

Burke Shire Council

Internal Audit Plan



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Approval

Council Resolution	Date	Reason / Comments
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Version History

Council Resolution	Date	Reason / Comments
160818.10	18 August 2016	Adoption of Internal Audit Plan FIN-PLA-001
170518.17	18 May 2017	Review of annual plan for 2016-17 financial year
210527.07	27 May 2021	Review of internal audit plan (annual and 3-year strategy)
230524.10	24 May 2023	Revised Plan

1. Internal Audit Strategy

Purpose and legislative framework

The purpose of internal audit is to ensure that the financial and operational controls that Council uses to manage risk are operating in a manner that is efficient, effective and ethical. Internal auditing is an independent and objective assurance process. Council adopted the Burke Shire Council internal audit plan in August 2016 by way of decision 160818.01 including a charter, procedure and plan. Subsequently the charter, policy and plan have been updated for April 2024.

Local governments must establish an efficient and effective internal audit function (s109 of the *Local Government Act 2009*). The Local Government Regulation 2012 stipulates that for each financial year a local government must prepare, carry out, report on and comply with an annual internal audit plan.

This plan must be read and carried out in accordance with:

Local Government Act 2009;

Local Government Regulation 2012;

Burke Shire Council Internal Audit Charter;

Burke Shire Council Enterprise Risk Management Policy;

Burke Shire Council Risk Management Framework.

Stage 1 – Planning

The internal audit process is driven by the identification of key organisational risks. The development and adoption of the Internal Audit Plan is the most critical phase of the internal audit program in which the organisational risks and issues facing Burke Shire Council are identified and prioritised.

One key focus area will be chosen for internal audit in each financial year based on the most significant operational risks identified through the evaluation process. This is achieved with reference to Council's objectives, risks, risk management priorities and the needs of key stakeholders. The risk profile of Burke Shire Council (BSC) is driven by the focus of key stakeholders and those factors considered critical by them to the success of the business.

To avoid duplication, internal audit will not be scheduled for a key focus area that is currently under comprehensive operational review of governance systems (e.g.: policies, procedures, guidelines, compliance activities etc). However, such areas may be targeted for internal audit post implementation.

Methodology/ evaluation of risk

The Internal Audit Plan has been developed with reference to the *Local Government Regulation 2012*, the Queensland Treasury Corporation's *Financial Accountability Handbook* and the Australian National Audit Office's *Public Sector Internal Audit: better practice guide* and in accordance with the following methods:

- An assessment of the key organisational risks identified through the review of relevant information and discussions with relevant stakeholders.
- A review of Council's core planning and policy documents as these relate to the identification of organisational risk and approaches to risk management and mitigation:
 - Corporate Risk Register

- Fraud Risk Register
- Business Continuity Plan
- Risk Management Policy
- Asset Management Plan
- Drinking Water Quality Management Plan
- Local Disaster Management Arrangements
- A review of previous external audit recommendations;
- Discussions with management regarding (emerging) risk areas; and
- Risks facing BSC specifically and the Local Government sector generally.

The aim is to:

- Target priority areas and relevant elements of Council's risk profile;
- Target areas where the potential for improvement (or risk of failure or loss) is greatest;
- Add value through relevant and timely input into the implementation of new processes or significant initiatives or projects; and
- Provide an adequate level of assurance to management and Council regarding the internal control framework.

In accordance with the *Local Government Regulation 2012*:

- The most significant risks facing Council have been identified and incorporated into the Internal Audit Plan;
- The control measures adopted to address risks identified through the internal audit process (as well as external audits and special audits) are detailed in Council's Audit Issues Tracking Register (Doc ID: 186543).

Stage 2 – Internal Audit Projects

The planning and scheduling for the internal audit work for auditable areas identified in the Internal Audit Plan will then be undertaken and will include discussions with the relevant staff. These discussions will enable the internal auditor in conjunction with the CEO (and relevant senior executive employees) to prepare a scope for the auditable area.

These documents will detail the scope and timing of the audit, the personnel (auditors, council staff) to be involved and the deliverables of the audit in terms of documentation and recommendations.

Stage 3 – Reporting

A report will be prepared upon the completion of each internal audit project and will include:

- A concise executive summary providing an overall conclusion and brief of the work completed detailing the major findings, recommendations and management agreed actions; and
- Report of detailed findings and recommendations prioritised as high, medium or low together with management agreed action plans for each issue.

Management responses to draft reports will be required upon the issuance of this report.

2. Rolling 3-year Internal Audit Plan 2024-25 | 2025-26 | 2026-27

Focus areas for the next three financial years are scheduled below. The proposed coverage is indicative only and will be developed further at the scoping stage for the annual internal audit in each financial year. Timing or order of focus areas may change as a result of further assessment of the significance of risk or other considerations.

Council will seek to tender for the following internal audit engagements:

Fin Yr	Auditable area	Risks / key audit issues	Audit objectives
2024-25	Project management framework compliance		
	Budgeting Process		
2025-26	Risk management framework		
	Organisational culture		
2026-27	Strategic asset management plans, strategy and policy		
	Plant hire		

3. Future Proposed Internal Audits

Potential Future Internal Audit Areas
Delegations framework
Information and records management
Stores and stocktaking procedures and controls/inventory management
Disaster recovery and business continuity planning
Asset impairment review processes
Council policies
Carbon credit trading
Legislation and local government registers review

4. Previous year's audit focus

Internal Audit Performance 2019-2020 and prior

Due to inherent limitations resulting from significant changes to the finance department, management oversight and COVID19 and in accordance to audit matter 20CR-5 as raised by the QAO; no internal audits had be performed for the 2019-20 financial year.

Burke Shire Council aims to remedy this deficiency in the 2020-21 financial year and forwards to the best of its' ability.

Internal Audit Performance 2020-2021 onwards

Fin Yr	Auditable area	Presented to Audit Committee	Endorsed by Burke Shire Councillors
2020-21	HR/IR Payroll Administration	Yes	Yes
2020-21	Private works qualification, bidding and commercial management	Yes	Yes
2021-22	Procurement	Yes	Yes
2021-22	Governance and reporting	Yes	Yes
2022-23	Fraud Governance and Fraud Controls	Yes	Yes
2022-23	Cash Management	Yes	Yes
2023-24	ICT (information & communication technology) - systems and contracts	Yes	Yes
2023-24	Grants Management	In-progress	Yes