by the AG and the approved Internal Audit plan (as presented by the AG).

Therefore all work conducted by the PwC internal audit resources assigned to the City of Windsor, and all deliverables, have been conducted and issued under the oversight of the Auditor General. Therefore, the City of Windsor will receive deliverables which are issued by PwC; however, the Partner overseeing this work carries the powers of an Auditor General on all work he conducts/oversees for the City of Windsor.

Reports presented by the AG since his appointment on September 23, 2019 under the contract between the City of Windsor and PwC, are:

1. Summary report/status report (January 1, 2020 - April 30, 2020)³
2. Security incident prevention and mitigation review⁴
3. Value for Money - Purchased services - winter road clearing⁵
4. Hotline investigation report - NTS-005-FEB-2020 (allegation of specific employee's being compensated while working elsewhere)⁶
5. Annual Management Action Plan validation (as of December 31, 2019)⁷
6. Internal audit response to the COVID-19 crisis (annual internal audit plan)⁸
7. Summary report/status report (May 1, 2020 - October 31, 2020)⁹
8. Fraud risk mitigation review¹⁰
9. Covid-19 Health & Safety - Reopening of Workplace and Facilities¹¹

To provide clarity in the future, the Agenda item will note that the report/package will be presented by the AG

³ See [April 27, 2020 Council Agenda](#) pages 484-496

⁴ See [April 27, 2020 Council Agenda](#) pages 488-489 (summary report) and pages 498-520 (detailed report)

⁵ See [April 27, 2020 Council Agenda](#) pages 490-492 (summary report) and pages 521-553 (detailed report)

⁶ See [April 27, 2020 Council Agenda](#) pages 493-494 (summary report) and pages 554-564 (detailed report)

⁷ See [April 27, 2020 Council Agenda](#) pages 495-496 (summary report) and pages 565-594 (detailed report)

⁸ See [April 27, 2020 Council Agenda](#) starting on page 600

⁹ See [December 7, 2020 Council Agenda](#) starting on page 510-522

¹⁰ See [December 7, 2020 Council Agenda](#) starting on page 515-516

¹¹ See [December 7, 2020 Council Agenda](#) starting on page 517-518

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Summary of queries & response

Procedures and results:

#	Query From Email	Response (with references where possible)
1	The AG will report to the Corporate Services Standing Committee (CSSC) and develop a rolling three-year audit plan using an appropriate risk-based methodology. The audit plan, as well as any recommendations regarding changes to the plan, if required, will be submitted to the Corporate Services Standing Committee for review and approval.	<p>The original intent was to provide the annual risk based three year internal audit plan in the normal cycle in the May/June (2020) meeting for execution. Work on this plan was conducted in Jan 2020 - March 2020; however, as a result of the pandemic, the AG determined that a revised risk based annual internal audit plan focusing on the coming year was required. This plan replaced the three year risk based internal audit plan as discussed during the April 27, 2020 presentation of the plan by the AG and as approved by the City Council on that date.¹²</p> <p>The AG, and the internal audit team, have not presented any revisions to the plan since the approval received by the Council in April 2020. The next plan is expected to be presented in April or May 2021 as per the normal cycle.</p>
2	The AG for the City of Windsor shall report directly to City Council and will issue the annual plan, reports and status updates through the Corporate Services Standing Committee (CSSC) 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.	<p>The AG reports to City Council per the Municipal Act and the AG charter. Note that depending on Corporate Services Standing Committee (CSSC) and City Council timing the AG may present to Council through either body depending on timing.</p> <p>As outlined in #1 above the current annual plan has been submitted to and accepted by City Council in the form of Internal audit response to the COVID-19 crisis (annual internal audit plan)¹³</p> <p>Since September 23, 2019 two status reports, as planned, were presented to City Council by the AG indicating the progress of the team executing the plan.^{14 15}</p> <p>Since September 23, 2019 the six reports issued have been presented by the AG to City Council. These are :</p> <ol style="list-style-type: none"> 1. Security incident prevention and mitigation review¹⁶ 2. Value for Money - Purchased services - winter road clearing¹⁷ 3. Hotline investigation report - NTS-005-FEB-2020 (allegation of specific employee's being compensated while working elsewhere)¹⁸ 4. Annual Management Action Plan validation (as of December 31, 2019)¹⁹ 5. Fraud risk mitigation review²⁰ 6. Covid-19 Health & Safety - Reopening of Workplace and Facilities²¹

¹² See [April 27, 2020 Council Agenda](#) starting on page 600

¹³ See [April 27, 2020 Council Agenda](#) starting on page 600

¹⁴ See [April 27, 2020 Council Agenda](#) pages 484-496

¹⁵ See [December 7, 2020 Council Agenda](#) starting on page 510-522

¹⁶ See [April 27, 2020 Council Agenda](#) pages 488-489 (summary report) and pages 498-520 (detailed report)

¹⁷ See [April 27, 2020 Council Agenda](#) pages 490-492 (summary report) and pages 521-553 (detailed report)

¹⁸ See [April 27, 2020 Council Agenda](#) pages 493-494 (summary report) and pages 554-564 (detailed report)

¹⁹ See [April 27, 2020 Council Agenda](#) pages 495-496 (summary report) and pages 565-594 (detailed report)

²⁰ See [December 7, 2020 Council Agenda](#) starting on page 515-516

²¹ See [December 7, 2020 Council Agenda](#) starting on page 517-518

#	Query From Email	Response (with references where possible)
		As per the AG charter, as well as the PwC service delivery structure, the internal audit team members assigned to the work are overseen by the AG.
3	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.	<p>Periodic updates are being provided as planned.</p> <p>As per the approved plan²² (page 610) the intent was for the AG to provide two status updates/semi-annual on the internal audit plan which was approved on April 27, 2020. Subsequent to the September 23, 2019 periodic report, where the AG was appointed, status reports/periodic updates have been provided to Council on April 27 2020 and December 7, 2020.</p> <p>There is also an annual summary of performance against the plan, resources and specialists engaged issued (once the plan is complete - usually August - December).</p>
4	Establish a follow-up process to track and monitor the effective implementation of management actions related to important issues and recommendations.	<p>A follow up process for open findings raised exists and has been in place since the inception of the internal audit contract.</p> <p>As per the approved plan²³ (page 610) the intent was to conduct this follow-up work annually (as of Dec. 31, 2020) with the report anticipated in the spring of 2021. The last report (as of Dec. 31, 2019) was issued to Council at the April 27, 2020 meeting.²⁴</p>
5	Implement each year's Audit Plan, as approved, including as appropriate any special tasks or projects requested through CSSC for approval by Council.	The approved plan is in implementation and has been partially executed and reported on. It is 40% complete as of October 31, 2020 and 3 items were noted as being under investigation. ²⁵
6	Issue periodic summarizing results of audit activities to the Executive Leadership Team and through the CSSC for approval by Council.	<p>The reports presented by the AG to City Council have previously been listed in response to item #2 and 3 above.</p> <p>The historic, and current process, is to provide a summary of results for every audit project conducted as per the approved Internal Audit Plan.</p>
7	Provide audit measurement goals and results to the City Council through the CSSC.	Goals and results have been defined and reported on annually. Status reports and performance measures are provided as part of the regular status updates. Final performance measures are provided in the year in review report or the second internal audit summary report for the year. ²⁶
8	Execute a quality assurance and improvement program to ensure the effective operation of audit activities and annually report the results of the program to the CAO, or designate and Council through the CSSC.	<p>Final performance measures are provided in the year in review report, or equivalent.</p> <p>Auditees have an anonymous method for providing rating of the teams performance and to provide feedback. The summary of this and the average ratings are provided to management and the City Council for each annual internal audit plan, at least upon plan completion.²⁷</p>

²² See [April 27, 2020 Council Agenda](#) starting on page 600

²³ See [April 27, 2020 Council Agenda](#) starting on page 610

²⁴ See [April 27, 2020 Council Agenda](#) pages 495-496 (summary report) and pages 565-594 (detailed report)

²⁵ See [December 7, 2020 Council Agenda](#) starting on page 510-522

²⁶ See [April 27, 2020 Council Agenda](#) pages 595-595 for measures upon completion of the most recently completed plan

²⁷ See [April 27, 2020 Council Agenda](#) pages 596 for rating from the most recently completed plan

#	Query From Email	Response (with references where possible)
		<p>Other quality control mechanism include:</p> <ol style="list-style-type: none"> 1. the AG, and assigned Partner: <ul style="list-style-type: none"> ○ reviews: <ul style="list-style-type: none"> ■ Notification memos, ■ Planning memo's, ■ Kick-off/planning materials, ■ Key status reports, ■ Sampled working papers, ■ Draft reports, ■ Management comments/responses; and ■ Final reports. ○ Participates in <ul style="list-style-type: none"> ■ Internal planning discussions ■ Project kick-off meetings ■ Internal and auditee status meetings ■ Project closing meetings ■ Key issues discussion 2. Additional internal firm quality management practices. 3. The use of subject matter specialists on specific projects and for consultation.

Appendix A: Initial Communication Received from Citizen Being Responded to



Christopher O'Connor (CA) <christopher.w.oconnor@pwc.com>

AG duties as per the Charter.

1 message

Wed, Dec 2, 2020 at 12:43 PM

To: "christopher.w.oconnor@pwc.com" <christopher.w.oconnor@pwc.com>

Hello Christopher.

My understanding was that there was to be an AG report from you to be presented at the Nov. 30th, Corporate Services meeting, however that was canceled. I would have assumed that the report would than be delivered to the regular council meeting this Monday Dec. 7th, however I can find no mention of a dedicated, (not PwC.) report on the meeting agenda.

I will be asking council at that meeting if you are fulfilling your duties laid out in the charter that I have listed below. I realize Covid has slowed things down for everybody but I'm sure somebody of your apparent abilities would have by now, made a dent in tackling your job description.

Here are the responsibility's, contained in the charter that you assumed on accepting the AG office last January. If I'm missing something please advise.

Sincerely,

The AG will report to the Corporate Services Standing Committee (CSSC) and develop a rolling three-year audit plan using an appropriate risk-based methodology. The audit plan, as well as any recommendations regarding changes to the plan, if required, will be submitted to the Corporate Services Standing Committee for review and approval.

The AG for the City of Windsor shall report directly to City Council and will issue the annual plan, reports and status updates through the Corporate Services Standing Committee (CSSC) 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

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.

Establish a follow-up process to track and monitor the effective implementation of management actions related to important issues and recommendations

Implement each year's Audit Plan, as approved, including as appropriate any special tasks or projects requested through CSSC for approval by Council.

Issue periodic reports summarizing results of audit activities to the Executive Leadership Team and through the CSSC for approval by Council.

Provide audit measurement goals and results to City Council through the CSSC.

Execute a quality assurance and improvement program to ensure the effective operation of audit activities and annually report the results of the program to the CAO, or designate and Council through the CSSC.

Sent from [Mail](#) for Windows 10

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Appendix B: Second Communication Received from Citizen for Information



Christopher O'Connor (CA) <christopher.w.oconnor@pwc.com>

AG Discussion1 message

Mon, Jan 4, 2021 at 4:25 PM

To: [REDACTED]

[REDACTED]

[REDACTED] "Christopher O'Connor (CA)" <christopher.w.oconnor@pwc.com>

Your Honor and Members of Council,

As you may know our Auditor General was scheduled to report as per the AG Charter at the Corporate services meeting on Nov. 30 2020. That meeting was cancelled. Council was then recorded on the live stream of the Dec. 7 meeting promising an AG discussion for the Dec. 21st Council meeting. That discussion did not happen.

Understandably there may not have been enough time to get a discussion on the agenda of the Dec. 21st. meeting but there has now been ample opportunity to include it on the January 18th Council meeting agenda.

The Auditor General charter that Council and Christopher O'Connor entered into on Jan 20, 2020 specifically lists many services O'Conner agreed to provide. Now with a year passing and no audit plan, no reports on any value for money audits and no self generated investigations, O'Connor's performance does little for Windsor and may in fact be threatening the good reputation of his profession, re: CPA of Ontario rules of professional conduct - number 200.

At the very least Council should follow through on it's promise and give Mr. O'Connor an opportunity to answer specific questions regarding his performance at the upcoming Jan.18 meeting of Council. With all of Windsor's financial challenges now exacerbated by our ongoing pandemic we need to get our AG office on track in it's role of "assisting council in holding itself and its administrators accountable for the quality of stewardship over our public funds and for achievement of value for money in our municipal operations." 2006, c. 32, Sched. A, s. 98.

[REDACTED]

Appendix C: Limitations and responsibilities

Limitations inherent to the Internal Auditor's work

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

This document has been prepared only for The Corporation of the City of Windsor and solely for the purpose and on the terms agreed with The Corporation of the City of Windsor in our agreement dated June 9, 2016. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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