



• Report date: 6 July 2020 •

Mid-Year in Review

• City of Kalamunda •

Audit / Tax / Advisory

Smart decisions. Lasting value.

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Mid-Year in Review

Purpose

The purpose of this report is to provide a high-level summary on the internal audit activities undertaken for the 2020 calendar year, to 30 June 2020.

Background

During the first half of the 2020 calendar year, we completed five (5) engagements. Three engagements formed part of 2019 internal audit plan and two engagements formed part of the 2020 internal audit plan. Other assistance we provided to the City included:

- Setting of the strategic internal audit plan for the year;
- Regular Management feedback meetings and progress on engagements;
- Attended and presented internal audit reports to the Audit & Risk Committee; and
- Client liaison and engagement.

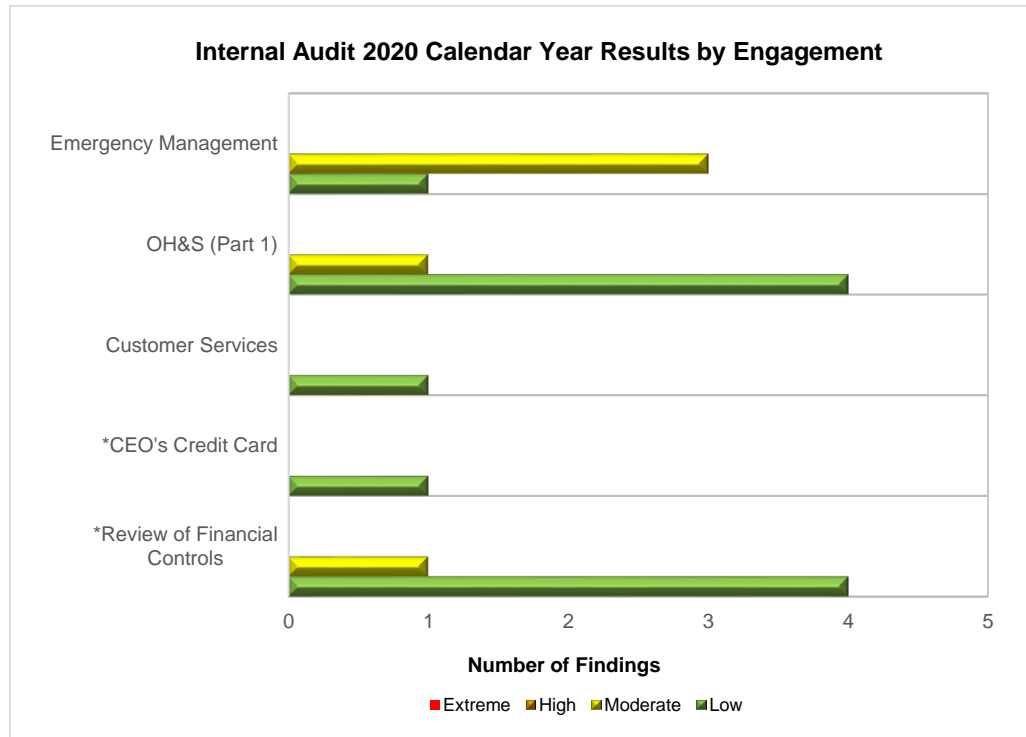
Summary of Results and Completed Activities

The results of the completed internal audits are outlined below and on the following page.

Table 1

	Emergency Management	OH&S (Part 1)	Customer Services	*CEO's Credit Card	*Review of Financial Controls
Findings (Table 1)					
Extreme					
High					
Moderate	3	1			1
Low	1	4	1	1	4

*Part of the 2020 Internal Audit Plan



Observations

Themes of findings

From the internal audits completed during the year, we identified some positive findings as well as opportunities for improvement across a number of areas.

We have identified the following themes on the basis of findings having a similar root cause and/or the issue was observed recurring in more than one auditable area.

A brief overview of the themes and our observations is summarised below.

Positive observations

Theme	Observations
Relationship with Internal Auditors	<ul style="list-style-type: none"> Management was comfortable seeking out Internal Audit for advice and consultation on matters with internal control implications.
Role Accountability	<ul style="list-style-type: none"> Senior staff members are cognisant of their responsibility and accept the need for controls and accountability.

Theme	Observations
Internal Audit Program	<ul style="list-style-type: none"> Management actively participate in the internal audit program and work collaboratively with Internal Audit to address issues raised.
Customer Focus	<ul style="list-style-type: none"> A customer-centric culture exists whereby staff maintain a high-level of standards to provide customers with a quality service and achieve a positive experience.
Corporate Culture	<ul style="list-style-type: none"> Staff generally take ownership of their areas and are supportive of each another.

Internal Audit issues identified

Please note that these observations were made at the time when the internal audits were conducted.

Theme	Observations
Policy Framework	<ul style="list-style-type: none"> Certain City Strategies are either not in place or regularly updated Limited or no policies and procedures within certain business streams Current policies and procedures not regularly updated Policies and procedures in draft format not reviewed, approved and implemented timeously/or at all.
Internal Control	<ul style="list-style-type: none"> Monitoring, detective and compliance controls could be strengthened
Records Management	<ul style="list-style-type: none"> Evidence records not regularly maintained
Emergency Management	<ul style="list-style-type: none"> Certain emergency management equipment requires updating Regular emergency management drills to be performed
Occupation Health & Safety	<ul style="list-style-type: none"> An annual work plan to be implemented Inclusion of OH&S induction training to all new employees Workstation assessments to be performed

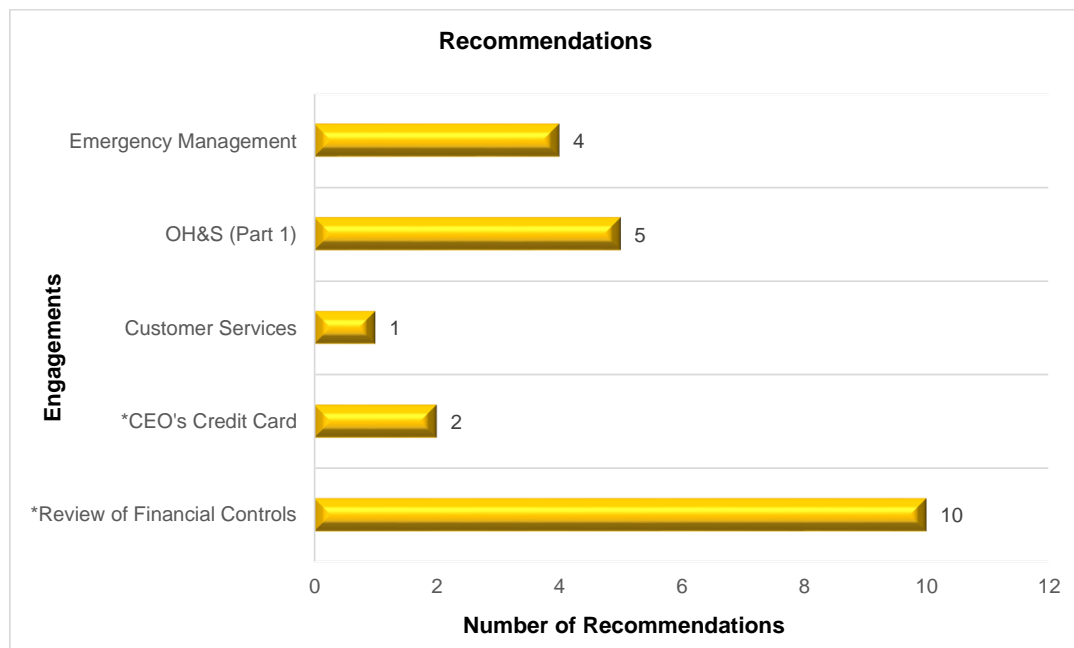
Recommendations

The following graph provides a high-level overview of the number of recommendations for each internal audit.

NB: Each finding identified in our reports may have a number of associated recommendations. For example, in the Financial Controls review, 5 findings were identified (**Refer Table 1**) that resulted in 10 recommendations (**Refer Table 2**).

Table 2

Emergency Management	OH&S (Part 1)	Customer Services	*CEO's Credit Card	*Review of Financial Controls
Recommendations (Table 2)				
4	5	1	2	10



Strategic Internal Audit Plan

The table below details the internal audits still to be completed as per the three-year Strategic Internal Audit Plan approved by Council:

Auditable Area	Division	Type of Audit
Business Unit Review	All	<ul style="list-style-type: none"> Performance
Assets Management	Asset Services	<ul style="list-style-type: none"> Performance Compliance Financial
Project Management	Asset Services	<ul style="list-style-type: none"> Performance Compliance Financial
Fleet Management	Asset Services	<ul style="list-style-type: none"> Performance Compliance Financial
Waste Transfer Station	Asset Services	<ul style="list-style-type: none"> Performance Compliance
Advocacy	CEO	<ul style="list-style-type: none"> Performance Compliance
Elected Members Administration	CEO	<ul style="list-style-type: none"> Performance Compliance
Policies and Procedures (Phase 1 & 2)	CEO	<ul style="list-style-type: none"> Compliance
Advisory Committee	CEO	<ul style="list-style-type: none"> Performance
Workforce Planning	CEO	<ul style="list-style-type: none"> Performance
Employee Relations	CEO	<ul style="list-style-type: none"> Performance Compliance
Occupational Health and Safety (Part 2)	CEO	<ul style="list-style-type: none"> Compliance
Contract Management	Corporate Services	<ul style="list-style-type: none"> Performance Compliance Financial
Procurement & Tendering	Corporate Services	<ul style="list-style-type: none"> Compliance Financial
Business Continuity Planning	Corporate Services	<ul style="list-style-type: none"> Performance Compliance

Auditable Area	Division	Type of Audit
General Financial Controls	Corporate Services	<ul style="list-style-type: none"> • Performance • Compliance • Financial
Health Team	Corporate Services	<ul style="list-style-type: none"> • Compliance
Core Strategic Risk Areas	Corporate Services	<ul style="list-style-type: none"> • Performance • Compliance • Financial
Digital Risk	Corporate Services	<ul style="list-style-type: none"> • Performance
Building Maintenance	Development Services	<ul style="list-style-type: none"> • Performance • Compliance • Financial
Internal Auditor attendance to the Audit and Risk Committee Meetings		

To enable the City to support the community through the COVID-19 pandemic, management decided to reduce the internal audit program and to only continue with the internal audits tabled below:

Auditable Area	Division	Type of Audit	Hours
Occupational Health and Safety (Part 2)	CEO	<ul style="list-style-type: none"> • Compliance 	60
General Financial Controls	Corporate Services	<ul style="list-style-type: none"> • Performance • Compliance • Financial 	120
Health Business Unit Review	Corporate Services	<ul style="list-style-type: none"> • Compliance 	60
Internal Auditor attendance to the Audit and Risk Committee Meetings			10
Total Hours			250

In addition to the internal audits listed above, management requested a review of the City's COVID-19 Crisis Relief Fund process. The review commenced on 29 June 2020 and is in progress.