

1ST REPORT OF THE

AUDIT COMMITTEE

Meeting held on December 15, 2014, commencing at 12:02 PM, in Committee Room #5, Second Floor, London City Hall.

PRESENT: Councillor P. Hubert (Chair), Councillors A. Hopkins, S. Turner and M. van Holst, S. Khullar and B. Westlake-Power (Secretary).

ALSO PRESENT: Councillors M. Cassidy, J. Helmer, J. Morgan, T. Park and J. Zaifman, and A. Zuidema, W. Abbott, J.P. Barber, J. Braam, M. Daly, K. den Blok (KPMG), S. Gilfillan (PwC), A. Hagan, I. Jefferies (KPMG), V. McAlea Major, T. McCoomb, C. Shah (PwC), J. Stanford and S. Swance.

I. CALL TO ORDER

1. Disclosures of Pecuniary Interest

Recommendation: That it BE NOTED that Councillor A. Hopkins disclosed a pecuniary interest in item 5, having to do with the Quarterly Report on Internal Audit Results – Engineering and Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review, by indicating that her son is employed at the landfill site.

2. Election of Vice-Chair

Recommendation: That Councillor S. Turner BE ELECTED Vice Chair of the Audit Committee for the term ending November 30, 2015.

II. CONSENT ITEMS

3. Internal and External Audit Services

Recommendation: That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to Audit Services:

- a) approval hereby BE GIVEN to extend the current contract for a one (1) year period and enter into negotiations with KPMG LLP, 1400-140 Fullarton Street, London, Ontario N6A 5P2, for External Audit Services;
- b) approval hereby BE GIVEN to extend the current contract for a one (1) year period and enter into negotiations with PricewaterhouseCoopers (PwC) LLP, 465 Richmond Street, Suite 300, London, Ontario N6A 5P4, for Internal Audit Services;
- c) the Civic Administration BE AUTHORIZED to undertake all administrative acts that are necessary in connection with the contracts noted in a) and b), above;
- d) the approval noted in part a), above, BE CONDITIONAL upon the Corporation entering into negotiations for satisfactory prices, terms and conditions with KPMG LLP to the satisfaction of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer; and
- e) the approval noted in part b), above, BE CONDITIONAL upon the Corporation entering into negotiations for satisfactory prices, terms and conditions with PricewaterhouseCoopers (PWC) LLP, to the satisfaction of the City Manager or designate.

4. Proposed Risk Assessment and 2015 Performance-Based Audit Plan

Recommendation: That the Risk Assessment and 2015 Performance-Based Audit Plan identified in Appendix A of the PricewaterhouseCoopers' (PwC) report dated December 15, 2014, BE APPROVED, with the exception of the following

projects, which are deferred to a future work plan:

- i) Project management and prioritization;
- ii) Strategic planning process review; and,
- iii) Investments and Partnerships – project management and prioritization, funding allocation review;

it being noted that a finalized Plan will be brought forward by PwC in February of 2015, with additional projects that may replace the above-noted deferred projects.

- 5. Quarterly Report on Internal Audit Results - Engineering and Environmental Services: Solid Waste (Garbage) Collection and Recycling Process Review

Recommendation: That, on the recommendation of PricewaterhouseCoopers (PwC), the following actions be taken with respect to the Quarterly Reports on Internal Audit Results – Engineering and Environmental Services - Solid Waste Collection and Recycling Process Review:

- a) the Action Plans identified in Appendix A of the PricewaterhouseCoopers' (PwC) report dated December 15, 2014 BE IMPLEMENTED; and
- b) the Quarterly Results on Internal Audit Results identified in Appendix B of the PricewaterhouseCoopers' (PwC) report dated December 15, 2014, BE RECEIVED.

III. SCHEDULED ITEMS

- 6. Orientation

Recommendation: That the attached orientation information, as presented by the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, BE RECEIVED.

IV. ITEMS FOR DIRECTION

None.

V. DEFERRED MATTERS/ADDITIONAL BUSINESS

- 7. City Website

Recommendation: That the Civic Administration BE DIRECTED to investigate options for the Audit Committee, to make the public internal audit reports more visible and readily accessible on the City website.

- 8. Meeting Time

Recommendation: That the Audit Committee meeting time BE CHANGED to a 4:00 PM start time; it being noted that additional amendments to the meeting schedule may be required to accommodate this revision; it being further noted that the Chair advised that an additional meeting (April 2015) may be required.

VI. ADJOURNMENT

The meeting adjourned at 1:38 PM.