

31 March 2013

Councillor Matt Brown, Audit Committee Chair
City Manager, Art Zuidema
Mike Turner, Deputy City Treasurer

Dear Sirs,

We have received your communication of February 4, 2013 regarding the City's engagement of PricewaterhouseCoopers to perform internal audits for the purpose of identifying operational cost savings. Your letter was referred to the Museum London Board's Property and Finance Committee for review and recommendation. It has now been reviewed by both the Committee and the Board.

Thank you for the invitation to participate. We would be happy to do so but wonder if an operational review of the Museum should be looked at after the reviews of other City Departments and Boards and Commission have been completed. This could avoid unnecessary audit costs and allow for the potentially larger savings from other City Departments and Boards and Commissions to be identified first.

The City of London operating appropriation represents 50% of our budget in 2013 and the funding you provide is greatly appreciated and critical to our success. The Museum has a history of budget requests consistent with City-set targets even though it faced increasing operational expenses and a challenging fundraising environment. Our recent appropriation increases were 0% in 2011, 1.5% in 2012 and 0% in 2013.

Over the years we have implemented many cost-saving and revenue-generating measures in order to meet those targets. Those measures have been identified in previous business plans submitted to the City and include:

- contracting out non-core service functions such as building maintenance and capital project management, custodial, security, and parking to either external service providers or the City of London;
- involvement with the City in a variety of energy management projects;
- supplementing core staff through employment grants, interns, co-op students and volunteers;
- seeking out grant, sponsorship and partnership opportunities to enhance exhibition and program opportunities;
- leasing Museum London space to the City of London, non-profit groups and private individuals and museum-related businesses;
- utilizing City expertise wherever possible.
- utilizing City procurement practices and competitive bidding to obtain lowest pricing available.

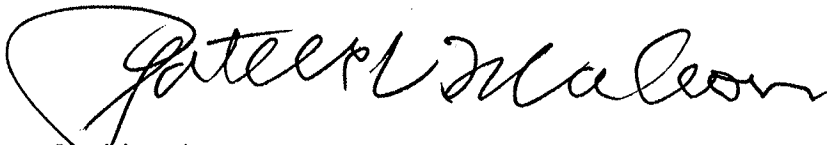
In addition, the Property and Finance Committee (a standing committee of the Museum London Board) chaired by Douglas Marshman, C.A. Deloitte LLP, meets eight times per year and is responsible for reviewing operating and capital budget development and performance. Members of the committee also include Graham Porter, a partner from a major Ontario legal firm; Aly Lalani and Adam Weir, both employees of major lending institutions and Gloria Hinton, retired with corporate managerial experience. The Committee works closely with administration to minimize expenditures and identify revenue opportunities. As well, the annual audit performed by KPMG along with formal and informal audits of Provincial and Federal grant organizations assists in expenditure control.

Museum London will continue to seek out opportunities for cost savings and explore additional revenues and will continue to meet City budget targets.

We do note that it is the intention of the Audit Committee to prioritize requests received from all Boards and Commissions in April or May. The Museum budget is one of the smallest of the Boards and Commissions so the magnitude of potential savings to be identified will not be as significant as with others. Also, since we now consult and/or contract for management and operational services with the City for building maintenance and capital, computer technology, energy management, risk management, grounds management, security, etc., savings opportunities identified by PricewaterhouseCoopers in their City Department audits would also be applicable to Museum London.

We would be happy to participate in the program once other areas are completed and if it is viewed as appropriate at that time. We hope this clarifies our position. Representatives of our Property and Finance Committee would be happy to meet with you if further information or clarification is required.

Yours truly,

A handwritten signature in black ink, appearing to read "Patrick Mahon". The signature is written in a cursive style with a large, sweeping initial "P".

Patrick Mahon
Chair, Museum London Board

c.c. Brian Meehan, Executive Director