

PwC Internal Audit Results

Review of operational alignment of funding model and strategic plan



MISSION Background

On February 28, 2013, Council requested Civic Administration to work with LMHC to review any shared services opportunities and made available the services of PricewaterhouseCoopers LLP (PwC) to assist in this regard and to report back on the potential establishment of a reserve fund for LMHC.

Photo Credit – Tom Turner

Phase 1

A review and alignment of LMHC purchasing policies with the City's Procurement of Goods and Services Policy for purchased materials and services.

Phase 2

At the request of LMHC, the City of London Audit Committee, at its meeting of December 7, 2016, approved PwC complete the second phase of the shared services review.

SCOPE

The operational alignment of LMHC's funding model and it's

Observations & Findings

Capital Funding

LMHC does not have the appropriate level of resources to maintain our properties

Support Costs

Growing need to cover costs for social supports, community development, intervention, security, etc.

Priority List

The tenant priority list is not aligned with the City of London's housing support strategy

Flexibility

LMHC does not have any flexibility with respect to strategic and operational decisions

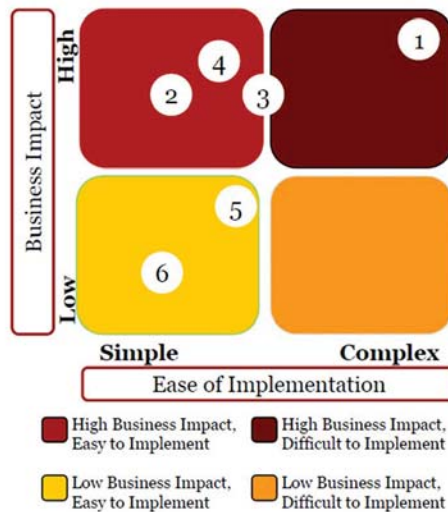
Budget Process

Current budget based on % of year over year change, will not give LMHC sufficient information to fund the our strategic plan

Reporting

reporting operating expenses on a supplementary basis by "nature", may help illustrate how to resource the various strategic goals

Action Plan Summary





Observations	Timing	Rating
#1 Insufficient capital funding for deferred maintenance	September 2019	Needs Improvement
#2 Impact of tenant intake process and priority list	December 2019	Needs Improvement
#3 Tenant priority list is not aligned with the City of London's housing support strategy	December 2018	Needs Improvement
#4 Flexibility within shareholder Agreement	December 2018	Satisfactory
#5 Zero based budget for new strategic plan implementation	2019 budget cycle	Satisfactory
#6 Operating expenses by function	January 2019	Satisfactory


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PwC Rating Scale

- Satisfactory**
 Controls are present to mitigate process/business risk, however an opportunity exists for improvement.
- Needs Improvement**
 Existing controls may not mitigate process/business risk and management should consider implementing a stronger control structure.
- Unsatisfactory**
 Control weaknesses are significant and the overall exposure to risk is unacceptable. Immediate attention and oversight from management is required.

Satisfactory 

Needs Improvement 

Unsatisfactory 

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Capital Funding

PwC Observation

Insufficient capital funding for future maintenance

Business Impact

Overall condition of housing units at great risk

LMHC Response

Advocacy, Capital Asset Strategy, Innovation, Regeneration

Support Costs

PwC Observation

Impact of tenant intake and priority list on operating costs

Business Impact

LMHC does not have the capacity to be proactive

LMHC Response

Collaborate to build a responsive system

Priority List

PwC Observation

Tenant Priority list not aligned with City Housing Support Strategy

Business Impact

More housing supports would improve health, safety & wellbeing

LMHC Response

Supportive Housing Pilot Program & Associated Study

Budget Process

PwC Observation

Zero based budget to align with new strategic plan

Business Impact

Will help allocate resources to critical areas within the strategic plan

LMHC Response

Developing a comprehensive financial plan

Reporting

PwC Observation

Report operating expenses by function

Business Impact

The ability to more effectively analyze operating results

LMHC Response

Focus on technology & data collection

Flexibility

PwC Observation

Flexibility within Shareholder Agreement

Business Impact

Relieve some current challenges and allow for more revenue generation

LMHC Response

Request Shareholder Declaration Review



Thank You

