

Internal Audit Progress Update

**ITEM 5.4 30/07/2021
Audit Committee**

Strategic Alignment - Enabling Priorities

Program Contact:
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2021/00982
Public

Approving Officer:
Amanda McIlroy, Chief Operating
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EXECUTIVE SUMMARY

To provide the Audit Committee with a progress update on the Internal Audit program, findings and recommendations.

RECOMMENDATION

THAT THE AUDIT COMMITTEE

1. Notes the Internal Audit Progress Update report.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities The role of the City of Adelaide is to uphold the values of integrity and accountability. To ensure that the Council delivers services to the community as a leader, advocate, and facilitator by maintaining a transparent decision-making process.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	The Internal Audit program provides advice to the Audit Committee on assurance related activities to meet best practice standards.
21/22 Budget Allocation	\$30,000
Proposed 22/23 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
21/22 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

1. The role of Internal Audit is to assist Council, Audit Committee and the Chief Executive Officer in meeting their assurance obligations relating to corporate governance, the system of internal controls and identifying areas for more efficient and effective processes.
2. Pursuant to the Audit Committee's Terms of Reference, approved by Council on 9 February 2021, the Audit Committee shall receive reports on all Internal Audit projects and review and monitor management's responsiveness to the findings and recommendations of the Internal Auditors (currently KPMG) and inhouse advice. At the request of the Audit Committee, full copies of all completed audit reports are included at [Link 1](#).
3. At its meeting 19 June 2020, the City of Adelaide Audit Committee recommended to Council to approve the Internal Audit Plan (the Plan) 2020/2021. The Plan was approved by Council at its meeting on 14 July 2020. The Audit Committee can at all times consider an amendment to the plan in context of operational needs and priorities. The 2020/2021 plan has now been finalised, with the last two reports listed below.
4. A summary of internal audits, strategic reviews and internal investigations for the period April 2021 to July 2021 is provided below:

Completed projects:	Software Asset Management Management of Leave Entitlements
Continuing projects:	-
Projects commenced:	-

5. Recommendations arising from Internal Audit and Strategic Reviews are reported to the Strategic Risk and Internal Audit Group (SRIA). Associate Directors are involved (as required) in the reviews and assist in drafting the management responses, agree on actions, and have overall responsibility of the completion dates.
6. Recommendations, agreed actions, responsibilities and timeframes for implementation are recorded centrally in Council's process mapping software, Promapp. The implementation status of recommendations is tracked and reported to the Audit Committee.
7. As agreed by SRIA, all extension requests for outstanding actions are now to be approved by the CEO. This process will ensure that there is appropriate accountability before a request is granted an extension. This was implemented in June 2021.
8. During the May Audit Committee meeting the Training and Development Internal Audit Report was presented. Members raised questions about the one high finding, "Invalid/expired certification checks" and one medium finding, "Prescribed position assessment register not updated". These 2 findings have been closed and all other actions resulting from that audit are in progress.
9. Since the last Internal Audit Progress Update reported to the Audit Committee at its meeting on 30 April 2021, 19 internal audit recommendations have been completed and 73 recommendations are in progress ([Link 2](#)), as summarised in the table below:

Risk	Definition	Overdue	In Progress	Total
High	Issue represents a control weakness which could have or is having major adverse effect on the ability to achieve project objectives. Requires a detailed plan of action to be put in place within 60 days with an expected resolution date and a substantial improvement within 3-6 months.	0	3	3
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives. Requires a detailed plan of action to be put in place within 90 days with an expected resolution date and a substantial improvement within 6-9 months.	14	13	27

Risk	Definition	Overdue	In Progress	Total
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives. Timeframe for action is subject to competing priorities and cost/benefit analysis, e.g. 9-12 months	18	10	28
	Total	32	26	58
N/A	Improvement Opportunity	8	7	15

DATA AND SUPPORTING INFORMATION

Link 1 – Completed Audit Reports

Link 2 – Progress Summary of Recommendations Report

ATTACHMENTS

Nil

- END OF REPORT -