INTERNAL AUDIT PROGRAM 2026/27-2028/29

(REVISED TO INTEGRATE STRATEGIC AND OPERATIONAL RISK LAYERS)

EXECUTIVE SUMMARY

The Town of Victoria Park's Internal Audit Program for 2026/27 to 2028/29 provides independent assurance over the effectiveness of its governance, risk management, and internal controls. It has been developed with a strong focus on risk, aligning with both the Strategic and Operational Risk Registers to ensure comprehensive oversight of the Town's risk exposure.

This program introduces a more integrated approach to audit planning by addressing long-term strategic risks such as financial sustainability, climate resilience, and governance performance, as well as operational risks that affect day-to-day service delivery, including Information Communications Technology (ICT) vulnerabilities, procurement compliance, and data privacy.

Two audits are scheduled each financial year for 2026/27 and 2028/29 followed by three in 2028/29. These are selected based on inherent risk ratings, alignment to key risk categories, and sector developments. The program is designed to remain flexible, enabling the Town to respond to emerging priorities or newly identified risks throughout the audit cycle.

Key features include ongoing monitoring through the Audit and Risk Committee, quarterly reporting of audit recommendation progress, and a periodic independent review of the Internal Audit function to ensure objectivity and continuous improvement. This program supports the Town's strategic goals while fostering transparency, accountability, and improved performance.

INTRODUCTION

A key change and feature of this program is its comprehensive coverage of both **Strategic and Operational Risk layers**. Strategic risks encompass the high-level uncertainties and challenges that may affect the Town's capacity to achieve its long-term objectives, and governance responsibilities, Operational risks pertain to the day-to-day activities, processes and controls that support service delivery, compliance, and operational efficiency.

By integrating audits across these two risk dimensions, the program ensures a holistic evaluation of the Town's risk environment. This approach supports the identification of control gaps, informs continuous improvement initiatives, and strengthens accountability throughout the Town. The Internal Audit Program will therefore play a critical role in enhancing decision-making, safeguarding assets, and promoting effective stewardship of public resources.

The Town's Strategic and Operational Risk Registers were central to the development of this audit program.

Strategic risks, such as governance failures, climate inaction, and long-term financial pressures, informed high-level audit topics that support the Town's future-readiness and leadership accountability. Meanwhile, operational risks, including those related to ICT vulnerabilities, Procurement non-compliance, Data integrity and Complaints handing, help shape audit areas that improve service delivery and internal control.

By integrating both layers, the audit program ensures:

- A comprehensive risk-based audit approach
- Responsiveness to risks with High and Extreme inherent ratings
- Stronger ownership and oversight of both risk registers across the Town

APPROACH

The Internal Audit Program for 2026/27–2028/29 has been developed to ensure meaningful and balanced audit coverage across the Town's operations. While risk exposure was a key input, the overarching objective was to provide assurance in areas that **have not previously been subject to internal audit**, regardless of whether they carry a High or Extreme inherent risk rating.

This approach reflects a recognition that:

- **Audit coverage gaps** can limit assurance and oversight
- **Moderate or emerging risks** may still pose significant operational or reputational impacts
- Proactive auditing in key process areas supports **governance, compliance, and continuous improvement**

Audit selection was informed by:

- The Town's Strategic Risk Register (scheduled for review in 2026)
- The Town's Operational Risk Registers
- Historical audit coverage across functions and service areas
- Emerging regulatory expectations and local government sector trends
- Known issues, audit readiness, and feasibility for each topic
- Discussions at ARIC and at Council level

While some audits address **high-risk focus areas**, others were selected to build assurance in **Governance, Financial Integrity, and Service Delivery functions** that had not been reviewed previously. This approach strengthens internal control awareness, reinforces accountability, and supports the Town's overall risk maturity uplift.

Audit planning and prioritisation were also informed by guidance from:

- WA Local Government Operational Guidelines for Audit Committees
- WA Office of the Auditor General (OAG) thematic reviews
- Public Sector Commission (PSC) WA Integrity Framework
- CCC reports and audit trends from other jurisdictions
- International and sector-based internal audit practices

SCOPE AND CRITERIA

The following internal audits are scheduled for the 2026/27-2028/29 financial years. These audits support the Town's commitment to good governance, risk management, compliance and organisational performance. The scope covers cross-functional audits to be undertaken in the following high-priority focus area:

- Payroll processing, award interpretation and compliance
- Customer Service & Complaints Handling
- Procurement (including fraud)
- Asset management
- Rates and Revenue Management
- Building and Planning Approvals
- Cybersecurity

The Internal Audit Program outlines minimum criteria for each audit to support evidence-based assessments of how effectively the Town manages key focus areas in line with legislation, regulations, and best practice. Three audits are planned annually, with flexibility to add more based on emerging priorities and budget availability.

AUDIT PLANS

A detailed Audit Plan will be developed for each focus area. Internal audit criteria will be reviewed and updated during the planning phase of each audit to reflect emerging risks, internal and external trends, and identified issues. A responsive and agile approach to audit planning will ensure relevance by incorporating environmental scanning, sector research, and engagement with industry networks to stay informed of regulatory and sector developments.

REPORTING AND MONITORING

In accordance with the Audit and Risk Committee's Terms of Reference, audit findings will be reported at the next scheduled Committee meeting following each audit's completion. Progress on audit recommendations will be monitored and reported quarterly to the Committee.

PROBITY

To ensure the integrity and independence of the Internal Audit function, and considering internal resource capacity, it is recommended that the Program include a periodic independent audit of the Internal Audit function by an external provider.

LOOKING FORWARD

This Program focuses on audit priorities for the 2026/27 financial year, within a rolling three-year plan extending through to 2028/29. The program will be reviewed annually to adjust focus areas based on ongoing assessments of both strategic and operational risks, using the Town's current Risk Registers as key references.

INTERNAL AUDIT PROGRAM SCHEDULE – (2026/27 – 2028/29)

Financial Year	Risk Events Addressed	Risk Impact Category	Inherent Risk Rating (more important when prioritising audits) / Risk Register Alignment)	Focus Area	Description (rationale and/or risk drivers)	Suggested Minimum Internal Audit Criteria (Best Practice and Compliance)	Specific References and Legislation
26/27	Under or overpayment of wages	• Financial • Reputation • Compliance	Medium/ Strategic & Operational Risk Registers	**Payroll processing, award interpretation and compliance**	Improper payments carry reputational and financial risks	TBA	Industrial Agreement, Awards.
26/27	Inconsistent handling of community complaints.	• Reputation	Medium/ Strategic & Operational Risk Registers	**Customer Service & Complaints Handling**	Supports customer satisfaction and community trust. To align more with new CEO KPI.	Complaint classification; timeliness; root cause tracking; escalation procedures.	Ombudsman WA Good Practice Guidelines
27/28	Failure to manage contracts effectively and ensure value for money in procurement.	• Financial • Reputation • Compliance	High/ Strategic Risk Register	**Procurement (including fraud)**	Effective procurement is essential for value for money, service delivery, and risk mitigation. Audit will assess contract planning, tendering, and performance monitoring processes.	Compliance with procurement procedures and delegations; contract management; open and accountable tendering; documentation standards; controls for fraud prevention.	Local Government (Functions and General) Regulations 1996; Local Government Act 1995
27/28	Failure to meet community expectations for parks and public spaces.	• Service delivery	Medium/ Operational Risk Register	**Asset Management**	Poor asset management can lead to complaints, injuries and unforeseen costs. Audit scope can be limited to specific assets or maintenance schedules.	Preventative maintenance plans; inspection records; contractor performance; maintenance logs.	Local Government Act 1995; Parks and Reserves Act 1895 (WA)
28/29	Exposure to cyber threats impacting data and business continuity.	• Technology • Operational Compliance	Extreme/ Strategic Risk Register	**Cybersecurity**	Growing threat of cyber incidents requires robust security controls. Audit will assess IT security policies, response plans, access controls and incident readiness. Now largely covered in year-end financial audit.	Information security framework; user access management; business continuity and disaster recovery planning; staff awareness and training.	Australian Cyber Security Centre (ACSC) guidelines; State Records Act 2000

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28/29	Non-compliance with statutory planning and approvals.	• Legal • Compliance	Medium/ Operational Risk Register	**Building and Planning Approvals Compliance**	Procedural compliance audit. Approvals usually tracked in electronic systems.	Development Application process controls; timeliness; public notification; conditions enforcement.	Planning and Development Act 2005; Local Planning Schemes
28/29	Inaccurate or inconsistent application of rating and revenue systems	• Financial • Reputational	High/Strategic Risk Register	**Rates and Revenue Management**	Revenue assurance audit using structured data. Core to Town's financial health	Rate setting procedures; hardship policies; collection processes; reconciliations. To align with possible rating policy under LG Act/ Reg reform.	Local Government Act 1995; Local Government (Financial Management) Regulations 1996