



Grant Management

Internal Audit Report
City of Adelaide

October 2023



Acknowledgement of Country

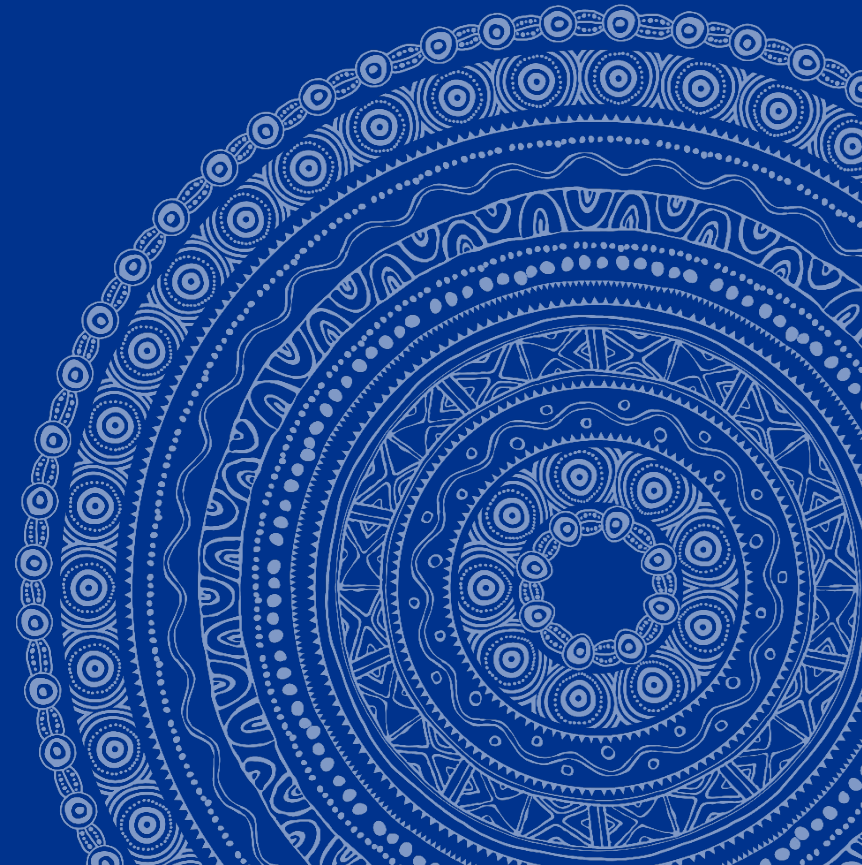
KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

Guided by our purpose to 'Inspire Confidence. Empower Change', we are committed to placing truth-telling, self-determination and cultural safety at the centre of our approach. Driven by our commitment to achieving this, KPMG has implemented mandatory cultural awareness training for all staff as well as our Indigenous Peoples Policy. This sincere and sustained commitment has led to our 2021-2025 Reconciliation Action Plan being acknowledged by Reconciliation Australia as 'Elevate' – our third RAP to receive this highest level of recognition. We continually push ourselves to be more courageous in our actions particularly in advocating for the Uluru Statement from the Heart.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.



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Executive Summary

In accordance with the 2023 Internal Audit Plan for the City of Adelaide (CoA), an internal audit focussing on management of grants was performed. Noting that no external consultations were conducted as part of this internal audit the objective, the scope and approach for this project are outlined below.

Objective

The overall objectives of the internal audit included the following:

- Review of the CoA's grant management governance arrangements, including roles and responsibilities and alignment with strategic objectives.
- Review of the end-to-end grant management processes in place, including identification, assessment, prioritisation and selection process, evaluation process, approval, and reporting arrangements.

Scope


The scope of the internal audit considered the following areas:


- The relevant roles and responsibilities relating to the governance of grants at the CoA, including the role of the Adelaide Economic Development Agency (AEDA).
- Review of documented policies, procedures, and guidelines relevant to the internal grant management process.
- The adequacy and effectiveness of grant management internal controls.
- Completeness and transparency of the processes in place to manage the awarding of grants.
- Examination of the effective and consistent use of supporting grant management processes and systems, including those used to review grant applications, select successful applications, and communicate outcomes to applicants.
- Review of the grant acquittal process.
- Adequacy of monitoring and reporting in relation to grants awarded by the CoA.
- Review of the effective implementation of recommendations from the FY20 Events Sponsorships Internal Audit Report, for all risk rated findings.


Positive Observations

Over the last two years, a number of initiatives have been completed to improve grant management across the CoA. A number of positive observations were identified during the course of this internal audit and are summarised below:

 **Investment in new system capability** | The CoA has invested in a new grant management system, 'SmartyGrants' to improve the overall efficiency and effectiveness of grants management processes across Council, including automating workflows.

 **Application support** | The CoA offers support to applicants who require assistance in submitting funding applications and/or completing required documentation through Grant Coordinators and Case Managers.

 **Continuous improvement** | Stakeholder efforts to continuously improve the grant management process were observed. This included annual surveys which seek application process experience from applicants, both successful and unsuccessful. Further, the CoA also gains feedback and insights from successful applicants at the time of acquittals.

 **Robust Internal Control Environment** | Through detailed testing of the CoA's grant program no instances of non-compliance with the CoA's grant procedures were identified. Further, for AEDA associated programs, robust conflict of interest procedures were observed.

Key Findings and Recommendations

Overall, whilst recognising a number of initiatives have been completed to improve grant management across the CoA, greater rigor and formalisation is required to support a consistent approach to the management of grants across the CoA.

The findings and performance improvement opportunities (PIO) identified during this internal audit are illustrated in the summary below. A list of the findings identified, and the recommendations made are included in this report. The findings and recommendations were discussed with the CoA Management.

The detailed Classification of Internal Audit Findings are included in Appendix 4.



Background

Grant Profile

The CoA provides a wide variety of grant programs to local individuals and organisations.

Currently, the CoA has several funding programs. This review has considered six (6) funding programs, including the Events and Festivals Sponsorship Program. In FY23, the total budget for these programs was approximately **\$3.49m**.

Grant Governance

Grants at the CoA are managed in a decentralised manner across the various grant programs. Each grant program has a Grants Officer who is responsible for the administration of the program including the oversight of applications, initial assessment of applications under the program eligibility, and perform acquittals post-completion of grants.

Each program has internal guidelines outlining the eligibility criteria, defining roles & responsibilities and provides guidance in the assessment and approval process. Additionally, the CoA has also developed external guidelines for each funding program. These guidelines provide guidance to applicants on how applications will be assessed and the assessment criteria.

The CoA has also established a Panel to evaluate applications under each funding program for all major rounds of the programs. Stakeholders from several CoA departments, such as City Experience, Community Impact, Sustainability, and Sponsorships make up the Panel. Additionally, some programs have external assessors in the Panel.

Adelaide Economic Development Agency (AEDA)

The AEDA was established in October 2020 as a Section 42 Subsidiary of the CoA under the Local Government Act 1999. AEDA commenced operating in January 2021, with the primary objectives to:

- Attract visitors, students, businesses, and residents to the city.
- Provide incentives and positive experiences so people stay longer, potentially reside in the city and return more frequently.
- Stimulate economic growth by providing more reasons to spend in the city.
- Support new and existing businesses and industries to grow and create jobs.

Funding provided by the AEDA was considered as part of this internal audit.

Grant Life-Cycle

The key high-level processes undertaken across all funding programs at the CoA are summarised below:



Planning: Key strategic documentation and plans (i.e., Strategic Plan) are used to create Grant Guidelines. The Guidelines communicate the purpose and eligibility criteria for each grant program and are released on the CoA website with key dates and contacts. Any changes to Grant Guidelines require Council review and approval.



Application and Assessment: Grant applicants submit their application through SmartyGrants, which contains specific questioning aligned to the Grant Guidelines. The Grants Officer for each program will undertake a pre-eligibility assessment of each application to ensure all applicants are eligible for the program.



Monitoring and Reporting: Following assessments, successful applicants are selected and a report is submitted to the Council, seeking approval for the granting of monies. Both successful and unsuccessful applicants are sent standardised emails through SmartyGrants, advising the outcome of their application.



Acquittals: Grants Officers are notified of the completion of grant activities, at which point a final acquittal is provided by the grantee with substantiating documentation. Any grants which have not completed their activities are required to return grant monies and are ineligible for future funding.

Funding Programs selected for sample testing

A selection of funding rounds across the 2022-2023 Financial Year from each grant program, were selected for testing. The selected funding programs are listed below:

Program	Funding Round	Total Budget
Community Impact	Community Impact Round 1	\$180,000
City Experience	Christmas Incentive Scheme	\$196,000
Heritage	Heritage Incentive Scheme	\$1,162,350
Arts & Culture	Artistic Development	\$22,000
Sustainability	Sustainability Incentives Scheme	\$225,500
AEDA	Events and Festivals Sponsorships	\$1,703,000

Internal Audit Findings

Internal Audit identified one (1) high risk-rated, one (1) moderate risk-rated findings, two (2) low risk-rated finding and four (4) performance improvement opportunities (PIO). The details of the findings are provided in the 'Detailed Findings' section of this report. These findings have been individually rated as follows:



Rating	Ref #	Description
High	F1	Lack of a consistent approach to the management of grants across the CoA
Moderate	F2	Limited strategic processes in place to assess the overall grant program adequacy
Low	F3	Inconsistencies in grant reporting
Low	F4	Review of approval pathways
PIO	PIO1	Defining a grant
PIO	PIO2	Opportunity to debrief Elected Members of the annual grant management procedures
PIO	PIO3	Opportunity to implement guidelines on panel compositions
PIO	PIO4	Opportunity to update grant policy for previous grant recipients

**Finding 1 – Lack of a consistent approach to the management of grants across the CoA****Finding(s):**

Inconsistencies and gaps were identified in the management of grants across the CoA.

The CoA manages grants through a decentralised model, where individual programs are managed by individual teams. Each team is also supported by a Grants Officer assigned to each specific program. A Grant Coordinator assists the individual teams with the use of SmartyGrants, a grant management system, and facilitates quarterly meetings with Grant Officers from across the CoA.

Currently, there is a lack of an overarching policy to support the consistent management of grants across the CoA. It is acknowledged that recent improvements have been made with the introduction of the SmartyGrants system.

From stakeholder consultation and documentation review the following examples of inconsistencies in the management of grants across the CoA were noted:

- a. Operating Guidelines:** At a minimum, all grant programs have public-facing guidelines. However, of the six (6) programs reviewed, Sustainability did not have internal operating guidelines. It was advised that this is in progress. It is also noted that Arts & Culture had an additional 'Roles & Responsibility' document, which detailed day-to-day grant management processes.
- b. Approval Processes:** Different levels of approvals are required across the CoA prior to awarding of grant funds. For example, there are two (2) Quick Response Grant Programs across the CoA within the Arts & Culture and Community Impact areas. However, different levels of approval are required between these two areas. This includes Associate Director level approvals required for Arts & Culture and Manager level required for the Community Impact. In addition, sustainability seeks approval at Associate Director level. However, these approvals are well below the CoA's current financial delegation requirements which allows the CEO to approve up to \$2 million and Associate Directors up to \$250,000. It is also noted that AEDA funding programs require approvals from both the AEDA Board and the CoA Council for Events & Festivals Sponsorships Programs. See Finding 4 for further details.
- c. Application process:** Through stakeholder consultations, it was advised that the length of the application for major rounds is the same whether it is for a higher monetary value or lower. Further, the application forms do not have consistent wording, when asking the same question, for example, when seeking eligibility checks and details in relation to the project outcomes.

Finding continues on following page

Recommendation(s):

1. It is recommended that the CoA develop and embed an overarching grant policy, with consideration given to the following:
 - a. Consistent use of internal and external operating guidelines across the CoA which are reviewed in alignment with the new Strategic Plans, i.e., every four (4) years.
 - b. Streamlining and aligning approval pathways of budgeted grant monies. See Finding 4.
 - c. Where appropriate, messaging and questions between application forms should be consistent.
 - d. Annual feedback via surveys from all successful and unsuccessful applicants across all funding programs.
 - e. Through the SmartyGrants Working Group, lessons learned from the use of SmartyGrants to be shared across key processes, such as variations.
 - f. Reporting requirements be defined consistently across the CoA's grants. See Finding 3.

High**Agreed Management Actions**

On 7 November 2023 at the City Community Services and Culture Committee, a Grants Workshop will be held which will seek advice from Council on the direction of grants going forward. The workshop will reference the internal audit (as outlined in the report), its recommendation for consistency in the management of funding programs across CoA and for an overarching policy.

Responsibility: Associate Director City Culture

Target Date: 30 April 2024

**Finding 1 – Lack of a consistent approach to the management of grants across CoA****High****Finding(s)****Recommendations****Agreed Management Actions***Finding continued from previous page*

- d. Gathering of feedback:** All grant programs use acquittals to obtain feedback from successful applicants. However, it was observed that Community Impact and Arts & Culture also send annual surveys to successful and unsuccessful applicants on their experience.
- e. Use of Smarty Grants features:** The CoA uses SmartyGrants to manage grants, including to capture applicant information, assessments, approvals, and acquittals. However, each program utilises separate features of SmartyGrants. For instance, one (1) out of six (6) programs reviewed uses a variations form within SmartyGrants to track variations within the program.
- f. Reporting:** An inconsistent level of reporting internally and externally on the performance of the grant programs was identified. This is further discussed in Finding 3.

A table summarising the various processes to manage grants across the CoA has been included in **Appendix 2**.

Risk(s):

There is a risk that:

- Inconsistent management of grants leads to a risk of non-compliance across the organisation.
- Variations in grant administration procedures could put the CoA's reputation at risk, which would lower grantee satisfaction.
- There is a risk of duplication of work by teams, which minimises efficiency and effectiveness of the resources involved.

Finding 2 – Limited strategic processes in place to assess the overall grant program adequacy**Finding(s):**

Through the audit there was limited evidence that the CoA’s overall grant program is assessed in line with the CoA’s Strategic Plan, or that it is meeting community needs and expectations at a ‘whole of program’ level.

The review considered six (6) grant programs with a total budget of approximately \$6.65m in funding per annum. This includes AEDA funded sponsorships with a total budget of \$1.70m allocated for the Events and Festivals Sponsorships Program in FY23-24.

The CoA currently undertakes various activities within individual grant programs (e.g., Sustainability, Arts & Culture, and Community Impact). This includes ad hoc annual reviews of grant programs and guidelines, occasional surveys, and reports to the Council for specific programs. For instance, the Community Impact program was reviewed post Covid and the recommendations to update the program were provided to the Council and implemented post-approval.

Besides these strategic reviews for individual grant programs, gaps were identified in processes in place to assess the overall grant program of the CoA, including for evaluating the following items:

- Whether the current structure of grant programs adequately serve the needs of the community. A whole of program review has not recently been conducted to consider the number of grants, ease of use for applicants and effectiveness of outcomes to meet the CoA’s strategic objectives.
- Whether the current organisational structure for managing grants at the CoA provides sufficient support both internally and to the community. Currently, the CoA manages grants through a decentralised model, where individual programs are managed by individual teams. A Grants Coordinator assists these teams in the use of the Smarty Grants system. Internal Audit noted that there has not been detailed consideration as to whether this is the most efficient and appropriate method to manage grants at the CoA.

The current update of the CoA’s Strategic Plan presents an opportunity to conduct a holistic grant program review to consider alignment with the new Plan. This review should also consider the overall funding issued and approved by AEDA, and the alignment of the funding programs to the remit and strategic objectives of both the CoA and AEDA.

Risk(s):

Where limited processes are in place to periodically review the adequacy of the total grant program, there is the risk that:

- The CoA does not have sufficient information to make changes or observe the results of changes to grant programs, resulting in a disconnect with community sentiments.
- As new grant programs are introduced, existing staff resources are unable to provide sufficient support.

Recommendation(s):

It is recommended the CoA implement formalised procedures for periodically reviewing the total grant program of the CoA. This should include consideration of:

- Community needs and expectations.
- If the programs and funding allocations offered are sufficient.
- The organisational structure to manage grants.

Moderate**Agreed Management Actions**

Currently, there are procedures in place, however these will be reviewed to consider:

- Community needs and expectations
- Funding allocations offered are sufficient
- Organisational structure to manage grants.

Each grant program will ensure procedures are reviewed and updated in promapp, linking these back to internal controls, with the assistance of the Risk & Audit Analyst in Governance.

Responsibility:

- Associate Director City Culture
- Associate Director Park Lands, Policy & Sustainability
- Managing Director AEDA

Target Date: 31 December 2024



Finding 3 – Inconsistencies in grant reporting

Finding(s)

The CoA does not have a formalised procedure in place to report on the grant programs and the associated results.

It was evidenced that the details on the current status of grant applications and grants being managed are provided to the Management and Council on an ad hoc basis. Currently, the following reporting activities are performed across the CoA:

- E-news is used by Arts & Culture, City Experience, Community Impact, and AEDA to annually inform the Elected Members of the grant program activities.
- AEDA also provides quarterly updates as part of the CoA Strategic Plan and AEDA Business Plan reporting processes.
- Formal reporting is conducted over the recommended grant applications for all the CoA programs to Council. Additionally, the report includes the overall status of the program.
- A summary of the budget spending is reported to the Council annually for Heritage Incentive Scheme.
- A monthly report is provided to the Associate Director of Park Lands, Policy, and Sustainability for the Sustainability Incentive Scheme.

It is observed that while all Grant Officers of the CoA grant programs report to Council annually when approvals of the recommended applicants are requested, there are inconsistencies in reporting pathways across the grant programs to perform e-news and dashboard reporting.

Risk(s):

This may expose the CoA to the following risks:

- Lack of transparency and understanding by Council on the benefits of the grant programs.
- Lack of adequate reporting could cause difficulty in assessing the objectives of grants and improve grant policies and guidelines.

Recommendations

Internal Audit recommends that the CoA develop a consolidated reporting structure, to keep the Council and ELT regularly informed of the grant activities. This should include:

- Implementing e-news and dashboard reporting for all grant programs.
- Defining the reporting frequency, format and key metrics to be provided to the Elected Members.

Low

Agreed Management Actions

1. The following actions will be taken by the CoA:
 - On 7 November 2023 at the City Community Services and Culture Committee, a Grants Workshop will be held which will seek advice from Council on the direction of grants going forward.
 - The workshop will reference the internal audit, its recommendation for consistency in reporting on funding programs across CoA and for an overarching policy, including e-news, dashboard reporting and report frequency, format and key metrics.

Responsibility: Associate Director City Culture

Target Date: 30 April 2024

Finding 4 – Review of approval pathways**Finding(s)**

The approval pathways of the CoA grant programs are not aligned to the current Delegation of Authority (DoA) and inconsistencies are noted across AEDA funded programs.

CoA Approval Process

Currently, the following approval of the CoA funding recommendations are in place:

- Quick Response Grants (<\$2k) – approved by the Associate Director
- Major Rounds (between \$2k to \$10k) – approved by the CEO via a memo
- Major Rounds (>\$10k) – approved by the Council.

However, the DoA allows Associate Directors to approve up to \$250,000 and the CEO to approve up to \$2m.

AEDA Approval Process

For AEDA administered funding programs there are different approval pathways for different programs depending on historical practice, requirements for time-critical applications and the value of the funding allocation.

Currently, the following approval pathways are in place for AEDA programs:

- Mainstreet Funding Program - Approval sits at an Executive Manager Level where they must be satisfied that the acquittal process and application requirements have been addressed.
- Strategic Partnership Program - Applications are assessed by a panel with recommendations made to the AEDA Managing Director and approval granted by the AEDA Board.
- Events and Festivals Sponsorships include the following approval process:
 1. Assessments are undertaken by AEDA and CoA staff
 2. Applications are considered by an Advisory Panel made up of key representatives from both AEDA and the CoA
 3. Reviewed and approved by the Executive Manager of AEDA
 4. Reviewed and endorsed by the Managing Director of AEDA and AEDA Board
 5. Council provides final sign-off.

Risk(s):

- There is a risk of duplication of effort, and inefficient use of resources.
- Different approval process may create confusion and a poor customer experience for AEDA and CoA grant applicants.

Recommendation(s)

1. It is recommended that the CoA consider streamlining approval processes for all CoA grant programs with consideration of the current DoA.
2. Further, there is an opportunity to streamline AEDA related grants to operate within the delegated authority of the AEDA Board where deemed appropriate.

Low**Agreed Management Actions**

The review of an overarching grants program is currently being formed into a workshop to go to Council later this year. This process will include an annual survey of all grant applicants across the CoA. This process will ideally occur each 4 years with the new Strategic Plan and can be written into the Grants Policy. Additionally the following actions will be taken by the CoA:

1. The Operating Guidelines under each grant program will be reviewed and updated to streamline the approval process as outlined in the audit findings for Sustainability (currently under review), Arts & Culture, Community Impact, City Experience, AEDA and Heritage.
2. The process and responsibilities for the approval of AEDA managed funding will be considered as part of the AEDA review implementation process.

Responsibility:

1. a) Associate Director City Culture
b) Managing Director AEDA
c) Associate Director Park Lands, Policy & Sustainability
2. Managing Director AEDA

Target Date:

1. 31 May 2024
2. 31 December 2024

**PIO 1 – Defining a grant****PIO(s)**

There are a number of different funding programs in operation at the CoA which include, for example, Community Impact Grants, Events Sponsorship, and Heritage Incentives.

However, through stakeholder consultation, a clear definition of each funding program (grant, sponsorship, and incentives) was not consistently understood across the CoA.

Recommendation(s)

It is recommended that the CoA clearly define the different funding programs (i.e., grants, sponsorships, and incentives) in the overarching grant policy. See Finding 1.

PIO**Agreed Management Actions**

On 7 November 2023 at the City Community Services and Culture Committee, a Grants Workshop will be held which will seek advice from Council on the direction of grants going forward. The workshop will address definition of grants and funding programs delivered by CoA. This will be defined in this Policy.

Responsibility: Associate Director City Culture

Target Date: 30 April 2024

PIO 2 – Opportunity to debrief Elected Members of the annual grant management procedures**PIO(s)**

Elected Members play a key role as the final approvers of Council grants over \$10k.

Annually, all CoA grant program (i.e., Arts & Culture, Sustainability, Community Impact, etc.) report to Elected Members on the recommended and not recommended applications. However, it is understood that there is an opportunity to further communicate the grant selection process undertaken to provide additional assurance to Elected Members of the rigour of the processes undertaken.

As noted in PIO 1, the AEDA Board is directly involved in the approval of several funding recommendations and the approval of criteria. However, it would be prudent for AEDA to consider how it regularly reports to Council on the outcomes of funding programs, therefore, this recommendation is specific to CoA approved grants.

Recommendation(s)

It is recommended that the CoA consider further opportunities to inform Elected Members as part of the assessment process to provide greater visibility of assessment decisions as they are made.

PIO**Agreed Management Actions**

Organisations receiving funding through AEDA will be communicated to Council members via e-news and included in quarterly subsidiary reports to Council.

Responsibility: Managing Director AEDA

Target Date: 31 December 2023

**PIO 3 – Opportunity to implement guidelines on panel compositions****PIO(s)**

Several funding programs (including Community Impact and AEDA) at the CoA use an evaluation panel to assess and evaluate applications for major grant funding rounds. These committees perform a critical function to ensure a robust and consistent process is in place to evaluate each grant application.

Formal guidance is not in place however to ensure an independent member is included on the composition for these evaluation committee. It is further noted each funding program has varied and changing panel members to assess different grant rounds.

Going forward, there is an opportunity for the CoA to update the operating guidelines to ensure independent representation on the evaluation committee. This would help to further bolster the probity and independence process during the grant evaluation and award process and integrate further subject matter expertise into the evaluation process.

Recommendation(s)

It is recommended the CoA consider:

1. Inclusion of guidelines on the use of panels and panel member composition, including an independent member representation, be updated in the overarching grant policy. See Finding 1.

PIO**Agreed Management Actions**

On 7 November 2023 at the City Community Services and Culture Committee, a Grants Workshop will be held which will seek advice from Council on the direction of grants going forward. The workshop will reference the internal audit, and its recommendation for an overarching policy, with consideration to the use of panels, and panel member composition.

Responsibility: Associate Director City Culture

Target Date: 30 April 2024

PIO 4 – Opportunity to update grant policy for previous grant recipients**PIO(s)**

Through our review of grant data and high-level review of composition of funding recipients, it was identified that out of 365 recipients in 2022/23 across different funding programs, 8 recipients were awarded funds more than once in the same funding round and 14 recipients were awarded funds from several different funding programs. Noting however, this was predominantly for different projects.

It was observed that the applicants who have not been acquitted for a previously awarded fund are automatically deemed as ineligible by SmartyGrants. However, under the CoA 's current Grant Policy formal guidance is not stated which prohibits applicants being ineligible to be awarded for more than one program in a financial year.

Going forward it would be recommended that the CoA consider opportunities to update this policy area in line with community sentiments and Elected Member feedback. This could include an opportunity to holistically review and consider if the recipient has already been awarded any CoA funding in the financial year utilising the SmartyGrant system.

Recommendation(s)

It is recommended that the CoA consider if the current policy is to be updated for consideration of the awarding of multiple grants to the same organisation in a financial year. This could consider:

1. Updating the grant guidelines to consider the awarding of multiple funds to a single recipient, including from different funding programs.
2. As part of the assessment process, consider if the recipient has already received CoA funding in the financial year. This could include annually tracking the awarding of funds to recipients.

PIO**Agreed Management Actions**

On 7 November 2023 at the City Community Services and Culture Committee, a Grants Workshop will be held which will seek advice from Council on the direction of grants going forward. The workshop will reference the internal audit, and its recommendation for an overarching policy, with consideration to the awarding of multiple same grants to the same recipients.

Responsibility: Associate Director City Culture

Target Date: 30 April 2024

Appendices

Appendices

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Appendix 1 – Status of FY20 Audit Actions

In line with the scope of the Internal Audit, the status of the FY20 Events Funding risk-rated findings were assessed.

Ref.	Findings	Recommendations	Actions agreed	Internal Audit – Current Status Comments
1	<p>Inconsistency between systems used to manage funding programs across the CoA. Rating (Medium).</p> <p>The CoA provides funding through various programs including grants, incentives and events and festivals sponsorship. The grants and incentives programs also include various categories such as major, minor and quick response grants within individual programs.</p> <p>During our review, it was identified that the end-to-end funding process is managed through inconsistent systems and depending on the type of funding program. As a result, visibility across each program is decentralised and is required to be collated from multiple different sources.</p> <p>Through stakeholder discussions it was advised that this inconsistency has been addressed as part of the Grant, Sponsorship and Incentives Management Business Case to implement a new grants management system that will centrally manage all funding programs across the CoA.</p>	<p>With the introduction of a new grants management system, the CoA should utilise the system to atomise workflows and develop:</p> <ol style="list-style-type: none"> 1. A tailored application form with consistent questions (where applicable) for all funding programs. This form should be scalable based on the program and its priorities ensure a consistent customer experience when applying for funding. 2. A centralised register to record the status of all applicants and their applications such as a prior performance and funding eligibility. 3. Automated reporting to track approved funding and acquittals across all programs. <p>It is noted that the recommendations above can also be put in place without the implementation of a new grants management system.</p>	<ol style="list-style-type: none"> 1. Agreed. The CoA will implement a tailored application form with consistent messaging and questions (where applicable) for all funding programs. 2. The CoA will investigate the use of a centralised register to record the status of all applications and include all relevant information regarding the performance and funding eligibility. 3. The CoA will investigate the use of automated reporting system to track approved funding and acquittals across all funding programs. <p>Responsibility: Manager City Wellbeing and Manager Visitor Growth</p> <p>Original due date: 30 June 2021</p>	<p>In progress.</p> <ol style="list-style-type: none"> 1. It was advised that the application forms do not have consistent wording of similar messaging across all grant applications. For further details see Finding 2. <p>Closed.</p> <ol style="list-style-type: none"> 2. The CoA implemented a new system ‘SmartyGrants’ to manage grants. The centralised system records and continuously updates the status of all applications across different grant programs. 3. SmartyGrants supports the implementation of this action by generating reports which include a list of successful applicants and their acquittal status.

Appendix 1 – Status of FY20 Audit Actions

Ref.	Findings	Recommendations	Actions agreed	Internal Audit – Current Status Comments
2	<p>Limitations identified with the acquittals process. Rating (Medium)</p> <p>The acquittals process is highly manual in nature, creating limitations for tracking and monitoring the completion of acquittal reports post-event.</p> <p>All successful applications are required to acquit post –event on outcomes relating to their event or festival using the CoA’s acquittal report template. The acquittal report must be provided within 6 to 8 weeks from the conclusion of the event or festival depending on the funding program. Applicants who do not complete and return an acquittal report are ineligible for future funding.</p> <p>For all grants programs, acquittals are manually monitored in a Microsoft Excel Spreadsheet by a CoA staff member. Currently, there are no automatic workflow to notify staff when an event is overdue. For event and festival sponsorships, it was identified that due date reminders are created in Microsoft Outlook and a separate spreadsheet is also used to manually track and monitor acquittals status.</p>	<ol style="list-style-type: none"> With the introduction of a new grants management system, it is recommended that the CoA: <ol style="list-style-type: none"> Utilise the system to automate acquittal workflows Investigate whether acquittal reminders can be sent automatically to event organisers Develop alerts and system flags for staff that notifies when an acquittal is required to be completed or when an acquittal is overdue. <p>It is noted that the recommendations above can be put into place through SharePoint monitoring and other IT resources, without the implementation of new grants management system.</p> Additionally, the CoA should review the Grants Acquittal and Evaluation Form to refine the questions to ensure information received enables an effective assessment of event funding criteria. Subsequent to these updates, the CoA should also consider opportunities to perform a holistic year-end review of all acquittal reports for Major Grants funding categories to assess the key outcomes and benefits received. 	<ol style="list-style-type: none"> The CoA will investigate and implement an automated acquittal workflow, including automated reminders to applicants and flag funding program when an acquittal is due or overdue. Improvements to the Grants Acquittal and Evaluation Form will be included in a review of grants management and processes, including consideration of a holistic year-end review of all acquittal reports for Major Grants. 	<p>Closed.</p> <ol style="list-style-type: none"> It was evidenced that acquittal workflow is automated in SmartyGrants. Further, it was noted that the system allows the Grant Coordinators to flag overdue acquittals and automates notifications of the due date. All acquittals and year-end surveys are reviewed and the feedback is utilised for annual review of the grant programs and guidelines.

Appendix 1 – Status of FY20 Audit Actions

Ref.	Findings	Recommendations	Actions agreed	Internal Audit – Current Status Comments
3	<p>Events cost benefit analysis Rating (Low).</p> <p>A cost versus benefit analysis is not performed over the benefits provided directly to the CoA (as an organisation) across the overarching Events and Festivals Sponsorship portfolio. In return for funding provided by the CoA a number of benefits including advertising and publicity (e.g. inclusion of U-Park parking information and acknowledgement of the CoA via social media) is included under each of the Events and Festivals funding agreements.</p>	<ol style="list-style-type: none"> The CoA should implement a year-end cost benefit analysis over the overarching Events and Festivals Sponsorship portfolio. Additionally, the CoA should ensure that any lessons learned from informal operational meetings with event organisers are fed back to the annual Advisory Panels. 	<ol style="list-style-type: none"> The CoA will investigate and implement the most appropriate method to introduce a cost benefit analysis with a view to help inform future funding recommendations. The information provided to Advisory Panel members will be reviewed, and will consider opportunities to share lessons learned for panel meeting discussion. 	<ol style="list-style-type: none"> The following cost-benefit analysis methods have been implemented by the CoA: <ul style="list-style-type: none"> Events and Festival Sponsorship Program: SmartyGrants is used to capture data in relation to visitations, economic benefit and visitor bed night etc. SmartyGrants creates reports and summarises the total return/benefit on the investment. Individual Events: the CoA negotiates tailored rights and benefits in return for their investment for branding and marketing. Due to the variable nature and scope of events, the varying levels of investment, and the variations in priorities, it is not practical to compare the rights and advantages on an equal footing between events. Thus, the benefits derived in exchange for CoA's investment varies for each event. An annual review of the overarching suite of possible rights and benefits was undertaken in the last 2 years with the marketing team. However, it was determined that this activity is not to be scoped for the purpose of informing future funding recommendations. Instead, a representative of the CoA events team is part of the Advisory Panel for the purpose of contributing insights, knowledge, advice and lessons learnt to panel discussions.
4	<p>Documentation of events requires improvement Rating (Low).</p> <p>Event funding documentation retention is performed inconsistently across the CoA. It was noted that the overall records management at the CoA was performed well, and the majority of documentation requested was provided for eight of the nine events sampled.</p>	<ol style="list-style-type: none"> The introduction of a new grants management system. As part of the acquittals process, CoA revise its documentation checklist. Reinforce the documentation and record keeping requirements with all relevant staff. 	<ol style="list-style-type: none"> As part of the implementation of a new grants management system, the CoA will investigate the ability to store records for each application. Grants Programs will assess the introduction of a documentation checklist to be completed post-event. The Events and Festivals Sponsorship Program will revise its existing documentation checklist and continue to track progress throughout the year. Training for all relevant staff will be conducted to ensure consistency of record and file note keeping. 	<p>Closed.</p> <ol style="list-style-type: none"> It was evidenced that the new grants management system 'SmartyGrants' has the ability to store all documents related to an application. An acquittals checklist was evidenced. An onboarding training was conducted prior to implementing SmartyGrants, which included an introduction to the record keeping features.



Appendix 2 – Process Summary

A summary of grant management processes across CoA has been outlined in the table below:

Categories	Type	Operating Guidelines	Application Forms	Level of Approvals	Reporting	Applications open during Care Taker period in FY22-23.	FY23 Budget
Sustainability	Incentive	<ul style="list-style-type: none"> Public facing guidelines No internal operating guidelines 	<ul style="list-style-type: none"> Application form and request for a pre-commitment Entering into a contract or paying 10% deposit Rebate payment 	Not documented. It was advised that approval is at Manager or senior officer level.	<ul style="list-style-type: none"> Monthly reports to Associate Director Ad-hoc E-News to Council and biannual review of the SIS including report to Council. 	Yes	\$240,000
Arts & Culture	Grant	<ul style="list-style-type: none"> Public facing guidelines Internal operating guidelines Roles & Responsibilities 	Standard application via SmartyGrants	<ul style="list-style-type: none"> Quick response grant (up to 2k): Associate Director Major Rounds (up to 10k): CEO Major Rounds (above 10k): Council 	E-news and The Next Edition	No	\$701,000
Community Impact	Grant	<ul style="list-style-type: none"> Public facing guidelines Internal operating guidelines 	Standard application via SmartyGrants	<ul style="list-style-type: none"> Quick response grant (up to 2k): Manager Major Rounds (up to 10k): CEO Major Rounds (above 10k): Council 	E-news and The Next Edition	No	\$760,000
City Experience	Incentive	<ul style="list-style-type: none"> Public facing guidelines Internal operating guidelines 	Standard application via SmartyGrants	<ul style="list-style-type: none"> Major Rounds (up to 10k): CEO Major Rounds (above 10k): Council 	E-news and The Next Edition	No	\$446,000
AEDA	Sponsorship	<ul style="list-style-type: none"> Internal operating guidelines Public facing guidelines 	Standard application via SmartyGrants (includes a Contract template, for long term sponsorships)	<ul style="list-style-type: none"> Approval process varies as per each funding program. Refer to Finding 4 for additional details. 	<ul style="list-style-type: none"> E-news and quarterly reporting Annual AEDA and CoA reports 	Yes	\$5,044,000
Heritage	Incentive	<ul style="list-style-type: none"> Internal operating guidelines Public facing guidelines 	Application via Heritage Website	<ul style="list-style-type: none"> Funding up to 50k: CEO (delegation and sub-delegation) Funding above 50k: Council 	Annual E-News updates to the Council	Yes	-

Appendix 3 – Stakeholders Consulted

The table below outlines all personnel who were involved in discussions and contributed to the outputs of this engagement.



Personnel	Role
Christine Sutcliffe	Team Leader Partnerships & Relationships
Elizabeth Jilbert	Coordinator, Grants Program & Community Impact
Felicity Edwards	Strategic Project Lead City Culture
Greg Ratch	Managing Director AEDA
Jennifer Kalionis	Associate director City Culture
Logan Macdonald	Team Leader Arts & Culture
Malia Wearn	Coordinator, Art & Culture Development
Megan Schartner	Sustainability Coordinator
Natali Rojas Palacio	Project Leads Partnerships and Projects
Paula Stankiewicz	Events Sponsorships & Attraction Advisor
Rachel Emmott	Manager, City Lifestyle
Simon Weidenhofer	Senior Heritage Architect
Thomas Beales	Team Leader, Community Wellbeing



Appendix 4 – Classification of Internal Audit Findings

The following framework for internal audit ratings has been developed and agreed with the CoA’s Management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in reports will be discussed and rated with the CoA’s Management.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> • Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public’s confidence in the CoA. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening. 	<ul style="list-style-type: none"> • Requires immediate notification to the CoA Audit Committee via the Presiding Member. • Requires immediate notification to CoA’s Chief Executive Officer. • Requires immediate action planning/remediation actions.
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> • Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public’s confidence in the CoA. • Major decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries. 	<ul style="list-style-type: none"> • Requires immediate CoA Director notification. • Requires prompt management action planning/remediation actions.



Appendix 4 – Classification of Internal Audit Findings (continued)

<p>Moderate</p>	<p>Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives.</p>	<ul style="list-style-type: none"> • Moderate impact on operations or functions. • Reputation will be affected in the short term. • Possible decrease in the public’s confidence in the CoA. • Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. • Medical treatment required. 	<ul style="list-style-type: none"> • Requires CoA Director and/or Associate Director attention. • Requires short-term management action.
<p>Low</p>	<p>Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.</p>	<ul style="list-style-type: none"> • Minor impact on internal business only. • Minor potential impact on reputation. • Should not decrease the public’s confidence in the Council. • Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. • First aid treatment. 	<ul style="list-style-type: none"> • Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).



Appendix 5 – Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Executive Summary of this report. The services provided in connection with the engagement comprise an advisory engagement which is not subject to Australian Auditing Standards or Australian Standards on Review or Assurance Engagements, and consequently no opinions or conclusions intended to convey assurance will be expressed. Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate. We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, City of Adelaide’s management and personnel. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Adelaide. The internal audit findings expressed in this report have been formed on the above basis.

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