

**Internal Audit: 2019 Internal Audit Work Plan Revision**

Item 2G

April 11, 2019

Building Investment, Finance and Audit Committee

Report:	BIFAC:2019-29
To:	Building Investment, Finance and Audit Committee ("BIFAC")
From:	Chief Financial Officer and Treasurer
Date:	March 22, 2019

PURPOSE:

The purpose of this report is to provide BIFAC with an update on revisions to the 2019 Internal Audit Work Plan.

The revisions are presented in a document entitled "2019 Internal Audit Work Plan Revision" and referred through the rest of the document as "2019 Work Plan Revision".

RECOMMENDATIONS:

It is recommended that BIFAC approves the 2019 Work Plan Revision as presented in the attached document.

REASONS FOR RECOMMENDATIONS:**Background**

Each year, BIFAC approves the Internal Audit Workplan as per section *E 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 2019 Internal Audit Work Plan was approved by BIFAC on November 15, 2018. Therefore, any revision to it would require approval by BIFAC.

2019 Internal Audit Work Plan Revisions

The 2019 Work Plan Revisions are set out in Attachment 1 to this report.

There are three tables, as follows:

- 1) **Table 1 – 2018 audit engagements postponed to 2020:** engagement from past work plan where Management asked the Auditor to come back at a later date;
- 2) **Table 2 – Audits deleted from 2019 work plan:** engagements that management requested to delete from 2019 work plan; and
- 3) **Table 3 – Audits added to 2019 work plan:** new engagements added to 2019 work plan.

Resource Requirements

We believe we have the resources available to complete and/or substantially complete all engagements in the 2019 Work Plan as revised in the attached document.

IMPLICATIONS AND RISKS:

Finance will provide BIFAC with quarterly updates on the status of the Internal Audit engagements.

SIGNATURE:

“Rose-Ann Lee”

Rose-Ann Lee
Chief Financial Officer and Treasurer

ATTACHMENT:

1. 2019 Internal Audit Work Plan Revision

STAFF CONTACT:

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Appendix 1: 2019 Internal Audit Workplan Revision

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Audit Engagement	Description	Risk Level	Risk description	Alignment with ERM Priority Risks	Time Est. (Hours)	Comments
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Table 1 - 2018 Audit Engagements postponed to 2020

IT asset lifecycle	A review of ITS processes to manage IT assets.	H	The risk that IT assets are inadequately inventoried and managed to ensure there is no loss and their lifecycle is maximized.	1- Information Technology Systems 5- Operational Process	440	Purpose of the audit was to review the new process, which will be implemented in Q4 2019. Therefore the new process can only be audited in 2020.
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Table 2 - Audits deleted from 2019 work plan

Warranty lifecycle management	An assessment of the warranty management process for capital projects to inform the development of the warranty module in iHMS.	H	The risk that the corporation is paying for items that are under warranty, using funds that would otherwise be spent on capital projects.	15- Capital Funding	480	FM informed that IHMS/Yardi will change how warranty information is tracked and so it is not worthwhile to perform an audit in this area, at this time.
Capital projects close-out process	A review of the inspection process that supports the issuance of the substantial completion certificate.	H	The risk that consultants hired by the corporation are not in compliance with the Construction Lien Act (2018) for the projects close out process, leading to the organization incurring additional costs after the project is closed out.	15- Capital Funding	480	FM informed that they are performing divisional unit audit on project close out procedures and documentation. They plan to have a completed audit report with recommendations by end of Q1 2019. FM does not see any value addition in having another audit on same area, at this time.

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Table 3 - Audits Added to 2019 work plan

Vacancy Rate	To ensure that unit inventory and vacancy-related information is calculated and reported correctly and consistently.	M	The risk that unit inventory and vacancy related information presented to board are not correct or consistent.	3- Data Governance & Integrity 5- Operational Process	480	During the last few years, the total number of non-rentable units in the portfolio have increased, while total number of rentable units has decreased. As a result, the vacancy rate has consistently decreased. It was requested that Internal Audit (IA) perform a review of these calculations to determine and confirm the reasons for the changes.
Arrears	To ensure that arrears are being managed adequately and arrear related numbers are calculated and reported correctly and consistently.	M	The risk that arrears are not being managed efficiently and effectively.	3- Data Governance & Integrity 5- Operational Process	480	Arrears have doubled since 2012. It was suggested that Internal Audit (IA) perform a review to ascertain the reasons behind increase in arrears and determine efficiency and effectiveness of the operations.