

Memo

Date: June 10, 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 Dashboard Report:

- a. The approved 2019 plan is underway. Internal Audit has initiated actions to execute on the plan and expects to complete the projects by the end of 2019.
- b. The remaining 2017-2018 projects are underway. Internal Audit continues to execute on the remainder of the plan and expects to complete the remaining projects, Construction Procurement Process Assessment and IT Security Assessment for the next audit committee meeting in September 2019 term. The exception is the Class Replacement Project Pre-implementation Review where there has been a delay in the targeted go-live date for the Class Replacement Project. It has changed to March 2020 which impacts the Internal Audit timing.
- c. Internal Audit continues to have quarterly meetings with the City Manager and City Treasurer.
- d. Internal Audit has issued no internal audit reports since the last Audit Committee update.
- e. Internal Audit has issued one progress memorandum since the last Audit Committee update:
 - i. Class Replacement Project Pre-implementation Review Progress Memorandum: Minor process control or efficiency weaknesses identified. The report identified one high and two medium priority observations.

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

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

- a. Since the last Audit Committee meeting, Internal Audit closed one medium priority observation for ITS Portfolio Management and Project Management Assessment.
- b. A total of four (4) medium priority observations are past due as of June 10, 2019 compared to the five (5) medium priority observations past due as at April 5, 2019. The current past due items are as follows:

- i. Four (4) medium priority observations continue to be past due, including three (3) for Building Permit Process Assessment and one (1) for Management Compensation Process Assessment.

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

- c. New internal control observations from the Class Replacement Project Pre-implementation Review were added to the audit observation listing in the period requiring management attention (1 high priority and 2 medium priority observations).