

City of Monash

One Year Strategic Internal Audit Plan 2018/19

June 2018

Development of the Internal Audit Plan

A three year internal audit plan was developed for the years 2016/17 to 2018/19, based on consideration of Monash's Strategic Risk Register, prior internal audits, integrity agency focus areas (VAGO, ombudsman, IBAC) and Council Directions. The three year internal audit plan was in consultation with members of the executive team to help ensure that appropriate risks are addressed, and approved by the Audit Committee.

On an annual basis, this plan is reassessed in consultation with executive team members to help ensure that it continues to cover appropriate risks and remains relevant, and the nature and timing of Internal Audit projects for the upcoming year is further developed. The once year plan is then approved by the Audit Committee.



Plan Summary

The table below presents the Internal Audits proposed for 2018/19 year. Further detail and indicative coverage of the respective proposed internal audits for the 2018/2019 are presented on the following pages.

Internal Audit Title	Proposed Timing	Target Audit Committee	Estimated Hours
2018/19 Internal Audit Plan:			
1. Sports Playing Surfaces and Pavilions Planning	Jul 2018	Dec 2018	125
2. Asset Management	Sep 2018	Dec 2018	150
3. Building Permits	Nov 2018	Mar 2019	125
4. IT Governance, Strategy and Controls	Mar 2019	Jun 2019	125
5. Landfill Management	Mar 2019	Jun 2019	125
Continuous Audit (Annual):			
Cash Handling	Dec 2018	Mar 2019	50
Tendering	Apr 2019	Jun 2019	50
Data Analysis - Rates/AR, Procurement/AP, Payroll	Jun 2019	Aug 2019	110
Internal audit management (Annual):			
Follow up prior internal audit recommendations	May 2019		60
Planning, administration, management meetings, Audit Committee	Ongoing		80
Total:			1,000

The table below presents Internal Audits previously undertaken:

Internal Audit Title	2016/17	2017/18
Risk Management	✓	
Tendering, Procurement and Supplier Management	✓	
Payroll	✓	
Public Safety and Event Management	✓	
Business Continuity Planning and Disaster Recovery	✓	
Fleet Management		✓
Community Infrastructure		✓
Legislative Compliance Management		✓
EDMS Project Post Implementation		✓
Project Management		✓
Continuous Audits (Cash, Tendering)	✓	✓
Follow-Up Internal Audit	✓	✓
Data Analysis	✓	<i>In Progress</i>

Internal Audit Plan 2018/19

The table below outlines the proposed internal audits for the 2018/19 year. This plan outlines the nature and timing of the Internal Audit projects to be undertaken over the next year, as well as the focus areas proposed by Management. Detailed scopes for each internal audit will be developed and circulated to the Audit and Risk Committee prior to commencement.

No.	Internal Audit Title	Internal Audit Overview	Associated Strategic Risk Description (Residual Risk Rating)	Estimated Hours
1	<p>Sports Playing Surfaces and Pavilions Planning</p> <p><i>(Previously Recreation Facilities and Pavilions Management)</i></p>	<p>Assessment of the planning processes, oversight and controls in relation to recreation facilities and pavilions, including areas such as:</p> <ul style="list-style-type: none"> ▪ Strategic planning, including asset management and use; ▪ Stakeholder management, including user needs, access and equity. <p>In undertaking this internal audit, we will consider the following focus areas proposed by management:</p> <ul style="list-style-type: none"> ▪ Condition audit scope – soft surfaces, future condition audits for hard surface; ▪ Service planning to allow for compliance with standards for each sport; ▪ Long term service and asset planning processes; ▪ Consideration of current practice to other relevant councils; and ▪ Translation of service and asset planning into capital works and operational programs 	<ul style="list-style-type: none"> ▪ <i>Failure to manage issues & customer relationships that may have an adverse impact on Council's reputation (High)</i> ▪ <i>Failure to design, build & maintain facilities, assets and equipment resulting in equipment or facility failure, harm to the public & financial exposures (High)</i> ▪ <i>Failure to manage public safety at a Council event, program or facility causing harm to the public and damaging Council's reputation (High)</i> 	125

No.	Internal Audit Title	Internal Audit Overview	Associated Strategic Risk Description (Residual Risk Rating)	Estimated Hours
2	Asset Management	<p>Internal Audit of the Strategic Asset Management Framework, focusing on the policies, procedures, internal controls, processes and systems utilised to effectively manage Monash’s assets. This will include:</p> <ul style="list-style-type: none"> ▪ Asset Management Planning; ▪ Asset Recognition, Condition Tracking, Maintenance and Disposal; ▪ Management of asset information including the asset management system and asset register; ▪ Monitoring and Reporting; and ▪ Asset valuation processes. <p>Given the relatively broad and diverse nature of Monash’s asset base, this internal audit will focus on a sample of asset classes (e.g. Buildings, Roads, Open Space).</p> <p>In undertaking this internal audit, we will consider the following focus areas proposed by management:</p> <ul style="list-style-type: none"> ▪ The consistency of Monash’s Asset Management ‘Action Plan’ with recommendations from the 2014 VAGO report: “Asset Management and Maintenance by Councils”; ▪ Assessment of progress against the Asset Management Action Plan; ▪ Consideration of the proposed changes to the Local Government Act; and ▪ Consideration of the upgrade to the Asset Management System. 	<ul style="list-style-type: none"> ▪ <i>Failure to design, build & maintain facilities, assets and equipment resulting in equipment or facility failure, harm to the public & financial exposures (High)</i> 	150

No.	Internal Audit Title	Internal Audit Overview	Associated Strategic Risk Description (Residual Risk Rating)	Estimated Hours
3	Building Permits <i>(Previously Local Laws Infringement)</i>	<p>Assessment of internal policies and processes for the issuance of building permits and compliance inspections. This internal audit will cover the following areas:</p> <ul style="list-style-type: none"> ▪ Permit management framework; ▪ Permit requirements; ▪ Assessment and issuing of permits; ▪ Compliance monitoring and enforcement; ▪ Management of permit breaches; and ▪ Monitoring and reporting. <p>In undertaking this internal audit, we will consider the following focus areas proposed by management:</p> <ul style="list-style-type: none"> ▪ Processes for ensuring compliance of Monash’s policies and procedures with relevant Acts and regulations (specific to building permits); and ▪ Processes for undertaking compliance inspections and enforcement for high risk building uses (e.g. swimming pools, smoke alarms). 	<ul style="list-style-type: none"> ▪ <i>Failure to comply with legislative, privacy regulations & funding requirements resulting in financial penalties, service cuts & damaging Council’s reputation & public image (Moderate)</i> ▪ <i>Failure to manage issues & customer relationships that may have an adverse impact on Council’s reputation (High)</i> 	125

No.	Internal Audit Title	Internal Audit Overview	Associated Strategic Risk Description (Residual Risk Rating)	Estimated Hours
4	IT Governance, Strategy and Controls	<p>Assessment of IT strategies and planning, in particular the security controls structure, policies, and processes. This internal audit will cover such areas as:</p> <ul style="list-style-type: none"> ▪ IT Strategy and Planning, including the alignment of these with organisational objectives; ▪ Information Technology Controls; ▪ Access and Security Management; ▪ Infrastructure Management and Service Delivery; and ▪ Change management. <p>Additionally, we will consider the following focus areas proposed by management:</p> <ul style="list-style-type: none"> ▪ Assessment of compliance with Business Technology policies and procedures. 	<ul style="list-style-type: none"> ▪ <i>Failure of the Business Continuity Plan & Disaster Recovery Plan to support service delivery & continued operations exposing Council to reputational damage and financial loss (High)</i> 	125
5	Landfill Management	<p>Discussions with management indicated that further consideration and planning will be required to develop the scope of this internal audit. Specific focus areas will be determined closer to the internal audit date.</p>	<ul style="list-style-type: none"> ▪ <i>A failure to manage past, current & future landfill & waste requirements to meet Environmental & Legislative requirements could cause financial exposures and reputational damage (High)</i> 	125
6	Cash Handling (Continuous Audit)	<p>Selection of a number of cash / point of sale sites for assessment against Monash's cash and petty cash policies and procedures.</p>	<ul style="list-style-type: none"> ▪ <i>Inadequate internal and financial controls leading to fraud and or financial mismanagement (Moderate)</i> 	50
7	Tendering (Continuous Audit)	<p>Selection of a recent tender process for assessment against Monash's policies and procedures.</p>	<ul style="list-style-type: none"> ▪ <i>Inadequate internal and financial controls leading to fraud and or financial mismanagement (Moderate)</i> 	50

No.	Internal Audit Title	Internal Audit Overview	Associated Strategic Risk Description (Residual Risk Rating)	Estimated Hours
8	Data Analysis	Coverage includes: <ul style="list-style-type: none"> ▪ Rates/AR ▪ Procurement/AP ▪ Payroll 	<ul style="list-style-type: none"> ▪ <i>Inadequate internal & financial controls leading to fraud & or financial mismanagement (Moderate)</i> 	110
9	Follow-Up Internal Audit	Follow-up of previously raised high and medium recommendations due for completion.	<ul style="list-style-type: none"> ▪ <i>Elements of most strategic risks will be considered as part of following up prior audit recommendations</i> 	60
	Internal Audit Management	<ul style="list-style-type: none"> ▪ Audit and Risk Committee preparation and attendance; ▪ Engagement management and ad-hoc client meetings; and ▪ Annual Internal Audit Planning. 	<ul style="list-style-type: none"> ▪ <i>N/A</i> 	80