

# Internal Audit Progress Report

**Friday, 4 August 2023**  
Audit and Risk Committee

Strategic Alignment - Enabling Priorities

**Program Contact:**  
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Public

**Approving Officer:**  
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## 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 and Risk Committee last received an Internal Audit Progress Report at its meeting in May 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.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as outlined in Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 4 August 2023.
  2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 4 August 2023.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Enabling Priorities</b> 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 suggest a range of improvement opportunities related to the area being reviewed, enhancing functions and services and aligning Council processes to best practice standards.
23/24 Budget Allocation	\$70,000
Proposed 24/25 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

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# DISCUSSION

## Background

1. The role of the Internal Audit is to provide independent assurance that the 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 Auditor (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](#). A status update on the 2023-2024 plan is provided at [Link 2](#).
4. Since the Committee met in May 2023, one internal audit review has been completed by KPMG:
  - 4.1. Workforce Planning and Staff Retention
5. Copies of this report is provided at [Link 3](#).
6. The following internal audits have been scoped and are in progress due for completion in September:
  - 6.1. Grants Management
  - 6.2. Community Safety
  - 6.3. Penetration testing (cyber security)

## 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 and management software, Promapp.
9. The implementation status of recommendations is tracked and reported to 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. Two extensions were sought and approved by the Chief Executive Officer since the Committee met in May 2023:
  - 11.1. Planning, Development and Infrastructure Act 2016 Implementation
    - 11.1.1. I00620 Develop a building notification guideline – the building inspection guidance document has been created and this notification guideline will support this document. Due to the challenges with resourcing of the Building Compliance team over the last ten months, including a long-term absence, the team has been unable to develop the comprehensive standard operating procedure to address the actions.
    - 11.1.2. I00621 Develop a supporting guide to ensure accurate recording of inspections information in the PlanSA system – this guideline will provide a high-level direction to staff for an order of priority for inspection to support the legislative requirements of the PDI Act, the achievement of appropriate safety standards, preservation of heritage listed buildings and the amenity of the public realm. Due to the challenges with resourcing of the Building Compliance team over the last ten months, including a long-term absence, the team has been unable to develop the comprehensive standard operating procedure to address the actions.
12. Nine internal audit recommendations from previous Audits have been completed since May 2023. Thirty-one recommendations are in progress. The completed recommendations are:
  - 12.1. Record Keeping
    - 12.1.1. I00656 – To ensure correct record keeping of relevant documentation for project management is maintained:
      - Creation of process maps, comprehensive roles and responsibilities and governance working guide.
      - Communicate with Project Managers the importance of retaining all records.
      - Create naming conventions.

- Implement the 'health check' as an annual process.
- The utilisation of PowerBI tool.
- Mini audits on Project Management framework.

## 12.2. PCI DSS Gap Assessment

12.2.1. I00665 – Ensure vulnerability scans are being performed for each quarter.

## 12.3. Volunteer Management

12.3.1. I00673 – Document all relevant processes in Council's process management system Promapp.

12.3.2. I00674 – Train and educate Volunteer Supervisors to take on additional responsibilities for when the Volunteer Coordinator is on leave and provide the supervisors with the necessary tools to complete such tasks.

12.3.3. I00677 – Provide ongoing formal training sessions throughout the year for Volunteer Supervisors.

12.3.4. I00678 – To create a volunteer management Oscar page and ensure that this is available to all Volunteer Supervisors to be utilised as a reference tool.

## 12.4. Asset Inspection

12.4.1. I00685 – Ensure the closure of open work orders are completed in a timely manner and ensure work orders are assigned on a criticality criterion to further aid the decision-making process.

## 12.5. Review of Adelaide Central Market Financial Processes

12.5.1. I00686 – Ensure policies and procedures are shared with all areas of the City of Adelaide including subsidiaries. Provide Adelaide Central Markets with the current relevant policies and operating guidelines.

## 12.6. Payroll Operations

12.6.1. I00658 – Management to segregate the role of user access administration from those users who have elevated super user access and payment authorisation in the banking provider.

13. A summary of the status is shown in the below table, with the complete document able to be accessed via [Link 4](#). Three additional actions have become overdue since the previous update to Audit and Risk Committee.

Risk	Definition	Overdue	In Progress	
High	Issue represents a control weakness which could have or is having major adverse effect on the ability to achieve project objectives.	4	2	<b>6</b>
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives.	2	11	<b>13</b>
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	3	7	<b>10</b>
N/A	Improvement Opportunity	0	2	<b>2</b>
	<b>Total</b>	9	22	<b>31</b>

## DATA AND SUPPORTING INFORMATION

Link 1 – Internal Audit Plan 2022 – 2023 Status Update

Link 2 – Internal Audit Plan 2023 – 2024 Status Update

Link 3 – Completed Audit Reports

Link 4 – Agreed Actions Progress Report

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## ATTACHMENTS

Nil

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