

INTERNAL AUDIT MEMO

Date: October 26, 2021

To: Marion Nader, Commissioner, Community Services
Marlon Kalideen, Interim Senior Manager, Realty Services

From: Gurpreet Singh, Acting Director, Internal Audit

Re: Deferral of Realty Services Audit

The purpose of this memo is to communicate Internal Audit's decision to defer the Realty Services audit to Q3 2022 (August).

Background

As part of the approved 2020 Internal Audit workplan, Internal Audit was scheduled to perform a Realty Services audit in Q4 2020. This engagement was deferred to Q3 2021, due to resource constraints within the team and changing priorities due to the COVID-19 pandemic.

The objective of the audit engagement is to review and assess:

- Divisional governance and oversight;
- Controls around divisional budget preparation and monitoring process;
- Controls around the billing and lease payment process;
- Divisional expenses;
- Bank loan review;
- Depreciation and disposal; and
- Compliance with City By-laws and legislative requirements.

Current Situation

An introductory meeting was held with Internal Audit and Realty Services on August 30, 2021 with the objective to introduce the teams, and discuss the audit plan, audit scope, and timelines.

Realty Services management expressed the challenges the division has continued to face this year, and noted that the reasons for deferring the audit in 2020 have not changed:

1. *Resource Limitations*

- Realty Services currently has 7 vacancies and is operating at 50% of the approved head count.
- Current staff are working additional hours in order to maintain business continuity.

2. *Backlog due to COVID-19*

- Current staff are prioritizing routine work, according to urgency, in order to meet the timelines for COVID-19 related requirements, which has created a backlog in work.
- Due to remote work arrangements, file creation has also been impacted.

It was determined that conducting an audit would not provide an accurate depiction of Realty Services' controls and processes, and would place an additional burden on staff. As such, any audit findings would not necessarily add value to the division.

Realty Services and Internal Audit have agreed that deferring the audit to August 2022 will allow the division to return to 'normality' which will ensure that the audit engagement adds value to the division as they move forward with their workplan and other projects.

Management has indicated that:

1. The recruitment process for the division's vacancies is currently underway;
2. Processes and controls, including SOPs, will be updated and revised; and
3. Staff are working towards file completion.

It is important to note that clearing the backlog of work is largely dependent on how the COVID-19 pandemic evolves in the coming months.

Conclusion

Internal Audit has concluded that conducting an audit at this time will not add value to the Realty Services division. Internal Audit and Realty Services have agreed that the audit will be deferred to Q3 2022, when Realty Services will be in a better position to accommodate this engagement.

Kind regards,

Gurpreet Singh
Acting Director, Internal Audit