

September 1, 2020

Members of The Corporation of the City of London Audit Committee

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. Revised Internal Audit Plan (September to December 2020)

- a. Internal Audit has updated the 2020 Internal Audit Plan as per the request of the Audit Committee. The audit plan will be revisited quarterly due to the changing environment and covid related impacts. Discussions were held with Senior Leadership to determine projects for September to December 2020:
 - Summary of projects to be completed:
 - i. Assumption and Security Assessment
 - ii. Class Replacement Project Post- Implementation PerfectMind Reconciliation Process Review
 - iv. Police Services Time Management and Scheduling Review
- b. Internal Audit has issued one (1) internal audit report since the last Audit Committee update:
 - Service London Assessment: Moderate process control or efficiency weaknesses identified. The report identified three (3) leading practice observations and three (3) low priority observations.

Action plans as needed 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 eleven (11) high priority observations and eight (8) medium priority observations as noted in the table below:

Review conducted	Number of observations and priorities
IT Portfolio Management and Project Management Assessment	One (1) High Priority Observation
Class Replacement Pre-implementation Project Review (Progress Memo)	One (1) High Priority Observation
Construction Procurement Process Assessment	Three (3) Medium Priority Observations
IT Security Assessment	One (1) Medium Priority Observation
Electronic Fund Transfer Assessment	One (1) High Priority Observation
Class Replacement Pre-implementation Project Review (Progress Memo)	Two (2) High priority Observations and (2) Medium Priority Observations
Computerized Maintenance Management System Review	Six (6) High priority Observations and (2) Medium Priority Observations

- b. A total of two (2) high priority observations and six (6) medium priority observations are past due as of August 31, 2020 due to COVID-19 related impacts. The current past due items are as follows:
 - Two (2) high priority Parking Revenue Generation Assessment observations, three (3) medium priority Homeless Prevention Assessment observation, two (2) medium priority Construction Procurement Process Assessment observations and one (1) medium priority observation Computerized Maintenance Management System Review observations have become past due.

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 given the current circumstances.

Revised 2020-2022 Audit Plan by audit universe area

The following table outlines a revised internal audit plan summary for September 2020 to December 31, 2020. A full scoping exercise will be performed and documented at the planning stage for each Internal Audit project that will prioritize risk areas to be audited within the allocated budget. Furthermore; the list of projects identified in FY 2021 and FY 2022 is not final and is meant to be a repository of potential projects that internal audit could undertake in the coming years. This listing will be revisited with the Senior Leadership Team and Audit Committee to select internal audit projects in accordance with risk prioritization and the internal audit budget each quarter.

Internal Audit Universe Areas	FY 2020 Jan 1 2020 to Dec 31 2020	FY 2021 Jan 1 2021 to Dec 31 2021	FY 2022 Jan 1 2022 to Dec 31 2022
Corporate Services	Solicitor		<p>(Deferred from FY 20 to FY 22) Clerks Office Assessment: Assess the effectiveness and efficiency, and as required value for money, of selected processes. The review will also look at operational and management oversight controls within the Clerks Office.</p> <p>Rationale: <i>Deferred by management based on prioritization and readiness of the department to undertake the review as a result of COVID.</i></p>
	Human Resources	<p>(Move Forward from FY 22) Recruitment Process Assessment: Assess the recruiting and hiring processes for the City with emphasis on controls, adherence to government requirements, the timeliness and effectiveness of the hiring process.</p>	<p>HRIS Project Post-implementation Review: Should the City decide to implement a new HRIS system Internal Audit would evaluate and assess the scope, user requirements and the design of the proposed controls to be established.</p>
	Finance and Treasury	<p>Environment and Asset Retirement Obligations Assessment: Assess the processes and controls in place related to the identification, monitoring and reporting of environmental and financial asset retirement obligations, including compliance with requirements under Section PS 3280.</p>	

Internal Audit Universe Areas	FY 2020 Jan 1 2020 to Dec 31 2020	FY 2021 Jan 1 2021 to Dec 31 2021	FY 2022 Jan 1 2022 to Dec 31 2022
	Information Technology	<p>(New Project Added) SaaS Application Review: Provide guidance and best practices with respect to tools, policy and procedures with the intent of decreasing the potential use of unapproved and unmanaged SaaS applications.</p>	<p>(Deferred From FY 21 to FY 22) IT Risk Identification Process Assessment: Evaluate and assess the IT risk identification and assessment process to understand how risks are mitigated and reported.</p> <p><i>Rationale: Deferred by management based on prioritization of projects to undertake as a result of COVID and risk to the City.</i></p>
	Emergency Planning		<p>Emergency Planning Process Review: Assess the procedures and controls in place related to the City’s emergency planning process. Elements of business continuity and disaster recovery will be considered including the evaluation of end-user requirements.</p>
Administration	Planning		<p>Industrial Community Improvement Plan Incentives: Review Industrial Community Improvement Plan incentives to review best practices, assess value for money generated by these incentives and reviewing the potential for reducing or eliminating these incentives.</p> <p>(Deferred From FY 20 to FY 22) Ongoing project: Smart City Strategy Implementation:</p> <p>In accordance with the Smart City Strategy, work with Staff and the IBI Group to develop an approach for creating a strong smart city culture within the Corporation. Help develop a governance model for advancing the strategy in the community.</p> <p><i>Rationale: Deferred by management based on prioritization as; there is no budget approval or direction from Council at this time.</i></p>
	Development and Compliance Services	<p>(Move Forward From FY 21) Assumption and Securities Assessment: Assess the control framework and processes currently in place for new development and securities.</p>	<p>Permit of Approved Works Program Review: Assess the permit of approved works process and control framework in place for issuing permits. Including booking grants for eligible development projects in the permit reporting system.</p>

Internal Audit Universe Areas	FY 2020 Jan 1 2020 to Dec 31 2020	FY 2021 Jan 1 2021 to Dec 31 2021	FY 2022 Jan 1 2022 to Dec 31 2022
	Engineering (Complete) Ongoing Project: Computerised Maintenance Management System (CMMS) Pre-implementation Review: Evaluate and assess the controls framework proposed and being established.	(Deferred From FY 20 to FY 21) Traffic Management Project Review: Evaluate and assess the proposed scope, user requirements and controls established for the Traffic Management system. <i>Rationale: Deferred by management based on delay in project timing and readiness to be audited.</i>	Public Works Process Assessment: Assess the effectiveness and efficiency of processes and controls in place for operational and financial processes within public works.
Services	Housing		
	Environmental		
	Social Services		Social Services Process Assessment: Assess the effectiveness of processes and controls in place for operational and financial processes within social services.
	Dearness Home		
	Neighbourhood and Children services		
	Fire	(Deferred From FY 20 to FY 21) Fire Process Assessment: Assess the processes and controls in place for operational and financial processes within fire services. This audit will evaluate the effectiveness of data reporting and monitoring of key performance indicators. <i>Rationale: Deferred by management based on alignment with Fire Master Plan approval.</i>	
Service London	(Complete) Service London Process Assessment: Review the effectiveness of processes and controls in place for operational and financial processes within Service London.		

Internal Audit Universe Areas	FY 2020 Jan 1 2020 to Dec 31 2020	FY 2021 Jan 1 2021 to Dec 31 2021	FY 2022 Jan 1 2022 to Dec 31 2022
Parks & Recreation	<p>(Complete) Class Replacement Project Pre-implementation Review: Evaluate and assess the controls framework established for the Class system.</p>		
	<p>(New Project Added) Class Replacement Project Post- Implementation Reconciliation Process Review: For a sample of parks and outdoor facilities validate the controls surrounding the booking of revenue to the general ledger for accuracy. <i>Note: A final report will be issued that encompasses outstanding observations from the pre-implementation and post implementation review.</i></p>		
Agencies, Boards, Commissions and Corporations*	Argyle Business Improvement Area Board of Management		
	Covent Garden Market Corporation		
	Eldon House Corporation		
	Hamilton Road Business Improvement Area		
	Housing Development Corporation		
	Hyde Park Business Improvement Area		

Internal Audit Universe Areas	FY 2020 Jan 1 2020 to Dec 31 2020	FY 2021 Jan 1 2021 to Dec 31 2021	FY 2022 Jan 1 2022 to Dec 31 2022
London Convention Centre Corporation			
Downtown London Business Improvement Association			
London Hydro Inc.			
London & Middlesex Community Housing			
London Police Services Board	<p>(New Project Added) Time Management and Scheduling: Assess the processes and controls in place for time management and scheduling within the London Police Services . The audit will review the processes for recording and forecasting standard hours, approval of overtime, sick days, vacation, and other time-off. In addition, an emphasis will be placed on how time management forecasting and planning impacts the management of people from a health and wellness perspective.</p>		
London Public Library Board			
London Transit Commission			
Middlesex-London Health Unit			

Internal Audit Universe Areas	FY 2020 Jan 1 2020 to Dec 31 2020	FY 2021 Jan 1 2021 to Dec 31 2021	FY 2022 Jan 1 2022 to Dec 31 2022
Museum London			
Old East Village Business Improvement Area			
Tourism London			
Elgin Area Water Primary Water Supply System			
Lake Huron Primary Water Supply System			

Revised summary September to December 2020

The following table outlines the estimated budget for the potential audit projects for September to December 2020.

Internal Audit Plan Revised September 2020 to December 2020	
Potential Projects	Budget*
1. Assumption and Securities Assessment	\$30,000
2. Class Replacement Project Post- Implementation PerfectMind Reconciliation Process Review	\$30,000
3. Police Services Time Management and Scheduling Review	\$50,000
Project Management, management meetings and Audit Committee reporting and attendance	10,000
Follow-up of outstanding observations	5,000
Annual Audit Plan	Nil
Total Budget (September to December 2020)	\$125,000
Actual FY 20 Internal Audit Fees as of August 2020 (excludes taxes)	\$58,670.00

* Actuals will be billed to the City and will not exceed the above stated budget



**City of London Audit Committee Observation Summary
As at September 1, 2020**

LEGEND	
Observations closed	All observations have been addressed by management
Remediation in progress	Observations in progress are being addressed by management including observations where initial timeline was missed but a plan is in place for remediation that appears acceptable
Remediation in progress - exceptions noted	Management has missed implementation deadlines for observations and no adequate resource plan has been identified
Management accepts the risk	Management has accepted the remaining risk

Report Summary				Observation Status for Management Action Plans due September 1, 2020.						
Internal Audit Plan Year	Report	Report Issue Date	Total High & Medium Observations	Observations Closed Per Management	Closed Per Internal Audit	In Progress Observations (Not Due)	Past Due Observations	Observations Closed by IA Since March 2020 update	Timing	Past Due Observation Commentary
2017/2018	Parking Revenue Generation Assessment	Jun-18	6	4	4	0	2	0	Feb-21	
2017/2018	Homeless Prevention Assessment	Oct-18	4	1	1	0	3	0	Apr-21	
2017/2018	IT Portfolio Management and Project Management Assessment	Mar-19	4	4	4	0	0	1	Complete	
2017/2018	Class Replacement Pre-implementation Project Review (Progress Memo)	Jun-19	2	2	2	0	0	1	Complete	
2017/2018	Construction Procurement Process Assessment	Aug-19	8	6	6	0	2	3	Mar-21	
Sub-total 2017/2018 reports			24	17	17	0	7	5		
2019	IT Security Assessment	Nov-19	1	1	1	0	0	1	Complete	
2019	Electronic Fund Transfer Assessment	Feb-20	1	1	1	0	0	1	Complete	
2019	Dearness Home Process Assessment	Feb-20	8	0	0	4	0	0	Mar-21	
2019	Class Replacement Pre-implementation Project Review (Progress Memo)	Feb-20	4	4	4	0	0	4	Complete	
2019	Computerized Maintenance Management System Review	Jan-20	9	8	8	1	1	8	Dec-20	
Sub-total 2019 reports			23	14	14	5	1	14		
Total High and Medium observations			47	31	31	5	8	19		

Closed per Management: Management has indicated that action plans due to be acted upon by September 1, 2020 are complete.

Closed per IA: Internal Audit has validated Management's assertions of observation closure through review of evidence.

In Progress Observations: Management action plans due beyond September 1, 2020 are underway or management has asserted observations are closed but Internal Audit has not yet validated.

Past Due Observations: Actions plans due by September 1, 2020 have not been fully acted upon.

Observations Closed by Internal Audit since last update: Management has indicated in the current period that action plans are complete and Internal Audit has validated through review of evidence.