

Internal Audit Progress Report

Wednesday, 10 May 2023

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

Program Contact:

Alana Martin, Manager
Governance

Public

Approving Officer:

Steve Zaluski - Acting Chief
Operating Officer

EXECUTIVE SUMMARY

This report provides an update of Council's Internal Audit Plan, outlining the findings and recommendations of internal audits completed, and the progress of any agreed actions. The Audit & Risk Committee last received an Internal Audit Progress Report at its meeting in February 2023.

The Internal Audit Plan has been developed in consideration of Council's key strategic risks and critical priorities.

Internal audit is an essential component of a good governance framework. It is a mechanism which enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its functions legally, effectively and efficiently, and to advise how it can improve performance.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as outlined in Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 10 May 2023.
 2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 10 May 2023.
-

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities Internal audit is an essential component of a good governance framework. It enables Council to ensure it is performing its functions legally, effectively and efficiently.
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	Internal Audits produce a range of improvement opportunities related to the area being reviewed, enhancing functions and services and aligning Council processes to best practice standards.
22/23 Budget Allocation	\$70,000
Proposed 23/24 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
22/23 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

Background

1. The role of Internal Audit is to provide independent assurance that Council's risk management, governance and internal control processes are operating effectively.
2. The Audit and Risk Committee (the Committee) receive all Internal Audit projects. The Committee reviews and monitors Council's responsiveness to findings and recommendations of the Internal Auditors (currently KPMG), and in-house advice.

Internal Audit Plan Update

3. The Internal Audit Plan (the Plan) is a risk-based program developed with the Council's Executive and Strategic Risk and Internal Audit Group (SRIA). A status update on the 2022-2023 plan is provided at [Link 1](#).
4. Since the Committee met in February 2023, three internal audits have been completed. These are:
 - 4.1. Asset Inspection Review
 - 4.2. Volunteer Management
 - 4.3. Review of Adelaide Central Market Authority (ACMA) Financial Processes
5. Copies of these reports are provided at [Link 2](#).
6. The following internal audits have been scoped and are in progress, due for completion in May 2023:
 - 6.1. Workforce Planning and Staff Retention
 - 6.2. Cab Charges, Ride Shares and Pool Cars

Internal Audit Actions

7. Recommendations arising from the Internal Audit and Strategic Reviews are reported to SRIA.
8. Recommendations and agreed actions, responsibilities and timeframes for implementation are recorded in Council's process mapping software, Process Manager (formally known as Promapp).
9. The implementation status of recommendations is tracked and reported to the Committee.
10. Any requests for extension of a due date requires the approval of the Chief Executive Officer. This process ensures that there is appropriate accountability before an extension is granted.
11. No extensions have been sought since the Committee met in February 2023.
12. Three internal audit recommendations from previous Audits have been completed since February 2023. Thirty-four recommendations are in progress. The completed recommendations are:
 - 12.1. Planning, Development and Infrastructure Act 2016 Implementation
 - 12.1.1. I00623 Review the team's responsibilities and resourcing requirements and continue to work with State Government on reviewing the new legislation to include clearer mandatory notifications for building compliance
 - 12.2. Fleet Management and Fuel Cards
 - 12.2.1. I00636 In consultation with Infrastructure and Finance and Procurement, investigate the opportunity for Assetic to retain all the relevant information regarding fleet management, including but not limited to:
 - Designated drivers
 - Usage of vehicle (private, commuter or pool)
 - Fuel cards
 - Replacement dates including next review dates
 - Vehicles that are FBT applicable

12.3. Legislative Compliance Review 2022

12.3.1. I00663 It is recommended that consideration be given if the On Street Expiation Review and Withdrawal Operating Guideline should be reviewed on an annual basis. In addition, each review is to be recorded in the 'review history' section of the Operating Guideline and ensure that the current template is used. Update the Operating Guideline in the policy database

13. A summary of the status is shown in the below table, with the complete document able to be accessed via [Link 3](#). No additional actions have become overdue since the previous update to Audit and Risk Committee.

Risk	Definition	Completed	Overdue	In Progress
High	Issues represents a control weakness which could have or is having major adverse effect on the ability to achieve project objectives.	0	4	6
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives.	1	1	14
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	3	1	11
N/A	Improvement Opportunity	1	0	3
	Total	5	6	34

DATA AND SUPPORTING INFORMATION

Link 1 – Internal Audit Plan 2022-2023 status update

Link 2 – Completed Audit Reports

Link 3 – Agreed Actions Progress Report

ATTACHMENTS

Nil

- END OF REPORT -