



Strategic Internal Audit Plan July 2019 to June 2022

Monash City Council

August 2020

MCC- SIAP Three Year Rolling Plan 20-22 (006) Final Updated - ELT



Contents

1. EXECUTIVE SUMMARY.....	4
2. COVID-19 IMPACT	5
3. VICTORIAN AUDITOR-GENERAL'S OFFICE 2020-21 AUDIT PLAN.....	7
4. ANNUAL PLAN JULY 2020 TO JUNE 2021.....	8
4.1 SUMMARY: PROPOSED TIMING OF INTERNAL AUDIT PROJECTS.....	8
4.2 VARIOUS FINANCIAL FUNCTIONS.....	4
4.3 COVERAGE BY DIRECTORATE.....	5
3.4 INTERNAL AUDIT PROGRAM (FY2020 - 21).....	6
4. MEASURING PERFORMANCE	12
5. INTERNAL AUDIT UNIVERSE – THREE YEAR ROLLING PLAN	13
6. SUMMARY OF COUNCIL'S PRIORITIES AND GOALS.....	16
7. SUMMARY OF COUNCIL'S STRATEGIC RISKS	18
CONTACT US	19

1. Executive Summary

Crowe was appointed as Council's Internal Audit provider for a three-year term effective 1 July 2019.

Crowe was provided with key strategic documentation to consider and identify proposed audit topics for the next three years.

In developing the plan, the following elements were considered:

- Strategic risk areas – as at March 2020
- Consideration of Monash City Council's Internal Self Assessments
- Past internal audit activity
- Consideration of the Council Plan 2017-2021 Objectives.
- Consideration of audit activity proposed by the Victorian Auditor-General's Office

COVID-19 Response

In response to COVID-19, the strategic internal audit plan has been reviewed and adapted to take into consideration a range of challenges that organisations face as they experience fluctuations in activity levels and remote and stressed working arrangements. These challenges result in changes to risks and the need to ensure internal audit activity addresses areas of emerging risk appropriately.

Section 2, sets out areas where the COVID-19 has created additional or heightened risk and maps these to our proposed areas of audit coverage.

In addition to impacting risks, the pandemic has the potential to impact the effectiveness of existing controls. Changes in working arrangements, driven in response to COVID-19 may result in an increased risk of internal controls failing, especially in an environment where manual controls have operated with a high level of management oversight within an office environment. There is an increased risk of fraud in that the opportunities to circumvent existing controls may be greater. As employee's access systems in different ways, delegations may change to cover absent staff, and workload changes may be experienced. To address this risk each Memorandum of Audit Plan will include a specific objective to evaluate any impact of COVID-19 on the effectiveness of controls.

2. COVID-19 Impact

Set out below are the most common areas identified where COVID-19 impacts are driving changes to risk and leading to a re-focus of audit programs. In addition, we have provided our high level assessment of the impacts of these changes at Monash, along with corresponding planned internal audits for 2020/21 and 2021/22.

Area of refocus	Risk or issue	Crowe Assessment	SIAP 20-21	2021-22
Cash flow forecasts	The financial viability of many organisations will have changed significantly in the last few weeks. Has your organisation assessed its future cash flows and its ability to continue as a going concern? Will ratepayers and customers be able to pay? Is increased hardship support required? Will debt covenants or other requirements be met? Is there a need to help working through future cash flow projections? Have the projections been stressed tested?	There has not been a significant change to the financial viability risk at Monash because of COVID-19. No additional audit activity is warranted in this area at this time.		
Scenario planning	Does the organisation understand what it will do if it has a COVID-19 diagnosed case? Does the organisation understand what it will do under a full lockdown?	The risk associated with a failure to respond adequately to a pandemic has increased significantly. We will address this in part through the conduct of a review of emergency management in the current period.	Emergency Management (SR – 8, 3)	
Business Continuity of COVID-19 Response Plan	Does your organisation have a structured and effective business continuity or COVID19 Response Plan? Has internal audit reviewed this?	The broader business continuity risk has increased somewhat, however given the nature of council's operations the impact has not been substantial. A review of BCP in 20-21 will address the adequacy of Council's processes in this area. Note – this audit has been added to the program as a specific response to COVID-19	Business Continuity Planning (SR - 5,3)	
Work, Health & Safety	How has the organisation, and its' officers, who are responsible for providing a safe work environment for staff, ensured that	The significant changes brought about by COVID on the way staff work at Council	Occupational Health Safety - Staff (SR - 3)	

Area of refocus	Risk or issue	Crowe Assessment	SIAP 20-21	2021-22
	<p>there is an effective system for work, health and safety under a remote working (WFF) basis? Where services are continuing to be delivered (for example, outside works) have additional procedures been put in place to manage social distancing? This is a legislative requirement. Will the organisation be exposed to workers compensation claims, increased LTIs?</p>	<p>has given rise to significant changes and in some areas increases in WHS risk. This will be addressed by a review in the current period. This review was brought forward from 21/22 as a result of COVID. The HR Management review was moved back to 21/22.</p>		
Privacy	<p>As clients communicate internally and externally more frequently using different tools and apps, how is data and information security being assured? Many organisations are collating personal health information about their staff. Is this being managed in a way that adheres to privacy legislation?</p>	<p>The risk of a breach or failure in relation to maintaining adequate controls over private and personal data is increased with the higher level of remote working. This is further increased through the higher level of utilisation of personal devices to access Council's systems. This risk will be addressed through a tailored IP audit in the current period.</p>		Information Privacy (SR - 3)
Technology	<p>Is technology working effectively to support working from home arrangements? How is the organisation seeking feedback from staff and customers on this? Have they identified the risks associated with the remote working arrangements (WFF) including changes in internal controls?</p>	<p>Given the reasonably mature cyber security controls at Monash, a review of IT cyber security in year 2 is seen as addressing the increased risk in this area in the medium term.</p>		
Supply chain and third parties	<p>Is the organisation reliant on suppliers who may be financially vulnerable or not able to continue their business? Has the organisation assessed the vulnerability of its supply chain?</p>	<p>Given the relatively small number of critical third-party service providers and supply chain components this risk is not seen as significantly impacted at Council.</p>		
Customers	<p>Is the organisation reliant on certain customers that may themselves be financially vulnerable or unable to continue?</p>	<p>Customer risk is not seen as significant at Council</p>		

Area of refocus	Risk or issue	Crowe Assessment	SIAP 20-21	2021-22
Workforce	How is the organisation managing their workforce to ensure effective and efficient performance? Does the organisation understand its rights and obligations associated with its workforce and the rights and obligations of its employees? This is critical for organisations to be able to effectively manage its workforce, scaling up or down, in a time of crisis.	The risk associated with workforce management is elevated at Council and will be addressed through a HR management audit in 2021-22. The timing of this review is reasonable, given the earlier coverage of the higher risk OHS area.		HR Management (SR- 2,3)
Mental health	How is the organisation managing the mental health of its staff and how is it projecting itself to its stakeholders and the local community during this time of crisis? Is effective change management and communication in place?	The risk associated with staff mental health is elevated at Council and will be addressed through a HR management audit in 2021-22. The timing of this review is reasonable, given the earlier coverage of the higher risk OHS area.		HR Management (SR- 2,3)

3. Victorian Auditor-General’s Office 2020-21 Audit Plan

The Auditor-General’s annual performance audit work program for the Local Government sector was reviewed as part of the preparation of the SIAP. Details of areas of coverage in the Local Government sector are detailed in the table below. No matters were noted from the review of the plan that warranted adjustment to the current internal audit program.

	Local Government and economic development
2020-21	Fraud Control over local government grants Maintaining local roads Sexual harassment in local government

4. Annual Plan July 2020 to June 2021

4.1 Summary: Proposed timing of internal audit projects

No	Internal audit project	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21
	Animal Management (delay in 2019/20 IA due to COVID-19)						▲						
-	Follow up of prior recommendations		▲						■				
2020-21 Annual Program													
1	Implementation of A Healthy and Resilient Monash: Integrated Plan		■	■			▲*						
2	Tree Management Follow Up			■			▲*						
3	Business Continuity Planning					■				▲*			
4	Various Financial Controls – Purchasing cards, Sundry Debtors and EFT				■	■				▲*			
5	Fraud Management & Prevention						■			▲*			
6	Emergency Management								■	■			▲*
7	Occupational Health & Safety -Staff									■	■		▲*
Internal Audit Support													
I.	SIAP development 2020-21	■	▲*										▲*
II.	Engagement and attending meetings												

■ Audit field work and report writing and ▲* Denotes Audit and Risk Committee Meeting to which the Internal Audit Report will be presented. (Committee dates for 2020-21 to be confirmed)

4.2 Various Financial Functions

Various Financial Functions (3-year cycle)	Completed	2020 - 21	2021- 22
Assets (non-infrastructure)			
Purchasing Cards			
Accounts Payable			
Accounts Receivable - rates			
Accounts Receivable – sundry debtors			
Cash Handling			
Procurement (below the tender threshold)			
GST compliance			
FBT compliance			
Electronic funds transfer			
Payroll – Employee Payments, timesheet process			

Blue: Scheduled; Orange: Proposed

4.3 Coverage by Directorate

Internal Audit Title	CD	CS	CFO	COO	EXP	EXC	IN
Various Financial Controls – Purchasing cards, Sundry Debtors and EFT							
Tree Management – Follow Up							
Business Continuity Planning							
Implementation of A Healthy and Resilient Monash: Integrated Plan							
Occupational Health & Safety							
Emergency Management							
Fraud Management & Prevention							

Blue: Lead department – Orange: Support department

Key:

- CD - City Development**
- CS - Community Services**
- CFO - Chief Financial Officer**
- COO - Chief Operating Officer**
- EXP - Executive Management – People & Culture**
- EXC - Executive Management – Communications**
- IN - Infrastructure**

3.4 Internal Audit Program (FY2020 - 21)						Links to Strategic Risk (SR)
	Audit Project	Start Date	Proposed Hours+	Est' d Fee \$* Ex GST	Indicative (Brief) Scope	
1	Implementation of A Healthy and Resilient Monash: Integrated Plan	10 Aug 2020	140	17,920	Review the adequacy of: <ul style="list-style-type: none"> - Health and Resilient Monash: Integrated Plan 2017-2021 in meeting the objectives of the Public Health and Wellbeing Act 2008 - Procedures in place to monitor implementation of the plan; including roles and responsibilities and timelines; - Annual implementation plan and annual reporting against targets and sustainability indicators; - Action items/ performance targets - measurability and relevance; - 2020 Annual progress reporting. - Links to support Strategic risk #9 Advocacy for and representing community needs; and - Evaluation or lessons learnt process. 	3,9
2	Tree Management – Follow Up	31 Aug 2020	100	12,800	Follow up of recommendations in Tree Management internal audit	
3	Business Continuity Planning	9 Nov 2020	130	16,640	The objectives are to review the adequacy of the processes relating to: <ol style="list-style-type: none"> 1. The scope of the BC plan in the context of Council 2. Organisational roles, responsibilities and authorities 3. Communication, training and awareness of the plan 4. Business impact analysis and development of the plans 5. On-going evaluation of the plan including exercises and testing 6. Continuous Improvement of the plan 	3,5
4	Various Financial Controls – Purchasing cards, Sundry Debtors and EFT	5 Oct 2020	180	23,040	A. Purchasing Cards The objectives of the audit are to review the:	3,7

3.4 Internal Audit Program (FY2020 - 21)						Links to Strategic Risk (SR)
Audit Project	Start Date	Proposed Hours+	Est' d Fee \$* Ex GST	Indicative (Brief) Scope		
				<ul style="list-style-type: none"> - Internal controls designed to prevent fraud and corruption, including management's processes for ensuring the validity of purchases - Adequacy of and compliance with Procurement Card policy and procedures - The appropriate use of purchase cards for business uses, including frequency of card use, average transaction value per card and delegated levels of authority; - The monthly approval of Purchasing card transactions and retention of tax invoices/appropriate documentation, including: - Reconciliation of Purchasing card statements, review and authorisation; and - Monitoring and security procedures in place regarding issue, allocation and use of Purchasing cards. <p>Data Analytics testing will assess both transaction and master file details and is subject to the availability of appropriate data.</p> <p>B. Account receivable – sundry debtors</p> <p>Review the adequacy of the:</p> <ul style="list-style-type: none"> - Policies and procedures - Controls in place to ensure that all debtors are identified and that the billing cycle is regular and appropriate - Processes for the regular review and follow-up of overdue accounts and that all overdue amounts are followed up on a timely basis - Timely reconciliation of the debtors' subsidiary ledger and that the reconciliation procedures relating to direct credit facilities are operating effectively - Controls over the debtors master file to ensure the currency, completeness and accuracy of the recorded details 		

3.4 Internal Audit Program (FY2020 - 21)						Links to Strategic Risk (SR)
	Audit Project	Start Date	Proposed Hours+	Est' d Fee \$* Ex GST	Indicative (Brief) Scope	
					(Excludes rates debtors) C. EFT Review the adequacy of the: <ul style="list-style-type: none"> - policies and procedures - the overall control environment from the point of application system file transfer through to confirmation from the bank of EFT payment - access controls to the EFT system - validation and payment processes - transmission controls. 	
5	Fraud Management & Prevention	7 Dec 2020	140	17,920	The objectives are to review the adequacy of Council's fraud management practices and procedures in respect to key components of AS 8001: <ol style="list-style-type: none"> 1. Planning and Resourcing, including: <ul style="list-style-type: none"> • Fraud and corruption control planning • Fraud and corruption control resources 2. Prevention, including: <ul style="list-style-type: none"> • Senior Management commitment to controlling the risks of fraud and corruption • Internal control • Assessing fraud and corruption risk • Communication, training and awareness 3. Detection, including: <ul style="list-style-type: none"> • Implementing a fraud and corruption detection program • Avenues for reporting suspected incidents 4. Response, including: <ul style="list-style-type: none"> • Policies and procedures 	3,4,5

3.4 Internal Audit Program (FY2020 - 21)						Links to Strategic Risk (SR)
	Audit Project	Start Date	Proposed Hours+	Est' d Fee \$* Ex GST	Indicative (Brief) Scope	
					<ul style="list-style-type: none"> Internal reporting and escalation Disciplinary procedures <p>Survey As part of this review we propose to seek feedback from staff as to their awareness and familiarity with Council's fraud and corruption management practices through a survey of staff using the online survey tool <i>Survey Monkey</i>.</p>	
6	Emergency Management	Feb 2021	180	23,040	<p>This internal audit will consider the adequacy and effectiveness of processes and controls surrounding:</p> <ol style="list-style-type: none"> Communication understanding, adequacy and effectiveness of Council's Emergency Management policies, procedures and plans in place. A focus will be placed on; <ul style="list-style-type: none"> the Municipal Emergency Management Plan; and the Community Emergency Risk Assessment (CERA) Plan; Education strategies in place to ensure that residents are aware of their emergency response responsibilities and have adequate access to information and policies to reduce the risks associated with Emergency Management. Council's framework, systems and processes to capture, respond, report and monitor community issues raised relating to emergency management. Council's monitoring of compliance with processes established to manage emergencies. Capturing, reporting and follow up of lessons learnt of emergencies which have occurred, allowing Council to improve management and prevention in the future. <p>The audit will not address Council's compliance with the Emergency Management Act (EMA) 1986 and the Country Fire Act (CFA) 1958</p>	8,3

3.4 Internal Audit Program (FY2020 - 21)						Links to Strategic Risk (SR)
	Audit Project	Start Date	Proposed Hours+	Est' d Fee \$* Ex GST	Indicative (Brief) Scope	
7	Occupational Health & Safety - Staff	Mar 2021	130	16,640	<p>The objectives of the review are to assess occupational health and safety processes and controls as they relate to employees.</p> <ol style="list-style-type: none"> 1. level and quality of existing OHS policies, procedures and / or safe work practices as per Australian Standard 4801; 2. level and quality of the implementation of Council's OH&S management systems at selected departments through discussions with management and staff; 3. adequacy of the overall OH&S management system by identifying associated strengths, weaknesses and gaps in the various elements of the OH&S management systems; and 4. documented policies and evaluate Council's processes for compliance with special consideration given to: <ul style="list-style-type: none"> • risk identification; • induction and ongoing training of employees; • investigation and reporting of incidents; • supervision of employees; • ongoing health and safety promotion; • appropriate licensing and maintaining of plant and equipment; • operation of health and safety committees; and • occupational rehabilitation. • management reporting with respect to the OHS function 5. review procedures in place to monitor and manage staff working from home and/or other 'non-business as usual' places/sites 	

3.4 Internal Audit Program (FY2020 - 21)						Links to Strategic Risk (SR)
	Audit Project	Start Date	Proposed Hours+	Est' d Fee \$* Ex GST	Indicative (Brief) Scope	
					One physical site will be reviewed which will be chosen in consultation with management. (where possible)	
	Client Engagement	Ongoing	60	7,680	Ongoing liaison, including preparation for and attendance at Audit & Risk Committee meetings.	N/A
	Development of Strategic Internal Audit Plan	Mar 2020	40	5,120	Development of the Strategic Internal Audit Plan.	N/A
	Total (ex GST)		1100	140,800	<i>Notes</i> (a) the fees are exclusive of GST. (b) Annual adjustments will be in accordance with movements in CPI at or near the anniversary of the contract. CPI adjustment 20/21	

4. Measuring Performance

Key Performance Indicators	
Internal audit program	Client engagement Crowe and Management
<ul style="list-style-type: none"> ▪ Service provided with agreed timetable against the internal audit plan. 	<ul style="list-style-type: none"> ▪ Adequate client engagement.
<ul style="list-style-type: none"> ▪ Timeliness of reports submitted to management and the Audit & Risk Committee. 	<ul style="list-style-type: none"> ▪ Attendance at Audit & Risk Committee meetings.
<ul style="list-style-type: none"> ▪ Service provided within agreed fees and hours. 	<ul style="list-style-type: none"> ▪ Attendance at contract planning meeting.
<ul style="list-style-type: none"> ▪ Information provided by management within agreed MAP timelines. 	<ul style="list-style-type: none"> ▪ Attendance at Entry and Exit meetings.
<ul style="list-style-type: none"> ▪ Provision of management comments in agreed timeframe. 	

5. Internal Audit Universe – Three Year Rolling Plan

Council's internal audit universe outlines the focus of the three-year internal audit plan as determined against the 2020 strategic risk areas. The internal audit program is annually reviewed. The areas of audit selected in 21/22 and 22/23 are forecast at this time.

AUDITS	Completed	Proposed			AUDITS	Completed	Proposed		
		20-21	21-22	22-23			20-21	21-22	22-23
Accounts payable					Living and learning centres				
Accounts receivable					Maternal and child health				
Aged services					Mobile plant & equipment				
Animal Management					Occupational health and safety (staff)		7		
Asset management					Occupational health and safety – (contractors)				
Assets maintenance (ESM)					Parking enforcement administration/contract				
Assurance mapping					Playground maintenance				
Budget and budgeting					Information Privacy				
Buildings property - Maintenance					Professional advice - practices & controls				
Capital works management					Property portfolio management				
Cash handling and receipting					Procurement (below the tender threshold)				
Child care services					Public Health and Wellbeing Act compliance				
Child safe standards					Purchasing cards				
Climate change					Records management				
Contract management – Parking Contract					Rates management				
Corporate Governance					Revenue & debt collection				

AUDITS	Completed	Proposed			AUDITS	Completed	Proposed		
		20-21	21-22	22-23			20-21	21-22	22-23
Business Continuity Planning		3			Risk management				
Customer service					Road management plan compliance				
DRP & Information Privacy									
Developer contributions – financial/ assets					Statutory planning				
FBT compliance					Social Inclusion				
Emergency management		6			Succession and workforce planning				
Fees and charges					Tree management/ Follow up		2		
Financial Controls - various		4			Valuations				
Fleet management					Volunteer management				
Food Act compliance					Waste handling – landfill collection				
Fraud management & prevention		5			Waste handling - recycling				
Fuel card management					Implementation of A Healthy and Resilient Monash: Integrated Plan		1		
Gifts and donations					Implementation of Service Planning and Review Framework				
Governance									
Grants (community grants)									
Grants (non-recurring received by Council)									
GST Compliance									

AUDITS	Completed	Proposed			AUDITS	Completed	Proposed		
		20-21	21-22	22-23			20-21	21-22	22-23
Hall management									
Health act compliance									
Home and community care services									
Human Resources – Management									
IT E-commerce/PCI									
IT general security & access controls									
IT - Cyber Security									
Infrastructure delivery (partnerships)									
Immunisation management									
Infringements & permits system									
Insurance and claims									
Landfill rehabilitation									
Leisure centres									
Leases and Licences									
Library facilities									
Local Government Act (New)									
Local laws enforcement									

6. Summary of Council's Priorities and Goals

Council Priority	Council Goal	Key strategies
A Liveable Sustainable City	We value our natural environment and want to preserve and enhance the leafy and green character of our city. Monash's desirability as a place to live, learn, work and play needs to be protected	<ul style="list-style-type: none"> • Strengthening our strategic policy and local planning framework • Advocacy for enhancement of the National Employment Cluster • Expanding our advocacy on residential development outcomes and integrated transport • Delivering responsive and sustainable waste management services • Increasing our community engagement and education about town planning, animal management and community laws • Proactively managing risks from climate change and reducing Council's greenhouse emissions
Inviting Open and Urban Spaces	We will continue to improve our public infrastructure, meeting places and open spaces, providing inclusive, safe and inviting places for community use	<ul style="list-style-type: none"> • Ensuring the 'walkability' of our City • Improving our green open spaces and linking up our bicycle trails • Enhancing our activity centres with an increased focus on the moveability and prioritisation of pedestrians • Committing to long term infrastructure and asset management planning • Renewing and maximising use of our community and sporting facilities • Preserving and expanding our bushland and passive open spaces
An Inclusive Community	Our people and our communities are healthy, connected and engaged.	<ul style="list-style-type: none"> • Supporting families and children to create a 'Child-Friendly City' • Strengthening Monash as an 'Age-Friendly City' • Enabling residents to live independently and safely in their own community • Fostering an equitable, just and inclusive Monash • Facilitating more engaged, socially connected communities • Delivering integrated planning and community strengthening

Council Priority	Council Goal	Key strategies
Responsive and Efficient Services	People can have a say in, and are at the center of, our decisions. We will deliver affordable, respectful, responsive, reliable and high-quality services	<ul style="list-style-type: none"> • Delivering integrated planning and community strengthening • Enhancing community consultation and involvement in our decision-making • Delivering leading customer service • Investing in technology and information systems to enhance our services • Delivering responsive high-quality services • Planning for Council's financial sustainability

(Reference: Council Plan 2017-2021)

7. Summary of Council's Strategic Risks

The following is a list of Councils Strategic Risks as at March 2020

Risk REF	Strategic risk
1	Key decision making Council's ability to make key decisions in the best interest of the municipality
2	Workforce Sustainability Workforce capacity to meet changing community need.
3	Legislative Compliance Compliance with Legislation, Regulation & Policy.
4	Service Delivery Ensuring delivery of key services and projects.
5	Future Service Delivery Capacity to plan for services that meet contemporary community expectations and requirements
6	Infrastructure for service delivery Inability to maintain infrastructure & service delivery that meets community expectations.
7	Financial Sustainability Ability to fund future community needs.
8	Environment Capacity to manage emerging environmental issues.
9	Community Advocacy for and representing community needs.



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