



## Internal Audit: 2017 Work Plan

Item 5C

December 12, 2016

Building Investment, Finance and Audit Committee

<b>Report:</b>	BIFAC:2016-158
<b>To:</b>	Building Investment, Finance and Audit Committee (BIFAC)
<b>From:</b>	Chief Internal Auditor
<b>Date:</b>	November 30, 2016

### **PURPOSE:**

To provide the Building Investment, Finance and Audit Committee (“the Committee”) with the 2017 Internal Audit Work Plan (“the 2017 Work Plan”).

### **RECOMMENDATIONS:**

It is recommended that the Committee approve the 2017 Work Plan.

### **REASONS FOR RECOMMENDATION:**

The Internal Audit Department consists of two distinct functions – (i) Internal Audit and (ii) Investigations.

This report will set out the 2017 Work Plan for both functions.

### **INTERNAL AUDIT 2017 WORK PLAN**

#### **Factors in Developing the Work Plan**

A significant change was made in the development of the 2017 Work Plan for the Internal Audit function.

In alignment with leading risk assessment practices, TCHC’s Enterprise Risk Management function, and the City’s Auditor General’s 2015 risk assessment, we developed a formal risk-based process to develop our 2017 Work Plan.

During the fall of 2016, we applied that process and conducted a formal departmental operational risk assessment of TCHC's divisions and departments (excluding the Office of the Commissioner of Housing Equity).

This approach is considered to be semi-quantitative, as the process started with interviewing the senior leadership team (VPs and most Directors). We then used a scale of low, medium and high to assess the impact and the likelihood of each risk, and then translated that into a numerical ranking, leading to a total inherent risk.

Taking into account mitigation strategies that have been put in place by management, we then assessed the residual risk.

All residual risks were finally ranked from high to low.

Internal audit engagements were determined from this residual risk ranking, taking into consideration steps management will be undertaking in the upcoming year to mitigate some of the identified risks.

In addition, during the operational risk assessment process some departmental management identified specific engagements they would be interested in having Internal Audit perform.

### **Internal Audit Work Plan**

The Internal Audit 2017 Work Plan is set out in **Attachment 1** to this report.

The Internal Audit 2017 Work Plan has three sections:

- 1) **2016 Work Plan Items Carried Forward to 2017:** Items that are not expected to be completed by December 31, 2016;
- 2) **New Internal Audit Projects:** New items that will be completed in 2017; and
- 3) **Standing Items:** Items that Internal Audit completes every year:
  - i. Internal Audit's follow up on the implementation of recommendations contained in previous Internal Audit reports;
  - ii. A review of rent geared to income rent calculations in consultation with TCHC's external auditors; and
  - iii. An annual update of the operational risk assessment program.

What is not specifically set out on the 2017 Work Plan are the varied consulting engagements that occur during the year. These consulting engagements are generally one-off requests by management for advice and consultation from Internal Audit. Such engagements that the department have been involved with during 2016 include:

- Development of the Delegated Signing Authority;
- Policy review feedback and analysis;
- Updates to the Expense Reimbursement Procedures;
- Participation in the job evaluation process for senior staff positions; and
- Documentation of the RGI Annual Review Process.

In addition, we allocate some of our resources over the year to develop and enhance the inner workings of the Internal Audit function. This may include such items as:

- Standardization of working papers;
- Implementation of a data analytics tool to support audit engagements and the continuous controls monitoring program; and
- Development of a revised format for reporting to the Committee.

We believe the 2017 Work Plan reflects (a) a realistic estimate of the resources available to complete the items identified and (b) identification of the need to allocate some resources to develop and maintain the infrastructure of the department.

As in prior years, the Internal Audit 2017 Work Plan is a fluid document as priorities and resource availability evolves throughout the year. As such:

- Some engagements may take longer to complete than budgeted. This will impact our ability to complete other items noted on the Internal Audit 2017 Work Plan; and
- Additional items with a higher priority may be identified and added to the work plan during the year, subject to resource availability.

## **INVESTIGATIONS**

### **Investigations Unit 2017 Work Plan**

The Investigations 2017 Work Plan is set out in **Attachment 2** to this report.

It will be noted that the proposed Investigations 2017 Work Plan includes several projects that were not completed in 2016.

January 1, 2017 will be the fifth anniversary of the opening of the TCHC Do-What's-Right Fraud hotline. It will also be the fifth anniversary of the formal start of the Investigations Unit.

As such, it is an appropriate time to review some aspects of the Investigations function. With the ability to be able to draw on five years of experience in developing the Investigations Unit, we will be conducting a review of the reporting process for investigations completed. This review will include a review of the:

- Structure, format, and content of Investigations reports that are distributed to TCHC departments after an investigation has been completed; and
- Processes used to prepare investigation reports, the distribution of said reports, and the follow up of recommendations contained within investigation reports.

As with the Internal Audit function, the Investigations Unit is often tasked with consulting assignments or special investigations that may take resources away from identified work plan items.

**IMPLICATIONS AND RISKS:**

The 2016 Work Plan takes into consideration risks and other factors that have been brought to the Department's attention.

The Committee will be provided with quarterly updates of the status of the 2017 Work Plan so as to be kept apprised of the progress of the 2017 Work Plan.

**SIGNATURE:**

*"Michael Vear"*

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Michael Vear, CPA, CA, CPA (Illinois)  
Chief Internal Auditor

**ATTACHMENT:**

1. Internal Audit – 2017 Work Plan
2. Investigations – 2017 Work Plan

**STAFF CONTACT:**

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**ATTACHMENT 1  
INTERNAL AUDIT - 2017 WORK PLAN**

<b>Item No</b>	<b>2017 Work Plan Item</b>	<b>Status / Project Description</b>
<b>2016 Work Plan Items Carried Forward to 2017</b>		
2014IA08	Social Investment Fund grants.	Further fieldwork was required. It is now complete and the report is in draft stage. Will be presented to BIFAC Q117.
2015IA03	Accounts Payable process and system.	Planning and fieldwork ongoing.
2015IA05	Entry access to TCHC buildings.	Fieldwork ongoing. Will be presented to BIFAC Q217.
2015IA07	Unit vacancy program	An evaluation of how units are turned around, from notice to vacate to the new tenant moving in - deferred to 2017 or 2018, subject to engagement scoping discussion with Asset Management leadership.
2016IA01	Information & Technology Services risk assessment.	Ongoing. At request of ITS management, scope of engagement to be expanded.
2016IA03	Rent Geared to Income calculation reviews - 2016 year end.	Fieldwork ongoing in consultation with external auditors PwC. Last tranche of calculation reviews to be completed in Q117.
<b>New Internal Audit Projects</b>		
2017IA01	Internal Audit Department Charter.	Development of a charter for the Internal Audit function.
2017IA02	TCHC policy development, completeness, and compliance.	Review of the TCHC policy process, including policy prioritization and development, scope and completeness of policies in place, and corporate compliance with policies.

**ATTACHMENT 1  
INTERNAL AUDIT - 2017 WORK PLAN**



<b>Item No</b>	<b>2017 Work Plan Item</b>	<b>Status / Project Description</b>
2017IA03	Human Resources information system development and implementation.	Assist the Human Resources Department develop the control environment within the new Human Resources information system to be developed in 2017. Subsequent to the new system's implementation, conduct a review of the effectiveness and controls within the new system.
2017IA04	Information Technology Services (ITS) asset inventory program.	A review of the programs in place to track the significant number and type of ITS assets that are deployed to TCH staff.
2017IA05	Parking charges.	A review of the parking charges monitoring and collection process.

**Standing Items**

2017IA05	Follow up on the implementation of recommendations from previous Internal Audit reports.	This is the annual review of the status of recommendations made in previous Internal Audit reports.
2017IA06	Rent Geared to Income calculation reviews - 2017 year end.	As requested by the Board, an annual review of RGI rent calculations, in consultation with TCHC's external auditors.
2017IA07	Internal Audit Department Annual Operational Risk Assessment.	The annual assessment of departmental operational risks that will be used to develop the 2018, and future, Internal Audit Work Plan.

**ATTACHMENT 2  
INVESTIGATIONS - 2017 WORK PLAN**

<b>Item No</b>	<b>2017 Work Plan Item</b>	<b>Item Information/Notes</b>
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**2016 Work Plan Items Carried Forward to 2017**

2013Inv5	Training of field staff with respect to completion of tenant forms and receipt of documents during the tenant Annual Review process.	Will be conducted via courses on the TCHC learning calendar.
2014Inv2	CCTV video requests.	A review of the CCTV video requests procedures and record keeping protocols.
2014Inv3	Protocol re: recovery of revenue and assets.	Develop a protocol with Legal and Operations with respect to the recovery of revenue and/or assets from tenants, where applicable.

**2016 New Projects**

2017Inv1	Review of the reporting process arising from investigations completed.	This review will include: - looking at the structure, format, and content of reports prepared; and - the processes used to prepare reports, distribute reports, and follow up on recommendations made in reports.
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