

4TH REPORT OF THE

AUDIT COMMITTEE

Meeting held on May 30, 2016, commencing at 8:04 AM, in the Council Chambers, 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: Councillor J. Helmer; J.P. Barber, A.L. Barbon, J. Braam, K. den Bok (KPMG), M. Hayward, I. Jefferies (KPMG), V. McAlea Major, D. McLean (PwC), C. Shah (PwC), C. Smith, J. Smout, S. Swance and M. Tomazincic.

I. CALL TO ORDER

1. Disclosures of Pecuniary Interest

That it BE NOTED that no pecuniary interests were disclosed.

II. CONSENT ITEMS

None.

III. SCHEDULED ITEMS

None.

IV. ITEMS FOR DIRECTION

2. Internal Audit Services

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to internal audit services for The Corporation of the City of London:

- a) the current model of outsourced internal audit services BE CONTINUED; and,
- b) the Civic Administration BE DIRECTED to develop a Request for Proposal for Internal Audit Services for approval at the June 13, 2016 meeting of the Audit Committee; it being understood that the Audit Committee can request that amendments or additional requirements be added to the original RFP document issued in 2010;

it being noted that the Audit Committee received the attached presentation from A.L. Barbon, Director, Financial Services.

3. RFP 16-31 External Audit Services

That, on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the staff report dated May 30, 2016, regarding RFP 16-31 - External Audit Services, BE RECEIVED for information.


V. DEFERRED MATTERS/ADDITIONAL BUSINESS

None.

VI. ADJOURNMENT

The meeting adjourned at 9:29 AM.

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Internal Audit Services

Audit Committee Meeting
May 30, 2016

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Overview of Internal Audit Services

- History of internal audit at the City of London and decision to go external
- 2010 RFP for Internal Audit Services
- 2011 Risk Assessment
- Annual Audit Plan Approval
- Quarterly Reports and Updates
- Next Steps for 2017 Internal Audit Services

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History of Internal Audit

- April 2010 – Council approved the outsourcing of Internal Audit
- July 2010
 - Audit Committee established \$300,000 budget for internal audit – reduction from \$600,000
 - Approved internal audit RFP to be issued
- November 2010 – Review of Auditor General versus Internal Auditor models
- Ontario experience with Auditor General
- Need to consider objectives and cost

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2010 RFP Internal Audit Services



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2011 Risk Assessment



- Initial Risk Assessment presented to Audit Committee for Approval
- Departments were colour coded and assessed as
 - Higher Risk
 - Moderate Risk
 - Low Risk
- Proposed 2011-2013 internal audit work plan approved by Audit Committee

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Audit Plan Approval & Updates



- Risk assessment updated annually
- Risk based Audit Plan updated and approved by Audit Committee annually
- Quarterly Reports showing Internal Audit Results provided to Audit Committee
- Total of \$5.2M (cost avoidance, savings, revenues) included in multi-year budget
- Additional special projects added ie boards & commissions

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Next Steps



- Confirm continuation of current outsourced internal audit model which provides:
 - Lowest cost
 - Flexibility
 - Control
 - Access to expertise
 - Independence
- Develop a RFP for Internal Audit Services

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Next Steps



- Provide Direction for RFP for Internal Audit Services:
 - Scope of work
 - Expectations
 - Tentative RFP schedule
 - Contract term
 - Evaluation process including evaluation team

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