

# Mercer Review Internal Audit

Friday, 16 February 2024

Audit and Risk Committee

Strategic Alignment – Our Corporation

**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 focusing on the Council's Mercer review job evaluation review process was performed.

The internal audit identified one moderate risk-rated finding, with two 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.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
  2. Endorses the responses of the Administration to the Mercer Review Internal Audit Report as outlined in Attachment A to Item 5.6 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<b>Strategic Alignment – Our Corporation</b> Internal audit is an essential component of a good governance framework. It enables the Council to ensure it performs 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	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.
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 Mercer Review Internal Audit was performed by CoA’s Risk and Audit Analyst, in accordance with the 2023-24 Internal Audit Plan. The report, along with management comments can be found in **Attachment A**.

## Report

2. This audit aligns with CoA’s Strategic Risk – Organisational Culture: Poor organisational culture.
3. Remuneration for employees employed under The Salaried Enterprise Agreement for Salaried Employees, and employees engaged on Common Law contracts is determined using the Mercer Job Evaluation review process (“Mercer review”).
4. The objective of the Mercer Review audit considered the following four elements:
  - 4.1. Assessment panels
  - 4.2. Review of guidelines and objectives
  - 4.3. Approvals
  - 4.4. Annual assessments and timing of decision-making of evaluations
5. The findings of the internal audit are indexed into the following risk ratings:

Finding	Risk Rating
Not all correspondence is retained	Moderate
Opportunity to provide refresher Mercer training sessions	Improvement Opportunity
Opportunity to provide easily accessible information regarding Mercer Review processes	Improvement Opportunity

6. Management has considered the findings and provided actions and time frames to address these findings, these are detailed in **Attachment A**.

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# ATTACHMENTS

**Attachment A** – Mercer Review Internal Audit

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