

Interim Audit Plan 2020 - Internal Audit

Interim Audit Plan – Internal Audit (E20/5100)	
Prepared by:	Internal Auditor
Responsible Officer:	Internal Auditor
Stakeholders:	Audit, Risk and Governance (ARG) Committee Chief Executive Officer

1. PURPOSE

The purpose of the Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve the Shire's internal control environment.

The purpose of this document is to provide a second Interim Internal Audit Plan for the Shire of Serpentine Jarrahdale (the Shire) and is intended to operate until the end of 2020, where strategic risk can be fully considered to develop a three year risk based Strategic Internal Audit Plan for consideration by Council.

2. BACKGROUND AND APPROACH

This plan is prepared in alignment with ARG006/08/19 Internal Audit Charter – Internal Audit (SJ2895) which details the following:

The Internal Auditor will report functionally to ARG and administratively to the Chief Executive Officer. The key responsibilities of ARG is to:

- ...
- *Approve and provide feedback on internal audit planning.*

Presentation of a three year risk-based Strategic Internal Audit Plan has been delayed risk pending risk workshopping with Council and final outputs of the Shire's "Risk Maturity Journey". It is expected that a draft risk-based Strategic Internal Audit Plan covering 2021-2023 will be presented later this year.

The content of this plan was generated from:

- Risk areas identified through a questionnaire processes with Management of the Shire
- Postposed audit activity from the 2019 plan
- Supported by CEO / Internal Audit input.

3. INTERIM INTERNAL AUDIT PLAN OBJECTIVES

The objectives of the Interim Internal Audit Plan are to:

- Detail auditable activities, areas and processes; and
- Continued to guide internal audit activities until a strategic risk register is in place.



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Internal Audit continues to work towards the following value proposition:

Assurances	Internal Audit provides value-based assurance on the organisation's governance, risk management and control processes to help the organisation achieve its strategic, operational and financial objectives;
Insight	Internal Audit is the catalyst for improving an organisation's effectiveness and efficiency by providing insight and recommendations based on analyses and assessments of data and business processes; and
Objectivity	With commitment to integrity and accountability, Internal Audit provides value to governing bodies and senior management as an objective source of independent advice.

4. AUDIT ACTIVITIES

Internal Audit is striving to a 'value-based' Internal Audit function. The core services offered through Internal Audit within the Shire include:

Area	Coverage	Audience
Internal Audit	<ul style="list-style-type: none">• Activities scheduled through formal audit planning processes (including multi-stage audits); and• CEO and director initiated Internal Audit processes.	<ul style="list-style-type: none">• Council;• ARG;• CEO; and• Directors.
Education	<ul style="list-style-type: none">• Awareness and education of Internal Audit and internal controls.	<ul style="list-style-type: none">• Whole of organisation.
Advisory	<ul style="list-style-type: none">• Process and internal control advisory, working with underlying principles of internal audit to maintain independence of processes (includes probity).	<ul style="list-style-type: none">• CEO;• Directors; and• Managers.

5. STATUS REPORTING

Status reporting against planned activities will occur on a quarterly basis to coincide with ARG meetings.



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6. INTERIM INTERNAL AUDIT PLAN 2020

The following is an overview of audit activity within the Shire:

Legislation Reference	Internal Audit Activity	Frequency	2020				2021
			Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar
--	Interim Internal Audit Plan 2020	--					
FM5(2)(c)	Payroll and Leave Management (1)	Scheduled				●	●
AR17(1)(b)	Grants Management (2)	Scheduled		●	●		
AR17(1)(b)	Lease and License Management (3)	Scheduled			●	●	
AR17(1)(b)	Swimming Pool Inspections (4)	Scheduled				●	
AR17(1)(b)	Customer Service (5)	Scheduled					●
AR17(1)(b)	Firebreak Inspections / Management (6)	Scheduled				●	
--	Carry over 2019 Interim Plan	Scheduled					
AR17(1)(b)	Contract / Supplier Management (7)	Scheduled		●	●		
--	Annual Reporting	Annually					
AR17(1)(c)	Compliance Audit Return	Annually	●				
--	Quarterly Reporting	Quarterly					
AR17(3)	Status Report – Internal Audit	Quarterly	●	●	●	●	●
AR17(3)	Audit Recommendation Tracking	Quarterly	●	●	●	●	●
--	Other Activities	Ad-hoc					
AR17(1)(b)	CEO / Director Requests	Ad-hoc					
--	Office of the Auditor General Audit Reports (Health Checks)	Ad-hoc					
--	Advisory and Education	Ad-hoc					

KEY	●	Ongoing audit activity	●	Completed Audit activity
	●	Scheduled audit activity	●	Delayed / cancelled audit activity
	●	Audit activity unable to be achieved		

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Reference	Description
AR17(1)(a)	Internal Audit activity based on internal control and strategic risk, supporting Local Government (Audit) Regulations 1996, Regulation 17(1)(a)&(b)
AR17(1)(b)	Internal Audit activity focusing on internal control, supporting Local Government (Audit) Regulations 1996, Regulation 17(1)(b)
AR17(1)(c)	Statutory Internal Audit activity supporting Local Government (Audit) Regulations 1996, Regulation 17(1)(c)
AR17(3)	Reporting of results to the audit committee
FM5(2)(c)	Financial Internal Audit Activity supporting Local Government (Financial Management) Regulations 1996, Section 5(2)(c).

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Name	Type	Scope	Objectives
Payroll and Leave Management (1)	Financial / Performance	<p>The scope of the audit will focus on payroll and leave management activities within the Shire.</p> <p>The period of testing will focus on pay-runs undertaken since OneComm Go-Live in February 2020.</p> <p>Audit Directorate: Corporate Services and Executive Services</p> <p>Links to preliminary draft strategic risk areas:</p> <ul style="list-style-type: none"> • Risk12: Organisational Workforce [Moderate] • Risk 5: Organisation Efficiency [Moderate]. 	<p>Provide reasonable assurances in relation to the adequacy and effectiveness of governance for payroll and leave management, including:</p> <ul style="list-style-type: none"> • Compliance / alignment with relevant Acts and Regulations • Business operating procedures and guidelines • Roles and responsibilities are clearly defined • OneComm planned process design against as-implemented processes • Commencements and departures • Payroll including; payrun, amendments, self-service, deductions, reimbursements, entitlements • Amendments to employee details and pay rates • Perform testing on a sample basis over a selection of pay runs to confirm accuracy of payments to employees, completeness and timeliness of payments • Administration, usage and monitoring of leave • User access / segregation of duties • Management of standing data • Records management (including confidentiality).
Grants Management (2)	Financial / Performance	<p>The scope of the Internal Audit will focus on management of grants within the Shire including both receiving and providing.</p> <p>The period of testing will focus on inspection processes undertaken in the last 12 months. This may be extended depending on initial review of processes.</p>	<p>Provide reasonable assurance in relation to adequacy and effectiveness of:</p> <ul style="list-style-type: none"> • Alignment to Council Policy and compliance with relevant Acts and Regulations • Business operating procedures and guidelines • Roles and responsibilities are clearly defined • Identification and management of grants for and from the Shire • Discharging and conditions associated with grants • Tracking, monitoring and reporting of grants • Communication processes



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INTERIM AUDIT PLAN 2020– INTERNAL AUDIT			
Name	Type	Scope	Objectives
		Audit Directorate: Community Services and Corporate Services Links to preliminary draft strategic risk areas: <ul style="list-style-type: none"> • Risk14: Community Engagement [Significant] • Risk5: Organisation Efficiency [Moderate]. 	<ul style="list-style-type: none"> • Records management.
Lease and License Management (3)	Financial / Performance	The scope of the audit will cover processes for lease and license management in relation to: <ul style="list-style-type: none"> • Shire owned, managed or controlled property • Crown land vested to the Shire. Audit Directorate: Community Services (initial), may require wider engagement	Provide reasonable assurance in relation to adequacy and effectiveness of the following: <ul style="list-style-type: none"> • Alignment to Council Policy and compliance with relevant Acts and Regulations • Business operating procedures and guidelines • Roles and responsibilities are clearly defined • Meeting and maintaining of purposing / conditions / requirements to and from the Shire for leases and licenses • Processes for entering into arrangements for leases or licenses • Management of third parties • Communication • Operational responsibility, tracking, monitoring, follow-up and management.
Swimming Pool Inspections (4)	Performance	The scope of the audit will focus on the management and delivery of swimming pool inspection activities within the Shire. The period of testing will focus on inspection processes undertaken in the last 12 months. This may be extended depending on initial review of processes.	Provide reasonable assurance in relation to adequacy and effectiveness of the following: <ul style="list-style-type: none"> • Alignment to Council Policy and compliance with relevant Acts and Regulations • Business operating procedures and guidelines • Roles and responsibilities are clearly defined • Planning processes • Inspection processes • Identification and management of non-compliances



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INTERIM AUDIT PLAN 2020– INTERNAL AUDIT			
Name	Type	Scope	Objectives
		Audit Directorate: Development Services Links to preliminary draft strategic risk areas: <ul style="list-style-type: none"> • Risk 5: Organisation Efficiency [Moderate] • Risk 14: Community Engagement [Significant]. 	<ul style="list-style-type: none"> • Communication processes • Follow-up inspections • Monitoring, reporting and escalation.
Customer Service (5)	Performance	The scope of the audit will focus on external and internal customer service processes within the Shire (internal and external focus). Audit Directorate: Community Services Links to preliminary draft strategic risk areas: <ul style="list-style-type: none"> • Risk14: Community Engagement [Significant] • Risk16: Stakeholder Management [Moderate] • Risk5: Organisation Efficiency [Moderate]. 	Provide reasonable assurance in relation to adequacy and effectiveness of the following: <ul style="list-style-type: none"> • Alignment to Council Policy and compliance with relevant Acts and Regulations • Business operating procedures and guidelines including customer service charter • Roles and responsibilities are clearly defined • Coverage of customer service requirements • Current and planned systems to support customer service requirements • Definition and adhering to timelines for responding for responding to customer requests • Allocation, tracking and response to requests • Requests promptly and accurately recorded with appropriate audit trail • Monitoring and reporting of the status of customer service requests • Perform testing on a sample of customer service requests to identify request, communication and resolution.
Firebreak Inspections (6)	Performance	The scope of the audit will focus on the planning, management and execution of firebreak inspection activities within the Shire.	Provide reasonable assurances in relation to the adequacy and effectiveness of firebreak inspection firebreak inspections, including: <ul style="list-style-type: none"> • Alignment to Council Policy and compliance with relevant Acts and Regulations



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Name	Type	Scope	Objectives
		<p>The period of testing will focus on inspection processes undertaken in the last 12 months. This may be extended depending on initial review of processes.</p> <p>Audit Directorate: Development Services</p> <p>Links to preliminary draft strategic risk areas:</p> <ul style="list-style-type: none"> • Risk3: Bushfire Management [High] • Risk14: Community Engagement [Significant] • Risk5: Organisation Efficiency [Moderate]. 	<ul style="list-style-type: none"> • Business operating procedures and guidelines • Roles and responsibilities are clearly defined • Planning processes; including identification and prioritising of risk areas • Monitoring and reporting of progress • Community communications • Responding to community concern.
<p>Contract and Supplier Management (7)</p> <p><i>[postponed from Interim Internal Audit Plan 2019]</i></p>	Internal Audit - Performance / Financial	<p>The scope of the Internal Audit will focus on the management of contracts, associated suppliers and supporting processes within the Shire.</p> <p>Audit Directorate: Corporate Services</p> <p>Links to preliminary draft strategic risk areas:</p> <ul style="list-style-type: none"> • Risk5: Organisation Efficiency [Moderate] • Risk16: Stakeholder Management [Moderate]. 	<p>Provide reasonable assurance in relation to adequacy and effectiveness of contract and supplier management including:</p> <ul style="list-style-type: none"> • Alignment with relevant Acts and Regulations • Policies and supporting procedures are in place and effective • Roles and responsibilities are clearly defined • Effectiveness of recording and updating contractual information • Effectiveness of contract governance including; monitoring, review, risk and reporting • Perform testing on a sample basis over a selection of contractual arrangements and supplier relationships. <p>This will also be informed from recent Office of the Auditor General Reports in relation to contract management in Local Government.</p>