



# ATTACHMENTS

Under Separate Cover

Audit, Risk and Compliance Committee  
Meeting  
Tuesday, 8 August 2023



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**WilliamBuck**  
ACCOUNTANTS & ADVISORS

## Town of Port Hedland

Strategic Asset Management and Maintenance Review Internal Audit  
June 2023

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# Executive Summary



## EXECUTIVE SUMMARY

### Introduction

As part of the Town of Port Hedland's ("Town") 2022/23 internal audit program, William Buck has been engaged to undertake an internal audit of Strategic Asset Management and Maintenance. The internal audit will be performed in accordance with the requirements within the terms and conditions set out in the Contract for Internal Audit Services to the Town.

### Objective

The objective of this internal audit is to determine whether effective controls are in place around the Town's Asset Management and Maintenance functions.

### Scope

The scope of this engagement included consideration of the following:

- Asset Management and Asset Maintenance Strategies;
- Management of infrastructure assets and condition assessments;
- Asset renewal modelling and development of an Asset Renewal Program;
- Development and approvals of strategic capital works programs and the maintenance of current infrastructure assets;
- Asset management accounting processes;
- Asset counts;
- Environmental approvals and compliance reporting for Town Assets; and
- Implementation of annual environmental offset, conservation, and foreshore programs.

Refer to [Appendix A](#) for the details of the work done in this review.

### Approach



Consideration of relevant processes and procedures, and discussion with the City's management and staff responsible for the relevant scope areas



Identification of control weaknesses through analysis of the adequacy and effectiveness of controls



Analysis of a sample of records/plans and actions covered within the scope of the audit. Identification of any discrepancies or deviations from policy, procedure, or legislation.



Discussion of control weaknesses, and deviations from process and procedure with the management and relevant stakeholders.



Development of this report identifying any weaknesses or issues and making relevant recommendations on the areas under the scope of the engagement.

# Executive Summary

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## Key Findings & Insights

### Positive Insights

We made the following positive observations:

- Despite not having a formalised Strategic Asset Management Framework, the Town have processes in place that ensures assets are adequately maintained.
- The Town's Strategic Community Plan articulates the strategic assets requirements for the next 5 years. This also spells out the funding requirements for major capital projects.
- The Town has an assets replacement program outlined in the Strategic Community Plan.
- The Town performs periodic stock takes of their assets to ensure existence.
- Maintenance of assets is performed at divisional units and repairs are carried out in a timely manner as when they are reported.
- Monitoring of the Capital Works program is performed by Management Accountants when tracking budgeted versus actual expenditure.
- The Town performed monthly reconciliation between the General Ledger and the Assets Register to ensure completeness of information.
- The Town conforms with its current Environmental Offsets strategy in line with its 'Environmental Sustainable Strategy'.

### Key Findings

We observed the following matters:

- There is no Strategic Asset Management Framework in place for the Town.
- The current Asset Management Policy needs to be updated.
- Given that the Town is managing over 80 residential properties, consider the future implementation of a Tenancy Residential Management System to mitigate risks associated with providing residential properties.
- The Standard Operating Procedures for asset related accounting are outdated and in draft status.
- There were instances where the collection of water samples was not performed in a timely manner.

# Executive Summary



## Summary of Findings

The following table includes the findings and their ratings, action owner, and targeted date for implementing the recommendations.

#	Findings	Rating	Recommendations	Action Owner	Target Date
1	Strategic Asset Management Plan	Moderate	1.1	Director Infrastructure Services	31/12/2024
			1.2	Director Infrastructure Services	31/12/2024
			1.3	Manager Infrastructure Operations	28/02/2024
			1.4	Manager Infrastructure Operations	28/02/2024
			1.5	Coordinator Property Management	30/06/2024
2	Outdated Standard Operating Procedures	Moderate	2.1	Accounts Officer – Assets	30/06/2024
			2.2	Accounts Officer – Assets	30/06/2024
			2.3	Accounts Officer – Assets	30/06/2024
3	Accounting Policy and Accounting Processes	Moderate	3.1	Senior Accountant	31/12/2023
4	Environmental Compliance Reporting	Moderate	4.1	Senior Waste & Resource Recovery Officer	Actioned
			4.2	Senior Waste & Resource Recovery Officer	Actioned
			4.3	Senior Waste & Resource Recovery Officer	Actioned

The following table includes the risk ratings and the descriptions of the risk ratings.

RISK		CONTROL EFFECTIVENESS
High	High Risk	High residual risk – needs urgent management attention.
Moderate	Medium Risk	Medium residual risk – needs to be resolved as soon as possible.
Low	Low Risk	Low residual risk – risk acceptable with minor actions to resolve.
PI	Process Improvement	Low residual risk – administrative improvement required, or no issues noted.



# Detailed Findings



## DETAILED FINDINGS

### 1. Strategic Asset Management Plan

High	Moderate	Low	PI
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Overall, the goal of asset management is to meet the required level of service in a cost-effective way through the strategic management of assets. A Strategic Asset Management Plan (SAMP) is a high-level document outlining the overarching strategy concerning the asset's lifecycle, from asset planning to capital investment, maintenance and then disposal. A SAMP would describe the asset management objectives and strategies required to achieve the Town's organisational objectives. We have observed that the Town does not have a SAMP in place. As at 30 June 2022, the Town has book value of assets worth \$629,298,000. Based on better practice, we suggest the Town adopts a SAMP to optimise each asset's lifecycle and ensure proper asset planning.

Currently, the Town is referring to *Asset Management Policy 9/010*. This document provides a high-level overview of the Town's asset management strategy but lacks details in terms of recognition criteria, depreciation policy, economic useful life, revaluation, impairment, and disposal. When implementing a SAMP, this policy would fall within the overarching document. Given the policy's high-level nature, it would need to be supported by various documents for each class of asset, outlining the specific policy. At present, these details are not formally documented.

With regards to the Town's asset maintenance, this is outlined in the draft *Asset Maintenance Policy IOP v2*. The fact that this document is a draft implies that there is no formal asset maintenance policy in place. Moreover, it fails to outline whose duty it is to sign off on maintenance procedures. However, by performing periodic revaluation and impairment reviews, the Town has, to some extent, mitigated the risk of low performing assets arising from a lack of formalised maintenance policy.

Maintenance requests for employee rental properties are captured and undertaken in a timely manner. The Town has indicated that it carries out routine inspection by an external agent on a six-monthly basis; when vacated and when a new tenant comes in. As part of the rental agreement and legislation, it is the tenant's responsibility to carry out routine testing on the Smoke Alarms and the RCD's. However, from a better practice perspective, the Town may consider an annual check of the smoke alarms and RCDs as an added layer of risk management. This is a non-mandatory requirement, however given that the Town has a high public profile providing services to the community, it is desirable that it is being seen as taking all reasonable steps to ensure community and staff safety.

Furthermore, the SAMP must outline the maintenance treatment of all assets. For example, for the year ended 2022, the Town recorded a rehabilitation asset of \$12,997,000 on their Statement of Financial Position. This asset would need to be defined in the SAMP with maintenance strategies outlined. It is important that asset maintenance policy should not be reactive but ongoing and continuous as per the asset's requirements.

Implementing a SAMP would aid the Town in improving productivity and profitability. This can be accomplished by outlining maintenance strategies. By planning maintenance expenditures and undertaking preventative maintenance, the Town may see a reduction in its overall maintenance costs. Furthermore, this would ensure that maintenance procedures are formalised and the risk of being overlooked is significantly reduced. By being able to plan future capital and operational (maintenance) expenditure, the Town can undertake rigorous budgeting and forecasting, leading to more efficient resource allocation and management.

## Detailed Findings



With reference to decision-making, the use of investment tools such as Net Present Value and Discounted Cash Flows will highlight the best capital investment option. Currently, neither the infrastructure projects team nor the procurement team utilise these tools in evaluating investments. The former justifies this by stating that community infrastructure projects are not profitable. However, when evaluating projects with competing priorities for funding, the finance team should employ cost benefit analysis, considering the intangible gains to assess community benefit. Having these strategies and policies outlined in the SAMP enhances transparency. Therefore, whenever possible, the Town should consider the use of appropriate investment tools to capture intangibles such as community benefits.

We have also observed that there are currently over 80 residential properties managed by the Town. Those properties are rented out to staff. We observe that given the number of residential properties and taking into consideration the statutory responsibility as the Town being the landlord of those properties, a residential tenancy management system might greatly assist the Town in managing those properties. This could include reminders for mandatory inspections, history of all repairs undertaken on the property, property condition report after each inspection. As it is, the current asset register is not a comprehensive substitute to manage residential properties.

Not implementing a SAMP increases the risk of assets deteriorating which could directly impact the Town's ability to provide the level of service expected from it. In order to mitigate this risk, the Town needs to be aware of what assets they are responsible for, what condition these are in and how they should be maintained to keep deriving value. This is the role of a SAMP. Furthermore, from a safety point-of-view, it is imperative that Town maintains assets to a standard in accordance with relevant Occupational, Health and Safety policies. Without a SAMP in place, it is likely the Town is not operating in the most profitable manner possible.

Our enquires have confirmed that the Town is currently in the process of developing a SAMP. In drafting this document, we suggest the Town take our recommendations into account, as detailed below.

### Risk Implication

Without a proper SAMP, the Town may expose itself to oversights on the Asset planning and maintenance life cycles of key assets. Whilst, our overall assessment shows that the Town do maintain their assets adequately, it is recommended that those processes are formalised in a SAMP.

### Recommendation (R1)

We recommend that the Town:

1.1 Develop and implement a Strategic Asset Management Plan, considering but not limited to the following:

- Executive summary;
  - Overview of the SAMP objectives, and
  - Service delivery risks and opportunities.
- Introduction and purpose;

## Detailed Findings

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- Alignment with organisational objectives.
  - Strategic organisation context;
    - Outline the regulatory and policy frameworks the Town works within, and
    - Internal and external factors that may impact future service delivery.
  - Existing asset holdings, strategic issues, and options;
    - Describe existing services, standards and how the Town's assets will support this,
    - Strategy for condition assessments and identification of capability gaps and options to address these.
  - Strategic asset management objectives;
  - Asset management planning approach;
    - Decision-making criteria and capital investment strategies,
    - Asset operational and maintenance strategies.
  - Financial and performance summary;
    - For each class of assets: capital improvement programs, existing asset net value, depreciation expense,
    - Financial and non-financial ratios, and Key Performance Indicators,
    - Long-term financial plan.
  - Evaluation;
- 1.2 Outline the process for review by senior management, updates, and improvement of the SAMP.
- 1.3 Update the current asset management policy 9/010 to be more comprehensive and covering all classes of assets for the Town.
- 1.4 Update and finalised Asset Management Policy IOP v2.
- 1.5 Carry out annual RCD and smoke alarm testing of the 80 residential properties to minimise overall risk to the town.

## Detailed Findings

Management Response Recommendation 1.1	
Agree/Disagree:	Agree
Action to be taken:	Management will develop and implement a Strategic Asset Management Plan considering the elements detailed in the auditor's recommendation.
Completion Date:	31 December 2024
Responsible Officer:	Director Infrastructure Services
Accountable Officer:	Director Infrastructure Services
Management Response Recommendation 1.2	
Agree/Disagree:	Agree
Action to be taken:	Management will ensure the Strategic Asset Management Plan is review on an annual basis, subject to endorsement of the plan by Council.
Completion Date:	31 December 2024
Responsible Officer:	Director Infrastructure Services
Accountable Officer:	Director Infrastructure Services
Management Response Recommendation 1.3	
Agree/Disagree:	Agree
Action to be taken:	Management are currently reviewing and updating the Town's asset classes to inform the Asset Management Plan and associated documentation. Upon review and update of the Town's asset classes, management agree to review and update the current <i>Asset Management Policy 9/010</i> to ensure it captures key criteria and covers all classes of assets for the Town. The reviewed policy will be presented to Council for adoption at the OCM to be held in February 2024.
Completion Date:	28 February 2024
Responsible Officer:	Manager Infrastructure Operations
Accountable Officer:	Director Infrastructure Services

## Detailed Findings

Management Response Recommendation 1.4	
Agree/Disagree:	Agree
Action to be taken:	Management agree to update and finalise the document <i>Asset Management Policy IOP v2</i> .
Completion Date:	28 February 2024
Responsible Officer:	Manager Infrastructure Operations
Accountable Officer:	Director Infrastructure Services
Management Response Recommendation 1.5	
Agree/Disagree:	Agree
Action to be taken:	Management will procure a service provider through the RFX process to carry out annual RCD and smoke alarm testing of all the Town's residential properties with an aim of minimising risk. This will be considered a 'Planned Preventative Maintenance Contract'.
Completion Date:	30 June 2024
Responsible Officer:	Coordinator Property Management
Accountable Officer:	Manager Infrastructure Operations

## Detailed Findings

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### 2. Outdated Standard Operating Procedures

High

Moderate

Low

PI

The Town has developed several operating procedures known as a Standard Operating Procedure (SOP) to assist staff in carrying out routine accounting processes. A Standard Operating Procedure (SOP) provides detailed instructions on asset disposal, adjustment, depreciation, project closeout, reconciliation, and revaluation. The Town's SOPs in place relate to SynergySoft, the interface the Town was using up until October 31<sup>st</sup>, 2022. Having recently transitioned to Tech1, the Town has not yet updated its asset-related SOPs to the new interface. It is vital that the Town updates the SOPs to guide the process for ensuring consistency across accounting processes. We have also observed that the outdated standard operating procedures are in draft form.

There are numerous risks associated with not having SOPs in place. Without having standardised guidelines in place for given activities, there is a higher risk that accounting process and entries may be missed or mistakes made. This can lead to potential misstatements in the general ledger for fixed assets. The SOP ensures that prescribed accounting entries to capture the various lifecycles of fixed assets is done as per AASB 116 'Property, Plant and Equipment'.

Moreover, a lack of SOPs can result a business continuity risk for finance staffs. Business activities may operate well so long as the staff who are well-versed in these activities are around. However, if they move on, other staff members will have to figure out the processes. Without a SOP in place, it may be difficult for them to do so, as the processes being carried out have not been properly documented. If employees who are knowledgeable in business processes take extended leave, the organisation's operations may come to a stop. This knowledge gap can result in a drastic drop in productivity, leading to a backlog of work and delay in key assets reconciliation between the General Ledger and the Assets Register.

Having up-to-date SOPs in place would mitigate the above risks, and are integral to maximising efficiency, productivity, and consistent quality across operations. Our enquiries with the Town confirm that asset-related SOPs will be updated once the Asset Module has been uploaded to Tech1 and staff receive the relevant training.

#### Risk Implication

The SOP ensures that accounting treatment are consistent across the different lifecycles of assets altogether and is a reference accounting document for finance staff to consult. It also provides business continuity for finance staff to ensure consistent account treatment for assets.

#### Recommendation (R2)

We recommend that the Town:

- 2.1 Update the Town's SOPs to reflect the new finance system, Tech1.
- 2.2 Ensure that all SOP's are approved in a timely manner.
- 2.3 Ensure that periodic review of SOP's is carried out and updated when necessary to ensure relevance.

## Detailed Findings



Management Response Recommendation 2.1	
Agree/Disagree:	Agree
Action to be taken:	The following SOP's will be updated to reflect the new Finance System (TechOne) and the updated Policy Asset Management Policy 9/010 <ul style="list-style-type: none"> <li>— SOP Asset Adjustment (covering revaluation)</li> <li>— SOP Asset Disposals</li> <li>— SOP Asset Depreciation</li> </ul>
Completion Date:	30 June 2024
Responsible Officer:	Accounts Officer – Assets
Accountable Officer:	Manager Financial Services
Management Response Recommendation 2.2	
Agree/Disagree:	Agree
Action to be taken:	The following SOP's will be approved in a timely manner by management <ul style="list-style-type: none"> <li>— SOP Asset Adjustment (covering revaluation)</li> <li>— SOP Asset Disposals</li> <li>— SOP Asset Depreciation</li> </ul>
Completion Date:	30 June 2024
Responsible Officer:	Accounts Officer – Assets
Accountable Officer:	Manager Financial Services

## Detailed Findings

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Management Response Recommendation 2.3	
Agree/Disagree:	Agree
Action to be taken:	<p>A following SOP's will be reviewed on an ongoing basis to ensure they remain relevant and up-to-date. A review frequency will be added to the SOP's.</p> <ul style="list-style-type: none"> <li>— SOP Asset Adjustment (covering revaluation)</li> <li>— SOP Asset Disposals</li> <li>— SOP Asset Depreciation</li> </ul>
Completion Date:	30 June 2024
Responsible Officer:	Accounts Officer – Assets
Accountable Officer:	Manager Financial Services



# Detailed Findings



## 3. Accounting Policy and Accounting Processes

High	Moderate	Low	PI
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The Town informed us that they follow the WA Government Accounting Manual as a guide. Whilst it is not compulsory to follow, the Town acknowledges that it does follow this Manual closely.

The Town uses several forms to initiate asset movements from the Assets Register to the General Ledger. This ensures consistency of accounting entries, and completeness of information between the Register and General Ledger. Furthermore, this also guarantees that proper authorisation is obtained prior to performing activities such as additions or disposals of assets.

As part of our review, we examined four asset disposal forms. The exceptions noted are as follows:

- One did not list the reason for the asset's disposal as required by the form.
- Two separate forms had not been filled out by the Assets Accounts Officer. As a result, information relating to the asset's value, accumulated depreciation, written-down value, and sale value were missing.

### Recommendation (R3)

We recommend that the Town:

3.1 Reminds business units on the importance of completing all assets forms including all key information to ensure the transaction is captured accurately.

Management Response Recommendation 3.1	
Agree/Disagree:	Agree
Action to be taken:	Management will ensure that any new asset disposal and project completion forms are completed in their entirety. The Senior Accountant will review each form as part of the chain of approval process.
Completion Date:	31 December 2023
Responsible Officer:	Senior Accountant
Accountable Officer:	Manager Financial Services

## Detailed Findings

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### 4. Environmental Compliance Reporting

High

Moderate

Low

PI

The Town's landfill asset operates under the Department of Water and Environment Regulation (DWER) License L6917/1997/8. Condition 43 of the license dictates that the Town must submit an Annual Environmental Report (AER) to the CEO no later than February 1<sup>st</sup> each year. These reports need to contain the following information:

- An assessment of the information contained within the report against previous monitoring results and license limits and/or targets;
- A summary of any failure or malfunction of any pollution control equipment or any incidents that have occurred during the annual period and any action taken;
- A summary of inputs and outputs;
- A summary of process monitoring;
- Monitoring of ambient environmental quality; and
- A complains summary.

The Town did supply the AER in a timely manner and complied with the requirements of summarising failures and misfunctions, inputs and outputs and the complaints summary. However, the Town failed to comply with the remaining conditions of the license.

With regards to the summary of process monitoring, the Town was unable to sample the wastewater treatment plant effluent water quarterly. This sampling was only thoroughly undertaken in December of 2022. Sampling for wastewater treatment plant effluent water was only undertaken in December of 2022. The reason provided by the Town for the lack of quarterly sampling was staff shortages. Routine sampling of the wastewater is essential for ensuring the quality of the effluent. It also assesses how effective the treatment plant is in removing contaminants from the wastewater before discharging it back to the environment.

Sampling to monitor the ambient groundwater quality is required to be undertaken quarterly. This was only performed in July, August, and November of 2022, again due to staff shortages. The AER acknowledges the noncompliance with AS/NZS 5667 which requires quality control samples to be taken.

It is crucial that the Town performs routine sampling of the groundwater quality to establish baseline characteristics and investigate long-term trends. In relation to human health, ecological conditions, and designated water uses this data can be used for:

- Water resource development, management, and protection,
- Real estate and land development,
- Land use management, and
- Assessing causes and sources of pollution.

## Detailed Findings

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Regarding the ambient environment quality sampling, the Town reports that they intend to review the sampling procedures to ensure alignment with licence conditions and AS/NSZ 5667 for future sampling rounds.

### Risk Implication

Not performing the appropriate collection of samples in a timely manner may lead to a reputational risk for the Town. Also, from a health and safety hazard perspective, the outbreak of any disease may not be detected promptly.

### Recommendation (R4)

We recommend that the Town:

- 4.1 Ensure that timely environmental monitoring is performed adequately.
- 4.2 Ensure adequate resources are made available for the timely monitoring as required by the environmental compliance monitoring.
- 4.3 Consider implementing a centralised register for all environmental monitoring requirement to aid in tracking outstanding monitoring activities and provide a dashboard overview for management to monitor.

## Detailed Findings

<b>Management Response Recommendation 4.1</b>	
Agree/Disagree:	Agree
Action to be taken:	<p>ToPH engaged Waste Water Services (WWS) in December 2022 to complete all environmental monitoring of treated effluent from Wastewater Treatment Plant (WWTP) to cover both Department of Health (DOH) and Department of Water and Environmental Regulation (DWER) Recycled Water Scheme approval conditions.</p> <p>During the same period, the Town's Environmental Health Services (EHS) team took over the monitoring of ground water quality to ensure monitoring is performed adequately.</p> <p>WWS designed and commissioned the WWTP and are contracted by the Town to complete operational monitoring and maintenance as per approval conditions.</p>
Completion Date:	Completed – December 2022
Responsible Officer:	Senior Waste & Resource Recovery Officer
Accountable Officer:	Manager Waste & Services
<b>Management Response Recommendation 4.2</b>	
Agree/Disagree:	Agree
Action to be taken:	Both WWS and the Town's EHS team are sufficiently staffed to complete the required monthly and quarterly sampling. The Town's EHS team conduct ground water monitoring around the town (5 bore holes) as part of their monitoring regime. Staffing levels are no longer affected post Covid-19 pandemic.
Completion Date:	Completed – December 2022
Responsible Officer:	Senior Waste & Resource Recovery Officer
Accountable Officer:	Manager Waste & Services

## Detailed Findings

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Management Response Recommendation 4.3	
Agree/Disagree:	Agree
Action to be taken:	An annual calendar for landfill regulatory and reporting requirement has been created to map out all monitoring and reporting requirements, i.e., testing parameters and reporting deadlines. Microsoft calendar reminders have also been implemented for all stakeholders. Changes to monitoring requirements were rolled out in December 2022. Since then, there have been no issues with regard to Landfill regulatory and reporting requirements.
Completion Date:	Completed – December 2022
Responsible Officer:	Senior Waste & Resource Recovery Officer
Accountable Officer:	Manager Waste & Services

# Staff Involvement & Limitations



## STAFF INVOLVEMENT

<b>Staff Interviewed</b>	<ul style="list-style-type: none"> <li>– Stephanie Sikaloski (Audit, Risk &amp; Insurance Advisor)</li> <li>– Lee Furness (Director Infrastructure Services)</li> <li>– Harry Timmermans (Senior Fixed Asset Accountant)</li> <li>– Grant Voss (Manager Waste &amp; Services)</li> <li>– Ryan Pickup (Manager Infrastructure Projects &amp; Assets – Infrastructure &amp; Services)</li> </ul>
<b>William Buck Process Lead</b>	<ul style="list-style-type: none"> <li>– Duy Vo (Engagement Director)</li> <li>– Leckraz Sukhram (Manager)</li> <li>– Muskan (Internal Auditor)</li> <li>– Monique Mather (Internal Auditor)</li> </ul>

## INHERENT LIMITATIONS

The nature of our review is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive, rather than conclusive, evidence.

William Buck ensures that reasonable care and competence are displayed during our engagements. As such, we conduct examinations and verifications to a reasonable extent, but we cannot give absolute assurance that noncompliance or irregularities do not exist.

Our review is focused on “Key Controls” as identified and assessed. Inherent audit limitations exist in any internal control structure, and it is possible that errors or irregularities may occur and not be detected.

Our findings expressed in this report have been based on the evaluation of existing processes in the organisation and sample testing performed on the existing controls as designed and implemented by management.

For these reasons, we can only provide reasonable, but not absolute assurance on the status of the internal control environment.

# Record of Work Done



## APPENDIX A – RECORD OF WORK DONE AND OUTCOMES

Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
<b>Scope</b>	<b>Asset management and asset maintenance strategies.</b> <b>Development and approvals of strategic capital works programs and the maintenance of current infrastructure assets.</b> <b>Management of infrastructure assets and condition assessments.</b> <b>Asset management accounting processes.</b>				
01-1	<ul style="list-style-type: none"> <li>Obtain the Asset Management Strategy and check if it includes the development of policies, procedures, and plans related to asset management.</li> <li>Obtain and review the policies, procedures and plans around Asset Management to determine if there are adequate controls.</li> <li>Assess option analysis tool to choose the assets from a cost benefit analysis.</li> <li>Determining asset useful life and value;</li> <li>Assess broadly whether the strategies align with ISO 55002:2018 Asset Management.</li> </ul>	<ul style="list-style-type: none"> <li>Asset Management Policy document 9-010</li> <li>Draft Asset Maintenance Policy IOP V2</li> <li>Draft Standard Operating Procedure for the following:                             <ul style="list-style-type: none"> <li>SOP Asset Adjustment (covering revaluation)</li> <li>SOP Asset Disposals</li> <li>SOP Asset Depreciation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Currently there is no Asset Management Strategy Framework in place for the Town of Port Hedland.</li> <li>Through Interviews, the Town of Port Hedland confirmed that they are in the process of developing a Strategic Asset Management Plan.</li> <li>The <i>Asset Management Policy 9-010</i> is the only document being referred to. However, this has very high level, broad objectives.</li> <li>We have observed that there are currently no set processes in place to articulate clearly as to how the Town of Porth Hedland will operationalise Asset Management Policy</li> <li>Due to lack of written processes and procedures, we have interviewed the staff to ascertain what is currently being undertaken</li> </ul>	<ul style="list-style-type: none"> <li>The Town does not currently have a <i>Strategic Asset Management Plan</i> in place. They are currently in the process of developing this document.</li> <li>In place of this, the Town is referring to <i>Asset Management Policy 9-010</i>. This document is very high-level, not detailing specifics regarding asset maintenance, investment tools for decision-making, or the connection the Town's assets have to achieving the required level of service delivery.</li> <li>The Town does not use capital investment tools such as Net Present Value or Discounted Cash Flows to assess options.</li> <li>The <i>Draft Asset Maintenance Policy IOP V2</i>, only refers to building maintenance requests. The Town's total assets are comprised of more than just buildings. This needs to be captured by <i>the Asset Maintenance Policy</i>.</li> </ul>	Findings 1 through 6

## Record of Work Done



Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
			with regards to Asset Management. – We reviewed the documents to determine if there are adequate controls in the management of the City's assets. – We reviewed at a broad level whether the strategies align with <i>ISO 55000:2014 Asset Management</i> .		
01-2	– Examine the Town's <i>Business Continuity Plan</i> to assess its coverage of critical asset failure.	– Business Continuity Plan	– Review the Town's <i>Business Continuity Plan</i> to evaluate its cohesion. – Ensure the document addresses the identification of critical asset failure and the strategy in place for the emergency replacement of these assets.	– No Exceptions Noted.	
<b>Scope</b> Asset management accounting processes. Asset counts.					
02-1	– Review the Town's <i>Asset Disposal Forms</i> and <i>SOP</i> regarding <i>Asset Disposal</i> to determine whether effective policy and procedure is in place and examine how	– Assets Disposal Forms: – 85 Sutherland Street – Lot 425 – 14 Loreto Circuit	– Analyse the given <i>Disposal Forms</i> and check for any disparity between them. – Evaluate the <i>SOP – Asset Disposal</i> and assess whether the procedure provides	– Having looked at the <i>Asset Disposal Forms</i> , only one of the four had given a reason for the asset's disposal. Two didn't have the assets value, accumulated depreciation or written down value. – Document should set the process for the disposal (sale or transfer) of	No Exception Noted



## Record of Work Done



Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
	<p>new asset information is being entered.</p> <ul style="list-style-type: none"> <li>Assess whether procedure is being followed appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>CPP123029 DAF Truck 1CSZ965</li> <li>SAI Security Swipe Card Access</li> <li>SOP – Asset Disposal</li> </ul>	<p>comprehensive instructions as to how to handle asset disposal.</p>	<p>land/property, the roles and responsibilities of different stakeholders involved in the sale/disposal process, the accurate and timely recording of information relation to this.</p>	
02-2		<ul style="list-style-type: none"> <li>Accounting Manual (Capitalisation Policy)</li> <li>PCR CIF117074 – JD Hardie Multi-Purpose Courts</li> <li>PCR CPP091001 – 85 Sutherland Street</li> <li>PCR CPP123029 – Plant Replacement Air Compressor</li> <li>PCR CPP123029 – Plant Replacement Hino 1HRP089</li> <li>TI410</li> <li>Attractive Assets Register</li> </ul>	<ul style="list-style-type: none"> <li>Determine how new assets are identified.</li> <li>Ascertain how assets are recognised through the Town of Port Hedland capitalisation policy.</li> </ul>	<ul style="list-style-type: none"> <li>The Town follows the <i>Capitalisation Policy</i> outlined in the <i>WA Accounting Manual</i>. This document outlines the minimum expenditure threshold for which items can be capitalised.</li> <li>Whilst the accounting manual provides a threshold, it also states that the threshold should be reviewed yearly to ensure it remains effective against inflation.</li> <li>The Town follows TI410, which states the Attractive Assets limit is \$5,000 excluding IT, furniture and fittings and sea containers.</li> </ul>	No exceptions noted
02-3	<ul style="list-style-type: none"> <li>Review evidence of Assets Stocktake being carried out by the Town of Port Hedland</li> </ul>	<ul style="list-style-type: none"> <li>Viewed latest Assets stock take forms.</li> </ul>	<ul style="list-style-type: none"> <li>Assets Stocktake is being performed periodically.</li> <li>Ensure the forms are signed by the relevant officer.</li> </ul>	<ul style="list-style-type: none"> <li>No exceptions Noted</li> </ul>	No exceptions noted

## Record of Work Done



Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
<b>Scope Management of infrastructure assets and condition assessments.</b>					
03-1	<ul style="list-style-type: none"> <li>Obtain the processes around the maintenance of infrastructure assets.</li> <li>Identify if condition assessments are done according to the plans and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Fin Reporting &amp; Insurance – TOPH – Insurance</li> <li>9-010 Asset Management Policy</li> <li>Revaluation and Impairment Memo to the CEO for the last financial year</li> </ul>	<ul style="list-style-type: none"> <li>Conditions of assets is being continually monitored with maintenance order being attended in a timely manner.</li> <li>We have viewed the revaluation and impairment test performed by the Town through the engagement of independent third parties.</li> </ul>	<ul style="list-style-type: none"> <li>No exceptions noted.</li> </ul>	No Exceptions noted
<b>Scope Asset renewal modelling and development of an asset renewal program.</b>					
04-1	<ul style="list-style-type: none"> <li>Ensure Capital Works Program expenditure is being monitored</li> </ul>	<ul style="list-style-type: none"> <li>The Community Strategic Plan.</li> </ul>	<ul style="list-style-type: none"> <li>We have made enquiries with the Town and the capital works program is approved by the Council as part of the Community strategic plan.</li> <li>The renewal program mainly concerns public utility assets that is used for community services.</li> <li>The renewal program, whilst not clearly defined, follows a logic of economic useful life.</li> <li>Funding is prioritised through council meeting on which assets will require replacement on a priority basis.</li> </ul>	<ul style="list-style-type: none"> <li>Whilst this aspect can be spelled out in the future Strategic Assets Management Plan, the current process does follow proper planning and authorisation through the Community Strategic Plan.</li> </ul>	No exception noted

## Record of Work Done



Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
<b>Scope</b> Development and approval of strategic capital works programs and the maintenance of current infrastructure assets.					
05-1	<ul style="list-style-type: none"> <li>– Explain process of how funding is approved for major projects</li> <li>– Confirm rates money is used for capital works</li> <li>– Investigate how established programs generate funding</li> </ul>	<ul style="list-style-type: none"> <li>– Enquiries with the Town staff.</li> </ul>	<ul style="list-style-type: none"> <li>– The source of funds in the reserves is made up of a number of operation sources, being an allocation of retained earning earmarked for specific purposes. These sources come from asset sales, financial leases, rate income, contributions, loans, and grants. On a year-by-year basis the only projects funded directly from rates normally are the plant, furniture and equipment capital works.</li> <li>– Council Officers advocate government departments and local corporate citizens to promote major projects that may qualify for funding.</li> <li>– Council has adopted a long-term Financial Plan that sets the funding model for capital works for the next 15 years. Based on the capital project needs and the available funding the capital works funding program is tailored to match the funding available.</li> </ul>	<ul style="list-style-type: none"> <li>– No exceptions noted.</li> </ul>	No Exceptions noted.

## Record of Work Done



Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
<b>Scope Asset management accounting processes.</b>					
06-1	<ul style="list-style-type: none"> <li>Review the SOPs to ensure they are up-to-date and being followed.</li> </ul>	<ul style="list-style-type: none"> <li>SOP – Asset Disposals</li> <li>SOP – Asset Adjustment</li> <li>SOP – Asset Depreciation</li> <li>SOP – Asset Project Closeout</li> <li>SOP – Asset Reconciliation with GL</li> <li>SOP – Asset Revaluation</li> <li>SOP – Final - Capital Projects – Material Variance Report</li> </ul>	<ul style="list-style-type: none"> <li>All staff accessing council rental properties do so as part of their salary packages. Other staff who rent or own private property may receive an allowance for housing depending on their salary package. No staff pay council rent.</li> <li>SOP's are in draft status and not outdated.</li> <li>SOP's need to reflect new process with Finance 1.</li> </ul>	<ul style="list-style-type: none"> <li>All SOPs are out of date as the Town has ceased the use of Synergy Soft and has transition to Tech1.</li> <li>SOPs need to be rewritten for Tech 1 to ensure consistency in the accounting process in the event staff move.</li> <li>The Town should consider updating these SOPs into an Accounting Policy Manual. This would act as the 'mother' document, containing the SOPs.</li> </ul>	Finding 2
<b>Scope Environmental approvals and compliance reporting for Town assets.</b>					
07-1	<ul style="list-style-type: none"> <li>Review the Town's Environmental Reports and assess compliance with reporting requirements.</li> </ul>	<ul style="list-style-type: none"> <li>2022 TOPH AER</li> </ul>	<ul style="list-style-type: none"> <li>Determine whether the Town is reporting all necessary information as required under their DWER licence and relevant standards.</li> </ul>	<ul style="list-style-type: none"> <li>Sampling to monitor the ambient groundwater quality is required to be undertaken quarterly. This was only performed in July, August, and November of 2022, again due to staff shortages. The AER acknowledges the</li> </ul>	Finding 4

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Test #	Test Procedures	Information / Document Reviewed	William Buck Analysis	Outcomes	Finding #
				noncompliance with AS/NZS 5667 which requires quality control samples to be taken.	
<b>Scope Implementation of annual environmental offset, conservation, and foreshore programs.</b>					
08-1	<ul style="list-style-type: none"> <li>Determine which environmental offsets have been implemented.</li> <li>Verify the standard being used to determine the amount of the offset.</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Sustainability Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Through enquiries with the Town, we determined that the town has landfill operations and low carbon energy options.</li> <li>Having reviewed the Town's <i>Environmental Sustainability Strategy</i>, the policy mention about the current Environmental offsets currently in place.</li> <li>We enquired with the Town and they indicated that the environmental offsets for land fills are in place.</li> <li>They also pursuing the low carbon energy options light through the installation of LED lights.</li> </ul>	<ul style="list-style-type: none"> <li>The Town conforms with the landfill environmental offsets requirements.</li> <li>The Town has been using LED lights as part of its environmental strategy to reduce carbon emission.</li> </ul>	No Exception.

# Risk Rating Criteria



## APPENDIX B – RISK RATING CRITERIA

Town of Port Hedland Measures of Likelihood				
Level	Rating	Description	Frequency	Probability
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year	Greater than 90% chance of occurrence
4	Likely	The event will probably occur in most circumstances	At least once per year	60-90% chance of occurrence
3	Possible	The event should occur at some time	At least once in three years	40-60% chance of occurrence
2	Unlikely	The event could occur at some time	At least once in ten years	10-40% chance of occurrence
1	Rare	The event may only occur in exceptional circumstances	Less than once in fifteen years	Less than 10% chance of occurrence

Town of Port Hedland Measures of Consequence						
Risk Category		Consequence Rating				
		1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Catastrophic
Health & Safety	Risks that impact the health and safety of staff, contractors, volunteers, and the community.	Negligible injuries	First aid injuries	Medical type injuries or Lost time injuries (<5 days)	Medical type injuries or Lost time injuries (>5 days)	Fatal or permanent disability.
Financial	Risks that have a financial impact on the organisation.	Less than \$50,000	\$50,001 - \$100,000	\$100,001 - \$1 million	\$1 million - \$10 million	Over \$10 million
Service Interruption	Risks that impact the ability to deliver internal and external services.	No material service interruption.	Temporary interruption to an activity – backlog cleared with existing resources.	Interruption to Service Unit(s) deliverables – backlog cleared by additional resources.	Prolonged interruption of critical core service deliverables – additional resources; performance affected.	Intermediate prolonged interruption of critical core service deliverables – non-performance.
Compliance	Risks that impact compliance with legislation and regulatory requirements.	Occasional noticeable temporary non-compliances.	Regular noticeable temporary non-compliances.	Non-compliance with significant regulatory requirements imposed.	Non-compliance results in termination of services or imposed penalties.	Non-compliance results in criminal charges or significant damages or penalties.

## Risk Rating Criteria



Reputation	Risks that impact Council's reputation in the community, media, and across local government.	Unsubstantiated, localised low impact on key stakeholder trust, low profile, or no media item.	Substantiated, localised impact on key stakeholder trust or low media item.	Substantiated, public embarrassment, moderate impact on key stakeholder trust or moderate media profile.	Substantiated, public embarrassment, widespread high impact on key stakeholder trust, high media profile, third party actions.	Substantiated, public embarrassment, widespread loss of key stakeholder trust, high widespread multiple media profile, third party actions.
Environment	Risks that impact the natural environment.	Contained, reversible impact managed by on site response.	Contained, reversible impact managed by internal response.	Contained, reversible impact managed by external agencies.	Uncontained, reversible impact managed by a coordinated response from external agencies.	Uncontained, irreversible impact.
Fraud	Risks where benefits are dishonestly obtained from the Town or the Town faces loss/deception as a result of dishonest behaviour.	Misappropriation of funds/assets less than \$50,000.	Misappropriation of funds/assets less than \$100,000.	Ongoing and systematic theft of funds/assets over a period exceeding 6 months or misappropriation of funds/assets less than \$1 million.	Ongoing and systematic theft of funds/assets over a period exceeding 6 months or misappropriation of funds/assets less than \$10 million.	Ongoing and systematic theft of funds/assets over a period exceeding 6 months or misappropriation of funds/assets over \$10 million.

Town of Port Hedland Risk Matrix						
Risk Rating = Consequence x Likelihood						
Risk Likelihood Rating		Risk Consequence Rating				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
<b>Almost Certain</b>	<b>5</b>	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
<b>Likely</b>	<b>4</b>	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
<b>Possible</b>	<b>3</b>	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
<b>Unlikely</b>	<b>2</b>	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
<b>Rare</b>	<b>1</b>	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

## Risk Rating Criteria



Residual Risk Rating	Level of Risk	Description	Risk Acceptance Criteria	Preferred Risk Treatment	Review Frequency	Responsibility
Extreme	17 – 25	Urgent Attention Required	Risk only acceptable with excellent management controls and all treatment plans to be explored and implemented where possible, subject to continuous monitoring.	Avoid	Monthly	ELT & ARC Committee
High	10 – 16	Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly reporting.	Avoid, Transfer / Share, Treat	Quarterly	ELT
Medium	5 – 9	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual reporting.	Treat, Accept	Annually	Risk Owner
Low	1 – 4	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual reporting.	Accept	Annually	Risk Owner





**WilliamBuck**

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**PAXON**

**TOWN OF PORT HEDLAND**

Strategic Internal Audit Plan

Version 1.0 | July 2023

[paxongroup.com.au](http://paxongroup.com.au)

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Document Version	Document Date	Plan for Financial Years	Executive Approval	ARGC Approval	Council Approval
Version 1	5/7/23	23/24-25/26	-	-	-



# 1. INTRODUCTION

## 1.1 Purpose of Document

This document has been developed for the Executive Team (Executive) and subsequently the Audit, Risk and Governance Committee (Committee) and Council to consider whether:

- the draft strategic internal audit plan (Audit Plan) within section 2 is focussed upon the key risks to the Town of Port Hedland (Town);
- reviews are prioritised appropriately; and
- there are any specific areas of focus Executive or Committee would like to see included for the reviews identified.

## 1.2 Definition of Internal Audit

Internal audit is defined as:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

## 1.3 Strategic Internal Audit Plan

Paxon Group (Paxon) developed this 3 year Audit Plan for the period 2023/2024 to 2025/2026. The Audit Plan is subject to approval by the Committee and Council.

The primary objective of the Audit Plan is to maximise the efficiency and effectiveness of the Town's internal audit function. This is achieved by allocating internal audit resources to business areas subject to events and/or situations (risks) which may adversely impact achievement of the Town's objectives. This also includes consideration of assurance from alternative sources such as the Office of the Auditor General, LGIS and other consultants.

To ensure this Audit Plan retains its currency and relevance, it should be viewed as a 'living document' which may require revision because of changes in the identified risks facing the Town. It is recommended that at least an annual review of the Audit Plan be undertaken to ensure the proposed internal audits aligns with the risks facing the Town.

## 1.4 Process for Formulating the Plan

The Audit Plan has been developed primarily based upon the risks within the Town's Operational Risk Register, which was updated by Management in the first half of 2023.

Specific steps involved in formulating the Audit Plan are as follows:

- The risk register was obtained, and all risks were assigned to auditable areas of review;
- The highest inherent risk rating for each auditable area was identified;
- The auditable areas were then sorted high to low based upon the risk score to identify areas of highest risk;
- Regulatory required reviews were scheduled as required;
- Other reviews were scheduled based on risk rating; and
- The draft plan was discussed with Management.



In addition to the risk basis for developing the Audit Plan the following steps have also been undertaken:

- Matching the quantum of work proposed to the budget;
- Consideration of previous reviews performed their timing and results; and
- Our experience of working with other local governments.

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## 2. DRAFT STRATEGIC INTERNAL AUDIT PLAN

Internal Audit Reviews	Inherent Risk Rating	Previous Assurance Provided	2023/24 Hours	2024/25 Hours	2025/26 Hours
Audit Log	-	n/a	140	100	100
Risk Management, Internal Control and Legislative Compliance (Regulation 17)	-	IA 20/21	80	-	-
Financial Management Review (Regulation 5)	-	IA 21/22	-	100	-
Work, Health & Safety and Human Resources	20	IA 21/22	-	80	-
Customer service, Social Media & Stakeholder Engagement	12	n/a	80	-	-
Procurement & Contract Management	12	IA 20/21	-	-	100
Project & Program Management	12	IA 21/22	-	-	100
<b>Total Hours</b>			<b>300</b>	<b>280</b>	<b>300</b>
<b>Other activity areas that could be considered for inclusion within the three year internal audit plan</b>					
Asset Management	16	IA 22/23	-	-	-
Planning Development & Building	10	n/a	-	-	-
Business Continuity / Emergency Planning	9	IA 22/23	-	-	-
Fraud & Misconduct Framework	8	IA 22/23	-	-	-
Compliance Audit Return	8	n/a	-	-	-
IT	8	OAG	-	-	-
Aquatic	6	n/a	-	-	-
Safety & Security	-	IA 21/22	-	-	-
Records	-	IA 20/21	-	-	-
Waste	-	n/a	-	-	-
Events	-	n/a	-	-	-
Integrated Planning & Reporting Framework	-	n/a	-	-	-
Environmental/Sustainability/Green policies	-	n/a	-	-	-
Community, Culture & Recreation Services	-	n/a	-	-	-
Environmental & Health Services	-	n/a	-	-	-
Fleet	-	n/a	-	-	-



### 3. INDICATIVE REVIEWS FOR 2023/24

Detailed below are the reviews proposed to be delivered within the first year of the strategic internal audit plan, the related risk references or reason for performance and high level objectives.

In addition to the following objectives Paxon will also assess policy, management practice and procedures and their alignment with relevant legislation and regulation.

We will also consider segregation of duties and independent oversight to mitigate the risk of fraud and misconduct and the efficiency and effectiveness of processes.

Audit	Audit Log
Audit Type	Financial / Operational / Compliance
Risk / Reason for review	Good risk management practice
Objectives	As at the 5 <sup>th</sup> July 2024 there are 144 actions within the Audit Log, of which 73 are certified by Management as completed.  Evidence to support the effective remediation of these completed actions will be requested and assessed by Paxon to determine whether they now address the related risk in their design and where possible through testing their operation.

Audit	Regulation 17 (risk management, internal control and legislative compliance)
Audit Type	Compliance
Risk / Reason for review	Required by Regulation
Objectives	The requirement for this internal audit review is set out within regulation 17 of the Local Government (Audit) Regulations 1996, which states: <i>“(1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to — (a) risk management; and (b) internal control; and (c) legislative compliance. (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years. (3) The CEO is to report to the audit committee the results of that review.”</i>



Audit	
<b>Customer Service, Social Media &amp; Stakeholder Engagement</b>	
Audit Type	Operational
Risk / Reason for review	<ul style="list-style-type: none"> <li>• There is a reputational risk caused by defamatory or harmful comments made on social media platforms by the community, which can lead to legal action and therefore a negative reputational impact</li> <li>• There is a service interruption risk caused by lack of staff, which could lead to the inability or reduced capacity to deliver services.</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>• Customer service objectives are documented and monitored to assess and improve performance.</li> <li>• Publications and media responses are appropriately approved prior to release, including:                             <ul style="list-style-type: none"> <li>○ Strategy and Management Practice are in place and operational; and</li> <li>○ Internal guidance covers all expected areas</li> </ul> </li> <li>• Social Media is administered effectively, including:                             <ul style="list-style-type: none"> <li>○ Strategy and Management Practice are in place and operational; and</li> <li>○ Internal guidance covers all expected areas such as monitoring and responding to adverse comments, approval of posting and access to applications</li> <li>○ Induction and training processes are appropriately designed and operating effectively</li> </ul> </li> <li>• To assess the design and operation of processes related to the coordination of stakeholder management</li> </ul>

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## 4. SUBSEQUENT YEARS' REVIEWS

Audit	
<b>Financial Management Review</b>	
Audit Type	Financial / Compliance
Risk / Reason for review	Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 states: <i>"The CEO is to – undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews."</i>
Objectives	To assess the design and operational effectiveness of processes within the following financial areas: <ul style="list-style-type: none"> <li>• Financial management, accounting and recording</li> <li>• Revenue and its collection, security of monies</li> <li>• Incurring liabilities and making of authorised payments</li> <li>• Payroll</li> <li>• Stock</li> <li>• Budgeting</li> </ul>

Audit	
<b>Work, Health &amp; Safety and Human Resources</b>	
Audit Type	Operational / Compliance
Risk / Reason for review	<ul style="list-style-type: none"> <li>• There is a health &amp; safety risk caused by the lack of preventative measures imbedded across the organisation to reduce the impact of burnout/vicarious trauma on front facing staff</li> <li>• There is a health and safety risk caused by antisocial behaviour and/or aggressive or violent patrons that could lead to injury.</li> <li>• There is a risk of losing key internal staff caused by staff turnover, accidents involving key staff etc.</li> </ul>
Objectives	To assess the design and operational effectiveness of processes within the following areas: <ul style="list-style-type: none"> <li>• Documented policy and procedure in place to meet compliance requirements with acts and regulations</li> <li>• Audits, reporting and appropriate systems are in place</li> <li>• Measures are in place to train staff and mitigate risks against the negative impacts of risks identified</li> </ul>



Audit	Project & Program Management
Audit Type	Operational / Financial
Risk / Reason for review	<ul style="list-style-type: none"> <li>• There is a risk of reputational damage caused by the project going over-budget and functionality not being suitable for groups to utilise.</li> <li>• There is a reputational risk due to community consultation and engagement around projects and key decisions which could lead to the impact of relationships within the community</li> <li>• There is a risk financial risk caused by project delays and increased costs associated with the need for redesigning the building if it does not meet compliance criteria.</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>• To assess whether there is appropriate internal guidance in place that is aligned to a recognised project management approach and that it is operationally effective through testing of projects</li> <li>• To assess whether there are similar controls in place for programs</li> </ul>

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Audit		Planning Development & Building
Audit Type	Operational / Compliance	
Risk / Reason for review	<ul style="list-style-type: none"> <li>• There is a compliance risk caused by provision of inaccurate advice that could result in legal action against the Town and its officers.</li> <li>• here is a financial risk caused by delays or complications in obtaining permits (incl. DA's), unexpected regulatory requirements, or non-compliance penalties, resulting in additional costs.</li> <li>• There is a compliance risk caused by issuing inaccurate certifications which could lead to development/construction of unsafe buildings and potential prosecution</li> </ul>	
Objectives	<p>To assess the design and operational effectiveness of processes within the following areas:</p> <ul style="list-style-type: none"> <li>• Internal guidance is in place and compliant with legislative and regulatory requirements</li> <li>• Processes and controls are designed and operating effectively e.g. systems, processing of applications and monitoring of timeframes</li> <li>• Educational material is in place for the community</li> </ul>	

Audit		Procurement & Contract Management
Audit Type	Compliance / Financial	
Risk / Reason for review	<ul style="list-style-type: none"> <li>• Non-compliance with procurement legislative and policy framework leading to increased risk of fraud and misconduct</li> <li>• There is a financial risk caused by the contractor going into administration resulting in financial loss.</li> <li>• There is a risk that the contractor or subcontractor cuts corners and makes fraudulent claims.</li> </ul>	
Objectives	<p>To assess the design and operational effectiveness of processes within the following areas:</p> <ul style="list-style-type: none"> <li>• Procurement processes</li> <li>• Contract extensions</li> <li>• Conflicts of interest</li> <li>• Raising of purchase requests and purchase orders</li> <li>• Maintenance of tender and contract registers</li> <li>• Contract Management</li> </ul>	

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