Toronto Community Housing

Internal Audit: Annual Audit Work Plan 2023
Item 9A
January 27, 2023
Building Investment, Finance and Audit Committee

Report:	BIFAC:2023-17
To:	Building Investment, Finance and Audit Committee ("BIFAC")
From:	Director, Internal Audit
Date:	January 13, 2023

PURPOSE:
The purpose of this report is to provide the BIFAC with a plan for the utilization of the Internal Audit Department resources in 2023.

This plan is presented in Attachment 1 to this report and referred to through the rest of this document as "The Work Plan 2023".

RECOMMENDATIONS:
It is recommended that the BIFAC approve The Work Plan 2023 as presented in Attachment 1 to this report.

REASONS FOR RECOMMENDATIONS:

Background
Each year, the BIFAC approves the Internal Audit department's Work Plan as per Section F of the BIFAC Charter, *Internal Audit, Accounting Systems and Internal Controls*, which describes one of the BIFAC's responsibilities as *"Reviewing and approving the Internal Audit work plans…"*

The Work Plan 2023 has been prepared considering the available staffing resources and the following:

- Collaboration with the Enterprise Risk Management ("ERM") Unit, keeping in view the top 20 organizational risks identified by them.
- Audit projects deferred from last year.
- Audit projects executed during the last five years (2018-2022).
- Board of Directors/BIFAC's direction and Management's requests, if any.
- Input provided by the Auditor General's ("AG") office and the City's Internal Audit Department, if any.
- Key changes to the organizational structure, systems and processes.

Annual Audit Work Plan 2023
The Work Plan 2023 is set out in Attachment 1 to this report.

There are four tables, as follows:
1) **Table 1 – New Corporate Audit Projects:** New projects that will be completed or substantially completed by the Corporate Audit Team in 2023;
2) **Table 2 – New RGI Audit Projects:** New projects that will be completed or substantially completed by the RGI Audit Team in 2023;
3) **Table 3 – Standing Items**: Projects that are being completed every year; and
4) **Table 4 – Other Items**: Other Internal Audit activities that are not categorized as New Projects or Standing Items (above).

Resource Requirements
We believe we have the resources available to complete or substantially complete all engagements in The Work Plan 2023 as presented in Attachment 1.

IMPLICATIONS AND RISKS:
The Work Plan 2023 takes into consideration risks and other factors as mentioned above.

We will provide the BIFAC with quarterly status updates on the Work Plan.

SIGNATURE:

"Karim Jessani"

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Karim Jessani
Director, Internal Audit

ATTACHMENT:
1. Annual Audit Work Plan 2023

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Item 9A - Internal Audit: Annual Audit Work Plan 2023
Report #: BIFAC:2023-17
Public BIFAC Meeting - January 27, 2023
Attachment 1

Item 9A - BIFAC:2023-17 - Attachment 1

TCHC Internal Audit Department
Annual Audit Work Plan 2023

Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	Time Est. (Hours)	Estimated Start	Last Report Issued
Table 1 - New Corporate Audit Projects							
Change Order Process Review	Change Order Process Review of Multi-Year Contracts.	- Non-compliance with/inadequate policies and procedures. - Inadequate planning, scoping and monitoring of contracts. - Ineffective budgetary and system controls. - Ineffective contract management process.	4- Operational Processes 6- Vendor Management 12- Strategic Sourcing & Contracts	Finance	432	Q-1	New Audit Area
Vacancy Management Review	A review of effectiveness and efficiency of vacancy management and unit offering process.	- Non-compliance with/inadequate policies and procedures. - Inaccurate reporting of unit inventory and vacancy. - Revenue loss due to vacant units. - Reputational risk.	3- Brand and Reputation 4- Operational Processes	Operations	432	Q-2	2019
Fire Life Safety Operations Review	An operational and compliance review of Fire Life Safety Program.	- Non-compliance with/inadequate policies and procedures. - Non-compliance with legislative and regulatory requirements. - Loss of life/property. - Risk of financial loss. - Reputational risk.	3- Brand and Reputation 4- Operational Processes 16- Health and Safety 17- Fire Life Safety	Operations	432	Q-2	New Audit Area
Capital Planning and Monitoring Process Review	A review of Capital Planning and Monitoring Process.	- Non-compliance with/inadequate policies and procedures. - Sub-optimal use of available resources. - Inadequate monitoring of planned vs. actual capital spending. - Inaccurate reporting of planned vs. actual capital spending.	4- Operational Processes 18- Capital Funding	FM	432	Q-3	New Audit Area

Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	Time Est. (Hours)	Estimated Start	Last Report Issued
IT General Controls Review	Review of IT General Controls.	- Risk of unauthorized access to the data, computer networks or infrastructure, etc. - Risk of unauthorized changes to the programs/data or loss of data due to cyber attacks, etc. - Ineffective management of access controls. - Inadequate controls over data backup and recovery processes.	7- Information Technology Systems 10- Cyber Security and Privacy 13- Organizational resiliency	ITS	432	Q-3	New Audit Area
Continuous Controls Monitoring (CCM)	Data analytics to identify unusual transactions/trends and identify areas where internal controls can be strengthened. IAD will select new areas each year for this project.	- Non-compliance with existing internal control measures. - Data entry errors. - Inefficiencies in processes.	4- Operational Process 7- Information Technology Systems	Various	288	Q-3	N/A
Health, Safety & Wellness Program Review	An operational review of Health, Safety & Wellness function.	- Non-compliance with/inadequate policies and procedures. - Inadequate identification/management of employees health & safety needs. - Sub-optimal value for money invested in staff wellness programs. - Inadequate employee awareness of available programs and resources.	14- HR Process 16- Health & Safety	HR	432	Q-4	New Audit Area
Management Request	These projects are usually initiated based on a request by the Management. This includes review of specific processes, providing advice and/or our analysis on an activity or proposed change, agreed-upon procedures or conducting investigations.	Various	Various	Various	560	Q-1 to Q-4	N/A

Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	Time Est. (Hours)	Estimated Start	Last Report Issued
Table 2 - New RGI Audit Projects							
RGI Continuous Auditing	This includes: - Random sampling. - Special requests (if any) from External Auditors, AG's office, Management, etc. - RGI or Fraud on demand.	- Inaccurate RGI rent calculation resulting in risk of recording inaccurate revenue in the financial statements. - Overcharge to tenants resulting in reputational risk due to tenant complaints. - Inadequate documentation supporting rent calculation resulting in non-compliance with applicable legislation and regulations.	3- Brand and Reputation 4- Operational Process 8- Records Management 20- Non-Compliance with Legislation & Regulations	Operations	1088	Q-1 to Q-4	N/A
Arrears Management Projects	This includes: - Ongoing monitoring of High-Risk and High-Value accounts which was initiated in 2022. - Accounts with Local or Mediated Agreements. - Accounts with OCHE legal code.	- Non-compliance with/inadequate policies and procedures. - Non-compliance with legislative and regulatory requirements.	3- Brand and Reputation 4- Operational Process 8- Records Management 20- Non-Compliance with Legislation & Regulations	Operations	3420	Q-1 to Q-4	N/A
Various Analysis Projects	The following areas have been identified for our review and analysis: - Over-housed process. - Loss of Eligibility reversal process. - Market rent charged greater than the maximum market rent in HoMES. - RGI tenants paying market rent for more than 24 months. - Annual Reviews not processed for more than 12 months.	- Non-compliance with/inadequate policies and procedures. - Non-compliance with legislative and regulatory requirements. - Inaccurate data in HoMES.	Various	Various	1150	Q-1 to Q-4	N/A

Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	Time Est. (Hours)	Estimated Start	Last Report Issued
Management Requests	These projects are usually initiated based on a request by the Management. This includes review of specific processes, providing advice and/or our analysis on an activity or proposed change, agreed-upon procedures or conducting investigations.	Various	Various	Various	290	Q-1 to Q-4	N/A

Table 3 - Standing Items

Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	Time Est. (Hours)	Estimated Start	Last Report Issued
Follow-up on the implementation of recommendations from previous Internal Audit reports	This is the review of the status of recommendations made in previous Internal Audit reports including review of supporting audit evidence. BIFAC will be provided 2 status updates during the year.	The risks identified in the initial audits are now known but not adequately mitigated.		Various	Various	350	Q-1 to Q-4	N/A
Annual Audit Work Plan & Rolling Audit Work Plan	The Internal Audit Department will review top organizational risks identified by the ERM Unit and prepare the Annual Audit Work Plan for 2024 and update the Rolling Audit Work Plan for 2025-27. This will be done in collaboration with ERM Unit.	IAD's work plan should align with TCHC's top risks. By reviewing the ERM risk assessment refresh, IAD ensures that its services yield value to the Management by aligning the Annual Audit Work Plan and Rolling Audit Work Plan with organizational risks.		Various	Various	125	Q-4	N/A

Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	Time Est. (Hours)	Estimated Start	Last Report Issued
Table 4 - Other Items							
BIFAC Status Reporting	- Quarterly status update providing progress on Annual Audit Plan. - Half-yearly status update providing progress on implementation of open audit recommendations from previously issued audit reports.						
Internal Audit Manual	To guide the Corporate Audit Team.						
RGI Manual	To guide the RGI Audit Team.						
Internal Audit Charter	It is a formal document that defines Internal Audit's purpose, authority, responsibility and position within the organization.						
Document Standardization	To guide all IAD team members and promote audit efficiencies.						
Staffing, training, etc.	To enable team's professional development.						

Note: Time commitment for each of the above item varies depending upon the stages of completion.