

# INTERNAL AUDIT PLAN

2023-2024

June 2023

## ACKNOWLEDGEMENT OF COUNTRY

The City of Adelaide acknowledges that we are located on the traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past, present and emerging.

We recognise and respect their cultural heritage, beliefs and relationship with the land. We also extend that respect to visitors of other Aboriginal Language Groups and other First Nations.

## DOCUMENT PROPERTIES

### Contact for enquiries and proposed changes

If you have any questions regarding this document or if you have a suggestion for improvements, please contact:

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## **PURPOSE**

The purpose of this document is to provide the City of Adelaide’s (CoA) Executive and Strategic Risks and Internal Audit (SRIA) members and subsequently the CoA’s Audit and Risk Committee (ARC) a proposed one-year Internal Audit (IA) Plan (plan). The plan has been presented to SRIA for endorsement prior to being submitted to the ARC for final review prior to implementation. The Internal Audit Plan relates to all areas of CoA including the subsidiaries.

A detailed project scope document will be developed prior to the commencement of individual projects. This is not a static document and the IA plan will be reassessed periodically to recognise CoA’s changing risks, controls and internal audit requirements. Regular risk monitoring and communication with Executive and SRIA will be undertaken to keep key stakeholders informed of any potential changes to organisational risks profiles and facilitate the on-going alignment of Internal Audit activities with organisational objectives. IA is reported monthly to SRIA which includes new scopes, outcomes and a report on current or outstanding actions.

## **WHY HAVE AUDITS BEEN SELECTED?**

The intention of the audits detailed in the IA plan are aligned to deliver value within CoA’s context of its values, culture, customer service objective and Strategic Plan. The internal audits have been selected not to enable disciplinary action but rather as genuine opportunities in these areas to deliver value and internal audit will be a mechanism to help improve the likelihood of success.

It is envisaged that these internal audit projects, which are oriented towards opportunities to enhance Council services and the internal organisations services, will assist to contribute to achievement of strategic objectives, improving the risk culture at CoA and overall, assist CoA to deliver a better experience for the people living and working in the City of Adelaide.

The IA Plan for 22/23 includes a number of audits that can be facilitated utilising existing in-house CoA resources. External providers will be utilised for strategic and compliance audits where specialised skills and expertise are required.

Internal audits have been categorised as:

- Operational
- Strategic
- Compliance

Audits are identified to assist in mitigating CoA strategic risks which are outlined in the table below.

## **TYPE OF AUDIT**

<b>Three types of Audits</b>	
<b>Operational</b>	To review the robustness of systems, policies and processes
<b>Strategic</b>	To provide an independent examination of the strategic objective a program, function, operation or the management systems and procedures of council to assess whether the administration is achieving value for money, efficiency and effectiveness
<b>Compliance</b>	To provide comfort that contractual or legislative / regulatory obligations are being met.

## CoA STRATEGIC RISK REGISTER

Strategic risk	Risk description	Opportunity description
Personnel	Failure to attract and retain talented people	Attract and retain great staff that improve the organisational effectiveness of CoA and positively impact the community.
Relationships	Poor relationships with the community, government and private sector	To enhance stakeholder relationships which will assist in better partnerships and outcomes. Continue to build on and enhance relationships with other government bodies to empower partnerships and growth for the state.
Reputation	Negative reputation and public perception of CoA	Becoming an Industry Leader in Local Government. Developing stronger relationships with the community and building trust through proactive messaging and delivery of our customers
Organisational Culture	Poor organisational culture	Continuing to work towards a high performing culture via building strong and inspirational leadership that enables engaged and capable people.
Economic Outlook	Downturn in economic outlook resulting in reduced Council revenue	Increased business attraction to the city. Meeting a number of objectives in Council's Strategic Plan regarding the vibrancy of the city.
Project Delivery	Projects not delivered to quality, time or budget	Effective and efficient projects being undertaken with great community outcomes.
Service Delivery	Poor service delivery to our community	Delivery of Council's services is highly regarded by all customers, internal and external.
Compliance	Non-compliance of Council policies and legislative requirements	Best practice services and processes across all council operations.
Work Health and Safety	Failure to maintain a safe and healthy workplace	A safe and healthy work environment for all workers including staff, volunteers and contractors.
City Emergency	Insufficient emergency management preparation	Council as a community leader in times of crisis and assisting authorities where possible. CoA to continue to be a sector leader and assist with other councils and the LGA in both response and recovery.

Financial Sustainability	Failure to plan for and manage Councils finances.	Long term financial stability which provides an allowance to undertake a number of innovative projects for the community. Meeting the three main measures (1) Operating Surplus, (2) Asset Sustainability Ratio and (3) Net Financial Liabilities. Identifying ways to diversify revenue streams.
Technological	Lack of modern, integrated and secure digital environment.	Enhance City of Adelaide's ability to deliver modern digital services to the organisation and community stakeholders through modern IT technologies that are efficient and safe.
Cyber Security	Exposure or loss resulting from a cyber-attack or data breach.	Enhance City of Adelaide's ability to provide a secure and safe technological environment.
Climate Change	The climate is changing and will continue to change, in ways that will increasingly impact operations, infrastructure, services and the community at large.	That council understands climate risks and integrate climate adaptation and mitigation opportunities across council operations and our partners to create a climate resilient city.

## INTERNAL AUDITS PREVIOUSLY UNDERTAKEN

2022 / 2023	2021 / 2022	2020 / 2021	2019 / 2020
Legislative Compliance	Record Keeping	Legislative Compliance	Legislative Compliance
Record Keeping	PCI Compliance	Record Keeping Audits	Section 7 Statements
PCI Compliance	Post Audit Implementation	PCI Compliance	Employee Travel Expenditure
ACMA Financial Processes	Payroll & Remuneration	Post Audit Implementation Review	Fraud Prevention
Workforce Planning & Staff Retention	North Adelaide Golf Course Financial Processes	Management of Leave Entitlements	Events Sponsorship
Cab Charges / Ride Shares & Pool Cars	Planning Development & Infrastructure Act 2016 Implementation	Employee Gifts and Benefits	Social Media
Asset Inspection	Fleet Management & Fuel Cards	Project Management Review	Park Lands Review
Essential Eight Maturity Model		Software Licence Review	Budget Management
Volunteer Management		Training & Development Internal Processes	

## PROPOSED INTERNAL AUDITS FOR 2023/24

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Grants Management</b>	Reputation High	City Shaping AEDA	Strategic	Provider	July 2023

This internal audit project will focus on the fairness, equity and transparency in relation to the Council's management and administration of grants issued. Consideration will consider governance arrangements, including roles & responsibilities, alignment with strategic objectives as well as overall processes (identification, assessment, prioritisation and selection process, approval) and reporting arrangements in respect of grants.

*This audit will assist in mitigating the Reputation risks as outcomes will ensure that fairness, equity and transparency applies to all grants that are managed through CoA. Reputation is currently rated as a high residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Community Safety</b>	Compliance High	City Shaping	Compliance	In-house	August 2023

The scope of this project will include consideration of the overall community safety framework, including:

- Policy and procedures in relation to community safety
- Overall organisation structure, resources, roles & responsibilities in relation to community safety
- Processes for conducting and recording community safety inspections
- Processes for issuing, appeals and waiving of any regulatory fines in relation to community safety

This audit will also consider the conclusion of the 2023 action plan and what is required for the new action plan.

*This audit will assist in mitigating the Compliance risk and will determine whether appropriate governance structures, policies and processes are in place to ensure Council is meeting its legislative requirements. Compliance is currently rated as a moderate residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Penetration Testing</b>	Cyber Security High	Corporate Services	Compliance	Provider	August 2023

The objective of this testing is to identify weaknesses within the CoA internal network on an ongoing basis. This testing is linked with the PCI Compliance review to be performed in November. This audit is required once a year.

*This audit will assist in mitigating the Compliance risk as the outcomes of the annual audit will ensure that CoA is adhering to the Visa/Mastercard requirements in relation to customer credit card information. Compliance is currently rated as a moderate residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Legislative Compliance</b>	Service Delivery Moderate	All	Compliance	In-house	September 2023

On-going assessment of CoA's legislative compliance work plan, auditing one Act at a time with actions monitored and managed in Promapp. This audit will perform a review of legislation and identify any gaps that CoA is not adhering to, to ensure that compliance is maintained at all times.

*This audit will assist in mitigating the Service Delivery risks as outcomes will ensure compliance with Council's policies and legislative requirements while delivering CoA services to the community. Service Delivery is currently rated as moderate inherent risk and moderate residual risk on Council's Strategic Risk & Opportunity Register.*



Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Project Health Check</b>	Project Delivery High	Corporate Services City Shaping City Services	Strategic	Provider	October 2023

This review will include an assessment of a project's management mechanisms, governance structure, project team roles and responsibilities, and project status reporting mechanisms. This audit will also consider identified metrics in the context of better practice across a range of sectors.

*This audit will assist in mitigating the Project Delivery risk as the outcomes will assist in developing appropriate mechanisms to ensure projects are delivered on time, to quality and budget. Project Delivery is currently rated as a high residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Mercer Review</b>	Organisational Culture High	Corporate Services	Operational	In-house	October 2023

This internal audit will focus on how Mercer reviews are performed to provide confidence and assurance in the process delivered to CoA. This will include assessment panels, review of guidelines and documentation and approvals given.

*This audit will assist in mitigating the Organisational Culture risk as the outcomes of the audit will give assurance to management and staff that reviews are performed in accordance with the guidelines implemented and governance structures in place. Organisational Culture is currently rated as a high residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>PCI Compliance</b>	Compliance Moderate	Corporate Services	Compliance	Provider	November 2023

CoA requires a review of its compliance with the Payment Card Industry Data Security Standard (PCI DSS) and to report on compliance by presenting its acquiring bank with a completed Self-Assessment Questionnaire (SAQ). The internal audit will provide CoA with an understanding of the level of PCI DSS compliance associated with the payment processing facilities, and to provide guidance in areas of required remediation following the assessment. The audit is required once a year.

*This audit will assist in mitigating the Compliance risk as the outcomes of the annual audit will ensure that CoA is adhering to the Visa/Mastercard requirements in relation to customer credit card information. Compliance is currently rated as a moderate residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Post Implementation Review</b>	Compliance Moderate	All	Compliance	In-house	December 2023

This internal audit will focus on previous audits and how effectively controls have been managed and implemented. This will provide a level of comfort to Executive and identify any gaps and/or delay in the implementation of controls.

*This audit will assist in mitigating the Compliance risks as the outcomes of the review will confirm that previous actions have been implemented and managed effectively. Compliance is currently rated as a moderate residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Lease Management</b>	Relationships High	City Services City Shaping	Compliance	In-house	February 2024

This internal audit will include assessment of the following:

- Processes in place in relation to lease management including entering into the leases, managing ongoing lease arrangements (annual reviews, site inspections, consideration of any sub-lease arrangements), as well as processes in relation to lease terminations (as applicable)
- Review of transitioning of tenants onto new leases in line with the leasing policy
- Assessment of governance structures to facilitate fair and equitable decision-making for tenants

The audit will cover all aspects of leasing, including community, commercial leases and leases held within subsidiaries.

*This audit will assist in mitigating the Relationships risk as outcomes of the review will ensure appropriate practices and processes are in place in the management of leases, governance structures in order to facilitate fair and equitable decision-making for tenants. Relationships is currently rated as a high residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Data Protection and Privacy</b>	Cyber Security High	All	Compliance	Provider	February 2024

This review will assess the design of the Council's process for compliance with relevant privacy legislation and testing the operating effectiveness of key controls such as data management, data storage, privacy breach response and management. This will include an assessment to contemporary best practice. This will include the way sensitive information is stored, retained and deleted if no longer required (including CoA staff and customer information).

*This audit will assist in mitigating the Cyber Security risks as outcomes will provide assurance to data protection of sensitive information and how it is stored at CoA. Cyber Security is currently rated as a high residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
<b>Contract Management</b>	Financial Sustainability High	Corporate Services	Strategic	Provider	April 2024

Assessment of the contract management process currently in place within Council. This will include assessing it against contemporary, yet fit-for-purpose better practices and testing operating effectiveness of key controls across contract management, including:

- Appointment of contractors
- Management of contractors
- Management of risks including third party risks and high risks contracts
- Compliance checks to be signed contracts and approval of variations
- Compliance of contractors with the Council's policies and procedures

This audit will also include a deep dive review for a sample of agreed Council contractors to assess the value of money outcomes of the contract. In selecting a targeted sample, consideration will be given to the overall expenditure of the services provided by the contract, contracts with higher potential for incorrect charges, service levels and performance. It will also review whether there is a consistent approach across all contracts.

*This audit will assist in mitigating the Financial Sustainability risk as outcomes will ensure that CoA is providing a consistent approach to all contracts through managing the contract and achieving value of money. Financial Sustainability is currently rated as a high residual risk on Council's Strategic Risk & Opportunity Register.*

Name of Audit	Strategic Risk / Residual Risk Rating	Portfolio	Type of Audit	In-house/ provider	Commencement Date
Record Keeping Audits	Compliance Moderate	Corporate Services	Compliance	In-house	May 2024

This internal audit is a recommendation by the ICAC Commissioner on an annual basis and a random check on recordkeeping by sampling a selection of staff from each portfolio will be performed. This audit will be developed and facilitated in conjunction with Information Management as per requirements in the Record Keeping Operating Guideline.

*This audit will assist in mitigating the Compliance risk as outcomes will ensure that CoA employees are adhering to the Records Management Operating Guideline and the State Records Act 1997. Compliance is currently rated as moderate inherent risk and moderate residual risk on Council's Strategic Risk & Opportunity Register.*