Project Health Check Internal Audit

Strategic Alignment – Our Corporation

Public

EXECUTIVE SUMMARY

In accordance with the 2023-24 Internal Audit Plan for the City of Adelaide (CoA) an internal audit focusing on a health check of project management activities was performed.

The internal audit identified two moderate risk rated findings and one low 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 legal, effectively, and to advise how it can improve performance.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 6.8 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

2. Endorses the responses of the Administration to the Project Health Check Internal Audit Report as outlined in Attachment A to Item 6.8 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.

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 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, and 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 Project Health Check Internal Audit was performed by KPMG, in accordance with the 2023-24 Internal Audit Plan.

Report

2. This audit aligns with City of Adelaide's (CoA) Strategic Risk – Project Delivery: Projects not delivered to quality, time or budget.

3. The Project Health Check Internal Audit focused on the assessment of the CoA's project management mechanisms, governance structure, project team roles and responsibilities and project status reporting processes. The internal audit also analysed the project management methodology and practices for the Paxton's Walk and Vaughan Place Project and Wyatt Street UPark lift project.

4. Capital Projects for the CoA are planned, designed and delivered using a centralised approach overseen by the Project Management Office (PMO). The teams involved in the management of projects include Design, Infrastructure, Asset Management, Project Management and Governance. Projects are often implemented as a means for council to achieve the Annual Business Plan and Budget adopted by Council each year.

5. The objective of the Project Health Check Internal Audit included the following:

    5.1. Governance structures in relation to project management, including the role of the CoA's Project Management Office (PMO), decision making processes, and consideration of relevant monitoring and reporting mechanisms to applicable stakeholders as outlined in the grant requirements.

    5.2. High-level review of project activities associated with the scope, quality and cost management of projects, including procurement, resourcing, scheduling, budgeting, variation management and project decision gateway and approval processes.

    5.3. Budget management and variation management process, including review and approvals of both time and budget.

    5.4. Project and change management considerations including project risk management and issues identification and assessment process.

    5.5. Project Management training provided to relevant staff.

    5.6. Project management roles and responsibilities, including contingency management and accountabilities throughout each phase of the project lifecycle, and how key project information is recorded and communicated where accountabilities change.

    5.7. Processes of project closure and handover of deliverables, including financial closure, post-implementation review and contractor performance review.

6. The findings of the internal audit are indexed into the following risk ratings:

Finding	Risk Rating
Additional rigour is required in the development and management of project budgets	Moderate
Amendments to the PMO Framework to further align with the risk and complexity of projects	Moderate
Further clarity and accountability required to support the uptake of the Project Status Reporting Tool	Low
Opportunity to holistically consider the CoA's capital works at a portfolio level	Improvement Opportunity
Opportunity to provide a standard external stakeholder management template	Improvement Opportunity

7. Administration has considered the findings and provided actions and time frames to address these findings.

ATTACHMENTS

Attachment A – Project Health Check Internal Audit

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