

Date: October 14, 2020
To: Derek Boyce, Acting Commissioner, Community Services
From: Sunny Kalkat, Director, Internal Audit
Subject: Deferral of Realty Services Audit

The purpose of this memo is to communicate the deferral of the Realty Services audit originally planned in Q4 2020, due to the current challenges faced by the Realty Services team. The audit has been postponed to Q3 2021.

Background:

As a part of the approved 2020 Internal Audit work plan, Internal Audit (IA) was scheduled to perform a Realty Services audit in Q4 2020. The objective of the engagement was to examine and evaluate the adequacy, efficiency and effectiveness of internal controls and processes related to Realty Services for the period January 1, 2018 to June 30, 2020. The tentative scope of work was as follows:

- Departmental governance and oversight
- Process for department budget preparation and monitoring process
- Review of controls for property leasing/ acquisition/ disposal
- Controls in place for billing and lease payment Process
- Review of departmental expenses
- Compliance with City by-laws and legislative requirements

Introductory meeting with Management:

An introductory meeting was conducted with the Realty Services team on September 17, 2020 with the objective to introduce teams, communicate the audit plan, scope, and timelines. Attendees were as follows:

Realty Services Team

Senior Manager
Senior Coordinator, Real Estate
Senior Coordinator, Real Estate

Internal Audit

Sunny Kalkat – Director, Internal Audit
Manager, Internal Audit
Senior Internal Auditor, Internal Audit

Realty Services management expressed that they have been facing challenges due to COVID-19 and other issues. As per Realty Services management, existing team members have been multi-tasking and putting in extra hours to meet the timelines for routine work.

The key meeting take away for IA was to provide a list of initial information requirement. The information was required to enable IA to scope the review, prepare an audit program, and start fieldwork in the first week of October.

Initial data requirements and subsequent follow-ups:

A request for initial information was made on September 18, 2020 containing the following items:

- Department standard operating procedures (SOP's) and organization chart
- List of software used by RE team along with a brief description of functionality
- KPIs report for 2019 and draft KPIs for 2020
- Leased facilities including tenant name and value. Rent schedule report, to include: property address, monthly rent amount, rent payment dates, etc...
- List of property disposed-off during the period of January 2019 to June 2020
- List of all real estate acquisitions made by RE team for audit period
- Documentation for rent deferral/waiver due to COVID-19
- Processes details for receiving rent checks and payments

In a subsequent call on September 29, 2020, IA learned the concerns and/or challenges faced by Realty Services management to maintain the ongoing critical projects, regular Council meetings/updates and other important priorities. We understood that the current audit timeline may put extra strain on management and the audit results may not add value for management. As we understand, management is in the middle of bringing the processes up to date.

Conclusion:

Considering the current business commitments and service delivery requirements of Realty Services, IA has agreed with management to defer the audit to Q3 2021.

Regards,

Sunny Kalkat
Director, Internal Audit