



Internal Audit: 2022 Internal Audit Work Plan

Item 4

January 27, 2022

Building Investment, Finance and Audit Committee

Report: BIFAC:2022-14

To: Building Investment, Finance and Audit Committee
("BIFAC")

From: Manager, Internal Audit

Date: January 12, 2022

PURPOSE:

To provide the BIFAC with a plan on utilization of the Internal Audit Department resources in 2022.

This plan is presented in a document entitled "2022 Internal Audit Work Plan" and referred through the rest of this document as "The 2022 Work Plan".

RECOMMENDATIONS:

It is recommended that the BIFAC approve the 2022 Work Plan as presented in the attached document.

REASONS FOR RECOMMENDATIONS:

Background

Each year, BIFAC approves Internal Audit Work Plan as per section *F Internal Audit, Accounting Systems and Internal Controls* of the charter, which describes one of BIFAC responsibilities as: "*Reviewing and approving the Internal Audit work plans...*"

The 2022 Work Plan has been prepared considering the available staffing resources and the following:

- 1) Collaboration with ERM Unit keeping in view top 10 organizational risks identified by them.
- 2) Audit projects deferred from last year.
- 3) Audit projects executed during the last 5 years (2017-21).
- 4) BIFAC/BOD direction and Management's requests, if any.
- 5) Review and discussion of audit plans for the AG's office and City's Internal Audit Department.
- 6) Rolling Audit Work Plan for 2022-2024 (see note below).

Note:

*Out of 4 audits planned for the year 2022 in the Rolling Audit Work Plan for 2022-2024 presented to BIFAC last year, we have included **Learning & Organizational Development Operational Review** and **Accounts Payable Operational Review** in the 2022 Work Plan being presented to BIFAC today. We have not included the following 2 audits in the 2022 Work Plan and instead made it part of our Rolling Audit Work Plan for 2023-2025 for the reasons mentioned:*

1. **Parking Revenue Follow-up Review:** *All recommendations from our 2018 audit report are not fully implemented yet. We will execute this follow-up audit once our recommendations are fully implemented. This audit has now been included in our updated Rolling Work Plan for 2023-25.*
2. **Ethics & Corporate Governance Review:** *This audit involves Legal Division. We have already included another audit (deferred from 2021 – approved by BIFAC) for this division in our 2022 Work Plan hence this audit has now been included in our updated Rolling Work Plan for 2023-25.*
3. *In addition to the above 2 audits, we have planned 5 more audit projects in 2022 for a total of 7 audit projects given the improved staffing levels.*

2022 Internal Audit Work Plan

The 2022 Work Plan is set out in Attachment 1 to this report.

There are three tables, as follows:

- 1) **Table 1 – New Projects:** New engagements that will be completed or substantially completed in 2022;
- 2) **Table 2 – Standing Items:** Engagements that are being completed every year; and
- 3) **Table 3 – Other Items:** Other Internal Audit activities not categorized as New Projects or Standing Items (above).

Resource Requirements

We believe we have the resources available to complete and/or substantially complete all engagements in the 2022 Work Plan as presented in the attached document.

IMPLICATIONS AND RISKS:

The 2022 Work Plan takes into consideration risks and other factors as mentioned above.

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

SIGNATURE:

“Karim Jessani”

Karim Jessani
Manager, Internal Audit

ATTACHMENT:

1. 2022 Internal Audit Work Plan

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Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	Time Est. (Hours)	Estimated Start	Last Report Issued
Table 1 - New Projects							
Learning & Organizational Development Operational Review	An operational review of Learning & Organizational Development function including Performance Management Program (PMP).	- Inadequate identification/management of staff training needs. - Ineffective PMP process. - Sub-optimal value for money invested in organizational training.	13-Organizational Resiliency 14- HR Process	HR	432	Q-1	New Audit Area
Scholarship Program Review	An operational and compliance review to assess the Scholarship programs in order to confirm the manner in which appropriate controls exist in the administration of those programs.	- Inadequate policies and procedures. - Inadequate oversight/controls over the disbursement and use of funds.	3- Brand and Reputation	Development	432	Q-1	New Audit Area
Cyber Security & Access Controls Review	A follow-up review of ITS processes to manage IT cyber security risks and management of access controls for major IT Systems.	- Inadequate security leading to a potential leak/misuse of sensitive information. - Unavailability of information/data due to cyber attack. - Ineffective management of access controls.	7- Information Technology Systems 10- Cyber Security and Privacy 13- Organizational resiliency	ITS	432	Q-2	2020
Hub Operations Review	A review of selected Hub locations from all regions to cover the following four service pillars: 1. Cleaning; 2. Maintenance; 3. Tenancy Management; and 4. Community Safety and Support.	- Non-compliance with policies and procedure. - Inefficiencies in processes. - Suboptimal services to tenants, resulting in reputational risk. - Incorrect calculation of RGI rent.	4- Operational Process	Operations	781	Q2-Q4	New Audit Area
Preventive Maintenance Program Review	An operational review of the preventive maintenance program.	- Deterioration of organizational assets. - Reputational risk due to inadequate maintenance. - Health and safety risk due to insufficient maintenance of assets.	3- Brand and Reputation 4- Operational Processes 16- Health and Safety	FM	432	Q-3	New Audit Area
Accounts Payable Operational Review	An operational review of efficiency and effectiveness of accounts payable function.	- Inadequate policies and procedures. - Delayed and/or duplicate payments. - Inadequate segregation of duties.	4- Operational Process 6- Vendor Management	Finance	432	Q-3	2018
Business Continuity & Disaster Recovery Planning Process Review	A review of Business Continuity & Disaster Recovery planning process.	- Inadequate measures in place to prepare and respond to emergencies or service disruptions. - Reputational risk due to unavailability of information or services.	2- Data Governance & Integrity 3- Brand and Reputation 13- Organization Resiliency	ITS, Operations, Legal (ERM)	432	Q-4	New Audit Area
Continuous Controls Monitoring (CCM)	Data analytics to identify unusual transactions/trends and identifying areas where internal controls can be strengthened.	- Non-compliance with existing internal control measures. - Data entry errors. - Inefficiencies in processes.	4- Operational Process	Various	288	Q-4	N/A
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	685	Q-1 to Q-4	N/A

Table 2 - Standing items							
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	288	Q-1 to Q-4	N/A
RGI continuous auditing	This includes: - Future Dated Review - Special requests such as from External Auditors, AG's office, Management, etc.	- Inaccurate RGI rent calculation resulting in 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	1559	Q-1 to Q-4	N/A
HoMES Related Analysis	HoMES implementation will be completed during the year. Internal Audit will perform various analysis related to RGI rent review process. Potential areas for these analysis will be identified in consultation with the Management and HoMES's Team.	- Non-compliance with policies and procedures. - Data entry errors. - Control deficiencies in processes.	4- Operational Process	Operations	725	Q-1 to Q-4	N/A
Information Technology and other Advisory Services	As and when requested, Internal Audit Department will participate on Committees for IT projects or procurement of various IT assets to provide independent and objective advisory services.	Various	Various	ITS	218	Q-1 to Q-4	N/A
Annual Audit Plan & Rolling Audit Plan	The Manager, Internal Audit will review top organizational risks identified by the ERM Unit and prepare the Annual Audit Plan for 2023 and update the Rolling Plan for 2024-26. 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 Plan and Rolling Audit Plan with organizational risks.	3- Brand and Reputation 4- Operational Process 20- Non-Compliance with Legislation & Regulations	Various	109	Q-4	N/A

Table 3 - 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 Internal 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.						
Staff recruitment, training, etc.	Ongoing.						
Note: Time commitment for each of the above item varies depending upon the stage of completion, etc.							