

Internal Audit Progress Report

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

This report provides an update on 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 August 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 Internal Audit Plan as outlined in Item 5.7 on the Agenda for the meeting of the Audit and Risk Committee held on 10 November 2023.
 2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 5.7 on the Agenda for the meeting of the Audit and Risk Committee held on 10 November 2023.
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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 function 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.
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 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 review reports. The Committee reviews and monitors Council's responsiveness to findings and recommendations of the Internal Auditor (currently KPMG), other external providers 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 August 2023, five internal audit reviews have been completed by KPMG, independent consultants and in-house:
 - 4.1. Grants Management
 - 4.2. Cab Charges, Ride Shares and Pool Cars
 - 4.3. Record Keeping
 - 4.4. Review of Confidentiality Orders
 - 4.5. Voters Roll
5. The following internal audits have been scoped and are in progress:
 - 5.1. Community Safety
 - 5.2. Mercer Review
 - 5.3. Project Health Check
 - 5.4. Climate Change Action Plan
 - 5.5. Strategic Property Review

Internal Audit Actions

6. Recommendations arising from the Internal Audit and Strategic Reviews are reported to SRIA.
7. Recommendations and agreed actions, responsibilities and timeframes for implementation are recorded in Council's process mapping and management software, Process Manager (formerly known as Promapp).
8. The implementation status of recommendations is tracked and reported to the Committee.
9. All requests for extension of a due date require the approval of the Chief Executive Officer. This process ensures that there is appropriate accountability before an extension is granted. Since the last Audit and Risk Committee meeting on 4 August 2023, one action has been approved for an extension.
10. The action and rationale for an extension are detailed below:
 - 10.1. I00664 PCI DSS Gap Assessment – the agreed action is to encryption is in place for the telephony system (Genesys) has been implemented, including documentation. The activity and all pre-requisites involved have been progressing well and close to implementing the software upgrade. Due to urgent operational issues where the resources have been diverted and extension has been requested. The CEO approved the extension till 30 November 2023.
11. Seven internal audit recommendations from previous Audits have been completed since August 2023. Sixty-six recommendations are in progress. The completed recommendations are:
 - 11.1. Rundle Mall Program Performance Review
 - 11.1.1. I000591 - Develop a Rundle Mall Strategy and Roadmap
 - 11.2. Planning, Development and Infrastructure Act 2016 Implementation
 - 11.2.1. I00620 – Develop guidance documents and continue to advocate for enhancements:
 - That are not automated in the PlanSA (DAP) system
 - A fee waiving/reduction guideline

- Building inspection
- Building notification

11.2.2. I00621 – Develop guidance documents:

- To ensure accurate recording of inspections information in the PlanSA system

11.2.3. To include writing style in reports to ensure all elements are included

11.2.4. I00624 – Set up a UTCO fund

11.3. Essential 8 Maturity Assessment

11.3.1. I00668 – Review the use of macros within the Microsoft environment.

11.3.2. I00669 – Enforce Microsoft Office and PDF software security settings centrally via group policy

11.4. Record Keeping

11.4.1. I00728 – Park Lands Planning team to review all folders and sub-folders that are held with the Microsoft Teams platform to determine if they can be filed in Content Manager as closed.

12. A summary of the status is shown in the below table, with the complete document able to be accessed via [Link 3](#). Nil 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	9	13
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives.	2	21	23
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	3	15	18
N/A	Improvement Opportunity	0	12	12
	Total	9	57	66

DATA AND SUPPORTING INFORMATION

Link 1 – Internal Audit Plan 2022 – 2023 Status Update

Link 2 – Internal Audit Plan 2023 – 2024 Status Update

Link 3 – Agreed Actions Progress Report

ATTACHMENTS

Nil

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