Winnipeg | Audit

2025 Annual Report

February 2026

Leaders in building public trust in civic government.

2025 Highlights

Key Performance Indicators

	Target	Actual
Direct hours dedicated to: Assurance Services Advisory Services Investigation Services	 ≥75% ≤10% ≤15%	 87% 9 % 4%
Audit recommendations accepted Audit recommendations implemented	92% 70%	100 % 64%
Completion of audit plan	100%	85%
Client satisfaction	4/5	4.5/5
Cost per billable hour	$232[1]	$172

Completed Projects

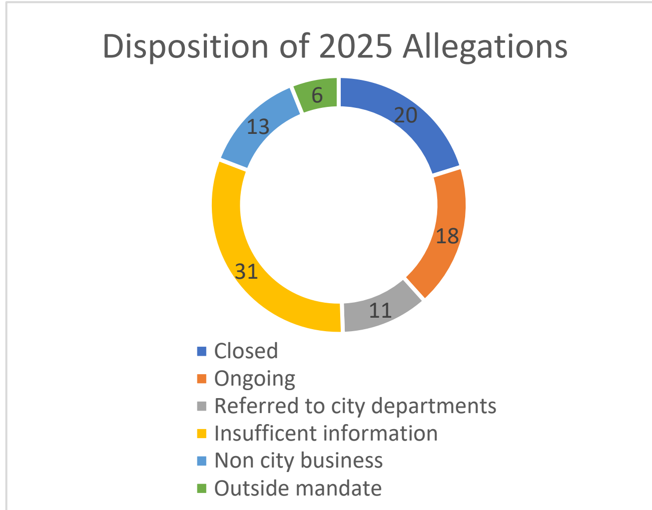
- Affordable Housing Initiatives – Housing Accelerator Fund
- Affordable Housing Initiatives - Rapid Housing Initiative
- Implementation of Audit Recommendation Reports - Quarterly Report (four)
- Status of Implementation of Audit Recommendations (two)
- Independent Fairness Commissioner Compliance Audits (sixteen)
- North End Sewage Treatment Plant Upgrade Project Audit (NEWPCC)

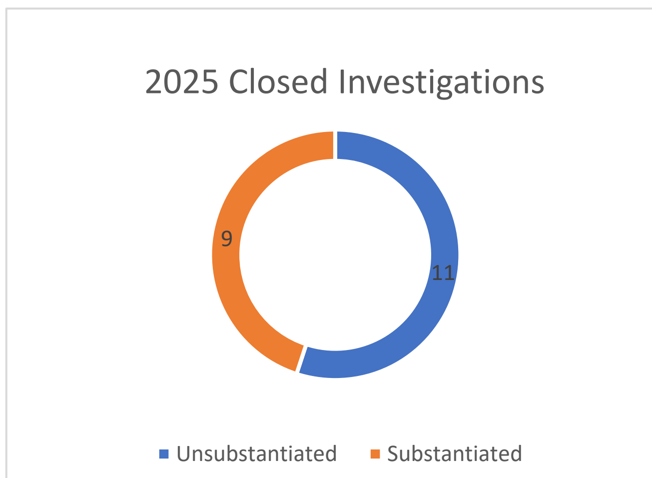
In Progress Projects

- City Facility Parking Enforcement
- City's Response to 311 Requests
- Fraud Risk Management Maturity Assessment
- Recruitment & Hiring Process

Fraud & Waste Hotline Activity

61 New Reports = 99 New Allegations





[1] Based on a review of local professional services firms in 2022, a fully blended (senior manager to auditor) equivalent rate is calculated to be $232 per hour.

Projects Completed in 2025

Implementation of Audit Recommendations Reports

Once an Audit/Investigation is complete, the Audit Department provides a list of the project recommendations to the Public Service Director of the department that was audited/investigated. The implementation of the recommendations is the responsibility of the Public Service. The Public Service prepares an implementation action plan including target implementation date for each recommendation. This is included in the final audit/investigation report.

The Public Service provides quarterly status updates on the implementation of all recommendations. Documentation supporting implementation and progress is reviewed by the Audit Department for confirmation. If the Public Service indicates that a recommendation will not be implemented, the residual risk is identified and discussed with the Department and reported to Audit Committee.

The Audit Department monitors and reports to Audit Committee on the status of the implementation of audit recommendations on a quarterly basis. After presentation to the Audit Committee these reports are posted at: Implementation of Audit Recommendation Reports

We completed four quarterly summary reports and two Status of Implementation of Audit Recommendations in 2025 which were tabled at Audit Committee.

Reports are posted at: https://legacy.winnipeg.ca/audit/reports.stm#tab-QuarterlyReports

Implementation of Audit Recommendations Summary as at December 31, 2025

	Number of Recommendations				
Report	**Total**	**Recommendations implemented**	**Recommendations in progress**	**Not to be implemented**	**Percent complete**
Automatic Vehicle Locator Investigation - June 2021	6	5	1		83%
By-Law Amalgamation Audit – June 2018	11	7	4		63%
Fleet Management Agency Audit - June 2022	10	6	4		60%
Final Report 2025 Qtr 4 Intersection Signal Infrastructure Investigation – September 2022	3	3	0		100%
North End Sewage Treatment Plant Upgrade Project Audit ` December 2024	44	18	26		41%
Stores Audit – October 2022	3	0	3		0%
Final Report 2025 Qtr 3 Traffic Signals - Procurement & Contracting Audit – September 2024	6	6	0		100%
Final Report 2025 Qtr 3 Urban Forestry Branch Investigation – September 2022	8	8	0		100%
Final report 2025 Qtr 2 Water and Waste Dept. - Brady Road Resource Management Facility - September 2022	4	4	0		100%
Workforce Management Audit – June 2024	13	12	1		92%
Total	108	69	39		64%

Affordable Housing Initiatives - Housing Accelerator Fund (HAF)

The audit assessed the adequacy of the risk management practices, processes and controls of the Housing Accelerator Fund (HAF) Program to ensure that key risks have been identified and are being managed to ensure the City meets its obligations under the HAF Program and its intended outcomes.

The City of Winnipeg (the City) entered into an agreement with the Canada Mortgage and Housing Corporation (CMHC) on December 5, 2023, to receive $122.4 million towards the City's HAF Program. The funding is based on achieving a total growth target of 14,101 permitted housing units by December 5, 2026, through eight separate initiatives led by the City.

A summary of key observations include:

- Overall, we found that the various risk management processes, practices and controls related to the eight separate initiates were operating as intended. However, we identified opportunities to improve the risk management processes to support the achievement of the HAF Programs' goals and objectives.
- The HAF management team developed a HAF Program Charter which included defined roles and responsibilities of all team members and described the formalized risk management approach that includes developing the risk register, rating risks and developing risk responses.
- A risk register identifying key risks was completed for the HAF Program as well as the eight initiatives with documentation of the risks and the risk responses. We found that some of the key risks to the HAF Program were not identified in the risk register. We also observed that there were no descriptions of how the risks could impact the Program objectives and that all the risks identified in each Initiative Project Charter's risk register were not consolidated in the overarching HAF Program risk register. This would allow for active monitoring and management of all risks that may compromise the goals and objectives of the HAF Program.
- Roles and responsibilities for the HAF Program team are documented in the HAF Program Charter but the responsibilities for the HAF Program Manager and the Initiative Project Managers did not include risk management.
- We also observed the City lacks guidance for executing projects involving non-City owned assets.
- We found there is a lack of documentation to support the conflict-of-interest declarations by committee members evaluating the applications to the HAF Grant Program.
- The risk identification, monitoring and reporting by the Initiative Project Managers was insufficient and inconsistent across all initiatives.
- There are opportunities to enhance the monitoring, reporting and communication of risks between Initiative Project Managers, the HAF Program Manager, HAF Program Sponsor and Executive Policy Committee (EPC) and Council through regular evaluation and consistent reporting of key risks.
- The HAF Program Manager should enhance the monitoring and review process of all HAF expenses.

The Public Service agreed to implement all eleven recommendations.

The report was tabled at Audit Committee 2025 Qtr 4. It is posted at:
https://legacy.winnipeg.ca/audit/pdfs/Affordable-Housing-Initiative-Housing-Accelerator-Fund-Audit.pdf

Affordable Housing Initiatives – Rapid Housing Initiative (RHI)

The audit assessed the adequacy of the risk management practices, processes and controls of the Rapid Housing Initiative (RHI) program to ensure that key risks have been identified and are being managed to meet the City's obligations under the RHI program and its intended outcomes.

The City of Winnipeg (the City) entered into agreements with the Canada Mortgage and Housing Corporation (CMHC) and the Manitoba Housing and Renewal Corporation (MHRC) for the Rapid Housing Initiative (RHI). The initiative provides funding for the rapid construction of new housing and/or acquisition of existing buildings for rehabilitation or conversion to permanent affordable housing. Over three funding rounds, the CMHC and the MHRC contributed over $40 million for the initiative.

A summary of key observations include:

- The RHI was a new program to the City. The Public Service faced several challenges, including the non-existence of an established affordable housing team, tight deadlines for selecting grant recipients, and turnover in key roles from 2021 to 2024.
- Overall, we found that there were informal risk management processes, practices, and controls in place for the program. These included regular Technical Team meetings where risks were discussed and responses were documented, internal and external reporting to key stakeholders, and a documented process to analyze the funding's accounting treatment. However, we recognized opportunities to improve the risk management processes, practices, and controls to support the achievement of the RHI's goals and objectives.
- The RHI team has elements of a formal Project Charter in their Standard Operating Procedures (SOP) document, but it does not include key elements that would typically be included in a Project Charter such as clear roles and responsibilities and a formal risk register.
- There is a lack of guidance for similar projects involving non-City-owned assets.
- The RHI team met the grant recipient selection timelines of the CMHC. The selected grant recipients were approved by Council and CMHC for all three rounds. However, the Public Service informed us that the tight deadlines in the initial rounds made it difficult to obtain supporting documents for the selection process. As a result, we were unable to conclude on the effectiveness of the evaluation process for three out of the five proponents tested.
- The City has RHI agreements in place with the CMHC, the MHRC, and grant recipients. However, differences were noted in the agreements such as the minimum number of units required.
- Although the Corporate Risk Management Division has documented processes, they do not have clearly defined procedures to ensure the accuracy of the Insurance Tracking System records. Additionally, due to misinterpretation of the grant agreements, the Division did not begin requesting proof of professional liability insurance until after construction was already completed.
- We also found the reports to the CMHC, Standing Policy Committee on Property and Development (SPC-PD), Executive Policy Committee (EPC), and Council we reviewed met the reporting requirements.

The Public Service agreed to implement all 8 recommendations.

The report was tabled at Audit Committee 2025 Qtr 4. It is posted at:
https://legacy.winnipeg.ca/audit/pdfs/Affordable-Housing-Initiatives-Rapid-Housing-Initiative-Audit.pdf

Independent Fairness Commissioner (IFC) Compliance Audits

On July 9, 2014, a Council motion created the Independent Fairness Commissioner (IFC) role, the mandate was to review and provide assurance on real estate management transactions before they are presented to Standing Policy Committee/Council. In May 2020, Council adopted an updated mandate which limited the review to sales, acquisition, land exchanges and leases.

The IFC audits real estate transactions for compliance with applicable policies and procedures. Real estate transactions requiring Committee of Council approval are audited by the IFC and the reports are submitted to the Standing Policy Committee on Property and Development. The IFC completed sixteen real estate transaction audits in 2025.

North End Sewage Treatment Plant Upgrade Project Audit

The Audit Department engaged KPMG to complete an audit of the North End Sewage Treatment Plant Upgrade Projects otherwise known as the North End Water Pollution Control Centre ("NEWPCC") Upgrade Projects. The audit was conducted by KPMG as specific skills and knowledge in managing large capital major projects was required. The audit evaluated the existence, effectiveness, and adequacy of controls related to the project governance and oversight, project leadership and organization, commercial strategy and management, and project delivery and risk management.

Although the assessment is critical in nature and focused on opportunities to bring the Projects in line with industry practice, we have also recognized key strengths within the Projects environment. These include:

- **Contract strategies and procurement options**: Detailed project-specific contract strategies and procurement options analysis have been completed or are planned to be undertaken for the Projects in line with expectations and leading industry practice resulting in contracts that align with City risk tolerance and market interest.
- **Dedicated Project team**: The NEWPCC Projects Team is comprised of dedicated members who are committed to the success of the Projects. This includes the collaboration and integration with Veolia North America ("Veolia") who can supplement the City of Winnipeg personnel on an as needed basis and bring relevant major project experience.
- **Team communication and commitment**: Strong team communication has been built within the Projects where open communication between all members and a philosophy of engaging and escalating issues (i.e., current problems) or items quickly has been established. The team has demonstrated commitment through resolving outstanding claims and dealing with challenges including rebuilding the team. This approach can minimize the magnitude of issues.
- **Following City procedures and policies**: The NEWPCC Projects Team is following the City's established policies and procedures. However, these are not all fit-for-purpose (i.e., meets the specific needs) for the size and complexity of the Projects.
- **Following reporting requirements**: City reporting requirements are being adhered to and the Project is reporting to multiple levels of the City, along with the regulator and other stakeholders. The reporting is not aligned to industry practice for major projects.

The audit found that the NEWPCC Projects are following the current structure, guidelines, and processes in place as part of the City's established procedures and policies for capital project planning, initiating, executing, and close-out. However, these structures, guidelines, and processes are not fit for purpose for the cost, complexity, and consequences associated with the NEWPCC Projects. Many of the cost pressures, including the Northwest Interceptor failure, differing ground conditions on Headworks, and the overall market inflation over the last five years, are elements outside of the Project's control and are not direct results of inadequate systems or controls on the Project. The gaps identified throughout the report result in risk for further cost and schedule growth.

A summary of the key observations includes:

Governance and Oversight

- The governance and oversight controls, as governed by the applicable City policies and the City's Project Management Manual, including the oversight model, stage gate structure, reporting and assurance requirements, are not adequate for the size, complexity, and consequence of the NEWPCC Projects.
- The governance and reporting structures, based on requirements in the City's Administrative Standard for Asset Management, are designed for smaller, lower risk projects and is not fit for purpose. Given the high cost and consequence of the NEWPCC Projects the Major Capital Project Advisory Committee ("MCPAC") is too far removed from City Council in the reporting structure and the reporting timeframes take too long to report and receive feedback from Council. The current governance structure does not adequately support achieving appropriate alignment, accountability, autonomy, and disclosure to effectively oversee and monitor the performance and risk of the NEWPCC Projects.
- The current reporting does not provide a transparent picture of the NEWPCC Projects status and performance due to template restrictions that miss key information.
- There is a misalignment between the authority and accountability on the NEWPCC Projects with accountability at the Project Director/Project Manager level and authority at the Department Director, governance, and City Council level. Authority refers to financial authority along with decision making and staffing authority.

Organization and Performance

- The NEWPCC Projects owner team size is small relative to industry practice and is insufficient for the size and complexity of the NEWPCC Projects resulting in lack of capacity for many major project requirements. The City Project team is comprised of eight full-time personnel and a part-time finance support role at the time of the audit and is bolstered through the use of the Veolia partnership. The Project recently received approval for four more Senior Major Capital Project Engineers.
- The NEWPCC Projects report into the Water and Waste Department, with the Project Sponsor as the Manager of Engineering for Water and Waste. The Manager of Engineering / Project Sponsor reports to the Director of Water and Waste who is responsible to Council for the delivery of the projects. Integration with other City departments is through normal channels supported by existing relationships and MCPAC members. Project organization charts and responsibility matrices are out of date and do not adequately identify reporting lines.

Commercial and Financial

- The City has developed project-specific contract strategies and completed detailed procurement options analysis for the NEWPCC Projects in line with expectations and industry practice. For the Biosolids Project, this work has resulted in the decision to proceed with a Progressive Design Build ("PDB") delivery model. This form of delivery model was selected based on what the market is currently willing to accept. It is new to the City of Winnipeg and, therefore, there is limited precedent for executing a project under this model.
- The differences between the PDB model and a Design Build or Design Bid Build model are not accounted for in the project processes including for example, effective risk management and commercial oversight to manage the PDB conversion risk, resourcing, and process requirements to facilitate open, collaborative, and timely design review and development, and differences in design completion at stage gates.

Delivery and Risk Management

- The City is relying upon its Project Management Manual for guidance on required activities and procedures for risk management, cost, and schedule management, change management, and claims management and avoidance. While this guidance covers many of the key features of these areas, it does not adequately support the nature, size, and complexity of the NEWPCC Projects, nor does it address the project specific and delivery model nuances in process and responsibilities.
- The risk management processes do not meet industry practice for effective risk management.
- Cost and schedule management is occurring at an overall project level but does not appear to include adequate tracking of performance at the work breakdown structure ("WBS") level. Limited data on project cost and schedule performance is being used in City project reporting to provide insights and support effective oversight. The Project team is using the City required reporting templates and tools, however, these are not adequate for a project of this size and complexity.
- The change control processes defined in the Project Management Manual are adequate and followed, however the approval and implementation of change orders is not timely due to a lengthy approval process

The Public Service agreed to implement all 44 recommendations.

The report was tabled at Audit Committee 2025 Qtr 1. It is posted at:
https://legacy.winnipeg.ca/audit/pdfs/reports/2024/North-End-Sewage-Treatment-Plant-Upgrade-Project-December-2024.pdf

Engagements in Progress

City Facility Parking Enforcement

The objective of this audit is to assess effectiveness and efficiency of parking enforcement process at City facilities.

The report is expected to be tabled at Audit Committee in 2026 Qtr 3

City's Response to 311 Requests

The objective of this audit is to assess the effectiveness and efficiency of the City's process for responding to and closing 311 requests.

The report is expected to be tabled at Audit Committee in 2026 Qtr 2

Fraud Risk Management Maturity Assessment

The objective of this project is to assess the maturity of the City's current fraud risk management (FRM) processes and practices against leading standards, focusing on common key fraud risk areas. We have engaged external consultants to conduct the assessment. The scope of the services will include a review of the City's FRM activities and/or program elements, or related internal controls and processes that could constitute elements of an FRM framework.

The assessment will focus on the following areas:

- Governance and oversight.
- Policies, training, and process specific fraud controls.
- Monitoring and detection mechanisms.
- Investigation, enforcement/accountability, and remediation protocols.

The report is expected to be tabled at Audit Committee in 2026 Qtr 1

Recruitment and Hiring Process

The objectives of this audit are to assess the effectiveness and efficiency of the current recruitment and hiring processes.

The report is expected to be tabled at Audit Committee in 2026 Qtr. 3

Investigation Services

The Audit Department provides investigation services based on information identified in reports submitted through the Fraud and Waste Hotline, audit projects, Council, the Public Service or resident's request. The Public Service is required to report fraud, theft, misappropriation or wrongdoing in accordance with the applicable Administrative Standard(s).

The Fraud and Waste Hotline is a confidential and anonymous service accessible to anyone to make reports 24/7/365. We review every report that is received and will investigate when appropriate supporting information is provided. We gather and review evidence to substantiate or dispel all reported allegations.

While maintaining an independent and objective perspective, we conduct our services using a cooperative approach. The work performed for investigations conforms to Audit Department standards for independence, objectivity and quality. We consult with and work closely with the Public Service who are responsible for taking appropriate action to resolve concerns identified during an investigation.

Through the investigation process, opportunities to enhance internal processes and controls may be identified and result in recommendations to the Public Service.

Through the Fraud and Waste Hotline investigations conducted in 2025, the following actions were taken:

- A review of the Administrative Standard - Use of Social Media was reviewed with an employee, a letter of direction was placed in the employee's personnel file
- An employee and their supervisor were provided guidance about work expectations concerning punctuality and attendance
- Significant business improvements were implemented at worksites:
  - Non-compliance with Administrative Standard – Local City Business Travel
  - Non-compliance with code of conduct
  - Improvement to customer service
- Misconduct - time theft
  - Two employees' employment was terminated
  - Four employees were suspended
- A letter of direction was placed in the employee's personnel file

For 61 allegations there was no action/insufficient evidence to proceed with investigating the allegations. This is for a variety of reasons including general reports in which employees or departments were not identified, and where the Hotline reporter did not respond to requests for additional information.

Fraud and Waste Hotline Reports by Category:

Fraud and Waste Hotline Report Category[2]	2022	2023	2024	2025
Compensation, Pension and Benefits	1	3	0	
Financial Reporting and Accounting	4	1	0	1
Harm to People or Property	1	2	2[3]	1
Health and Safety, Environment	4	4	4	
Manipulation or Falsification of Data	3	4	0	3
Miscellaneous	5	8	5	4
Office and Equipment Requirements	1	1	2	
Organization	1	0	0	
Product/Customer Service	0	1	0	
Safety and Security Issues	0	1	0	2[3]
Suggestions for Improvement	2	1	3	5
Theft, Embezzlement, Fraud	25[3]	16	18[3]	20
Training and Development	0	1	0	
Undefined	2[3]	4	1	
Unethical Conduct and Conflict of Interest	15	10	16	14
Violation of Laws, Regulations, Policies, Procedures	15[3]	5	7[3]	11[3]
Total Reports	79	62	58	61
Total Allegations	110	106	95	99

Disposition of Allegations:

Status of Allegations	Carried over from Prior Years	2025	Carried over to 2026
Investigated – Substantiated	1	9	
Investigated – Unsubstantiated	14	11	
Ongoing investigation (Carried over from previous year)		18	18
Outside Hotline Mandate - Referral to City Department		11	
No Action / Insufficient Information to Proceed		31	
Outside Hotline Mandate - Non-City Business		19	
Total	15	99	18

[2] Category is selected by the Hotline reporter
[3] Includes duplicate reports which required only one investigation

Whistleblower and Public Interest Disclosure Act (PIDA)

The City Auditor is the designated Officer under PIDA for the City of Winnipeg. There were no Whistleblower reports in 2025.

Advisory Services

The Audit Department has representatives on the following committees:

Asset Management Advisory Committee

The committee is comprised of Senior Management from all departments that have responsibility for the construction and maintenance of physical assets. The committee provides guidance and advice on the performance of the asset management program. This supports the Infrastructure Planning Office in their role of overseeing the management of the City's infrastructure by setting corporate direction and by recommending and influencing corporate policy changes.

Business Continuity Planning Committee

The City of Winnipeg's Business Continuity Management Program consists of the plans, procedures, tools, processes, and people that form the management system used by the City to ensure the continued delivery of critical services in the event of an emergency or disaster situations. To coordinate planning efforts the City has formed a group of Business Continuity Planning Leads from City departments who work with department management teams to develop and maintain a comprehensive department business continuity plan including risk assessment and impact analysis, plan development, and continuous improvement. These Leads meet with staff from the Office of Emergency Management to participate in training and coordinate planning efforts across the City.

Sustainable Procurement Committee

The City has adopted a four-pillar model (environmental, ethical, social, and Indigenous) to promote a comprehensive approach to sustainable procurement. A Sustainable Procurement Action Plan was created and approved by Council in 2022 to recognize the work already being done by suppliers to create positive impact and to amplify the positive impacts that can happen through the City's spending. This Committee helps incorporate sustainable procurement in the City's procurement policy and administrative standards. Departmental representatives in the Committee meet and share current practices and ideas contributing to sustainable procurement.

Records Committee

The Records Committee was established by amendment to the City of Winnipeg Act in 1995. The role and mandate of the Records Committee is now specified in Section 110(2) of the City of Winnipeg Charter, and Records Management By-law 123/2020. The primary role of the Committee is to make recommendations to Council on the management, retention, safekeeping, disposition and destruction of records as well as to implement policies and procedures approved by Council for the management, retention, safekeeping, disposition and destruction of records in all City departments.

The City of Winnipeg Charitable Fund (CWCF)

The CWCF is the official charitable fund for the City of Winnipeg employees/retirees. The goal of the CWCF is to provide City employees and retirees with opportunities to support local charities through payroll deduction.

For more information about the Audit Department visit: winnipeg.ca/audit

To report [Fraud and Waste Hotline] or call 1.866.840.5837