

Memo

Date:	June 1, 2018
To:	Members of The Corporation of the City of London Audit Committee
From:	Jim Pryce, Partner, Deloitte LLP
Subject:	Internal Audit Summary Update

Internal Audit has included a summary memo with our material to highlight major accomplishments since our last update to the Audit Committee and to draw your attention to the matters of greatest importance. We will cover these documents in more detail at the meeting and respond to all questions you may have.

1. Internal Audit Dashboard Report:

- a. The approved 2017-2018 plan continues to be executed. Internal Audit continues to engage management in scoping meetings for upcoming reviews and has regular meetings with the City Manager and City Treasurer.
- b. Internal Audit has issued one project report since the last Audit Committee update: Management compensation process assessment. Action plans are in place, including a responsible party and timeline, to address the observations noted in the issued report.
- c. Internal Audit will proactively work with management to improve the performance metrics of finalizing internal audit reports.

2. Internal Audit Plan:

- a. The original audit plan included a post-implementation review of the Class Replacement System where plans for the system replacement have changed and implementation is now scheduled for 2019. Management has requested that Internal Audit perform a pre-implementation review of the Class Replacement System as part of the 2017-2018 Internal Audit plan. Management prefers to have Internal Audit engaged through the process to assist with ensuring the controls system is designed appropriately.

3. Audit Observation Status Summary of High and Medium Priority Observations and past due observation trending analysis:

- a. Internal Audit closed one (1) high priority observation for the Parks & Recreation cash handling review.
- b. Four (4) observations are past due as of June 1st, 2018 compared to zero (0) past due as of January 2018 including two (2) medium priority observations for the Parks and Recreation cash handling review and two (2) high priority observations for the Freedom of information

process assessment. Through inquiry, Internal Audit determined that management appears to be performing activities towards completing planned actions within a revised timeline.

- c. We are comfortable that management is making progress on remediating open items based on the timelines established and work plans in place which they have attested too.

4. Reports issued:

- a. Management compensation process assessment: Minor process control or efficiency weaknesses identified. The report identified three medium priority observations.