

3RD REPORT OF THE

AUDIT COMMITTEE

Meeting held on June 28, 2012, commencing at 3:30 PM, in Committee Room #3, Second Floor, London City Hall.

PRESENT: Councillor P. Hubert (Chair), Councillors M. Brown and N. Branscombe and W. DeShane and B. Westlake-Power (Secretary).

ABSENT: Councillor J. Swan.

ALSO PRESENT: T. Dobbie, A.L. Barbon, J. Braam, G. Bridge, C. Clendenning (PwC), M. Daley, K. denBok (KPMG), J. Edward, P. Foto, S. Gillfilan (PwC), M. Hayward, S. Houde, I. Jeffreys (KPMG), J. Lawrence, I. Mackay, V. McAlea Major, T. Rauch, I. Sadler (PwC), C. Shah (PwC), S. Swance and M. Turner.

I. DISCLOSURES OF PECUNIARY INTEREST

1. That it **BE NOTED** that no pecuniary interests were disclosed.

II. CONSENT ITEMS

2. 2nd Report of the Audit Committee

Recommendation: That the 2nd Report of the Audit Committee, from its meeting held on February 1, 2012, **BE RECEIVED**.

3. Update on 2011 Internal Audit of Community Services - Housing Division

Recommendation: That, on the recommendation of the Director of Municipal Housing, the report, dated June 28, 2012, with respect to an update on the PricewaterhouseCoopers Internal Audit of Community Services - Housing Division, **BE RECEIVED**. (2012-A04-00)

4. Brownfield Administration Policy Project

Recommendation: That, on the recommendation of the City Treasurer, Chief Financial Officer, the report dated June 28, 2012 with respect to the steps planned to develop a City of London brownfield administration policy **BE RECEIVED**; it being noted that the policy is intended to address issues raised to the Finance and Administrative Services Committee in January 2012, as well as respond to the internal auditor's report of December 7, 2011. (2012-A04-00)

5. Engagement of PricewaterhouseCoopers for Operational Review

Recommendation: That, on the recommendation of the City Treasurer, Chief Financial Officer, the report dated June 28, 2012 with respect to the engagement of PricewaterhouseCoopers by the Housing Division for the completion of an operational review of the London & Middlesex Housing Corporation (LMHC), **BE RECEIVED**; it being noted that the review is at the request of the Board of the LMHC. (2012-C03-00)

6. Amendment to Three-Year Audit Plan

Recommendation: That, on the recommendation of the Deputy City Treasurer, the following amendments to the Three-Year Internal Audit Plan of PricewaterhouseCoopers, **BE APPROVED**:

- a) the Health and Safety audit be brought forward to 2012, from 2013;
- b) the Grants and Loans audit be moved to 2013, from 2012. (2012-A04-00)

III. SCHEDULED ITEMS

7. (See Confidential Appendix Item C-1)
8. 2011 Financial Audit

(Secretary's Note: The City of London - 2011 Financial Report and Audit Findings Report for the year ending December 31, 2011, are available for viewing in the City Clerk's Office.)

Recommendation: That the following actions be taken with respect to the 2011 Financial Audit and Audit Findings Report 2011, as prepared by KPMG:

- a) the 2011 Financial Report of The Corporation of the City of London **BE RECEIVED**; and,
- b) the Audit Findings Report for the year ending December 31, 2011 **BE RECEIVED**;

it being noted that the Audit Committee received the attached presentation from the Deputy City Treasurer and a verbal presentation from KPMG with respect to these matters. (2012-A04-00)

IV. ITEMS FOR DIRECTION

9. Quarterly Report on Internal Audit Results

Recommendation: That the following actions be taken with respect to the Quarterly Report on Internal Audit Results, dated June 28, 2012, from PricewaterhouseCoopers:

- a) Community Services – Financial Management – the Action Plans included as Appendix 'A' of the above-noted report **BE IMPLEMENTED**; it being noted that the implementation dates for some items are not applicable due to the cost of the implementation having been determined to be prohibitive to any potential benefit; and,
- b) Planning, Environmental & Engineering Services – Contract & Tendering Administration –
 - i) the Action Plans included as Appendix 'B' of the above-noted report **BE IMPLEMENTED**; and,
 - ii) the Interim City Manager **BE DIRECTED** to bring forward a report as soon as possible with respect to a project approval process for tenders, with such report to outline the practices and policies utilized by other municipalities. (2012-A04-00)

V. DEFERRED MATTERS/ADDITIONAL BUSINESS

None.

VI. CONFIDENTIAL

(Confidential Appendix enclosed for Members only.)

- C-1 The Audit Committee convened in camera from 3:32 PM to 3:45 PM after having passed a motion to do so, with respect to a matter pertaining to the security of the information systems of the City of London.

C-2 The Audit Committee convened in camera from 5:05 PM to 5:42 PM after having passed a motion to do so, with respect to a matter pertaining to personal matters about identifiable individuals, including municipal employees, with respect to employment related matters, advice and recommendations of officers and employees of the Corporation concerning employee negotiations, litigation or potential litigation affecting the municipality and advice which is the subject of solicitor client privilege, including communications necessary for that purpose.

VII. ADJOURNMENT

The meeting adjourned at 5:43 PM.