Toronto Community Housing

Internal Audit Work Plan Update: Q4 2023
Item 11A
January 25, 2024
Building Investment, Finance and Audit Committee

Report:	BIFAC:2024-14
To:	Building Investment, Finance and Audit Committee ("BIFAC")
From:	Director, Internal Audit
Date:	January 16, 2024

PURPOSE:
The purpose of this report is to provide the BIFAC with an update on the work conducted by the Internal Audit Department ("IAD") up to December 31, 2023.

RECOMMENDATION:
It is recommended that the BIFAC receive this report for information.

REASONS FOR RECOMMENDATION:

Background:

Q4 2023 Work Plan Update:
The Q4 2023 Work Plan Update is set out in Attachment 1 to this report. There are four tables, as follows:
1) **Table 1 - Status of 2023 Corporate Audit Projects**: New engagements that have been completed or in progress at year-end;
2) **Table 2 - Status of 2023 Rent-Geared-to-Income ("RGI") Audit Projects**: New engagements that have been completed or in progress at year-end;
3) **Table 3 - Status of Standing Items**: Engagements that are being completed every year; and
4) **Table 4 - Other Items**: Other IAD activities not categorized above.

Resource Requirements

We believe we have the resources available to complete the remaining work for the projects detailed in the Q4 2023 Work Plan Update.

IMPLICATIONS AND RISKS:

IAD will continue to provide the BIFAC with quarterly updates on the status of our Work Plan.

SIGNATURE:

"Karim Jessani"

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Karim Jessani
Director, Internal Audit

ATTACHMENT:

1. Internal Audit Work Plan Update for Q4 2023

STAFF CONTACT:

Karim Jessani, Director, Internal Audit
416-981-4052
Karim.Jessani@torontohousing.ca

		Toronto Community Housing Corporation **Internal Audit Department**				
		Annual Audit Work Plan Update for Q4 2023				
Audit Engagement	**Description**	**Potential Risk**	**Alignment with ERM Priority Risks**	**Division**	**Status as on December 31, 2023.**	**% Completion as on December 31, 2023.**
Table 1 - Status of 2023 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	Final audit report with Management's Action Plan was presented to the BIFAC on November 2, 2023.	100%
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	Final audit report with Management's Action Plan is being presented to the BIFAC on January 25, 2024.	100%
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	Final audit report with Management's Action Plan was presented to the BIFAC on September 8, 2023.	100%

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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	Audit planning work was initiated in Q2-2023 but postponed to Q4-2023 as requested by the Management. Field work is in progress.	55%
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	This audit is now included in our Rolling Audit Work Plan for 2025.	N/A
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	Analyses for both selected areas have been completed and summary reports have been issued to the Management.	100%

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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	Final audit report with Management's Action Plan was presented to the BIFAC on November 2, 2023.	100%
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	N/A - Upon request.	Ongoing

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Table 2 - Status of 2023 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	Review of 300 tenant files (100 files from each region) has been completed and summary reports have been issued to the Management.	100%
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	Quarterly status reports for all three regions for Phase III have been issued to the respective GMs. We are currently working on Phase IV of the project.	Ongoing

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Data 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	This project has been initiated in Q4-2023 and is subject to availability of resources.	Ongoing
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	N/A - Upon request.	Ongoing

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Table 3 - Status of 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 reviewing supporting audit evidence. > BIFAC will be provided 2 half-yearly status updates during the year.	The risks identified in the initial audits are now known but not adequately mitigated.	Various	Various	> Status as of December 31, 2022 was presented to the BIFAC on March 6, 2023. > Status as of June 30, 2023 was presented to the BIFAC on Sept. 8, 2023.	100%
Annual Audit Work Plan and Rolling Audit Work Plan	The Director, Internal Audit will revisit operational risks by collaborating with the ERM Unit. Updated risk rankings will be reviewed and considered to prepare the Annual Audit Work Plan for 2024 and to update the Rolling Audit Work Plan for 2025-27.	IAD's workplan should align with the corporation's priorities and identified risks. By collaborating with ERM Unit and considering the updated risk rankings, IAD ensures that its services yield value to the Management.	22- Strategic Alignment	Various	Annual Audit Work Plan for 2024 and Rolling Audit Work Plan for 2025-27 is being presented to the BIFAC on January 25, 2024.	100%

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Table 4 - Status of Other Items						
BIFAC Status Reporting	Quarterly status update to BIFAC providing progress on Annual Audit Work Plan. > BIFAC will be provided 4 quarterly status updates during the year.				> Q4-2022 Audit Work Plan status update report was presented to the BIFAC on January 27, 2023. > Q1-2023 Audit Work Plan status update report was presented to the BIFAC on June 23, 2023. > Q2-2023 Audit Work Plan status update report was presented to the BIFAC on September 8, 2023. > Q3-2023 Audit Work Plan status update report was presented to the BIFAC on November 2, 2023.	100%
Internal Audit Manual	To guide the Corporate Audit Team.				Ongoing	-
RGI Audit Manual	To guide the RGI Audit Team.				Ongoing	-
Internal Audit Charter	It is a formal document that defines Internal Audit's purpose, authority, responsibility and position within the organization.				Ongoing	-

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Document Standardization	To guide all IAD team members and promote audit efficiencies.				Ongoing	-
Staffing, professional development/ training, etc.	To enable team's professional development and career progression.				Ongoing	-

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