

**MEMORANDUM**

April 26, 2022

To: Corporation of the City of Windsor as sole shareholder of Your Quick Gateway (Windsor) Inc. ('YQG')

From: Mark Galvin, Chief Executive Officer, YQG

RE: Your Quick Gateway (Windsor) Inc. Annual Meeting of Shareholder

Background

Windsor City Council adopted the following resolution (M318-2013) at its meeting held on August 26th, 2013:

BE IT RESOLVED that the Chief Administrative Officer and the City Clerk are hereby authorized to execute written annual and ancillary procedural resolutions of The Corporation of the City of Windsor, in its capacity as sole shareholder of Your Quick Gateway (Windsor) Inc., in form and content satisfactory to the Chief Administrative Officer, as permitted by Section 142 of the Canada Business Corporations Act (Canada).

In accordance with the Airport Management Agreement between YQG and the Corporation of the City of Windsor ('Windsor'), an annual audit is required, performed by the auditor so appointed by the sole shareholder. Once the YQG Board has approved the audited financial statements they are then 'placed before' Windsor City Council. City of Windsor administration, as per the resolution above, then approves the YQG annual resolutions on behalf of the sole shareholder. Once approved, those resolutions fulfil the role of an annual meeting of the shareholder as per the *Canada Business Corporations Act* ('CBCA').

Audited Financial Statements

KPMG is the appointed the auditor of YQG. KPMG'S audited financial statements for the financial year ended December 31, 2021, are annexed hereto.

The YQG Board of Directors approved the financial statements at their meeting held on April 7, 2022.

Election of Directors

YQG's by-laws provide that its board of directors shall consist of between 3 and 12 directors. No resignations have been received and all Directors consent to continuing as members of the YQG Board. It is recommended that Windsor elect the following directors to hold office until December 31, 2022 or the next annual meeting of directors or until their successors are elected or appointed:

- Mayor Drew Dilkens
- Councillor Fred Francis
- Councillor Kieran McKenzie
- Renato J. Discenza
- Toni Scislowski
- John Chisholm
- Kulveer Virk

The December 31, 2022 term expiration date was selected in concert with the City Clerk to coincide with Board member recruitment for the upcoming term of Council.

Appointment of Auditor

KPMG is Windsor's auditor and it served as auditor of YQG for its last financial year. The sole shareholder may fix remuneration, however, it is common practice for the Directors of YQG to approve remuneration for the auditor.

Confirmation of Acts

It is the usual practice for the shareholder(s) to pass a resolution confirming the actions of the directors and officers of a Corporation taking in the financial year covered by the financial statements. It is considered appropriate to pass such resolution and it is recommended accordingly.

Recommendation

That Windsor, the sole shareholder of YQG **APPROVE** the attached shareholder's resolutions in accordance with City of Windsor Council resolution M318-2013, authorizing the Chief Administrative Officer and City Clerk to execute said resolution on behalf of Windsor.

Appendix A contains the Audited Financial Statements for the year ended December 31, 2021, as prepared by KPMG, and approved by the YQG Board of Directors.

Appendix B is the Shareholder's Resolution as described herein.



Mark W. Galvin
CEO, YQG

On behalf of the YQG Board of Directors.



APPENDIX A

Audited Financial Statements for the year ended December 31, 2021

Financial Statements of

**YOUR QUICK GATEWAY
(WINDSOR) INC.**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Your Quick Gateway (Windsor) Inc.

Opinion

We have audited the financial statements of Your Quick Gateway (Windsor) Inc. (the Corporation), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of comprehensive income (loss) for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Financial Reporting Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with International Financial Reporting Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



Page 3

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

April 7, 2022

YOUR QUICK GATEWAY (WINDSOR) INC.

Statement of Financial Position

Year ended December 31, 2021, with comparative information for 2020

	Notes	2021	2020
Assets			
Current assets:			
Cash	4	\$ 7,623,933	\$ 5,082,853
Accounts receivable	5	594,721	642,765
Grants receivable	13	115,374	3,178,000
Prepaid expenses and deposits		27,549	30,849
Inventories		34,232	35,216
Total current assets		8,395,809	8,969,683
Accounts receivable, long-term	5	112,954	115,503
Furniture, fixtures and equipment	6	181,856	236,625
Total assets		\$ 8,690,619	\$ 9,321,811
Liabilities and Shareholder's Equity			
Current liabilities:			
Accounts payable and accrued liabilities	9	\$ 369,223	\$ 311,080
Accrued payroll expenses		269,511	186,988
Due to City of Windsor	11	279,043	622,629
Total current liabilities		917,777	1,120,697
Shareholder's equity:			
Share capital	8	100	100
Retained earnings		7,772,742	8,201,014
Total shareholder's equity		7,772,842	8,201,114
Contingencies	12		
Total liabilities and shareholder's equity		\$ 8,690,619	\$ 9,321,811

The accompanying notes are an integral part of the financial statements.

YOUR QUICK GATEWAY (WINDSOR) INC.

Statement of Comprehensive Income (Loss)

Year ended December 31, 2021, with comparative information for 2020

	Notes	2021	2020
Revenue:			
Passenger facility fees		\$ 465,733	\$ 471,447
Terminal and landing fees		653,252	578,601
Leases	7	1,153,649	1,123,455
Ground handling		159,604	126,065
Miscellaneous		121,410	83,861
Parking revenue		155,796	223,298
Fuel sales		133,745	72,310
Café-Lounge sales		-	92,615
Licensing		38,890	46,432
Interest		12,382	29,547
Grants	13	73,661	3,178,000
		<u>2,968,122</u>	<u>6,025,631</u>
Expenses and other items:			
Salaries and benefits		\$ 1,509,388	1,633,610
Safety and security		424,248	431,053
Repairs and maintenance		768,216	670,738
Sales and marketing		92,567	157,018
Office		78,963	75,019
Utilities		284,688	277,317
Insurance		60,015	52,532
Professional fees		77,420	99,089
Depreciation		100,889	107,452
		<u>3,396,394</u>	<u>3,503,828</u>
Net income (loss) representing total comprehensive income (loss) for the period		\$ (428,272)	\$ 2,521,803

The accompanying notes are an integral part of the financial statements.

YOUR QUICK GATEWAY (WINDSOR) INC.

Statement of Changes in Equity

Year ended December 31, 2021, with comparative information for 2020

		Share Capital		Retained Earnings		Total Equity
Balance - January 1, 2020	\$	100	\$	5,679,211	\$	5,679,311
Net income for the year		-		2,521,803		2,521,803
Balance - December 31, 2020	\$	100	\$	8,201,014	\$	8,201,114
Balance - January 1, 2021	\$	100	\$	8,201,014	\$	8,201,114
Net loss for the year		-		(428,272)		(428,272)
Balance - December 31, 2021	\$	100	\$	7,772,742	\$	7,772,842

The accompanying notes are an integral part of the financial statements.

YOUR QUICK GATEWAY (WINDSOR) INC.

Statement of Cash Flows

Year ended December 31, 2021 with comparative information for 2020

	2021	2020
Cash flows from operating activities:		
Net income (loss) for the period	\$ (428,272)	\$ 2,521,803
Adjustments for:		
Depreciation	100,889	107,452
Change in non-cash operating working capital:		
Decrease in accounts receivable	50,593	634,494
Decrease (increase) in grant receivable	3,062,626	(3,178,000)
Decrease in inventories	984	6,997
Decrease in prepaid expenses and deposits	3,300	2,526
Increase in accounts payable and accrued liabilities	58,143	219,870
Increase (decrease) in accrued payroll expenses	82,523	(74,030)
Decrease in due to City of Windsor	(343,586)	(274,065)
Increase in deferred revenue	-	(37,945)
Net cash (used in) generated from operating activities	2,587,200	(70,898)
Cash flows from investing activities:		
Purchase of equipment	(46,120)	(4,025)
Disposal of equipment	-	45,497
Decrease in short-term deposits	-	3,000,000
Net cash generated from investing activities	(46,120)	3,041,472
Increase in cash for the period	2,541,080	2,970,574
Cash as at January 1	5,082,853	2,112,279
Cash as at December 31	\$ 7,623,933	\$ 5,082,853

The accompanying notes are an integral part of the financial statements.

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements

Year ended December 31, 2021

1. Reporting Entity:

Your Quick Gateway (Windsor) Inc. (the “Corporation”) is incorporated under the Canada Business Corporations Act. The Corporation provides management consulting and support services for the Windsor International Airport (the “Airport”) to the Corporation of the City of Windsor (the “City”), its parent company.

On July 1, 2007, the Corporation entered into an operating agreement with the City whereby the City retains ownership of certain property and assets of the Windsor International Airport and the Corporation operates and manages the Airport.

The address of the Corporation is Unit #200, 3200 County Road 42, Windsor, Ontario, Canada.

2. Basis of preparation:

(a) Statement of compliance:

The Corporation’s financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were authorized for issue by the Board of Directors on March 31, 2022.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

(d) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in these financial statements, include:

- (i) Note 5 – accounts receivable: valuation of accounts receivable
- (ii) Note 6 – furniture, fixtures and equipment: estimate of useful lives of assets

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements

Year ended December 31, 2021

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Revenue recognition:

Passenger facility fees are recognized as income in the period that passengers depart from the Airport. Terminal and landing fees are generated from scheduled airlines and non-scheduled commercial aviation and are recognized when the airport facilities are utilized. Revenue from leases are recognized on a straight-line basis based on lease contract terms.

Licensing revenue is recognized during the period in which the related services are delivered or performed.

(b) Deferred revenue:

Revenues relating to lease contracts are accounted for as deferred revenue when monies are received in advance for the leases. These amounts are amortized into income on a straight-line basis over the life of the lease.

(c) Financial instruments:

(i) Financial assets:

The Corporation initially recognizes financial assets on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation's financial assets are comprised of loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash, trade and other receivables and due from the City. Cash comprises of bank balances.

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Significant accounting policies (continued):

(c) Financial instruments (continued):

(ii) Financial liabilities:

The Corporation initially recognizes financial liabilities on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Corporation has the following financial liabilities: accounts payable and accrued liabilities, accrued payroll expenses, and due to City of Windsor.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

(d) Impairment:

(i) Financial assets:

Financial assets impairment follows the “expected credit loss” (“ECL”) model. The impairment model applies to financial assets measured at amortized cost.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(ii) Non-financial assets

At each reporting date, the Corporation reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Impairment losses are recognized in profit or loss.

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Significant accounting policies (continued):

(e) Furniture, fixtures and equipment:

Furniture, fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets (5 years).

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

(f) Defined benefit plans:

The Corporation's employees participate in a multi-employer plan under which the Corporation is required to make contributions. Obligations for contributions are recognized as an employee benefit in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in future payments is available.

(g) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, and the unwinding of the discount on provisions.

(h) Foreign currency transactions:

Transactions in foreign currencies are comprised of sales to foreign customers and purchases from foreign suppliers. These transactions are translated using the functional currency of the Corporation at exchange rates at the dates of the transactions. The related receivables and payables denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at that date. The resulting foreign currency gains or losses are recognized on a net basis within finance income and finance costs in profit or loss.

(i) Set-off and reporting on a net basis:

Assets and liabilities and income and expenses are not offset and reported on a net basis unless required or permitted by IFRS. For financial assets and financial liabilities, offsetting is permitted when, and only when, the Corporation has a legally enforceable right to set-off and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Cash:

	2021	2020
Bank balances	\$ 7,623,933	\$ 5,082,853
Cash	\$ 7,623,933	\$ 5,082,853

5. Accounts receivable and accounts receivable – long-term:

	2021	2020
Accounts receivable	\$ 594,721	\$ 642,765
Accounts receivable – long-term	112,954	115,503
	\$ 707,675	\$ 758,268

	2021	2020
Not past due	\$ 367,720	\$ 648,127
Past due 0 – 30 days	144,962	87,817
Past due 31 – 90 days	135,695	17,841
More than 90 days	76,720	21,905
Allowance for doubtful accounts	(17,422)	(17,422)
	\$ 707,675	\$ 758,268

Included in the amounts above is an allowance of \$17,422 as at December 31, 2021 (2020 - \$17,422). The allowance as at December 31, 2021 is based on an account by account analysis of the amounts that management feels may not be collectible. The Corporation believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic trends in receipts.

The allowance accounts with respect to receivables are used to record impairment losses unless the Corporation is satisfied that no recovery of the amount owing is possible; at which point the amounts are considered irrecoverable and are written off against the financial asset directly.

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Furniture, fixtures and equipment:

	Cost	Accumulated depreciation	Carrying amount
Balance at January 1, 2020	\$ 864,657	\$ (479,108)	\$ 385,549
Additions	4,025	—	4,025
Disposal	(45,497)	—	(45,497)
Depreciation	—	(107,452)	(107,452)
Balance at December 31, 2020	\$ 823,185	\$ (586,560)	\$ 236,625
Balance at January 1, 2021	\$ 823,185	\$ (586,560)	\$ 236,625
Additions	46,120	—	46,120
Disposal	—	—	—
Depreciation	—	(100,889)	(100,889)
Balance at December 31, 2021	\$ 869,305	\$ (687,449)	\$ 181,856

7. Leases:

The Corporation leases out its land and building for varying purposes under operating lease agreements. The future minimum lease payments to be received under non-cancellable leases are as follows:

	2021	2020
Less than 1 year	\$ 849,518	\$ 854,620
Between 1 and 5 years	2,202,643	1,865,899
More than 5 years	4,952,258	4,881,674
	\$ 8,004,419	\$ 7,602,193

During the year ended December 31, 2021, contingent rent recognized as revenue amounted to \$126,702 (2020 - \$69,696).

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Share capital:

	2021	2020
Authorized:		
Unlimited common shares		
Unlimited Class A shares, 999 non-voting, redeemable, retractable and non-participating, non-cumulative dividends		
Unlimited Class B shares, non-voting, redeemable, retractable, and non-participating non-cumulative dividends		
Issued:		
100 common shares	\$ 100	\$ 100

9. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2021	2020
Trade payables	\$ 264,767	\$ 138,271
Security deposits payable	40,500	40,500
Accrued liabilities	63,956	132,309
Total accounts payable and accrued liabilities	\$ 369,223	\$ 311,080

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

10. Financial instruments and risk management:

The carrying values of cash, accounts receivable, accounts receivable – long-term, accounts payable and accrued liabilities, accrued payroll expenses and due to the City approximate fair values because of the short maturity of these instruments.

The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

(i) Credit risk:

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Corporation, such as cash, short-term deposits and accounts receivable, expose it to credit risk. The Corporation earns its revenue mainly from tenants and various airlines.

The Corporation's maximum credit exposure is equal to the carrying amount of its financial assets.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the statement of comprehensive income (loss). Subsequent recoveries of receivables previously provisioned are credited to the statement of comprehensive income (loss). The balance of the allowance for impairment at December 31, 2021 is \$17,442 (2020 - \$17,442).

The Corporation's credit risk associated with accounts receivable is primarily related to payments from customers for services. As at December 31, 2021, \$76,720 (2020 - \$21,905) is considered in excess of 90 days past due. Management is actively seeking to resolve these disputes.

Cash is in excess of federally insured limits and is held with a large Canadian financial institution.

(ii) Liquidity risk:

The Corporation monitors its liquidity resources to ensure it has access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest expense. The Corporation monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due.

The Corporation's financial liabilities all have contractual maturities of less than one year.

(iii) Currency risk:

The Corporation has no significant exposure to currency risk.

(iv) Interest rate risk:

The Corporation has no significant exposure to interest rate risk.

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

10. Financial instruments and risk management (continued):

(v) Capital management:

The Corporation is 100% owned by the City and manages Windsor International Airport on behalf of the City.

The Board's target is to maintain a sufficiently strong capital base to allow the Corporation to properly meet its operational and financial objectives as set out in the Amended and Restated Windsor Airport Management Agreement between the Corporation and the City.

11. Related party transactions:

(a) Parent and ultimate controlling party:

The parent is the Corporation of the City of Windsor. The City produces financial statements that are available for public use.

(b) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members.

Key management compensation:

	2021	2020
Salaries and benefits	\$ 505,213	\$ 439,961
Pension contributions	51,755	43,310
Total	\$ 556,968	\$ 483,271

(c) Transactions with parent:

The amount due to the City of Windsor in 2021 is \$279,043 (2020 - \$622,629). The City of Windsor has advanced funding to the Corporation against their capital expenditures, creating a payable to the City.

YOUR QUICK GATEWAY (WINDSOR) INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

12. Contingencies:

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

13. Grants receivable:

In 2020, the City has provided the Corporation with \$3,178,000 in subsidy funding in response to COVID-19 related operating pressures during 2020 through the Safe Restart Grant. The grant provides financial relief for losses incurred in 2020 and is included in grant receivable at December 31, 2020. This grant was received in 2021.

In 2021, the Corporation was approved for a grant of \$1,020,600 from Federal Economic Development Agency of Ontario under the Regional Air Transportation Initiative ("RATI") for costs incurred in 2021 and 2022. At December 31, 2021 total funds received and receivable for RATI were \$365,374, of which \$291,713 were payable to the City for airport capital expenditures owned by the City. \$73,661 was recorded as income in the Corporation. As costs are incurred, the Corporation will file claims for additional monies that have been approved.

14. Impact of COVID 19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have cause disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. As a result, the Corporation cannot reasonably estimate the length or severity of the COVID-19 pandemic, or the extent to which the disruption caused by the pandemic may materially impact its operations and financial results in year 2022.

15. Comparative information:

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with current year's financial statements. As a result, certain line items have been amended in the statement of financial position, statement of comprehensive income (loss), statement of changes in equity, and statement of cash flow and related notes to the financial statements. There was no impact on current or prior year's net income (loss). Comparative information have been adjusted to conform to the current year's presentation.



APPENDIX B

Shareholder's Resolution

Your Quick Gateway (Windsor) Inc.
(the "Corporation")

SHAREHOLDERS RESOLUTION

FINANCIAL STATEMENTS

WHEREAS, the directors of the Corporation have submitted to the shareholders of the Corporation the financial statements of the Corporation for the financial period ended on the 31st day of December 2021 thereon.

NOW THEREFORE BE IT RESOLVED that the said financial statements of the Corporation be and the same are hereby approved and adopted.

CONFIRMATION OF ACTS

RESOLVED that all the acts, proceedings, contracts, special by-laws, by-laws, resolutions, appointments, elections and payments enacted, made, done and taken by the directors and officers of the Corporation since the last shareholders resolution of this nature was passed, as recorded in the books and records of the Corporation, be and the same are hereby approved, ratified and confirmed.

**ELECTION OF BOARD
OF DIRECTORS**

RESOLVED that the following be and they are hereby duly elected directors of the Corporation to hold office until December 31st, 2022 or the next election of the board or until a successor or successors are elected or appointed subject to the provisions of the Corporation's by-laws:

Mayor Drew Dilkens
Councillor Fred Francis
Councillor Kieran McKenzie
Renato J. Discenza
Toni Scislowski
John Chisholm
Kulveer Virk

**APPOINTMENT OF
AUDITORS**

RESOLVED that KPMG LLP, be and they are hereby appointed as auditor of the Corporation at a remuneration to be fixed by the directors of the Corporation, the directors being hereby authorized to fix such remuneration.

The undersigned, being the sole shareholder of the Corporation, hereby signs the foregoing resolution pursuant to the provisions of the Canada Business Corporations Act, R.S.C. 1985, c. C-44.

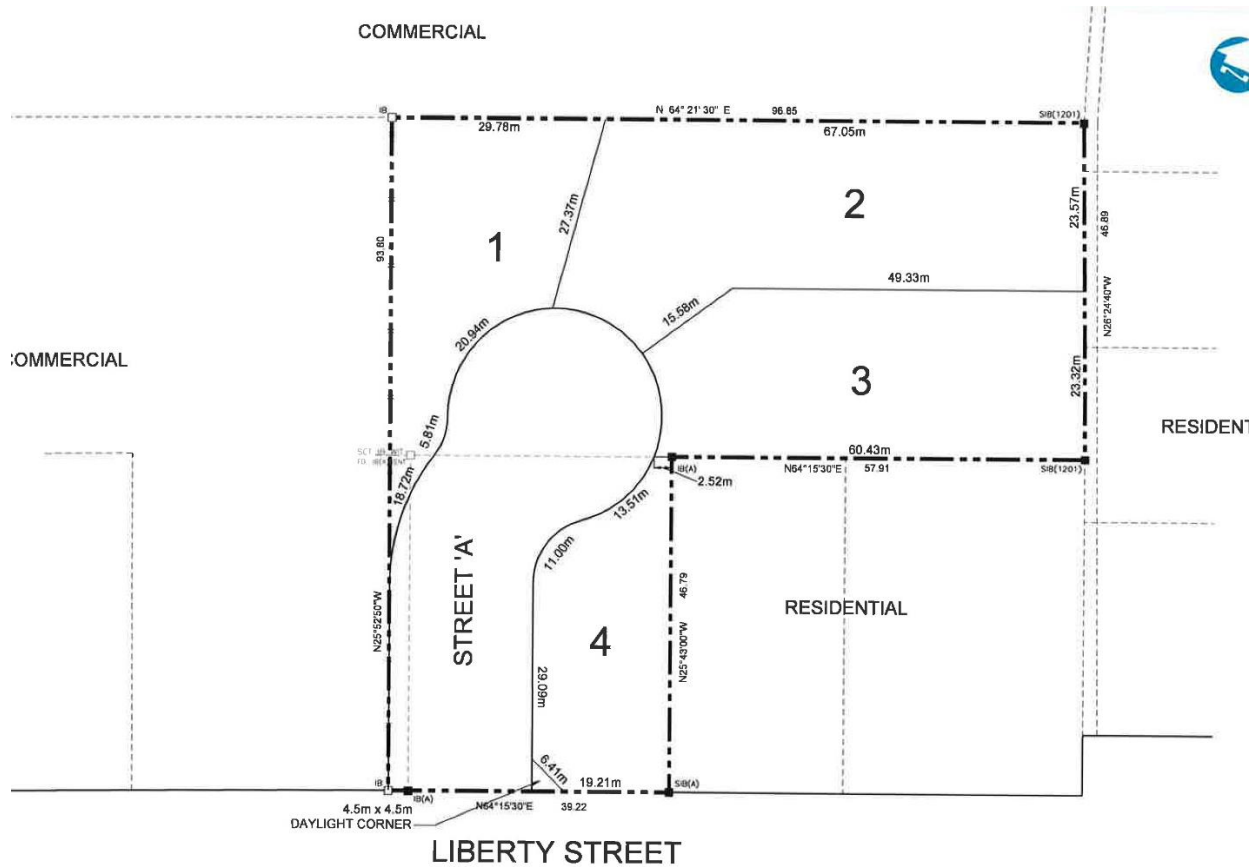
DATED this ____ day of _____, 2022.

The Corporation of the City of Windsor

By: _____
Name: Shelby Askin Hager
Title: Acting Chief Administrative Officer

By: _____
Name: Steve Vlachodimos
Title: City Clerk

We have the authority to bind the Corporation



<p style="text-align: center;">RESIDENTIAL</p> <p style="text-align: center;">Draft Plan of Subdivision PART OF LOTS 42 AND 43, CONCESSION 3 GEOGRAPHIC TOWNSHIP OF SANDWICH WEST NOW IN THE CITY OF WINDSOR, COUNTY OF ESSEX, ONTARIO</p> <p style="text-align: center;">Scale: 1:750 (11x17)</p>	<p style="text-align: center;">VICTORIA BOULEVARD</p> <p>OWNER'S CERTIFICATE I CERTIFY THAT: I HEREBY CONSENT TO THE FILING OF THIS PLAN FOR DRAFT APPROVAL.</p> <p>DATE: <u>November 9, 2021</u> SIGNED: SOUTH WINDSOR DEVELOPMENT COMPANY LIMITED</p> <p>SURVEYOR'S CERTIFICATE I HEREBY CERTIFY THAT THE BOUNDARIES OF THE LANDS TO BE SUBDIVIDED AND THEIR RELATIONSHIP TO THE ADJACENT LANDS ARE ACCURATELY AND CORRECTLY SHOWN ON THIS PLAN.</p> <p>DATE: <u>November 9, 2021</u> SIGNED: RAY SIMONS REGISTERED PROFESSIONAL SURVEYOR</p>	<p style="text-align: center;">RESIDENTIAL</p> <p>ADDITIONAL INFORMATION REQUIRED UNDER S. 51(17) OF THE PLANNING ACT</p> <ul style="list-style-type: none"> (a) SHOWN ON PLAN (b) SHOWN ON PLAN (c) SHOWN ON PLAN (d) RESIDENTIAL (e) SHOWN ON PLAN (f) SHOWN ON PLAN (g) SHOWN ON PLAN (h) PIPED WATER TO BE INSTALLED BY DEVELOPER (i) BROOKSTON CLAY LOAM (j) SHOWN ON PLAN (k) SANITARY & STORM SEWERS TO BE INSTALLED BY DEVELOPER (l) SHOWN ON PLAN
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Proposed Draft Plan of Subdivision – SDN-003/21-1

APPENDIX D - COMMENTS

CANADA POST - Bruno DeSando - 1-519-494-1596 or bruno.desando@canadapost.ca

This development, as described, falls within our centralized mail policy. I will specify the condition which I request to be added for Canada Post Corporation's purposes.

- a) Canada Post's multi-unit policy, which requires that the owner/developer provide the centralized mail facility (front loading lockbox assembly or rear-loading mailroom [mandatory for 100 units or more]), at their own expense, will be in effect for buildings and complexes with a common lobby, common indoor or sheltered space.

Should the description of the project change, I would appreciate an update in order to assess the impact of the change on mail service. If you have any questions or concerns regarding these conditions, please contact me. I appreciate the opportunity to comment on this project.

CITY OF WINDSOR - BUILDING DEPARTMENT - Barbara Rusan

The Building Code Act, Section 8.(1) requires that a building permit be issued by the Chief Building Official for construction or demolition of a building. The building permit review process occurs after a development application receives approval and once a building permit application has been submitted to the Building Department and deemed a complete application.

Due to the limited Ontario Building Code related information received, review of the proposed project for compliance to the Ontario Building Code has not yet been conducted. It is strongly recommended that the owner and/or applicant contact the Building Department to determine building permit needs for the proposed project prior to building permit submission.

The City of Windsor Building Department can be reach by phoning 519-255-6267 or, through email at buildingdept@citywindsor.ca

CITY OF WINDSOR - ENGINEERING & ROW - Patrick Winters

The subject lands are located at 0 & 817 Elinor Street, designated as Residential on the Land Use Schedule D of the Official Plan. The property is zoned Development Reserve District 1.1 (DRD1.1) and Residential District 1.2 (RD1.2). The applicant is proposing to construct three multiple dwellings with six dwellings units each for a total of 18 dwelling units. Parking on-site is proposed for 27 vehicles, including 3 barrier free spaces and a minimum of 3 bicycle spaces. Access to the parking area will be from a new 2-way entrance along Elinor Street. The applicant is requesting that Zoning By-law 8600 be amended changing the zoning to RD2.5 with a site specific exception for a reduction in minimum lot area and a reduction in the minimum setback from the westerly lot line.

The subject lands are serviced by a 350mm diameter asbestos cement sanitary sewer and a 675mm reinforced concrete pipe storm sewer located on Elinor Street. The applicant will be required to submit lot grading and site servicing drawings, as well as storm detention calculations restricting storm water runoff from this site to pre-development levels. If possible existing connections should be utilized. Any redundant connections shall be abandoned in accordance with the City of Windsor Engineering Best Practice B.P 1.3.3. The property lies within the ERCA fill line. ERCA approval and permits are required. A sanitary servicing study will also be required

Wyandotte Street East is designated as a Class 2 Arterial road requiring a 30m right-of-way. The current right-of-way width is 24.5m, therefore, a conveyance of 2.75m is required. Elinor Street is designated as a local road requiring a 20.1m right-of-way. The current right-of-way width is 20.1m

and therefore no land conveyance is required. Furthermore, a 4.6m x 4.6m corner cut-off conveyance will be required at the southwest corner of the Elinor Street and Wyandotte Street East intersection.

The existing curbs and gutters along Elinor Street do not extend along the entire frontage. Curbs and gutters will need to be constructed at the owners expense.

In summary, we have no objections to the proposed site plan control application, subject to the following requirements:

Site Plan Control Agreement – The applicant enter into an amended agreement with the City of Windsor for all requirements under the General Provisions of the Site Plan Control Agreement for the Engineering Department.

Corner Cut-Off – The owner(s) agrees, prior to the issuance of a construction permit, to gratuitously convey a 4.6 m x 4.6 m (15' x 15') corner cut-off at the intersection of Elinor Street and Wyandotte Street East in accordance with City of Windsor Standard Drawing AS-230.

Land Conveyance – Prior to the issuance of a construction permit, the owner (s) shall agree to gratuitously convey to the Corporation, land sufficient to create a 30 metre wide right-of-way on Wyandotte Street East. This conveyance shall be 2.75 metres along the entire Wyandotte Street East frontage of the subject lands

Curbs and Gutters – The Owner further agrees, at the discretion of the City Engineer, to:

1. Construct at their own expense and according to City of Windsor Standard Specifications, a concrete curb and gutter along the entire Elinor Street frontage of the subject lands. All work to be to the satisfaction of the Corporation's City Engineer;

Servicing Study – The owner agrees, at its own expense, to retain a Consulting Engineer to provide a detailed servicing study report on the impact of the increased flow to the existing municipal sewer systems, satisfactory in content to the City Engineer and prior to the issuance of a construction permit. The study shall review the proposed impact and recommend mitigating measures and implementation of those measures.

ERCA Requirements – The owner(s) further agrees to follow all drainage and flood proofing recommendations of the Essex Region Conservation Authority (ERCA) may have with respect to the subject land, based on final approval by the City Engineer. If applicable, the Owner will obtain all necessary permits from ERCA with respect to the drainage works on the subject lands.

CITY OF WINDSOR - PLANNING DEPARTMENT - HERITAGE PLANNER - Kristina Tang

No supporting information required.

Archaeological Assessment Report Entitled, "ORIGINAL 29 December 2021 Stage 1-2 Archaeological Assessment of Proposed Wyandotte Development at 817 Elinor Street, Part of Lot 139, Concession 1 (Geographic Township of Sandwich, County of Essex), City of Windsor (AMICK File #2021-444/MHSTCI File #P058-2030-2021)", Dated Dec 29, 2021, Filed with MHSTCI Toronto Office on N/A, MHSTCI Project Information Form Number P058-2030-2021, MHSTCI File Number 0014721, has been entered into the Ontario Public Register of Archaeological Reports. Although the report recommends no further archaeological assessment of the property, the applicant is still to note the following archaeological precautions:

1. Should archaeological resources be found during grading, construction or soil removal activities, all work in the area must stop immediately and the City's Planning & Building Department, the City's Manager of Culture and Events, and the Ontario Ministry of Heritage, Sport, Tourism and Culture Industries must be notified and confirm satisfaction of any archaeological requirements before work can recommence.

2. In the event that human remains are encountered during grading, construction or soil removal activities, all work in that area must be stopped immediately and the site secured. The local police or coroner must be contacted to determine whether or not the skeletal remains are human, and whether the remains constitute a part of a crime scene. The Local police or coroner will then notify the Ontario Ministry of Heritage, Sport, Tourism and Culture Industries and the Registrar at the Ministry of Government and Consumer Services if needed, and notification and satisfactory confirmation be given by the Ministry of Heritage, Sport, Tourism and Culture Industries.

Contacts:

Windsor Planning & Building Department: 519-255-6543 x6179, ktang@citywindsor.ca,
planningdept@citywindsor.ca

Windsor Manager of Culture and Events (A): Michelle Staadegaard, (O) 519-253-2300 x2726,
(C) 519-816-0711, mstaadegaard@citywindsor.ca

Ontario Ministry of Heritage, Sport, Tourism and Culture Industries

Archaeology Programs Unit, 1-416-212-8886, Archaeology@ontario.ca

Windsor Police: 911

Ontario Ministry of Government & Consumer Services - A/Registrar of Burial Sites, War Graves,
Abandoned Cemeteries and Cemetery Closures, 1-416-212-7499,
Crystal.Forrest@ontario.ca

CITY OF WINDSOR - PLANNING DEPARTMENT - LANDSCAPE ARCHITECT - Stefan Fediuk

Pursuant to the application for a zoning amendment to permit the construction of three multiple dwellings with six dwellings units each for a total of 18 dwelling units on the subject, please note no objections. Please also note the following comments:

Zoning Provisions for Parking Setback - The proposed development and requested Site Specific Zoning would align with RD2.5 Multiple Dwelling with 5 or more dwelling units, which requires landscape setbacks as follows:

.5 Front Yard Depth – 6.0m minimum to 7.0m maximum

.6 Rear Yard Depth – 7.5m minimum

.7 Side Yard Depth – 2.5m

The proposed development also proposes a near zero rear yard setback with parking area immediately adjacent to the southern property boundary with a single-family residential home.

The proposed location of the trash enclosure does not comply with the prohibition found in Section 25.5.1.5, which states:

The placement of a refuse bin within a parking area and within 6.0 metres of the point of intersection of any two streets or any street and an access area; within a required parking space, required accessible parking space or required visitor parking space; or in a manner so as to hamper the movement or prevent the safe operation of a motor vehicle utilizing the parking area is prohibited.

The proposed location poses a conflict with the adjacent residential land use immediately south of the subject site. Relocation of the trash enclosure to a more centralized location along the south property line or at the western end of the parking area will provide greater distance from the adjacent home on Elinor.

These variances could be supported with appropriate hard and soft landscape considerations being applied.

Urban Design - An amenity space as a picnic area has been proposed near the Wyandotte and Elinor corner. This location can pose problems from a health and safety perspective for the users. A proposed bike rack is also located further south. It is recommended that the location of these two amenities be switched to provide less conflicts for the picnic users, and more security for the bike racks from CPTED perspective.

Tree Preservation - The applicant has provided a Tree Inventory and Preservation Report identifying 10 trees on or adjacent to the subject site.

There are no objections to the removal of the two trees on the property based on the TIP. The applicant has indicated some of the trees situated on the municipal right-of-way will need to be removed to accommodate the proposed site plan. However, the development will be subject to Site Plan Control and it is strongly recommended that the applicant consider shifting the access drive from Elinor Street further north to preserve the older established municipal tree (#4).

Parkland Dedication - There are no parkland implications beyond the usual requirement for cash-in-lieu of 5% parkland dedication. Detailed landscape requirements will be provided at the time of site plan review.

CITY OF WINDSOR - TRANSPORTATION PLANNING SERVICES - Rania Toufeili

Elinor St is classified as a local road with a required right-of-way width of 20 meters. The current right-of-way width is sufficient and therefore no conveyance is required.

Wyandotte St E is classified as a Class II Arterial road with a required right-of-way width of 30 meters per Schedule X of the Official Plan. The current right-of-way width is 24.5 and therefore a conveyance of 2.75 is required.

A 4.6 meter corner cut-off is required at the corner of Elinor St and Wyandotte St E.

All accesses shall conform to the TAC Geometric Design Guide for Canadian Roads and the City of Windsor Standard Engineering Drawings.

All exterior paths of travel must meet the requirements of the Accessibility for Ontarians with Disabilities Act (AODA).

ENBRIDGE - WINDSOR MAPPING

After reviewing the provided drawing at 817 Elinor St and consulting our mapping system, please note that Enbridge Gas has active infrastructure along Elinor St in the proposed area. A PDF drawing has been attached for reference.

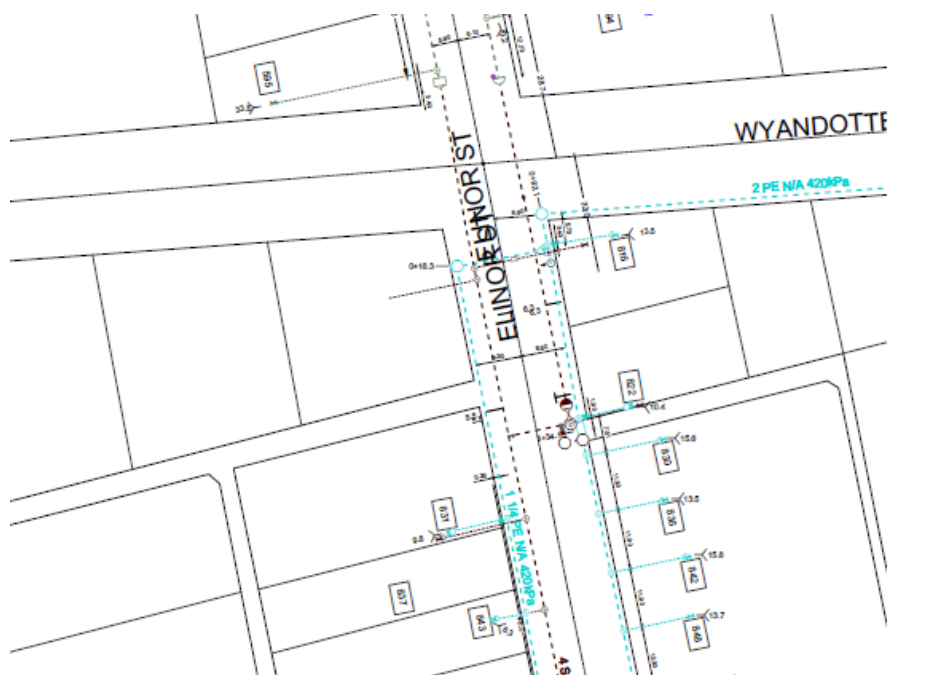
Please Note:

1. The shown piping locations are approximate and for information purposes only
2. The drawings are not to scale
3. This drawing does not replace field locates. Please contact Ontario One Call for onsite locates prior to excavating, digging, etc

Enbridge Gas requires a minimum separation of 0.6m horizontal and 0.3m vertical from all of our plant less than NPS 16 and a minimum separation 1.0m horizontal and 0.6m vertical between any CER-regulated and vital pipelines. For all pipelines (including vital pipelines), when drilling parallel to the pipeline, a minimum horizontal clearance measured from the edge of the pipeline to the edge of the final bore hole of 1 m (3.3 ft) is required. Please ensure that this minimum separation requirement is maintained, and that the contractor obtains locates prior to performing any work and utilizes safe excavation practices while performing any work in the vicinity.

Also, please note the following should you find any abandoned infrastructure in the area:

- Any pipe that is excavated, please assume that it is live
- If during the course of any job, any pipe is found that is not on the locate sheet and is in conflict with your work, please call our emergency number (1-877-969-0999), and one of our Union Gas representatives will respond to determine if that plant is in fact live or dead
- Please note that our Enbridge Gas representative will respond to the live or dead call within 1-4 hours, so please plan your work accordingly



ENWIN

Hydro Engineering: No Objection

Water Engineering: Water Engineering has no objections.

ESSEX REGION CONSERVATION AUTHORITY (ERCA) - Vitra Chodha, E.P, Resource Planner - planning@erca.org or 519-776-5209

The applicant is requesting that Zoning By-law 8600 be amended changing the zoning to RD2.5 with a site specific exception for a reduction in minimum lot area and a reduction in the minimum setback from the westerly lot line for the construction of three multiple dwellings with six dwellings units each for a total of 18 dwelling units. The concept plan is based on each multiple dwelling building being 3 storeys and no greater than 12 m in height. The proposed buildings will be facing Wyandotte Street East. The main entrances into the buildings will be from the front and rear. Each proposed building will be 232.26 m² in size. The total building area of all 3 buildings is 696.77 m², for a total lot coverage of 30%. The development will result in a net density of 79.29 units per hectare. Proposed tenure is rental.

DELEGATED RESPONSIBILITY TO REPRESENT THE PROVINCIAL INTEREST IN NATURAL HAZARDS (PPS) AND REGULATORY RESPONSIBILITIES OF THE CONSERVATION AUTHORITIES ACT

The following comments reflect our role as representing the provincial interest in natural hazards as outlined by Section 3.1 of the Provincial Policy Statement of the *Planning Act* as well as our regulatory role as defined by Section 28 of the *Conservation Authorities Act*.

The above noted lands are subject to our Development, Interference with Wetlands and Alteration to Shorelines and Watercourses Regulation under the *Conservation Authorities Act* (Ontario Regulation No. 158/06). The parcel falls within the regulated area of the Little River and Lake St. Clair. The property owner will be required to obtain a Permit from the Essex Region Conservation Authority prior to any construction or site alteration or other activities affected by Section 28 of the *Conservation Authorities Act*.

WATERSHED BASED RESOURCE MANAGEMENT AGENCY

The following comments are provided in an advisory capacity as a public commenting body on matters related to watershed management.

SECTION 1.6.6.7 PPS, 2020 - Stormwater Management

We are concerned with the potential impact of the quality and quantity of runoff in the downstream watercourse due to future development of this site. We recommend that the municipality ensure that the release rate for any future development is controlled to the capacity available in the existing storm sewers/drains. In addition, that stormwater quality and stormwater quantity are addressed up to and including the 1:100 year storm event and be in accordance with the guidance provided by the Stormwater Management Planning and Guidance Manual, prepared by the Ministry of the Environment (MOE, March 2003) and the Windsor-Essex Region Stormwater Management Standards Manual.

If this property is subject to Site Plan Control, we request to be included in the circulation of the Site Plan Control application. We reserve to comment further on storm water management concerns, until we have had an opportunity to review the specific details of the proposal through the site plan approval stage.

PLANNING ADVISORY SERVICE TO PLANNING AUTHORITIES - NATURAL HERITAGE POLICIES OF THE PPS, 2020

The following comments are provided from our perspective as an advisory service provider to the Planning Authority on matters related to natural heritage and natural heritage systems as outlined in Section 2.1 of the Provincial Policy Statement of the *Planning Act*. The comments in this section do not necessarily represent the provincial position and are advisory in nature for the consideration of the Planning Authority.

We note that, up until 2019, the subject property did contain a natural heritage feature that may have met the criteria for significance under the PPS, 2020. Natural Heritage policies of the PPS, 2020 state – “*Development and site alterations shall not be permitted... unless it has been demonstrated that there will be no negative impacts on the natural features or on their ecological functions.*” The demonstration of no negative impact, as required by PPS natural heritage policies, is most effectively accomplished through the completion of an Environmental Impact Assessment (EIA) [also known as an Environmental Evaluation Report (EER) in the City of Windsor].

It appears however, that the feature which previously existed on the property was effectively cleared from the property within the last three years. No vegetation clearing for development should take place on a property prior to receiving development approvals. For this particular application because of this premature manipulation of the property (prior to any approvals to conduct development or site alteration), the EER/EIA process has been compromised. A complete EER/EIA should have been completed and reviewed prior to any clearing of vegetation, in order for the current application for development under the *Planning Act* to be consistent with PPS natural heritage policies.

FINAL RECOMMENDATION

We have no further comments on the re-zoning application. If this property is subject to Site Plan Control, we request to be included in the circulation of the Site Plan Control application. We reserve to comment further on storm water management concerns, until we have had an opportunity to review the specific details of the proposal through the site plan approval stage. Please be advised, that, the applicant must obtain a Section 28 Permit from the Essex Region Conservation Authority and stormwater management, must be addressed, to the satisfaction of the Municipality and the Essex Region Conservation Authority.

TRANSIT WINDSOR - Jason Scott

Transit Windsor has no objections to this development. The closest existing transit route to this property is with the Lauzon 10. The closest existing bus stop to this property is located on Wyandotte at Clover Northwest Corner. This bus stop is approximately 100 metres away from this property falling well within our 400 metre walking distance guideline to a bus stop. This will be further enhanced with our Council approved Transit Master Plan as a new local route will be replacing the existing Lauzon 10 bringing two way conventional transit service to this area versus the existing one way loop.

APPENDIX "A1"
City of Windsor Lighting Intensity Standards Study
(Council Resolution CR228/2005)

COUNCIL MINUTES

Page 12

Windsor, Ontario April 18, 2005

BASIS Report Number: 11225 GF/1325 C18

CR228/2005

- I. That the following Guiding Principles **ARE ADOPTED** for the lighting of private lands, subject to Site Plan Control approval, in the City of Windsor and will be incorporated into a Lighting Standards Manual:
- a. Contribute to personal safety
 - b. Support the supervision of secure areas
 - c. Assist in wayfinding
 - d. Conserve energy
 - e. Preserve the experience of the night sky
 - f. Respect the privacy of residential space
 - g. Respect animal habitat
 - h. Heighten the enjoyment of public space and nighttime activity
 - i. Apply the above listed guiding principles consistently
 - j. Lead by example (City of Windsor);
- II. That to ensure the provision of adequate and safe full cut off lighting levels, bonding for the provision of on-site lighting **BE REQUIRED** as a condition of site plan approvals as warranted.
- III. That lighting plans and photometric charts (as required) **BE PREPARED**, and all lighting **BE INSTALLED and MAINTAINED** by the applicant, in accordance with lighting plans, to their best ability, (for all developments sites of 25,000 square feet or greater) and approved and enforced by the Chief Building Official.
- IV. That the 2005 review of the Official Plan **INCORPORATE** lighting policies in the Official Plan.
- V. That the Sign By-Law 250-2004 **BE REVIEWED** with regards to externally lit billboards and electronic changing copy signs and their impact on the night sky and traffic safety;
- VI. That lighting requirements for existing development, as included in the Property Standards By-law, **BE REPORTED** by Administration (Inspection Services Section) to Council.
- VII. That lighting requirements for public sector City rights-of-way and other publicly owned lands **BE REPORTED** by Administration (Street Lighting Committee) to Council.
- VIII. That all Site Plan Control applications in their review and approval **SHALL BE CONSISTENT** with the Guiding Principles in Recommendation I and implement as required the techniques included in Techniques to Implement Lighting Guiding Principles; Table I Illumination Requirements; Table II Guidelines for Structure Lighting and Illustrations, as follows:

Techniques To Implement Lighting Guiding Principles:

- a. *(Contribute to personal safety)*
 - i. Locate lamps so as to avoid glare
 - ii. Provide additional shielding of lamp fixtures to avoid glare
 - iii. Provide minimum illumination in accordance with Table 1: Illumination Requirements
 - iv. Provide uniform lighting without sudden light to dark transitions
 - v. Provide overlap of light distribution
 - vi. Provide illumination to articulate steps
 - vii. Coordinate spacing and height of lamps with landscaping to ensure lighting coverage is not interrupted by tree canopies

- b. (Support the supervision of secure areas)**
 - i. Provide illumination in accordance with Table 1: Illumination Requirements
 - ii. Provide good colour rendering for identification purposes using Metal Halide lamps
 - iii. Provide sufficient lighting coverage including building recesses or inside corners
- c. (Assist in wayfinding)**
 - i. Provide illumination to improve legibility of nodes, landmarks and circulation areas
 - ii. Align lamps in consistent, recognizable, and unambiguous patterns
 - iii. Provide a uniform and modest brightness along paths of travel
- d. (Conserve energy)**
 - i. Employ alternatives to incandescent or mercury vapour lamps
 - ii. Maintain light levels within recommended range set out in Table 1
 - iii. Dim down lighting to minimum levels after normal operating hours
- e. (Preserve the experience of the night sky)**
 - i. Provide full cut-off lighting (zero percent of peak intensity radiating above 90 degrees and 10 percent of peak intensity above 80 degrees)
 - ii. Employ low cut-off where full cut-off lighting alternatives are not feasible
 - iii. Beacon lights are strongly discouraged unless the use requires such lighting
- f. (Respect the privacy of residential space)**
 - i. Locate lamps to direct light away from neighbouring properties
 - ii. Provide supplementary shielding of lamps to direct light away from neighbouring properties
 - iii. Provide lamp fixture mounting heights that avoid glare to the vantage point of neighbouring residential units
 - iv. Provide recessed light fixtures that avoid glare to the vantage point of neighbouring residential units
- g. (Respect animal habitat)**
 - i. Direct illumination away from abutting City Parks and naturalized areas on abutting private lands
- h. (Heighten the enjoyment of public space and nighttime activity)**
 - i. Provide minimum illumination to encourage nighttime use
 - ii. Minimize glare using shielding or fully recessed light fixtures, as required
 - iii. Reveal the salient features of a site using a combination of diffused and spot lighting
- i. Apply the above listed standards consistently**
 - i. Provide photometric plans and lamp specifications for use by City staff in the review of site plan applications (development sites of 25,000 square feet or greater) and for inclusion in site plan development approval agreements
 - ii. Incorporate the above-mentioned techniques, including illustrative examples, as part of a site plan design manual that is available to both City staff and site plan applicants

IX That administration, in preparing its further report to Council on lighting requirements for existing development on private property, as well as for lighting requirements for public sector city rights of way (new and existing), consider a level playing field between these two sectors,

X And further, that the Lighting Intensity Standards Study (LISS) BE FORWARDED to the Association of Municipalities of Ontario (A.M.O.) for their support.

Carried, Councillor Postma was absent when the vote was taken.

Table I: Illumination Requirements	
Uses	Horizontal Illumination (in footcandles)
Uncovered Parking Areas	0.5 - 4.0
Covered Parking Areas	2.0 - 10.0
Covered Outdoor Area	0.5 - 10.0
Walkways	0.5 - 2.0
Principle Building Entrances	3.5 - 8.0
Loading and Garage Storage Areas	1.0 - 2.0
Covered Gas Pumping Areas	5.0 - 25.0
Outdoor Active Recreation Facilities	0.0 – 150.0
Auto Dealership Display	1.0 - 8.0
Outdoor Storage Yard	1.0 - 2.5
All Non-Residential uses at normal non-business hours (11:00pm to 5:00am) and when employees other than security personnel are not present	0.5 - 2.0
All Other Uses	0.0 - 2.0
None of the minimums apply to adjacent property line Requires that illumination levels at all property lines are between 0.0 and 5.0 footcandles Fully shielded is assumed in all references Luminaries will be full cut off unless otherwise not applicable	

Table II: Guidelines For Structure Lighting
1. The illumination of structures that consist of uniformly dark materials or that contain reflective-coated glass is discouraged.
2. The illumination of tall, slender structures or monuments, such as flagpoles, where stray light is difficult or impossible to control, is discouraged.
3. Equip luminaires with devices to eliminate stray light as much as possible. Examples of such devices are four-sided shields, internal louvers, and top visors.
4. Locate structure lighting luminaires in places where the unshielded light source cannot be seen be pedestrians or motorists.
5. Average illuminance levels (vertical, measured at the structure face): <ul style="list-style-type: none"> a. Bright surroundings and light surfaces: 1.0 to 5.0 footcandles b. Bright surroundings and medium surfaces: 1.0 to 6.0 footcandles c. Dark surroundings and light surfaces: 0.5 to 2.0 footcandles d. Dark surroundings and medium surfaces: 0.5 to 3.0 footcandles
Definitions
Full Cut Off Lighting - "A light fixture constructed in such a manner that all light emitted by the fixture, either directly from the lamp or a diffusing element, or indirectly by reflection or refraction from any part of the luminaire, is projected below the horizontal."
Horizontal Illuminance - "The measurement of brightness from a light source, usually measured in footcandles or lumens, which is taken through a light meter's sensor at a horizontal position."
Vertical Illumination - "The measurement of brightness from a light source, usually measured in footcandles or lumens, which is taken through a light meter's sensor at a vertical position."

The Corporation of the City of Windsor

2022-23 Annual internal audit plan

May 30, 2022

Limitations and responsibilities

This report was developed in accordance with our engagement letter addendum dated January 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.



Contents

Plan summary	3
Appendix A: Risk and process universe	8
Appendix B: Project view by functional area over time	12
Appendix C: Projects considered but not included in plan due to capacity constraints	15
Appendix D: Summary of audit types	17

This report is confidential and is intended solely for use by the management of The City of Windsor and is not intended or authorized for any other use or party. If any unauthorized party obtains this report, such party agrees that any use of the report, in whole or in part, is their sole responsibility and at their sole and exclusive risk; that they may not rely on the report; that they do not acquire any rights as a result of such access and that PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

Plan summary

This report is confidential and is intended solely for use by the management of The City of Windsor and is not intended or authorized for any other use or party. If any unauthorized party obtains this report, such party agrees that any use of the report, in whole or in part, is their sole responsibility and at their sole and exclusive risk; that they may not rely on the report; that they do not acquire any rights as a result of such access and that PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

What should Management be focused on?



Context

Leveraged our traditional risk based 3-year rotating approach

This plan, and related projects under this plan, will be executed in accordance with the Auditor General Charter and the contract between the City and PwC LLP. The AG may exercise the powers and shall perform the duties with respect to the City of Windsor's:

- departments;
- local boards;
- controlled corporations; and
- 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).

(For a listing of these areas by type please see Appendix E.)



Other sources of comfort

New, emerging and changing risks required plan adaptation and leveraged consultation with peers

In developing our internal audit risk assessment and plan we have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources. The other sources of assurance for the City of Windsor are as follows:

- annual external audit of the City's financial statements;
- program reviews carried out by various Ministries of the Provincial Government for compliance purposes; and
- other consultant and advisory work planned or underway at the City.



Plan development

Considering risks and perspectives

We considered the inherent and residual risks based on our research, perspectives and discussions with key City contacts in the development of the proposed internal audit projects and plan in the context of the City strategy. We also considered prior projects we have conducted.



Limitation

Risk considerations recommended for consideration exceed available resources

- By approving this plan, or modified plan, the City is acknowledging that the Auditor General and Internal Audit will be covering a small portion of the legacy and emerging risk landscape.
- In Appendix B we have also included what we see as changing risks and the areas that we would ideally recommend to cover that do not fit within the current budget and available resources.

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Summary of proposed audit plan



Portfolio program management design review

A review of the current project portfolio management (PPfM) practices the City has in effect and an assessment of the current design of those controls or a roadmap to enhance maturity will provide support across the project landscape.

Nov 2022 Effort Allocation 21%



Employee wellness indirect indicators analysis

Consider indirect indicators of employee wellness such as overtime, leave taken/not taken, workloads and broader environment considerations to identify key risk indicators of the City's employee wellness.

May 2023 Effort Allocation 26%



Procurement – Education compliance

Education of individuals who have purchasing authority and are required to comply with the By-law is a significant awareness and preventative control mechanism. Equipping these individuals as it relates to the proper use and interpretation of the Purchasing By-law helps to reduce the risk of non-compliance with the by-law.

Nov 2022 Effort Allocation 14%



Auditor General functions

Provide Auditor General oversight, input, investigations and support.

May 2023 Effort Allocation 12%



Management action plan validation

Follow-up on and report back to the City on the status and sufficiency of management's resolution of prior findings. An annual internal audit report on management's resolution of planned findings will be provided to management and the City Council. Cut off for the activity is scheduled for December 31, 2022.

May 2023 Effort Allocation 8%



Risk assessment refresh

Development of annual risk assessment and 3 year internal audit plan (2023-25). We will update our risk assessment for the City as a basis for identifying areas of audit emphasis.

May 2023 Effort Allocation 6%



Oversight, administration and reporting

Ongoing status reporting and key performance metrics to the City. Maintain awareness of the City organisational risks, strategy and operational execution, Semi-annual reporting to the CLT and City Council will occur. Summary of the plan's completion status/progress.

May 2023 Effort Allocation 5%



Concerned citizen and employee hotline

Monitor the City's Hotline for accusations of fraud or abuse/waste of City assets. Internal Audit will investigate appropriate accusations as per the CCEHN Protocol (last updated July 2015).

May 2023 Effort Allocation 8%

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Additional project description

#	Project	Scope idea
1	Project Portfolio Management – Design Review	<p>Project portfolio management (PPfM) is fundamentally different from project and program management. Project and program management are about execution and delivery---doing projects right. In contrast, PPfM focuses on doing the right projects at the right time by selecting and managing projects as a portfolio of investments. It requires completely different techniques and perspectives. Currently, the City has many ongoing initiatives which require oversight, the future is expected to bring more projects and changes to the organization. A review of the current PPfM practices the City has in effect and an assessment of the current design of those controls or a roadmap to enhance maturity will provide support across the project landscape. Specific consideration will be given to the practices management has in place for the portfolio to:</p> <ol style="list-style-type: none"> 1. Clarify business objectives 2. Capture and research requests and ideas 3. Select the best projects using defined differentiators that align, maximize, and balance 4. Validate portfolio feasibility and initiate projects 5. Manage and monitor the portfolio
2	Employee Wellness Indirect Indicators Analysis	<p>Employee wellness has been a rising imperative for attracting and retaining the talent an organization needs. The recent pandemic circumstances have increased the relative imperative of this wellness while also creating significant additional stressors on personnel. This internal audit will consider indirect indicators of employee wellness such as overtime, leave taken/not taken, workloads and broader environment considerations to identify key risk indicators of the City's employee wellness.</p>
3	Procurement – Education Compliance	<p>Education of individuals who have purchasing authority and are required to comply with the By-law is a significant awareness and preventative control mechanism. Equipping these individuals as it relates to the proper use and interpretation of the Purchasing By-law helps to reduce the risk of non-compliance with the by-law. Our review will consider managements:</p> <ul style="list-style-type: none"> • Practices to identify and monitor attendance at requisite training for individuals with purchasing authority. • Alignment of the training materials with the by-law including its use and interpretation. • Approach to enabling sustained awareness of the by-law over time.

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Summary of rolling audit plan by audit type

5-year perspective

For a description of Audit types please see Appendix D.

Audit type	2019/20	2020/21	2022/23 (planned)	2023/24 (planned)	2024/25 (planned)
Financial (excluding attest and assurance)	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Liquidity Management 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Workforce Management System - Post Implementation Review
Operational, compliance, performance/VFM	<ul style="list-style-type: none"> Purchased Services for Winter Control - VFM Audit HR Recruiting Process and Retention Strategy Cyber Response Strategy Security Programs & Safety Incident Management Planning & Development Risk Assessment & Planning 	<ul style="list-style-type: none"> Covid based policy and practice amendments Fraud risk mitigation enhancement Risk Assessment & Planning 	<ul style="list-style-type: none"> Portfolio Program Management Design review Employee Wellness Indirect Indicators Analysis Procurement - Education Compliance Risk Assessment & Planning 	<ul style="list-style-type: none"> Environmental, Social and Governance Current State Digitization Strategy Review Performance Audit-Community Use of Facilities (Space Management) Risk Assessment & Planning 	<ul style="list-style-type: none"> Ransomware Performance Audit — Review of Sewer Masterplan (Roadmap and progress to date) Risk Assessment & Planning
Fraud and waste hotline	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Lancaster Stabilizers Chimczuk Funds Sewer Insurance Letter 	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Auditor General Complaint Handling 	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Auditor General Complaint Handling 	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Auditor General Complaint Handling 	<ul style="list-style-type: none"> Concerned Citizen & Employee Hotline Auditor General Complaint Handling
Follow-up	<ul style="list-style-type: none"> Annual Management Action Plan Validation 	<ul style="list-style-type: none"> Annual Management Action Plan Validation 	<ul style="list-style-type: none"> Annual Management Action Plan Validation 	<ul style="list-style-type: none"> Annual Management Action Plan Validation 	<ul style="list-style-type: none"> Annual Management Action Plan Validation
Management and oversight	<ul style="list-style-type: none"> Management & Oversight Ad Hoc 	<ul style="list-style-type: none"> Auditor General Management & Oversight Ad Hoc 	<ul style="list-style-type: none"> Auditor General Management & Oversight Ad Hoc 	<ul style="list-style-type: none"> Auditor General Management & Oversight Ad Hoc 	<ul style="list-style-type: none"> Auditor General Management & Oversight Ad Hoc

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Appendix A

Risk and process universe

Risk universe

Project risk coverage indicators: **Direct risk coverage** / **Indirect risk coverage**

External factors	Financial and funding	Infrastructure	Operational and execution	Regulations and compliance	Technology	People and organization	Strategy
<ul style="list-style-type: none"> • Business and market fluctuations • Provincial culture impact • Terrorism • Transparency • Supply chain • Demographic pressures • Health epidemic/pandemic • Community partnerships in service delivery • Minimum wage • Natural disaster & crisis response • Civil unrest* • Climate change 	<ul style="list-style-type: none"> • Asset planning • Budgeting and realizing savings • Government funding and grants • Funding new infrastructure • Fraud, bribery and corruption • Tax governance & collection • Accounting changes • Income generation 	<ul style="list-style-type: none"> • Housing • Infrastructure • Public facilities • Transport system • Vandalism • Pollution control • Rationalisation of property portfolio 	<ul style="list-style-type: none"> • Change management • Transformation* • Social assistance • Third party & contract management • Community engagement • Physical security of facilities • Facilities management • Management information • Project management • Alternative delivery models 	<ul style="list-style-type: none"> • Legislative & regulatory • Procurement • Environmental, social and governance* • Regulatory inspection (H&S, labour) • Litigation 	<ul style="list-style-type: none"> • Cybersecurity • Ransomware* • Data protection • Digital disruption • IT infrastructure • Third party and cloud • Privacy • Business resilience 	<ul style="list-style-type: none"> • Culture and behaviours • Employee wellness • Succession planning • Health & safety • Workforce planning and talent management • Reward and performance management • Compensation & benefits • Training and development • Inadequate governance structures/ Operating models • Labour relations • Flexible working • Security • Loss of morale 	<ul style="list-style-type: none"> • Governance • Leadership • Equity diversity, & inclusion • Digitization of records • Conflict of interest • Insurance risk management • Political change • Reputation/brand • Risk management • Shared services • Social media • Systems and processes • Funding limitations

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City functional audit universe

A: Corporate Wide	B: Commissioner, Corporate Services/Chief Financial Officer & City Treasurer	C: Commissioner, Infrastructure Services	D: Commissioner, Economic Development & Innovation	E: Commissioner, Legal & Legislative Services	F: Commissioner, Human & Health Service	G: Commissioner, Community Services
A1 Corporate Governance	B1 Asset Planning	C1 Development, Projects & Right of Way	D1: Information Technology	E1 Fire & Rescue	F1 Employment and Social Services	G1 Parks
A2 Strategic Planning	B2 Financial Accounting	C2 Infrastructure & Geomatics	D2 Planning & Building Services	E2: Legal & Real Estate Services	F2 Housing and Children's Services	G2 Recreation and Culture
A3: City Council	B3 Financial Planning	C3 Pollution Control	D3 Economic Development	E3 Council Services	F3 Huron Lodge	D6 Library Services
A4: Committees of Council	B4 Taxation & Financial Projects	C4 Transit Windsor		E4 Policy, Gaming, Licensing & By-Law Enforcement		D1 Communications & Customer Service
	B5 Human Resources	C5 Public Works Operations		E5 Purchasing, Risk Management & Provincial Offences		
	B6 Employee Relations	C6 Fleet Management				
		C7 Facilities				
		C8 Engineering				

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Agency, board and commission auditable universe

Local board	Municipally controlled corporation	Grant recipient*	Committees of Council	Optional Participants
H1: Essex Windsor Solid Waste Authority	H4: Roseland Golf & Curling Club	H14: Handi Transit	H22: Diversity Committee	H29: Committee of Adjustment
H2: Windsor Licensing Commission	H5: Transit Windsor	H15: Invest Windsor Essex (formerly known as Windsor Essex Economic Development Corporation)	H23: International Relations Committee	H30: Essex Region Conservation Authority
H3: Nine BIAs	H6: Windsor Detroit Tunnel Corporation	H16: Life After Fifty	H24: Seniors Advisory Committee	H31: Windsor Public Library
1. Downtown Windsor BIA	H7: Windsor Detroit BorderLink Limited (WDBL)	H17: Tourism Windsor Essex Pelee Island	H25: Town & Gown Committee	H32: Windsor Police Services
2. Wyandotte Towne Centre		H18: Windsor Symphony	H26: Windsor Accessibility Advisory Committee	H33: Windsor Essex County Health Unit
3. Erie BIA		H19: Arts Council Windsor & Region	H27: Windsor Bicycling Committee	
4. Ford City BIA		H20: The Safety Village	H28: Windsor/Essex Environmental Committee	
5. Olde Riverside BIA		H21: Artcite		
6. Olde Sandwich Towne BIA		Art Gallery of Windsor		
7. Ottawa Street BIA		Windsor Parade Corporation Windsor International Film Festival Habitat for Humanity		
8. Pillette Village BIA				
9. Walkerville BIA				
Included in potential full scope (subject to any legislative restrictions)	Inscope for grant elements per Municipal Act	Declined participation		

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Appendix B

Project view by functional area over time

Overview of proposed audit projects

Audit domain	Audits completed in past 4 years				Proposed audits for next 4 years			
	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26
Corporate wide	Social Media Strategy	-	Fraud Risk Mitigation Enhancements	-	Portfolio Program Management Design review	Environmental, Social and Governance Current State Digitization Strategy Review		ERM Strategy, Policy, Monitoring and Reporting
Commissioner, Corporate Services CFO/City Treasurer	Pursuit of Grant Funding Asset Planning	HR Recruiting Process & Retention Strategy	Liquidity management Covid Based Policy and practice amendments		Employee Wellness Indirect Indicators Analysis		Workforce Management System - Post Implementation Review	
Commissioner, Economic Development & Innovation	-	Cyber Response Strategy Planning & Development	-	SmartCity Cyber Risk Mitigation Ransomware (Cancelled)			Ransomware	Business Continuity Planning
Commissioner, Infrastructure Services		Purchased Services — Winter Road Clearing		Performance Aud Road Infrastructure Maintenance processes			Performance Audit - Review of Sewer Masterplan (Roadmap and progress to date)	Performance Aud - Transit Windsor - Service Delivery Review

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Overview of proposed audit projects (cont'd)

Audit domain	Audits completed in past 4 years				Proposed audits for next 3 years			
	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025-26
Commissioner, Legal & Legislative Services	Legislative Emergency Management	-	-		Procurement - Education Compliance			Insurance Risk Management
Commissioner, Human & Health Services	WECHC Asset Management	-	-	-				
Commissioner Community Services	Facilities Operations	Security Programs & Safety Incident Management	-	-		Performance Audit-Community Use of Facilities (Space Management)		
Agencies, Boards and Commissions (ABCs)	WECHC - Asset Management - Housing Portfolio	-	-	<i>Review of Nine BIAs (added)</i>				

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Appendix C

Projects considered but not included
in plan due to capacity constraints

Projects considered but not included in plan

1. Inclusion, Diversity and Equity
2. Risk Culture Audit
3. Review of pandemic related funding download dispersal and allocation in accordance with funding purposes and coverage
4. Strategic Investments in Innovation and Technology
5. Performance Aud — Use of City Vehicles Audit
6. Municipal Licensing & Standards
7. Future Recruitment strategy
8. Pension, payroll and employee benefits
9. IT Disaster Recovery
10. Digitization and Archiving Strategy: Windsor Public Library
11. Cyber Risks in IT Asset Management
12. Performance Audit — Housing Services: and Homeless Programs
13. Huron Lodge — Compliance Management and Quality Inspection Program
14. Performance Audit — Recreation master plan assessment
15. Operational Review — Windsor Detroit Border Link (WDBL)
16. Industrial/Corporate Development Permit Process Review

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Appendix D

Summary of audit types

Categorization of audit types

As part of updating this year's plan we have used category labels which align to those published by the Auditor General for the City of Toronto. All of our predecessor projects align to the framework with the bulk of the project conducted in the past 7 years fitting into the category of "Operational, Compliance, Performance Audits". Below, and on the following page, you will find a description of each audit type and then a summary 5 year perspective of the past and planned projects.

Financial assurance or attest audits (not permitted)			
Financial audits (excluding attest and assurance)	Operational, compliance, performance audits	Fraud and waste hotline	Follow-up audits
Management and oversight			

Financial assurance or attest audits

The Municipal Act specifically precludes the Auditor General from being the Financial Statement Auditor of the Municipality. As such we are precluded from annually auditing the accounts and transactions of the City and its agencies and corporations. The external auditor expresses an opinion on the financial statements of these bodies based on the audit in a report which is considered by the then City Council.

The Auditor General co-operates with the work of the external auditor and exchanges relevant information therewith. Currently, KPMG LLP has been engaged to conduct audits of financial statements of the City and its major agencies and corporations. The City's external audit contract establishes KPMG as the auditor for all entities except for EWSWA. The audit of EWSWA is contracted by the County of Essex, however KPMG is also the auditor for the County.

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Categorization of audit types

Financial audits (excluding attest and assurance)

Financial-related audits include determining whether:

- (a) financial information is presented in accordance with established or stated criteria;
- (b) the entity has adhered to specific financial compliance requirements; or
- (c) the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve control objectives.

Operational, compliance, performance audits

These audits may include any or all of:

- (a) determining the extent to which the desired results or benefits established by the legislature or other authorizing body are being achieved;
- (b) the effectiveness of organizations, programs, activities, or functions;
- (c) whether the City division is acquiring, protecting, and using its resources (such as personnel, property, and space) economically and efficiently; and
- (d) whether the City division has complied with laws and regulations applicable to the program.

Fraud and waste hotline

Manages the Concerned Citizen and Employee hotline referring issues to senior management or the City's Internal Audit team as defined by the Council approved mandate.

Follow-up audits

On an annual basis, the Auditor General notifies the City of outstanding recommendations. Management staff will report back to the Auditor General on recommendations that have been implemented. The Auditor General then verifies that the recommendations have in fact been implemented.

The results of the follow-up of recommendations are reported to the Audit Committee annually and cover findings raised across the City, agencies, boards or commissions.

Management and oversight

This involves regular Auditor General efforts.

It further includes the oversight of project activities, meetings, interacting with complainants, review/observation/attendance at Council meetings, status reporting, report writing, and Committee reporting.

Time is also set aside to deal with requests as they arise (ad hoc).

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The Corporation of the City of Windsor

Internal Audit Summary Report

December 1 2021 to April 30 2022

Prepared as of May 6, 2022

Limitations and responsibilities

This report was developed in accordance with our engagement letter addendum dated January 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.





Contents

1.0 Performance and status summary	3
1.1 Amendment to Current Plan	4
2. Reports issued in period	5
2.1 Road Infrastructure Maintenance Processes	5
2.2 Smart City Cyber Risk Mitigation	7
2.3 Management Action Plan Validation Report	10
2.4 Annual Performance Report	13
Appendices	14
Appendix A - Summary of use of unallocated effort	15
Appendix B - Complaints & Investigations	16
Appendix C - Road Infrastructure Maintenance Processes	17
Appendix D - Smart City Cyber Risk Mitigation	61
Appendix E - Management Action Plan Validation Report	82
Appendix F - Annual Performance Report	108

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1. Performance and status summary

Planned projects	Percent complete	Report issued
Risk Assessment and Annual Plan Development 2022-23	<div style="width: 100%;"></div>	100%
IA Attendance at City Meetings	<div style="width: 100%;"></div>	
a) Periodic Status & Reporting	<div style="width: 100%;"></div>	
b) Periodic Status & Reporting	<div style="width: 100%;"></div>	
Management Action Plan Validation (Annual)	<div style="width: 100%;"></div>	100%
Hotline Administration	<div style="width: 100%;"></div>	100% NA
Auditor General Complaint Handling	<div style="width: 100%;"></div>	100% NA
Road Infrastructure Maintenance Processes	<div style="width: 100%;"></div>	100%
Smart City Cyber Risk Mitigation	<div style="width: 100%;"></div>	100%
BIA Operational Review	-	10%
Annual Performance Review	<div style="width: 100%;"></div>	100%
Unallocated	<div style="width: 100%;"></div>	100% NA

Legend			
	Issued in current period	Issued in prior period	In progress/ Not yet issued

IA plan completion

49.0% Progress in period, 41.0% Reported previously, 10.0% Pending completion

Observation count

Category	In Period	YTD
Findings	7	7
Advisory	5	5

Deliverables progress

6 Issued in period, 1 Previously issued, 1 To be completed

SME information

- Road Infrastructure
- Cybersecurity and Privacy

Items under investigation

Source	In progress	Reported in period
CCEP	0	0
AG Route	0	0

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1.1 Amendment to Current Plan

Under the approved Auditor General Charter “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.”

As a result of information provided to the Auditor General, which is now under analysis, the proposed Ransomware project has been postponed for future consideration in order to investigate specific allegations. The Ransomware efforts and the remaining Unallocated efforts are being redirected to this analysis.

The conduct of the Ransomware review is still considered a high risk area for the City but would require additional effort and funding allocation of \$40,000 to \$50,000 to complete should Council which the Auditor General to proceed with that project.

2. Reports issued in period

2.1 Road Infrastructure Maintenance Processes

Road maintenance overview

The City of Windsor (the City) is responsible for the maintenance of road infrastructure throughout the municipality. The City has developed an inspection and condition rating program to assess the pavement condition of the various road assets. The results aid in identifying, prioritizing, and planning for road rehabilitation, reconstruction, and maintenance needs. Planned road maintenance is accounted for in the City’s capital budget. Smaller short term repairs such as pothole patching are accounted for in the operating budget.

Road assets noted

Metric	2018 Asset Management Plan (AMP) (m)	2018 Asset Management Plan (AMP) Replacement Value (\$K)
C1 Arterial	9,847	\$80,920
C1 Collector	96,504	\$183,109
C2 Arterial	126,141	\$593,772
C2 Collector	78,530	\$133,326
Expressway	56,275	\$198,698

Project purpose

We conducted a Value for Money (VFM)/Performance Audit of road infrastructure maintenance processes. Our approach was based on both Internal Audit and Performance Auditing approaches and frameworks in accordance with the Auditor General Charter. For the VFM audit, we focused on:

- a set of key performance indicators evaluated as part of this internal audit.
- internal controls and processes over the three key areas: regulatory compliance, road maintenance strategies/capital budget, and people, governance and technology.

Specific scope, objectives and exclusions are described in Appendix B.

What we did

To conduct our work we completed various activities including, but not limited to:

- Examined the progress made to comply with Table 4 in Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure since March 31, 2019 as it specifically relates to maintenance for road classifications which are in-scope on this project (effectiveness).
- Conducted a gap analysis of the road maintenance strategy documented in the 2018-2019 AMP against processes developed to implement those strategies to determine areas of improvement.
- Conducted a peer comparison analysis to determine if the spend for roads and the condition of roads is consistent among peers. Municipalities for comparison were selected based on their ability to fall within a defined range regarding

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population, weather conditions, level of government, inflation, city size and city density.

- We evaluated the road maintenance strategies that CoW included in their 2018-2019 AMP as compared to common practice guidelines from Federation of Canada Municipalities to determine if any key elements were missing.
- Performed a comparison of key job descriptions involved in road maintenance at CoW to current job descriptions of municipalities/relevant comparables to determine if the qualifications required are adequate.
- We conducted walkthroughs with key stakeholders in the road maintenance lifecycle to uncover any areas of concern regarding people, governance and technology.
- Data analysis was completed in regards to the KPI's agreed upon during scope finalization based on the level of data granularity that the City was able to provide.

Overall assessment

VFM/Performance Metrics: Although the original four performance measures were **Not Assessed** as originally agreed upon, we were able to obtain alternative data from the City to conduct an analysis for four **Revised KPI's**. **Of these four revised performance measures, three were Attained and one was Partially Attained.**

A total of **four findings** were **identified** in the operational area whereas three considerations for improvements are raised over the review of the 2018-2019 AMP road maintenance strategies, lack of 2025 SCI projections and an apparent decline in road conditions of C1 arterials and expressways during 2016-2020.

Management comments

Management appreciates the findings and considerations for improvement contained in the report as it relates to improving the efficiency of the overall road maintenance process and are pleased with the results showing that we have an effective and efficient service. We agree as you noted that controls are properly designed and are operating effectively and no internal control weaknesses were noted as a significant control deficiency. That being said, Management continually strives to improve its road maintenance process so as to ensure the effective and efficient use of City resources. Detailed Management Action Plans and timelines to address the four findings identified in the report are presented below.

Name:

Chris Nepszy

Title:

Office of the Commissioner of Infrastructure Services

Date:

March 24, 2022

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2.2 Smart City Cyber Risk Mitigation

SmartCity Context The City of Windsor has been undergoing restructuring including the introduction of a new role within its Corporate Leadership Team, the Commissioner, Economic Development & Innovation. This new role and portfolio was created to support the City of Windsor’s “progressive and forward thinking vision of growth and diversification.” This role will provide leadership and strategic direction to the departments of Economic Development, Information Technology, Planning and Building Services while championing innovation across the Corporation. It is expected that many of the elements and initiatives under “SmartCity” would align with the new division.

The above information is recent however at time of planning and our review, we noted that the City of Windsor (the City) did not specifically track SmartCity initiatives and we could not locate a published City definition of SmartCity initiatives. Given the advancement of technology and the escalating need for digital engagement with public, Internal Audit used the following context for the purposes of the project:

A smart city uses information and communication technology (ICT) to improve operational efficiency, share information with the public and provide a better quality of government service and citizen well-being.

The main goal of a smart city is to optimize city functions and promote economic growth while also improving the quality of life for citizens by using technology and data analysis. The value lies in how this technology is used rather than how much technology is available.¹

Based on the above external definition Internal Audit worked with management to identify some projects which align to the definition (not a complete list). The City has planned and implemented several IT / SmartCity initiatives / projects. Such projects are assessed via conducting a security assessment considering the IT, Cyber, and privacy risks. The City’s communications department informs citizens about new initiatives / SmartCity initiatives via various media sources,

A SmartCity/IT initiative includes various components including, but not limited to, project governance, project management, performance measurement, concept, design/ development/acquisition, testing/validation, user experience etc. The scope of this internal audit was focused on cyber and privacy elements and did not assess the myriad of practices and controls in place to address these other key elements of a SmartCity Initiative.

¹ <https://www.twi-global.com/technical-knowledge/faqs/what-is-a-smart-city>

SmartCity Numbers

Given that management does not currently track, or have an identifier for, SmartCity Initiatives providing information such as:

- Departments impacted
- SmartCity Initiatives Completed
- SmartCity Initiatives in Progress
- SmartCity Initiatives Projected
- Budget for in progress SmartCity Initiatives

is not readily possible.

Project purpose

We conducted an assessment of the internal controls and processes management has implemented to enable systematic approach to SmartCity risk mitigation as it relates to cybersecurity and privacy. We considered the City practices related to:

- approach to considering security and privacy risks for SmartCity initiatives
- the use of a consistent framework to ensure that privacy and cyber security risks are assessed and managed for Smart City initiatives
- monitoring mechanisms to indicate if the privacy and cyber risk mitigation plans have been or are being implemented for SmartCity initiatives.

Specific scope, objectives and exclusions are described in Appendix B.

What we did

To conduct our work, we completed various activities including, but not limited to:

- Worked with management to identify a selection of City projects that align to the definition of SmartCity provided above for use in our evaluation of internal controls (see Appendix A).
- Inquired of management regarding the roles and responsibilities related to privacy and security of information for SmartCity initiatives (Projects).
- Reviewed cyber and privacy risk assessment processes and controls. This included Security Assessments and Privacy Impact Assessments.
- Considered management's data protection and privacy processes and controls and management's mechanisms for assessing adherence thereunto.
- Understood how cyber and privacy risks are considered through the project lifecycle.
- Considered if a risk register is maintained for specific projects including cyber and privacy risks.

Overall assessment

Overall, our assessment of SmartCity Cyber & Privacy Risk Mitigation at the City is one of **Some Improvement Opportunities**. We identified no findings rated as significant internal control weaknesses.

A total of three findings have been identified and two considerations for improvement have been provided as well.

Management comments

"Smart City" is a broad term with multiple definitions but all includes the use of technology, and as such the City of Windsor uses its IT Project Management Framework to manage any project that would fall under all definitions of a "Smart City" project.

The City's IT Project Management and Security Framework used for IT projects has built in components to assess Cyber and Privacy risk.

However, we do acknowledge there is always room for improvement.

Norm Synnott, CIO/Executive Director of IT
Date: March 25, 2022

Management offers comment considering PwC's definition that "the main goal of a smart city is to optimize city functions and promote economic growth while also improving the quality of life for citizens by using technology and data analysis. The value lies in how this technology is used rather than how much technology is available." Acknowledging that the City of Windsor does not necessarily label modernization initiatives under a "Smart City" category, the corporation does maintain a project list and each project considers a variety of risk factors, which may include cyber and IT security.

That being said, to further identify and promote these city initiatives, and to align and support those being undertaken in the community, City Council has approved the creation of the new Economic Development and Innovation portfolio. This new division will pursue improved methods of communicating such initiatives and other successes publicly. While we endeavor to "improve operational efficiency, share information with the public and provide a better quality of government service", we strive to do so in a purposeful and clear manner.

Jelena Payne, Commissioner, Economic Development & Innovation
Date: March 25, 2022

2.3 Management Action Plan Validation Report

1. Executive summary

Key measures:	All findings	Significant findings
Average age of open findings :	3.3 years	4.1 years
Average age of past due findings:	3.4 years	4.1 years
Age of oldest past due finding:	6.6 years	6.6 years
Number of Past Due Findings:	16	5



In the above, ratings consideration is also given to the number of retargeted observations with a rating reduction for every 2% of action plan dates retargeted for the **second time or more in this period**. See Appendix E for ratings scale.

Rating	Opening balance (as of December 31,2020)	Additions in the year	Expected to be closed by Dec 31, 2021	Validated as closed by IA	Formally Accepted risk (No validation)	Open at end of period (A+B-D-E)	Open – on track	Open & delayed
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
<i>Details included in</i>				<i>Appendix A</i>	<i>Appendix B</i>		<i>Appendix C</i>	<i>Appendix D</i>
Significant	6	0	5	1	0	5		5
High	1	0	1	0	0	1		1
Moderate	15	0	10	7	1	7		7
Low	7	0	7	5	0	2		2
Not Rated*	6	2	7	6	0	2	1	1
Total	35	2	30	19	1	17	1	16

Scope Period: January 1, 2021 through December 31, 2021

Approach: For validating management action plan, the activities undertaken by internal audit included:

- Requesting status updates and contact information from management;
- Testing/validating evidence of management's resolution/disposition of the original finding for items expected to be closed and/or indicated as closed by management;

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- Preparing a report on the outcomes of the management action plan internal audit activity.

Conclusion: In total 20 (67%) management action plans were closed in the period, 1 was retargeted for the first time, and 11 were retargeted for the second time or more (22% penalty) resulting in an overall final conclusion of 45% - “Not Controlled”.

- *Closed as planned and closed in advance:* In the period 20 items were closed versus an expected 30, a total closure rate of 67%:
 - 18 management action plans were closed, out of the 30 due in the period
 - 1 management action plan was closed ahead of schedule
 - 1 management action plan was closed via formal risk acceptance
- *Additions:* 2 management action plans were added during the period
- *Retargeted Items:* 12 management action plans were retargeted in the period:
 - 1 was retargeted for the first time
 - 11 were retargeted for the second time or more (11*2% penalty = 22%)

Management is showing strong progress on most open action plans as this year the total open action plans is the second lowest it has been in 9 years; however, the proportion of “Open & Delayed” management action plans is also the highest it has been in those 9 years.

The past 2 years have been unique and challenging for society, business and government. In the face of this pandemic, management was able to progress and close 20 management action plans of the intended 30 action plans originally expected in the period. However, it is important to also note that the majority

(16 out of 17 or 94%) of the prior internal control findings are past due (Open & Delayed). Of these 16 Open & Delayed findings, 11 relate directly to City departments (69%) and 5 open findings relate to Agencies, Boards and Commissions (31%).

While it is important to consider the fact that management made progress in resolving more than half of the issues that were previously open, it is also important that management and City Council understand that risk exposures remain until known gaps are mitigated. For the Open & Delayed findings 100% (16) are anticipated to be resolved in the next 12 months.

Given the state of the world, the pandemic situation, and local initiatives City Council and Management should ensure that the timely resolution of open actions is considered, prioritized and the risk understood amidst the City’s other initiatives and operational requirements.

Management’s report on open findings will provide additional detail and rationale whereby management believes that many of the open action plans have made significant progress and that there is a reasonable basis to complete the actions on time. We have not audited this management report, nor the underlying statements of action, but the information provides a plan and context.

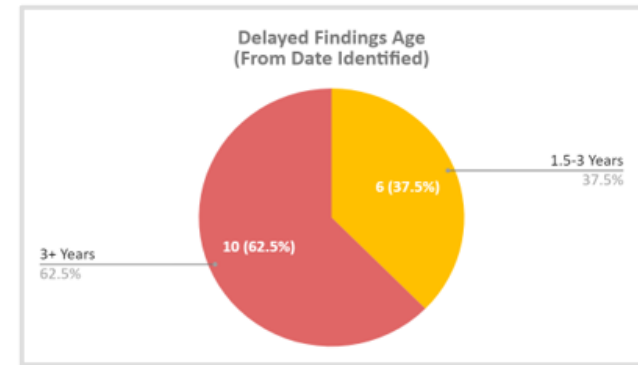
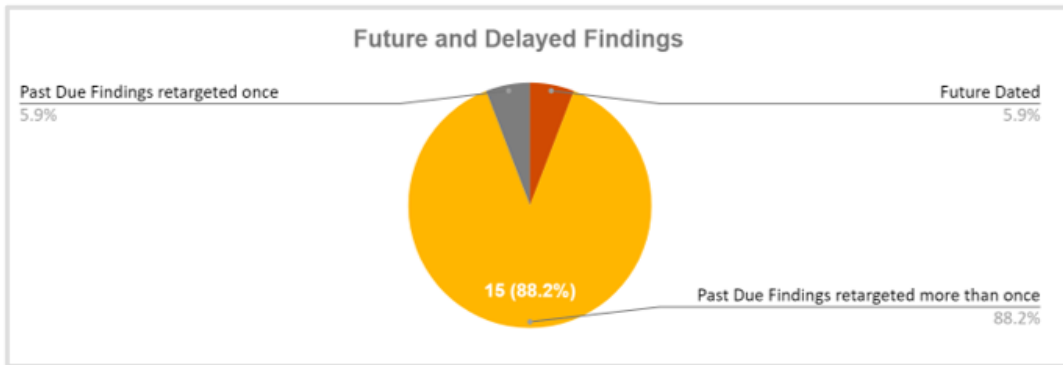
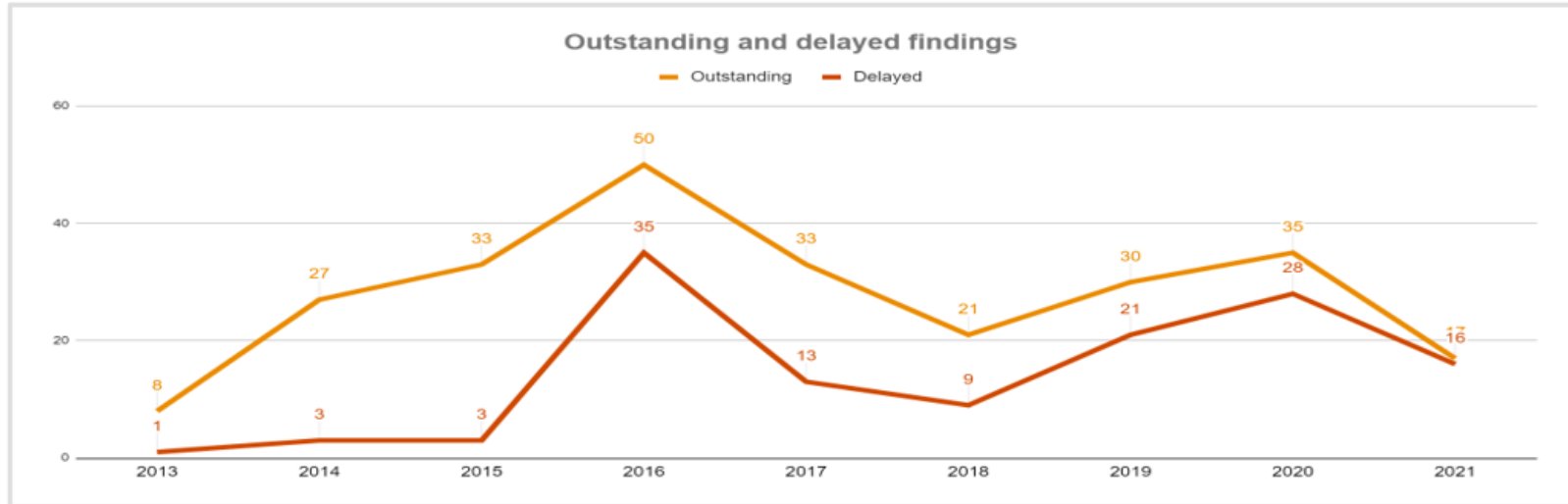
It is important that management and City Council understand that these specific risks are implicitly being accepted, or tolerated, in the medium and long term. As such management should consider either:

1. Risk accepting the Open & Delayed Findings with City Council agreement or
2. Implementing a mechanism by which the CLT/Commissioners are able to ensure that the management action plans outlined in Appendix D are completed in the revised timeframes.

Note: Subsequent to the report closing date we noted findings 205, 207 and 209 related to YQG were addressed early in 2022. As such will be included in the closed count of next year’s report.

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Open and delayed trends as at December 31, 2021



Overall the number of open management actions plans is the second lowest it has been in 9 years; however, the proportion of “Open & Delayed” management action plans is the highest it has been in those 9 years.

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2.4 Annual Performance Report

Internal auditing is an independent, objective assurance, and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (Source: The Institute of Internal Auditors).

The purpose of this annual performance report is to summarize and highlight the achievements and how the City Auditor General (AG) and the Internal Audit (IA) team delivered on its mandate.

We have completed 90% of our 2021-22 Internal Audit Plan. The IA projects this year ranged in scope and included testing over: performance audit procedures, assessment of internal controls, testing the efficiency and effectiveness of processes and procedures. During the period, IA conducted findings follow-up for management actions to address internal audit findings/recommendations and also administered the Concerned Citizen & Employee Hotline.

IA work was conducted using PwC's Global Internal Audit Manual, which is aligned with the International Standards for the Practice of Internal Auditing as outlined in our contract. We also leveraged performance audit/value-for-money auditing standards in selected projects where applicable.

The remainder of this report highlights how:

- the AG charter was fulfilled,
- how we leveraged 13 team members, including 5 specialists, to conduct our work program;
- an overview of management's closure of 246 of 263 findings tracked since 2014;
- areas where we may be of further assistance to management;
- an overview of potential fraudulent activities we have been informed of;
- a summary of the Concerned Citizen and Employee Hotline activities in the year;
- our progress against the agreed to performance measures; and
- a summary of emerging trends for your information.

Appendices

Appendix A - Summary of use of unallocated effort

Unallocated Effort			
Activity	Requested by	2021-22 effort hours	Result
IA met with City's Finance and Legal team to confirm and agree on the various categories each City's ABC would qualify for. Subsequently, IA prepared letters for such ABCs which outlined some key information regarding the Auditor General ("AG") role and the entity's participation in the potential scope of the AG.	Management	32	<p>We have sent the letters to the entities representing the respected categories i.e., Local Board, Municipally Controlled Corporation, Grant recipient, and Optional Participants. See Appendix C for listing of entities issued letters. An updated listing with responses received from Grant recipients and Optional Participants will be provided upon receipt of all responses due in mid-January 2022.</p> <p>This auditable universe will inform the annual risk assessment and project plan development.</p>
Total		32	

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Appendix B - Complaints & Investigations

Complaints & Investigations							
Activity in the period	Checked within required time frame	# of Contacts Received	# of hang ups	# of handoffs to management	# of items under analysis	# of items under investigation	# of items investigated
Concerned Citizen and Employee Hotline Channel	Yes	20	3	16	0	1	0
Auditor General Channel	-	-	-	-	-	-	-

Item under analysis/investigation		
Description of item	Activities to date	Results
Complaint allegation of misuse of authority or circumvention of process controls	Initial analysis completed. Further consideration and review warranted.	Pending

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Appendix C - Road Infrastructure Maintenance Processes

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The Corporation of the City of Windsor

Value for money audit: Road Infrastructure Maintenance Processes

Distribution list

For action

Chris Nepszy, Commissioner, Infrastructure Services
Shawna Boakes, Executive Director Operations/Deputy City Engineer
Phong Nguy, Manager, Contracts, Field Services & Maintenance
Natasha Couvillon, Senior Manager, Asset Planning
Diana Digirolamo, Manager, Technical Support

For Information

Joe Mancina, Chief Administrative Officer (A)
Tony Ardovini, Commissioner, Corporate Services CFO/City Treasurer (A)
Marco Aquino, Executive Initiatives Coordinator

Final Internal Audit Report

April 29, 2022

Limitations and responsibilities

This Report was developed in accordance with our engagement letter addendum dated January 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.

Contents

Executive summary	3
Summary of internal audit results	5
Detailed findings	13
Considerations for improvement	25
Appendix A: KPI Analysis	27
Appendix B: Background, Scope and Objectives	38
Appendix C: Basis of findings rating and report classification	40
Appendix D: Limitations and responsibilities	43

PwC The Corporation of the City of Windsor - Road Infrastructure Maintenance Processes IA report	2
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Executive summary

Road maintenance overview

The City of Windsor (the City) is responsible for the maintenance of road infrastructure throughout the municipality. The City has developed an inspection and condition rating program to assess the pavement condition of the various road assets. The results aid in identifying, prioritising, and planning for road rehabilitation, reconstruction, and maintenance needs. Planned road maintenance is accounted for in the City's capital budget. Smaller short term repairs such as pothole patching are accounted for in the operating budget.

Road assets noted

Metric	2018 Asset Management Plan (AMP) (m)	2018 Asset Management Plan (AMP) Replacement Value (\$K)
C1 Arterial	9,847	\$80,920
C1 Collector	96,504	\$183,109
C2 Arterial	126,141	\$593,772
C2 Collector	78,530	\$133,326
Expressway	56,275	\$198,698

Project purpose

We conducted a Value for Money (VFM)/Performance Audit of road infrastructure maintenance processes. Our approach was based on both Internal Audit and Performance Auditing approaches and frameworks in accordance with the Auditor General Charter. For the VFM audit, we focused on:

- a set of key performance indicators evaluated as part of this internal audit.
- internal controls and processes over the three key areas: regulatory compliance, road maintenance strategies/capital budget, and people, governance and technology.

Specific scope, objectives and exclusions are described in Appendix B.

What we did

To conduct our work we completed various activities including, but not limited to:

- Examined the progress made to comply with Table 4 in Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure since March 31, 2019 as it specifically relates to maintenance for road classifications which are in-scope on this project (effectiveness).
- Conducted a gap analysis of the road maintenance strategy documented in the 2018-2019 AMP against processes developed to implement those strategies to determine areas of improvement.
- Conducted a peer comparison analysis to determine if the spend for roads and the condition of roads is consistent among peers. Municipalities for comparison were selected based on their ability to fall within a defined range regarding population, weather conditions, level of government, inflation, city size and city density.

- We evaluated the road maintenance strategies that CoW included in their 2018-2019 AMP as compared to common practice guidelines from Federation of Canada Municipalities to determine if any key elements were missing.
- Performed a comparison of key job descriptions involved in road maintenance at CoW to current job descriptions of municipalities/relevant comparables to determine if the qualifications required are adequate.
- We conducted walkthroughs with key stakeholders in the road maintenance lifecycle to uncover any areas of concern regarding people, governance and technology.
- Data analysis was completed in regards to the KPI's agreed upon during scope finalization based on the level of data granularity that the City was able to provide.

Overall assessment

VFM/Performance Metrics: Although the original four performance measures were **Not Assessed** as originally agreed upon, we were able to obtain alternative data from the City to conduct an analysis for four **Revised KPI's**. **Of these four revised performance measures, three were Attained and one was Partially Attained.**

A total of **four findings** were **identified** in the operational area whereas three considerations for improvements are raised over the review of the 2018-2019 AMP road maintenance strategies, lack of 2025 SCI projections and an apparent decline in road conditions of C1 arterials and expressways during 2016-2020.

Management comments

Management appreciates the findings and considerations for improvement contained in the report as it relates to improving the efficiency of the overall road maintenance process and are pleased with the results showing that we have an effective and efficient service. We agree as you noted that controls are properly designed and are operating effectively and no internal control weaknesses were noted as a significant control deficiency. That being said, Management continually strives to improve its road maintenance process so as to ensure the effective and efficient use of City resources. Detailed Management Action Plans and timelines to address the four findings identified in the report are presented below.

Name:

Chris Nepszy

Title:

Office of the Commissioner of Infrastructure Services

Date:

March 24, 2022

Summary of internal audit results

Report classification

In general, controls are properly designed and are operating effectively for the purpose envisaged. Given the nature of this internal audit, we are providing an overall assessment using performance auditing measures as well as standard internal controls assessment methods.

The purpose of this VFM review was intended to analyze various components of the road maintenance process to determine if any recommendations or insights could be provided to improve the efficiency of the overall process. Key tests performed included a regulatory component, an assessment of the 2018-2019 road maintenance strategies included in the 2018-2019 AMP, and an assessment of the design of governance, people and technology processes in place to achieve efficiency in operations throughout the road maintenance lifecycle.

As per professional standards and VFM practices, prior to conducting fieldwork for this VFM review, the performance measures were identified and agreed upon with management. These four performance objectives/measures formed the basis for evaluating the results of this VFM review. There are some recommendations for further improving the processes which have been noted in terms of process documentation and areas that may require further analysis to determine root cause. Further, during execution, it was noted that the required data sources were not reasonably available for all the performance measures and alternatives were considered where possible.

We examined the progress that the City has made to comply with Table 4 in the Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure since March 31, 2019. Upon review of the 2018-2019 AMP, evidence of the requirements listed were observed. No findings were identified.

We assessed the road infrastructure maintenance program strategies; implementation plans and current performance against the City's 2018-2019 AMP and common practice. Management provided documentation, supporting evidence and commentary for each strategy listed in the 2018-2019 AMP which included 16 strategies in total. Of the 16 strategies, 2 (12.5%) were identified as lacking support that progress was being made towards achieving the desired strategy. Management should consider reviewing the road maintenance strategies to determine if it needs to be removed or modified to align with the current needs of the City. The next AMP review and update is scheduled for the year 2023.

In addition, we reviewed the "Roads & Sidewalks - Priority Planning and Budgeting Process for Pavement Maintenance and Rehabilitation" from the Federation of Canadian Municipalities to determine if there were any gaps in common practice as it pertained to road maintenance strategies and processes. No gaps were identified.

We conducted an analysis where we identified and compared three MBNC municipalities selected based on inflation, population, size, density, average weather conditions and level of government. The following municipalities were identified for purposes of comparison: City of Hamilton, City of London, City of Winnipeg. We compared two indicators identified in the MBNC report as it related to road quality and road spending to determine if any trends could be identified. Upon review, it was noted that during 2017-2019, the City of Windsor had the lowest % of roads considered to be good to very good in comparison to these three municipalities, however, they spent an amount aligned with these municipalities in regard to maintaining the roads; however, the MBNC report does not provide enough information to determine the root cause. Please refer finding #3 for more details.

Lastly, we conducted a test where we assessed the design of governance, people and technology processes in place to achieve efficiency in operations throughout the road maintenance lifecycle. We conducted walkthroughs with various stakeholders and reviewed various process documents as it pertained to road maintenance to identify any areas of concern. We selected four positions applicable to road maintenance (Contracts Coordinator, Technical Support Manager, Maintenance Coordinator and Executive Director of Operations) and compared the requirements of these roles to the job postings from municipalities/private organizations looking to fill similar roles. We noted that the City of Windsor has strict qualification requirements to fill these roles. This provides comfort that the City is hiring competent individuals with the required skill set.

Performance-based audit results¹

We worked with management to identify performance measures which could be used to measure the value and/or performance related to road infrastructure maintenance. The road infrastructure maintenance financial and operational performance objectives were established in coordination with the City's Public Works - Operations prior to the commencement of our field work. The results are based on our detailed review of the data provided by the City in regards to road quality, spending and funding.

Performance Objective	Assessment (% Attained)	Summary
1. Road quality: % of total paved lanes for in-scope road classification where paved lane km has a structural condition index of < 5 (Includes 2025 SCI Projections)	Not Assessed	Subsequent to the performance measures that were mutually determined it was noted that SCI projection data for 2025 was not readily available. As such we were unable to assess this KPI in its entirety. To attain some comfort, we agreed on a revised KPI
Revised KPI Road Quality: % of total paved lanes for in-scope road classification where paved lane km has a structural condition index of < 5 (Excludes 2025 SCI Projections)	Attained 100%	The City was able to provide the Mid-Year Road Needs Summary Reports for 2016-2020 where the percent (%) of adequate roads (SCI 1-4) SCI's could be determined. We were able to conduct an analysis for in-scope roads for the 2016-2020 period. Our analysis indicated the following: <ul style="list-style-type: none"> a) The condition of C1 arterials declined from 22.79% in 2016 to 11.49% in 2017 (a decline of 11.30%) and remained at 11.47% in 2018. However, the % of C1 arterial adequate roads increased significantly through 2020 to 29.80%, which exceeds the 2016 value of adequate roads of 22.79%. b) The condition of expressways declined from 2017 (18.73%) through 2019 (9.90%) by an amount of 9.93%. However, the % of adequate roads for expressways rose to 24.24% by 2020, which exceeds the % of adequate expressways roads in 2016 (16.06%)

¹ Performance rating scale and definitions contained in Appendix C.

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Performance Objective	Assessment (% Attained)	Summary
		<p>Although two of the in-scope function classes saw a notable decline in the % adequate roads during a period between 2016- 2020, neither function class saw a persistent decline through 2020. In fact, the ending % of adequate roads for both Expressways and C1 Arterials exceeded the 2016 amount.</p> <p>In addition, the analysis on the remaining in-scope function classes (C1 collector, C2 collector and C2 arterial) indicated a stable/flat trend from 2016-2020.</p> <p><i>Note: Projections for 2025 could not be provided, please refer to CFI 2 for more details.</i></p> <p><i>Please refer to Appendix A, KPI 1 for visuals.</i></p>
<p>2. Road rehabilitation spend:</p> <p>Variance in actual to planned spend per lane km by roadway treatment category was within 5%</p>	<p>Not Assessed</p>	<p>Subsequent to the performance measures that were mutually determined it was noted that without significant effort, management was unable to break down the cost by activity in the manner required to conduct this analysis . The City acknowledged that extensive budget monitoring by contract is performed, however, steps to break down the monitoring by road treatment category are not in place. As such we were unable to assess this KPI at the level of specification originally anticipated.</p> <p>To complete this analysis, we requested the budget and actual spending for 2016-2020 and projections for 2025 broken out by road rehabilitation treatments. Management indicated that the data for road rehabilitation cannot be easily broken up by type of road rehabilitation treatment as each tender in each project includes various types of rehabilitation treatments and function classes.</p> <p>It was also noted that management does not have an efficient way to allocate the “non-tender” costs to these rehabilitation treatment categories/function classes.</p> <p><i>Please refer to finding #4.</i></p>
<p>Revised KPI Road rehabilitation spend:</p> <p>Variance in actual to planned spend for the Road Rehabilitation category was within 5%.</p>	<p>Attained 100%</p>	<p>Management was able to provide the total budget and actual expenses for the road rehabilitation category for 2016-2020. The analysis based on the consolidated information indicated that the actual spend was on average overspent, by 4.41%. This falls within the 5% threshold. No exceptions noted.</p> <p><i>Please refer to Appendix A, KPI 2 for visuals.</i></p>

Performance Objective	Assessment (% Attained)	Summary
<p>3. Road spend: Increase in funding allocation should be at least 1.16% (amount dedicated to tax levy for AMP)</p>	Not Assessed	<p>Subsequent to the performance measures that were mutually determined it was noted that without significant effort, management was unable to break down the funding in the manner required to conduct this analysis. As such we were unable to assess this KPI at the level of specification originally anticipated. To attain some comfort, we agreed on a revised KPI.</p> <p>To complete this analysis, we requested the funding sources for the various function classes (C1 & C2 Collector, C1 & C2 Arterial and Expressways) for 2016-2020, with projections for 2025.</p> <p>Management confirmed that funding cannot be broken down by function class (ie. Arterial, Collector and Expressways) as the budget is approved at a high level. Having the budget approved at "Road Infrastructure" level allows for greater flexibility.</p> <p>The City is able to compare budget and actuals for a PeopleSoft Project number, however the PeopleSoft Project number is not linked to the overarching Questica Project (Program) number. Management indicated that to compile budget and actual for the Questica project IDs would be time consuming as this would have to be compiled manually from PeopleSoft and there is no link between the systems. There are multiple PeopleSoft Project numbers for each Questica Project number.</p>
<p>Revised KPI: Road Spend Increase in funding allocation at the Capital Budget level.</p>	Attained 100%	<p>To revise this KPI, we looked at the individual capital budget for road spend for each year from 2016-2020 and the approved 2021 capital budget for years 2021-2030.</p> <p>We examined the % change in the budget for road spend from 2016-2030. The trend indicates an overall increase in road spending. The average trend indicates a year over year funding increase of 10.87%.</p> <p><i>Please refer to Appendix A, KPI 3 for visuals.</i></p>
<p>4. Road condition assessment: Road condition assessment over time with a target of no decline in score from 2016-2020 and projected improvements by 2025</p>	Not Assessed	<p>Subsequent to the performance measures that were mutually determined it was noted that SCI projection data for 2025 was not readily available. As such we were unable to assess this KPI in its entirety. To attain some comfort, we agreed on a revised KPI</p>

Performance Objective	Assessment (% Attained)	Summary
<p>Revised KPI: Road condition assessment over time with a target of no decline in score from 2016-2020.</p>	<p>Partially Attained 70-89.99% of performance measure</p>	<p>Management was able to provide mid-year data that would allow for the analysis of the SCI by function class (C1 & C2 Collector, C1 & C2 Arterial and Expressways) for the years 2016-2020.</p> <p>When conducting this analysis of a target of “no decline” in score from 2016-2020, we considered a negative change of 0.5 to be noteworthy. In addition, we considered whether the weighted average SCI at 2020 fell above or below the weighted average SCI value as at 2016 as an indicator of trend in road conditions.</p> <p>The analysis indicated the following:</p> <ul style="list-style-type: none"> a). C1 Arterials: An overall decline in road condition when comparing the 2016 and 2020 weighted average SCI, and year over year decline in road conditions by an amount ≥ 0.5 for the period 2016-2018. b). Expressways: An overall decline in road condition when comparing the 2016 and 2020 weighted average SCI, and year over year decline in road conditions by an amount ≥ 0.5 for the period 2016-2019. <p><i>Note: Projections for 2025 could not be provided, please refer to CFI 2 for more details.</i></p> <p><i>Please refer to Appendix A, KPI 4 for visuals.</i></p>

Internal controls assessment²

Based on the controls identified and tested, we have determined that there is reasonable evidence to indicate that:

#	Objective	Report classification				
		Optimally Controlled	Managed	Some Improvement Opportunity	Major Improvement Opportunity	Unacceptable Risk Exposure
1	The City has complied with Table 4 in Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure since March 31, 2019 as evidenced by the 2018-2019 AMP.	✓				
2	The City has clearly established road infrastructure maintenance program strategies and substantial implementation progress has been made towards most documented strategies.		✓			
3	The City has effective governance, people, and technology processes in place to achieve efficiency in operations throughout the road maintenance lifecycle.			✓		

During the audit, we noted the following good practices implemented by Public Works – Operations.

- A process has been implemented in which capital projects exceeding a specified threshold are required to be included in a separate report to Council outlining the reasons for the deficit. The requirement of disclosure depicts that concerns are raised to the highest level of authority and that the various departments are held accountable.
- The City of Windsor has an established 2018-2019 Asset Management Plan which includes timeframes and frequency of review of the various inputs that contribute to the AMP, such as the AM Policy, Corporate AMP, State of Infrastructure Report, Service Area AMPs, Review of AMP implementation progress and the Capital Budget. The level of detail and visualizations provided within the AMP provide the reader with clear and concise details regarding the quality and trends of the City's various assets. The AMP is expected to be reviewed and updated in 2023.
- Process/informational documents applicable to road maintenance are defined. In particular, the "Road & Alley Inspection Program Guide", excerpts from the "IMS Procedure Manual" and "2021 Road Conditions Ratings Map", amongst others. We inspected various policies applicable to road maintenance from the City's Dashboard. These policies identify the purpose, scope, responsible parties as well as governing rules and regulations.
- The City follows a process to allow for the coordination and planning of road maintenance projects through the Utilities Coordinating Committee. Visuals of future projects are also mapped for city-based items such as road construction, mill & pave, engineering, sewer rehabilitation and drainage rehabilitation.

² Rating scale described in Appendix C

The consolidation of various projects on the map of the city allows for efficient detection of overlap between projects.

We identified areas where internal control weakness exists, however, none were noted as a significant control deficiency. If implemented, our recommendations would serve to provide greater financial accuracy, operational effectiveness, and better leveraging of existing technology capabilities.

Management has provided comprehensive action plans, which we believe will address the deficiencies noted. Below we provide a summary of the findings noted as part of our work:

Summary of findings

#	Topic	Rating ³		Management action plan
1	Establish a formal process relating to road maintenance coordination and road project deficiencies		Significant	The City will formalize its current process for identifying and addressing road deficiencies that may be under warranty.
			Moderate	
		X	Low	
2	Document a formal process to assist in identifying opportunities to merge related projects		Significant	The City will continue to work with the Utilities Coordinating Committee to identify opportunities to merge related projects. These meetings are documented through formal meeting minutes which are then distributed to committee members.
			Moderate	
		X	Low	In addition, the City will continue to work with the Windsor Utility Commission with respect to merging lead watermain replacement with road rehabilitation projects.
3	Investigate the root cause for the difference in results from the MBNC indicators for road maintenance spending and road quality		Significant	Management will continue to work with the established MBNC expert panel and City internal processes that are in place, specifically: <ul style="list-style-type: none"> A. Investigate and provide rationale for any year to year City measure result differences of +/- 10%. B. Participate in the MBNC Road Expert Panel peer review of measure results prior to finalization of data for the annual MBNC Performance Measurement Report. C. Compare City measure results to the median of MBNC
			Moderate	
		X	Low	

³ See Appendix C for Basis of Finding Rating and Report Classification

				municipalities and provide rationale to Council for any differences of +/- 10%.
4	Explore options to enhance data granularity in regards to road treatment spending and funding allocation by function class		Significant	<p>Management will continue to work with Asset Planning to finalize the implementation of the Assetic Predictor program, which will provide a formal process to effectively coordinate maintenance and address future projects through the prioritization of road work by type. Assetic Predictor will include enhanced data granularity in regards to road treatment spending and funding allocations.</p> <p>With respect to the tracking of expenditures, cost related to road rehabilitation cannot be easily categorised by type of treatment as each tender in each project includes various types of rehabilitation treatments and function classes. Opportunities for enhanced financial reporting will be investigated as we move forward with additional tools for automated procurement, budgeting and reporting. This will be addressed as opportunities to enhance our various systems arise.</p>
			Moderate	
		X	Low	

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Detailed findings

1. Establish a formal process relating to road maintenance coordination and road project deficiencies		Overall rating: Low	
Impact:	Low	Likelihood:	Likely
<p>Observation: The City has an informal process for identifying and addressing road deficiencies that may be under warranty. In particular we noted the two following methods:</p> <p>a) Correspondence via email between the City’s Contract Supervisor and a Contractor indicating a list of outstanding deficiencies noted subsequent to the inspection. The deficiency list within this email did not include a timeline for rectification or the deficiency identification date.</p> <p>b) Correspondence via document (Project Deficiency List) with a contractor that specified the project number, contractor, and date of substantial completion. A table was included in the document which included the deficiency item, the location, the date the deficiency was added as well as the date it was completed.</p> <p>We noted that there is no formal process document established to guide and control activities within this process.</p> <p>A process guiding the communication channel between the management team and the maintenance team does not exist. To ensure that road maintenance work is completed by the responsible party, communication between the two departments is crucial.</p>			
<p>Implication: A lack of established process for communicating and tracking outstanding deficiencies related to contractors may result in operational inefficiencies and having the City pay for work that might be under warranty.</p>			
<p>Recommendation: The City should consider developing a formal process to track and communicate with the contractors with respect to deficiencies noted. The process may include a standardized template to capture relevant and necessary details including but not limited:</p> <ul style="list-style-type: none"> • Contractor • Project number • Details of the deficiency • The date the deficiency was identified • Timelines for rectification of the issue <p>The overall process should also include a procedure to inspect roads under warranty that have a month left before warranty expires to make sure any remaining deficiencies can be communicated to the contractor prior to warranty expiration.</p> <p>An overall tracking document should be maintained to track and follow up on the progress of the outstanding deficiencies.</p>			

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A process to enable/guide coordination between the contract management team and the road maintenance team should be documented to ensure that timely communication is performed, and deficiencies are mitigated by the responsible parties. This may result in increased efficiencies between teams and cost savings.

Management Action Plan

<p>Recommendation: The City will formalize its current process used to track and communicate with the contractors with respect to deficiencies noted. The process will capture relevant and necessary details including the:</p> <ul style="list-style-type: none"> • Contractor; • Project number; • Details of the deficiency; • The date the deficiency was identified; and • Timelines for rectification of the issue. <p>The process will include a procedure to inspect roads under warranty that have a month left before warranty expires to make sure any remaining deficiencies can be communicated to the contractor prior to warranty expiration.</p> <p>The process relating to tracking and following up on the progress of the outstanding deficiencies will be documented.</p> <p>Communication between the contract management team and the road maintenance team relating to mitigating deficiencies will also be documented.</p>	<p>Responsible party:</p>	<p>Manager, Contracts, Field Services, & Maintenance</p>
	<p>Due date:</p>	<p>2022 Q4</p>

2. Document a formal process to assist in identifying opportunities to merge related projects

Overall rating:
Low

Impact: Low

Likelihood: Likely

Observation:

A Utilities Coordinating Committee exists which helps in coordination and planning of future similar projects related to utilities including identifying areas of road construction, mill & pave, engineering, sewer rehabilitation, drainage rehabilitation. The consolidation map includes collective plans and provides indication of overlap between projects.

We also inspected email evidence of the City’s attempt to merge other projects including Westminster storm sewer costs, and Windsor Utility Commission (WUC) project. Additionally, the City emails the Roads Need Study results (data report and map) to WUC each year upon completion of the road inspection program for their reference and use in planning & coordination of works.

Although the City provided evidence of various attempts to merge projects, of which some attempts were successful, a formal process documenting criteria to identify projects which can be potentially merged does not exist. Also, an overall communication and negotiation process to deal with the project managers does not exist.

Implication:

Absence of a formal process to identify opportunities to merge projects may lead to operational inefficiencies and missed opportunities to realize potential cost savings for the City.

Recommendation:

A formal process to document criteria for identifying opportunities to merge projects to create potential synergies and achieve economies of scale and efficiency in the process should be developed. The process should also include guidance / directions in regard to communication with the respective project managers.

A frequency to perform this exercise should be also defined, we would recommend annually as part of the annual planning exercise.

Management Action Plan

Through regular meetings with the Utilities Coordinating Committee (documented with meeting minutes), Management will continue to work with the Utilities Coordinating Committee to identify opportunities to merge related projects. Similarly, the City will continue to work with the Windsor Utility Commission with respect to merging lead watermain replacement with road rehabilitation projects.

Management will continue to work with Asset Planning to finalize the implementation of the Assetic Predictor program which will provide a formal process to effectively coordinate

Responsible party:

Manager, Contracts, Field Services, & Maintenance

Senior Manager of Asset Planning

Due date:

2024 Q1

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maintenance and address future projects and deficiencies.		
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3. Investigate the root cause for the difference in results from the MBNC indicators for road maintenance spending and road quality

Overall rating:
Low

Impact: Low

Likelihood: Likely

Observation:

We conducted a peer analysis regarding the key indicators related to road maintenance using the information from the 2019 Municipal Benchmarking Network Canada (MBNC) report. In selecting municipalities for comparison, we considered the following factors:

- Inflation
- Average Weather Conditions
- Level of Government
- Population
- City Size (Squared KM's)
- City Density

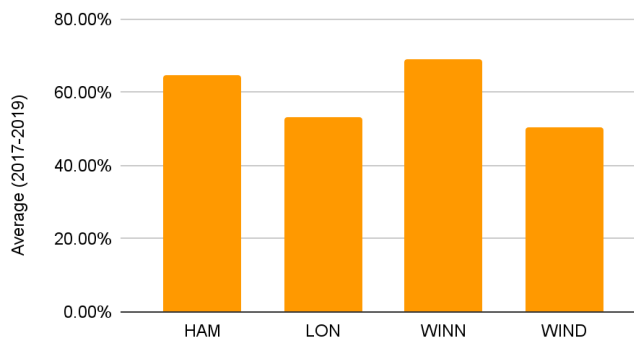
We selected the City of Hamilton, City of London, and City of Winnipeg to perform the analysis. The 2019 MBNC Report includes various measures for identifying municipalities' performance, relevant to peers, in regards to road maintenance and quality. We performed our analysis on the following two measures:

a) Percent of paved lane km where the condition is rated as good to very good

Note: This measure reflects the percent of paved lane km where no maintenance or rehabilitation action is required except for minor surface maintenance. Municipalities may use different approaches to assess and rate road conditions.

The average % of paved lane km where the condition was rated good to very good during the 2017-2019 period for City of Windsor and the selected comparators are as follows:

Average Road Conditions (2017-2019)



City of Windsor⁴: 50%

City of Hamilton: 65%

City of London: 53%

City of Winnipeg: 69%

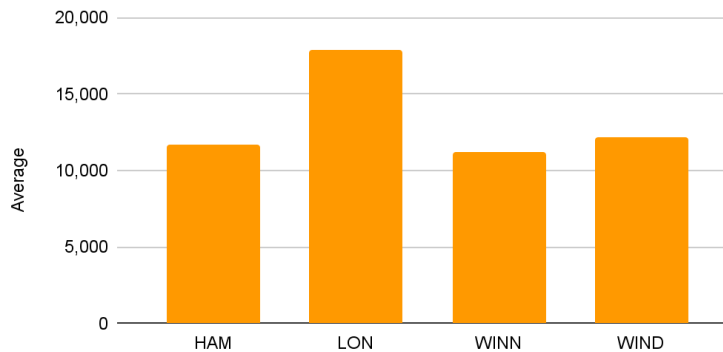
⁴ The results of this analysis includes years 2017-2019. The results of KPI 3, seen in Appendix A, indicate a significant increase in the road infrastructure budget in 2020. It is acknowledged that the impacts of the increased spending on road infrastructure and the resulting impacts on the road condition are not reflected in this analysis.

b) Total Cost for Paved Roads per Lane Km (Hard Top) (in Thousands)

Note: This measure represents the total cost to maintain hard top (paved) roads. It includes operating costs and amortization associated with capital costs for paved road maintenance. A lane km is defined as a kilometre long segment of roadway that is a single lane in width. For example, a one km stretch of a standard two-lane road represents two lane km.

The average cost for paved roads per Lane Km (Hard Top) during the 2017-2019 period for the City of Windsor and the selected municipalities are as follows:

**Total Average Cost for Paved Roads per Lane KM
(2017-2019)**



City of Windsor: \$12,147
City of Hamilton: \$11,697

City of London: \$17,908
City of Winnipeg: \$11,177

The results of this analysis indicate that the City of Windsor had the lowest % of roads ranked “Good to Very Good” even though the amount spent aligned with the selected municipalities in maintaining hard top roads. Management indicated that the method used to calculate the costs of paved roads per lane km may differ across municipalities based on the amortization method used for tangible capital assets and the method used to allocate overheads. In addition, whether or not a municipality includes laneways (ie. alleys) in the costs and lane km lengths can contribute to differences amongst municipalities in the result of this MBNC cost metric because laneways/alleys typically have a lower level of service. Management indicated that Windsor, being more southern in location, is typically subject to more freeze-thaw events which are damaging to road pavements. (Note: Management expressed concern regarding the inclusion of the City of Winnipeg as a comparator due to differing provincial reporting requirements, weather conditions, and a significant length of laneways included in the cost measure calculation; however the municipality has been used for other comparison previously and met the six factors considered by the internal audit project team).

Implication:

The results from the MBNC report may lead to ambiguities in public perception with respect to road maintenance spending and quality of roads.

Recommendation:

Management should investigate the root cause for the difference in results from the MBNC indicators with respect to road maintenance spending and quality of roads. We understand that the comparability of the result of the analysis, particularly regarding the City of Winnipeg, may be difficult given the difference in provincial reporting standards, inclusion or exclusion of laneways/alleys within the MBNC calculation and geographical concerns, particularly regarding weather conditions. However, the City of Winnipeg did fall within the acceptable range for various factors that resulted in its inclusion. Additionally, the exclusion of this municipality would not change the resulting conclusion.

Management should continue to independently conduct internal analysis of road quality indicators specified in the MBNC report and assess the results.

Management Action Plan

<p>Management appreciates the analysis performed by the Auditor on the two MBNC road measures as it suggests further analysis and comparison with other municipalities may lead to potential opportunities for improvement.</p>	<p>Responsible party:</p>	<p>Manager, Contracts, Field Services, & Maintenance; Manager, Technical Support</p>
<p>Currently, internal and MBNC processes are in place to review and analyze our own data from year to year and to compare it to the group of 15 MBNC municipalities as a whole. Historically, the City's results have been consistent and in line with the median results of the MBNC municipalities. These results are reported annually to Council.</p>	<p>Due date:</p>	<p>A. 2022 Q3 B. 2022 Q4 C. 2023 Q1</p>
<p>As the audit suggests, there may be potential benefits in performing further analysis of other municipalities' data and processes. However, investigating for root causes of MBNC result differences between municipalities may prove challenging. For example, the Total Cost measure is based by definition on Ontario FIR financial calculations which are complex and have variability amongst municipalities with respect to amortization, expense allocation, etc. In addition, the MBNC Report & Road Expert Panel provide 7 Influencing Factors that affect comparability of these road measures between municipalities (eg. capitalization policy, maintenance standards / level of service, traffic volumes, weather, etc.).</p>		
<p>Through the MBNC program, further work is taking place at the expert panel level to develop service level profiles for all panels. Service level profiles will provide additional information to help inform measure results</p>		

<p>and will aid in addressing differences amongst participating municipalities by providing additional insight into the root cause of data differences. This information could be used to supplement and enhance the annual MBNC reporting to both the public and to Council.</p> <p>With respect to the three municipalities selected for comparison for the 2017-2019 time period, an analysis by Management yielded the factors outlined in the Observation Section for this Finding as well as the following observations:</p> <ul style="list-style-type: none"> ● Windsor had the lowest average <i>Operating Cost for Paved Roads per Lane Km</i> ● Windsor had the highest average Amortization (depreciation of capital costs/assets) per lane km. ● London (nearest to Windsor in population, paved lane kms, & geographic location) had higher average <i>Total Cost for Paved Roads per Lane Km</i> and marginally better pavement condition. <p>In addition, it should be noted that Windsor's <i>Percent of Paved Roads Rated Good to Very Good</i> has increased from approximately 39% in 2004 to 50% in 2019. Amortization accounts for 76% of Windsor's <i>Total Average Cost</i> noted above and this represents the ongoing depreciation cost of historical and current capital improvements & roads added to the network.</p> <p>Management will continue to work with the established MBNC expert panel and City internal processes that are in place, specifically:</p> <ol style="list-style-type: none"> A. Investigate and provide rationale for any year to year City measure result differences of +/- 10%. B. Participate in the MBNC Road Expert Panel peer review of measure results prior to finalization of data for the annual MBNC Performance Measurement Report. C. Compare City measure results to the median of MBNC municipalities and 		
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provide rationale to Council for any differences of +/- 10%.		
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4. Explore options to enhance data granularity in regards to road treatment spending and funding allocation by function class

Overall rating:
Low

Impact:

Low

Likelihood:

Likely

Observation:

Two of the following agreed upon KPI's were not fully assessed due to the lack of data granularity. As a result, the required analysis and relevant results could not be identified. The two KPI's that could not be completed as originally intended were the following:

KPI 2: Variance in actual to planned spend per lane km by road treatment category

- To complete this analysis, we requested the budget and actual spending for 2016-2020 and projections for 2025 broken out by road rehabilitation treatments. The intention was to determine the volatility in actual spend to budgeted spend to uncover if there were any trends for consistent overspend or underspend and identify which particular road rehabilitation treatment methods were causing the greatest amount of variability.

Management communicated that data for road rehabilitation cannot be easily categorised by type of road rehabilitation treatment as each tender in each project includes various types of rehabilitation treatments and function classes. It was noted management does not have an efficient way to allocate "non-tender" costs to these rehabilitation treatment categories/function classes. Therefore, we were unable to conduct the analysis of this KPI at the level of specification originally anticipated.

The City is able to compare budget and actuals for a PeopleSoft Project number, however the PeopleSoft Project number is not linked to the overarching Questica Project (Program) number. Management has indicated that compiling budget and actual cost data for the Questica project IDs would be extremely time consuming as this would have to be compiled manually from PeopleSoft and there is no link between the systems. There are multiple PeopleSoft Project numbers for each Questica Project number.

KPI 3: Increase in Funding allocation

- To complete this analysis, we requested the funding sources for the various function classes (C1 & C2 Collector, C1 & C2 Arterial and Expressways) for 2016-2020, with projections for 2025. The intention was to determine if the amount of funding was increasing year over year at least by the amount of 1.16% (dedicated tax levy for AMP).

Management confirmed that funding cannot be categorized by function class (ie. Arterial, Collector and Expressways) as the budget is approved at a high level. Having the budget approved at "Road Infrastructure" level allows for greater flexibility.

Please refer to Appendix A, KPI 2 & KPI 3 for visuals.

Implication:

Lack of granularity requirements when reporting budgets and actuals in regards to road maintenance may result in the inability to perform analysis at a level of specificity that could provide valuable insights. The inability to identify trends in a timely manner may result in operational inefficiencies.

Recommendation:

Given the importance and investment in road infrastructure the City should clearly define meaningful key spending and funding allocation performance indicators by which progress, and performance may be measured. Once this is defined by management there should be an assessment to ensure that supporting data and records are collected in a manner sufficient to provide current, historical and, ideally, forecasted performance of these performance indicators.

The City should explore options to enhance data granularity. This may include performing a cost benefit analysis to determine if the benefits associated with obtaining additional resources would outweigh the expense. This in turn would allow the City to identify trends and provide timely analysis of information which may lead to enhanced transparency and operational effectiveness.

Management Action Plan

<p>The City has invested in the Assetic Predictor software that is expected to assist in assessing the condition ratings of various assets (such as our roads and sewers) and in the prioritization of the repair and maintenance work related to those assets. Management will continue to work with Asset Planning to finalize the implementation of the Assetic Predictor program which will provide a formal process to effectively coordinate maintenance and address future projects and deficiencies.</p>	<p>Responsible party:</p>	<p>Executive Director, Operations Deputy Treasurer Financial Planning Senior Manager Asset Planning</p>
<p>The program will also assist with prioritization of road work by type and provide the ability to develop and monitor budgets on a more granular basis. Assetic Predictor will include enhanced data granularity in regards to road treatment spending and funding allocations. Adjustment can then be made based on future needs such as road function class, budget availability, social and economic needs, etc.</p>	<p>Due date:</p>	<p>2024 Q1</p>
<p>With respect to the tracking of expenditures, as noted, cost related to road rehabilitation cannot be easily categorised by type of treatment as each tender in each project includes various types of rehabilitation treatments and function classes. Despite this limitation, in 2022 enhancements were made to track road work costs related specifically to the EC Row Expressway. Under our current systems, this has created a tremendous amount of manual intervention to set-up and maintain this tracking for both Public Work Operations and Financial Planning staff. In order to roll this out to all roadways and maintenance types, significant staffing resources, along with process changes related to procurement and financial tracking, would be required.</p>		

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<p>Opportunities for enhanced financial reporting will be investigated as we move forward with additional tools for automated procurement, budgeting and reporting. This will be addressed as opportunities to enhance our various systems arise.</p>		
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Considerations for improvement

1. Consider reviewing road maintenance strategies within AMP for strategies not being considered for implementation

Observation

The City of Windsor has an AMP in place which was last updated in 2018-2019 AMP. This AMP includes strategies for various road maintenance activities. Upon inquiry of the following two strategies, we noted:

a). *Pre-commitments out up to five years for large projects*

- Management indicated that pre-commitment approvals for five-year intervals are not obtained, rather the approval is obtained on an annual basis. As per management, the ability to pre-commit funds out to five years exists however it is not practical for road rehabilitation. Management's current stance is to deal with on a year-on-year basis.

b). *Specifications for utility cuts have been enhanced to help maintain the road segment integrity and retain proper condition rating and useful life projections.*

- Management provided evidence of improvement regarding the utility cut process that occurred during 2011-2012. However, management indicated that no additional progress has been made towards this strategy as the changes implemented in 2012 addressed the concern and no additional improvements were required.

Consideration

Management should consider reviewing the above noted road maintenance strategies to determine if it needs to be removed or modified to align with the current needs of the City. The next AMP review and update is scheduled for the year 2023.

2. Consider the viability of generating 2025 SCI projections

Observation:

The following two KPI's were agreed upon when the scope was finalised that would include SCI projections for 2025:

a). *KPI 1: % of paved lane km where no maintenance or rehabilitation action is required (good to very good condition, having a Structural Condition Index 1-4*

b). *KPI 4: Road condition assessment over time with a target of no decline in score from 2016-2020 and projected improvement by 2025.*

The analysis for KPI 1 & KPI 4 included the analysis for the SCI values by function class (C1 & C2 Collector, C1 & C2 Arterial and Expressways). The data was originally requested for 2016-2020 and the projection for 2025. Management confirmed that funding is provided on a yearly basis, as a result, they cannot project future SCI's as they do not know specifically which roads will be given priority.

Consideration:

Upon completion of modelling in the Predictor software, Management should determine whether to include or exclude 5-year projections of SCI in the Asset Management Plan. ⁵

3. Consider defining realistic measurements or targets for monitoring road conditions**Observation:**

KPI 4: Road condition assessment over time with a target of no decline in score from 2016-2020 and projected improvement by 2025 for specific in-scope function class roads (C1 & C2 Collector, C1 & C2 Arterial and Expressways).

For this KPI we considered two factors in generating our conclusions:

- A negative change of the weighted average SCI greater than or equal to 0.5, year over year from 2016-2020 for that specific in-scope function class would be noted.
- In addition, we considered whether the weighted average SCI at 2020 fell above or below the weighted average SCI value as at 2016 as an indicator of trend in road conditions. If the weighted average SCI for that particular in-scope function class for 2020 was above the value in 2016, this would indicate a decline in that particular function class's road condition.

The results of KPI 4 indicated a decline in road conditions, via the calculated weighted average SCI metric, for two in-scope function classes:

- a). C1 Arterials: Weighted Average SCI saw an overall deterioration in condition from 2016 (SCI: 8.88) to 2020 (SCI: 11.26), a decline in condition of 2.38. In addition, a negative trend ≥ 0.5 was exceeded in each year from 2016-2018. Although the Weighted Average SCI trend has shown some improvement from 2018-2020, the 2020 weighted average SCI exceeds that weighted average SCI during 2016.
- b). Expressways: Weighted Average SCI saw an overall deterioration in condition from 2016 (SCI: 12.11) to 2020 (SCI: 14.09), decline in condition of 1.98. In addition, a negative trend that ≥ 0.5 was exceeded in each year from 2016-2019. Although the Weighted Average SCI trend has shown some improvement from 2019-2020, the 2020 weighted average SCI exceeds the weighted average SCI during 2016.

Consideration:

This KPI was agreed to by management. It is recommended that management define a relevant measurement or target that aligns with the AMP in order to monitor road conditions. In particular, specific targets which specify acceptable tolerances for different roads and different segments may be beneficial.

⁵ Management provided screenshots and commentary regarding Predictor software currently being implemented for use by the City and WUC. The screenshots indicate that the City can forecast the road condition ratings based on current asset data. In addition, the software will have the sophistication to recommend road treatments as well as allocation for each type of road treatment. Management confirmed that this project has been in progress for 18 months and is near completion.

Appendix A: KPI Analysis

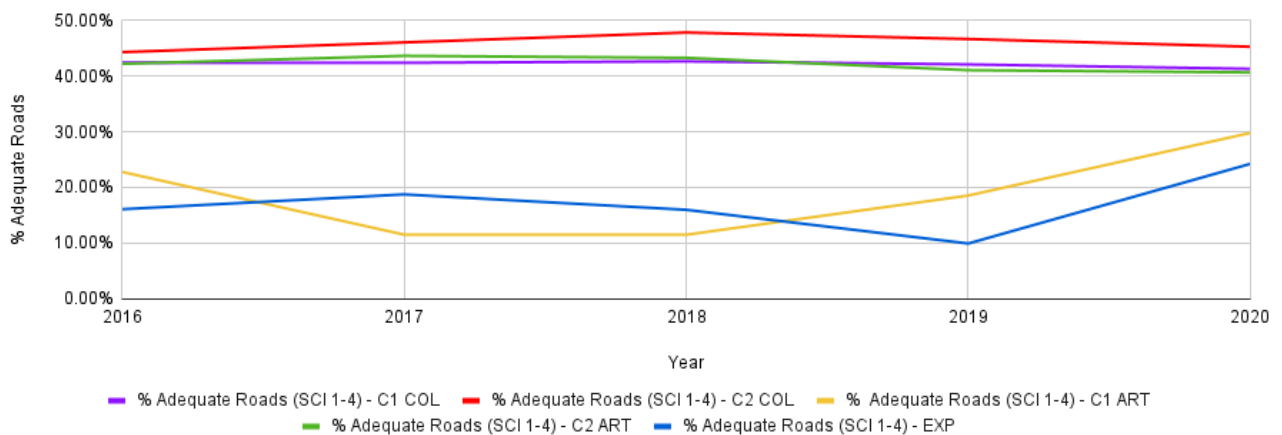
Revised KPI 1: % of total paved lanes for in-scope road classification where paved lane km has a structural condition index of < 5 (Excludes 2025 SCI projections)

Expectation to inform audit conclusion: % of total paved lanes for in-scope road classification where paved lane km has a structural condition index of < 5

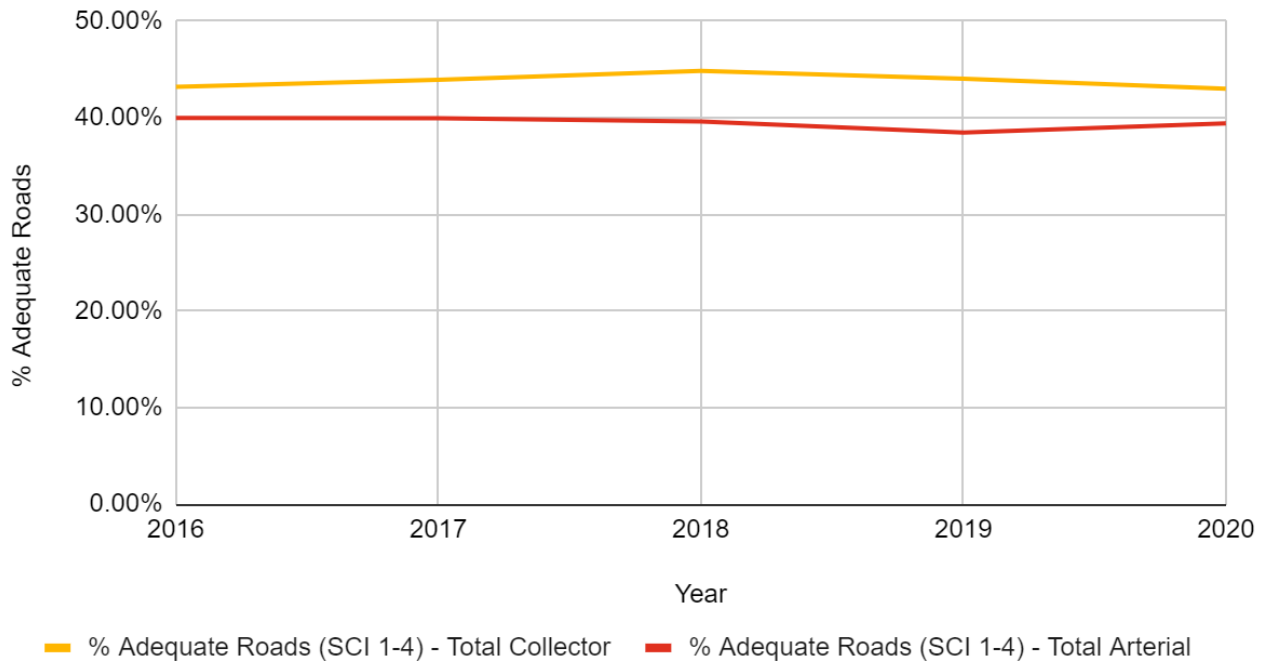
Note: The graphs were developed using the Mid-Year reports provided by management. The % adequate roads were calculated as the adequate km (LN/L) for the specific in-scope function class, divided by the total km for that in-scope function class. Increases in the line graph indicate an improvement in the % of roads that are deemed adequate for that specific in-scope function class.

For the purposes of interpreting the results, the 2017 Mid-Year report results are reflected in 2016 in the graph below. The mid-year reports are generated in early to mid June once all scheduled inspections have been performed and all the inspection data processed to the Hansen system. Therefore, the inspections are actually performed closer to the year end of the previous year than the year end of the current calendar year. For example, an inspection performed in March/April 2017 is closer to the year end 2016 than it would be to year end 2017.

% Adequate Roads (SCI 1-4) by In-Scope Function Class



% Adequate Roads (SCI 1-4) - Total Collector & Total Arterial

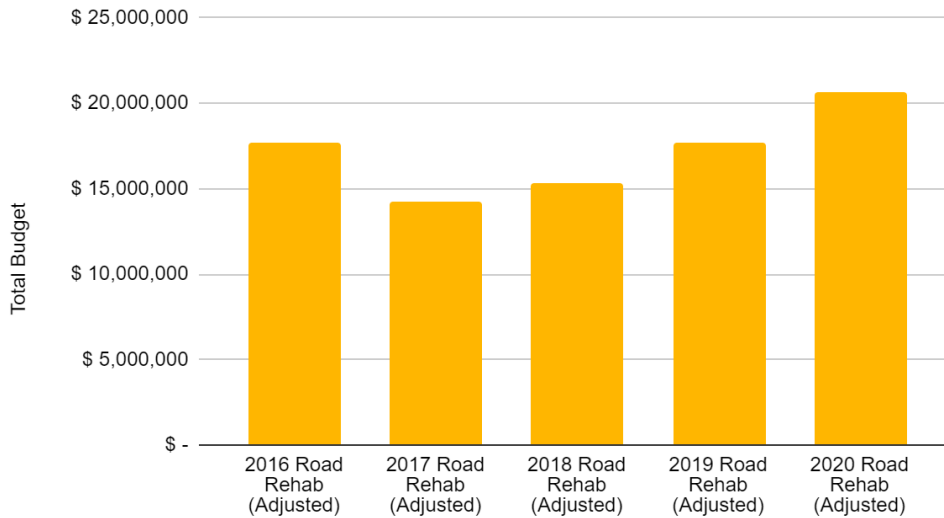


Revised KPI 2: Variance in actual to planned spend for the Road Rehabilitation category was within 5%

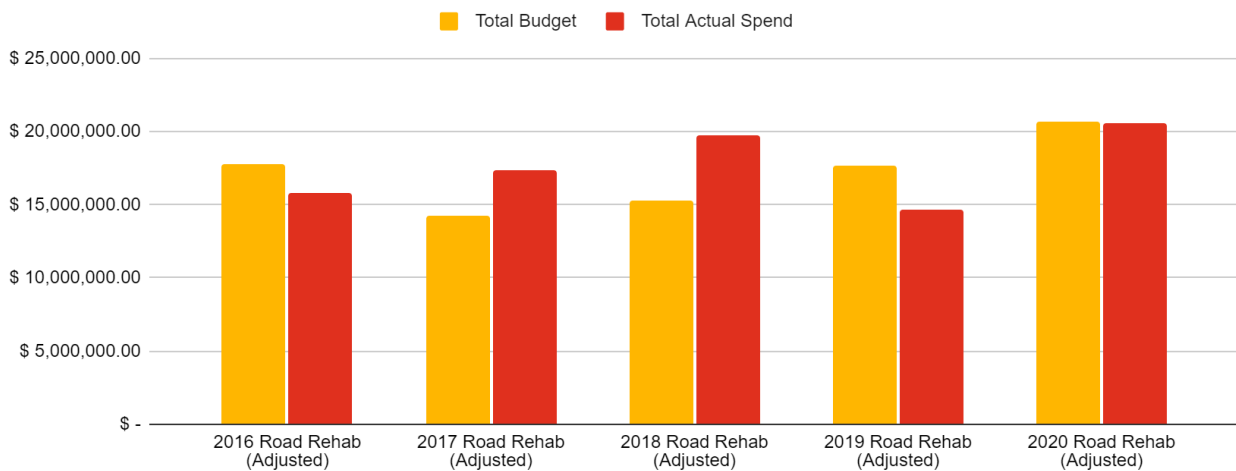
Expectation to inform audit conclusion: Less than 5% of plan

Note: For the purposes of this analysis, the City provided the road rehabilitation budget for 2016-2020 along with additional projects that would be considered road rehabilitation. The term “adjusted” in the graphs references the inclusion of the budget and actuals for road rehabilitation as well as the inclusion of the budgets and actuals that would be considered road rehabilitation projects.

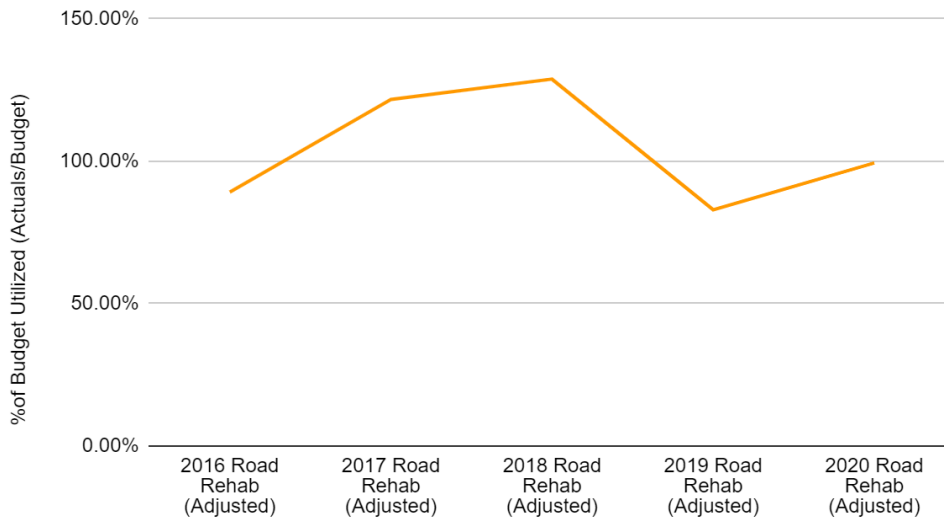
Adjusted Road Rehabilitation Budget (2016-2020)



Total Budget vs Total Actual Spend (2016-2020)



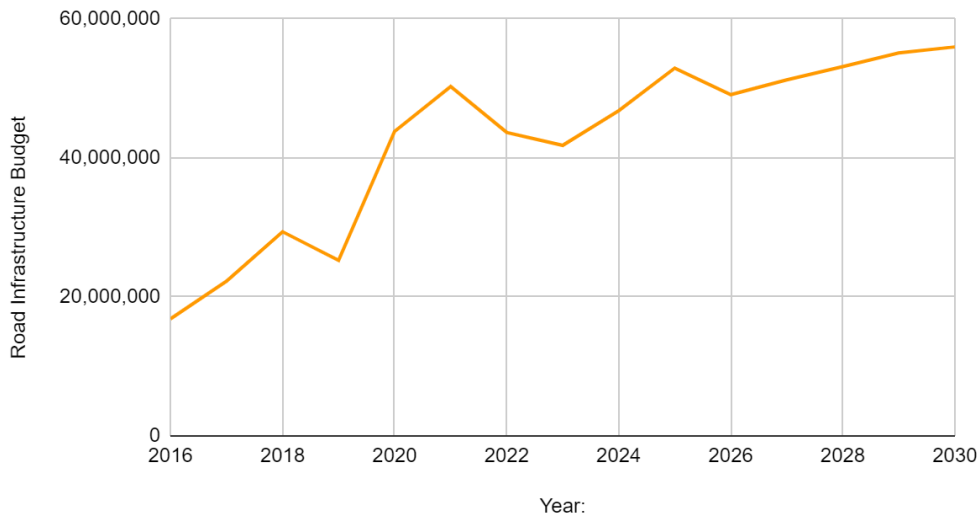
% of Budget Utilized



Revised KPI 3: Increase in funding allocation at the Capital Budget level

Expectation to inform audit conclusion: Should be at least 1.16% per year (the amount of dedicated tax levy for AMP)

Road Infrastructure Budget vs. Year:



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Revised KPI 4: Road condition assessment over time with a target of **no decline** in score from 2016-2020.

Expectation to inform audit conclusions: No decline in SCI from 2016-2020; projected improvement by 2025.

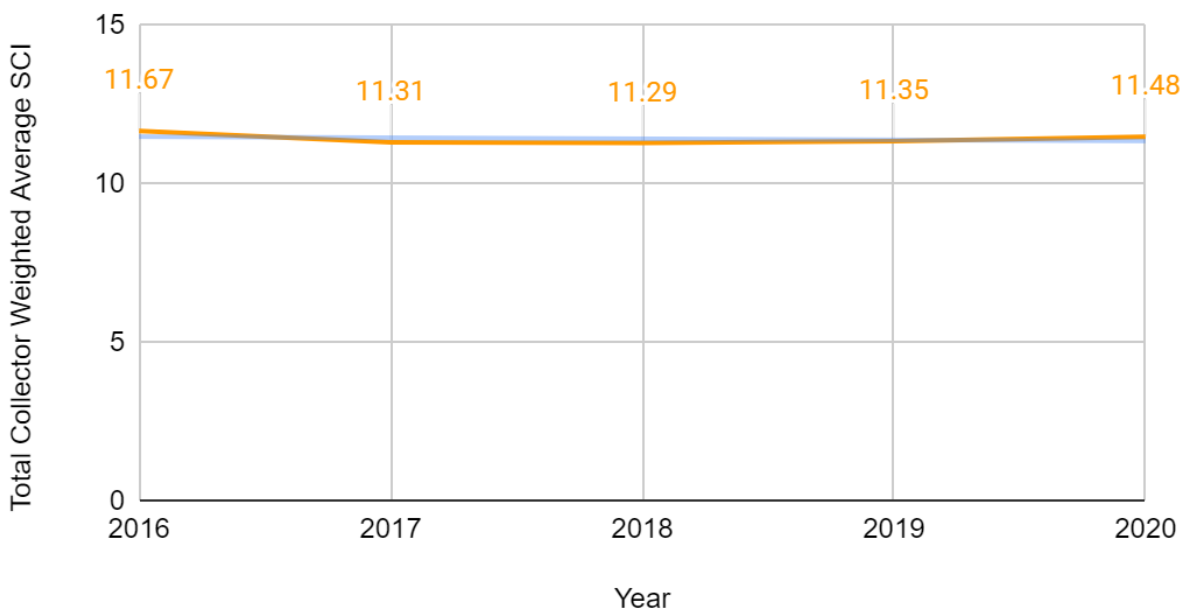
SCI	
20 - 100	Now Deficient
10 - 19	1 - 5 Year Deficient
5 - 9	6 - 10 Year Deficient
1 - 4	Adequate

Note: The graphs were developed using the Mid-Year excel reports provided by Management. The SCI was calculated as a weighted average for each in-scope function class from 2016-2020. An increase in the line graph indicates a decline in road condition for that specific in-scope function class.

For the purposes of interpreting the results, the 2017 Mid-Year report results are reflected in 2016 in the graph below. The mid-year reports are generated in early to mid June once all scheduled inspections have been performed and all the inspection data processed to the Hansen system. Therefore, the inspections are actually performed closer to the year end of the previous year than the year end of the current calendar year. For example, an inspection performed in March/April 2017 is closer to the year end 2016 than it would be to year end 2017.

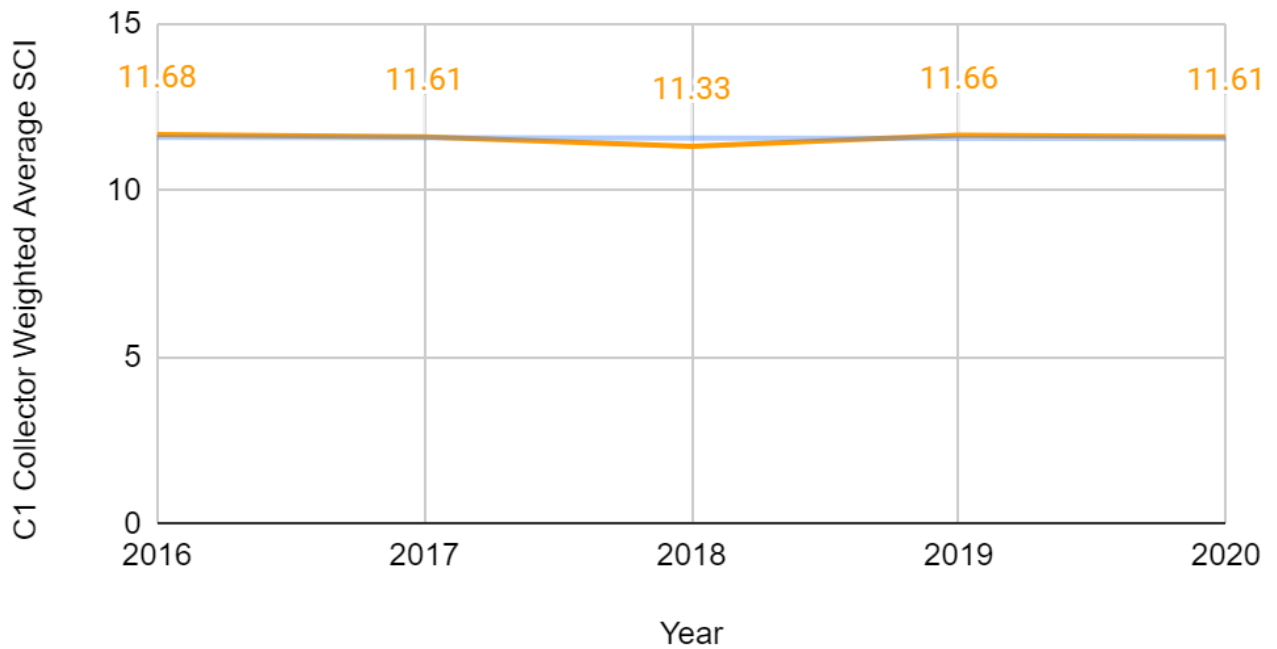
Collector Roads:

Total Collector Weighted Average SCI



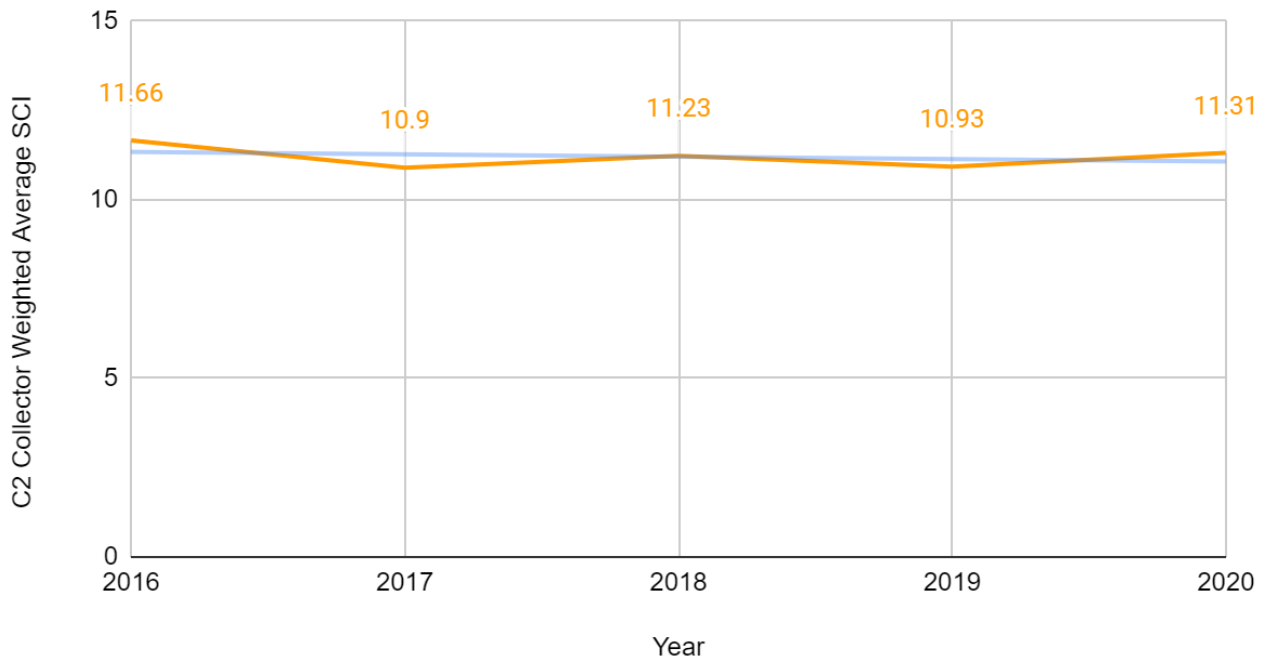
Total Collector: Weighted Average SCI remained relatively stable from 2016 through 2020. There were no instances of year over year increases in weighted average SCI by an amount greater than or equal to 0.5. In addition, the 2020 weighted average SCI of 11.48 showed improvement over the 2016 weighted average SCI result of 11.67.

C1 Collector Weighted Average SCI



C1 Collector: Weighted Average SCI remained relatively stable from 2016 through 2020. There were no instances of year over year increases in weighted average SCI of an amount greater than or equal to 0.5. In addition, the 2020 weighted average SCI of 11.61 showed improvement over the 2016 weighted average SCI result of 11.68. No concerns were noted.

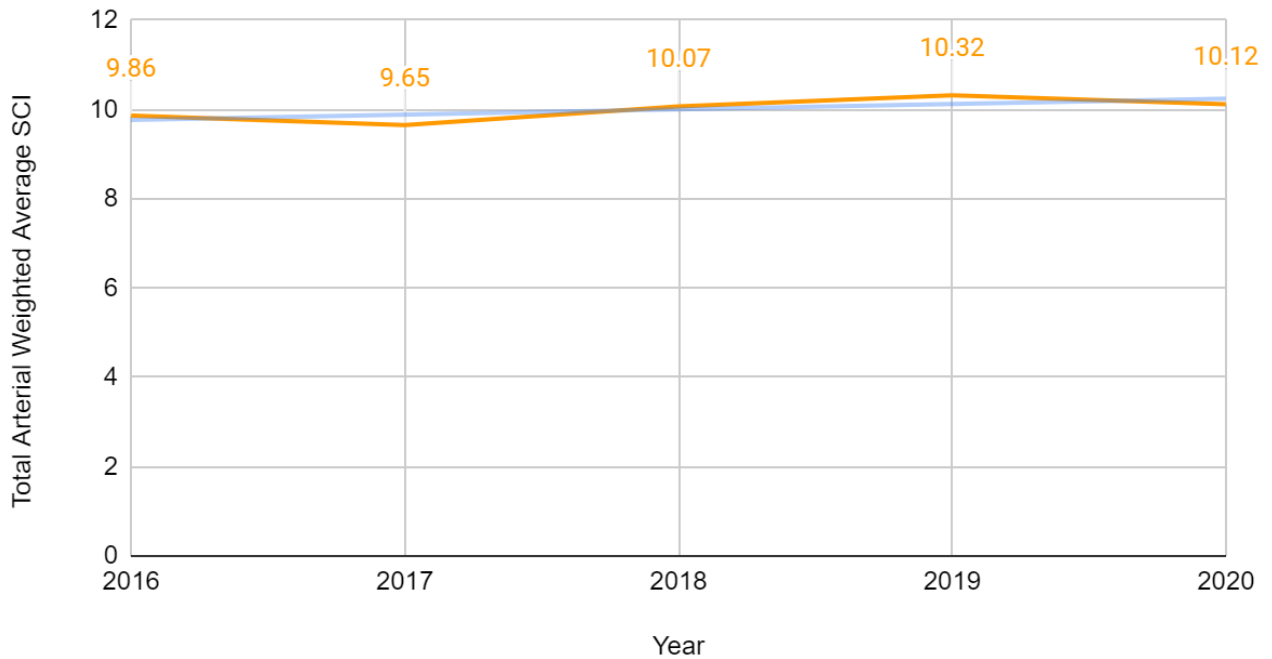
C2 Collector Weighted Average SCI



C2 Collector: Weighted Average SCI saw a decrease in SCI that was greater than 0.5 from 2016-2017, which indicates improvement in the condition of the in-scope function class. The weighted average SCI trend remained relatively stable from 2017 through 2020. In addition, the 2020 weighted average SCI of 11.31 showed improvement over the 2016 weighted average SCI result of 11.66. No concerns were noted.

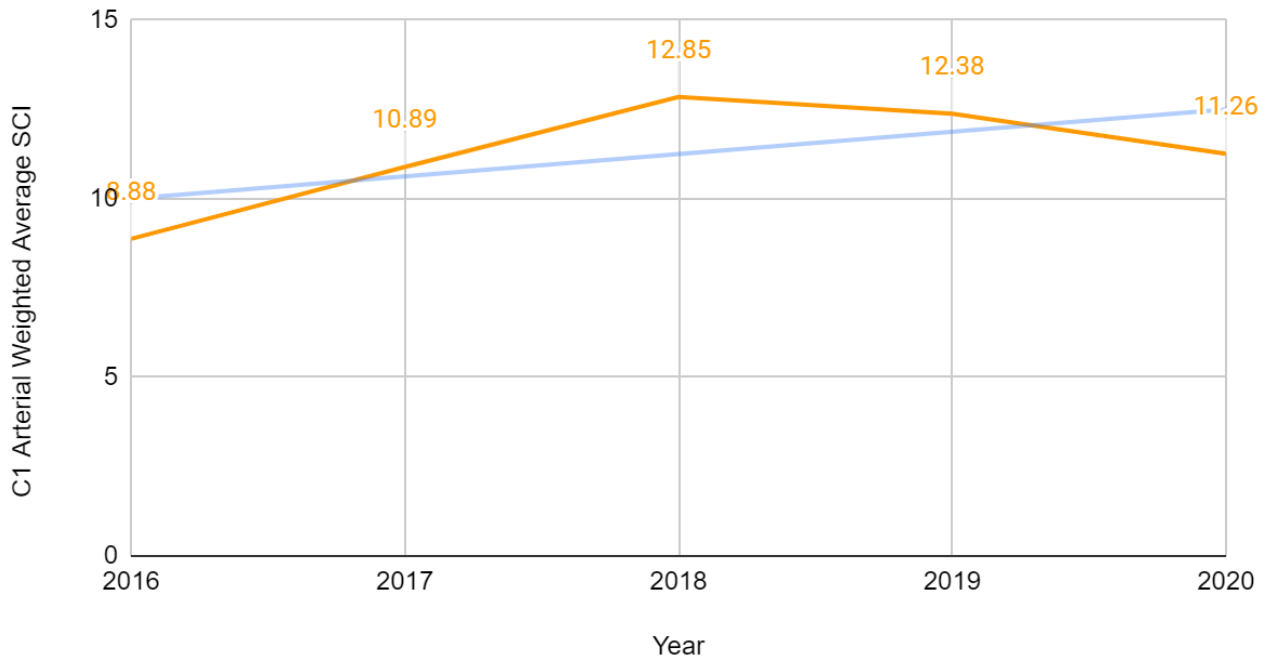
Arterial Roads:

Total Arterial Weighted Average SCI



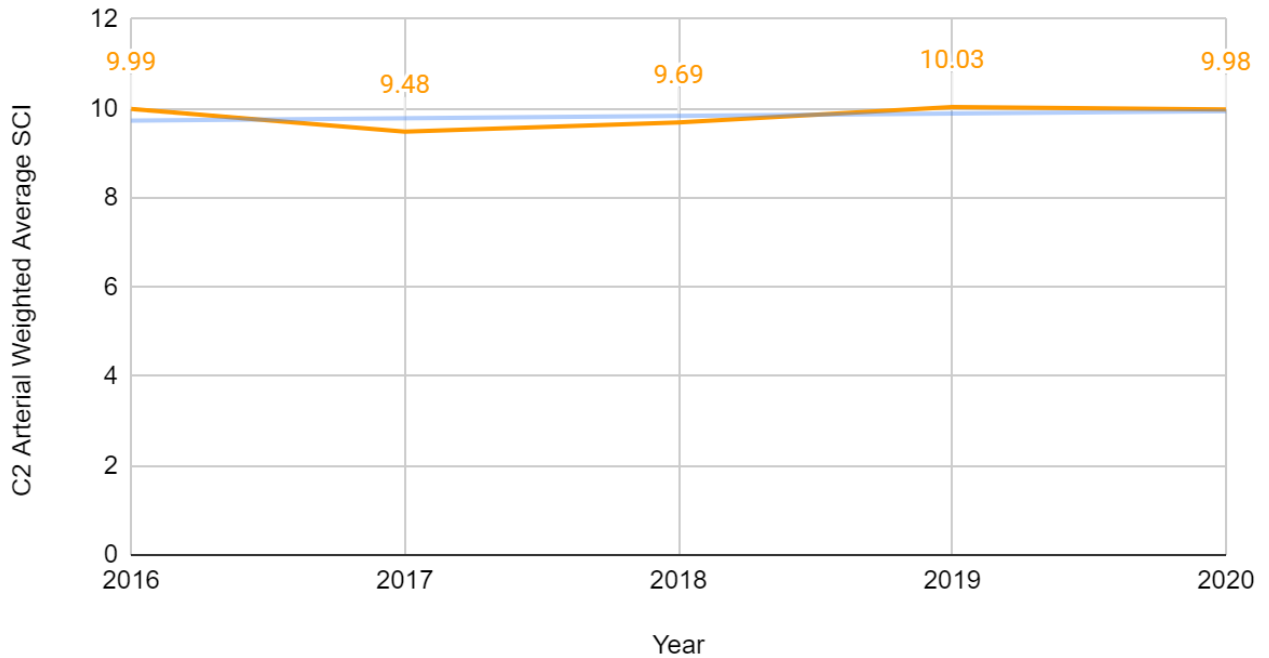
Total Arterials: Total Arterial Weighted Average SCI saw overall deterioration in condition from 2016 (SCI: 9.86) to 2020 (SCI: 10.12), a decline in condition of 0.26. No individual year over year comparison indicated a decline in road condition from 2016-2020 of an amount greater than or equal to 0.5. No concerns were noted.

C1 Arterial Weighted Average SCI



C1 Arterial: Weighted Average SCI saw an overall deterioration in condition from 2016 (SCI: 8.88) to 2020 (SCI: 11.26), a decline in condition of 2.38. In addition, a negative trend ≥ 0.5 was exceeded in each year from 2016-2018. Although the Weighted Average SCI trend has shown some improvement from 2018-2020, the 2020 weighted average SCI exceeds that weighted average SCI during 2016. This is noted in CFI 3.

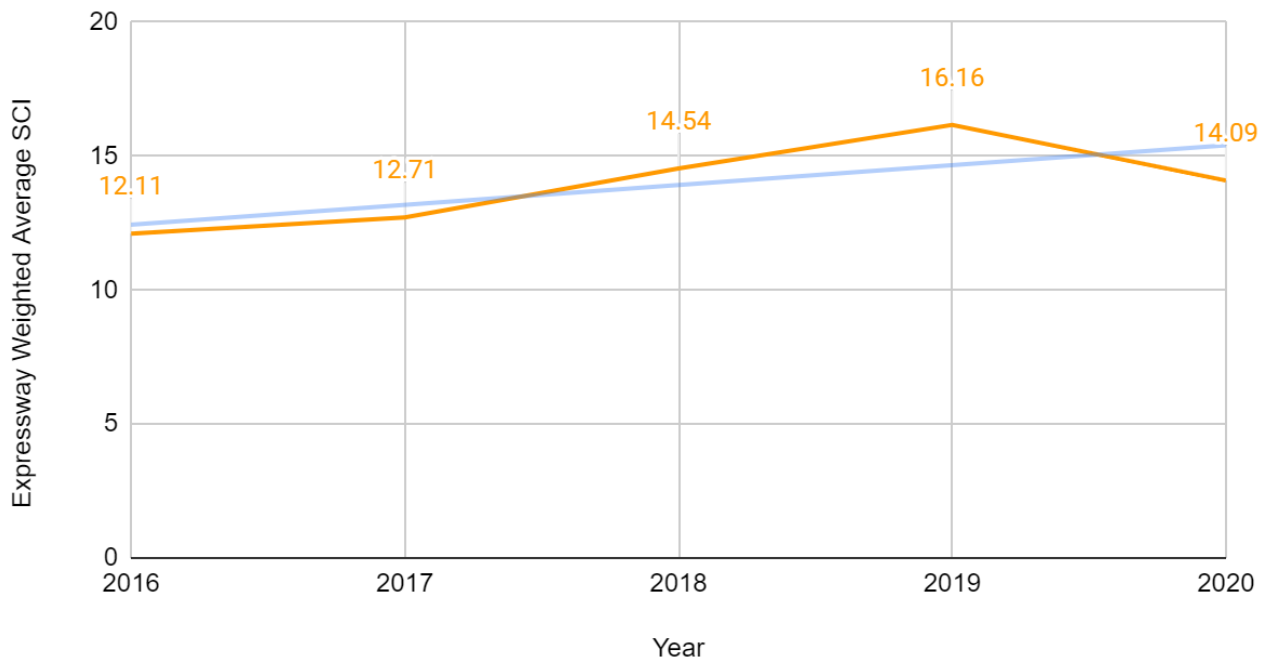
C2 Arterial Weighted Average SCI



C2 Arterial: Weighted Average SCI saw an overall improvement in condition from 2016 (SCI: 9.99) to 2020 (SCI: 9.98). There were no instances of year over year increases in weighted average SCI of an amount greater than or equal to 0.5. No concerns noted.

Expressways:

Expressway Weighted Average SCI



Expressway: Weighted Average SCI saw an overall deterioration in condition from 2016 (SCI: 12.11) to 2020 (SCI: 14.09), decline in condition of 1.98. In addition, a negative trend that ≥ 0.5 was exceeded in each year from 2016-2019. Although the Weighted Average SCI trend has shown some improvement from 2019-2020, the 2020 weighted average SCI exceeds the weighted average SCI during 2016. This is noted in CFI 3.

Appendix B: Background, Scope and Objectives

Background

We conducted a Value for Money (VFM) /Performance Audit of road maintenance activities and processes based on the risks identified through discussion with key stakeholders. This was a value enhancement audit where the Internal Audit (IA) addressed risks including: Regulatory Compliance, Road Maintenance Strategies and Governance, People and Technology design processes.

Scope

The focus of this internal audit will be to evaluate the performance of the activities related to road infrastructure maintenance of core transportation assets, specifically the expressway, arterial roads, and collector roads. In particular Internal Audit worked with management to identify KPIs against which performance may be measured focusing on economy, efficiency and effectiveness of road maintenance activities. The KPIs were agreed with management prior to the audit kick off.

Performance objectives

In forming our audit conclusions, the following performance indicators were assessed for the past five fiscal years (2016-2020) and the projected 2025 fiscal year for the in-scope road infrastructure functional classification categories. Select municipal comparisons were made where information was available.

1. % of paved lane km where no maintenance or rehabilitation action is required (good to very good condition, having a Structural Condition Index 1-4)
2. Variance in actual to planned spend per lane km by roadway treatment category⁶
3. Increase in funding allocation⁷
4. Road condition assessment over time with a target of no decline in score from 2016-2020 and projected improvement by 2025

Revision: During fieldwork it was determined that all four mutually agreed to KPIs could not be assessed. As a result, four revised measures were used at a more aggregate level:

- *Revised KPI 1: % of total paved lanes for in-scope road classification where paved lane km has a structural condition index of < 5 (Excludes 2025 SCI projections)*
- *Revised KPI 2: Variance in actual to planned spend for the Road Rehabilitation category was within 5%*
- *Revised KPI 3: Increase in funding allocation at the Capital Budget level.*
- *Revised KPI 4: Road condition assessment over time with a target of no decline in score from 2016-2020.*

⁶ Management was not able to readily provide information/data/analysis at the level of specificity for this measures - a revised KPI #2 was then used.

⁷ Management was not able to readily provide information/data/analysis at the level of specificity for this measures - a revised KPI #3 was then used.

Internal audit objectives

The focus of this internal audit was on the performance of the activities related to road infrastructure maintenance of core transportation assets. Specifically, maintenance activities related to the Arterial, Collector and Expressway road infrastructure functional classification categories were examined for economy, efficiency and effectiveness by conducting the following high-level audit activities:

1. Examine progress made to comply with Table 4 in Ontario Regulation 588/17: Asset Management Planning for Municipal Infrastructure since March 31, 2019 as it specifically relates to maintenance for road functional classifications which are in-scope on this project (effectiveness).
2. Assess road infrastructure maintenance program strategies, implementation plans and current performance against CoW 2018-19 Asset Management Plan (AMP) and common practice (economy & effectiveness).
3. Assess the design of governance, people and technology processes in place to achieve efficiency in operations throughout the road maintenance lifecycle (economy & efficiency).

Specific scope exclusions

Given the nature of the work and budgeted effort, the following elements are explicitly excluded from the scope of this internal audit:

- The effective design, implementation and operation of the Information and Technology (IT) environment and IT general controls;
- Local, Scenic Parkway and Alley road infrastructure assets are considered lower risk.
- Activities related to winter road clearing maintenance as a Value for Money/Performance Audit of purchased services related to winter road clearing was conducted in 2020.

Controls in place to identify, prioritize, plan and oversee the AMP roll out prior to March 31, 2019 as asset management practices covered in the 2019 Internal Audit of life cycle costing and asset planning methodology.

Appendix C: Basis of findings rating and report classification

Performance measurement classification

Performance Measures Fully Met	
Exceeded	>100% of performance measure
Attained	100% of performance measure
Performance Measure Partially Met	
Substantially Attained	90-99.99% of performance measure
Partially Attained	70-89.99% of performance measure
Somewhat Attained	50-69.99% of performance measure
Performance Measure Not Met	
Not Attained	<50% of performance measure
Performance Measure Not Assessed	
Not Assessed	Given project constraints no determination of the performance criteria viable under the project or data constraints.

Audit report classification

Report Classification	The internal audit identified one or more of the following:
Optimally Controlled	<ul style="list-style-type: none"> Well-structured design effectively achieves fit-for purpose control objectives Controls consistently applied and operating at optimum level of effectiveness.
Managed	<ul style="list-style-type: none"> Sound design achieves control objectives. No control design improvements identified. Controls consistently applied. Only minor instances of controls identified as not operating, which have mitigating back-up controls or the risk of loss is immaterial. All previous significant audit action items have been closed.
Some Improvement Opportunity	<ul style="list-style-type: none"> Control design improvements identified, however, the risk of loss is immaterial. Isolated or "one-off" significant controls identified as not operating for which

	<p>sufficient mitigating back-up controls could not be identified.</p> <ul style="list-style-type: none"> 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 on a timely basis.
Major Improvement Opportunity	<ul style="list-style-type: none"> Design is not optimum and may put control objectives at risk. Control design improvements identified to ensure that risk of material loss is minimized and functional objectives are met. A number of significant controls identified as not operating for which sufficient mitigating backup controls could not be identified which may put control objectives at risk. Losses have occurred as a result of control environment deficiencies. Little action taken on previous significant audit findings to resolve the item on a timely basis.
Unacceptable Risk Exposure	<ul style="list-style-type: none"> Control design leaves the opportunity for loss, error or abuse. Significant control design improvements identified to ensure that the risk of material loss is minimized and functional objectives are met. An unacceptable number of controls (including a selection of both significant and minor) identified as not operating for which sufficient mitigating back-up controls could not be identified creating the opportunity for loss, error or abuse. Material losses have occurred as a result of control environment deficiencies. Instances of fraud or significant contravention of corporate policy detected. No action taken on previous significant audit findings to resolve the item on a timely basis.

Finding ratings

Finding rating matrix	Low Impact	Medium Impact	High Impact
Highly likely <ul style="list-style-type: none"> History of regular occurrence of the event. The event is expected to occur in most circumstances. 	Moderate	Significant	Significant
Likely <ul style="list-style-type: none"> History of occasional occurrences of the event. The event could occur at some time. 	Low	Moderate	Significant
Unlikely <ul style="list-style-type: none"> History of none or seldom occurrence of the event. The event may occur only in exceptional circumstances. 	Low	Low	Moderate

Impact	Impact Consideration
---------------	-----------------------------

High	<p>Financial impact likely to exceed \$250,000 in terms of direct loss or opportunity cost.</p> <p>Internal Control: Significant control weaknesses, which would lead to financial or fraud loss.</p> <p>An issue that requires a significant amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> • Failure to meet key strategic objectives/major impact on strategy and objectives. • Loss of ability to sustain ongoing operations: <ul style="list-style-type: none"> ◦ Loss of key competitive advantage/opportunity ◦ Loss of supply of key process inputs • A major reputational sensitivity, e.g., market share, earnings per share, credibility with stakeholders and brand name/reputation building. <p>Legal/regulatory: Large scale action, major breach of legislation with very significant financial or reputational consequences.</p>
Medium	<p>Financial impact likely to be between \$75,000 to \$250,000 in terms of direct loss or opportunity cost.</p> <p>Internal Control: Control weaknesses, which could result in potential loss resulting from inefficiencies, wastage, and cumbersome workflow procedures.</p> <p>An issue that requires some amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> • No material or moderate impact on strategy and objectives. • Disruption to normal operation with a limited effect on achievement of corporate strategy and objectives • Moderate reputational sensitivity. <p>Legal/regulatory: Regulatory breach with material financial consequences including fines.</p>
Low	<p>Financial impact likely to be less than \$75,000 in terms of direct loss or opportunity cost.</p> <p>Internal Control: Control weaknesses, which could result in potential insignificant loss resulting from workflow and operational inefficiencies.</p> <p>An issue that requires no or minimal amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> • Minimal impact on strategy • Disruption to normal operations with no effect on achievement of corporate strategy and objectives • Minimal reputational sensitivity. <p>Legal/Regulatory: Regulatory breach with minimal consequences.</p>

Appendix D: 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 only. 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.



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Appendix D - Smart City Cyber Risk Mitigation

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The Corporation of the City of Windsor

SmartCity Cyber & Privacy Risk Mitigation Review

Distribution list

For action

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Jelena Payne, Commissioner of Economic Development and Innovation
Shelby Askin Hager, Commissioner of Legal & Legislative Services
Marco Aquino, Executive Initiatives Coordinator

Internal audit report

March 8, 2022

Limitations and responsibilities

This Report was developed in accordance with our engagement letter addendum dated January 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.



Contents

Executive summary	3
Summary of internal audit results	6
Overview	8
Detailed findings	10
Considerations for improvement	13
Appendix A: Initial SmartCity Initiatives as of August 2021	14
Appendix B: Background, Scope and Objectives	16
Appendix C: Basis of findings rating and report classification	17
Appendix D: Limitations and responsibilities	20

Executive summary

SmartCity Context

The City of Windsor has been undergoing restructuring including the introduction of a new role within its Corporate Leadership Team, the Commissioner, Economic Development & Innovation. This new role and portfolio was created to support the City of Windsor's "progressive and forward thinking vision of growth and diversification." This role will provide leadership and strategic direction to the departments of Economic Development, Information Technology, Planning and Building Services while championing innovation across the Corporation. It is expected that many of the elements and initiatives under "SmartCity" would align with the new division.

The above information is recent however at time of planning and our review, we noted that the City of Windsor (the City) did not specifically track SmartCity initiatives and we could not locate a published City definition of SmartCity initiatives. Given the advancement of technology and the escalating need for digital engagement with public, Internal Audit used the following context for the purposes of the project:

A smart city uses information and communication technology (ICT) to improve operational efficiency, share information with the public and provide a better quality of government service and citizen well-being.

The main goal of a smart city is to optimise city functions and promote economic growth while also improving the quality of life for citizens by using technology and data analysis. The value lies in how this technology is used rather than how much technology is available.¹

Based on the above external definition Internal Audit worked with management to identify some projects which align to the definition (not a complete list). The City has planned and implemented several IT / SmartCity initiatives / projects. Such projects are assessed via conducting a security assessment considering the IT, Cyber, and privacy risks. The City's communications department informs citizens about new initiatives / SmartCity initiatives via various media sources,

A SmartCity/IT initiative includes various components including, but not limited to,: project governance, project management, performance measurement, concept, design/ development/acquisition, testing/validation, user experience etc. The scope of this internal audit was focused on cyber and privacy elements and did not assess the myriad of practices and controls in place to address these other key elements of a SmartCity Initiative.

SmartCity Numbers

Given that management does not currently track, or have an identifier for, SmartCity Initiatives providing information such as:

- Departments impacted
- SmartCity Initiatives Completed
- SmartCity Initiatives in Progress
- SmartCity Initiatives Projected
- Budget for in progress SmartCity Initiatives

is not readily possible.

¹ <https://www.twi-global.com/technical-knowledge/faqs/what-is-a-smart-city>

- Project purpose** We conducted an assessment of the internal controls and processes management has implemented to enable systematic approach to SmartCity risk mitigation as it relates to cybersecurity and privacy. We considered the City practices related to:
- approach to considering security and privacy risks for SmartCity initiatives
 - the use of a consistent framework to ensure that privacy and cyber security risks are assessed and managed for Smart City initiatives
 - monitoring mechanisms to indicate if the privacy and cyber risk mitigation plans have been or are being implemented for SmartCity initiatives.

Specific scope, objectives and exclusions are described in Appendix B.

- What we did** To conduct our work, we completed various activities including, but not limited to:
- Worked with management to identify a selection of City projects that align to the definition of SmartCity provided above for use in our evaluation of internal controls (see Appendix A).
 - Inquired of management regarding the roles and responsibilities related to privacy and security of information for SmartCity initiatives (Projects).
 - Reviewed cyber and privacy risk assessment processes and controls. This included Security Assessments and Privacy Impact Assessments.
 - Considered management’s data protection and privacy processes and controls and management’s mechanisms for assessing adherence thereunto.
 - Understood how cyber and privacy risks are considered through the project lifecycle.
 - Considered if a risk register is maintained for specific projects including cyber and privacy risks.

Overall assessment Overall, our assessment of SmartCity Cyber & Privacy Risk Mitigation at the City is one of **Some Improvement Opportunities**. We identified no findings rated as significant internal control weaknesses.

A total of three findings have been identified and two considerations for improvement have been provided as well.

Management comments

"Smart City" is a broad term with multiple definitions but all includes the use of technology, and as such the City of Windsor uses its IT Project Management Framework to manage any project that would fall under all definitions of a "Smart City" project.

The City's IT Project Management and Security Framework used for IT projects has built in components to assess Cyber and Privacy risk.

However, we do acknowledge there is always room for improvement.

Norm Synnott, CIO/Executive Director of IT
Date: March 25, 2022

Management offers comment considering PwC’s definition that “the main goal of a smart city is to optimise city functions and promote economic growth while also improving the quality of life for citizens by using technology and data analysis. The value lies in how this technology is used rather than how much technology is available.” Acknowledging that the City of Windsor does not necessarily label modernization initiatives under a “Smart City” category, the corporation does maintain a project list and each project considers a variety of risk factors, which may include cyber and IT security.

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That being said, to further identify and promote these city initiatives, and to align and support those being undertaken in the community, City Council has approved the creation of the new Economic Development and Innovation portfolio. This new division will pursue improved methods of communicating such initiatives and other successes publicly. While we endeavour to “improve operational efficiency, share information with the public and provide a better quality of government service”, we strive to do so in a purposeful and clear manner.

Jelena Payne, Commissioner, Economic Development & Innovation
Date: March 25, 2022

Summary of internal audit results

Based on the controls considered, we have determined that there is reasonable evidence to indicate that²:

#	Objective	Report classification				
		Optimally Controlled	Managed	Some Improvement Opportunity	Major Improvement Opportunity	Unacceptable Risk Exposure
1	For Smart City initiatives there is a plan/ approach in place to consider security and privacy risks		✓			
2	There is a consistent framework to ensure that privacy and cyber security risks are assessed and managed.			✓		
3	There is a monitoring mechanism in place to indicate if the privacy and cyber risk mitigation plans have been or are being implemented.			✓		

We identified areas where internal control weakness exists; however, no significant control weakness was noted.

Management has provided action plans, which we believe will address the deficiencies noted or identify the risk acceptance. Below we provide a summary of the findings noted as part of our work:

Summary of findings

#	Topic	Rating ³	Management action plan
Plan/ approach in place to consider security and privacy risks			
1	Formalize risk identification criteria or guideline with respect to IT/Cyber/Privacy risks	Significant	A position has been created dedicated to managing "Smart City" projects. Further, Management will: <ul style="list-style-type: none"> - review the governance structure of IT projects and provide clarity on "what is a project". - Increase touch points to better capture any upcoming IT or Smart City initiatives. - Modify the IT Project Management Framework to further support Cyber and Privacy Risk assessments.
		X Moderate	
		Low	

² Rating scale described in Appendix B

³ See Appendix B for Basis of Finding Rating and Report Classification

#	Topic	Rating ⁴	Management action plan	
Consistent framework to ensure that privacy and cyber security risks are assessed and managed				
2	Establish procedures to conduct Privacy Impact Assessments (PIA)		Significant	The IT Project Management Framework will be modified to add a Preliminary Privacy Needs Assessment by including the 5-6 questions, along with providing examples to help identify whether a Privacy Needs Assessment should be conducted.
			Moderate	
		X	Low	
Monitoring mechanism in place to indicate if the privacy and cyber risk mitigation plans have been or are being implemented				
3	Perform ongoing monitoring of project risks		Significant	It is Administration's view that our current processes (inclusive of the changes as a result of findings #1 and #2) for managing projects cover the monitoring of projects to mitigate Cyber and PII risk appropriately and therefore sufficiently address this matter. At this time, no further actions are deemed necessary. Administration will continue to monitor and as deemed necessary amend processes where considered appropriate and/or necessary.
		X	Moderate	
			Low	

⁴ See Appendix B for Basis of Finding Rating and Report Classification

Overview

SmartCity

The City of Windsor (the City) does not specifically track SmartCity initiatives and we could not locate a published City definition of SmartCity initiatives. Internal Audit conducted research and leveraged the following definition for the purposes of conducting this internal audit:

“A smart city uses information and communication technology (ICT) to improve operational efficiency, share information with the public and provide a better quality of government service and citizen well-being”. Generally, the SmartCity's main goal is to optimise City functions and promote economic growth while also improving the quality of life for citizens by using technology and data analysis. The value lies in how this technology is used rather than how much technology is available.⁵

As per discussion with management, several IT / SmartCity initiatives / projects are currently ongoing and / or are planned for implementation. Security and / or Privacy assessments are conducted for such projects which consider IT, Cyber, and privacy risks. Citizens are informed about such SmartCity initiatives via various media sources.

Current practices at the City would incorporate SmartCity initiatives into the overall project management practices currently in place. As such many of the controls Internal Audit evaluated related to project management, cyber risk mitigation related to projects and privacy risk management related to projects/initiatives.

Plan/ approach in place to consider security and privacy risk

There is a technology and/or data component within any SmartCity initiative by its very nature. All projects undergo planning and risk identification. As such, a SmartCity initiative goes through Security framework Assessment/analysis. Where personal data is identified the legal team and the Freedom of Information (FOI) coordinator is also involved. The criteria triggering this analysis, and the acceptance thereof, is significantly dependent on the nature of the initiative, the personnel participating (often IT, legal, finance, etc...) and their respective judgement.

Consistent framework to ensure that privacy and cyber security risks are assessed and managed

Three key mechanisms provide a framework for identifying privacy and cyber risk identification and management: IT/cyber risk assessment, Privacy impact assessment and the RFP templates. The initiation of many of these activities relies upon the experience and judgement of the various team members and specialists.

The IT project management team has a framework which includes a comprehensive security assessment tool. This tool is used for any project involving IT, data, cyber, privacy elements. A project specific risk register is maintained to log identified risks including IT and privacy risks.

The Corporation uses a Privacy Impact Assessment (PIA) template provided by the Information & Privacy Commissioner (IPC). The IPC of Ontario has provided a preliminary privacy needs assessment tool which has 5-6 questions, essentially to determine whether a PIA and whether the project involves personal or sensitive information. Based on this determination, and or project team judgement, management conducts a complete PIA for the respective initiative.

The RFPs templates/frameworks designed for procurement of IT assets or assets which include IT components, include Personal Information Protection and Electronic Documents Act (PIPEDA) clauses.

⁵ <https://www.twi-global.com/technical-knowledge/faqs/what-is-a-smart-city>

Mitigation plans for identified project risks are drafted. The project team maintains a project risk register. Within the project risk register an owner is assigned to each identified project specific risk.

Monitoring mechanism in place to indicate if the privacy and cyber risk mitigation plans have been or are being implemented

This project risk owner is responsible for monitoring their respective risk(s).

Risks are not aggregated across projects and a consolidated reporting of risk mitigation progress against expectations was not detected. Adherence to risk mitigation plans and implementation thereof are the responsibility of project teams.

Detailed findings

1. Formalize risk identification criteria or guideline with respect to IT/Cyber/Privacy risks			Overall rating: Moderate
Impact:	Medium	Likelihood:	Likely
<p>Observation: SmartCity initiatives are treated like any other IT project. These projects include a security assessment which considers IT, Cyber, and privacy risks. The criteria triggering such analysis, and the acceptance thereof, is significantly dependent on the nature of the initiative, the personnel participating and their respective judgement. While leveraging the experience of team members is critical to success, support mechanism which enables consistency and help reduce risk were not noted such as:</p> <ul style="list-style-type: none"> • formal risk identification criteria and guidelines for IT/Cyber/Privacy risks, • triggers requiring early initial engagement with cyber and privacy leaders, or • governing criteria for risk acceptance and approval. 			
<p>Implication: Cyber, privacy and IT risks associated with new projects, technology and data may not be well defined, identified or monitored resulting in service interruptions and/or breach or privacy/confidentiality.</p>			
<p>Recommendation: A mechanism should be designed and implemented requiring all projects to identify if they involve:</p> <ol style="list-style-type: none"> 1. the acquisition of technology or software, 2. access to/acquisition of/sharing of data/information (IT/cyber), 3. access to/acquisition of/sharing of PII data/information (privacy), 4. connection of external technology to the City environment, or 5. the use of Cloud based platforms. <p>Any project meeting one of these elements should require a security and privacy review with input or approval from a designated subject matter specialist for cyber, IT and/or privacy. The outcomes of such an assessment should define the risk mitigation strategy/requirements and the level of involvement of cyber, IT and privacy personnel in the project.</p> <p>Further, management should consider providing guidelines for risk acceptance and mitigation. All cyber and privacy risks accepted should be communicated to Senior Management for awareness and/or concurrence or override/rejection</p>			
Management Action Plan			
<p>The City of Windsor has a number of processes in place to address the PWC recommendations.</p> <ul style="list-style-type: none"> ○ The IT Strategic plan will review the governance structure of IT projects which will formalize the definition of "what is a project". Create touch points or a contact within the various lines of business to better capture any upcoming IT or Smart City initiatives. 	Responsible party:	CIO/ED of Information Technology	
	Due date:	October 1, 2022	

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<ul style="list-style-type: none"> ○ The IT Project Management Framework will be modified to better formalize the assessment and capture of Cyber and Privacy Risk assessments. ○ A position has been created dedicated to managing "Smart City" projects. 		
--	--	--

2. Establish procedures to conduct Privacy Impact Assessments (PIA)			Overall rating: Low
Impact:	Low	Likelihood:	Likely
<p>Observation: The Information & Privacy Commissioner (IPC) of Ontario has provided a preliminary privacy needs assessment tool which has 5-6 questions, essentially to determine whether a Privacy Impact Assessment (PIA) is needed and whether the project involves personal and sensitive information. Based on this determination, and or project team judgement, management conducts a complete PIA for the respective initiative by utilizing the PIA template.</p> <p>This preliminary need assessment for a PIA is conducted on an ad-hoc basis and is not a required activity.</p>			
<p>Implication: Unclear requirements and/or expectations on the use of PIA could lead to inconsistent and/or ineffective practices.</p>			
<p>Recommendation: A Preliminary Privacy Needs Assessment should be conducted for all projects or incorporated into project methodology/governance practices (management may consider integrating questions 4, 5 and 6 from the IPC's Preliminary Privacy Needs Assessment into initial project planning or risk assessment).</p> <p>Alternatively, an initial question, with examples of what personally identifiable information (PII) is, as to whether PII will be accessed, shared, or exchanged within or as an outcome of the project could be a specific question posed. If PII might be involved, then a Preliminary Privacy Needs Assessment should be conducted.</p>			
Management Action Plan			
The IT Project Management Framework will be modified to add a Preliminary Privacy Needs Assessment by including the 5-6 questions, along with providing examples to help identify whether a Privacy Needs Assessment should be conducted.	Responsible party:	CIO/ED of Information Technology	
	Due date:	October 1, 2022	

3. Perform ongoing monitoring of project risks			Overall rating: Moderate
Impact:	Medium	Likelihood:	Likely
<p>Observation: Project risk monitoring is performed as needed within project teams. We did not detect a regular monitoring, as to exposure/mitigation, of specific cyber and privacy risks associated with any given project from a central perspective. This should include risks managed/mitigated by 3rd parties.</p>			
<p>Implication: without oversight individual risk mitigation may be missed and/or the aggregate impact not understood in a timely manner.</p> <p>Absence of continuous monitoring of Third-Party Service Level Agreements relating to cyber/privacy risks of SmartCity Initiatives may result in breach of contracts and possible non-compliance to regulations that may lead to financial sanctions and overall reputational damage.</p>			
<p>Recommendation: Project risks, including cyber and privacy, should be regularly monitored for management/mitigation and changes. While this should occur routinely within the project, an aggregate /consolidated view should be considered at a program/all project level on a quarterly or semi-annual basis.</p> <p>Such monitoring should provide an insight into changes in risk posture and progress/sufficiency or risk mitigation/progress. The risk perspective should include how 3rd party risks are also addressed.</p> <p>A key risk to ensure is availability/continuity in that each project should include a phase/stage whereby availability management practices, disaster recovery and business continuity management practices are updated prior to implementation of a new project solution.</p>			
Management Action Plan			
<p>It is Administration's view that our current processes (inclusive of the changes as a result of findings #1 and #2) for managing projects cover the monitoring of projects to mitigate Cyber and PII risk appropriately and therefore sufficiently address this matter. At this time, no further actions are deemed necessary. Administration will continue to monitor and as deemed necessary amend processes where considered appropriate and/or necessary.</p>	Responsible party:	CIO/ED of Information Technology	
	Due date:	Complete	

Considerations for improvement

1. Define SmartCity initiatives and increase awareness of such IT/SmartCity initiatives

Observation

The City's communications department, via press releases and social media, informs citizens about new initiatives / SmartCity initiatives. The City does not specifically track SmartCity initiatives and we could not locate a published City definition of SmartCity initiative. Therefore the City cannot readily publish information on the various SmartCity initiatives within the City nor on its website (for citizen's awareness).

Consideration

Management should define what constitutes a SmartCity initiative. Based on this definition management may wish to consider identifying all SmartCity Initiatives, within the context or all projects, using a tag or identifier such as "SmartCity". This would allow reporting to the Council of those initiatives directly impacting Citizens and Technology.

Further, management should consider the risks and benefits of publishing a public webpage, or listing, of: (1) completed, (2) in process and (3) potential SmartCity projects.

2. Define expected success measures for SmartCity initiatives

Observation

Measurable SmartCity related measures are not currently required for each SmartCity initiative.

Consideration

Given that "A smart city uses information and communication technology (ICT) to improve operational efficiency, share information with the public and provide a better quality of government service and citizen well-being" management should consider updating project analysis forms/charters to identify (1) if a project is a SmartCity initiative and (2) where a project is a SmartCity initiative the expected/measurable indicators of success should be defined.

Specific consideration should be given to expected success measures related to (1) improve operational efficiency, (2) share information with the public and (3) provide a better quality of government service and citizen well-being should be articulated. Such practices should be applied to future projects and possibly current early-stage initiatives.

Appendix A: Initial SmartCity Initiatives as of August 2021

Initiative	Description
MioVision	Traffic camera data collection down Huron Church Rd (8 Intersections)
Ford Safety Insight Platform	Data analytics project to correlate map data, with collision data and Ford vehicle data to identify and predict accidents, thus reducing costs and improving safety. Includes partnering with UofW and St. Clair college.
Creation of a Data Solutions Division	Based on a prior report to the council and pilot from IBI. IT request for 2022 budget funds for positions and resources to create a Data Solutions Division
Windsor Works program	Major initiative to spur on Economic Development focusing on new initiatives and technologies to attract new business and citizens to Windsor. This is based on the Windsor works report to council https://www.citywindsor.ca/mayorandcouncil/Pages/Windsor-Works-Report.aspx , and encompasses many new Smart City initiatives, including using data analytics to analyze public reaction through surveys and social media.
myWindsor	Continuing initiative to develop online services.
Red light cameras	Installation of red-light cameras (10 intersections), to improve driver behavior, reducing speeding and accidents to improve public safety.
Digital Traffic Cameras	Upgrade and expansion of older analogue traffic cameras. Allows for real time access for Police. Several cameras will be viewable by MTO for public consumption.
NG911	Telecommunications, Dispatching and Emergency services radio upgrades to the new NG911 standards to enhance public safety
Streetlight data	https://www.streetlightdata.com/canada/ Using Streetlight data and platform to analyze transportation data and metrics
Virtual Reality cave	https://www.investwindsor.essex.com/en/how-we-help/virtual-reality-cave.aspx VR environment for testing. Primarily for connected and autonomous vehicle development.
TELUS innovation corridor	University Ave "The smartest 3km in Windsor Essex" (3 KM stretch on University Ave., to test 5G technology projects). Partnership with Telus, City, UofW, St. Clair, InvestWindsorEssex
Data Analytic Partnership	Current talks with UofW and St. Clair on shared partnership approach to Data Analytics
Citizen engagement for 2022 budget	Using BalancingAct to get citizen input on the 2022 budget https://abalancingact.com/
IoT Garbage sensors	Discussions regarding a pilot with St. Clair college to use garbage can sensors along the Riverfront.

Initiative	Description
Stormwater financing project	This project is to identify and collect available data (parcels, parcel IDs, land use codes, impervious layers, aerial photography) to create a fair and equitable storm water billing system.
Managed Security Services	An RFP is closing on Aug 13th to choose a partner to help monitor and analyze and improve the city's cyber security posture.
CHP Combined Power and Cooling program	Two CHP units have been installed (Huron Lodge, WFCU) that collect energy usage data for analysis.
Solar Panel program	Solar panels have been installed on various facilities (Aquatic Centre, Transit, WFCU) as part of a renewable energy program. Data is collected for analysis
PCI	Current project to ensure we meet the proper PCI requirements, to protect customer credit card information.

Appendix B: Background, Scope and Objectives

Background

A smart city uses information and communication technology (ICT) to improve operational efficiency, share information with the public and provide a better quality of government service and citizen wellbeing.

Scope

The main goal of a smart city is to optimise city functions and promote economic growth while also improving the quality of life for citizens by using technology and data analysis. The value lies in how this technology is used rather than how much technology is available.

Internal audit objectives

The focus of this internal audit will be to consider the effectiveness of the processes and controls management has in place to achieve the following objectives:

1. For Smart City initiatives there is a plan/approach in place to consider security and privacy risks of the following:
 - a. Collection of information as part of SmartCity initiatives
 - b. Information shared with other stakeholders
 - c. Acquirement/receipt of information from other stakeholders
2. There is a consistent framework to ensure that privacy and cyber security risks are assessed and managed.
3. There is a monitoring mechanism in place to indicate if the privacy and cyber risk mitigation plans have been or are being implemented.

Specific scope exclusions

Given the nature of the work, risk considerations and budgeted effort, the following elements are explicitly excluded from the scope of this internal audit work:

- The design, implementation and operation of the Information and Technology (IT) environment and IT general controls, end user computing controls, IT application controls, data integrity of reports used in IT dependent manual controls.
- Controls over the completeness, accuracy, reliability and validity of the evidence, information and data provided by management during the course of this review.
- The effective design, implementation and operation of business system and application controls related to the capture, processing, storage, reporting/presentation and exporting of information and data.
- A SmartCity/IT initiative includes various components including, but not limited to,; project governance, project management, performance measurement, concept, design/ development/acquisition, testing/validation, user experience etc. This scope of this internal audit was focused on cyber and privacy elements and did not assess the myriad of practices and controls in place to address these other key elements of a SmartCity Initiative.

Appendix C: Basis of findings rating and report classification

Audit report classification

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

Findings classification

Likelihood Scales & Mapping to Impact

Finding rating matrix	Low Impact	Medium impact	High Impact
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Highly likely <ul style="list-style-type: none"> History of regular occurrence of the event. The event is expected to occur in most circumstances. 	Moderate	Significant	Significant
Likely <ul style="list-style-type: none"> History of occasional occurrences of the event. The event could occur at some time. 	Low	Moderate	Significant
Unlikely <ul style="list-style-type: none"> History of none or seldom occurrence of the event. The event may occur only in exceptional circumstances. 	Low	Low	Moderate

Impact Scales

Impact	Impact Consideration
High	<p>Financial impact likely to exceed \$250,000 in terms of direct loss or opportunity cost.</p> <p>Internal Control: Significant control weaknesses, which would lead to financial or fraud loss.</p> <p>An issue that requires a significant amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> Failure to meet key strategic objectives/major impact on strategy and objectives. Loss of ability to sustain ongoing operations: <ul style="list-style-type: none"> Loss of key competitive advantage/opportunity Loss of supply of key process inputs A major reputational sensitivity, e.g., market share, earnings per share, credibility with stakeholders and brand name/reputation building. <p>Legal/regulatory: Large scale action, major breach of legislation with very significant financial or reputational consequences.</p>
Medium	<p>Financial impact likely to be between \$75,000 to \$250,000 in terms of direct loss or opportunity cost.</p> <p>Internal Control: Control weaknesses, which could result in potential loss resulting from inefficiencies, wastage, and cumbersome workflow procedures.</p> <p>An issue that requires some amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> No material or moderate impact on strategy and objectives. Disruption to normal operation with a limited effect on achievement of corporate strategy and objectives Moderate reputational sensitivity. <p>Legal/regulatory: Regulatory breach with material financial consequences including fines.</p>
Low	<p>Financial impact likely to be less than \$75,000 in terms of direct loss or opportunity cost.</p> <p>Internal Control: Control weaknesses, which could result in potential insignificant loss</p>

Impact	Impact Consideration
	<p>resulting from workflow and operational inefficiencies.</p> <p>An issue that requires no or minimal amount of senior management/Board effort to manage such as:</p> <ul style="list-style-type: none"> ● Minimal impact on strategy ● Disruption to normal operations with no effect on achievement of corporate strategy and objectives ● Minimal reputational sensitivity. <p>Legal/Regulatory: Regulatory breach with minimal consequences.</p>

Appendix D: 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 judgement 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 only. 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.

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Appendix E - Management Action Plan Validation Report

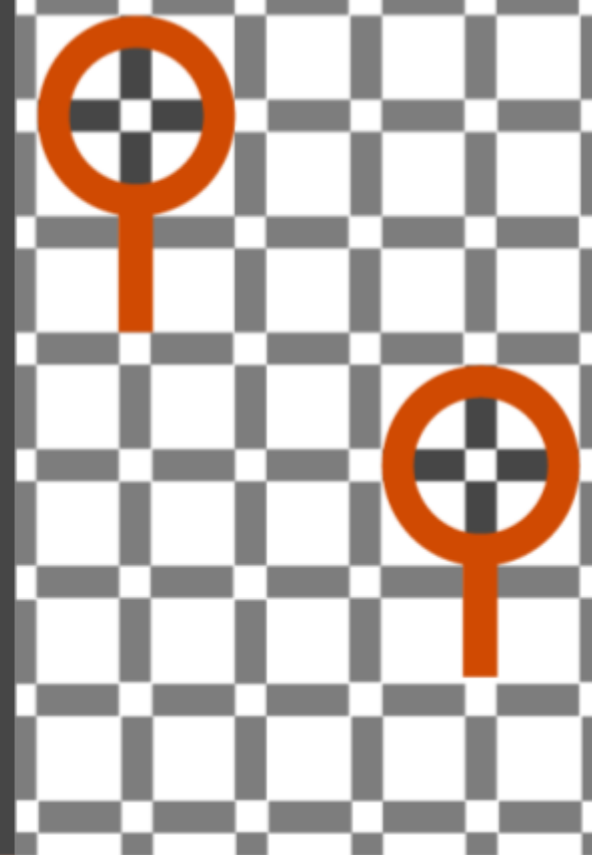
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The Corporation of the City of Windsor

Management Action Plans Validation Report

For the period January 1, 2021 to December 31, 2021

Prepared as of March 17, 2022



Limitations and responsibilities

This Report was developed in accordance with our engagement letter addendum dated January 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.

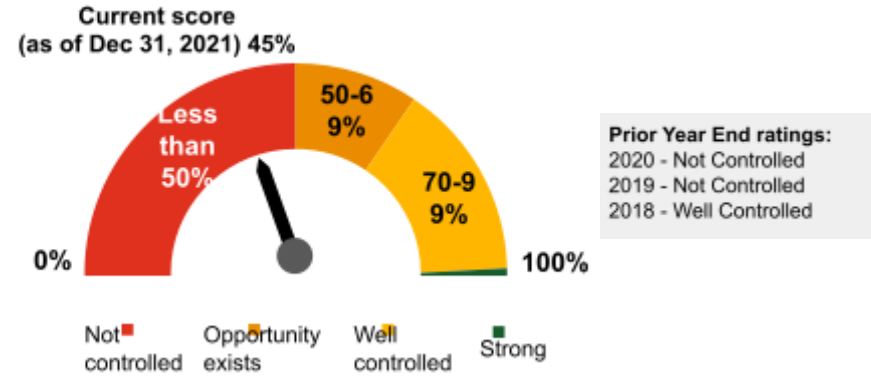


Contents

1. Executive summary	2
2. Open and delayed trends as at December 31, 2021	4
3. Action plan status by internal audit	5
Appendix A: Findings closed in the period	7
Appendix B: Risk acceptance	9
B.1 Formal risk acceptance	9
B.2 Implied short term risk acceptance	10
Appendix C: Management Action Plans which are “Open - on track”	12
Appendix D: Open & Delayed Management Action Plans	13
D.1 Management action plans retargeted during the period	13
D.2 Previously retargeted management plans	20
Appendix E: Basis of our classifications	23
Appendix D: Limitations and responsibilities	24

1. Executive summary

Key measures:	All findings	Significant findings
Average age of open findings:	3.3 years	4.1 years
Average age of past due findings:	3.4 years	4.1 years
Age of oldest past due finding:	6.6 years	6.6 years
Number of Past Due Findings:	16	5



In the above, ratings consideration is also given to the number of retargeted observations reduction for every 2% of action plan dates retargeted for the **second time or more in this period**. See Appendix E for ratings scale. with a rating

Rating	Opening balance (as of December 31, 2020)	Additions in the year	Expected to be closed by Dec 31, 2021	Validated as closed by IA	Formally Accepted risk (No validation)	Open at end of period (A+B-D-E)	Open – on track	Open & delayed
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
<i>Details included in</i>				<i>Appendix A</i>	<i>Appendix B</i>		<i>Appendix C</i>	<i>Appendix D</i>
Significant	6	0	5	1	0	5		5
High	1	0	1	0	0	1		1
Moderate	15	0	10	7	1	7		7
Low	7	0	7	5	0	2		2
Not Rated*	6	2	7	6	0	2	1	1
Total	35	2	30	19	1	17	1	16

Scope Period: January 1, 2021 through December 31, 2021

Approach: For validating management action plan, the activities undertaken by internal audit included:

- Requesting status updates and contact information from management;
- Testing/validating evidence of management’s resolution/disposition of the original finding for items expected to be closed and/or indicated as closed by management;
- Preparing a report on the outcomes of the management action plan internal audit activity.

Conclusion: In total 20 (67%) management action plans were closed in the period, 1 was retargeted for the first time, and 11 were retargeted for the second time or more (22% penalty) resulting in an overall final conclusion of 45% - "Not Controlled".

- *Closed as planned and closed in advance:* In the period 20 items were closed versus an expected 30, a total closure rate of 67%:
 - o 18 management action plans were closed, out of the 30 due in the period
 - o 1 management action plan was closed ahead of schedule
 - o 1 management action plan was closed via formal risk acceptance
- *Additions:* 2 management action plans were added during the period
- *Retargeted Items:* 12 management action plans were retargeted in the period:
 - o 1 was retargeted for the first time
 - o 11 were retargeted for the second time or more (11*2% penalty = 22%)

Management is showing strong progress on most open action plans as this year the total open action plans is the second lowest it has been in 9 years; however, the proportion of "Open & Delayed" management action plans is also the highest it has been in those 9 years.

The past 2 years have been unique and challenging for society, business and government. In the face of this pandemic, management was able to progress and close 20 management action plans of the intended 30 action plans originally expected in the period. However, it is important to also note that the majority (16 out of 17 or 94%) of the prior internal control findings are past due (Open & Delayed). Of these 16 Open & Delayed findings, 11 relate directly to City departments (69%) and 5 open findings relate to Agencies, Boards and Commissions (31%).

While it is important to consider the fact that management made progress in resolving more than half of the issues that were previously open, it is also important that management and City Council understand that risk exposures remain until known gaps are mitigated. For the Open & Delayed findings 100% (16) are anticipated to be resolved in the next 12 months.

Given the state of the world, the pandemic situation, and local initiatives City Council and Management should ensure that the timely resolution of open actions is considered, prioritized and the risk understood amidst the City's other initiatives and operational requirements.

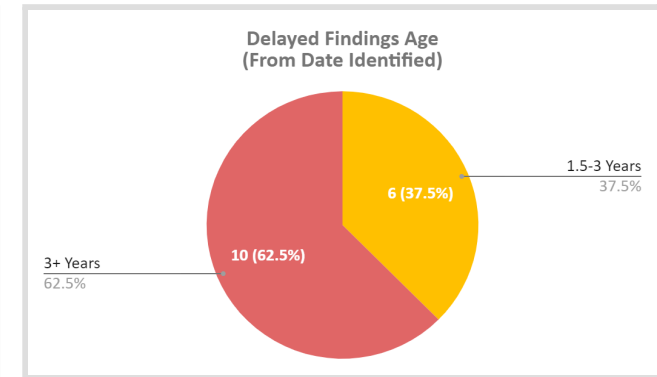
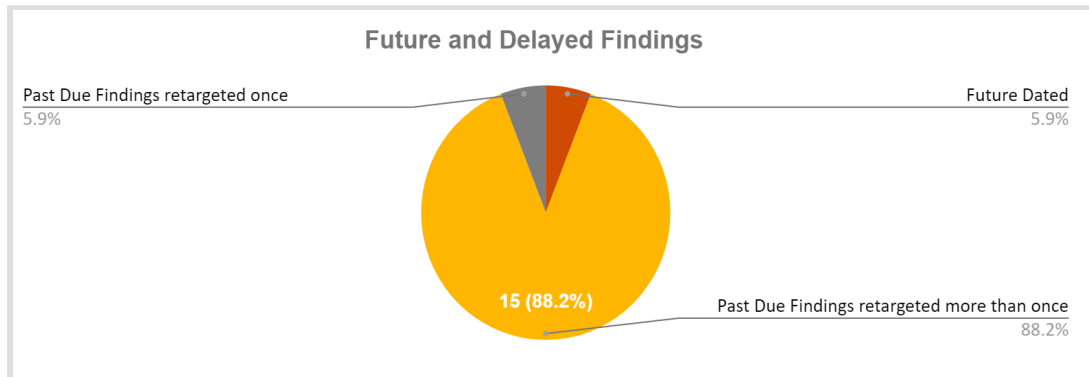
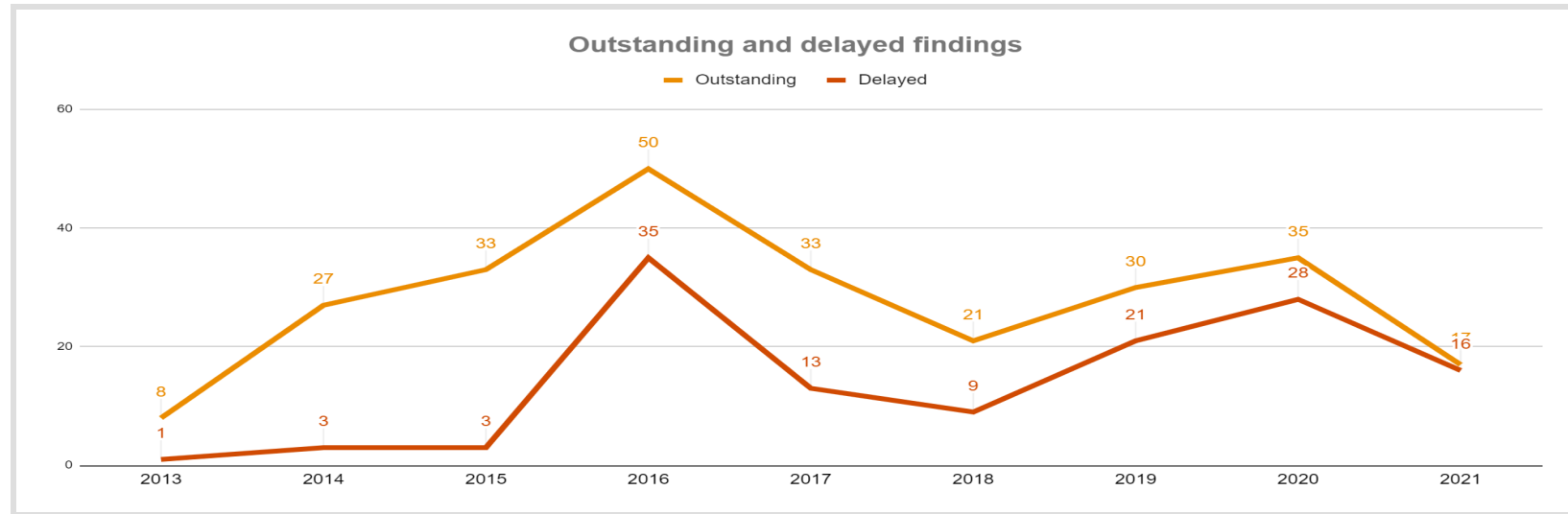
Management's report on open findings will provide additional detail and rationale whereby management believes that many of the open action plans have made significant progress and that there is a reasonable basis to complete the actions on time. We have not audited this management report, nor the underlying statements of action, but the information provides a plan and context.

It is important that management and City Council understand that these specific risks are implicitly being accepted, or tolerated, in the medium and long term. As such management should consider either:

1. Risk accepting the Open & Delayed Findings with City Council agreement or
2. Implementing a mechanism by which the CLT/Commissioners are able to ensure that the management action plans outlined in Appendix D are completed in the revised timeframes.

Note: Subsequent to the report closing date we noted findings 205, 207 and 209 related to YQG were addressed early in 2022. As such will be included in the closed count of next years report.

2. Open and delayed trends as at December 31, 2021



Overall the number of open management actions plans is the second lowest it has been in 9 years; however, the proportion of “Open & Delayed” management action plans is the highest it has been in those 9 years.

3. Action plan status by internal audit

Internal Audit	Opening December 31, 2020	Additions in the period	Expected closed	Closed by IA	Accepted risk	Open at December 31, 2021	Open – on track	Open & delayed
	(A)	(B)	(C)	(D)	(E)	(F= A+B-D-E)	(G)	(H)
City-Based Audits								
Hotline COI	3	1	4	3	0	1	0	1
Subtotal	3	1	4	3	0	1	0	1
Service Provider	1	0	1	0	0	1	0	1
Fire Rescue Compliance (FRC)	1	0	1	1	0	0	0	0
Managing Transition of Projects into Operations	4	0	0	0	0	4	0	4
Facilities Operations	6	0	6	6	0	0	0	0
Social Media Strategy Assessment	2	0	2	1	0	1	0	1
Cyber Incident Response Assessment	3	0	2	0	0	3	0	3
Planning and Development	2	0	2	1	0	1	0	1
Security Incident prevention and mitigation	4	0	3	4	0	0	0	0
Fraud Risk Mitigation review	1	0	1	1	0	0	0	0
Reopening of workplace	1	0	1	1	0	0	0	0
Liquidity Management Review	0	1	0	0	0	1	1	0
Subtotal	28	2	23	18	0	12	1	11

Internal Audit	Opening December 31, 2020	Additions in the period	Expected closed	Closed by IA	Accepted Risk	Open at December 31, 2021	Open – on track	Open & delayed
ABC-Based Audits	(A)	(B)	(C)	(D)	(E)	(F= A+B-D-E)	(G)	(H)
WDTC	1	0	1	0	0	1	0	1
Solid Waste	1	0	1	0	0	1	0	1
Roseland	1	0	1	0	1	0	0	0
Your Quick Gateway (YQG)	4	0	4	1	0	3	0	3
Subtotal	7	0	7	1	1	5	0	5
Total	35	2	30	19	1	17	1	16

Appendix A: Findings closed in the period

The closure summaries/details for each closed finding are published in the management report presented to the Council.

#	Audit report	Observation # and name	Management Action Plan Owner
1	Fire Rescue Compliance (FRC)	200 - Enhance annual training planning and documentation for monitoring.	Fire Chief Chief Training Officer
2	Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance	206 - Review and document current inventory/asset management systems and processes	Director of Operations
3	Facilities Operations - Final Internal Audit Report	218 - Define service standards and metrics to evaluate performance	Senior Manager of Facilities Manager, Facility Operations Manager Assets and Projects
4	Facilities Operations - Final Internal Audit Report	219 - Enhance Bi-weekly Management Discussions	Manager, Assets & Projects Manager, Facility Operations
5	Facilities Operations - Final Internal Audit Report	220 - Define clear 'documentation' standard and develop standard forms/templates	Manager, Assets & Projects Manager, Facility Operations
6	Facilities Operations - Final Internal Audit Report	221- Conduct division wide periodic Work Order Aging Analysis	Manager, Assets & Projects Manager, Facility Operations
7	Facilities Operations - Final Internal Audit Report	222 - Design and implement Customer Satisfaction Survey	Senior Manager of Facilities
8	Facilities Operations - Final Internal Audit Report	223 - Track Conditions Standard Ratings and building condition assessments periodically	Senior Manager of Facilities
9	Social Media Strategy Assessment - Final Internal Audit Report	226 - Define and implement strategy evaluation and Performance reporting processes	Senior Manager Communications & Customer Service
10	Cow - Planning and Development	243 - Develop Working Procedures for Planning and Development Application Processing	City Planner Manager of Urban Design Manager of Planning Policy
11	Security Incident prevention and mitigation	251 -Establish protocols for joint ownership of security policies and monitoring controls	Senior Manager of Facilities

#	Audit report	Observation # and name	Finding owner
12	Security Incident prevention and mitigation	252 - Define responsibilities to monitor contractual requirements	Manager, Parks & Facilities, Projects and Assets Manager, Health and Safety Senior Manager of Facilities Future Corporate Security Manager Manager, Parks & Facilities, Projects and Assets
13	Security Incident prevention and mitigation	253 - Reported in the confidential package	Senior Manager of Facilities
14	Security Incident prevention and mitigation	254 - Enhance protocols for managing and documenting dynamic security plans	Senior Manager of Facilities
15	Hotline Investigation Report - NTS-005 -FEB-2020	255- Evidence of ongoing flexible/alternative work arrangements	Manager Community Development Executive Director Human Resources
16	Hotline Investigation Report - NTS-005 -FEB-2020	256- Formalize central insight into all flexible/alternative agreements in effect	Executive Director Human Resources
17	Fraud Risk Mitigation Review	260- Ensure alignment of unique record identifier for vendor change records and implement a detective/monitoring control over the process	Deputy Treasurer of Financial Accounting
18	Reopening of Workplace and Facilities	261- Clearly document categorization of opening protocols between required/desired and risk accepted alternatives for future plans	Executive Director Human Resources
19	Hotline investigation report - Citizen property concern	263- Maintain compliance with existing Municipal Tax Collection and Registration Process Procedures	Deputy Treasurer – Taxation, Treasury & Financial Projects

Appendix B: Risk acceptance

In this appendix we provide a high level overview of two key risk perspectives:

1. **Formal risk acceptance** - The risks, and associated action plans which management had committed to, but where management has decided to accept the risk and not incur further efforts for resolution as outlined in the rationale section. To maintain independence the Auditor General and Internal Audit do not participate in management's determination to accept a risk or not. Our work consists of reporting the rationale management presents and observing evidence that a City Commissioner has approved the risk acceptance and rationale.
2. **Implied short term risk acceptance** - This section provides a summary listing of management action plans which have been or are expected to remain open for longer than 18 months from the date of the report issuance. In these instances given the time required for management to undertake the action the City is implicitly accepting the short term risk of the original finding until the point in time of its resolution.

B.1 Formal risk acceptance

This section indicates those findings for which management is accepting the risk of not having the control.

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
1	Roseland Golf & Curling Club	165 - Document a reporting and services agreement between the City & RGCC	Original due date	June 30, 2018	CFO/City Treasurer City of Windsor	<p>Background: There is no documented reporting agreement between RGCC and the City. Furthermore, RGCC receives services from the City for legal matters, including but not limited to development of agreements, financial services, including bank reconciliations, preparation of payment cheques, posting of journal entries, assistance in purchasing, and payroll processing. RGCC is charged a fee for the provided services; however, there is no documented agreement that governs the scope of services, service fee, and roles/responsibilities of both parties. There is a lease agreement between the City and RGCC.</p> <p>Rationale for Risk Acceptance: Management has planned for accepting the risk until updating of lease agreement with Roseland (based on Curling and/or Little River). The risk is that the City and Roseland may disagree on exactly what services should be included. As per management, there have not been issues with this in the past. Considering it a minor risk with minimal consequence. This risk is being accepted.</p>
			Retarget date	September 30, 2021		
			# of Retargets	3		
			Days since Identification	4 years 4 months		
			Days past original due date	3 year 6 months		

B.2 Implied short term risk acceptance

#	Audit report	Observation # and name	Due Date	For Additional Details See Report Section
1	WDTC	51 – Strategic plan not documented	June 30, 2022	D.1 Management action plans retargeted during the period
2	Solid Waste	101 - Agreement Between the City of Windsor and EWSWA	December 31, 2022	D.1 Management action plans retargeted during the period
3	Service Provider and Outsourced Services Governance and Management	159- Monitoring of Supplier Issues and Risks	March 31, 2022	D.1 Management action plans retargeted during the period
4	Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance	205- Enhance purchasing policy and document inventory and asset management procedures	September 30, 2022	D.1 Management action plans retargeted during the period
5	Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance	207 - Enhance key vendor management controls	September 30, 2022	D.1 Management action plans retargeted during the period
6	Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance	209 - Enhance compensating controls to address potential segregation of duties	September 30, 2022	D.1 Management action plans retargeted during the period
7	Social Media Strategy Assessment	229- Document key content management procedures /checklists and review/update key account level roles/responsibilities.	September 30, 2022	D.1 Management action plans retargeted during the period
8	Cyber Incident Response Assessment	239 - Formalize Incident Management Plan and Procedures	May 31, 2022	D.1 Management action plans retargeted during the period
9	Cyber Incident Response Assessment	240 - Enhance Security Information and Event Management	May 31, 2022	D.1 Management action plans retargeted during the period
10	Cyber Incident Response Assessment	241 - Develop Incident Severity Matrix and Methodology for Incident Response Times using Critical Asset Classification	May 31, 2022	D.1 Management action plans retargeted during the period
11	Planning and Development	244 - Review and Prioritize Action Plan	September 30, 2022	D.1 Management action plans retargeted during the period

#	Audit report	Observation # and name	Due Date	For Additional Details See Report Section
12	Complaint Investigation Report - Lancaster Plane	247 - Ensure contract compliance by retention of relevant documentation	September 30, 2022	D.1 Management action plans retargeted during the period
13	Managing Transition of Projects into Operations	211- Enhance project classification and expectation guidelines	December 31, 2022	D.2 Previously retargeted management plans
14	Managing Transition of Projects into Operations	212- Enhance considerations for project risk assessments	December 31, 2022	D.2 Previously retargeted management plans
15	Managing Transition of Projects into Operations	213- Formalize detailed Project Implementation Plan which includes Change Management/Transition Plans	December 31, 2022	D.2 Previously retargeted management plans
16	Managing Transition of Projects into Operations	214- Enhance approach to pre/post go-live feedback collection and aggregation	December 31, 2022	D.2 Previously retargeted management plans

Appendix C: Management Action Plans which are “Open - on track”

This section indicates those management action plans which were not due in the period and where management anticipates that actions will be completed as originally planned.

#	Audit report	Observation # and name	Management Action Plan Owner	Due Date
1	Liquidity Management Review	262 - Formal early warning indicators and liquidity contingency plan	Deputy Treasurer Taxation, Treasury and Financial Projects	June 30, 2023

Appendix D: Open & Delayed Management Action Plans

In this appendix we provide a high level overview of:

1. **Management action plans retargeted during the period** - This section provides a listing of the management actions plan that were expected to be closed in the period; however, management, for various reasons, has provided a revised completion date. The basis for management’s revision of the due date is provided in the “Rationale” column below for each individual finding. Internal Audit has requested that management provide a retargeted due date in order for us to follow up with them when we next perform findings follow up. In this table we provide an overview of the number of times management has provided revised due dates and provide a perspective on how long the item, and therefore associated risk, has been in place since we reported it to management and City Council.

In the period of this report, Management revised the due dates of **1 management action plan for the first time**. In addition, Management **revised the dates of an additional 11 previously “Open & Delayed” management action plans** - the number of retargets is shown for each action plan.

2. **Implied short term risk acceptance** - This section provides a summary listing of management action plans which have been or are expected to to remain open for longer than 18 months from the date of the report issuance. In these instances given the time required for management to undertake the action the City is implicitly accepting the short term risk of the original finding until the point in time of its resolution.

In the period of this report, Management **4 management action plans had previously been retargeted** and were in the “Open & Delayed” status as expected.

D.1 Management action plans retargeted during the period

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
			Original due date	Retarget date		
1	WDTTC	51 – Strategic plan not documented	Original due date	December 31, 2016	Chief Executive Officer	<p>Background: Action arose during the review of management’s reporting of its operational and capital budgets to the Board of Directors. It was noted that there was no documentation of a broader Board directed and approved strategic plan. It was also noted that there is no process currently in place for a periodic review of strategic plans.</p> <p>Reason for delay: In 2021, WDBL Strategic Planning Process was underway. However, the same will not be completed before the end of Q2 2022</p> <p>Basis for viability of reforecasted date: The original viability still holds true but has been pushed due to Pandemic. The Board already had an initial Strategic Planning Session and Administration’s initial focus has been on operationalizing WDBL’s Business Plan. More time is required to document the plan and get board approval.</p>
			Retarget date	June 30, 2022		
			# of Retargets	6		
			Days since Identification	6 years 7 months		
			Days past original due date	5 years		

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
2	Solid Waste	101 - Agreement Between the City of Windsor and EWSWA	Original due date	June 30, 2016	City of Windsor Chief Administrative Officer	<p>Background: On review of the agreement between the County of Essex and the City of Windsor, Internal Audit noted that there is no formal agreement between the two parties outlining responsibility, ownership and cost allocations, etc.</p> <p>Reason for delay: There have been some delays on the County agreement due to prioritization of efforts and issues being faced during the ongoing pandemic. Further discussion and strategy formulation is required on this finding which will be carried out in 2022.</p> <p>Basis for viability of reforecasted date:The original viability still holds true but has been pushed due to Pandemic</p> <p>Management has agreed to contact their joint venture partner, the County of Essex, to see if they are willing to undertake a review of the agreement. City of Windsor Administration has proceeded with review meetings with the County and most of the clauses appear to have been agreed to; however, there are some contentious clauses that need to be accepted and finalised. Though a number of meetings have taken place with the County and EWSWA and a revised document is close to being finalized for submission to the respective Councils, work on this matter has been postponed due to higher priorities during the COVID-19 crisis. It is expected that it can be finalized relatively quickly but the actual date will depend on the length of the emergency situation.</p>
			Retarget date	December 31, 2022		
			# of Retargets	6		
			Days since identification	6 years 1 month		
			Days past original due date	5 years 6 months		
3	Service Provider and Outsourced Services Governance and Management	159- Monitoring of Supplier Issues and Risks	Original due date	June 30, 2018	Purchasing Department	<p>Background: This observation arose on review of the samples, highlighting that the required Vendor Management System (“VMS”) supplier assessment used to track supplier risks, issues and performance feedback was not available. Noted that in the majority of the contracts sampled, the departments had not formally documented the identification, tracking, and closing of the key supplier risks and issues.</p> <p>Management agreed to the importance of the Vendor Management System (“VMS”) and the ability of the City to evaluate the performance of the supplier. Management has developed a procedure around the use of the VMS in accordance with the Purchasing By-Law 93-2012.</p> <p>Reason for delay: Management was not able to meet with all of the stakeholders for the final draft review of the Vendor Relationship</p>
			Retarget date	March 31, 2022		
			# of retargets	3		
			Days since identification	4 years 7 months		
			Days past original due date	3 year 6 months		

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
						<p>Management Policy after further alterations were made to it. The COVID 19 Pandemic caused significant delays and administration was not able to meet with all of the stakeholders for the final draft review of the Vendor Relationship Management Policy.</p> <p>Basis for viability of reforecasted date:The original viability still holds true but has been pushed due further alterations being made to the policy. The council report is in draft form and the policy and procedures are complete.</p>
4	Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance	205 - Enhance purchasing policy and document inventory and asset management procedures	Original due date June 30, 2019 Retarget date September 30, 2022 # of Retargets 3 Days since identification 3 years 8 months Days past original due date 2 year 6 months	June 30, 2019	Director of Operations	<p>Background: This finding arose as (i) key elements that were not present in YQG's purchasing policy, (ii) other process/procedure elements that appear to be known but not formalized and (iii) requirements/ constraints on the personal use of YQG small tools were not formally defined. Management has indicated that the practice of permitting employees to borrow company tools for personal reasons has been discontinued.</p> <p>Reason for delay: New purchasing policy and other procedures have been created to full-fill the control. However , the following points are yet to be addressed through policies;</p> <ul style="list-style-type: none"> Managing vendor relationships; Segregation of duties requirements or mitigating controls. <p>Note: Subsequent to the report closing date we noted this finding was addressed early in 2022. As such will be included in the closed count of next years report.</p> <p>Basis for viability of reforecasted date: Management requires additional time to address the above mentioned points. Based on current circumstances, the Q3 2022 retarget date is viable.</p>
5	Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance	207 - Enhance key vendor management controls	Original due date December 31, 2018 Retarget date September 30, 2022 # of Retargets 4	December 31, 2018	Director of Finance	<p>Background:Management has developed a new Purchasing Policy that includes segregation of duties and other vendor management controls (purchasing controls).</p> <p>Reason for delay: Policy on review of new vendor and procedures has been created.However , the following points are yet to be addressed through policies;</p> <ul style="list-style-type: none"> vendor evaluations

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
			Days since identification	3 years 8 months		<ul style="list-style-type: none"> Segregation of duties requirements or mitigating controls. <p>This has been retargeted to Q3 2022.</p> <p>Note: Subsequent to the report closing date we noted this finding was addressed early in 2022. As such will be included in the closed count of next years report.</p> <p>Basis for viability of reforecasted date: Management requires additional time to address the above mentioned points. Based on current circumstances, the Q3 2022 retarget date is viable.</p>
			Days past original due date	3 years		
6	Your Quick Gateway (YQG) - Managing Inventory, Repairs and Maintenance	209 - Enhance compensating controls to address potential segregation of duties	Original due date	December 31, 2018	Director of Finance	<p>Background: Management has developed a new Purchasing Policy that includes segregation of duties and other vendor management controls (purchasing controls).</p> <p>Reason for delay: New purchasing policy and other procedures have been created to full-fill the control. However , the following points are yet to be addressed through policies</p> <ul style="list-style-type: none"> Segregation of duties requirements or mitigating controls. <p>This has been retargeted to Q3 2022.</p> <p>Note: Subsequent to the report closing date we noted this finding was addressed early in 2022. As such will be included in the closed count of next years report.</p> <p>Basis for viability of reforecasted date: Management requires additional time to address the above mentioned points. Based on current circumstances, the Q3 2022 retarget date is viable.</p>
			Retarget date	September 30, 2022		
			# of Retargets	4		
			Days since identification	3 years 8 months		
			Days past original due date	3 years		
7	Social Media Strategy Assessment	229- Document key content management procedures /checklists and review/update key account level roles/responsibilities.	Original Due Date	Dec 31, 2019	Senior Manager Communications & Customer Service	<p>Background: Currently the role for preparer, reviewer and approver of content/posts is segregated, however, such protocol is not defined (in a procedural document) at account level or on the basis of severity of the post. Content management process flow/diagram is not documented for key social media activities, its dependencies on departments or required controls (IT and Business Process. Further, Incidents are not defined and no formal criteria/severity levels exist to guide the appropriate level of action (parameters such as: timing, content, sharing/release, etc.) for escalating incidents; and written approval is not a requirement for responding to inappropriate</p>
			Retarget Date	September 30, 2022		
			# of Retargets	2		
			Days since Identification	2 year 11 months		

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
			Days past Original Due Date	2 year		posts/comments. It is also not clear whether the terms of use/service level statements available to followers also apply to internal staff. Reason for Delay: IA noted that the addition of the Digital Media Coordinator position submitted to the City Council was not approved at the recent 2021 budget session, hence existing Communications staff will be assigned the respective duties. In order to do this, management needs additional time to reprioritize existing tasks assigned to staff. Basis for viability of reforecasted: The specific recommendations outlined by PwC as needing attention are achievable with the current staff complement if time permits. However, as the changes recommended are positive but not vital to the operation of the City of Windsor's social media channels, the target date for completion is best left in place as viable but with the understanding that reassessment along the way could become necessary.
8	Cyber Incident Response Assessment	239 - Formalize Incident Management Plan and Procedures	Original due date	December 31, 2020	CIO & ED IT	<p>Background: During review, Internal Audit noted that a formally documented and reviewed Incident Management plan is not in place. Additionally no formal playbooks are being used to guide actions taken during incidents.</p> <p>Reason for delay: This finding has been delayed due to the effects of the global pandemic and is expected to be completed by May 31, 2022.</p> <p>Basis for viability of reforecasted date: Based on current circumstances, the May 31 2022 retarget date is viable.</p>
			Retarget date	May 31, 2022		
			# of Retargets	2		
			Days since identification	2 year 3 months		
			Days past original due date	1 year		
9	Cyber Incident Response Assessment	240 - Enhance Security Information and Event Management	Original due date	December 31, 2020	CIO & ED IT	<p>Background: During review of Endpoint, network and server monitoring, Internal Audit noted that although logs are generated from these tools, the link of information between monitoring tools and event management tool is not fully developed. The SEIM solution and monitoring logs are not fully integrated.</p> <p>Reason for Delay: There has been a request for proposal for a managed security service to cater to this finding, hence once the</p>
			Retarget date	May 31, 2022		
			# of Retargets	2		
			Days since identification	2 year 3 months		

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
			Days past original due date	1 year		security service has been approved and finalised, this finding can be closed. Basis for viability of reforecasted date: Based on current circumstances, the May 31 2022 retarget date is viable.
10	Cyber Incident Response Assessment	241 - Develop Incident Severity Matrix and Methodology for Incident Response Times using Critical Asset Classification	Original due date	March 31, 2021	CIO & ED IT	<p>Background: Currently there is an IT Service Management solution containing a listing of assets and there is a standardized approach for categorizing the criticality of assets. However, criticality of assets should in turn be used in building an incident severity matrix which would be considered when defining incident response times, escalation and key participants when responding to incidents of varying criticality.</p> <p>Reason for Delay: This finding has been delayed due to the effects of the global pandemic and is expected to be completed by May 31, 2022.</p> <p>Basis for viability of reforecasted date: Based on current circumstances, the May 31 2022 retarget date is viable.</p>
			Retarget date	May 31, 2022		
			# of Retargets	1		
			Days since Identification	2 year 3 months		
			Days past Original due date	9 months		
11	Planning and Development	244 - Review and Prioritize Action Plan Implementation of 2014 Business Process Review Findings	Original due date	December 31, 2020	City Planner, Chief Building Official, Manager of Urban Design and Manager of Planning Policy	<p>Background: On review it was noted that a significant number of findings/improvements noted in the "2014 Property Development Approval Service Review" were expected to be addressed via the planned Evolve Project Implementation. Management has not formally assigned a prioritisation framework/criteria to the findings nor performed periodic reporting with respect to the action plan status of those findings.</p> <p>Reason for Delay: There have been a number of policy and legislative changes that were introduced by the Ontario Provincial government including Bill 108, Bill 138 and a new Provincial Policy Statement that came into effect on May 1, 2020. Since all these documents have a significant impact on the Planning procedures, additional time is required to complete this finding.</p> <p>Prioritize Action Plan Implementation of 2014 Business Process Review Findings - The remaining 14 of 88 BPIs are being considered for implementation as part of the Evolve/Cloud Permit project completion.</p>
			Retarget date	September 30, 2022		
			# of Retargets	2		
			Days since identification	2 year 1 months		
			Days past original due date	1 year		

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
						<p>This is suggested to be retargeted to coincide with Cloud Permit's Planning Component completion scheduled for Q3 2022.</p> <p>Basis for viability of reforecasted date: Based on current circumstances, the Q3 2022 retarget date is viable</p>
12	Complaint Investigation Report - Lancaster Plane	247 - Ensure contract compliance by retention of relevant documentation	Original due date Retarget date # of retargets Days since identification Days past original due date	December 31, 2020 September 30, 2022 2 1 year 11 months 1 year	Director of Finance, YQG	<p>Background: On review it was noted that the final extension of the lease term expired on Dec 31, 2019 and there was no evidence of the same being renewed.</p> <p>Reason for Delay: As per management detailed process is to be created for management of lease function. This is expected to be completed by Q3, 2022. Management informed that lease will be renegotiated to coincide with City's long term goals</p> <p>Basis for viability of reforecasted date: Based on current circumstances, the Q3, 2022 retarget date is viable.</p>

D.2 Previously retargeted management plans

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
1	Managing Transition of Projects into Operations	211- Enhance project classification and expectation guidelines	Original due date	Sep 30, 2019	Executive Initiatives Coordinator, Office of the CAO	<p>Background:In a review of the policies, procedures, templates and samples projects, it was noted (a) that project classification requires significant interpretation; and (b) that project management methodologies allow for alternatives but do not include minimum expectations.</p> <p>Reason for Delay: Lack of resources available to carry out the tasks.The Executive Initiatives Coordinator (EIC) in the CAO's Office has been seconded to the WFM project. This position has not been backfilled and therefore all projects, responsibilities, and duties have been put on hold until its return to the EIC position, the date of which is unknown at this time.</p> <p>Basis for viability of reforecasted: The resources for this project are not expected to be available until 2022. From that point they will be required to undertake the management action plan in time to meet the revised date. They have capacity set aside at that future time for this work.</p>
			Retarget date	Dec 31, 2022		
			# of Retargets	2		
			Days since identification	3 year 3 months		
			Days past original due date	2 year 3 months		
2	Managing Transition of Projects into Operations	212- Enhance considerations for project risk assessments	Original due date	Sep 30, 2019	Executive Initiatives Coordinator, Office of the CAO	<p>Background:A common process and template for risk management is not shared across the projects. Specific project demands/needs for central functions such as Communications, IT and Human Resources are not consistently considered during project planning to understand/assess potential risks to resource capability and capacity. Management agreed to include the requirement for risk assessments to be monitored and updated in Schedule C of the PMMP.</p> <p>Reason for Delay: Lack of resources available to carry out the tasks.The Executive Initiatives Coordinator (EIC) in the CAO's Office has been seconded to the WFM project. This position has not been backfilled and therefore all projects, responsibilities, and duties have been put on hold until its return to the EIC position, the date of which is unknown at this time.</p> <p>Basis for viability of reforecasted: The resources for this project are not expected to be available until date. From that point they will be required to undertake the management action plan in time to meet the revised date They have capacity set aside at that future time for this work</p>
			Retarget date	Dec 31, 2022		
			# of Retargets	2		
			Days since identification	3 year 3 months		
			Days past original due date	2 year 3 months		

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
3	Managing Transition of Projects into Operations	213- Formalize detailed Project Implementation Plan which includes Change Management/Transition Plans	Original due date	Sep 30, 2019	Executive Initiatives Coordinator, Office of the CAO	<p>Background: IA noted that a project implementation plan to support the Project Managers in project transition (transition plan and critical path) is not a formal deliverable required for projects to account for multiple factors, including (but not limited to):</p> <ul style="list-style-type: none"> • knowledge transfer activities; • stakeholder feedback processes; • pre- and post- go live transition activities; and • site readiness pre-go live and post-go live (performing a dry run). <p>Management agreed to develop a project implementation plan template, and added it as a required deliverable for major projects. They also agreed to conduct a cost benefit analysis on requiring some elements of the project implementation plan for medium projects.</p> <p>Reason for Delay: Lack of resources available to carry out the tasks. The Executive Initiatives Coordinator (EIC) in the CAO's Office has been seconded to the WFM project. This position has not been backfilled and therefore all projects, responsibilities, and duties have been put on hold until its return to the EIC position, the date of which is unknown at this time.</p> <p>Basis for viability of reforecasted: The resources for this project are not expected to be available until date. From that point they will be required to undertake the management action plan in time to meet the revised date. They have capacity set aside at that future time for this work.</p>
			Retarget date	Dec 31, 2022		
			# of Retargets	2		
			Days since identification	3 year 3 months		
			Days past original due date	2 year 3 months		

#	Audit report	Observation # and name	Retargets		Executive approval from	Rationale
4	Managing Transition of Projects into Operations	214- Enhance approach to pre/post go-live feedback collection and aggregation	Original due date	Sep 30, 2019	Executive Initiatives Coordinator, Office of the CAO	<p>Background:It was identified that the requirement of projects to solicit pre- and post- go-live feedback from internal/external stakeholders prior to official project 'closure' is not in place. In addition, the project closure timelines/expectations are not clearly defined.The Executive Initiatives Coordinator agreed to develop a document (or webpage section) that outlines common and various methods of soliciting pre and post go-live feedback including the guidelines for implementing, measuring and monitoring expectations and success.</p> <p>Further, would also develop a formal process for determining feedback solicitation required for a project, considering the cost-benefit proposition for different types of projects</p> <p>Reason for Delay: Lack of resources available to carry out the tasks.The Executive Initiatives Coordinator (EIC) in the CAO's Office has been seconded to the WFM project. This position has not been backfilled and therefore all projects, responsibilities, and duties have been put on hold until its return to the EIC position, the date of which is unknown at this time.</p> <p>Basis for viability of reforecasted: The resources for this project are not expected to be available until date. From that point they will be required to undertake the management action plan in time to meet the revised date. They have capacity set aside at that future time for this work.</p>
			Retarget date	Dec 31, 2022		
			# of Retargets	2		
			Days since identification	3 year 3 months		
			Days past original due date	2 year 3 months		

Appendix E: Basis of our classifications

Findings follow up rating scale

Overall and auditable entity ratings are based on (1) the completion of planned management action plans and (2) the volume of retargets for individual observations.

Impact rating	Assessment rationale
Strong	100% of the audit recommendations due to be implemented in the current period were completed.
Well controlled	70% - 99% of the audit recommendations due to be implemented in the current period were complete.
Opportunity exists to improve implementation rates	50% - 69% of the audit recommendations due to be implemented in the current period were completed.
Not controlled	Less than 50% of the audit recommendations due to be implemented in the current period were completed.

Appendix F: 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 judgement 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 only. 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.

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Appendix F - Annual Performance Report

This report is confidential and is intended solely for use by the management of The City of Windsor and is not intended or authorized for any other use or party. If any unauthorized party obtains this report, such party agrees that any use of the report, in whole or in part, is their sole responsibility and at their sole and exclusive risk; that they may not rely on the report; that they do not acquire any rights as a result of such access and that PricewaterhouseCoopers LLP does not assume any duty, obligation, responsibility or liability to them.

The Corporation of the City of Windsor

Auditor General and Internal Audit Annual Performance Report 2021-22

Report Prepared as of May 15, 2022

Limitations and responsibilities

This report was developed in accordance with our engagement letter addendum dated January 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.



Contents

1. Introduction	2
2. Overview of the AG Responsibility as per the AG Charter	3
3. Audit strategy, oversight and management support activities	6
4. Summary of findings follow-up activity for the year	8
5. Additional PwC services available to management to address audit findings	9
6. Fraud reporting	10
7. Summary of hotline activity for the year	11
8. Summary of how IA met or exceeded Key Performance Indicators	12
9. Emerging Trends and Successful Practices	15

Distribution List

For action	Drew Dilkens, Mayor Fred Francis, Member of Council Fabio Costante, Member of Council Rino Bortolin, Member of Council Chris Holt, Member of Council	Ed Sleiman, Member of Council Jo-Anne Gignac, Member of Council Gary Kaschak, Member of Council Kieran McKenzie, Member of Council Jim Morrison, Member of Council Jeewen Gill, Member of Council
For information	Chris Nepszy, Commissioner, Infrastructure Services Jelena Payne, Commissioner, Human & Health Services Ray Mensour, Commissioner Community Services	Shelby Askin Hager, Commissioner, Legal & Legislative Services Joe Mancina, Commissioner, Corporate Services CFO/City Treasurer

1. Introduction

Internal auditing is an independent, objective assurance, and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (Source: The Institute of Internal Auditors).

The purpose of this annual performance report is to summarize and highlight the achievements and how the City Auditor General (AG) and the Internal Audit (IA) team delivered on its mandate.

We have completed 90% of our 2021-22 Internal Audit Plan. The IA projects this year ranged in scope and included testing over: performance audit procedures, assessment of internal controls, testing the efficiency and effectiveness of processes and procedures. During the period, IA conducted findings follow-up for management actions to address internal audit findings/recommendations and also administered the Concerned Citizen & Employee Hotline.

IA work was conducted using PwC's Global Internal Audit Manual, which is aligned with the International Standards for the Practice of Internal Auditing as outlined in our contract. We also leveraged performance audit/value-for-money auditing standards in selected projects where applicable.

The remainder of this report highlights how:

- the AG charter was fulfilled,
- how we leveraged 13 team members, including 5 specialists, to conduct our work program;
- an overview of management's closure of 246 of 263 findings tracked since 2014;
- areas where we may be of further assistance to management;
- an overview of potential fraudulent activities we have been informed of;
- a summary of the Concerned Citizen and Employee Hotline activities in the year;
- our progress against the agreed to performance measures; and
- a summary of emerging trends for your information.

2. Overview of the AG Responsibility as per the AG Charter

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's responsibilities as mandated by the AG Charter and the respective actions are documented as follows:

#	Responsibility	Details
1	Develop a three year rolling plan using appropriate risk-based methodology.	This year's plan is included in this same Council Agenda package. The plan followed a risk-based methodology considering the Internal Audit risk Universe, risk perspectives, emerging municipal trends, and an understanding of the current control environment. The plan provides a view as to projects completed in the last 2 years, the proposed plan for the coming year as well as a forecast for projects for 2 additional years. A list of projects considered but not within the capacity has also been provided
2	Implement each year's audit plan, as approved, including as appropriate any special tasks or projects requested through Council for approval.	The audit plan was executed as approved and all projects have been reported on or plan amendments communicated to City Council.
3	Propose, and make merited, amendments to the annual Audit Plan and projects as per the provided powers and authority.	A plan amendment was made in the Winter of 2022 by the Auditor General based on submitted information. This amendment has been communicated to City Council in the same Agenda package as this report.
4	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.	Due to personal reasons the manager has relocated to the Southern US and a replacement will be engaged over the summer of 2022. All personnel maintain their relevant professional designations and firm requirements. Subject matter specialists continue to be engaged on projects as needed. The use of subject matter specialists is outlined in section 3 of this report.
5	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.	The City reorganization and initiatives were considered in the period and as part of the annual planning exercise.

#	Responsibility	Details
6	Evaluate the reliability and integrity of operational and financial information and the means used to identify, measure, classify, and report such information.	This criteria was incorporated into planning for each project executed and therefore coverage is only possible within the project scope.
7	Evaluate the systems established to ensure compliance with policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.	This criteria was incorporated into planning for each project executed and therefore coverage is only possible within the project scope.
8	Evaluate the means of safeguarding assets and, as appropriate, verify the existence of such assets.	This criteria was incorporated into planning for each project executed and therefore coverage is only possible within the project scope.
9	Evaluate the effectiveness and efficiency with which resources are employed.	This criteria was incorporated into planning for each project executed and therefore coverage is only possible within the project scope.
10	Evaluate operations or programs to ascertain whether results are consistent with established objectives and goals.	This criteria was incorporated into planning for each project executed and therefore coverage is only possible within the project scope.
11	Evaluate and report on risk management processes, significant risk exposures and control issues.	This criteria was incorporated into planning for each project executed and therefore coverage is only possible within the project scope.
12	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.	This criteria was incorporated into planning for each project executed as well as through the evaluation of all inbound notifications therefore coverage is only possible within the project scope and any special reviews.
13	Assist as appropriate in the investigation of suspected fraudulent activities within the organization and notify management (where appropriate) and Council of the results.	No instances requiring direct participation were noted in the year.
14	Issue periodic reports summarizing results of audit activities to the Executive Leadership Team and for approval by Council.	<p>Periodic updates have been provided to Council as planned in</p> <ul style="list-style-type: none"> • Jan 2022 • May 2022 <p>This overall report documents the IA performance against the plan, resources and specialists engaged.</p>
15	Keep Council informed of emerging trends and successful practices in internal auditing.	This is included in section 9 of this report and was leveraged in planning interviews with management.

#	Responsibility	Details
16	Provide audit measurement goals and results to the City Council.	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 this report (annual performance report).
17	Coordinate its plans and efforts with those of the external auditors to avoid duplication of audit effort and to optimize audit coverage.	<p>All our reports are available to the external auditor. The projects completed in a year and those on the proposed plan do not have direct linkage to the financial statement auditors work and as such overlap will not occur.</p> <p>Annually a meeting with external auditors is held to discuss IA coverage, work performed, results observed, and areas of concern. This meeting is currently planned for May 2022.</p>
18	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.	During the year our work included various consultations and discussions with management regarding our perspectives and suggestions for improvement have also been included in each of the reports we issued.
19	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.	<p>Final performance measures are provided in the performance report, or equivalent.</p> <p>Auditees have an anonymous method for providing ratings of the team's 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.</p> <p>Firm and professional standards are applied in the review of team member work and deliverables during planning, execution and prior to issuance.</p>

3. Audit strategy, oversight and management support activities

An overall internal audit strategy for the City was determined in light of the business strategy as well as the current controls maturity, the overall inherent risks, the ranking of the risks, the perceived adequacy of controls and any control initiatives underway. Internal audit’s long term mandate and annual plan were developed with the input of Council members and management and were originally approved by the Council on June 17, 2013 and subsequently by our engagement letter addendum dated January 24, 2020. The rolling three year internal audit plan and internal audit’s risk perspective have been updated at least annually since then.

In developing and updating our plan, consideration was given to the nature of the risk and the ability of internal audit to add value beyond work that is already being performed by management. Our experienced internal audit professionals have prior experience in municipal government and the public sector with relevant certifications, having earned CIA and CISA designations, and actively participating in the Institute of Internal Auditors (IIA) roundtables and conferences. Among the core internal audit team, the following is a listing of the certifications and designations:

- Chartered Professional Accountants;
- Certified Internal Auditors;
- Certified in Control Self Assessments;
- Certified Information Systems Auditor;
- Certified in the Governance of Enterprise Information Technology; and
- Certified Information Privacy Manager.

Projects and the use of subject matter specialists

The following table summarizes the internal audits that were conducted and whether there was a use of PwC subject matter specialists (SMS):

Internal audit activity	SMS	Details
Road Infrastructure Maintenance Processes	✓	Our Public Sector Finance Specialist and a Public Sector Infrastructure Specialist were leveraged to determine scope and identify potential recommendations presented as part of the final report.
Smart City Cyber Risk Mitigation	✓	Our Regional Cyber Leader, a Privacy Lead and a Cyber Auditor were deployed on this project to provide insights on practices related to cyber risk practices..
BIA Operational Review		Not required to date

In order to achieve the above-mentioned internal audit mandate and strategy, as well as to avoid potential project management issues, PwC’s internal audit team implemented the following items as a foundation to all of the deliverables:

- Open communication with City administration to ensure all deliverables meet or exceed quality expectations and agree on timelines and scope of work;
- Utilized thirteen (13) team members including three (5) subject matter experts, eight (8) core team members from different PwC offices in addition to our Acceleration Center (Global Service Delivery Team) and

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documentation team enabling the utilization of best suited skill sets and logistical access for the execution of the Internal Audits.

- Team members engaged for City Internal Audits were resourced from different offices including Windsor, Kitchener/Waterloo, Toronto and Calgary as well as our Acceleration Center (Global Service Delivery Centre).
- Ensure clarity of tasks amongst the internal audit team members;
- Accurate estimation of efforts during planning and scoping;
- Monitor efforts during planning and scoping;
- Provide status updates in a timely manner to ensure the City is aware of project progress or impediments to project;
- Clearly define and seek the City's feedback in a timely manner to ensure the City is aware of project progress or impediments to review in all scope memorandum;
- Clearly define all applicable roles in projects at the planning stage; and
- Worked with the PwC Acceleration Center teams to utilize the available pool of resources to assist in preparation of planning material, efficient execution of testing where possible, and to facilitate project deliverables such as status summary and audit reports as per PwC branding standards.

4. Summary of findings follow-up activity for the year

Each internal audit finding identified was rated in accordance with the approved rating guideline described in the Internal Audit Communication Plan. In our report as at December 31, 2021 there were a total of 35 findings to be resolved by management of which 20 were noted as resolved/closed by IA.

Opening (Jan 01, 2021)	Added in the year	Closed	Outstanding as of Dec 31, 2021	Open as Planned at Dec 31, 2021	Open and delayed a Dec 31, 2021	Expected to Be Resolved by December 31, 2022
35	2	20	17	1	16	16

Below is an overview of the current status of the findings that are currently open for only internal audit reports issued and the findings open at the time of outsourcing the internal audit function:

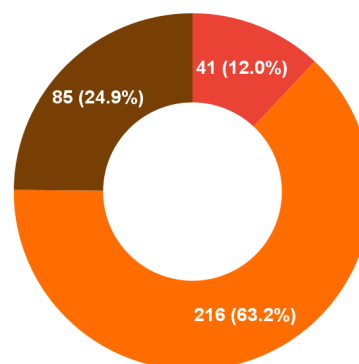
Audit Year	Deliverable Count	# of findings raised (as of Dec 31, 2021)	# of findings yet to close	% Closed as of December 31, 2021
2021-2022	1	0	0	NA
2020-2021	9	7	1	86%
2019-2020	8	22	5	77%
2018-2019	6	40	5	88%
2017-2018	9	42	4	90%
2016-2017	9	26	0	100%
2015-2016	10	65	2	97%
2014-2015	10	34	0	100%
2013-2014	11	27	0	100%
Total IA Deliverable	73	263	17	94%

During the course of the year, PwC has advised senior management on key risks and appropriate recommendations to respond to key risks. Management has agreed with the majority of the findings and recommendations raised by internal audit.

Of the 73 deliverables where findings were raised, 216 were raised by planned/scheduled internal audit projects while 41 were raised by ad-hoc or special projects.

The chart to the right depicts the total findings and consideration for improvements raised by PwC since the beginning of its contracted term for the period April 2013 through April 30, 2022.

Total Observations Raised (April 2014 to April 30, 2022)



● Adhoc ● Internal Audit ● Considerations for Improvement

5. Additional PwC services available to management to address audit findings

Changes in today's business environment and the associated risks are only accelerating. Examples of scenarios where AG/Internal Audit can assist the City in managing risks (where traditionally external auditors or forensic/specialist auditors would not directly be involved) include but are not limited to:

- Use data to manage risks more effectively
- Control risks associated with commercial contractual relationships
- Protect digital information and meet privacy requirements
- Better manage third party partnerships
- Optimize performance and seize opportunities through better risk management
- Gain competitive advantage by using new technologies
- Ensure that City's transformation program investments are protected and benefits are realized
- Build confidence in City's systems and processes

The above mentioned additional services are designed to help you respond effectively and execute robust, confident decisions that build resilience and support growth.

6. Fraud reporting

As part of the AG/internal audit function, we play a role in fraud investigation and reporting. Pursuant to our mandate,

“Assist in the investigation of significant suspected fraudulent activities pertaining to City and City assets and notify both management and the Executive Committee of the Council of the results.”

During the period, we received one (1) alleged fraud complaints through the City's Concerned Citizen and Employee Hotline namely:

1. Item under investigation

7. Summary of hotline activity for the year

Below is a listing of the total calls, emails and letters received during May 1, 2021 to April 30, 2022:

Complaints & Investigations								
Activity	Checked within required time frame	# of Spam Contacts	# of Contacts Received	# of hang ups	# of handoffs to management	# of items under analysis	# of items under investigation	# of items investigated
Concerned Citizen and Employee Hotline Channel	Yes	385	44	5	66	1	-	1
Auditor General Channel	NA	-	-	-	-	-	-	-

8. Summary of how IA met or exceeded Key Performance Indicators

Internal audit manages their projects with an organized and structured approach which begins with mobilizing a team of qualified staff which work collaboratively with the City’s departments and staff through an internal audit liaison. The internal audit maintains continuous and regular communication with the City’s liaison, to ensure deadlines are understood and expectations are met.

For individual projects, internal audit begins by distributing an internal audit notification to the liaison with the City to confirm the planned activities, the timelines and the identification of project sponsors. Following the internal audit notification, the liaison typically coordinates an initial planning discussion between the internal audit manager and the project sponsor identified. The discussion with the project sponsor assists in defining the business and control objectives while also confirming the timelines and other key participants that will be involved in the project. The internal audit team obtains preliminary understanding of the areas under review and initiates drafting the project scoping memo. This memo/planning material is eventually approved by the project sponsor and includes a summary of the review areas and control objectives relevant to the project.

This ongoing communication and coordination between internal audit and the project sponsor to agree on scope as well as project expectations and timelines, ensures that reasonable timelines are communicated and approved prior to commencing the audit fieldwork.

Respective participants of the departments audited met with the PwC internal audit team to validate our understanding and findings, and provided a defined management action plan.

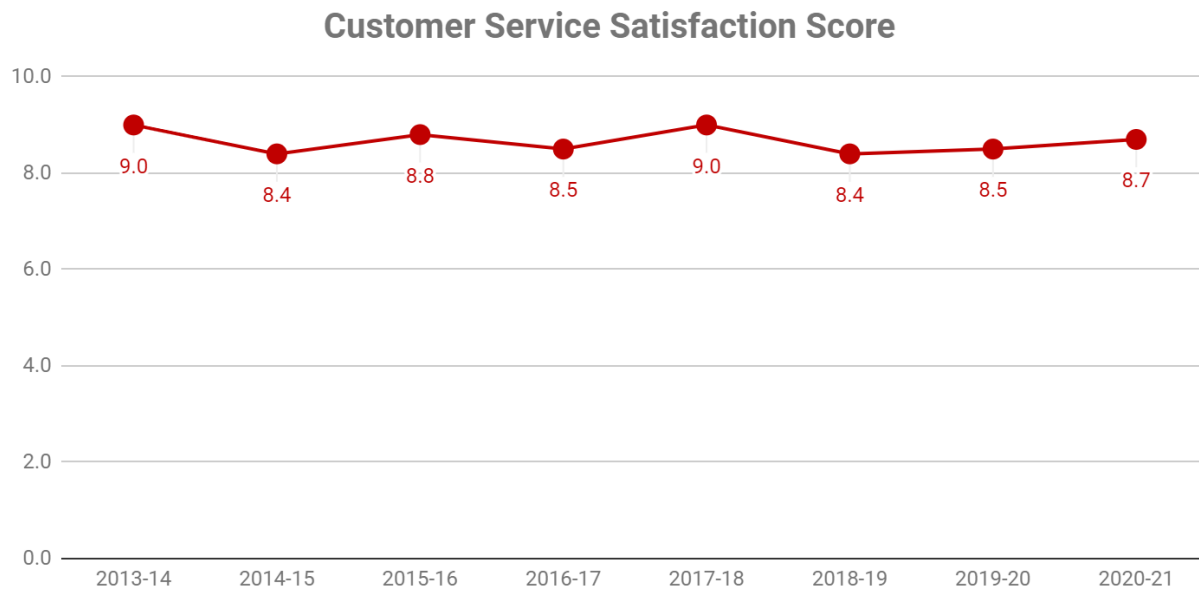
To measure our performance, we report on KPIs upon plan completion for period May 1, 2021 to April 30, 2022:

Client Service		
Value Driver	Target	Results
Management support initiatives	As needed	None required
Fees planned versus billed	\$300,000	\$300,000
Client satisfaction target versus attained	At least 7 out of 10	8.7 out of 10
Timeline reporting by phase	See service delivery metric table	See service delivery metric table
Recommendations raised since April 2013-2014	N/A	2
Considerations for improvement identified since April 2013-2014	N/A	85
Recommendations validated as closed by management since April 2013-2014	N/A	257

Client Service			
Value Driver	Annual Score	Related to # of Projects	Considers # of Responses
Audit Quality Survey Score	8.7	4	4

Survey question		
Value Driver	Average rating 2014 to 2020	Current year rating 2020-21
The City has confidence in the quality of work that PwC has performed.	8.4	8.3
During the project, the PwC team engaged us (key project participants including the project sponsor) in a meaningful conversation about our business that may have included new ideas about your own business or situation.	8.4	9
During the project, the PwC team was approachable, responsive, and developed positive relationships with our team.	8.9	8.3
In a way that was respectful of the City's other priorities, the PwC team efficiently delivered what they said they would in the internal audit scope memo.	8.5	8
The PwC team remained professional, independent, and objective in their dealings with the City personnel and the project.	9.0	9
We would recommend the PwC services to our other contacts.	8.9	9

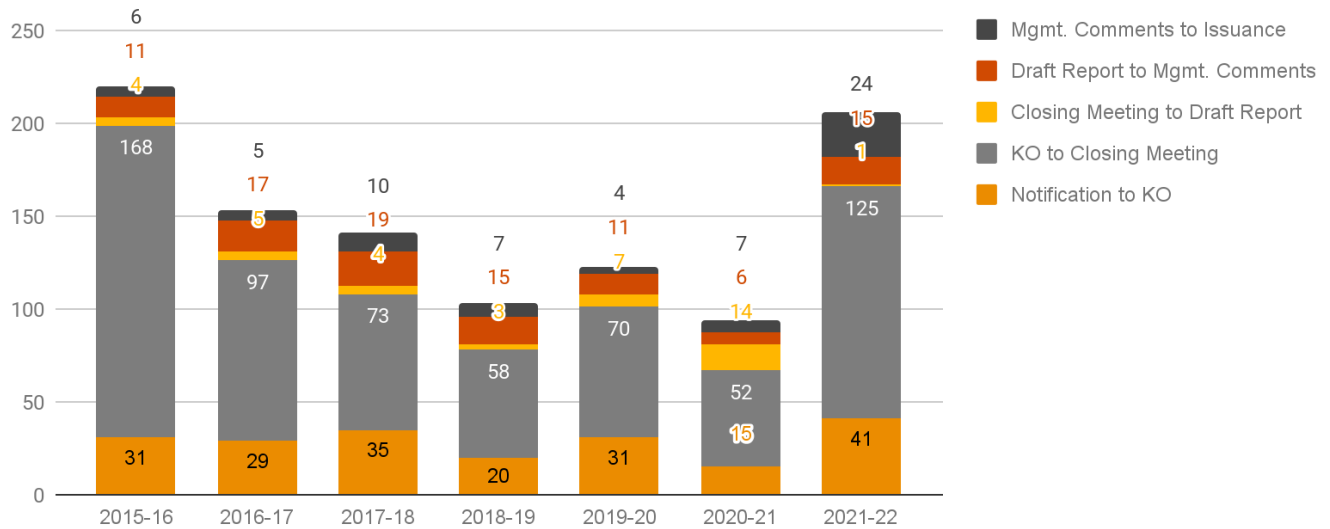
Average customer service satisfaction scores are also depicted by chart below for the period from the audit year 2014 - 2021



Service Delivery Metrics					
Activity	Notification	Start	Draft report	Mgt Comments	Issuance
Target	At least 20 days prior to start	+/- 2 days from Kick-off Meeting	Within 5 days of completing fieldwork	Within 15 days of issuing draft report	Within 5 days of receiving management comments
Actuals	15	26	1	15	24

The following chart depicts the time taken in days on average for each phase of the Internal Audit Projects performed on a year on year basis and below the chart a table also details the target days for each phase.

IA project phase timelines (year on year)



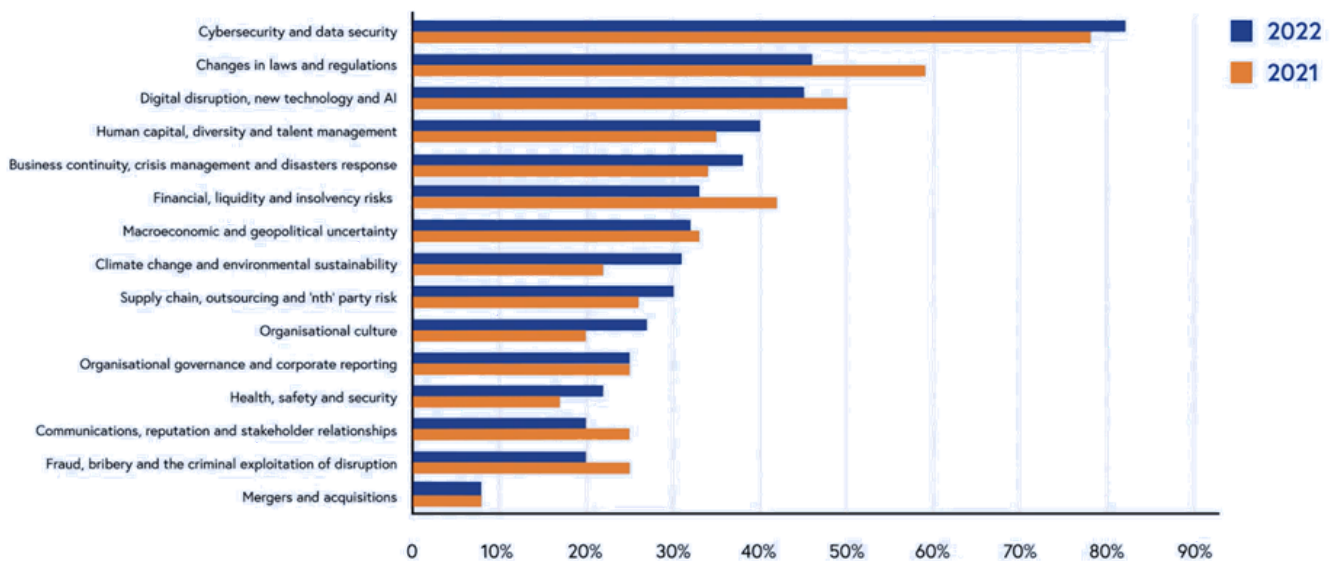
9. Emerging Trends and Successful Practices

In this section we provide a brief summary of trends related to audit of management operations by looking at an industry risk priority survey, emerging risks from a municipal audits perspective and trends in audit techniques.

Overall risk priorities in 2022 vs 2021 across various industries

The table below provides a perspective on pan-industry risks many of which impact the municipal environment:

What are the top five risks that your organisation currently faces?



Source: European Confederation of Institutes of Internal Auditors (ECIIA)

- The top three risks currently facing businesses: cybersecurity and data security (83%), regulatory change and compliance (47%) and digitalization, new technology and AI (45%).
- For the fourth year running, cybersecurity has topped the list of risks, with almost four in five (79%) businesses citing it as one of the major risks they face.

Other emerging trends in Municipal Audit Execution

- Environment, Social, & Governance
- Change in physical size and space
- Cyber vulnerabilities
- Third party environments/services

-
- Agile delivery techniques
 - Data governance
 - Leveraging data
 - Compensation & benefits
 - Employee wellness
 - Equity, diversity & inclusion
 - Staff morale
 - Artificial intelligence
 - Corporate responsibility



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