

Internal Audit Progress Report

Wednesday, 15 May 2024

Audit and Risk Committee

Strategic Alignment – Our Corporation

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 February 2024.

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.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as outlined in Item 6.3 the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
 2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation 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 audit focuses largely on compliance, risk management and improvement opportunities. As such audits suggest a range of improvement opportunities related to the area being reviewed, enhancing functions and services 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 Internal Audit is to provide independent assurance that the Council's risk management, governance and internal controls 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 – [Link 1](#).
4. Since the Committee met in February 2024, five internal audit reviews have been completed by KPMG, CyberCX and in-house:
 - 4.1. Project Health Check
 - 4.2. Payment Card Industry Compliance
 - 4.3. Post Audit Implementation
 - 4.4. Local Government Cyber Security Framework
 - 4.5. Emergency Management.
5. The following internal audits have been scoped and are in progress:
 - 5.1. Contract Management
 - 5.2. Lease Management
 - 5.3. Culture 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 the 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 an 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 report to the Audit and Risk Committee on 16 February 2024, five actions have been approved for an extension.
10. Each action and rationale for an extension is detailed below:
 - 10.1. I00712 – Workforce Planning and Staff Retention – the agreed action is to review the existing flexible working practices, with the intent to further promote flexible working space and create an environment in which flexible working conversations are available to all workers and both managers and employees understand their roles and responsibilities to successfully embed a culture of flexible working. The initial review of current practices has been undertaken and the team is incorporating feedback from Manager People prior to further promotion of flexible working space. The Acting Chief Executive Officer (A/CEO) approved the extension until 30 April 2024. This has now been completed.
 - 10.2. I00721 – Review of Confidentiality Orders – the agreed action is to develop and set up regular training sessions to be targeted to report authors. Initial planning of training sessions has commenced, and input from the Council Governance team is required to ensure that the training sessions cover the end-to-end process of creating a confidential report for annual reviews of confidential orders. The A/CEO approved the extension until 31 May 2024.
 - 10.3. I00736 – Voters Roll – the agreed action is to document the procedures when an enrolment form is received on a vacant premise. Third-party consultants were engaged to assist with the high-level documentation of these procedures and currently, they are still in progress. The A/CEO approved an extension until 29 February 2024. The action was not completed by the extension date and is now overdue.
 - 10.4. I00740 – Voters Roll – the agreed action is to develop a procedures that adequately captures the requirements under the Act. Third party consultants were engaged to assist with the high level documentation of these procedures and currently they are still in progress. The A/CEO approved an

extension until 29 February 2024. The action was not completed by the extension date and is now overdue.

10.5. I00742 – Voters Roll – the agreed action is to document procedures that the CEO is only required to sign the Voters Roll during an election. Third-party consultants were engaged to assist with the high-level documentation of these procedures and currently, they are still in progress. The A/CEO approved an extension until 29 February 2024. The action was not completed by the extension date and is now overdue.

11. 45 internal audit recommendations from previous Audits have been completed since February 2024. 101 recommendations are in progress. The completed recommendations are:

Review of Adelaide Central Market Financial Processes	
Internal Audit ID	Completed audit action
I00687	Investigate either the adoption of a different gift card merchant to ensure efficiencies or a point-of-sale software with gift card management
I00688	Investigate the opportunity to bring lease management in-house such as the utilisation of Progenesis software to manage the lease life cycle for ACMA tenants
Workforce Planning and Staff Retention	
Internal Audit ID	Completed audit action
I00709	Ensure there is a strong understanding of current and future strategies and services to be delivered by the CoA and consider developing a resource strategy
I00712	Review the existing Employee Value Program with consideration given to the desired employee brand, review flexible working arrangements and provide the tools for managers to hold meaningful Performance Development Conversations
Review of Confidentiality Orders	
Internal Audit ID	Completed audit actions
I00717	Improve documentation of the reasons for retaining or extending confidential items
I00718	Develop guidelines to explain how the commercial advantage and commercial information as grounds for confidentiality are to be applied
I00719	Provide further guidance and training to reporting authors about the presentation of reports and attachments.
I00720	Apply clear and specific triggers for releasing items from confidence
I00722	Seek to include an attachment in the report for public release
I00723	Careful consideration of how reports and attachments are presented
I00724	Provide clear and specific reasons for applying confidentiality
I00725	Provide clear and specific triggers for releasing information from confidence
I00726	Use technology to support the period review of Confidentiality Orders
Cab Charges, Ride Shares and Pool Cars	
Internal Audit ID	Completed audit actions
I00730	Document the end-to-end process in the management of approving and issuing contractor stickers and investigate the opportunity to issue permits instead of magnetic stickers to contractors

I00732	Inform all staff that a log book must be completed and safety checks performed when taking out a pool car, investigate the use of a new in-vehicle monitoring system to assist in logbook entries and update the Light Vehicle Allocation and Use Operating Guideline
Voters Roll Review	
Internal Audit ID	Completed audit actions
I00738	Develop an application form specific to CoA and publish it on the CoA website
I00739	Review and identify discrepancies of Form 1 enrolment applications
I00741	Review the enrolment letter to reflect legislation and continue to issue it
Grant Management	
Internal Audit ID	Completed audit actions
I00745	Develop and embed an overarching grant policy
I00747	Develop a consolidated reporting structure to keep the Council and Executive regularly informed of the grant activities
I00749	Clearly define the different funding programs
I00750	Organisations receiving funding through the Adelaide Economic Development Agency will be communicated to Council Members via E-news
I00751	Inclusion on the use of panels and panel member composition, including an independent member representation to be updated in the overarching grant policy
I00752	Consideration of awarding of multiple grants to the same organisation in a financial year
Community Safety	
Internal Audit ID	Completed audit actions
I00797	Generic email address for Customer Safety Officers to direct relevant requests to the cleansing team via Pathway
Review of the Adelaide Economic Development Agency (AEDA)	
Internal Audit ID	Completed audit actions
I00760	Develop a streamlined and structured approval between the Board and the CoA, and simplify Executive reporting structures
I00764	Better employ operational AEDA KPIs, measured against appropriate baselines
I00767	Define risk-based requirements for justifying key grant, sponsorship and campaign financing decisions
I00771	Establish clear terms of reference for cross-over business units
I00775	Review marketing and event management services panel contracts
I00779	Review, expand and strengthen alliances with key strategic partners
I00780	Ensure more active, timely engagement with traders in developing AEDA's events and campaign program
I00781	Increase stakeholder access to baseline demographic and economic metrics.
I00784	Review and enhance AEDA's capability to provide strategic economic insights for the city

I00785	Expand the AEDA data and insights function from one staff member to a team
I00786	Review the effectiveness of outsourced small business service functions to support new and emerging businesses, to inform future operating and contracting models
I00789	Revisit the original plan and approach for the new Experience Adelaide Visitor Centre
Mercer Review	
Internal Audit ID	Completed audit actions
I00790	Communicate to trained assessors the importance of retaining all correspondence relating to Mercer assessment processes and incorporating them into internal People Services processes
I00791	Establish a register of accredited assessors and record training dates
I00792	Provide a fact sheet to be available to staff online
Strategic Review of Climate Change Risk Adaptation Action Plan	
Internal Audit ID	Completed audit actions
I00805	Develop an Integrated Climate Strategy
I00806	Refresh the Action Plan by leveraging the multi-criteria assessment approach for the prioritisation of actions
PCI Compliance Review	
Internal Audit ID	Completed audit actions
I00827	Review and update the security policy suite of documents
I00828	Document the roles and responsibilities for the development and distribution of incident response processes and procedures
Post Audit Implementation Review	
Internal Audit ID	Completed audit actions
I00834	Reinstate monthly meetings between Procurement and Information Management

12. A summary of the status is shown in the below table, with the complete document able to be accessed via [Link 2](#). Four additional actions have become overdue since the previous update to the Audit and Risk Committee:
- 12.1. I00648 Management of Procurement Practices – agreed action is to conduct the review 12 months post implementation of performance metrics. The Procurement Contract Management System is due for an upgrade in June 2024, therefore this has delayed the completion of this action which will occur, 12 months after the upgrade.
 - 12.2. I00736 Voters Roll Review – agreed action is document the processes if an enrolment form is received. A consultant has been engaged to provide a high-level documented process and they are currently in the process of finalising this.
 - 12.3. I00740 Voters Roll Review – agreed action is document the voters roll process. A consultant has been engaged to provide a high-level documented process and they are currently in the process of finalising this.
 - 12.4. I00742 Voters Roll Review – agreed action is to document the process of when a CEO is required to sign the Voters Roll during an election. A consultant has been engaged to provide a high-level documented process and they are currently in the process of finalising this.

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.	6	18	24
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives.	3	47	50
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	5	12	17
N/A	Improvement Opportunity	0	10	10
	Total	14	87	101

13. The 14 overdue actions are in progress and the status of these actions can be accessed via [Link 3](#).

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DATA AND SUPPORTING INFORMATION

- Link 1** – Internal Audit Plan 2023 – 2024 Status Update
- Link 2** – Agreed Actions Progress Report
- Link 3** – Overdue Internal Audit Actions Summary Report

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ATTACHMENTS

Nil

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