
Auditor General Auditor General Report Regarding Comparator Research and Recommendations

Report

06.25.2025

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

Executive Summary

Introduction

Background: City Council directed the Office of the Auditor General to conduct a jurisdictional review of comparable municipal AG practices in Canada.

Objective: The purpose of this study is to provide City Council with:

- Research on municipal AG offices in key areas: independence, professional standards, budgets, and reporting structures.
- An options analysis and recommendations to inform potential future enhancements to the structure and mandate of The City of Windsor's AG Office.

This report provides options and recommendations to enhance accountability, independence, and effectiveness of the AG role in The City of Windsor.

Methodology

Scope: Focus on major Ontario municipalities plus select other Auditor General-related Canadian comparators.

Municipalities included in the research: Markham, Sudbury, Hamilton, Ottawa, Toronto, Vancouver, Calgary, Edmonton, Winnipeg, Montreal and Halifax.¹

Data sources: Public municipal reports, municipal bylaws, AG charters, financial documents, organizational charts, IIA and CAGFO publications.

Limitations: The review was based solely on publicly available information, and therefore, internal governance nuances may not be fully reflected.

Independence: To preserve the independence of the Auditor General and the viewpoints presented, have been documented in this report and then circulated to Administration to share the information and to collect Administration's perspective and input. This ensures Administration has the opportunity to understand the research, clarify questions and provide its own perspective as the recommendations impact hotline redesign, AG access to services, budgetary dollars and presentation and City by-laws. Input from Administration is presented this report under the section entitled "Administration Input and Perspective"..

No recommendations were modified or omitted from this report based on Administrative influence.

¹ Vancouver, Calgary, Edmonton, Winnipeg, Montreal and Halifax were included in the independence, reporting structure and budget research consideration only.

Key Research Areas

- A. Independence Practices
- B. Professional Standards Alignment
- C. Budget
- D. Reporting Structures
- E. Fraud, Waste, and Misuse Hotline







Summary of Key Findings




This report provides a comprehensive jurisdictional review of municipal Auditor General (AG) practices across Canada to inform City Council's consideration of options to enhance the independence, effectiveness, and impact of the Auditor General function at the City of Windsor.

Key findings include:

- **Structural Independence:** Municipalities with dedicated AG bylaws, fixed non-renewable terms, and two-thirds City Council vote requirements for appointment or removal exhibit the strongest safeguards for AG independence. Toronto and Ottawa serve as leading examples.
- **Work plan Authority:** The majority of comparator municipalities grant the AG exclusive authority to develop and amend the audit work plan, with City Council permitted only to request additions. This protects against political interference and ensures integrity in audit selection.
- **Professional Standards:** All AG offices reviewed adhere to the IIA International Standards for the Professional Practice of Internal Auditing (IPPF) or GAGAS (Generally Accepted Government Auditing Standards). The IIA standards offer scalable rigour suitable for Windsor's current capacity while allowing project-level flexibility.
- **Budget and Capacity:** Windsor's AG budget—at 0.025% of the municipal operating budget—is the lowest among peer cities, significantly limiting project execution. Jurisdictions with budgets exceeding 0.06% deliver broader audit coverage and manage higher volumes of fraud and waste investigations.
- **Fraud and Waste Hotline:** The fraud, waste, and misuse hotline has evolved into a significant operational component. Municipalities are increasingly allocating dedicated resources, with some outsourcing initial intake to third parties to enhance responsiveness and protect anonymity.

Strategic Recommendations From the Research:

#	Strategic Recommendation Summary	Will Seek Direction		
		Now	With Bylaw Efforts	In Future
1	Enact an Auditor General By-law that formally defines the role, appointment safeguards, term limits, and reporting structure—reinforcing independence both in appearance and in fact.			
2	Preserve work plan Autonomy by vesting full amendment and deletion authority with the Auditor General, with City Council empowered to propose additions only.			
3	Maintain Compliance with IIA Standards , which strike a balance between professional rigour and flexibility, while acknowledging the effort required for adherence and assurance review cycles.			
4	Increase the AG Budget to reach 0.065% of the operating budget, which aligns Windsor with peer municipalities and restores project execution capacity.			
5	Include a Minimum Funding Floor in the By-law to prevent future erosion of AG capacity due to budget stagnation, supported by budget presentation and administration clauses.			
6	Establish a structurally independent budget process for the Auditor General whereby the AG prepares and submits their proposed operating budget directly to the Mayor and City Council, as a distinct and unmodified line item in the City's annual operating budget package. In preparing the budget, the Auditor General shall inform and engage with Administration to ensure awareness of citywide financial pressures and alignment with fiscal planning timelines. However, the AG's submission shall not be subject to modification, approval, or integration by Administration, preserving independence in both appearance and fact.			

#	Strategic Recommendation Summary	Will Seek Direction		
		Now	With Bylaw Efforts	In Future
7	Redesign the Concerned Citizen and Employee Hotline Protocol , incorporating triage and risk frameworks, evidence thresholds, and potential use of third-party call centres for efficient intake.			
8	Reserve 20% of the Annual Work Plan for Allegation Response , balancing reactive investigation with proactive audit coverage.			
9	Once the Auditor General's by-law and budget strategy are finalized, consider engaging a third-party call centre processor reporting to the Office of the Auditor General. Alternatively, if a more rapid timeline is desired, consider the Administration selecting such a processor with operational reporting to the Auditor General for the actual contract performance.			

Given that many of the recommendations require City Council input, they were modified into specific items for City Council direction. These are summarized in the next section, while each one is further explored with other options in the accompanying report section "[Strategic Recommendations with Suggested City Council Directions](#)".

Summary of Recommended Directions

The following recommended directions are five (5) distinct elements related to the Auditor General function for City Council consideration and final direction:

1. That City Council direct Administration and the Auditor General to jointly prepare a draft Auditor General By-law for City Council's consideration, establishing the authority, responsibilities, and independence of the Office of the Auditor General under section 223.19 of the *Municipal Act, 2001*. Such a bylaw should consider key elements from the research and City Council's directions, including, but not limited to:
 - a. Appointment term and renewal
 - b. Process for suspension or removal of the designated Officer
 - c. Work plan creation, approval and changes
 - d. Scope of authority for budget and contract administration of the function
 - e. Budget funding floor and presentation/transparency
 - f. Professional standards expectations
 - g. Fraud and waste investigation governance, responsibility and capacity structures
 2. That City Council provide direction to formally endorse adherence by the Auditor General to the Global Internal Audit Standards, and direct that future resource and capacity planning consider the staffing, training, quality assurance, and engagement time requirements needed to meet those standards.
 3. That City Council direct the Auditor General and Administration to incorporate into the draft Auditor General By-law provisions that require the Auditor General's annual operating budget to be prepared and submitted independently to City Council, outside of the Administration's budget review and approval process. The Auditor General shall inform and engage with Administration during preparation to ensure coordination with the City's financial planning timelines and overall budgetary context. The budget shall be presented as a distinct line item in the annual budget package, ensuring full visibility and protecting the Auditor General's operational independence.
 4. That City Council direct that:
 - a. The Concerned Citizen and Employee Hotline be more appropriately rebranded as the Fraud and Waste Hotline.
 - b. The current assignment of oversight and responsibility for the Fraud and Waste Hotline be clearly and formally assigned to the Auditor General.
 - c. The currently approved Concerned Citizen and Employee Hotline Protocol be repealed and replaced by the attached Fraud and Waste Hotline Policy.
 - d. The Auditor General is authorized and empowered to develop and implement operational protocols to support the administration and investigation of
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allegations to effect the Fraud and Waste Hotline Policy.

5. That City Council direct that a strategic mandate that a minimum percentage of the Auditor General's departmental efforts be reserved for the analysis and investigation of allegations received through the Fraud and Waste Hotline or similar mechanisms.

Percentage Categories per Auditor General Department Budget:

Budget	Minimum Percentage for Fraud and Waste Hotline Allocation
\$300,000 to \$400,000	40%
\$400,001 to \$500,00	34%
\$500,001 to \$775,500	25%
Above \$775,501	20%

If, by year-end, a significant portion of the reserved allocation remains unused due to low case volume or investigative necessity, the Auditor General shall:

- Report on the actual usage of the reserved allocation in the annual report to City Council;
- Explain any mid-year reallocations undertaken to optimize resources; and
- Recommend whether the 20% reserve should be maintained, increased, or reduced in the following year's work plan, including a rationale.

Should City Council adopt an Auditor General by-law in the future, this direction is to be expressly included within it to reflect City Council's commitment to the ongoing resourcing and integrity of public interest mechanisms such as the Hotline.

Input form Administration

Administration was provided the opportunity to comment on this report and analysis once the AG's recommendations were defined. Administration's commentary is included in the report section "[Administration Input and Perspective](#)".

Contents

Executive Summary	i
Independence Comparison	1
Research Summary:	1
Key Observations	7
Recommended Action:	7
Professional Standards Comparison	9
Research Summary:	9
Key Observations	14
Recommended Action:	14
Capacity Comparison	15
Research Summary:	15
Key Observations	19
Recommended Action:	19
Fraud, Waste, Misuse of City Assets Hotline Comparison	20
Research Summary:	20
Key Observations	22
Recommended Action:	22
Note on Governance, Independence, and Perception	23
Summary of Strategic Recommendations from Research By Timing of Request for Council Direction	24
Strategic Recommendations with Suggested City Council Directions	26
1. Create an Auditor General Bylaw for City Council consideration	26
3. Adherence to Professional Standards for Audit and Investigation Functions	30
6. Establish a structurally independent budget process for the Auditor General	31
7. Formal Governance of the Concerned Citizen and Employee Hotline Protocol	33
8. Allocation of work plan Capacity for Allegation Analysis and Investigation	35
	36

Administration Input and Perspective	39
APPENDIX A - Fraud and Waste Hotline Policy	41
APPENDIX B - Rough Sample Draft By-law Wording For Context/Example	49

Independence Comparison

The impetus for examining the independence of the Auditor General stems from a confluence of pressures that have emerged over time. Budgetary constraints have remained static while workloads have intensified, driven by heightened public expectations, increasing audit complexity, and a rising volume of investigative matters. Evolving professional standards—both in scope and rigour—require greater diligence, documentation, and oversight than in previous years. Concurrently, the subject matter of audits is growing more complex, often intersecting with politically sensitive or high-risk areas. While such concern is not determinative, it signals a shift in tone that underscores the importance of reaffirming the structural and perceptual independence of the Auditor General function.

Research Summary:

The ability to execute work is significantly tied to the empowerment, authority, and independence of the Auditor General's function. In the research, we considered:

- A. **Bylaw on role and appointment** - Consider if there is a governing bylaw regarding the role and appointment/removal of the auditor general.
- B. **AG Appointment, removal or suspension** - Identify the approach as to how the individual appointed as Auditor General is appointed, removed or suspended.
- C. **Reporting line** - Identify to whom the Auditor General reports for the municipality.
- D. **Term length** - Determine if there is an indication as to a defined term for the appointment of the Auditor General.
- E. **Work plan defined by** - Identify who prepares the Auditor General's work plan.
- F. **Work plan approval** - Identify who approves the work plan prepared by the Auditor General.
- G. **Is City Council Able to Make Deletions or Amendments to the AG work plan** - Determine if City Council is permitted to delete or make amendments to the work plan presented by the Auditor General.
- H. **Who Is Able to Make AG Work Plan Deltions or Amendments** - Identify who can propose and make amendments or deletions to the AG work plan.
- I. **Work Plan Additions** - Determine if City Council is permitted to add to the work plan presented by the Auditor General.

The above considerations were assessed across the following municipalities:

Considerations	Windsor	Hamilton	Markham	Sudbury	Ottawa	Toronto	Recommendation
Bylaw on role and appointment of AG	None detected	None detected	None detected	Bylaw present	Bylaw present	Bylaw(s) present	Create Bylaw
AG appointment, removal or suspension	Majority vote of City Council	Surmised - Majority vote of City Council	Majority vote of City Council	2/3 majority vote by City Council per bylaw	2/3 majority vote by City Council per bylaw	2/3 majority vote by City Council per bylaw	Include a 2/3 majority vote required
Reporting Line	City Council directly	City Council via Audit Committee	City Council via General Committee	City Council via Audit Committee per bylaw	City Council via Audit Committee per bylaw	City Council via Audit Committee per bylaw	Include in the bylaw with wording such that reporting is to City Council or to a designated subcommittee of City Council.
Term Length	At City Council's discretion	Not specified in public documents	4-5 years, renewable	Not specified	7 years per bylaw	7 years per bylaw	Include in the bylaw with term options to be directed by City Council
Work Plan Defined By	Auditor General	Auditor General	Unknown	Auditor General, pursuant to the bylaw	Auditor General, pursuant to the bylaw	Auditor General, pursuant to the bylaw	Include in the bylaw
Work Plan Approval	to	Submitted to City Council for approval	Submitted to City Council for approval	Received by City Council, but no deletions or amendments permitted per bylaw	Received by City Council, but no deletions or amendments permitted per bylaw	Received by City Council, but no deletions or amendments permitted per bylaw	Consider including in the bylaw

Considerations	Windsor	Hamilton	Markham	Sudbury	Ottawa	Toronto	Recommendation
Is City Council Able to Make Deletions or Amendments to the AG work plan	Yes	$\frac{2}{3}$ Majority Vote	Unknown	No	No	No	Include in the bylaw
Who Is Able to Make AG Work Plan Deletions or Amendments	AG with subsequent City Council approval for change or funding allocation. City Council with a majority vote.	AG or City Council with a 2/3 majority vote.	Unknown	Auditor General	Auditor General	Auditor General	Include in the bylaw
Work Plan Additions	AG or City Council may propose, but requires a majority vote	The AG or City Council may propose, but it requires a 2/3 majority vote per resolution.	Unknown	The Audit Committee or a Board of Directors audit may request a report on additional matters, subject to available funding per the bylaw	The Audit Committee or a Board of Directors audit may request a report on additional matters, subject to available funding per the bylaw	The Audit Committee or a Board of Directors audit may request a report on additional matters, subject to available funding, with a 2/3 majority vote per bylaw	Consider including in the bylaw

We also collected the same topical information for the other readily identifiable Auditor General-type roles for other Canadian municipalities below:

Considerations	Halifax	Winnipeg	Montreal	Edmonton	Vancouver	Calgary
Bylaw on role and appointment of AG	No - required per Charter	No - required per Charter	No - Provincial Requirement for Cities with more than 100,000 citizens	Yes	Yes	Yes
AG appointment, removal or suspension	By the majority of City Council	By the majority of City Council	2/3 majority vote required	By the majority of City Council	Majority Vote of City Council ²	Majority Vote of City Council
Reporting Line	City Council through the Audit and Finance Standing Committee	City Council through the Audit Committee	City Council through the Audit Committee	City Council through the Audit Committee	City Council via Audit Committee per bylaw	City Council through the Audit Committee
Term Length	7 years (seeking up to 10)	Open - Currently 5-year renewable	7 years	None defined, the longest to date was 10 years	7 years per bylaw	5 years, with re-appointment possible
Work Plan Defined By	Auditor General	Auditor General	Auditor General	Auditor General	Auditor General, pursuant to the bylaw	Auditor General
Work Plan Approval	Received by City Council, but no deletions or amendments	Received by City Council, but no deletions or amendments	Received by City Council, but no deletions or amendments	Received by City Council, but no deletions or amendments	Received by City Council, but no deletions or amendments	Received by City Council, but no deletions or amendments

² with acknowledgement that this is a bylaw exception for removal or suspension

Considerations	Halifax	Winnipeg	Montreal	Edmonton	Vancouver	Calgary
	permitted	permitted	permitted	permitted	permitted per bylaw	permitted
Is City Council Able to Make Deletions or Amendments to the AG Work Plan	Recommendations only	Recommendations only	Recommendations only	Recommendations only	No	Recommendations only
Who Is Able to Make AG Work Plan Deletions or Amendments	Auditor General	Auditor General	Auditor General	Auditor General	Auditor General	Auditor General
Work Plan Additions	Auditor General	Auditor General	Auditor General	Auditor General	Auditor General	Auditor General

Further research identified a key principle in the Desautels report, “Task Force on the Establishment of an Independent Auditor General”³. The principle identified was that “The Auditor General must not only enjoy real independence from management but must also enjoy institutional security and must be allowed to carry out his/her mandate with minimum interference”. Through research and review of the report, this principle may be further understood by considering (1) **functional and operational autonomy**, (2) **structural safeguards**, and (3) **performing their duties**:

(1) This refers to **functional and operational autonomy**:

- The Auditor General (AG) **should not report to or be influenced by municipal administration or executive management**.
- Their work must be free from **direction, control, or approval** by the Chief Administrative Officer, department heads, or other staff.
- It preserves the AG’s ability to **objectively audit those very entities** without conflict of interest.

(2) This further means the AG must have **structural safeguards** that ensure their role cannot be easily undermined:

- **Appointment and removal protections** (e.g., requiring a 2/3 City Council vote).
- **Fixed term of office** to prevent arbitrary dismissal.
- **Stable and sufficient budget**—protected from political or administrative retaliation.
- Legal authority under legislation (like the **Municipal Act, 2001**) to carry out audits.

(3) The AG must be able to **perform their duties**:

- **Without political or administrative pressure** to delay, change, or cancel audits.
- With the freedom to **set their work plan**, investigate issues as they see fit, and **publish findings directly to City Council**.
- This ensures **transparency, accountability, and trust** in the oversight function.

The International Organization of Supreme Audit Institutions (INTOSAI)⁴ has established a number of globally recognized principles that guide the design and operation of Supreme Audit Institutions (SAI), such as auditors general. These principles focus on protecting the independence of SAIs, with the first two being that the SAI independence be clearly set out in

³ 2002 Desautels report was titled “Serving City Council and Citizens: Strengthening the Audit Function at the City of Toronto” and is available here: <https://www.toronto.ca/legdocs/2002/agendas/CityCouncil/cc020521/pof7rpt/cl001.pdf> by Denis Desautels having input from the Steering Group of the Institute of Chartered Accountants of Ontario.

⁴ INTOSAI is an intergovernmental organization representing Supreme Audit Institutions (SAIs). INTOSAI seeks to help set standards for public sector auditing and the promotion of good governance, among other advocacy work.

statute/legislation and that the personal independence of an SAI be protected by safeguards such as security of tenure and legal immunity in the normal discharge of their duties.

Key Observations

- In nine (9) of the eleven (11) other Auditor General's offices, a by-law for the Office of the Auditor General is in place, or the Office is included in the Municipal Charter or Provincial legislation. The City of Windsor does not currently have an Auditor General bylaw. The bylaw governs elements such as the appointment, suspension, removal, term, authority, reporting relationship, budget transparency, and additional roles of the Office. It is a local bylaw under the Municipal Act and governs any Charter the Office may establish.
- A Municipal bylaw regarding the Auditor General supports independence both in appearance and in fact.
- Requiring a $\frac{2}{3}$ majority vote of the full City Council for the appointment, suspension or removal of the Auditor General also increases independence. It conveys the importance of the role to the organization and the general public.
- Defining a fixed term protects against dismissal for political or administrative reasons. This insulates the Auditor General from political retaliation for critical audit findings. When considering the term, it should be sufficiently long to attract ideal candidates, span electoral cycles, and enable an auditor general to gain familiarity with the municipality while also creating and implementing a long-term vision and plan for their office. Considering fixing the term appointment such that removal possibilities are severely restricted or carry significant financial recompense, as such practices deeply instill independence in appearance and in fact, carry specific financial or operational burdens, but are limited in use.
- Reporting to City Council or an Audit Committee is common; final reporting accountability remains to City Council.
- Limiting the powers of City Council or administration to remove projects from the Auditor General's plan also reinforces the office's independence while carrying potential. In nine (9) of the eleven (11) other Auditor General's offices, the Auditor General sets the plan, City Council is only able to request additions if additional funding is available or provided.
- Empowering the Auditor General to define their work plan without override reinforces independence; however, a consequence of this is City Council's loss of power to cancel or modify a proposed project (City Council could request the AG consider amendment for reasons but if there was a difference of opinion then City Council may need to use its powers to suspend or remove the Auditor General.)

Recommended Action:

1. **Enact an Auditor General By-law** that formally defines the role, appointment safeguards, term limits, and reporting structure—reinforcing independence both in

appearance and in fact.

2. **Preserve work plan Autonomy** by vesting full plan determination, amendment and deletion authority with the Auditor General, with City Council empowered to propose funded additions only.
5. **Include a Minimum Funding Floor in the By-law** to prevent future erosion of AG capacity due to budget stagnation, supported by **budget presentation and administration clauses**.

Professional Standards Comparison

A review of the professional standards applied by the Auditor General's office is both timely and necessary. The landscape of public sector auditing has evolved, with standards becoming more demanding in terms of documentation, assurance processes, and quality oversight. While these frameworks—whether the IIA's International Professional Practices Framework (IPPF), CPA Canada standards, or GAGAS—are designed to promote excellence and credibility, they vary significantly in scope, prescriptiveness, and resource requirements. Given limited staffing, the increased volume of investigations, and rising expectations for responsiveness, it is essential to ensure that the standards adopted not only uphold integrity and independence but also remain achievable and fit for purpose. This review offers an opportunity to confirm alignment with City Council's governance expectations and the community's trust, while recognizing the practical capacity of the office to meet those expectations consistently.

Research Summary:

The professional standards applicable to the function impact independence, objectivity, quality and costs/efforts. In the research, we considered:

- A. **Standards Followed** - Identify if the standards which the Auditor General adheres to are publicly stated and which ones they have selected.
- B. **Quality Assurance** - Identify the quality standards the Auditor General has in place under the relevant standards.

The above considerations were assessed across the following municipalities:




Considerations	Windsor	Hamilton	Markham	Sudbury	Ottawa	Toronto	Recommendation
Standards Followed	Global Internal Audit Standards	Generally Accepted Government Auditing Standards (GAGAS)	Not disclosed in public documents	GAGAS on projects	Global Internal Audit Standards	GAGAS	Global Internal Audit Standards
Quality Assurance	Adheres to the Global IIA standards with self-assessments per the standards and an independent assessment once every five years.	Quality and continuous improvement are fostered in the organization's internal control processes.	Not disclosed in public documents	No public disclosure of if or how this is addressed in public documents. A peer review was conducted in 2012.	Adheres to the Global IIA standards with self-assessments per the standards and an independent assessment once every five years.	<ul style="list-style-type: none"> - An independent external auditor assesses adherence to delegated authorities and compliance with applicable City bylaws and policies. - An external independent quality assurance review occurs at least once every three years. 	Adhere to the Global IIA standards with self-assessments per the standards and an independent assessment once every five years.

Given the relatively even use of GAGAS and IIA standards, a comparison was conducted to understand the impact and options under the standards.:

Standard	Recommended For
IIA Global Internal Audit Standards	Internal audit, governance, risk, and control reviews
GAGAS (Yellow Book)	Performance audits, fraud/waste, and public trust
CPA Canada (Assurance)	Financial audit or compliance-type engagements
Custom Bylaws/Frameworks	Mandate-specific roles; typically blend the above sets

A note on Custom or Hybrid standards: While hybrid or modified frameworks were noted in general research, none were found explicitly disclosed by other Auditor Generals for municipalities. Further, while there may be cost savings in selecting a hybrid model and removing selected standard elements to increase available resources, the tradeoff is to regress from the standards applied by the City of Windsor as part of the Auditor General function (2019 to date) and the previous Internal Audit function (2013 -2019).

From an effort/rigour to comply with the above standards, we noted that:

Rank	Standard	Stringency / Effort Level
1	GAGAS (Yellow Book)	 Highest — formal, rigid, public-facing
2	CPA Canada Assurance Standards	 High — specific to financial/attest audits
3	IIA IPPF / Global Standards	 Moderate — scalable, internal, adaptive

CPA Standards were excluded from further consideration as the broad functional standard, as they are attest-based, with the reporting audience intended to be external third parties, rather than the intended uses of the Auditor General's services, which are City Council and administration. Further, the standards generally focus on external assurance related to financial and compliance information. Such standards would be relevant to specific projects. Embarking on such a strategy would make other operational modifications more critical, such as reinforcing

the Auditor General's plan independence and ensuring that only the AG can modify or delete items from the plan.

We then conducted a comparison **between GAGAS and the IIA IPPF** to understand their differences:

Purpose and Applicability

Aspect	GAGAS (Yellow Book)	IIA Global Internal Audit Standards
Published by	U.S. Government Accountability Office (GAO)	Institute of Internal Auditors (IIA)
Primary Use	Government audits, performance audits, and grant-funded audits	Internal audits in all sectors (public, private, nonprofit)
Jurisdiction	U.S. federal, state, local; used internationally for gov audits	Global private/public sector standard
Mandatory Use?	Required when legally mandated (e.g. U.S. federal funding)	Voluntary unless required by policy, regulation, or contract

Standards Content

Category	GAGAS	IIA Global Internal Audit Standards
Ethics	5 fundamental ethical principles (similar to IIA)	IIA Code of Ethics
Independence	Stringent documentation and threat analysis are required	Required, but documentation is more flexible
Competence (CPE)	80 hrs/2 years (24 gov-related)	40 hrs/year for CIAs

Standards Content

Quality Assurance	Peer review every 3 years , results must be public	QAIP with internal review annually and external review every 5 years
Audit Types Covered	Financial, attestation, and performance audits	Focuses on internal audits (risk, control, governance) and provides for the use of other appropriate standards based on the nature of the project.
Documentation	High—requires detailed planning, risk, evidence, sampling, etc.	Flexible, risk-based documentation standards
Management Involvement	Requires complete independence from management	Reports functionally to City Council/Audit Committee; administratively to CAO or Mayor
Focus	Public stewardship, transparency, value-for-money	Public accountability, organizational improvement, governance, risk, and internal control

Which Is More Onerous for a Small Audit Function?

Factor	Insights
Independence Requirements	GAGAS is more formal and detailed
CPE and Training	GAGAS has slightly higher requirements
Quality Reviews	GAGAS requires more frequent external reviews (and related costs)
Documentation Burden	Significant in both, but GAGAS is more prescriptive

Which Is More Onerous for a Small Audit Function?

Flexibility and Scalability

IIA IPPF is easier to scale for small teams, providing flexibility to leverage GAGAS or other standards on specific projects.

Key Observations

- Considering the five (5) comparator Auditor General offices, each listed municipality adhered to a designated professional standard. Two (2) of the selected municipalities adhere to the Generally Accepted Government Auditing Standards. Two (2) adhere to the Global Internal Audit Standards. One (1) stated that projects comply with (GAGAS), but the full functional/department requirements adherence is not readily apparent.
- For a **small audit function**, **GAGAS** (Yellow Book) is generally **more onerous to comply with** than the **IIA International Standards for the Professional Practice of Internal Auditing (IPPF)**—especially in terms of structure, documentation, and external scrutiny.
- Migration to GAGAS is expected to have one-time transition costs and efforts. It is likely to result in additional ongoing increased costs and efforts for compliance beyond the IIA standards.
- The IIA Global International Internal Audit Standards permit the use of other professional standards on specific projects when they provide a more applicable framework.
- The IIA Global International Internal Audit Standards provide for modified compliance when applying the Standards in the public sector.
- The IIA standards appear to continue to be the relevant ones for use by the Auditor General for the City of Windsor.

Recommended Action:

3. **Maintain Compliance with IIA Standards**, which balance professional rigour with flexibility, while recognizing the effort required for adherence and assurance review cycles.

Capacity Comparison

The City of Windsor's Auditor General departmental budget has remained unchanged since its establishment in 2013. To operate within these constraints, the office has consistently sought efficiencies by streamlining practices, scaling back discretionary efforts, and narrowing its focus to core compliance with required professional standards—often at the expense of adopting broader good practices. However, this approach is no longer sustainable. The demands of evolving professional standards have increased significantly, requiring more extensive documentation, quality assurance, and procedural rigour. At the same time, the volume and complexity of incoming hotline complaints have grown, consuming a larger share of available resources. As a result, the capacity to conduct proactive, value-added audit projects has diminished to a critical level. Without addressing these constraints, the office risks being unable to fulfill its mandate effectively or maintain the level of public accountability expected by City Council and the community.

Research Summary:

The ability to execute work is closely tied to the resources available to the function. In the research, we considered:

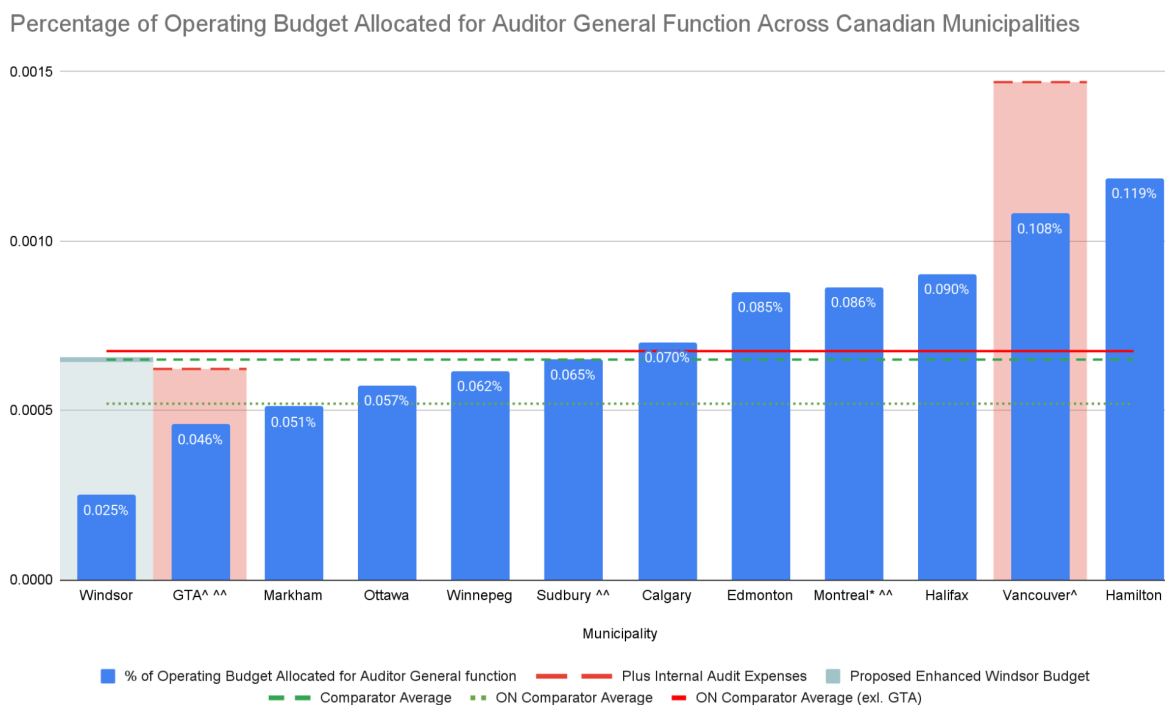
- A. **Budget process** - how the budget material was presented to City Council in public reports. In some instances, the information was embedded within cost centres, ranging from being a line item in a cost centre to having its own budget reporting summary.
- B. **Office size** - the number of personnel disclosed as part of the function or a calculation of FTE equivalent, where personnel were not indicated as permanent employees.
- C. **AG Budget** - the amount of operating funds allocated to the Auditor General function to cover all costs of the operations of the function (salaries, wages, benefits, technology, supplies, administration, professional development, contractors, etc.)
- D. **Budget as a % of Operating Budget** - the allocated Auditor General budget as a percentage of the same year's municipal operating budget.
- E. **Reports per FTE** - A calculated metric of the average number of reports (not investigations) issued in the past five years, divided by the number of FTE disclosed.

The above considerations were assessed across the following municipalities:

Considerations	Windsor	Hamilton	Markham	Sudbury	Ottawa	Toronto	Recommendation
Budget Process	Included within budget details for City Council approval	City Council approved as a line item	Included within budget details for City Council approval	City Council approved a cost centre with analysis	City Council approved a cost centre with analysis	Presented separately from Administration Budget	Clearly disclose
Minimum Funding Defined by Legislation or Bylaw	No	No	No	Yes	No	Partially	Consider including a minimum in the bylaw
Office Size	3 PT Staff plus contractors (1.3 FTE)	7 FT staff plus contractors	Not disclosed	2 FT plus contractors	14 FT plus contractors	45 Staff plus contractors	Aligned to the operating budget
AG Budget	\$300,000	\$1,470,000	\$150,000	\$516,000	\$2,860,000	\$8,651,000	2026: \$537,000 (estimate) 2027: \$775,500 (estimate)
Budget as a % of Operating Budget	0.025%	0.119%	0.051%	0.065%	0.057%	0.046%	2026: 0.045% 2027: 0.065%
Reports per FTE	1.4	0.5	Unknown	2.6	0.4	0.2	2-4

In addition to the consideration analysis, we collected the Auditor Generals' Budget as a percentage of the municipal operating budget for additional Auditor General Functions across Canada based on the 2025 published budget information:

Considerations	Halifax	Winnepeg	Montreal	Edmonton	Vancouver	Calgary
AG Budget	\$3,800,000	\$1,433,000	\$3,094,000	\$5,580,000	\$2,533,000	\$3,560,000.00
Budget as a % of Operating Budget	0.070%	0.062%	0.085%	0.086%	0.108%	0.066%



Notes for selected municipalities:

[^] These municipalities also have a dedicated Internal Audit function with additional budget allocated beyond the numbers noted in the graph - as such, the total expenditures related to providing comfort to City Council with regards to risk and controls would be higher (indicated by red shaded columns)

* Numbers represent 2022 values

^{^^} These municipalities have funding requirements for the Auditor General as part of a bylaw or legislation. Montreal and Sudbury are explicit. Toronto is not explicit.

In addition to the consideration analysis, we collected the Auditor Generals' Budget as a percentage of the municipal operating budget for additional Auditor General Functions across Canada based on the 2025 published budget information:

We also considered a rough estimate of conducting three specific projects using co-sourced, contracted and directly employed resources to assess impact of the total costs:

Project Type	Project Hours	Co-sourced	Contracted	Direct Employed
Performance Audit/Value for Money	400	\$125,000-\$155,000	\$100,000-\$150,000	\$77,000-\$100,000
Standard Process Review	200	\$63,000-\$77,000	\$50,000-\$70,000	\$38,000-\$50,000
Policy Review or Single Point of Focus	140	\$45,000-\$54,000	\$35,000-\$48,000	\$27,000-\$35,000

Key Observations

- Key budget observations as a percentage of the Operating Budget are that The City of Windsor Auditor General budget allocation is:
 - lower than all of the comparators.
 - less than half of the average.
 - Windsor spends 33.8% of the average of the 11 total comparators and 37.3% of the Ontario comparators.
- The total actual dollar budget for the Auditor General's Function is lower than 10 of the other comparators, but is double that of Markham. However, the fraud and waste hotline is not in effect under the Auditor General's office for Markham.
- This research corroborates the initial challenges of budgetary constraints noted in the 2025 Auditor General work plan.
- Given resource cost increases applying the proposed budgetary increase provides the ability to possibly perform 2-3 project reviews, administer the fraud and waste hotline, conduct 2-3 investigations per year and comply with professional standards in the transition year and it affords the ability to increase project counts or depth in the ongoing future years while providing buffer for inbound investigations.⁵

Recommended Action:

4. **Increase the AG Budget** to reach 0.065% of the operating budget, which aligns Windsor with peer municipalities and restores project execution capacity. To enact the budgetary adjustment, one of two options may be considered:
 1. Setting the budget to 0.065% of total Operating Expenditures for 2026
 2. Taking a staged approach of 0.045% of total Operating Expenditures in 2026 and moving to the stable 0.065% in 2027.
5. **Include a Minimum Funding Floor in the By-law** to prevent future erosion of AG capacity due to budget stagnation, supported by **budget presentation and administration clauses**.
6. **Establish a structurally independent budget process for the Auditor General** whereby the AG prepares and submits their proposed operating budget directly to the Mayor and City Council, as a distinct line in the City's annual operating budget package. In preparing the budget, the Auditor General shall inform and engage with Administration to ensure coordination with citywide financial planning and tax levy implications. However, the AG's submission shall not be subject to modification or approval by Administration, preserving the AG's independence while enabling informed fiscal planning.

⁵ The analysis is based on the ability to acquire resources for work plan execution.

Fraud, Waste, Misuse of City Assets

Hotline Comparison

The fraud, waste, and misuse hotline has evolved into a core function of the Auditor General's office, reflecting growing public engagement and expectations around transparency and accountability. What began as a supplemental mechanism now represents a substantial and complex workload, requiring structured intake, triage, documentation, and in many cases, detailed investigation. Many of these matters fall outside traditional audit boundaries and touch on operational, HR, or systemic governance concerns—demanding both careful judgment and significant resources. Notably, the legacy processes supporting the hotline were designed under a different set of assumptions about the office's capacity, relationships, and mandate. As the volume and nature of complaints have shifted, some aspects of the original process may be candidates for simplification or realignment to enhance efficiency while maintaining integrity and responsiveness. A review of the hotline's design, resourcing, and integration within the broader audit function is warranted to ensure its continued effectiveness in today's operating environment.

Research Summary:

In the research, we considered:

- A. **Hotline Role** - consider where in the organization the fraud and waste hotline is administered
- B. **Hotline Trend Summary** - identify if any trends are noted for the hotline process per public reports
- C. **Hotline Support/Intake** - identify if a 3rd party is leveraged to manage inbound queries

The above considerations were assessed across the following municipalities:

Considerations	Windsor	Hamilton	Markham	Sudbury	Ottawa	Toronto	Recommendation
Hotline Role	Administered and Investigate	Administered and Investigate	Not detected in public documents	Administered and Investigate	Administered and Investigate	Administered and Investigate	Retain hotline within the Office of the Auditor General. Include responsibility within the Bylaw.
Hotline Trend Summary	Volume and complexity are increasing	Volume and complexity are increasing	NA	Complaints are rising, and costs to address have increased by 50%	Volume and complexity are increasing	Volume and complexity are increasing, but 2024 saw a slight reduction	Revise the protocols given the research
Hotline Support/Intake	Direct to OAG	3rd Party	Unkown	Direct to OAG	3rd Party	3rd Party	Consider 3rd Party

Key Observations

- Five of the six municipalities align the administration of the hotline with the Auditor General's function. The one (1) comparator exception does not have a fraud and waste hotline.
- Of the five with the Hotline function within the Auditor General's area of responsibility, all had noted significant increases in (1) inbound calls, (2) the number of distinct allegations, and (3) the complexity of the complaints over the last 2-3 years.
- Some explicitly indicated increasing costs associated with administering the Hotline - one noting an over 50% increase.
- Half of the municipalities leveraged external call centres or online service solutions to capture initial inbound communications, which were digital or phone-based.
- Larger teams alluded to dedicated or partially dedicated resources for hotline administration.
- Several indicated that a dedicated budgetary portion was allocated to Hotline investigation and administration, in addition to process administration.
- Reviewing the publicly available process and reporting documentation has provided considerations for streamlining and/or improving the Concerned Citizen and Employee Hotline at the City of Windsor.
- In larger centres, there appeared to be an indication that interaction through third parties and recurring public and internal education reduced the number of inbound calls that ideally should have been directed elsewhere.

Recommended Action:

7. **Redesign the Concerned Citizen and Employee Hotline Protocol**, incorporating triage and risk frameworks, evidence thresholds, and potential use of third-party call centres for efficient intake and focusing on fraud, waste and misuse of City Assets.
8. **Reserve 20% of the Annual Work Plan for Allegation Response**, balancing reactive investigation with proactive audit coverage
9. Once the Auditor General's by-law and budget strategy are finalized, **consider engaging a third-party call centre processor** reporting to the Office of the Auditor General. Alternatively, if a more rapid timeline is desired, consider the Administration selecting such a processor with operational reporting to the Auditor General for the actual contract performance.

Note on Governance, Independence, and Perception

As Auditor General, I acknowledge that several recommendations in this report, particularly those involving budget, mandate, and structural independence, could be perceived as self-benefiting. That perception is reasonable—and expected—whenever an independent office proposes governance improvements that affect its own function. To ensure objectivity, every recommendation presented herein is grounded in jurisdictional precedent, public sector audit standards (including IIA, GAGAS, and INTOSAI), and sound governance principles. Ultimately, it is City Council that holds the authority and responsibility to define the Auditor General's role, mandate, and resources. This report is intended to support that deliberation by presenting options and evidence-based recommendations—not to dictate outcomes

Summary of Strategic Recommendations from Research By Timing of Request for Council Direction

The nine (9) recommendations noted as a result of the research conducted have been classified into one of three categories:

- A. Topics Where The AG Is Seeking Council Direction Now
- B. Topics Where Council Direction Will Be Sought As Part of Bylaw Development
- C. Topics Where Council Direction Will Be Sought At a Later Date

Each recommendation has been assigned to one of the categories below; however, the original numbering was retained for referencing.

A. Recommendations Where The AG Is Seeking Council Direction Now

1. **Enact an Auditor General By-law** that formally defines the role, appointment safeguards, term limits, and reporting structure—reinforcing independence both in appearance and in fact. The bylaw is to be developed jointly by Administration and the Auditor General, considering the research discoveries and ensuring alignment with City practices and requirements.
3. **Maintain Compliance with IIA Standards**, which strike a balance between professional rigour and flexibility, while acknowledging the effort required for adherence and assurance review cycles.
6. **Establish a structurally independent budget process for the Auditor General** whereby the AG prepares and submits their proposed operating budget directly to the Mayor and City Council, as a distinct line in the City's annual operating budget package. In preparing the budget, the Auditor General shall inform and engage with Administration to ensure coordination with citywide financial planning and tax levy implications. However, the AG's submission shall not be subject to modification or approval by Administration, preserving the AG's independence while enabling informed fiscal planning.
7. **Redesign the Concerned Citizen and Employee Hotline Protocol**, incorporating triage and risk frameworks, evidence thresholds, and potential use of third-party call centres for efficient intake.
8. **Reserve 20% of the Annual Work Plan for Allegation Response**, balancing reactive investigation with proactive audit coverage

B. Recommendations Where Council Direction Will Be Sought As Part of Bylaw Development

2. **Preserve work plan Autonomy** by vesting full plan determination, amendment and deletion authority with the Auditor General, with City Council empowered to propose funded additions only. To be included in consideration for bylaw development.
4. **Increase the AG Budget to reach 0.065% of the operating budget**, which aligns Windsor with peer municipalities and restores project execution capacity.
5. **Include a Minimum Funding Floor in the By-law** to prevent future erosion of AG capacity due to budget stagnation, supported by **budget presentation and administration clauses**. To be included in consideration for bylaw development.

C. Recommendations Where Council Direction Will Be Sought At a Later Date

9. Once the Auditor General's by-law and budget strategy are finalized, **consider engaging a third-party call centre processor** reporting to the Office of the Auditor General. Alternatively, if a more rapid timeline is desired, consider the Administration selecting such a processor with operational reporting to the Auditor General for the actual contract performance.

Strategic Recommendations with Suggested City Council Directions

1. Create an Auditor General Bylaw for City Council consideration

Strategic Recommendation From Research:

Enact an Auditor General By-law that formally defines the role, appointment safeguards, term limits, and reporting structure—reinforcing independence both in appearance and in fact. The bylaw is to be developed jointly by Administration and the Auditor General, considering the research discoveries and ensuring alignment with City practices and requirements.

Observation:

While a City Council directive appointing an individual to the Office of the Municipal Auditor General was passed by City Council, a bylaw regarding the Auditor General does not currently exist at the City of Windsor.

Basis for Recommendation:

1. Jurisdictional Precedent: Among the municipalities reviewed, 81% have an Auditor General By-law or enabling legislative provision.

2. Legislative Authority: Section 223.19 of the *Municipal Act, 2001* provides municipalities with the authority to establish the Office of the Auditor General and define its powers and duties by by-law. Adoption of a by-law reinforces compliance with this legislative framework.

3. International Standards Alignment: According to the Institute of Internal Auditors (IIA) and INTOSAI (International Organization of Supreme Audit Institutions), legal frameworks that clearly define the AG's role, mandate, and protections are essential to securing independence *in both appearance and fact*—a cornerstone of credible oversight.

4. Provides Structural Independence: Codifies AG's reporting relationship to City Council and protects against administrative interference. Enables clear terms of appointment and thresholds (e.g., 2/3 City Council vote) for removal or suspension, discouraging arbitrary or politically motivated actions. Demonstrates a public commitment to oversight and value-for-money, bolstering civic trust. Supports AG's authority to establish internal policies, hire staff, and manage investigations without reapproval or micromanagement.

The absence of a governing by-law puts Windsor's AG structure below the governance standard of peer municipalities and has the potential to undermine both real and perceived

independence. Adopting a dedicated Auditor General By-law would modernize oversight infrastructure, reflect leading practice, and signal a clear commitment to transparency, accountability, and sound financial stewardship.

Options for the Auditor General By-law for City Council consideration are recommended as one of the following:

1. Develop and implement an Auditor General By-law. (See the Summary of Elements table below for options to be considered in such a bylaw and Appendix B for initial rough draft wording outline of a mock bylaw.)
2. Leave the appointment of an Auditor General as a City Council Directive in accordance with the Municipal Act and the approved Auditor General Charter.

The following table provides a highlevel summary of the various options to be explored as part of the bylaw development. For the purposes of transparency the Auditor General's initial recommendations/prespectives⁶ are bolded and italicized for each Element under the Options column (additional information and rationale will be provided as part of the bylaw development).

Summary of Elements

Element	Options	Jurisdictional Precedent	Considerations
Term of Appointment	<ul style="list-style-type: none"> Not specified Specified at the time of appointment 5 years renewable; 7 years fixed 7 initial + 3 renewable hybrid 	<i>Toronto: 7 yrs;</i> <i>Ottawa: 7 yrs;</i> <i>Sudbury: not specified</i> <i>Hamilton: Unknown</i> <i>Markham: 4-5 years renewable</i> <i>Windsor: Council discretion</i>	Longer or fixed terms attract stronger candidates and reduce political turnover risk. Hybrid model offers renewal flexibility while preserving continuity.
Removal/ Suspension Clause	<ul style="list-style-type: none"> Simple majority 2/3 vote 2-step 2/3 vote 2-step 2/3 w/ severance 	<i>Toronto: 2/3 majority</i> <i>Ottawa: 2/3 majority</i> <i>Sudbury: 2/3 majority</i> <i>Hamilton: Majority of Council</i> <i>Markham: Majority of Council</i> <i>Windsor: Majority of Council</i>	2/3 vote reinforces independence, but may delay action; 2-step 2/3 vote increased independence and isolates the office from political risk but may delay action; severance encourages rational and value-based choice but has a direct cash outlay impact
Reporting Line	<ul style="list-style-type: none"> Direct to Council To Council Via Audit Committee 	<i>Toronto: To Council Via Audit Committee</i>	Audit Committee structure can support reporting discipline and prioritization, but may dilute

⁶ These AG recommendations/perspective were selected prior to circulation of this research report to Administration for their questions and the collection of commentary for the "Administration Input and Perspective" section of this report.

Element	Options	Jurisdictional Precedent	Considerations
		<i>Ottawa:</i> To Council Via Audit Committee <i>Sudbury:</i> To Council Via Audit Committee <i>Hamilton:</i> To Council Via Audit Committee <i>Markham:</i> To Council Via General Committee <i>Windsor:</i> Direct to Council	independence or delay access compared to direct Council reporting.
AG Budget Tied to Operating Budget	<ul style="list-style-type: none"> ● Phase into 0.065% - 2 yr 0.02% per annum increase Jan/26, Jan/27) ● Move to 0.065% for Jan/26 ● Other increased amount ● No change ● Any of the above with different timing 	<i>Toronto:</i> 0.046% <i>Ottawa:</i> 0.057% <i>Sudbury:</i> 0.065% <i>Hamilton:</i> 0.051% <i>Markham:</i> 0.119% <i>Windsor:</i> 0.025%	Increasing from 0.025% to 0.065% better aligns Windsor with peers, enhancing capacity. Phased growth smooths financial impact. Enables 3–5 audits/year vs. 0–1 currently.
Work Plan Approval	<ul style="list-style-type: none"> ● Council approves, but cannot remove or change, may request additions ● Council receives and may not remove or change, may request additions 	<i>Toronto:</i> Council approves, but cannot remove or change, may request additions <i>Ottawa:</i> Council approves, but cannot remove or change, may request additions <i>Sudbury:</i> Council approves, but cannot remove or change, may request additions <i>Hamilton:</i> Council <i>Markham:</i> Council <i>Windsor:</i> Council	AG-only authority ensures audit plans reflect professional judgment, not political or Administrative pressure. Council can request audits but cannot alter content. Council authority provides ability to direct but may impair independence perceptions.
Ability to Amend Work Plan	<ul style="list-style-type: none"> ● Council may amend ● AG-only authority 	<i>Toronto:</i> AG-only authority <i>Ottawa:</i> AG-only authority <i>Sudbury:</i> AG-only authority <i>Hamilton:</i> 2/3 Council Majority <i>Markham:</i> Unknown <i>Windsor:</i> Council majority	AG-only authority ensures audit plans reflect professional judgment, not political or Administrative pressure. Council authority provides ability to direct but may impair independence perceptions.

Element	Options	Jurisdictional Precedent	Considerations
Hotline Administration	<ul style="list-style-type: none"> • Include responsibility for Hotline in bylaw • Do not include responsibility for Hotline in bylaw 	<i>Toronto:</i> Administered by AG WITH 3 RD party intake <i>Ottawa:</i> Administered by AG WITH 3 RD party intake <i>Sudbury:</i> Administered by AG; <i>Hamilton:</i> Administered by AG WITH 3 RD party intake <i>Markham:</i> Not in place <i>Windsor:</i> Administered by AG	Internal AG control aligns with best practice; 3rd party can support intake; Hotline role in bylaw ensures permanence and clarity. Leaving it out retains administrative flexibility, but may reduce AG leverage in integrity frameworks.
Professional Standards	<ul style="list-style-type: none"> • Define requirement for professional standard in bylaw • Specify options in bylaw • Do not include in bylaw 	<i>Toronto:</i> GAGAS <i>Ottawa:</i> GIAS <i>Sudbury:</i> Hybrid <i>Hamilton:</i> GAGAS <i>Markham:</i> Not disclosed <i>Windsor:</i> GIAS	Bylaw-defined standards guarantee quality but may constrain adaptability. Specifying options allows evolution. Omitting gives flexibility, but risks inconsistency.
Minimum Budget Level	<ul style="list-style-type: none"> • No floor included. • Set as a % of operating budget (e.g., 0.065%) 	<i>Toronto:</i> GAGAS <i>Ottawa:</i> GIAS <i>Sudbury:</i> Hybrid <i>Hamilton:</i> GAGAS <i>Markham:</i> Not disclosed <i>Windsor:</i> GIAS	Budget floor avoids future erosion. Signals commitment. Setting a budget floor guards against erosion and secures long-term capacity. % link to operating budget ensures proportionality. No floor risks underfunding.

Recommendation (City Council Directive):

That City Council direct Administration and the Auditor General to jointly prepare a draft Auditor General By-law for City Council's consideration, establishing the authority, responsibilities, and independence of the Office of the Auditor General under section 223.19 of the *Municipal Act, 2001*. Such a bylaw should consider key elements from the research and City Council's directions, including, but not limited to:

1. Appointment term and renewal
2. Process for suspension or removal of the designated Officer
3. Work plan creation, approval and changes
4. Scope of authority for budget and contract administration of the function
5. Budget funding floor and presentation/transparency
6. Professional standards expectations
7. Fraud and waste investigation governance, responsibility and capacity structures

3. Adherence to Professional Standards for Audit and Investigation Functions

Strategic Recommendation From Research: Maintain Compliance with IIA Standards, which strike a balance between professional rigour and flexibility, while acknowledging the effort required for adherence and assurance review cycles.

Observation:

The Office of the Auditor General (OAG) in Windsor currently aligns its work with the IIA Global Internal Audit Standards through the Auditor General Charter as opposed to a by-law. The cost and effort of compliance with the standards has increased. All comparator municipalities with formal AG functions either explicitly state adherence to IIA, GAGAS, or CAS standards or align their practice accordingly (except for one, for which this could not be determined). These frameworks provide consistency, quality assurance, and public confidence, but require structured planning, ongoing training, and quality control processes.

Basis for Recommendation:

Formalizing adherence to IIA standards in policy or bylaw reinforces credibility and:

- Anchors the AG office in a recognized professional framework.
- Ensures findings and reports are defensible, methodologically sound, and consistent.
- Uses the more scalable, cost-effective standard for the nature of the function's work.

However, it also carries capacity implications:

- Regular training and development hours for all personnel.
- Documentation standards that require more time per project.
- Time and effort for quality assurance, engagement planning, and stakeholder communication.

Without recognizing these needs in budgeting and staffing decisions, adherence risks become nominal rather than meaningful.

Recommendation (City Council Directive):

That City Council provide direction to formally endorse adherence by the Auditor General to the Global Internal Audit Standards, and direct that future resource and capacity planning consider the staffing, training, quality assurance, and engagement time requirements needed to meet those standards.

Rationale: This approach ensures that audit work maintains credibility, withstands scrutiny, and aligns with municipal best practices across Ontario and Canada.

6. Establish a structurally independent budget process for the Auditor General

Strategic Recommendation from Research: Establish a structurally independent budget process for the Auditor General whereby the AG prepares and submits their proposed operating budget directly to the Mayor and City Council, as a distinct and unmodified line item in the City's annual operating budget package. In preparing the budget, the Auditor General shall inform and engage with Administration to ensure awareness of citywide financial pressures and alignment with fiscal planning timelines. However, the AG's submission shall not be subject to modification, approval, or integration by Administration, preserving independence in both appearance and fact.

Observation:

In Windsor, the AG's current budget is embedded within broader administrative lines and submitted through the standard operating budget process. This creates risks to both actual and perceived independence, and provides Administration with potential control or influence over AG resource levels, either through direct budgetary decisions or broader fiscal constraint messaging.

Basis for Recommendation:

1. **Jurisdictional Precedent:** Municipalities such as Toronto and Ottawa present AG budgets directly to Council, separate from Administration's submission. These models reflect best practice and strengthen public confidence in oversight integrity.
2. **Functional Independence:** Embedding the AG budget within administrative structures contradicts standards from INTOSAI and the former Auditor General of Canada (Desautels), which emphasize both operational and fiscal autonomy as pillars of effective audit governance.
3. **Transparency and Accountability:** A dedicated line item increases visibility for Council and the public, supports informed debate on audit value, and reduces risk of hidden cuts or influence through broader financial levers.
4. **Practical Coordination:** Requiring the AG to engage Administration ensures awareness of tax levy implications, financial constraints, and planning cycles—striking a balance between autonomy and fiscal stewardship.
5. **Risk Mitigation:** Independent budget presentation helps shield the AG from budget erosion or scope limitation resulting from administrative disagreement with audit priorities or resourcing needs.

Options for City Council Consideration:

- Direct the AG and Administration to draft a bylaw clause establishing a structurally independent AG budget process, with Council as the direct recipient.
- Maintain the current embedded process and leave budget review under Administrative control.

Recommendation (City Council Directive):

That City Council direct the Auditor General and Administration to incorporate into the draft Auditor General By-law provisions that require the Auditor General's annual operating budget to be prepared and submitted independently to City Council, outside of the Administration's budget review and approval process. The Auditor General shall inform and engage with Administration during preparation to ensure coordination with the City's financial planning timelines and overall budgetary context. The budget shall be presented as a distinct line item in the annual budget package, ensuring full visibility and protecting the Auditor General's operational independence.

Rationale: This recommendation reinforces the Auditor General's functional independence, aligns with leading municipal and international audit practices, and ensures that budget decisions are transparent, Council-controlled, and free from the appearance or risk of administrative interference.

7. Formal Governance of the Concerned Citizen and Employee Hotline Protocol

Strategic Recommendation From Research: Redesign the Concerned Citizen and Employee Hotline Protocol, incorporating triage and risk frameworks, evidence thresholds, and potential use of third-party call centres for efficient intake.

Observation:

The Concerned Citizen and Employee Hotline (CCEHP) currently operates as a reporting channel managed by the Office of the Auditor General. While it functions as a mechanism for reporting fraud, waste, and misuse of City resources, the CCEHP lacks an explicit connection to Windsor's formal governance instruments—namely, the Auditor General By-law or a City Council-approved policy framework. There are two key existing elements related to this the CCEHP and the City's Fraud and Miuse of Assets Policy.

The protocol is operational in nature, with elements of intake, triage, and response, but it exists outside of an approved accountability structure. A contract and the Auditor General Charter outline the administrative responsibility for the hotline but a governing policy should be created.

Basis for Recommendation:

1. **Jurisdictional Precedent:** In Toronto, Ottawa, and Hamilton, the AG oversees a formally documented fraud and waste hotline protocol. These structures define reporting channels, investigative thresholds, response timelines, and AG authority.
2. **Workload and Volume Growth:** The research notes that Windsor's hotline volume and complexity are rising. The other AG administered hotlines research noted significant increases in (1) inbound calls, (2) the number of distinct allegations, and (3) the complexity of the complaints over the last 2–3 years. One noted an over 50% increase in costs.”.
3. **Clarified Roles and Authority:** A formal protocol prevents overlap or confusion between the AG and Administration. It ensures the AG has unambiguous authority to initiate, manage, and report on investigations while maintaining confidentiality and whistleblower protections. Policy with Council, and process and work procedures with the Auditor General.
4. **Capacity Planning and Resourcing:** Defining governance enables the AG to anticipate investigation workload and request resources accordingly—particularly relevant if a minimum budget floor or resourcing model is introduced.
5. **Public Trust and Transparency:** Council-approved governance strengthens public confidence in the process. It ensures fairness, non-retaliation protections, and consistent

application of standards across allegations.

6. **Alignment with Audit Standards:** Both IIA and GAGAS recommend clarity in investigative responsibility, especially when the AG is expected to handle fraud and waste reporting directly.

To ensure that the CCEHP aligns with principles of public sector governance, accountability, and independence, it should be embedded within the City's broader accountability framework as follows:

- The Auditor General By-law should assign responsibility for the hotline to the Auditor General, affirming its independence from administration. In the absence of the Auditor General bylaw, City Council should explicitly identify the Auditor General as the accountable Officer.
- A City Council-approved policy should define the high-level objectives, scope, limitations, and reporting expectations for the hotline process.
- The Auditor General Charter should reference the hotline as a core function of the Office. (currently in effect)
- The detailed protocol, procedures, and tools (intake forms, risk models, templates) should be maintained operationally by the Auditor General, with summary updates reported to City Council as part of work plan or performance reporting. Detailed operating procedures need not be reported to or approved by City Council.

This approach mirrors practices in comparator cities where whistleblower mechanisms are explicitly assigned to independent offices and framed within formal City Council policy. Further, the AG is then empowered, within the objectives, to implement and adapt effective and efficient administration and investigation practices.

Options for City Council Consideration:

1. **Repeal CCEHP as the governing City Council approved protocol to be replaced by a enhanced governance structure (recommended):⁷**
 - Clearly assigning responsibility for the hotline to the Auditor General (where possible, include in the AG By-law)
 - Approve the proposed Fraud and Waste Hotline Policy (see proposed policy in Appendix C)
 - Revise the name from Concerned Citizen and Employee Hotline to the Fraud and Waste Hotline to provide greater clarity.
 - The Auditor General will develop and implement operational protocols to support the administration and investigation of allegations.
 - Remove elements related to treatment by City personnel and workplace issues not related to fraud, waste or misuse.

This approach clarifies authority and reporting lines and allows City Council to oversee

⁷ Option is predicated on the development and approval of an Auditor General By-law

the mandate, while operational detail is managed by the AG.

2. Maintain the hotline as it currently is.

- Offers flexibility, but lacks transparency, continuity, and structural independence.
- Exposes the process to administrative inconsistency or unclear roles.
- Requires City Council approval for any process, procedural, template or enabling mechanism.

3. Transfer the administration of the hotline to another authority (not recommended)

- Would undermine independence and likely reduce public confidence.
- Contrary to trends in municipal integrity and fraud prevention.

Recommendation (City Council Directive):

That City Council direct that:

1. The Concerned Citizen and Employee Hotline be more appropriately rebranded as the Fraud and Waste Hotline.
2. The current assignment of oversight and responsibility for the Fraud and Waste Hotline be clearly and formally assigned to the Auditor General.
3. The currently approved Concerned Citizen and Employee Hotline Protocol be repealed and replaced by the attached Fraud and Waste Hotline Policy.
4. The Auditor General is authorized and empowered to develop and implement operational protocols to support the administration and investigation of allegations to effect the Fraud and Waste Hotline Policy.

Rationale: This recommendation provides the structural clarity and accountability needed to align Windsor's hotline oversight with best practices in municipal governance and audit independence. It affirms the Auditor General's authority to administer and investigate fraud and waste allegations while empowering City Council to define policy-level objectives and boundaries. By embedding the hotline in a City Council-approved policy and assigning its operational management to the Auditor General through by-law and charter references, the City strengthens transparency, investigative consistency, and public trust. This approach mirrors successful models in comparator municipalities and ensures the hotline functions as a credible and independent mechanism for addressing serious concerns while protecting against administrative overreach or procedural ambiguity.

8. Allocation of work plan Capacity for Allegation Analysis and Investigation

Strategic Recommendation From Research: Reserve a set percentage of the department's annual efforts for Administration and Allegation Response, balancing reactive investigation with proactive audit coverage

Observation:

The volume and complexity of allegations submitted to the Office of the Auditor General through the Concerned Citizen/Employee Hotline (CCEHP) has increased in recent years. This aligns with the published report of other municipal hotlines. These reports require triage, preliminary assessment, investigation, and in some cases, full audits or referrals. Yet, no formal portion of the Auditor General's annual work plan is explicitly reserved for this function.

As a result, urgent investigation matters often displace planned audit work, or go unaddressed due to capacity constraints. This reactive model reduces predictability and contributes to an erosion of confidence in the hotline's responsiveness.

Some municipalities designate a dedicated portion of AG office resources to support the intake, review, and investigation of allegations. While intake and review are budgeted for in the current AG work plan, future investigation time is not - unallocated efforts (required per professional standards) or cancelation of other project is used to execute investigations.

Basis for Recommendation:

Reserving a portion of the annual work plan for allegation response:

- Ensures the AG can respond to high-risk, unplanned, and time-sensitive concerns.
- Provides transparency and public assurance that the City takes tips and whistleblower input seriously.
- Supports accountability, especially where fraud, waste, misuse of assets, or abuse of authority is involved.
- Aligns with professional standards under the IIA's IPPF, which require timely follow-up of credible tips and adequate response frameworks for investigation work.

A reserved percentage also protects the planned audit program, allowing the office to plan proactively while still accommodating the dynamic nature of hotline and complaint-based work.

Options for City Council Consideration:

1. **Reserve the fixed percentage of the annual AG work plan for allegations and investigations (recommended minimum)**
 - Provides a structured baseline without overcommitting audit resources.

-
- Can be flexibly managed year-to-year.

Percentage Categories per Auditor General Department Budget:

Budget	Minimum Percentage for Fraud and Waste Hotline Allocation
\$300,000 to \$400,000	40%
\$400,001 to \$500,00	34%
\$500,001 to \$775,500	25%
Above \$775,501	20%

2. No dedicated reserve – reactive model (status quo)

- Preserves flexibility but risks under-resourcing the hotline.
- May delay or reduce response to credible concerns.

Recommendation (City Council Directive):

That City Council direct that a strategic mandate that a minimum percentage of the Auditor General's departmental efforts be reserved for the analysis and investigation of allegations received through the Fraud and Waste Hotline or similar mechanisms.

Percentage Categories per Auditor General Department Budget:

Budget	Minimum Percentage for Fraud and Waste Hotline Allocation
\$300,000 to \$400,000	40%
\$400,001 to \$500,00	34%
\$500,001 to \$775,500	25%
Above \$775,501	20%

If, by year-end, a significant portion of the reserved allocation remains unused due to low case volume or investigative necessity, the Auditor General shall:

- Report on the actual usage of the reserved allocation in the annual report to City Council;
- Explain any mid-year reallocations undertaken to optimize resources; and

-
- Recommend whether the 20% reserve should be maintained, increased, or reduced in the following year's work plan, including a rationale.

Should City Council adopt an Auditor General by-law in the future, this direction is to be expressly included within it to reflect City Council's commitment to the ongoing resourcing and integrity of public interest mechanisms such as the Hotline.

Rationale: The allocation reflects City Council's commitment to public accountability and proactive risk detection. It also affirms City Council's service-level expectation for the Hotline function while maintaining the Auditor General's independence in determining investigative priorities and methods within the allocated resources. The framework ensures that the function remains credible and well-resourced, while allowing flexibility to respond to actual demand.

Administration Input and Perspective

The following summarizes the input received from City Administration in response to the draft research findings. The inclusion of these viewpoints ensures Council is aware of implementation considerations, questions of alignment with current processes, and any concerns raised by operational leadership.

Directions Input & Perspective:

1. Create an Auditor General Bylaw for City Council Consideration

Administration agrees with the recommendations contained within the report with regards to the establishment of a municipal by-law for the role of Auditor General. Administration will work collaboratively with the AG in the development of a by-law and will bring this matter back to City Council for review and adoption.

2. Preserve work plan Autonomy

Administration agrees that the work plan should be carried out by the AG in a manner that is free from interference however raises the risk noted that fully autonomy will limit the ability for City Council to direct the cancellation or modification of a particular projects. Some level of input into plan changes may want to be considered. Administration will work with the AG to establish a framework that finds a balance between these two competing matters.

3. Adherence to Professional Standards for Audit and Investigation Functions

Administration agrees that adherence to IIA Global internal Audit Standards is appropriate for the nature of scope of work conducted by the AG.

4. Increase the AG Budget; and 5. Include a Minimum Funding Floor; and 6. Establish a structurally independent budget process for the Auditor General

Administration agrees that an independent budget structure should be established for the Office of the Auditor General wherein a budget submission is prepared and presented to City Council for review. Given the budget development structure of the City, which complies with the newly legislated positions as defined by Part VI.1 of the Municipal Act and more specifically Section 284.16 which relates to the approval of municipal budgets, the annual budget submission received from the AG would likely be referred to the budget process and given overall consideration in terms of priority and allocation of scarce resources. As such setting defined parameters for the AG budget, such as a percentage of the operating levy within the by-law may not be appropriate.

7. Formal Governance of the Concerned Citizen and Employee Hotline Protocol

Administration recommends with the AG report with regards to this matter and will work collaboratively with the AG on policy and procedural changes that may be required. Administration will explore options for the potential use of a third party call centre or other options which may facilitate efficient and effective intake.

8. Allocation of work plan Capacity for Allegation Analysis and Investigation

Administration agrees that an allocation of the AG work plan should give consideration to balancing reactive investigations with proactive audit coverage. Administration recommends that this allocation be considered as part of the annual AG plan and budget development submission.

APPENDIX A - Fraud and Waste Hotline Policy

THE CORPORATION OF THE CITY OF WINDSOR POLICY

Service Area: Accountability and Transparency

Policy No.:

Department: Auditor General

Approval Date: [Insert Date]

Division: Office of the Auditor General

Approved By: [Insert Authority]

Effective Date: [Insert Date]

Subject: Fraud and Waste Hotline Policy

Procedure Ref.:

Review Date:

Pages:

Prepared By: Christopher O'Connor, Auditor General

1. POLICY

1.1 The City of Windsor is committed to the highest standards of integrity and accountability in public service.

1.2 This policy establishes a consistent, transparent protocol for receiving, assessing, investigating, and reporting allegations of fraud, waste, misuse of City assets or serious wrongdoing through the Fraud and Waste Hotline or similar mechanisms.

1.3 The Auditor General shall oversee all aspects of the process to ensure that allegations are evaluated fairly, confidentially, and in alignment with the Auditor General's mandate under the Municipal Act and applicable by-laws and policies.

2. PURPOSE

- 2.1 To provide clear guidance on the processing of allegations related to fraud, waste, misuse of resources, or serious wrongdoing.
 - 2.2 To reinforce public confidence in the accountability mechanisms of the City.
 - 2.3 To establish minimum submission standards and delineate jurisdictional boundaries.
-

3. SCOPE

- 3.1 This policy applies to all allegations received by or routed through the Office of the Auditor General (OAG), under the Concerned Citizen/Employee Hotline or similar means.
 - 3.2 It supplements but does not override the City's Fraud and Misuse of Assets Policy.
 - 3.3 It applies to City employees, management, and contractors, unless redirected per Section 3.4.
 - 3.4 The CCEH Process does **not** apply to allegations associated with the following areas:
 - The Mayor, City Councillors, or political staff (refer to the Integrity Commissioner)
 - Windsor Essex County Health Unit
 - Essex Region Conservation Authority
 - Local Boards (unless opt-in approved)
 - Municipally Controlled Corporations
 - Grant recipients
 - Committee of Adjustment
 - Windsor Public Library and its Board
 - Windsor Police Services Board
 - 3.5 Allegations outside the Auditor General's jurisdiction shall be redirected as follows:
 - Elected officials → Integrity Commissioner
-

-
- All other areas → Finance Executive Initiatives Coordinator
-

4. REQUIRED INFORMATION FOR SUBMISSION

4.1 All allegations must include:

- a) Reporter's full name
- b) Two contact methods (email and phone preferred)
- c) Confirmation as to being a citizen or taxpayer of Windsor (or a representative thereof)
- d) Nature of the allegation with description
- e) Verifiable evidence or a corroborating witness (written or interview follow-up required)
- f) List of evidence and willingness to provide it
- g) Identification of the functional area of concern
- h) Summary of prior escalation attempts (if any)

4.2 Allegations similar to a prior complaint within the past 12 months will not be re-investigated unless new, relevant information is submitted.

5. INTAKE AND REPORTING

5.1 Allegations may be submitted via:

- Online form
- Email
- Phone
- Mail

Anonymous submissions are accepted; however, allegations that require clarification and do not receive a response will not be pursued further by management, the Auditor General, or the Administrator.

6. ANONYMITY PROTOCOLS

- 6.1 Allegations are treated as anonymous outside the Office of the Auditor General unless waived by the reporter in writing. Only the original reporter may waive anonymity and must do so in writing or via an email directly to the Auditor General.
- 6.2 Anonymity limits the investigation's scope in some cases.
- 6.3 When routed to management, anonymity is assumed unless the reporter responds within 5 business days to a clarification request.
- 6.4 Preserving anonymity may limit the scope of the investigation, increase effort to safeguard identity, or, in some cases, make identification likely based on known issues.

7. ADMINISTRATION AND INVESTIGATION

7.1 To support the effective and consistent operation of the Hotline, the Auditor General shall develop, implement, and maintain internal procedures, practices, and tools for the intake, triage, investigation, and resolution of allegations. These procedures shall be designed to:

- Ensure fair, timely, and risk-informed responses to submissions;
- Preserve confidentiality and procedural integrity;
- Comply with applicable professional standards and relevant municipal policies.

7.1 The Auditor General shall review and update these procedures as necessary and may communicate process changes or summary trends to City Council through annual work plan reporting or performance updates, where appropriate.

8. INVESTIGATION REFUSAL CRITERIA

The Auditor General may refuse or terminate investigations if:

- There is insufficient ground or no basis
- The matter is frivolous or vexatious
- Continued investigation serves no purpose
- Another process is more appropriate

9. ENFORCEMENT AND AUTHORITY

9.1 The Auditor General has full discretion on the handling of reports, including referring, investigating, or dismissing.

9.2 Investigations involving the OAG will be directed to City Council.

10. CONFIDENTIALITY AND REPORTING

10.1 All allegations and submissions are confidential under MFIPPA.

10.2 The OAG and its staff must maintain strict confidentiality except where disclosure is legally authorized.

11. REPRISAL AND PROTECTION

11.1 Retaliation for submitting a good-faith allegation is prohibited and subject to discipline.

11.2 All alleged reprisals shall be investigated urgently.

12. FALSE ALLEGATIONS

Allegations made in bad faith or with malicious intent may result in disciplinary action, including termination.

13. DISCIPLINARY AND LEGAL ACTION

If allegations are substantiated:

- The City shall take disciplinary action in accordance with relevant laws and policies.
 - Losses may be recovered through legal means.
-

14. REPORTING TO City Council

14.1 The Auditor General may report investigation results to City Council.

14.2 An annual report will be submitted to City Council, including:

- Complaint volumes
- Allegation types
- Substantiation rates
- Emerging trends

14.3 Public summaries may be issued, protecting identities.

15. POLICY REVIEW

15.1 The Auditor General shall review this policy annually.

15.2 Revisions will be presented to City Council and, where appropriate.

16. DEFINITIONS

Allegation: A clearly articulated claim or assertion that an event or action has occurred which has not yet been proven as true.

Anonymous: The identity of the reporter is not disclosed.

City Assets: All tangible and intangible resources owned by the City, including financial, physical, digital assets, and work time. For further information, see Section 5.2.1 of the City's Fraud and Misuse of Assets Policy.

Complaint/Report: A submission made through the Hotline alleging fraud, waste, misuse, or serious wrongdoing.

Confidential: Information obtained as a result of a report or investigation is not discussed, disclosed, or otherwise shared, both internal and external to the City, unless required by law. All information shared, within the City, as part of the investigation is restricted to a "need to know" basis.

Fraud: Any act involving deceit or concealment intended to gain improper access to or misuse of City assets. Includes forgery, misappropriation, false claims, bribery, and computer misuse. For further information, see Section 5.2.2 of the City's Fraud and Misuse of Assets Policy.

Frivolous: The contents of the report are not serious, lacking merit or factual basis.

Misappropriation: Illegal or unauthorized use of another's property or funds for personal gain or other improper purpose. For further information, see Section 5.2.3 of the City's Fraud and Misuse of Assets Policy.

Misuse: Broader than fraud; includes unethical actions, neglect of duties, abuse of authority, bribes, and significant waste. For further information, see Section 5.2.4 of the City's Fraud and Misuse of Assets Policy.

Person(s): Inclusive term covering employees, agents, intermediaries, and the public. For further information, see Section 5.2.5 of the City's Fraud and Misuse of Assets Policy.

Reporter: An individual who submits an allegation or concern.

Reporting Party: The person(s) who submits a Fraud and Waste Hotline report.

Respondent: The person(s) who is alleged to have engaged in acts of fraud, waste or serious wrongdoing.

Retaliation: Adverse action taken against a person for reporting or cooperating with an investigation.
Retaliation: Adverse action taken against someone for making a report or participating/co-operating in an investigation.

Reprisal: A negative action or threat made by an employee, toward the following:

A reporter who has submitted a report of fraud, waste, or serious wrongdoing.

A witness who has provided information or participated in the investigation of a fraud, waste, or serious wrongdoing.

A respondent of an alleged fraud, waste, or serious wrongdoing.

Serious Wrongdoing: Behavior that significantly impacts service quality, violates public trust, or breaches legal or ethical standards.

Significant Fraud: Determined by CFO & City Treasurer or CAO (if CFO implicated), using professional judgment. For further information, see Section 5.2.6 of the City's Fraud and Misuse of Assets Policy.

Substantiated: A finding that one or more elements of a report were verified through evidence.

Suspicion: A reasonable belief that a policy violation is taking place. For further information, see Section 5.2.7 of the City's Fraud and Misuse of Assets Policy.

Unauthorized: Lacking official permission to act or omit an action, whether formally granted or covered by policy. For further information, see Section 5.2.8 of the City's Fraud and Misuse of Assets Policy.

Vexatious: The report was submitted with malicious intent, or on the basis of improper motives, with the intent to harass, embarrass, or defame the respondent.

Waste: Inefficient, careless, or unnecessary use of City resources.

Witness: A City employee, or other individual, who observed the allegation(s) firsthand.

For further information, refer to **Section 5.2.1 and 5.2.2 of the City's Fraud and Misuse of Assets Policy**.

17. RELATED POLICIES AND GOVERNANCE FRAMEWORK

- City of Windsor Fraud and Misuse of Assets Policy
- Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)
- Municipal Act, 2001 (Sections 223.19–223.23)
- Auditor General By-law
- Auditor General Charter
- Records Retention By-law
- Purchasing By-law
- Code of Ethics & Conflict of Interest Policy
- Collective Agreements
- Standards of Employee Department Policy
- Workplace Harassment and Violence Policies

APPENDIX B - Rough Sample Draft By-law Wording For Context/Example

Reference material as an input to a potential future AG bylaw - not a proposed bylaw.

Within the following initial draft of a potential bylaw based on the research conducted there is a general framework with several items for consideration for City Council. Items noted in black font are the rough draft wording prior to City Council input and prior to consultation with Administration. Items **highlighted in yellow** are items for City Council determination. Items in *blue italic font* are notes as to the reason for the clause.

The structure format and contents would need to be aligned the City of Windsor practices and structures to ensure alignment and clarity. The same is provided to aid in the understanding of the research and recommendations in the report.

A By-law to Establish the Position and Duties of the Auditor General for the City of [City Name]

WHEREAS section 223.19 of the Municipal Act, 2001, S.O. 2001, c.25, as amended, authorizes municipalities to establish the position of Auditor General with statutory powers and duties;

AND WHEREAS the City Council of the City of [City Name] wishes to enhance accountability, transparency, and value for money in municipal operations;

AND WHEREAS the City Council of the City of [City Name] has the authority under section 223.19 of the Municipal Act to create and empower the Office of the Auditor General as an independent officer of the municipality;

NOW THEREFORE the City Council of the City of [City Name] enacts as follows:

1. DEFINITIONS "Auditor General" means the individual appointed as the Auditor General of the City of [City Name] under this By-law. The Auditor General need not be an employee of the City and may serve pursuant to a contract for service, secondment, or other arrangement as determined by City Council.
2. ESTABLISHMENT The position of Auditor General for the City of [City Name] is hereby established. If a person was previously appointed to serve as Auditor General pursuant to a City Council resolution adopted prior to the enactment of this By-law, such appointment shall be deemed to have been validly made under the authority of the Municipal Act and shall continue in full force and effect under this By-law. The Office of

the Auditor General is hereby created with such structure, resources, and authorities as may be necessary to carry out the responsibilities under this By-law.

Provides for the establishment of the Office and supporting function as a by-law while recognizing prior appointment of the Officer under the Municipal Act.

3. SCOPE AND AUTHORITY The Auditor General shall have the authority to conduct financial (excluding attest), compliance, performance, value-for-money, and forensic audits of:
- a) All programs, activities, and functions of all City departments and agencies;
 - b) The offices of the Mayor and Members of City Council;
 - c) Local boards of the City as defined in Part V.1 of the Municipal Act;
 - d) Municipally-controlled corporations as defined in the Municipal Act;
 - e) Grant recipients as defined in Part V.1 of the Municipal Act;
 - f) Any other agencies, boards, commissions, and corporations as City Council may from time to time create or identify;
 - g) Any other entity where the City holds a controlling interest or has audit rights under an agreement.

At the request of City Council or a board of directors, the Auditor General may also audit autonomous organizations that have an agreement with the City which includes an audit provision.

Exclusions shall be limited to those required under the Municipal Act.

Provides for scope of authority.

4. REPORTING RELATIONSHIP The Auditor General shall report directly to City Council for purposes of accountability. City Council may, by resolution, designate a standing committee or sub-committee of City Council to act as the primary liaison for receiving reports, audit plans, and updates from the Auditor General. Administrative matters shall be coordinated through the Mayor unless otherwise directed by City Council.

Aligns with professional standards and Municipal Act for establishing clear and independent reporting while leaving options open for Audit Committee should one ever be desired.

5. APPOINTMENT, TERM, AND ELIGIBILITY

5.1 The Auditor General shall be appointed by a two-thirds vote of City Council for a non-renewable INSERT City Council DIRECTION year term.

Reinforces independence and follows fairly common practice and supports the principle of independence and security of tenure. City Council should consider the desired term with the following in mind:

- *Those municipalities that have specified terms in Ontario often have 7 year terms, some have 5 year renewable and others have no specific term.*
- *Provincial and Federal Auditor General terms are 10 years with very limited power to remove.*
- *Ability to attract and retain desired level of experienced talent in the market.*

5.2 The Auditor General may only be suspended or removed from office by a **majority two-thirds** vote of all Members of City Council at a public meeting, following written notice of intent delivered at least 30 days in advance and an opportunity for the Auditor General to respond. Any such resolution must state the reason(s) and be based on substantiated grounds of incapacity, misconduct, neglect of duty, or breach of statutory obligations.

Reinforces independence and follows fairly common practice and supports the principle of independence and security of tenure. Further, City Council may wish to consider the adding the following clause to 5.2 if there is a deep desire to clearly define the office's independence, but there is a financial implication.

Optional Clause for City Council Direction on Bylaw:

To safeguard the independence of the Office of the Auditor General:

a) No motion to remove or suspend the Auditor General shall proceed unless it has been approved by two separate votes of City Council held at least 14 days apart, both requiring a two-thirds majority of all Members.

b) In the event of early termination without cause, the Auditor General shall be entitled to severance equal to the lesser of:

(i) the remaining salary for the unexpired portion of the term, or

(ii) 12 months' compensation.

5.3 Upon the expiry of the Auditor General's term, and until such time as a successor is appointed and assumes the role, the incumbent Auditor General shall continue to hold office and exercise all responsibilities of the position unless otherwise determined by City Council.

Provides continuity of service and reduces the likelihood of office vacancy. Note the spirit of this is not to indefinitely extend the incumbent's term but to provide a transition bridge in unforeseen circumstances.

5.4 To facilitate continuity and orderly transition, City Council shall consider the extension or non-renewal of the Auditor General's term no later than twelve (12) months prior to the scheduled expiry of the initial term.

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- a) If City Council does not exercise the option to extend the term, recruitment for a successor shall commence within sixty (60) days of that decision.
 - b) Where City Council intends to pursue the extension of the Auditor General's appointment under subsection 5.1, a motion to that effect shall be tabled and considered no later than nine (9) months prior to the scheduled expiry of the term.
 - c) Failure to approve an extension within that timeframe shall be deemed an intent not to renew, and City Council shall proceed with the recruitment of a new Auditor General accordingly.
 - d) This section does not preclude the incumbent from continuing in office under subsection 5.3 until a successor is appointed and assumes the role

Provides orderly transition, time for recruitment from initial determination through appointment and the adjustment for impacts on any work plans.

5.5 Notwithstanding subsection 5.1, in the case of an initial or transitional appointment of an incumbent Auditor General already in office at the time this By-law is enacted, City Council may, by resolution, establish an alternate term length for that initial appointment. This term shall be deemed valid and enforceable for the purposes of this By-law, and all other provisions herein shall continue to apply.

Provides for designation of term for the incumbent. Timing considerations/term should be determined in light of (1) City Council term, (2) City Council direction for 5.1 (standard term), (3) City Council term cycle timing, (4) and planned recruitment/transition time. The current Auditor General was appointed in September 2019.

Will require separate motion to designate the alternate term length for the appointment of the incumbent.

Separate motion for the alternate term length for the appointment of the incumbent.

5.6 The following individuals are not eligible to serve as Auditor General:

- a) A member of City Council, or any individual currently serving in a governance, board, or director role for a City agency, board, or commission;
- b) Any person who, directly or through an associate, holds a direct or indirect financial interest in a contract with the City, except where that contract pertains to their appointment as Auditor General under this By-law;
- c) Any individual who has been a member of City Council, an employee of the City, a municipal civil servant, or who has served in a governance, board, or director capacity for a City agency, board, or commission within the four years

prior to nomination, unless such prior service was within the Office of the Auditor General.

Provides for independence by creating an elapsed time barrier increasing objectivity.

5.7 The Auditor General shall not be assigned to any other post or position within the City during their term of appointment.

Provides for independence.

6. INDEPENDENCE The Auditor General shall operate independently of the City administration in the conduct of duties and decisions.

Provides for independence.

7. ACCESS TO INFORMATION The Auditor General shall have unrestricted access to all City records, personnel, systems, property, and information required to fulfill the duties under this By-law.

Provides for access.

8. RESPONSIBILITIES

8.1 Conduct audits and investigations as outlined in Section 3.

8.2 Initiate investigations independently or in response to requests from City Council, subject to resources.

8.3 Recommend policy or operational improvements to enhance transparency and value for money.

Defines high level responsibilities.

9. ADDITIONAL RESPONSIBILITIES – FRAUD, WASTE, AND MISUSE HOTLINE:

9.1 The Auditor General shall be responsible for administering the Fraud and Waste Hotline, including the authority to establish and revise all protocols, workflows, triage criteria, and investigative procedures necessary for its operation, subject to applicable law.

9.2 The Auditor General shall establish a structured intake, assessment, investigation, documentation, and reporting framework to ensure fairness, effectiveness, and consistency in handling suspected fraud, waste, or misuse.

9.3 The professional auditing standards referenced in Section 9 do not apply to the administration or investigation of allegations through the Fraud and Waste Hotline. The Auditor General shall determine appropriate requirements and practices for such investigations as part of the protocols governing the Hotline

Calls out the hotline requirements but delineates them as an additional responsibility and provides for specific frameworks and practices to be developed and applies.

10. STANDARDS Audits shall be conducted in accordance with either: a) The International Standards for the Professional Practice of Internal Auditing (IIA Standards); or b) Generally Accepted Government Auditing Standards (GAGAS), as determined by the Auditor General at the outset of the Auditor General's term of appointment and to be complied with during the term of appointment. The Auditor General is granted discretion to select other professional standards for specific projects where the Auditor General deems those standards more appropriate to the nature of the project; such project determinations do not supersede the overall standards for the office or function.

Provides for use of either of the two most commonly used standards in Ontario and Canada, but then they are set for the term of appointment.

10. AUDIT PLAN

10.1 The Auditor General shall submit an Annual Audit Plan to City Council for information by December 31 of each year.

Defines the requirement.

Optional Clause for City Council Direction on Bylaw:

10.2 City Council may request additions to the plan, subject to available resources and the Auditor General's approval.

10.3 City Council may not remove or change any projects. Only the Auditor General may remove or amend items from the plan.

These options reinforce the independence of the Auditor General in alignment with 81% of the other Auditor General structures; however this is a limitation that City Council would be self-imposing on itself to create a higher level of independence.

11. OFFICE STRUCTURE The Auditor General shall have authority to:

- a) Hire, manage, and evaluate staff within the Office of the Auditor General;
- b) Establish internal administrative policies and procedures;
- c) Retain external consultants as needed;
- d) Engage individuals or entities to provide services to the Office of the Auditor General through contracts for service, consulting agreements, secondments, or employment arrangements. The composition of the Office may include employees, contractors, or outsourced service providers in part or in whole.

e) The Auditor General shall be entitled to receive appropriate administrative and procedural support from City departments, including the Office of the City Clerk, to enable timely and proper submission of reports, notices, and other matters to City Council or its Committees, and to facilitate compliance with City meeting procedures, timelines, and documentation standards.

Such support shall not interfere with the independence of the Auditor General and shall be provided in good faith and in a timely manner, consistent with the AG's reporting obligations under this By-law and the Municipal Act.

The Auditor General shall not be required to engage or appoint a separate liaison or legislative specialist solely to comply with administrative processes that are otherwise within the City's standard operating support

Provides for creation of and operation of the office. A few municipalities have also empowered the Auditor General to administer the budget and sign-contracts for all items related to the office operations (excluding land) fully or at the same limits as the Chief Administrative Officer. Inclusion of this authority would require City Council direction.

12. BUDGET The annual budget for the Office of the Auditor General shall be a separate line item in the City budget.

Provides for transparency in the budget without Administrative input and thereby reinforces independence.

Additional clauses for consideration given the research would be Budget Presentation independence (a) and establishment of minimum budget levels (b) which aligns to INTOSAI and Desautels report:

Optional Clause for City Council Direction on Bylaw:

- a) *The Auditor General prepares and submits the requested budget directly to the Mayor and City Council without prior review by any City department or administrative agency, preserving the independence of the office's financial planning.*

Optional Clause for City Council Direction on Bylaw - Effective January 1, 2027, the budget shall be no less than ##% of the City's total annual operating budget.

For the 2026 fiscal year, the budget shall reflect a transitional provision and be no less than ##% of the City's total annual operating budget, recognizing the phased implementation of the Office's full operations.

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13. **ROLE CLARIFICATION** The roles of the Integrity Commissioner and Ombudsman are distinct and governed by applicable statutes and by-laws. The Auditor General shall coordinate with these offices to ensure clarity of mandate and avoid duplication.

Provides role clarity

14. **IMMUNITY** No action or proceeding shall be instituted against the Auditor General or staff for acts done in good faith in performance of their duties.

Provides role independence and aligns to INTOSAI and Desautels report.

15. **ENACTMENT** This by-law shall come into force and take effect on the date of its passing.