

**WEST
ARNHEM
REGIONAL
COUNCIL**

**STRATEGIC
INTERNAL
AUDIT PLAN
2020 - 2022**



TABLE OF CONTENTS

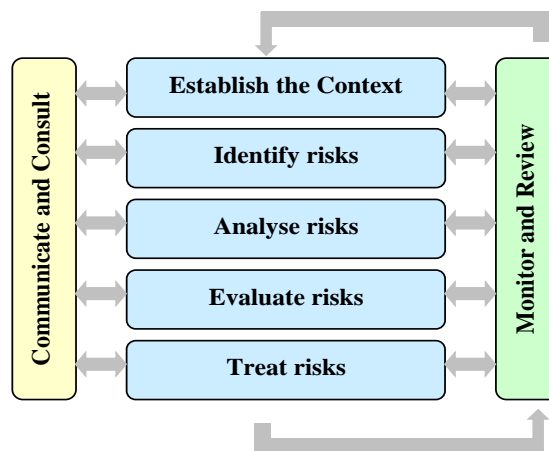
TABLE OF CONTENTS	3
INTRODUCTION	4
OVERVIEW OF THE AUDIT APPROACH	5
HIGH LEVEL RISK REGISTER	5
Schedule 1 - High Level Risk Register	7
STRATEGIC INTERNAL AUDIT PLAN	20
Schedule 2 - Strategic Internal Audit Plan	21

INTRODUCTION

The Audit Committee of West Arnhem Regional Council has been established in accordance with the requirements of the *Local Government Act*. The Audit Committee Charter and Terms of Reference detail the Committee's responsibilities which include the assessment of "internal processes for determining and managing key risk areas".

To assist in fulfilling this responsibility West Arnhem Regional Council has recently adopted a "Risk Management Policy and Framework". As detailed within this document the Committee plays a crucial role as the 3rd line of defence in the effective management of the risks encountered in all aspects of WARC's operations.

The key tool employed by the Committee to identify, analyse, evaluate and treat risk is the Risk Register. Much attention is devoted to the development of the Risk Register within the Risk Management Policy and Framework. The Framework is represented below. It is at the "Evaluate risks" stage that consideration is given as to whether it would be beneficial to include any area of risk in Council's internal audit program. An Internal Audit may provide confidence that the controls and mitigation strategies in place are working adequately. An audit may also help by suggesting additional controls and mitigation actions that may not have previously been considered.



It is as a result of the work done by senior management in completing the Risk Register that this internal audit plan has been developed.

OVERVIEW OF THE AUDIT APPROACH

The Internal Audit Plan has been developed by:

- taking account of the risks identified in the Risk Register;
- focusing on areas where the Residual Risk Rating is High;
- consideration of the risk mitigation strategies developed for 2019-20;
- determining whether an internal audit is required or
- if a review only is required ensuring the risk mitigation strategies have been fully implemented; and
- considering the resources available to undertake the internal audits.

This approach has resulted in the distillation of the Risk Register into the “**High Level Risk Register**” which is discussed below and shown at Schedule 1.

HIGH LEVEL RISK REGISTER

The High Level Risk Register maintains the alignment of all identified risks with the Regional Plan and the Strategic Objectives of Council. The Register provides the following information:

- Strategic Objective
- Strategic Risk Description, Risk Effect and Risk Number
- Inherent Risk Rating
- Existing Controls
- Risk Mitigation Strategies
- Strategy Timeline
- Risk Rating Target
- An indication as to whether the item has been included in the Draft Strategic Internal Audit Plan or will be the subject of an Audit Review.

The decision as to whether any identified risk should be considered in the Internal Audit Plan has been based on the consequences of Council failing to address these risks. It has been determined that Low risks are able to be managed by routine procedures. In the case of Medium level risk specific monitoring or response procedures are most often utilised. However Audit Reviews of these risks may be conducted to ensure mitigation strategies are being implemented. This is consistent with the Risk Management Policy and Framework (refer Page 10).

High to Critical level risks require the intervention of senior management, entailing detailed research and planning.

The Risk Assessment Matrix upon which the level of risk is determined is shown below.

Risk Assessment Matrix

			Consequences				
			Insignificant	Minor	Moderate	Major	Catastrophic
			1	2	3	4	5
Likelihood	5	Almost certain to occur in most circumstances	Medium	High	Critical	Critical	Critical
	4	Likely to occur frequently	Low	Medium	High	Critical	Critical
	3	Possible and likely to occur at some time	Low	Low	Medium	High	Critical
	2	Unlikely to occur but could happen	Low	Low	Low	Medium	High
	1	May occur but only in rare and exceptional circumstances	Low	Low	Low	Low	Medium

At the end of each Identified Risk the determination as to whether an audit is to be conducted is recorded alongside "Included in Strategic Audit Plan". As commented earlier Identified Risks with a Low Residual Risk Rating will not be considered for inclusion in the audit plan. Those with a Residual Risk Rating of Medium may be considered for an Audit Review. Those with a Residual Risk Rating of High/Critical will be classified as either being the subject of an internal audit which will generally include an audit of existing controls or an abridged audit review to ensure that the risk mitigation strategies previously identified have been developed and implemented. These determinations are presented as follows:

Where the Residual Risk Rating is Low/Medium:

Included in Strategic Audit Plan	No.
----------------------------------	-----

Where the Residual Risk Rating is High/Critical and is to be the subject of an audit review only:

Included in Strategic Audit Plan	Yes – Audit Review – this represents a check to ensure performance objectives are being met and/or previous audit recommendations have been implemented. Detailed Terms of Reference are not required.
----------------------------------	--

Where the Residual Risk Rating is High/Critical and is to be audited:

Included in Strategic Audit Plan	Yes – Internal Audit – this represents an in-depth investigation to determine effectiveness of existing controls. Detailed Terms of Reference are required.
----------------------------------	---

At the conclusion of this process, and based on the contents of the High Level Risk Register, the Strategic Internal Audit Plan has emerged.

SCHEDULE 1 – HIGH LEVEL RISK REGISTER

IDENTIFIED RISK – COMMUNITY ENGAGEMENT IN LOCAL GOVERNMENT

Strategic Objective	Objective 1.1 - Communication that engages the community.
Strategic Risk Description and Risk Effect – Risk #1.1	Poor community consultation, media management and public relations pose risks to Council which can result in damage to council's reputation, a breakdown in communications and consequent lack of community engagement.
Inherent Risk Rating	High (Likelihood 4, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Council employs a dedicated Media Coordinator • Publication of the Wire once a fortnight • Management of Council's social media platforms and website • Local Authorities facilitate communication with community members
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Manage by regular monitoring – unlikely to need specific application of resources
Strategy Timeline	<ul style="list-style-type: none"> • Ongoing
Risk Rating Target	Low (Likelihood 3, Consequence 2)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – COMMUNITY ENGAGEMENT IN LOCAL GOVERNMENT

Strategic Objective	Objective 1.2 - Enthusiastic participation in civic and community events.
Strategic Risk Description and Risk Effect – Risk #1.2	As a result of poor planning, engagement and consultation with all stakeholders regarding civic and community events there is a risk that members of the community will lack any enthusiasm to participate in these events.
Inherent Risk Rating	Medium (Likelihood 3, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Relevant staff participate in the organising of community events • Civic events are conducted by WARC which recognise and celebrate community sentiment • A monthly community event calendar is published on notice boards and the website • Support is provided to community organisations to deliver community based events • Formal community events process in place.
Residual Risk Rating	Low (Likelihood 3, Consequence 2)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Manage by regular monitoring – unlikely to need specific application of resources
Strategy Timeline	<ul style="list-style-type: none"> • Ongoing
Risk Rating Target	Low (Likelihood 3, Consequence 2)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – COMMUNITY ENGAGEMENT IN LOCAL GOVERNMENT

Strategic Objective	Objective 1.3 - Efficient and effective community service delivery.
Strategic Risk Description and Risk Effect – Risk #1.3	If Council fails to provide efficient and effective community service delivery the result may be increased levels of community dissatisfaction. This poses a risk to Council's reputation and an increase in customer complaints.
Inherent Risk Rating	High (Likelihood 4, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Ensure capacity for customer relationship management including complaints procedures and mechanisms for community feedback on service delivery • Front counter customer service is provided in each community • Services for the hire and lease of Council facilities are provided • Services for the receipting of Council payments are provided • Switchboard services are provided during business hours • Mail and courier services are provided • Staff undertake regular training
Residual Risk Rating	Medium (Likelihood 4, Consequence 2)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Manage by regular monitoring – unlikely to need specific application of resources
Strategy Timeline	<ul style="list-style-type: none"> • Ongoing
Risk Rating Target	Low (Likelihood 2, Consequence 2)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – COMMUNITY ENGAGEMENT IN LOCAL GOVERNMENT

Strategic Objective	Objective 1.4 – Strong governance and leadership.
Strategic Risk Description and Risk Effect – Risk #1.4	In failing to provide adequate resources which support Council, its' Committees and the CEO there is a risk that poor decisions will result and the reputation of Council will be compromised.
Inherent Risk Rating	High (Likelihood 3, Consequence 4)
Existing Controls	<ul style="list-style-type: none"> • Meetings are convened in accordance with Legislative requirements • Non-confidential Agendas and Minutes of Council, Committee and Local Board meetings are publicly available on the Website • Strong administrative support is provided to Council, Local Authorities and Committees • Key policy and direction documents are produced for the council (including the Regional Plan, Annual Reports and policies) • Full compliance with council statutory requirements including Local Government Act (LGA); Local Government (Accounting) Regulations (LGACR); Local Government (Administration) Regulations (LGAdR); Guidelines and General Instructions
Residual Risk Rating	Medium (Likelihood 3, Consequence 2)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Ensure all governance related policies are reviewed in accordance with required timelines by 30.6.21
Strategy Timeline	<ul style="list-style-type: none"> • Reviews of policies to be up-to-date as at 30.6.2021.
Risk Rating Target	Low (Likelihood 2, Consequence 2)
Included in Strategic Audit Plan	Yes – Audit review of the currency of Governance Policies – 2021/22

IDENTIFIED RISK – LOCAL GOVERNMENT ADMINISTRATION

Strategic Objective	Objective 2.1 - An effective, efficient and accountable Regional Council.
Strategic Risk Description and Risk Effect – Risk #2.1	Sound financial management is dependent upon strong internal accounting processes and controls without which Council cannot operate effectively or efficiently. In the absence of these elements the financial sustainability of Council is at risk.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 5)
Existing Controls	<ul style="list-style-type: none"> • Manage and deliver on Council's annual statutory and financial reporting obligations including: preparation of annual financial statements, financial reporting, reconciliations and month end processes • Monitor and coordinate external funding provided through grants and commercial contracts • Manage and provide advice on Council's investments in accordance with adopted policy • Manage Council's revenue function including the generation of Council's rates • Manage and monitor Council's accounts payable and receivable processes • Long term financial plan, annual budget and quarterly budget reviews are prepared
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Percentage of Rates Debtors outstanding – target less than 5%
Strategy Timeline	<ul style="list-style-type: none"> • Review Rates Debtors as at 30 June 2019 to assess achievement of target
Risk Rating Target	Low (Likelihood 2, Consequence 3)
Included in Strategic Audit Plan	Yes – Audit Review of Rates Debtors – 2019/20

IDENTIFIED RISK – LOCAL GOVERNMENT ADMINISTRATION

Strategic Objective	Objective 2.2 - A professional, skilled, safe and stable workforce.
Strategic Risk Description and Risk Effect – Risk #2.2.1	Council is at risk of not being able to deliver its core services if it can't recruit staff who are properly trained/accredited and adequately remunerated.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 5)
Existing Controls	<ul style="list-style-type: none"> • Failure to manage payroll, allowances and superannuation entitlements • Failure to develop and implement an approved training and development programme • Deficiencies or perceived flaws in the recruitment process • Inability to recruit and retain key employees • Inability to provide adequate staff housing • Failure to ensure timesheets for staff are verified for accuracy and coded correctly
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Policies and procedures are reviewed in accordance with the required timelines – target 100%
Strategy Timeline	<ul style="list-style-type: none"> • All policies are to be updated by 30.6.2020.
Risk Rating Target	Medium (Likelihood 3, Consequence 3)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL GOVERNMENT ADMINISTRATION

Strategic Objective	Objective 2.2 - A professional, skilled, safe and stable workforce.
Strategic Risk Description and Risk Effect – Risk #2.2.2	Council is at risk of not being able to deliver its core services if staff perform their duties in an unsafe manner and environment due to the absence of appropriate workplace health & safety management systems.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 5)
Existing Controls	<ul style="list-style-type: none"> • Training programmes are delivered that meet WHS needs • Work Health and Safety Policy in place • Workers compensation claims are managed • Industrial relations matters are managed • WHS responsibilities are included in position descriptions
Residual Risk Rating	High (Likelihood 3, Consequence 4)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Implementation of a Work Health and Safety Management System, a Work Health and Safety Strategic Plan and Safety Management Standards
Strategy Timeline	<ul style="list-style-type: none"> • To be implemented by 30.6.2022 subject to resources.
Risk Rating Target	Medium (Likelihood 3, Consequence 3)
Included in Strategic Audit Plan	Yes – Internal Audit of WH&S policies, procedures and records – 2021/22

IDENTIFIED RISK – LOCAL GOVERNMENT ADMINISTRATION

Strategic Objective	Objective 2.3 - Storage and retrieval of records processes which support efficient administration.
Strategic Risk Description and Risk Effect – Risk #2.3	If Council fails to develop, implement and manage records management policies and standards Council is at risk of losing its corporate knowledge and memory.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 4)
Existing Controls	<ul style="list-style-type: none"> Records management system has secure access levels Training resources are available Sound backup systems are in place Records management systems, policies and procedures are in place Council's requests and compliance relating to Freedom of Information are managed Council employs a highly qualified Records Management Coordinator
Residual Risk Rating	Medium (Likelihood 2, Consequence 4)
Risk Mitigation Strategies	<ul style="list-style-type: none"> Review of InfoXpert folders to assess appropriateness and level of activity.
Strategy Timeline	<ul style="list-style-type: none"> Internal Audit review to be completed by 31.12.2020.
Risk Rating Target	Low (Likelihood 2, Consequence 3)
Included in Strategic Audit Plan	Yes – Internal Audit of InfoXpert folders – 2020/21

IDENTIFIED RISK – LOCAL GOVERNMENT ADMINISTRATION

Strategic Objective	Objective 2.4 - Planning and reporting that informs Council's decision-making processes.
Strategic Risk Description and Risk Effect – Risk #2.4	If appropriate consultation and engagement is not achieved Council is at risk of developing meaningless strategic goals and objectives resulting in programmes being either over or under-resourced.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 4)
Existing Controls	<ul style="list-style-type: none"> Lead development and implementation of Council plans, policy and decisions Manage council's legislative compliance and policy development Regular reporting against Council's strategic plans Statutory compliance
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> Develop and implement a strategic approach to seeking external grants
Strategy Timeline	<ul style="list-style-type: none"> To be completed by 30.6.2020.
Risk Rating Target	Low (Likelihood 2, Consequence 3)
Included in Strategic Audit Plan	Yes – Audit Review of Strategic Planning – 2020/21

IDENTIFIED RISK – LOCAL GOVERNMENT ADMINISTRATION

Strategic Objective	Objective 2.5 - Modern information and communications technology to maximise service delivery.
Strategic Risk Description and Risk Effect – Risk #2.5.1	In failing to ensure Council's ICT systems are adequate for its needs Council is at risk of experiencing system failures, loss of records and data, poor communications and significant downtime.
Inherent Risk Rating	Critical (Likelihood 3, Consequence 5)
Existing Controls	<ul style="list-style-type: none"> Secure password controls Management of ICT contracts Provision of Help-desk services Utilisation of modern information and communications technology to maximise Service Delivery
Residual Risk Rating	Medium (Likelihood 2, Consequence 4)
Risk Mitigation Strategies	<ul style="list-style-type: none"> Publication of ICT strategic plan
Strategy Timeline	<ul style="list-style-type: none"> ICT strategic plan to be published by 31.12.2020.
Risk Rating Target	Low (Likelihood 2, Consequence 3)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL GOVERNMENT ADMINISTRATION

Strategic Objective	Objective 2.5 - Modern information and communications technology to maximise service delivery.
Strategic Risk Description and Risk Effect – Risk #2.5.2	An emergent risk has been identified which relates to uncertainty regarding the current platform which supports the delivery, maintenance and support software applications and information systems currently in use and provided by CouncilBiz. Transition to a new environment poses a significant risk to Council.
Inherent Risk Rating	Critical (Likelihood 3, Consequence 5)
Existing Controls	<ul style="list-style-type: none"> Offsite storage and backups are maintained Physical access to key technology resources is restricted and secure Cabinets housing server equipment are locked Virus software installed and updated
Residual Risk Rating	High (Likelihood 3, Consequence 4)
Risk Mitigation Strategies	<ul style="list-style-type: none"> Engage in dialogue with CouncilBiz and consider alternative IT platform options available to Council.
Strategy Timeline	<ul style="list-style-type: none"> Finalise considerations and choice of alternatives by 31.12.2020.
Risk Rating Target	Medium (Likelihood 2, Consequence 4)
Included in Strategic Audit Plan	Yes – Audit Review of current considerations regarding options available – 2021/22

IDENTIFIED RISK – LOCAL GOVERNMENT ADMINISTRATION

Strategic Objective	Objective 2.6 - The minimisation of risks associated with the operations of Council.
Strategic Risk Description and Risk Effect – Risk #2.6	A lack of understanding of risk management principles can result in a failure to identify and ameliorate, where possible, the risks associated with the core operations of Council.
Inherent Risk Rating	High (Likelihood 4, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Implementation of a risk management framework at strategic and operational levels • Audit Committee in place • Increased internal audit capacity • Insurances managed to ensure adequate levels of coverage
Residual Risk Rating	Low (Likelihood 2, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Development and Implementation of annual and 3-year audit programme objectives and timeframes.
Strategy Timeline	<ul style="list-style-type: none"> • Audit programme to be adopted by 12.6.2019.
Risk Rating Target	Low (Likelihood 2, Consequence 3)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL INFRASTRUCTURE

Strategic Objective	Objective 3.1 – Infrastructure and asset management strategies appropriate to the needs of Council.
Strategic Risk Description and Risk Effect – Risk #3.1	The failure to manage and implement a Council wide framework for sustainable whole of life asset management will result in the risk that Council cannot provide the desired level of service to the community. If appropriate strategies are not developed Council is also at risk of not achieving organisational long term goals. Council's inability to resolve land tenure places control of its assets at risk.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 4)
Existing Controls	<ul style="list-style-type: none"> • Manage an asset management strategy • Cyclic condition assessments undertaken • Major contracts and procurements awarded through a transparent tender process • Administer and monitor contracts and contractor performance to minimise Council's risk exposure • Manage the delivery of Council's capital works programme • Provide project management services and advice across Council for all capital works
Residual Risk Rating	High (Likelihood 3, Consequence 4)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • An Audit of the Maningrida Internal Road Network Asset and Asset Management System Review will be conducted.
Strategy Timeline	<ul style="list-style-type: none"> • As per Internal Audit Plan 2020/21.
Risk Rating Target	Medium (Likelihood 3, Consequence 3)
Included in Strategic Audit Plan	Yes – Internal Audit of Procurement Policies and Procedures – 2019/20. Yes – Internal Audit Maningrida Internal Road Network Asset and Asset Management System – 2020/21.

IDENTIFIED RISK – LOCAL INFRASTRUCTURE

Strategic Objective	Objective 3.2 - Safe and reliable roads, footpaths and street lighting.
Strategic Risk Description and Risk Effect – Risk #3.2	If Council fails to adequately maintain its roads, footpaths and street lighting there is a risk of potential on-going hazards which will impact on the safety of the public.
Inherent Risk Rating	High (Likelihood 4, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Manage the construction/maintenance of roads and footpaths throughout the region • Projects delivered in accordance with the Roads to Recovery Federal funding programme • Hazard identification and road condition assessment report templates completed • Operational maintenance programmes in place • Continual monitoring and performance of minor road, footpath and walkway repairs • Street lighting operational costs minimised and maximum functionality achieved
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • All projects and maintenance programs are reviewed to ensure suitable materials and equipment are purchased for these works. • Monthly inspection carried out on street lights. • 6 monthly inspections on all other assets.
Strategy Timeline	<ul style="list-style-type: none"> • Ongoing
Risk Rating Target	Medium (Likelihood 3, Consequence 3)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL INFRASTRUCTURE

Strategic Objective	Objective 3.3 - Attractive parks, gardens, streetscapes and open spaces.
Strategic Risk Description and Risk Effect – Risk #3.3	Council is at risk of creating low community spirit, of damaging its reputation and of providing a lack of community amenity if it fails to provide aesthetically pleasing parks, ovals, public open spaces and gazetted cemeteries.
Inherent Risk Rating	High (Likelihood 4, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Irrigation systems maintained and sustainable irrigation practices delivered for Council's open spaces • Maintenance of gazetted cemeteries • Scheduled maintenance programmes for parks, ovals and reserves.
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Undertake community consultation on the establishment of gazetted cemeteries in Gunbalanya, Maningrida, Minjilang and Waruwi
Strategy Timeline	<ul style="list-style-type: none"> • Complete community consultation regarding cemeteries by 30.9.2021.
Risk Rating Target	Low (Likelihood 3, Consequence 2)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL INFRASTRUCTURE

Strategic Objective	Objective 3.4 - Modern and well maintained fleet, plant and equipment capable of meeting service delivery requirements.
Strategic Risk Description and Risk Effect – Risk #3.4	Council is at risk of failing to achieve effective and efficient service delivery if Council's fleet, plant and equipment is poorly maintained and not replaced at end of useful life.
Inherent Risk Rating	High (Likelihood 4, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Provide preventative and programmed maintenance and repair to Council's fleet • Continuously monitor vehicle usage in relation to compliance with Council policy • Purchase and dispose of vehicles and plant resources • Provide fuel distribution facilities capable of safely meeting Council's service delivery requirements • Upgrade fuel distribution infrastructure to comply with relevant standards and business requirements • Adequate fuel stock levels provided
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Monitor incident reports to ensure they are actioned and where possible insurance claims are lodged and the fleet is kept in the appropriate condition.
Strategy Timeline	<ul style="list-style-type: none"> • Ongoing
Risk Rating Target	Low (Likelihood 3, Consequence 2)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL INFRASTRUCTURE

Strategic Objective	Objective 3.5 - Buildings, facilities and infrastructure assets that are fit for purpose and sufficient to service operational requirements.
Strategic Risk Description and Risk Effect – Risk #3.5.1	Council's buildings, facilities and fixed assets, if poorly maintained and not upgraded as and when required, will result in Council not being able to operate effectively or efficiently. Deterioration of these assets poses a health and safety risk, an increased risk of injury to staff and the public and low staff morale.
Inherent Risk Rating	High (Likelihood 4, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • All assets are managed and maintained in accordance with plans and policies • Accurate building infrastructure records are maintained • Staff and visitor accommodation is provided for internal and external stakeholder use • Opportunities to source external funding for infrastructure upgrades are considered • Proactive asset service request system in place
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Manage by regular monitoring – unlikely to need specific application of resources • Regular monthly meetings are held with CSM's to review and monitor all works performed and planned.
Strategy Timeline	<ul style="list-style-type: none"> • Ongoing
Risk Rating Target	Medium (Likelihood 3, Consequence 3)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL INFRASTRUCTURE

Strategic Objective	Objective 3.5 - Buildings, facilities and infrastructure assets that are fit for purpose and sufficient to service operational requirements.
Strategic Risk Description and Risk Effect – Risk #3.5.2	If Council fails to effectively manage and maintain the community swimming pools in Maningrida and Jabiru it risks endangering the health and well-being of the community through possible disease transmission, accidents and injury.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 5)
Existing Controls	<ul style="list-style-type: none"> • Provide opening hours to meet the community requirements and to ensure reasonable operating costs • Employ staff to meet supervision ratios and cultural needs as per RLSSA Guidelines • Provide ongoing maintenance and capital upgrades to Council's swimming pools while targeting highest priority works • Measures are undertaken aimed at reducing future reactive maintenance of Council swimming pools
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Provide staff training to ensure plant operations are safe and efficient. • The employment of qualified life guards.
Strategy Timeline	<ul style="list-style-type: none"> • Internal audit recommendations to be implemented by 30.6.2019.
Risk Rating Target	Medium (Likelihood 3, Consequence 3)
Included in Strategic Audit Plan	No – Audit of Swimming Pools undertaken in 2017-18.

IDENTIFIED RISK – LOCAL INFRASTRUCTURE

Strategic Objective	Objective 3.6 - The development and enforcement of laws that enhance economic development and community safety.
Strategic Risk Description and Risk Effect – Risk #3.6	There is a risk that the community and general public do not understand Council's role in the development and enforcement of bylaws.
Inherent Risk Rating	Medium (Likelihood 3, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Bylaws are in place in the Jabiru community • LGANT is currently undertaking work relating to the development of bylaws on behalf of Regional Councils • Appropriate signage is in place
Residual Risk Rating	Low (Likelihood 3, Consequence 2)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Manage by specific monitoring – unlikely to need specific application of resources
Strategy Timeline	<ul style="list-style-type: none"> • Ongoing
Risk Rating Target	Low (Likelihood 3, Consequence 2)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL ENVIRONMENT HEALTH

Strategic Objective	Objective 4.1 - The provision of an environmentally and economically sound solid waste, water and sewerage services.
Strategic Risk Description and Risk Effect – Risk #4.1	Environmental health is targeted towards preventing disease and creating health-supportive environments. In failing to provide acceptable water quality and the effective treatment of sewerage in Jabiru Council is at risk of endangering public health. If Council fails to effectively manage waste throughout the region it risks creating adverse impacts on the environment.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 5)
Existing Controls	<ul style="list-style-type: none"> • Manage and maintain council's water infrastructure and distribution network (Jabiru) • Manage and maintain council's sewerage infrastructure network (Jabiru) • Manage effective and efficient waste collection and recycling services
Residual Risk Rating	Medium (Likelihood 2, Consequence 4)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Ensure landfills at each community are licensed and operate in accordance with NRETAS requirements.
Strategy Timeline	<ul style="list-style-type: none"> • Licensed landfills to be achieved by 30.6.2021.
Risk Rating Target	Medium (Likelihood 2, Consequence 4)
Included in Strategic Audit Plan	No – Audit conducted in 2016-17

IDENTIFIED RISK – LOCAL ENVIRONMENT HEALTH

Strategic Objective	Objective 4.2 - Implementation of sustainable dog management programmes which improve the overall health and wellbeing of remote communities.
Strategic Risk Description and Risk Effect – Risk #4.2	In failing to implement sustainable dog management programmes Council is at risk of contributing to poor health outcomes and unsafe communities.
Inherent Risk Rating	High (Likelihood 4, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Manage effective relationships with the communities, Northern Land Council rangers, and National Park authorities • Investigate and record dog complaints • Enforce dog registrations as required and breaches in accordance with approved bylaws • Undertake community education initiatives regarding responsible ownership and bylaws
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Implementation of Region-wide dog control management plans/bylaws following appropriate community consultation. • Implementation of periodic veterinarian services in all communities.
Strategy Timeline	<ul style="list-style-type: none"> • Ongoing
Risk Rating Target	Low (Likelihood 3, Consequence 2)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – LOCAL CIVIC SERVICES

Strategic Objective	Objective 5.1 - Facilitate the delivery of library and cultural heritage services.
Strategic Risk Description and Risk Effect – Risk #5.1	In failing to provide adequate and accessible public library services in Jabiru Council is at risk of not taking the opportunity to promote and support the recreational and life-long learning needs of the community. It also risks not preserving the cultural heritage of Jabiru in particular.
Inherent Risk Rating	Medium (Likelihood 3, Consequence 3)
Existing Controls	<ul style="list-style-type: none"> • Maintain a regular turnover of book stocks • Provide variable opening hours to suit seasonal demand • Manage and maintain library collections • Provide access to information in a variety of formats, including digital
Residual Risk Rating	Low (Likelihood 3, Consequence 2)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Implement library outreach services to Gunbalanya
Strategy Timeline	<ul style="list-style-type: none"> • Implementation to be achieved by 30.6.2020
Risk Rating Target	Low (Likelihood 2, Consequence 2)
Included in Strategic Audit Plan	No.

IDENTIFIED RISK – SOCIAL AND COMMERCIAL SERVICES

Strategic Objective	Objective 6.1 - Social programmes that support the safety and wellbeing of community members
Strategic Risk Description and Risk Effect – Risk #6.1	Council delivers social programmes to assist and support disadvantaged and marginalised groups within its communities. Council delivers these programmes often due to the absence of other entities/organisations within its communities to deliver them. Council is at risk of alienating these groups and creating negative community perceptions of Council if it fails to effectively and efficiently deliver these programmes.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 4)
Existing Controls	<ul style="list-style-type: none"> • Council employs a dedicated Community Services Manager and Grants Coordinator • Policies and procedures have been developed for specific programs • Grants are managed in accordance with specified service levels and terms and conditions of funding agreements • Current grant funding status is reported to Council monthly • On-going staff training provided
Residual Risk Rating	High (Likelihood 4, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Undertake a full risk and cost benefit analysis of the delivery of social programmes
Strategy Timeline	<ul style="list-style-type: none"> • Analysis to be completed by 30.6.2019
Risk Rating Target	Medium (Likelihood 3, Consequence 3)
Included in Strategic Audit Plan	Yes – Audit Review of cost benefit analysis – 2019/20

IDENTIFIED RISK – SOCIAL AND COMMERCIAL SERVICES

Strategic Objective	Objective 6.2 - The provision of Commercial Services which contribute to the economic functionality of remote communities.
Strategic Risk Description and Risk Effect – Risk #6.2	These Commercial services create employment opportunities and additional sources of revenue for Council. If Council fails to effectively deliver these services it is at risk of creating community dissatisfaction and suffering economic loss.
Inherent Risk Rating	Critical (Likelihood 4, Consequence 4)
Existing Controls	<ul style="list-style-type: none"> • Council employs a dedicated Senior Project Manager to oversee commercial activities • External contracts are monitored by the Grants & Contracts Coordinator • Processes are mapped to ensure the timeliness of invoicing
Residual Risk Rating	Medium (Likelihood 3, Consequence 3)
Risk Mitigation Strategies	<ul style="list-style-type: none"> • Internal audit review to ensure all recommendations from the internal audit conducted have been implemented and that problems have been ameliorated.
Strategy Timeline	<ul style="list-style-type: none"> • Review to be completed by 31.12.2020.
Risk Rating Target	Medium (Likelihood 3, Consequence 3)
Included in Strategic Audit Plan	Yes – Audit Review of implementation of audit recommendations – 2020/21

STRATEGIC INTERNAL AUDIT PLAN

Three risks identified as having a High Residual Risk Rating have been categorised as requiring an internal audit. These include Risks 2.2.2, 2.3 and 3.1. In the case of Risk 3.1 this will be audited twice in successive years – once in relation to Asset Management Procurement Policies and Procedures and on the second occasion in relation to the Maningrida Road Network and Asset Management System.

Both the financial and human resources of Council are limited and Council's ability to undertake internal audits for every identified risk is finite. A valued judgement has been made to limit the number of internal audits in any given year.

The remaining fourth risk identified as having a High Residual Risk will be the subject of an Internal Review to determine what, if any, changes may be made to Council's IT Platforms.

Four risks with Medium Residual Risk Ratings have been identified which have been assessed as requiring review only to ensure the risk mitigation strategies have been fully implemented.

The outcome of these considerations is reflected in the "**Draft Strategic Internal Audit Plan**" shown below at Schedule 2.

The suggested audit areas are only briefly described and would be supported by detailed review scopes that would be prepared once the Plan has been approved and as the first planning step for the nominated audit areas.

The Plan is presented as a draft, as there may be a need to modify the Plan to reflect possible changes in priorities or emergent issues from a business risk perspective.

The Strategic Internal Audit Plan has been based on the highest identified risk areas and has been aligned with Council's plans, goals and objectives. It is to be hoped that this Plan delivers maximum assurance to key stakeholders.

SCHEDULE 2 – STRATEGIC INTERNAL AUDIT PLAN

No.	AUDITABLE AREAS	MITIGATION STRATEGY	2019-20	2020-21	2021-22	RESIDUAL RISK RATING
1.4	Strong Governance and Leadership	All Policies are reviewed in accordance with required timelines by 30.6.2021 – Audit Review				MEDIUM
2.1	Financial management	Review Rates Debtors as at 30 June 2019 to assess achievement of target - Audit Review				MEDIUM
2.2.2	A professional, skilled, safe and stable workforce	Payroll policies, procedures and records – Internal Audit of existing controls				HIGH
2.3	Storage and retrieval of records	Review of InfoXpert folders to assess appropriateness and level of activity – Internal Audit of existing controls				MEDIUM
2.4	Planning and reporting	Develop and implement a strategic approach to seeking external grants - Audit Review				MEDIUM
2.5.2	Modern information and communications technology	Engage in dialogue with CouncilBiz and consider alternative IT platform options available to Council – Audit Review				HIGH
3.1	Infrastructure and asset management strategies	Maningrida Internal Road Network Asset and Asset Management System Review – Internal Audit of existing controls				HIGH
3.1	Infrastructure and asset management strategies	Procurement Policies and Procedures – Internal Audit of existing controls				HIGH
6.1	Social programmes	Undertake a full risk and cost benefit analysis of the delivery of social programmes by 30.6.2019 - Audit Review				HIGH

