
Auditor General 2026 Risk Assessment

Report

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

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Executive Summary

The 2025–2026 risk assessment was conducted to identify the areas of highest priority for independent assurance. The assessment considered the City’s full audit universe, applying risk factors such as financial exposure, service impact, compliance requirements, governance maturity, and audit history. Input was obtained from Council, Administration, the Fraud & Waste Hotline, and public concerns.

Key Outcomes

- **Housing and Homelessness** emerged as the single highest-risk area, with significant concerns about data reliability, resource adequacy, and oversight of Windsor Essex Community Housing Corporation.
- **Community Safety** risks were identified in Police overtime and scheduling, Fire & Rescue staffing, and workforce planning.
- **Cybersecurity** governance and third-party/cloud reliance represent growing citywide exposures.
- **Procurement and Conflict of Interest** controls continue to surface through Hotline complaints and prior investigations.
- Other high-risk themes include **Transit modernization, Ontario Works, Parks and Recreation facilities, Children’s Services, and major infrastructure investments** such as sewer and coastal flood protection.

Priority Projects

Based on these outcomes, twelve projects were identified as the highest priorities for audit coverage over the next three years. These include:

- Homelessness data reliability and resource capacity
- Police overtime and scheduling
- Cybersecurity governance and ABC cyber resilience
- Procurement compliance and conflict of interest controls
- Transit Master Plan implementation
- Ontario Works case management and benefits administration
- Fire & Rescue overtime and deployment
- Parks & Recreation capital and maintenance
- WECHC governance and maintenance practices

- Sewer and coastal flood protection program
- Children's Services delivery and funding
- Workforce planning and talent management

Considerations

These projects represent the risk-based roadmap for 2026–2028. However, as documented in the companion Work Plan, available resources are insufficient to initiate any new project work in 2026–2028. All projects are therefore deferred until additional resources are provided or expectations are modified.

Conclusion

The risk assessment demonstrates a significant assurance gap between the City's risk profile and the Auditor General's available capacity. By approving the Work Plan, Council will be formally accepting the deferral of these high-priority risks.

1. Introduction

The Auditor General is mandated under the Municipal Act and the Auditor General Charter to prepare a **risk-based audit plan** each year. The first step in this process is an **annual risk assessment** of the City's programs, services, and related entities.

The purpose of the risk assessment is to:

- Identify high-priority areas where independent assurance would provide the greatest value to Council and the community.
- Consider risks across the City's operations, including financial, operational, compliance, governance, and reputational exposures.
- Incorporate perspectives from Council, Administration, the Fraud & Waste Hotline, and the broader public.
- Provide the foundation for a **multi-year rolling audit plan** that aligns with professional standards.

This Risk Assessment Report presents the methodology, key outcomes, and priority projects identified through the 2025–2026 risk assessment process.

2. Methodology

The risk assessment was conducted using a structured framework consistent with the Auditor General Charter and the International Internal Audit Standards (2025). The process included the following steps:

1. Audit Universe Definition

- The audit universe consists of the City's programs, services, departments, agencies, boards, and commissions (ABCs).
- Each auditable entity was identified and grouped by service area and function.

2. Risk Factors

Each entity was assessed against a common set of risk factors from the AG's perspective, including:

- **Financial Exposure** – budget size, complexity of funding, revenue sensitivity.
- **Public Impact** – level of community visibility, service reach, reputational risk.
- **Compliance and Legal Risk** – exposure to regulatory or legislative requirements.
- **Governance and Control** – maturity of oversight structures, history of audit findings.
- **Change and Complexity** – pace of change, technology reliance, system integrations.
- **Prior Audit Coverage** – extent and timing/proximity of prior assurance work.

3. Stakeholder Input

- **Council Input** – perspectives obtained from Council members on priority areas of concern via survey.
- **Administration Input** – discussions with senior leaders on emerging risks and operational challenges via survey.
- **Fraud & Waste Hotline Themes** – recurring complaint categories and trends.
- **Community and Public Concerns** – key issues raised in public forums and local media.
- **Integration with Enterprise Risk Management (ERM)** In preparing this risk assessment, the Auditor General considered whether the City's Enterprise Risk Management (ERM) framework could be leveraged to inform audit priorities. While coordination with ERM is ongoing, the program is still in development. It

does not yet provide a comprehensive risk universe or risk assessment that can be fully relied upon for audit planning purposes. As the ERM framework matures, it is expected to become a more significant input into future risk assessments.

4. Scoring and Prioritization

- Entities were rated on each risk factor and assigned an overall risk score.
- The Auditor General reviewed scores, and judgment was applied as needed.
- A ranking of high, medium, and low risk entities was developed.

5. Project Identification

- From the high-risk entities, specific audit projects were scoped that would provide timely and impactful assurance.

3. Risk Assessment Outcomes

Independence of Risk Assessment

This risk assessment reflects the Auditor General's independent evaluation of the City's risk universe. It may differ from the views of Administration. Administration's assessment often focuses on risks actively being managed and may conclude those risks are under control. The Auditor General, in contrast, must also consider areas where high-impact risks exist regardless of management's assessment, including where independent assurance is necessary to validate that controls are effective. This ensures that both risks requiring additional attention and risks where controls are assumed to be strong are subject to appropriate oversight.

The Auditor General must consider both **inherent risks** (the potential impact if controls fail) and **residual risks** (the impact after management's controls are applied). Administration may focus on residual risk and conclude that an area is well controlled. The Auditor General, however, must also weigh the inherent risk and the need for independent validation, particularly where high-impact risks exist. This difference in perspective explains why the Auditor General's assessment may highlight areas that Administration considers adequately managed.

Risk Assessment

The 2025–2026 risk assessment identified several areas of elevated risk across the City's operations. These areas were consistently rated highest across multiple risk factors, including financial exposure, complexity, change, public visibility, and lack of recent audit coverage.

High-Risk Areas

- **Housing and Homelessness**
 - Home, Together Housing & Homelessness Plan
 - Housing Services
 - Windsor Essex Community Housing Corporation
- **Employment & Social Supports**
 - Employment & Training Services
 - Ontario Works
- **Transit & Mobility**
 - Transit Master Plan
 - Transit Windsor
- **Community Safety & Services**
 - Fire & Rescue Services
 - Parks & Facilities

- **Children & Human Services**

- Housing & Children Services
- Employment & Social Services

Emerging / Thematic Risks

- **Cybersecurity & IT Infrastructure** – increasing reliance on third-party systems and cloud services creates elevated risk of service disruption and data loss.
- **Procurement & Conflict of Interest** – consistent themes from Fraud & Waste Hotline complaints and prior investigations.
- **Workforce & Talent Risk** – challenges with overtime (Police), workforce capacity (Housing), and turnover in key service areas.

Observations

- Many of the highest-risk entities have **never been audited** or were last audited more than five years ago.
- Major initiatives, such as **Housing, Transit, and Climate Resilience projects**, are considered high-risk due to their scale, complexity, and public impact.
- Themes identified through the **Fraud & Waste Hotline** (procurement, conflicts of interest, employment concerns) align closely with high-risk areas in the universe.
- Overall, the **assurance gap is widening**: only a fraction of these high-risk areas can realistically be covered given current resourcing.

4. 2026-2028 Priority Audit Projects

Use of External Reports

In developing project priorities, the Auditor General also considered the role of third-party reports. Where external assurance providers or regulators have issued reports that independently assess the effectiveness of City operations, those may be considered in determining audit coverage. However, there is a distinction between reports where a third party is engaged to support Administration in delivering its programs (consulting or advisory work) versus reports that provide an independent opinion on Administration's performance. Only the latter can be relied upon by the Auditor General in determining whether an area has received sufficient assurance. Other reports are valid inputs, but do not replace some level of independent assurance.

Projects

Based on the risk assessment outcomes, the following projects were identified as high-risk and key priorities for assurance coverage. These projects align with the areas of significant risk, where audit work would provide the most value to Council and the community.

Housing and Homelessness

- **Homelessness Data & Count Reliability Audit**
 - Assess the accuracy and reliability of the By-Names List, Point-in-Time counts, and related reporting.
 - Directly responds to identified risks in the City's Housing & Homelessness Plan and Housing Services.

- **Homelessness Resource & Capacity Stress Test**
 - Evaluate whether resources (funding, shelter capacity, supportive housing) are sufficient to meet community needs.
 - Addresses risks around sustainability and service delivery effectiveness.

- **Windsor Essex Community Housing Corporation – Governance & Maintenance Practices**
 - Review of oversight, asset management, and maintenance scheduling.
 - Responds to risks of aging housing stock, maintenance backlogs, and governance challenges.

Community Safety & Workforce

- **Police Overtime, Scheduling & Budget Variance Audit**
 - Examine drivers of overtime, scheduling practices, and controls over police staffing.

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- Linked to ongoing financial pressure and sustainability risks in Police Services.
 - **Fire & Rescue Services – Overtime and Deployment**
 - Review overtime usage, deployment efficiency, and scheduling controls.
 - Similar risks to policing, with financial and service delivery implications.
 - **Workforce Planning & Talent Management**
 - Assess recruitment, retention, turnover, and succession planning across the City.
 - Addresses risks of workforce capacity, service continuity, and talent management.
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Cybersecurity & Technology

- **Cybersecurity Governance & Vendor/Cloud Oversight**
 - Review governance of cybersecurity across the City, including oversight of third-party and cloud providers.
 - Responds to growing cybersecurity risks identified as a citywide exposure.
 - **Cybersecurity Review at a Selected Agency, Board, or Commission (ABC)**
 - Test readiness and cyber resilience at one high-impact external entity.
 - Responds to growing cybersecurity risks identified as a citywide exposure.
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Procurement & Integrity

- **Procurement Compliance – Sole Source & Emergency Purchases**
 - Assess compliance with policies for non-competitive and emergency procurements.
 - Responds directly to Fraud & Waste Hotline themes and prior investigative findings.
 - **Conflict of Interest Controls**
 - Test the adequacy of processes for disclosure, monitoring, and enforcement of conflict-of-interest requirements.
 - Addresses risks highlighted in Hotline complaints and prior AG investigations.
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Transit & Infrastructure

- **Transit Master Plan Implementation**
 - Provide assurance over progress, funding, and delivery of transit modernization.
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- Responds to risks of large-scale capital investment, funding gaps, and service delivery pressures.
 - **Sewer & Coastal Flood Protection Program**
 - Assurance over climate resilience investments and large-scale capital projects.
 - Addresses environmental, financial, and service continuity risks.
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Social Supports & Children's Services

- **Ontario Works Case Management & Benefits Administration**
 - Assess compliance with provincial rules, fraud prevention controls, and service delivery effectiveness.
 - **Children's Services Program Delivery & Funding**
 - Oversight of childcare funding, regulatory compliance, and program accessibility.
 - Both projects address compliance and service delivery risks in provincially cost-shared programs.
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These priorities are documented here for transparency. The companion 2026 Work Plan sets out what can realistically be delivered within the current resource envelope.

5. Considerations for Planning

The eight projects identified in Section 4 represent the areas of highest risk and the greatest potential value from assurance coverage. However, the ability to deliver these projects is dependent on available resources and contractual limitations.

Contractual Resource Envelope

- The current contract provides **1,200 hours annually** (equivalent to \$300,000 in fees).
- Core activities and mandatory obligations (professional standards compliance, hotline administration, relationship management, risk assessment updates) consume **over 1,100 hours each year**.
- Investigations arising from the Fraud & Waste Hotline are mandatory and typically consume the remaining capacity.

Resulting Constraints

- **Audit project coverage is effectively displaced** by core and investigative demands.
- In 2026, no project work can be initiated.
- In 2027 and 2028, core obligations continue to exceed the annual resource envelope, leaving no realistic project capacity.

Risk Universe Impact

- While the risk assessment identifies eight high-priority projects, the **Work Plan defers all of them** until additional resources are provided or expectations are modified.
- The deferral of these projects means that **high-risk areas remain unaudited through 2028**, including housing/homelessness programs, police overtime, cybersecurity, procurement, and conflict of interest controls.

Standards Disclosure

- Under the International Internal Audit Standards, this represents both a **mandate impairment (Standard 8.2)** and a **scope limitation (Standard 2600)**.
- By approving the Work Plan, **Council formally accepts the risk** associated with deferral of these high-priority projects.

Appendix A – Summary of Mayor, Council and Corporate Leadership Team Survey Considerations

Mayor and Council Considerations Noted in Survey Responses

Council Input Survey

To inform the 2026 Risk Assessment and Work Plan, a survey was issued to all members of Council, including the Mayor. Two responses were received (17% response rate). While limited, these responses offer valuable insights into areas of perceived risk and governance priorities.

Key Themes from Responses:

- High-risk functions identified included cybersecurity/IT, capital planning & infrastructure, and policing.
- Areas where risk exposure was believed to have increased included capital spending pressures and demands for policing.
- Reputational risks were noted around governance transparency, spending initiatives, and police trust.
- Good governance was associated with transparent procurement, complaint handling, and visible Council decision-making.
- Strategic initiatives flagged included capital budget spending and stormwater financing.
- When asked about resource trade-offs, respondents indicated they would be most willing to defer professional standards reviews or follow-up activities before frontline audits or investigations.
- An acceptable timeframe for completing investigations was considered to be 6–18 months, depending on the complexity.

How These Inputs Are Addressed in the 2026 Work Plan:

Theme Identified	How is it reflected in the 2026 Plan
Cybersecurity / IT	Listed as a deferred project (“Cybersecurity Reviews of ABCs”) for future years.
Capital Planning & Infrastructure	Related audit (“Capital Project Management”) appears on the deferred list.
Policing	Directly addressed through the Police Overtime, Scheduling & Budget Variance Audit (13% of plan).
Governance / Transparency	Supported through Governance & Emerging Issues Reserve, Fraud & Waste Hotline, and Investigations (≈30% of plan).
Complaint Handling	Covered structurally by the Fraud & Waste Hotline, Investigations, and Management Action Plan Validation.
Strategic Initiatives (Capital, Stormwater)	Not included explicitly in 2026 but linked to deferred audits (Capital Project Management, Infrastructure).
Resource Trade-Offs	While respondents would defer professional standards reviews, the plan retains Annual Quality Self-Assessment and Management Action Plan Validation to maintain professional conformance.
Investigation Timelines	Resources for investigations (~17% of plan) are consistent with expectations of completion within 6–18 months. However, new complaints received between August 2025 and June 2026 will likely extend completion timelines for those cases beyond this threshold, as investigative demand may exceed planned reserve capacity.

Limitations:

The survey results reflect the views of only two members of Council and should therefore be considered directional input only. Nonetheless, these insights were mapped to the Auditor General’s independent risk assessment, reinforcing several areas already included in the 2026 plan and identifying other areas for consideration in future years.

Corporate Leadership Considerations Noted in Survey Responses

Overall Indication:

- **Top Risks Identified:** Infrastructure sustainability, local economic instability, and cybersecurity were cited as primary corporate-wide risks.
- **Organizational Change:** Significant staffing turnover and administrative process adjustments were noted as increasing oversight challenges.
- **Control Environment:** Most areas described internal controls as established or partially documented, with few departments identifying major auditability challenges. Where system limitations exist, workarounds are in place.
- **Major Initiatives:** Areas such as the Home, Together Housing & Homelessness Plan, Transit Master Plan, Sewer and Coastal Flood Protection, and Windsor Works were highlighted, though most were assessed as having only partially documented or inconsistent controls.
- **Audit Value Opportunities:** Transit Windsor (specifically the maintenance garage and storage room) was identified as an area where audit coverage could add value.

Influence on Risk Assessment & Work Plan:

- Confirms alignment between management concerns and audit risk assessment focus areas (e.g., infrastructure, IT/cybersecurity, economic pressures).
- Signals that recent staffing and reporting changes may elevate risk in governance, compliance, and efficiency — suggesting targeted audit or advisory projects.
- Reinforces the need for coverage in corporate procurement, policy oversight, and major initiatives with weaker control maturity (e.g., housing/homelessness, climate/energy, transit).
- Specific input on Transit Windsor supports considering it as a near-term candidate for audit work.

Addressed / Considered in the Work Plan:

- Prioritization of high-risk domains (infrastructure, IT/cybersecurity, major initiatives) within the limited audit hours available.
- Integration of organizational change factors into risk weighting when selecting projects.
- Possible scoping of an audit project at Transit Windsor or related operational areas in the 2026–2027 cycle.

- Disclosure to Council that despite survey alignment, current budget resources constrain coverage to <5% of the audit universe, requiring deferral of many noted areas to later years.