

Memo

Date: August 30, 2019

To: Members of The Corporation of the City of London Audit Committee

From: Jim Pryce, Partner, Deloitte LLP
Aneesa Ruffudeen, Director, 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 continue to progress. Internal Audit expects to complete the remaining IT Security Assessment for the next audit committee meeting in November 2019. The timing has been impacted by vacation schedules. Class Replacement Pre-implementation Project Review remains in ongoing due to delay in the go live date to March 2020.
- c. Internal Audit continues to have quarterly meetings with the City Manager and City Treasurer.
- d. Internal Audit has issued one internal audit report since the last Audit Committee update:
 - i. Construction Procurement Process Assessment: Minor process control or efficiency weaknesses identified. The report identified eight medium priority observations.

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

2. Internal Audit Plan:

- a. Internal Audit has commenced activities in September to refresh the 2020-2022 internal audit plan. Internal Audit targets to have a draft for approval by the Audit Committee no later than November/December 2019.

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

- a. Since the June 2019 Audit Committee meeting, Internal Audit closed five (5) medium priority observations including two (2) ITS Portfolio Management and Project Management Assessment, one (1) Building Permit Process Assessment, one (1) Procurement Process Assessment and one (1) Class Replacement Pre-implementation Project Review (Progress Memo).

- b. A total of four (4) medium priority observations are past due as of August 30, 2019 compared to four (4) medium priority observations past due as at June 10, 2019. The current past due items are as follows:
 - i. Three (3) medium priority observations continue to be past due since the last Audit Committee meeting, including two (2) for Building Permit Process Assessment and one (1) for Management Compensation Process Assessment. Building Permit management is currently working with ITS on the recently accepted portal upgrade project, and Employee Systems management continues to recruit for a vacant staff position.
 - ii. One (1) medium priority observation is now past due for Housing 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 Construction Procurement Process Assessment were added to the audit observation listing in the period requiring management attention (8 medium priority observations).