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# Auditor General Follow-up on July 28, 2025 Report - Auditor General Report Regarding Comparator Research and Recommendations (Standards, Budget, Allocation)

## Report

10.01.2025

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Office of the Municipal Auditor General,  
The Corporation of the City of Windsor

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# Executive Summary

## Context

On July 28, 2025, Council considered the Auditor General's *Comparator Research and Recommendations Report* (dated June 25, 2025). At that meeting, Council adopted a direction to draft an Auditor General By-law, but four additional recommendations were discussed without being formally included in the resolution.

This follow-up report addresses three of those recommendations:

- **Professional Standards** – a straightforward confirmation of adherence to Global Internal Audit Standards.
- **Budget Process** – an update for information only, given 2026 timelines; independence concerns remain until resolved in the By-law.
- **Hotline Resource Allocation** – revised allocation framework based on planning experience and comparator practices.

The fourth outstanding item – **Governance of the Fraud and Waste Hotline** – is presented under a separate stand-alone report given the substantive policy updates since July.

## Recommendations:

That City Council:

1. **Professional Standards**  
DIRECT the Auditor General to operate in accordance with the Global Internal Audit Standards (IIA), and that future resource planning reflect training, quality assurance, and engagement time requirements.
2. **Budget Process (Update Only)**  
RECEIVE FOR INFORMATION the update on the Auditor General budget process, noting that independence concerns remain until addressed in the draft Auditor General By-law.
3. **Hotline Resource Allocation**  
DIRECT the Auditor General to reserve a minimum percentage of annual resources for analysis and investigation of allegations received through the Fraud and Waste Hotline, as outlined in the Revised Allocation Framework.

# Background

At its July 28, 2025 meeting, City Council adopted the following resolution (CR333/2025):

“That the report of the Auditor General dated June 25, 2025 entitled *Auditor General Report Regarding Comparator Research and Recommendations* BE RECEIVED; and,  
That Administration BE DIRECTED to work towards preparing a draft Auditor General By-law for Council’s consideration.”

While Council discussed and expressed support for other elements of the Auditor General’s recommendations, no formal direction was provided on four items. This follow-up report brings forward three (Professional Standards, Budget Process, Hotline Resource Allocation) of those items for confirmation or information.

# Discussion

## 1. Professional Standards

- The *June 25, 2025 Auditor General Report Regarding Comparator Research and Recommendations* recommended that Council formally endorse adherence to recognized professional standards (IIA Global Internal Audit Standards, GAGAS, or CAS).
- At its July 28, 2025 meeting, Council directed Administration to prepare a draft Auditor General By-law. The direction did not explicitly include professional standards.
- The draft By-law will not embed standards directly, but will instead leave this matter to Council’s separate direction.
- All comparator municipalities formally reference professional standards.
- Formal endorsement ensures credibility, compliance with international practice, and defensibility of findings.
- The Auditor General currently (and historically) aligns practice with the IIA Global Internal Audit Standards.
- Council endorsement will formalize this direction and ensure that resource planning reflects the training, quality assurance, and time required to comply with these standards.

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- Comparator municipalities use IIA, GAGAS, or CAS frameworks; IIA is the most widely adopted for municipal audit functions.
  - The IIA Global Internal Audit Standards appear to be the most viable for the City of Windsor.

**Administration Comments:** Administration has considered the professional standards for inclusion into the draft By-Law to establish the position and duties of the Auditor General of the City of Windsor

## 2. Budget Process (Update Only)

- The *June 25, 2025 Auditor General Report Regarding Comparator Research and Recommendations* discussed presenting the AG operating budget as a distinct operating department (separate line item) and outlined the magnitude of other comparators and the floor considerations some municipalities had.
- The Auditor General's 2026 budget is currently embedded within an administrative departmental line.
- The draft By-law under development will require the Auditor General to submit a proposed budget through the City's overall budget process, consistent with current practice.
- Several reports, already before Council (in this agenda package) have highlighted the constraints and risks associated with the current budget, contract model, and limited resources.
- These issues will require future Council discussion and direction, but given timelines for the 2026 budget and by-law drafting, no change further changes are viable at this stage.

**Administration Comments:** Administration has considered the AG budget process for inclusion into the draft By-Law to establish the position and duties of the Auditor General of the City of Windsor

## 3. Hotline Resource Allocation

- The *June 25, 2025 Auditor General Report Regarding Comparator Research and Recommendations* recommended that Council adopt a tiered allocation model, reserving a minimum percentage of the Auditor General's annual resources for Hotline analysis and investigations.
- On July 28, 2025, Council discussed the proposal but did not provide formal direction.

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- Hotline volume and complexity have grown, often displacing planned audit work.
  - Comparator municipalities reserve a set percentage of AG resources for hotline work.

### Updates Since July

- The original percentage tiers were based on comparator research and high-level modeling.
- Since then, planning for the 2026 Work Plan has provided real experience with case intake, triage, and investigation resource demands. The previously proposed allocations are included in Appendix A for ease of reference.
- As a result, the tiers have been revised to better reflect the actual effort allocation required.

### Revised Allocation Framework

Budget	Minimum Percentage for Fraud and Waste Hotline Allocation
\$300,000 to \$450,000	47.0%
\$450,001 to \$600,00	34.0%
\$600,001 to \$750,000	25.0%
\$750,001 to \$900,000	20.0%
\$900,001 to \$1,050,000	17%
Above \$1,050,001	14.5%

Unused allocations will be reported in the Annual Report and may be redirected to planned work. Overages will reduce available capacity for other audit projects.

**Administration Comments:** Administration recommends that resource allocations should remain as part of the AG workplan

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## Appendix A - Prior Allocation Framework

The following table outlines the percentages for allocation in the June 25, 2025 report for reference.

Percentage Categories per Auditor General Department Budget:

<b>Budget</b>	<b>Minimum Percentage for Fraud and Waste Hotline Allocation</b>
\$300,000 to \$400,000	47.0%
\$400,001 to \$500,00	38.5%
\$500,001 to \$775,500	30.0%
Above \$775,501	22.5%