

Grants Management Internal Audit

Friday, 10 November 2023

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

Program Contact:

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Public

Approving Officer:

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EXECUTIVE SUMMARY

In accordance with the 2023-24 Internal Audit Plan for the City of Adelaide (CoA) an internal audit on the review of grant management arrangements and processes for the CoA was performed.

The internal audit identified one high, one moderate and two low risk rated findings, with four process improvement opportunities.

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 the 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 to advise how it can improve performance.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 10 November 2023.
2. Endorses the responses of the Administration to the Grants Management Internal Audit Report as outlined in Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 10 November 2023.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities Internal audit is an essential component of good governance framework. It enables Council to ensure it is performing its function legally, effectively and efficiently.
Policy	Develop and embed an overarching grant policy.
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	Not as a result of this report.
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.
23/24 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 Grants Management Internal Audit was performed by KPMG, in accordance with the 2023 – 24 Internal Audit Plan.

Report

2. This audit aligns with CoA's Strategic Risk – Reputation: Negative reputation and public perception of Council.
3. The CoA provides a variety of grant programs to local individuals, community groups and organisations. There are currently several funding programs across Council and the grants are managed in a decentralised manner across the various programs. Each grant program has a Grants Officer who is responsible for the administration of the program including the end-to-end process from receiving the application, to initial assessment and oversight of acquittals.
4. Each program has internal guidelines outlining the eligibility criteria and provides guidance in the assessment and approval process of grant applications. In addition, external guidelines have been developed to provide guidance to the applicant on the assessment criteria and process. In addition, each grant program has established a panel to evaluate the applications for all major rounds. The panel members are essentially internal staff, and some grant programs include external assessors.
5. The objective of the Grants Management Internal Audit included the following:
 - 5.1. Review of the CoA's grant management governance arrangements, including roles and responsibilities in alignment with strategic objectives
 - 5.2. Review of end-to-end grant management processes in place, including identification, assessment, prioritisation and selection process, evaluation, approval and reporting arrangements.
6. The findings of the internal audit are indexed into the following risk ratings:

Finding	Risk Rating
Lack of consistent approach to the management of grants across the CoA	High
Limited strategic processes in place to assess the overall grant program adequacy	Moderate
Inconsistencies in grant reporting	Low
Review of approval pathway	Low
Defining a grant	Process Improvement Opportunity
Opportunity to debrief Elected Members of the annual grant management procedure	Process Improvement Opportunity
Opportunity to implement guidelines on panel compositions	Process Improvement Opportunity
Opportunity to revisit eligibility criteria to avoid duplication	Process Improvement Opportunity

7. Management have considered the findings and provided actions and time frames to address these findings.

ATTACHMENTS

Attachment A – Grants Management Internal Audit