

Memo

Date: April 5, 2019

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 Plan

- a. Internal Audit is seeking Audit Committee approval of the 2019-2021 Internal Audit Plan.

2. Internal Audit Dashboard Report:

- b. The approved 2017-2018 plan is near completion. Internal Audit continues to execute on the remainder of the plan and is expected to complete the remaining projects in the short-term. Internal Audit continues to have quarterly meetings with the City Manager and City Treasurer.
- c. Internal Audit has issued four reports since the last Audit Committee update:
 - i. Health and Safety Assessment: Minor process control or efficiency weaknesses identified. The report identified three medium priority observations.
 - ii. Housing Process Assessment: Minor process control or efficiency weaknesses identified. The report identified one high priority observation and four medium priority observations.
 - iii. IT Portfolio Management and Project Management Assessment
 - i. Project Compliance: Minor process control or efficiency weaknesses identified. The report identified three medium priority observations.
 - ii. Methodology Maturity: Minor process control or efficiency weaknesses identified. The report identified one high priority observation.

Action plans are in place, including a responsible party and timeline, to address the observations noted in the issued reports.

3. Audit Observation Status Summary of High and Medium Priority Observations:

- a. Since the last Audit Committee meeting, Internal Audit closed a total of five medium priority observations including two for the Parks and Recreation Cash Handling Review, two for the Parking Revenue Generation Assessment, and one for the Homeless Prevention Assessment.

- b. A total of five (5) medium priority observations are past due as of April 17, 2019 compared to the five (5) medium priority observations past due as at January 28, 2019. The current past due items are as follows:
 - i. Three (3) medium priority observations continue to be past due, including two (2) for Building Permit Process Assessment and one (1) for Management Compensation Process Assessment.
 - ii. Two (2) new medium priority observations have become past due since January 28, 2019 including one (1) for Building Permit Process Assessment and one (1) for Parking Revenue Generation Assessment.

We are comfortable that management is making progress to remediate open items based on the timelines established and work plans in place which they have committed and asserted to completing.

- c. New internal control improvements were identified and added to the audit observation listing in the period requiring management attention including Health and Safety (3 medium priority observations), Housing Process (1 high and 4 medium priority observations), and IT Portfolio Management and Project Management (1 high and 3 medium priority observations).