

<b>TO:</b>	<b>CHAIR AND MEMBERS AUDIT COMMITTEE MEETING ON JANUARY 31, 2013</b>
<b>FROM:</b>	<b>PwC INTERNAL AUDITORS</b>
<b>SUBJECT:</b>	<b>2011 &amp; 2012 Internal Audit Results Summary</b>

**RECOMMENDATION**

That on the recommendation of PwC, this report **BE RECEIVED** for information.

**PREVIOUS REPORTS PERTINENT TO THIS MATTER**

Risk Assessment and 3-Year Risk-Based Audit Plan from PricewaterhouseCoopers – Audit Committee March 31, 2011.

Quarterly Report on Internal Audit Results from PricewaterhouseCoopers - Audit Committee reported on July 14, 2011, September 29, 2011, December 7, 2011, February 1, 2012, June 28, 2012, September 27, 2012, November 29, 2012.

**BACKGROUND**

This report has been prepared in line with the reporting process defined within the Risk Assessment and 3-Year Risk-Based Audit Plan provided to the Audit Committee on March 31, 2011.

The purpose of this report is to communicate the cumulative results of all internal audit projects completed in 2011 and 2012.

Please refer to the formal presentation document attached in Appendix A.

<b>RECOMMENDED BY:</b>
<b>PwC INTERNAL AUDITORS</b>

Appendix A - 2011 & 2012 Internal Audit Results Summary



*The Corporation of the  
City of London*

2011 & 2012 Internal Audit  
Results Summary

January 31, 2013

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# *Agenda*

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## Results Summary, by Service Area – 2011 & 2012

Service Area	Number of Projects	Number of Recommendations	Value-for-Money Opportunities Identified (1 year impact) *
Engineering & Environmental Services	3	35	\$3,595,000
Development & Compliance Services	2	16	\$500,000
Planning	0	0	
Corporate Services – Finance & IT	5	43	
Corporate Services – Human Resources	2	15	
Corporate Services - Legal	0	0	
Housing & Social Services	2	21	\$250,000
Neighbourhood, Children & Fire Services	0	0	
Parks & Recreation	1	7	\$10,000
Long-term Care (reporting structure under review)	1	4	
<b>Total</b>	<b>16</b>	<b>141</b>	<b>\$4,355,000</b>

\* These amounts represent the estimated cost savings or additional revenue available to the City which have been identified in relation to internal audit recommendations. These amounts are potential opportunities only, and have not all been realized. The next slide details the amounts realized or expected to be realized in the future.

## Results Summary, by Project – 2011 & 2012

Service Area	Project	Number of Recommendations	Value-for-Money Opportunities Identified (1 year impact) *
<b>2011 Projects:</b>			
Engineering & Environmental Services	• Water & Sewage Revenue	8	\$2,830,000
	• Fleet Asset Management	19	\$340,000
Development & Compliance Services	• Development Approvals	8	
Corporate Services – Finance & IT	• Information Security Governance Assessment & JDE IT General Controls	17	
	• Procurement Bid Process	8	
Corporate Services – Human Resources	• Time-off Provisions	7	
Housing & Social Services	• Housing Division	13	\$250,000
Long-term Care (reporting structure under review)	• Long-term Care Compliance	4	
<b>Total – 2011 Projects</b>		<b>84</b>	<b>\$3,420,000</b>

\* These amounts represent the estimated cost savings or additional revenue available to the City which have been identified in relation to internal audit recommendations. These amounts are potential opportunities only, and have not all been realized. The next slide details the amounts realized or expected to be realized in the future.

## ***Results Summary, by Project – 2011 & 2012, Continued***

<b>Service Area</b>	<b>Project</b>	<b>Number of Recommendations</b>	<b>Value-for-Money Opportunities Identified (1 year impact) *</b>
<b><i>2012 Projects:</i></b>			
Engineering & Environmental Services	• Contract and Tendering Administration	8	\$425,000
Development & Compliance Services	• Building Control	8	\$500,000
Corporate Services – Finance & IT	• Purchasing Cards • Expenditure Approval and Payment • Payroll Administration	6 4 8	
Corporate Services – Human Resources	• Succession Planning	8	
Housing & Social Services	• Financial Management	8	
Parks & Recreation	• Health and Safety	7	\$10,000
<b><i>Total – 2012 Projects</i></b>		<b>57</b>	<b>\$935,000</b>
<b><i>Total</i></b>		<b>141</b>	<b>\$4,355,000</b>

*\* These amounts represent the estimated cost savings or additional revenue available to the City which have been identified in relation to internal audit recommendations. These amounts are potential opportunities only, and have not all been realized. The next slide details the amounts realized or expected to be realized in the future.*

## Cumulative Value-for-Money Summary – 2011 & 2012\*

Recommendation	Nature of Impact	Estimated 1 Year Impact Realized	Estimated Annual Future Realization	Estimated Realized & Future Realization - 5 Year Impact
<i>2011 Recommendations:</i>				
<i>Water and Sewage Revenue - Environmental &amp; Engineering Services</i>				
-Implementation of fire protection water changes	Reduction in required rate increases		\$2,500,000	\$12,500,000
-Increase in construction water charges	Potential new revenue source		\$30,000	\$150,000
-Negotiation of London Hydro administration fees for late payments	Potential new revenue source		Not expected to be realized	
<i>Fleet Asset Management - Environmental &amp; Engineering Services</i>				
-Reduction of 17 units with low utilization				
-one-time capital savings	Cost Savings	\$250,000		\$250,000
-ongoing operating cost savings	Cost Savings	\$90,000	\$90,000	\$450,000
<i>Housing Division - Housing and Social Services</i>				
- Project to identify housing providers not meeting occupancy targets	Cost Savings	\$250,000		\$250,000
<b>Subtotal - 2011 Recommendations</b>		<b>\$590,000</b>	<b>\$2,620,000</b>	<b>\$13,600,000</b>



## Cumulative Value-for-Money Summary, Continued – 2011 & 2012\*

Recommendation	Nature of Impact	Estimated 1 Year Impact Realized	Estimated Annual Future Realization	Estimated Realized & Future Realization - 5 Year Impact
2012 Recommendations:				
<i>Health and Safety - Parks and Recreation</i>				
-Reduction of duplicate training for temporary and casual staff	Cost Savings		\$10,000	\$50,000
<i>Contract and Tendering Administration - Environmental &amp; Engineering Services</i>				
-Utilization of available staffing capacity (reducing consultant costs)	Cost Savings		\$400,000	\$2,000,000
-Development of construction bonding criteria	Cost Savings		\$25,000	\$125,000
<i>Building Control Compliance - Development and Compliance Services</i>				
- Increase in division service fees, which also provides opportunity to contribute operation surpluses to the Building Permit Reserve Fund	Increased Revenue		\$500,000	\$2,500,000
<b>Subtotal - 2012 Recommendations</b>		<b>\$0</b>	<b>\$935,000</b>	<b>\$4,675,000</b>
<b>TOTAL</b>		<b>\$590,000</b>	<b>\$3,555,000</b>	<b>\$18,275,000</b>

*\*This is a summary of the estimated cost savings or additional revenue available to the City that are estimable and could result from the implementation of internal audit recommendations. Quantifications have been estimated based on information provided by City management and actual cost savings/revenues could differ from these estimates.*

*This excludes other potential efficiencies which may exist through the implementation of other recommendations, and savings that could not be quantified or relate to recommendations presented in-camera.*