

# Internal Audit Progress Report

Friday, 16 February 2024

Audit and Risk Committee

Strategic Alignment – Our Corporation

**Program Contact:**

Alana Martin, Manager  
Governance

Public

**Approving Officer:**

Michael Sedgman, Acting Chief  
Executive 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 November 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 that 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 Internal Audit Plan as outlined in Item 5.8 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
  2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 5.8 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 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.
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 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 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 2023-2024 plan is provided at [Link 1](#).
4. Since the Committee met in November 2023, three internal audit reviews have been completed by KPMG and in-house:
  - 4.1. Climate Change Action Plan
  - 4.2. Community Safety
  - 4.3. Mercer Review
5. The following internal audits have been scoped and are in progress:
  - 5.1. Emergency Management
  - 5.2. Data Protection and Privacy
  - 5.3. Post Audit Implementation
  - 5.4. Legislative Compliance
  - 5.5. Project Health Check
  - 5.6. 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.
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 10 November 2023, thirteen actions have been approved for an extension.
10. The action and rationale for an extension are detailed below:
  - 10.1. I00753 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to develop an overarching CoA Economic Development Strategy which would underpin AEDA priorities, targets, measures, and deliverables. The development of the AEDA Strategic Plan has been placed on hold until Council endorses a draft version of this Strategy for public consultation. Council is expected to endorse the draft Economic Development Strategy for consultation in February 2024 with anticipated adoption in May 2024. The CEO approved the extension till 30 June 2024.
  - 10.2. I00754 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to review and enhance AEDA's capability to provide economic strategic insights. The development of the AEDA Strategic Plan has been placed on hold until Council endorses a draft version of the CoA Economic Development Strategy for public consultation (endorsement expected in February 2024). The CEO approved the extension till 30 June 2024.
  - 10.3. I00755 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to develop the Strategic Plan. The development of the AEDA Strategic Plan has been placed on hold until Council endorses a draft version of the CoA Economic Development Strategy for public consultation (endorsement expected in February 2024). The CEO approved the extension till 31 August 2024.

- 10.4. I00756 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to develop better target strategic AEDA KPIs towards economic development outcomes. This action is linked to the development of an AEDA Strategic Plan, which has been placed on hold until Council endorses a draft version of the CoA Economic Development Strategy for public consultation (endorsement expected in February 2024). The CEO approved the extension till 31 August 2024.
- 10.5. I00757 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to develop the AEDA Long Term Financial Plan. This action is linked to the development of an AEDA Strategic Plan, which has been placed on hold until Council endorses a draft version of the CoA Economic Development Strategy for public consultation (endorsement expected in February 2024). The CEO approved the extension till 31 August 2024.
- 10.6. I00758 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to diversify economic development activation activities and investigate additional opportunities. This action is linked to the development of an AEDA Strategic Plan, which has been placed on hold until Council endorses a draft version of the CoA Economic Development Strategy for public consultation (endorsement expected in February 2024). The CEO approved the extension till 31 August 2024.
- 10.7. I00759 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to conduct a review of current AEDA resourcing and requirements. This action is linked to the development of an AEDA Strategic Plan, which has been placed on hold until Council endorses a draft version of the CoA Economic Development Strategy for public consultation (endorsement expected in February 2024). The CEO approved the extension till 31 August 2024.
- 10.8. I00760 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to develop streamlined and structured approval between the Board and the CoA and simplify reporting structures. Extension was required due to Council’s request for an additional workshop with AEDA (held on 30 January 2024). The CEO approved the extension till 29 February 2024.
- 10.9. I00771 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to establish clear terms of reference for cross-over business units. This has been delayed due to the postponement of broader City of Adelaide structural changes, caused by executive leadership change in December 2023. The CEO approved the extension till 30 April 2024.
- 10.10. I00776 - Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to develop a brand guideline, in collaboration with CoA. Extension was required to allow feedback from CoA executive and AEDA Board on the draft Brand Guidelines to be incorporated, and low time for the team to develop and present an updated draft of the guidelines. The CEO approved the extension till 30 April 2024
- 10.11. I00777 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to maintain AEDA brand independence. Extension was required to allow feedback from CoA executive and AEDA Board on the draft Brand Guidelines to be incorporated and allow time for the team to develop and present an updated draft of the guidelines. The CEO approved the extension till 30 April 2024.
- 10.12. I00779 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to review, expand and strengthen alliances with key strategic partners. This action is linked to the development of an AEDA Strategic Plan, which has been placed on hold until Council endorses a draft version of the CoA Economic Development Strategy for public consultation (endorsement expected in February 2024). The CEO approved the extension till 31 August 2024.
- 10.13. I00785 Review of the Adelaide Economic Development Agency (AEDA) – the agreed action is to expand the AEDA data and insight’s function. This has been delayed due to the postponement of broader City of Adelaide structural changes, caused by executive leadership change in December 2023. The CEO approved the extension till 30 April 2024
11. Eighteen internal audit recommendations from previous Audits have been completed since November 2023. Ninety-six recommendations are in progress. The completed recommendations are:
  - 11.1. PCI DSS Gap Assessment
    - 11.1.1. I00664 – install and maintain a firewall configuration to protect cardholder data
  - 11.2. Volunteer Management
    - 11.2.1. I00676 – to provide further clarification and additional information in the Terms of Reference for Volunteer Committee Group

- 11.3. Review of Confidentiality Orders
  - 11.3.1. I00716 – adopt a public transparency policy
- 11.4. Cab Charges, Ride Shares and Pool Cars
  - 11.4.1. I00731 – inform all employees the terms and conditions of use of pool cars
  - 11.4.2. I00734 – set up a corporate Uber account for each Portfolio/Program to be managed by executive assistants
- 11.5. Grant Management
  - 11.5.1. I00750 – consider the opportunity to involve an Elected Member as part of the assessment panel
- 11.6. Review of Adelaide Economic Development Agency
  - 11.6.1. I00761 – AEDA Managing Director and/or Board Chair to be invited to present the quarterly progress report to the City Finance and Governance Committee
  - 11.6.2. I00762 – Lord Mayor to share insights regarding AEDA Board discussions with Councillors and encourage attendance at Board meetings
  - 11.6.3. I00763 – ensure more targeted AEDA reporting to Council
  - 11.6.4. I00765 – ensure CoA governance has greater oversight at initial stages of key AEDA operational processes
  - 11.6.5. I00769 – undertake an internal audit on AEDA’s administration of grant allocation
  - 11.6.6. I00770 – provide a detailed breakdown of budget allocation that aligns actions to progress and accountability
  - 11.6.7. I00772 – articulate and document AEDA and CoA marketing units respective roles, responsibilities and collaboration principles
  - 11.6.8. I00778 – ensure CoA is acknowledged as the key funding body for large events and campaigns
  - 11.6.9. I00783 – conduct a review of the purpose and value of the AEDA Advisory Committee
  - 11.6.10. I00787 – identify obligations of ByADL contract and investigate options to continue or exit
  - 11.6.11. I00788 – reassess ambition and contractual obligations for Wellfest Program
- 11.7. Community Safety
  - 11.7.1. I00879 – create four documented procedures regarding the end-to-end processes for Community Safety expiations
- 12. A summary of the status is shown in the below table, with the complete document able to be accessed via [Link 2](#). One additional action has become overdue since the previous update to the Audit and Risk Committee:
  - 12.1. I00519 Park Lands Expenditure – agreed action is:
    - 12.1.1. Review of time management processes to be undertaken to identify methods to improve accuracy in allocating time performing tasks
    - 12.1.2. Community engagement methods should be considered to review current level of services performed in comparison to community needs
    - 12.1.3. A review be undertaken as to the reporting associated with maintenance activities on assets and the recipients of this information

Community engagement has already been undertaken to understand the level of service and associated costs will be reported to Council through the Park Lands and Open Space Management Plan. The maintenance plan will follow, and maintenance program improvements will be progressively rolled out. Level of Service will be addressed through the appropriate Asset Management Plans which will be finalised by mid-2024.

Risk	Definition	Overdue	In Progress	Total
High	Issue represents a control weakness which could have or is having major adverse effect on the ability to achieve project objectives.	4	22	<b>26</b>
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives.	3	36	<b>39</b>
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	3	22	<b>25</b>
N/A	Improvement Opportunity	0	16	<b>16</b>
	<b>Total</b>	10	96	<b>106</b>

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## DATA AND SUPPORTING INFORMATION

**Link 1** – Internal Audit Plan 2023 – 2024 Status Update

**Link 2** – Agreed Actions Progress Report

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## ATTACHMENTS

Nil

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