



Fraud Prevention Framework

Internal Audit Report

The Corporation of the City of Adelaide (CoA)

—

November 2024

Acknowledgement of Country

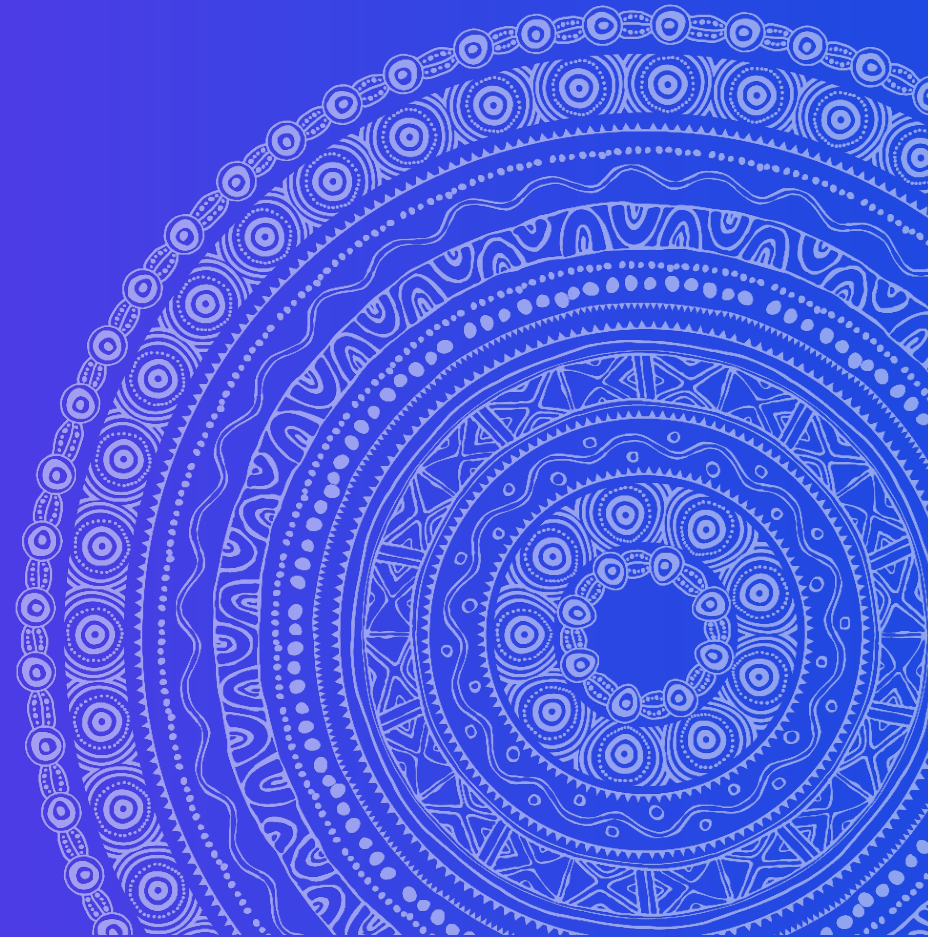
KPMG acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of Australia. We pay our respects to Elders past, present, and future as the Traditional Custodians of the land, water and skies of where we work.

At KPMG, our future is one where all Australians are united by a shared, honest, and complete understanding of our past, present, and future. We are committed to making this future a reality. Our story celebrates and acknowledges that the cultures, histories, rights, and voices of Aboriginal and Torres Strait Islander People are heard, understood, respected, and celebrated.

Australia's First Peoples continue to hold distinctive cultural, spiritual, physical and economical relationships with their land, water and skies. We take our obligations to the land and environments in which we operate seriously.

Guided by our purpose to 'Inspire Confidence. Empower Change', we are committed to placing truth-telling, self-determination and cultural safety at the centre of our approach. Driven by our commitment to achieving this, KPMG has implemented mandatory cultural awareness training for all staff as well as our Indigenous Peoples Policy. This sincere and sustained commitment has led to our 2021-2025 Reconciliation Action Plan being acknowledged by Reconciliation Australia as 'Elevate' – our third RAP to receive this highest level of recognition. We continually push ourselves to be more courageous in our actions particularly in advocating for the Uluru Statement from the Heart.

We look forward to making our contribution towards a new future for Aboriginal and Torres Strait Islander peoples so that they can chart a strong future for themselves, their families and communities. We believe we can achieve much more together than we can apart.



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Executive Summary

In accordance with the 2024/2025 Internal Audit Plan for the Corporation of the City of Adelaide (CoA), an internal audit focussing on the policies, processes, risks and controls relating to the Fraud Prevention Framework was performed. The objective, scope and approach for this internal audit project are outlined below.

Objective

The objective of this internal audit was to:

- Review the effectiveness of the CoA's Fraud Prevention and Control Framework.
- Evaluate the internal controls established for a selection of identified high risk areas.
- Consider the effective implementation of recommendations from the 2020 Fraud Prevention Framework Internal Audit.

Scope of Services

The scope of the internal audit considered the CoA's processes, practices and systems in relation to the Fraud Prevention Framework, with a specific focus on the following:

- Assessed the control design for a sample of agreed key fraud prevention internal controls to determine whether the controls are appropriately designed and capable of reducing the likelihood and consequence of the relevant risk.
- Completed control testing, on a sample basis, for identified controls to understand whether the control is operating as intended.
- Developed observations on whether the CoA's Fraud Prevention training aligns with AS8001:2008 and relevant guidance issued by the Independent Commissioner Against Corruption.
- Conducted stakeholder meetings to discuss status of recommendations proposed in the Fraud Prevention Framework Internal Audit Report dated May 2020 and analysed relevant documentation to confirm implementation of those actions.

A detailed list of the scope and approach is included in **Appendix 1**.

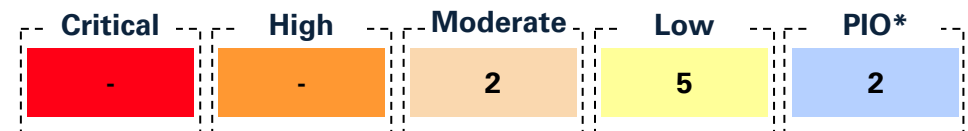
Positive Observations

A number of positive observations were identified during the course of this internal audit and are summarised below:

- Through stakeholder consultation it was evident that staff members have a strong understanding of fraud risk.
- Appropriate and strict user access to the supplier master file was evidenced during sample testing, including segregation of duties between the entering and reviewing of supplier details in TechOne.
- The CoA's level of cash handling risk is diminishing, particularly through on-street parking meters no longer accepting cash.
- Selected fraud prevention controls consistently utilised TRIM Content Manager for recordkeeping purposes.
- The CoA has made strong progress in standardising and automating internal control processes. Examples sighted included the Powerapp gift and benefit workflow, evaluation clauses, and KPI registers.
- Internal Audit noted progress in actions related to the May 2020 Fraud Prevention Internal audit (further detailed in **Appendix 3** to this report).

Summary of Findings

The number of findings identified during the course of this internal audit is shown in the table below. A full list of the findings identified, and the recommendations made, is included in the **Detailed Findings** section of this report. Classification of internal audit findings is detailed in **Appendix 5** to this report.



*PIO: Performance Improvement Opportunity

Executive Summary

The CoA's Fraud Prevention Framework

The fundamental components of the CoA's Fraud Prevention Framework are detailed below.



The Code of Conduct for Employees – Outlines employee required guidelines, within their role as a public official.



Training during the onboarding process – New employees are educated on the values and principles of the CoA during the employee onboarding process.



Overarching organisation policies and operating guidelines – Outlines the CoA key elements and responsibilities which align to fraud prevention techniques.



Public Interest Disclosure (PID) – The CoA PID Policy provides an avenue for information relating to potential corruption, misconduct or maladministration to be reported.



The implementation of and periodic review of controls – The CoA Corporate Governance & Risk team are responsible for coordinating the on-going reviews of key controls on a periodic basis (biannually/annually).

The Strategic Risk and Internal Audit Group (SRIA) is tasked with overseeing the CoA's risk management practices.

Overview of the CoA's Fraud Policy

While the CoA does not have a dedicated Fraud Policy, related requirements are detailed across existing policies and procedures, including the PID Policy, Code of Conduct and Guidelines (including in-scope coverage of counterfeit money, fuel cards, procure-to-pay, hospitality expenses, gifts & benefits, conflict of interest, fixed asset accounting and recruitment & selection guidelines).

Our review of the CoA's current Fraud Prevention Framework and operational practice evidenced sound alignment to the revised fraud and corruption control standard AS8001:2021 (key revisions to the standard are detailed in the **Background** section to this report). Opportunities were identified for the CoA to further support the ongoing identification and management of the fraud risks outlined in the balance of this report.

Summary of Implementation of Past Recommendations

The results of the Fraud Prevention Internal Audit in 2020 identified several areas for improvement in the CoA's overall Fraud Prevention Framework. These included additional consideration of fraud within the organisational risk assessments, further training for staff, and greater controls and detection activities for certain areas of the Council, including Golf Links, Fuel Cards and supplier master file access reviews.

Specifically, the following key updates were noted as being implemented since 2020:

- Uplifting the security and controls relating to inventory at Golf Links and Aquatic Centre;
- Improving controls regarding access to the supplier master file and cash safe codes where required;
- Implementing the "Good Governance Module" to bolster staff training for conflict of interests, fraud risk awareness and all governance requirements;
- Developing a fraud questionnaire, completed annually by members of SRIA, in conjunction with operational risk awareness sessions held with Programs (managers and team leaders) across the CoA on a 6-monthly basis; and
- Implementing TRIM containers to store all Stores Issue Notes electronically.

Summary of key themes and findings

Overall, the CoA has consistently worked to improve its resilience against fraud. This commitment is clearly demonstrated through the diverse range of initiatives detailed above. Moving forward, there is an opportunity for the CoA to enhance governance and fraud risk management processes to further support the mitigation of fraud risks. At a high-level these areas include:

- **Fraud prevention training:** The internal audit identified gaps in the application screening process where process definition and training is required. There is an opportunity for the CoA to curate bespoke fraud prevention training.
- **Review and monitoring of guidelines:** Key guidelines that support governance (including for gifts and benefits, and fuel/transport) do not reflect current practice.
- **Formalisation of procedures and documentation:** There is a lack of formal guidelines for the issuance and use of Bunnings Cards, increasing the risk of unauthorised spending. Moreover, current petty cash and conflict of interest declaration procedures are unclear and need to be further developed.

Background


Overview


The integrity of local government operations is paramount due to the management of public funds and resources. A robust fraud, risk, and control framework is essential to minimise vulnerabilities and to ensure:


- **Public Trust:** Ensuring that resources are used effectively and transparently helps maintain public confidence in government institutions.
- **Regulatory Compliance:** Adherence to regulations and standards is crucial for avoiding legal repercussions and maintaining operational legitimacy.
- **Operational Efficiency:** Effective fraud prevention frameworks safeguard against financial losses and operational disruptions, ensuring that resources are used as intended.
- **Effective Risk Management:** Proactively identifying and mitigating risks associated with fraud helps in maintaining a resilient and responsive governance structure.

Key revisions to the Fraud and Corruption Control Standard AS8001:2021


The Australian Standard AS8001:2021, which provides guidelines for fraud and corruption control, has undergone several key revisions to improve its applicability and effectiveness. Notable updates include:

 **Risk Assessments** – The revised standard places greater emphasis on comprehensive risk assessments, requiring more detailed identification and analysis of potential fraud and corruption risks.

 **Strengthened Governance** – There is a stronger focus on governance structures, including the roles and responsibilities of senior management and oversight bodies in fraud prevention and control.

 **Improved Reporting Mechanisms** – The standard now mandates more rigorous and transparent reporting mechanisms for suspected fraud, ensuring that incidents are documented, investigated, and addressed promptly.

 **Integration with Organisational Culture** – The 2021 revision highlights the need to integrate fraud prevention efforts with organisational culture and values, promoting an ethical environment and encouraging proactive employee engagement in fraud prevention.

 **Updated Training Requirements** – Enhanced training requirements ensure that employees are better informed about fraud risks, prevention strategies, and their role in maintaining the integrity of the organisation.

The CoA's Roles and Responsibilities in Addressing and Responding to Fraud

Effective fraud prevention and response requires clearly defined roles and responsibilities within the CoA. This includes:

- **Councillors and Senior Management:** Leadership are responsible for setting the tone at the top, ensuring that a culture of integrity and ethical behaviour is promoted. They must ensure the implementation of effective fraud prevention and control measures and allocate necessary resources for their enforcement.
- **Corporate Governance:** Corporate Governance plays a critical role in evaluating the effectiveness of the fraud prevention framework, including conducting regular audits, identifying vulnerabilities, and providing recommendations for improvement. They oversee the development and implementation of fraud control governance and ensure compliance with relevant standards and legislation.
- **People Services:** People Services is crucial in implementing and enforcing policies related to employee conduct, including disciplinary measures for fraudulent activities. People Services also plays a role in conducting background checks.
- **Employees:** All employees have a responsibility to adhere to organisational policies and report any suspicious activities. Training programs should educate employees about recognising and reporting fraud, as well as understanding their role in upholding the CoA's ethical standards.
- **Governance Bodies (e.g. SRIA):** Governance bodies are responsible for overseeing the effectiveness of the Fraud Prevention Framework and ensuring that appropriate measures are in place. They provide strategic guidance on fraud risk management.

Summary of Findings

Internal Audit identified two (2) moderate, five (5) low risk-rated findings and two (2) performance improvement opportunities (PIO). The details of the findings are provided in the **Detailed Findings** section of this report. These findings have been individually rated as outlined below. The classification of risk ratings in this report are based on the CoA's risk ratings (as shown in **Appendix 5**).



Rating	Ref #	Finding	Description
Moderate	F1	Assessment of applicant references	Sample testing identified the need for further clarification and adherence to the CoA's application screening process, specifically in regards to the candidate reference checking process. There is a need to enhance training for hiring managers to improve the application of reference checking during the recruitment process.
Moderate	F2	Gifts and benefits management	The current Employee Gifts & Benefits (G&B) Operating Guideline is outdated and does not align with the revised registration practices. There is a need to expedite the approval and implementation of the updated guideline and establish a system for ongoing monitoring and review of G&B records.
Low	F3	Cab charges, fuel cards & refuelling tanks	Internal Audit review identified inconsistencies in the management of cab charges, fuel cards, and refuelling tanks. There is a need to review and update the Hospitality Expenses Operating Guideline and Promapp procedures to ensure alignment with current practices.
Low	F4	Bunnings Cards governance	There is currently no formal guideline or procedural documentation governing the issuance, acceptable use, or reconciliation of Bunnings Cards. The lack of prior approval for purchases under \$2,000 and absence of pre-processing review by financial delegates increases the risk of unauthorised spending.
Low	F5	Petty cash and cash handling	Current petty cash guidance may lack clarity, leading to misuse. There is a need to expand the Procure to Pay Operating Guideline to include detailed instructions on permissible uses and establish a formal system for logging safe counts.
Low	F6	Supplier master file changes	Sample testing identified that amendments to supplier master file records were not fully documented. There is a need to ensure that all amendments are fully documented and regularly reviewed.
Low	F7	Procurement oversight and conflict of interest declaration	Procurements under \$150,000 have limited Procurement Team oversight. There is a need to develop and implement a formal oversight process and ensure Conflict of Interest and Confidentiality declarations are submitted and approved.
PIO	PIO 1	Fraud prevention training	The CoA's Good Governance module lacks dedicated content focusing on fraud and corruption control mechanisms. There is an opportunity to update the module to include dedicated sections on fraud and corruption aligned with better practice resources.
PIO	PIO 2	Overdue review of the Asset Accounting Policy	The Asset Accounting Policy did not undergo the required biennial review in 2022. There is a need to review and update the policy to ensure alignment with current legislative and accounting standards.

Detailed Findings

Finding 1: Assessment of Applicant References

Moderate

Observations	Recommendation(s)	Agreed Management Actions
<p>Sample testing identified the need for further clarification and adherence to the CoA's application screening process, specifically in regards to the candidate reference checking process.</p> <p>The CoA's Recruitment & Selection Operating Guideline establishes the agreed roles, responsibilities and processes for recruiting a vacant position to ensure the CoA's recruitment processes are free from nepotism, direct/indirect discrimination and compliant with relevant legislation.</p> <p>CoA Management has indicated that the Guideline is not applied to casual positions with lower-level responsibilities, however the Guideline does not explicitly exclude casual employment status from its scope. Under Section 'Checking Referees' of the Guideline states: "A minimum two (2) referees must be contacted to obtain a comprehensive background check on the applicant's skills, knowledge, experience, behaviours and performance within their current/previous role or related experiences. The two referees should, where possible, be previous managers or a professional reporting relationship".</p> <p>As a result of sample testing of (5) employee appointments, the following observations were identified:</p> <ul style="list-style-type: none"> In three (3) instances (Staff ID's 126994, 127044 & 227498 representing 2 casual and 1 fixed term part-time appointment), only one (1) reference check was obtained for each candidate. For one of the samples, Staff ID 227498, the check was advised as being conducted verbally without documented evidence to confirm compliance to the CoA's standardised assessment template. In one (1) instance (Staff ID 126994 representing 1 casual appointment), the referee was identified as a family relation and colleague of the applicant. <p>Given these observations, there is a need to further enhance training for hiring managers to improve the application of reference checking during the recruitment process. This is particularly relevant in light of ongoing initiatives such as:</p> <ul style="list-style-type: none"> The development of guidelines to support the completion of the Criminal History Check Risk Assessment and review of the risk matrix to address potential risks and impacts; and The implementation of a new system, "Employee Central", which provides the CoA with an opportunity to review recruitment and onboarding processes and enhance training carried out. <p>Internal Audit acknowledges that the CoA plans to conduct training by the end of 2024 to standardise information and improve awareness among hiring managers.</p> <p><i>(Continued on next page)</i></p>	<ol style="list-style-type: none"> Amend the Recruitment & Selection Operating Guideline to explicitly define its scope, including the applicability or exceptions to different employment statuses. Develop and implement comprehensive training for hiring managers to ensure consistent adherence to approved recruitment practices. 	<ol style="list-style-type: none"> CoA Management will review and update the Recruitment & Selection Operating Guideline to explicitly define the scope, including the applicability or exceptions to different employment statuses. Comprehensive training for hiring managers will be developed and implemented to ensure consistent adherence to approved recruitment practices. <p>Additional resources/guides will also be provided to hiring managers regarding reference checking.</p> <p>Responsibility: Team Leader, People Services</p> <p>Target Date: June 2025</p>

Finding 1: Assessment of Applicant References (cont)**Moderate**

Risk(s):	Recommendation(s)	Agreed Management Actions
<p><i>(Continued from previous page)</i></p> <ul style="list-style-type: none"> • Ambiguities or omissions in the Recruitment & Selection Operating Guideline regarding the scope of its application, resulting in inconsistent practices being followed which contravene established guidelines, leading to inconsistencies and potential violations of internal policies or legal requirements. • Inadequate execution of recruitment processes may lead to suboptimal hiring decisions, improper practices, inefficiencies in operations and/or reputational damage. • Lack of proper training and awareness among hiring managers can result in improper application of recruitment procedures. 		

Finding 2: Gifts and Benefits Management

Moderate

Observations	Recommendation(s)	Agreed Management Actions
<p>The current Employee Gifts & Benefits (G&B) Operating Guideline is outdated and does not align with the revised registration practices that have been implemented by the CoA. While a new version of the guideline is in development and will be communicated via internal newsletter once approved, the existing guideline does not provide adequate coverage to support the adopted workflow.</p> <p>Internal Audit identified several observations regarding the management of G&Bs as follows:</p> <ol style="list-style-type: none"> <u>Employee Gifts and Benefits:</u> <ul style="list-style-type: none"> The Operating Guideline does not specify delegation levels or additional approval requirements based on the value of the G&B. There is insufficient clarity within the Guideline regarding the roles and responsibilities for managing G&Bs, specifically for non-traditional G&Bs such as social club events. There is no clear distinction between G&Bs and learning and development activities, such as conference attendance funded by the CoA. There is no monitoring or review of G&B records outside of the quarterly publication process. At the time of Internal Audit testing, review of the CoA's website noted that the January-March 2024 & April-June 2024 G&B registers had not been published. Stakeholders advised that the January-March 2024 register has not been published due to staff leave, and the April-June 2024 register was pending CEO approval. Sample testing of six (6) G&B register entries identified two (2) instances where the value recorded in the register did not align with the stated value in approval request form and/or supporting documentation (\$30 and \$45 variances respectively). <u>Councillor Gifts and Benefits:</u> <ul style="list-style-type: none"> There is no standardised workflow for declaring Councillor G&Bs received through non-Council channels (e.g. direct invitation), we noted: <ul style="list-style-type: none"> The Senior Advisor and the Lord Mayor have weekly meetings to assess the list of invitations. The acceptance or decline of invitations is minuted and stored in Content Manager. As per stakeholder meetings, the Council Liaison Officer (CLO) is responsible for recording events that appear in Councillor calendars. However, there is no confirmation provided by the respective Councillor on the accuracy of the information recorded. The current format of the Elected Members G&B Register (published on the CoA website) does not indicate whether a Councillor has attended the respective event. Stakeholders advised that the current practice involves removing records from the Register if a Councillor does not attend the event. <p><i>(Continued on next page)</i></p>	<ol style="list-style-type: none"> Expedite the approval and implementation of the updated Employee Gifts & Benefits Operating Guideline. As part of the review, the CoA should consider the appropriateness of establishing delegations and approval requirements based on the value of the gift or benefit being declared, and ensure the Guideline clearly distinguishes between G&Bs and learning and development activities. Implement a standardised process for the timely publication of G&B registers. Address discrepancies between the register values and supporting documentation by conducting periodic reconciliation and reviews. 	<ol style="list-style-type: none"> The Employee Gifts & Benefits Operating Guideline is currently being reviewed by Governance with approval obtained from the Chief Operating Officer to progress. The frequently asked questions currently on the internal website clearly defines the distinction between gifts & benefits and learning activities. A standardised process will be documented in Promapp to ensure timely publication of the register. <p>Responsibility: Manager Governance</p> <p>Target Date: March 2025</p>

Finding 2: Gifts and Benefits Management (cont)

Moderate

Observations	Recommendation(s)	Agreed Management Actions
<p><i>(Continued from previous page)</i></p> <p>Risk(s):</p> <ul style="list-style-type: none"> • Outdated guidelines and lack of clear delegation and approval process may lead to non-compliance with regulatory requirements and internal policies. • Discrepancies in recorded G&B values and delayed publication of registers compromise the accuracy and integrity of G&B management. This could result in financial misstatement and reduced transparency. • Absence of ongoing monitoring and review processes increases the risk of undetected errors or fraudulent activity. Additionally, lack of resource redundancy may disrupt operations. • Inconsistent handling of Councillor G&Bs and inadequate workflows may lead to unreported or misclassified benefits. 	<ol style="list-style-type: none"> 3. Establish a system for ongoing monitoring and review of G&B records beyond the quarterly publication process. 4. Develop and implement a standardised workflow for declaring Councillor G&Bs, including those received outside of Council channels. Ensure the CLO's responsibilities are clearly defined and supported by adequate resources. 5. Retain records of non-attended events with an appropriate field to indicate attendance or acceptance. 	<ol style="list-style-type: none"> 3. At the time of audit, Governance was in the process of automating the gifts and benefits authorisation process to ensure accurate information is entered into the register. The two examples that showed a discrepancy were using the old system and the request form did not match the system (data entry error). When a staff member submits a gift and benefits form, they must attach supporting documentation, which will be reviewed prior to approval. This information is automatically uploaded to the register and email notification is forwarded to Governance to review and upload to Content Manager. 4. A form will be created available for Council Members to fill out to declare any events received or declined outside of the Council Liaison Officer (CLO). The CLO role will be included in the Council Members Allowance and Benefits Policy (the onus is on the Member to declare and the CLO to record). Further training to be performed with other team members to be able to conduct the workflow in the absence of the CLO. 5. Amend the current spreadsheet to include declined events. Discuss with the Office of the Lord Mayor who will need to action the Lord Mayor's declined events. <p>Responsibility: Manager Governance</p> <p>Target Date:</p> <ol style="list-style-type: none"> 3. Completed 4. February 2025 5. December 2024

Finding 3: Cab Charges, Fuel Cards & Refuelling Tanks

Low

Observations	Recommendation(s)	Agreed Management Actions
<p>Internal Audit review across a range of the CoA's transportation and refuelling arrangements, including cab charges, fuel cards, and refuelling tanks identified a number of observations:</p> <ol style="list-style-type: none"> 1. <u>Cab charges:</u> <ul style="list-style-type: none"> • The Hospitality Expenses Operating Guideline, which governs the distribution of cab charges, is overdue for review (next review was due in July 2023). • Sample testing across six (6) business units noted inconsistent processes used in the management of cab charges, including the following controls not being consistently performed: <ul style="list-style-type: none"> ○ Pre-approval for cab charge travel by an appropriate delegate; ○ Registers for tracking and reconciling cab charge cards; and ○ Supporting document retention in Content Manager. 2. <u>Fuel cards:</u> <ul style="list-style-type: none"> • Fuel card daily and monthly limits are inconsistent between the Fuel Card Operating Guideline (\$200 and \$700, respectively) and Promapp procedures (\$150 and \$500). The recent revision in fuel card limits due to increased petrol costs should be updated in Promapp. • The CoA staff are required to enter the vehicle's odometer reading at each transaction, however this is not reviewed for reasonableness or compared to previous readings. • The CoA does not monitor fuel card usage for vehicle utilisation or ongoing need. • No exception reporting is generated for unusual transactions (e.g. weekend or outside business hours). Note: Some business units operate outside standard hours (e.g. parking officers). • There is no requirement to retain or review fuel card transaction receipts for reconciliation. <p><i>Continued onto next page</i></p>	<ol style="list-style-type: none"> 1. Review and update the Hospitality Expenses Operating Guideline and Promapp procedures to ensure alignment with current practices. Complete the transition to a Corporate Uber account as previously agreed. 2. Implement a review process for odometer readings, monitor fuel card usage, and generate exception reporting for atypical transactions. 	<ol style="list-style-type: none"> 1. The Hospitality Expenses Operating Guideline was updated and endorsed on 23rd September 2024. Following this endorsement, Promapp will be updated, and a Corporate Uber account set up in line with the guideline. <p>Responsibility: Manager Finance & Procurement</p> <p>Target Date: December 2024</p> 2. a) Establish periodic review process for the Fuel Card Operating Guideline and ensure clarity of responsibilities within Fuel Card Acknowledgement Form. Odometer reading from fuel card transactions will be tracked and reviewed for exceptions reporting, with communications back to the work group area for process reminders. <p>b) Align contents of Operating Guideline and Promapp with respect to Daily and Monthly limits.</p> <p>Responsibility: Fleet Management Office</p> <p>Target Date:</p> <ol style="list-style-type: none"> 2. a) March 2025 2. b) October 2024

Finding 3: Cab Charges, Fuel Cards & Refuelling Tanks (cont)

Low

Observations	Recommendation(s)	Agreed Management Actions
<p><i>(Continued from previous page)</i></p> <p><u>Refuelling tanks:</u></p> <ul style="list-style-type: none"> The CoA has both in-ground (Fuel Depot) and above ground (Green Waste Nursery and Golf) fuel tanks. Stakeholders advised that the current Datafuel system is outdated with limited access to quality reporting, necessitating research and development of a business case for upgrading to an integrated system for both tank types. Similar to fuel cards, fuel transactions for fuel tanks are not monitored for reasonableness / appropriateness of utilisation. <p>Risk(s):</p> <ul style="list-style-type: none"> Inefficiencies and errors may arise due to inconsistent and outdated procedures. Inadequate monitoring and lack of documentation could result in financial mismanagement, fraud, or misuse. Non-compliance with guidelines and audit recommendations could lead to breaches of internal policies and regulatory requirements. 	<p>3. For any business cases developed for upgrading the fuel management system, ensure consideration of both in-ground and above-ground tanks. Implement monitoring measures for fuel transactions and utilisation.</p>	<p>3. Monitoring will be implemented for fuel transaction and utilisation as a secondary action following on from the information review currently underway to ensure data used is accurate.</p> <p>Responsibility: Fleet Management Office</p> <p>Target Date:</p> <p>a) Data Review by June 2025</p> <p>b) Data Cleansing and Monitoring System Implemented by April 2026</p>

Finding 4: Bunnings Cards Governance

Low

Observations	Recommendation(s)	Agreed Management Actions
<p>There is currently no formal guideline or procedural documentation governing the issuance, acceptable use, or reconciliation of Bunnings Cards. In the absence of supporting governance, the following gaps were noted:</p> <ul style="list-style-type: none"> Bunnings Card purchases under \$2,000 are processed against a blanket purchase order (PO) approved by an appropriate financial delegate at the start of the fiscal year. However, individual purchases under \$2,000 do not receive approval prior to acquisition. Further, purchases made with Bunnings Cards are not subject to review by a financial delegate before they are coded and processed. As a result, Team Leaders do not have adequate oversight of Bunnings Card purchases made. Stakeholders advised that the existing workflow does have the capability to include an approval requirement, however this has not been implemented. There is no signed cardholder acknowledgement form prior to issuing a Bunnings card. This omission means there is no formal confirmation that staff members understand the terms and conditions associated with the use of the Bunnings Card. Bunnings Card purchases greater than \$2,000 require a separate purchase order to be created in accordance with financial delegations. Sample testing of three (3) Bunnings Card transactions identified that in one (1) instance, there was no separate PO and financial approval process for the transaction exceeding \$2,000. <p>This finding has been assessed as 'Low' risk due to the potential financial impact of Bunnings Card purchases under \$2,000.</p> <p>Risk(s):</p> <ul style="list-style-type: none"> The lack of prior approval for purchases under \$2,000 and absence of pre-processing review by financial delegates increases the risk of unauthorised/inappropriate spending, misuse of funds and decreased oversight. Without a formal approval process and cardholder acknowledgement, the CoA risks non-compliance with its financial delegation policies and internal controls in addition to limited staff accountability. 	<ol style="list-style-type: none"> Develop or include within an existing Operating Guideline coverage on Bunnings Card issuance, acceptable use, and reconciliation. This should include clear approval processes for both purchases under and over \$2,000. Develop a Bunnings cardholder acknowledgement form outlining the terms and conditions of card use and responsibilities. Require all cardholders to sign the acknowledgement form to ensure awareness and agreement to these terms. Implement a quarterly spot audit process for a sample of Bunnings Card purchases to review appropriateness of coding and processing. 	<ol style="list-style-type: none"> CoA Management will include within the Operating Guideline coverage on Bunnings Card issuance, use and reconciliation. The process for approvals has been changed to ensure Team Leader sign off for all purchases under and over \$2,000. This will need to be documented and communicated to all Bunnings cardholders and will form part of the terms and conditions of use and responsibilities. A Bunnings Card acknowledgement form will be created to outline the terms and conditions of usage of the card. All cardholders current and new will need to read and sign this form. A quarterly spot check will be implemented to sample test Bunning Card purchases to review appropriateness of coding and processing. This will be scheduled in Promapp as a reminder. <p>Responsibility: Associate Director City Operations</p> <p>Target Date:</p> <ol style="list-style-type: none"> March 2025 March 2025 December 2024

Finding 5: Petty Cash and Cash Handling

Low

Observations	Recommendation(s)	Agreed Management Actions
<p>Current petty cash guidance, detailed in section 1.4 of the Procure to Pay Operating Guideline:</p> <ul style="list-style-type: none"> Restricts petty cash purchases to less than \$20 in circumstances where a Purchase Card is not accepted; and Requires the completion of a petty cash voucher and retention of tax invoice receipts. <p>Stakeholder consultations advised of instances where petty cash has been utilised for purchases covered by supplier agreements, suggesting that the Guideline may lack clarity.</p> <p>Cash balances in safes are manually recorded in Excel spreadsheets. Stakeholders have indicated interest in a formal and systematic process to log safe counts to improve oversight and validation by Accounts Receivable.</p> <p>Risk(s):</p> <ul style="list-style-type: none"> Inadequate guidelines may lead to petty cash misuse, resulting in unnecessary expenses. Manual recording of safe counts increases the risk of errors and misappropriations. 	<ol style="list-style-type: none"> Should the CoA continue to maintain petty cash, expand the Procure to Pay Operating Guideline to include detailed instructions on permissible uses. Ensure effective communication of the guideline to all relevant staff to prevent misuse. Establish a formal system for logging safe counts to improve data accuracy and reconciliation. Develop procedures for regular oversight and validation by Accounts Receivable to improve cash handling accuracy and accountability. 	<ol style="list-style-type: none"> The Procure to Pay Operating Guideline is scheduled for review in 2024. The guideline for the use of Petty Cash will be updated to reflect permissible uses. Procedures for the recording of balances will be developed and shared to ensure consistency across the organisation. The establishment of a system will be investigated following the development of the procedures. <p>Responsibility: Manager Finance & Procurement</p> <p>Target Date: December 2024</p>

Finding 6: Supplier Master File Changes**Low**

Observations	Recommendation(s)	Agreed Management Actions
<p>Sample testing of two (2) supplier master file creation/amendments identified that in one (1) instance (Vendor No. 15512), audit evidence within the AP Chart Audit Report did not indicate that the Australian Business Number (ABN) amendment was performed as required by the request.</p> <p>Risk(s):</p> <ul style="list-style-type: none"> Failure to properly document and update the ABN could result in non-compliance with regulatory requirements. Inaccurate supplier information can lead to misdirected payment and difficulties in tracking financial transactions, impacting operational efficiency and reliability. 	<ol style="list-style-type: none"> Reiterate to staff the relevant procedures and requirements for all master file changes. Regularly review AP Chart Audit Report audit trails to ensure completeness and accuracy of supplier information changes. 	<ol style="list-style-type: none"> Agree. Weekly AP Chart Audit Reports are generated, and an independent review is undertaken. The review process is completed prior to the next AP payment run, and is currently completed within the Procure to Pay team. Going forward, spot checks of changes to supplier master file changes will be undertaken within the Financial Planning & Reporting team to ensure the review is complete and accurate. <p>Responsibility: Manager, Finance & Procurement</p> <p>Target Date: Completed</p>

Finding 7: Procurement Oversight and Conflict of Interest Declaration

Low

Observation	Recommendation(s)	Agreed Management Actions
<p>There is a need to uplift procurement current controls.</p> <ul style="list-style-type: none"> Procurements under \$150,000 have limited Procurement Team oversight. The planned upgrade to the Contract Management System (CMS) for broader visibility is understood to be optional, not mandatory. For procurements above \$150,000, the Procurement and Contract Management Guidelines requires "All participants in the procurement evaluation process must complete a Conflict of Interest and Confidentiality Declaration." The Team Leader, Procurement & Contract Management, is then responsible for reviewing and approving that this activity is completed. The current process for Conflict of Interest declarations is completed via Outlook, with plans for this process to be integrated during the CMS upgrade. During sample testing for two (2) procurements, evidence was not able to be provided for one (1) instance to demonstrate that the conflict of interest and confidentiality declaration had been completed for one member of the evaluation panel (the Procurement & Contract Management Advisor). <p>Risk(s):</p> <ul style="list-style-type: none"> Failure to obtain Conflict of Interest and Confidentiality Declarations from each evaluation member could lead to biased decisions, favouritism, or unfair advantage, undermining the integrity of the procurement process. Without a confidentiality declaration, there is no formal agreement to protect sensitive procurement information, increasing the risk of unauthorised disclosure. 	<ol style="list-style-type: none"> Develop and implement a formal oversight process for procurements valued under \$150,000. This may include regular reviews and audits of these procurements to ensure compliance with procurement policies and procedures. It is recommended that the CoA provide a reminder to all staff to ensure that the Conflict of Interest and Confidentiality Declaration is completed by all members of the Evaluation Panel. 	<ol style="list-style-type: none"> The current Procurement Policy states that Council will undertake an open competitive market approach for all Procurements valued over \$150,000. These procurements are performed within the Procurement and Contract Management System (PCMS). The Policy is due for review by Council in 2024/25. Through this review the threshold of \$150,000 will be retested with administration and Council to determine if the limit requires amendment. Conflict of Interest declarations are completed for all procurements managed by the Procurement Team within PCMS. A reminder of the process will be sent prior to the commencement of new procurement activities through the development of a work instruction which will detail the requirements on the process. The completed declarations are stored and maintained in Content Manager at present. Through the PCMS upgrade, there is the ability to store within the system against each procurement activity. A work instruction will be completed. <p>Responsibility: Acting Manager, Finance & Procurement</p> <p>Target Date:</p> <ol style="list-style-type: none"> June 2025 November 2024

PIO 1: Fraud Prevention Training

PIO

Observation	Recommendation(s)	Agreed Management Actions
<p>The CoA's Good Governance module includes a number of topics relevant to ethical behaviour and compliance, including employee behavioural standards, gifts & benefits, conflicts of interest and other critical areas. However, it lacks dedicated, in-depth content focusing on fraud and corruption control mechanisms.</p> <p>Fraud and corruption risks are significant, and their management requires specific knowledge and procedural familiarity that extends beyond the scope of general governance training. Existing resources such as those detailed below offer valuable guidance on these issues but are not sufficiently integrated into the current training module:</p> <ol style="list-style-type: none"> 1. AS8001:2008 & AS8001:2021 - Fraud and Corruption Control 2. Treasurers' Instruction 12 3. Local Government Act 1999 (SA) 4. Freedom of Information Act 1991 (SA) 5. Independent Commission Against Corruption South Australia Publications 6. Independent Commission Against Corruption South Australia Education Resources 	<ol style="list-style-type: none"> 1. Update the Good Governance module (or develop stand-alone training) to include dedicated sections on fraud and corruption, incorporating materials and guidelines from key resources. 2. Establish a regular review process to ensure that the fraud and corruption training content remains current with any changes in legislation or best practices. 	<ol style="list-style-type: none"> 1. The Good Governance module will be reviewed to include additional slides on fraud and corruption. This will include any relevant guidelines/materials necessary. 2. A Promapp reminder will be placed as part of the 12 monthly self-assessment incorporated in the internal controls review cycle to ensure that the fraud and corruption training content within Good Governance remains current. <p>Responsibility: Manager Governance</p> <p>Target Date: March 2025</p>

PIO 2: Overdue review of the Asset Accounting Policy

PIO

Observation	Recommendation(s)	Agreed Management Actions
<p>The Asset Accounting Policy, which aids the CoA in maintaining assets (including the treatment of capital expenditure, depreciation, revaluations, disposals and acquisitions) in accordance with legislative and accounting standard requirements, did not undergo the required biennial review in 2022.</p> <p>The Policy was last reviewed 8 September 2020 and as a result, the Policy has not been updated in accordance with the established review cycle, potentially impacting its alignment with current legislative and accounting standards.</p>	<ol style="list-style-type: none"> Undertake a review of the Asset Accounting Policy to ensure alignment with current legislative and accounting standards. Update the Policy to address any discrepancies or outdated information. Develop and maintain a documented schedule and tracking system for all policy reviews to monitor policy review dates and compliance with review schedules. 	<ol style="list-style-type: none"> The Asset Accounting Policy is scheduled for review in 2024. There have been no changes to Accounting Standards which impact the current Policy. Responsibility: Manager, Finance & Procurement Target Date: December 2024 A tracking database for all policy and guidelines exists within the Strategy, Insights & Performance (SIP) SharePoint site. The SIP team have presented the schedule of policies and guidelines for review to the Executive and Senior Leadership team on a quarterly basis and will assist with tracking the review of the policies and guidelines in accordance with the schedule. Responsibility: Manager, Strategy, Insights and Performance Target Date: Completed

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Appendix 1 – Scope of Work

Internal Audit Program 2024/2025: Fraud Prevention Framework

Background

In accordance with the 2024/2025 Internal Audit Plan for the Corporation of the City of Adelaide (CoA), an internal audit focussing on the policies, processes, risks and controls relating to Fraud Prevention Framework was performed. The objective, scope and approach for this internal audit project are outlined below.

Objective

The objective of this internal audit was to review the effectiveness of the CoA's Fraud Prevention and Control Framework through evaluation of internal controls established for a selection of high risk areas. The internal audit also included consideration of the effective implementation of recommendations from the 2020 Fraud Prevention Framework Internal Audit.

Scope of services

The scope of the internal audit considered the CoA's processes, practices and systems in relation to Fraud Prevention Framework, with a specific focus on the following:

- Assessed the control design for a sample of key fraud prevention internal controls to determine whether the controls were appropriately designed and capable of reducing the likelihood and consequence of the relevant risk.
- On a sample basis, undertook control testing for identified controls to understand whether the control was operating as intended.
- Developed observations on whether current CoA Fraud Prevention training is aligned with AS8001:2008 and relevant guidance issued by the Independent Commissioner Against Corruption.
- Reviewed the status of recommendations from the Fraud Prevention Framework Internal Audit Report dated May 2020.

Approach

This engagement was performed using the following approach:

- Discussed and agreed 10-12 fraud controls for review. For selected fraud controls relating to disbursement of Council funds, agreed key payment types sampled to assess potential fraud risk within the respective payment process.
- Assessed the adequacy of design and whether existing controls were operating as intended.
- Developed observations on whether the current CoA training aligned with AS8001:2008 and relevant guidance issued by the Independent Commissioner against Corruption.
- Conducted stakeholder meetings to discuss status of recommendations proposed in the Fraud Prevention Framework Internal Audit Report dated May 2020 and analysed relevant documentation to confirm implementation of those actions.
- Close-out meeting held with the internal audit project sponsor and key stakeholders to discuss initial findings and recommendations.
- Prepared an internal audit report including identified control gaps, and recommendations for strengthening controls and aligning to better practice.

Appendix 2 – Controls Selected for Sample Testing

A summary of controls selected for review and sample testing as recording in the CoA's risk register or otherwise agreed with the CoA Management.

Category	Risks	Controls Description
Cash Handling	Fraud (i.e., misappropriation of funds)	Golf - There is a process in place to ensure all cash is adequately safeguarded.
		A current and appropriate Cash Handling Policy and/or Procedure is in place.
		Petty Cash records are reviewed and retained by Finance.
	N/A – not currently present in the CoA Risk Register	Deposits are recorded, banked and reconciled by different people.
		Deposits are securely locked away and balanced daily.
Misuse of Staff Discounts / Corporate Cards	N/A – not currently present in the CoA Risk Register	Bank statements are reconciled daily.
		Process and controls for issuance, use and reconciliation of Bunnings Card.
		Cab Charge Card/Voucher Policy/Procedure is implemented and within review date.
		Cab Charge Cards & Vouchers are kept in secure location and access limited to nominated custodians.
Creation of suppliers	Supplier master file data does not remain pertinent and/or authorised changes are made to the supplier master file.	Cab Charge Card/Voucher records are reviewed and reconciled against the monthly statement.
		Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.
Gifts and Benefits	N/A – not currently present in the CoA Risk Register	Requested changes or additions to supplier master file are verified independently of source documentation.
Contractor Evaluation and Selection	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.	Entries on the Gifts and Benefits Register are reviewed on a regular basis.
		There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with Code of Conduct, Conflict of Interest and Procurement Policy.

Appendix 2 – Controls Selected for Sample Testing (Cont.)

Category	Risks	Controls Description
Conflicts of interest verification, including assessment of panel members	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.
	Actual or perceived favouritism and/or collusion	Conflict of interest declarations are required for all tender evaluation for over \$150k, requirement for minimum 3 evaluators.
	Breach of confidentiality and/or security	Conflict of Interest declarations are required for all evaluators, details of confidentiality requirements distributed to evaluators.
Misuse of minor equipment	Fixed Assets are inadequately safeguarded	Where appropriate, identification details are recorded for portable and attractive assets such as IT and fleet assets on acquisition to facilitate accurate identification.
Background Screening / Credential Checking & Onboarding	Inexperienced staff are employed	References and past work experience of new employees are verified and documented.
	N/A – not currently present in the CoA Risk Register	Police checks have been undertaken in the recruitment for all identified positions.
	N/A – not currently present in the CoA Risk Register	Induction program for all new staff members includes communication on organisational value, code of conduct, public interest disclosure policy and fraud and corruption management policy.

Appendix 3 – Status of Implementation of Past Recommendations

Finding No.	Finding Title	Risk Rating	Recommendation	Agreed Management Action	Internal Audit Evaluation
1	Fuel card operating guidelines are not clearly outlined or supported by effective controls	Moderate	<p>CoA to develop a Fuel Card Guideline or further expand the Light Vehicle Guidelines to include:</p> <ul style="list-style-type: none"> Defining who may use fuel cards and how access is provided (including security requirements). A register may be used to record fuel card holders which should be reviewed on a periodic basis Processes for remitting expenditure (e.g. registration of vehicle, odometer reading, and timeliness of providing receipt) Regularity of expenditure review, including the use of data analytics Annual declarations provided by employees acknowledging their compliance with the Fuel Card Policy Procedure to report lost cards. <p>Roles and responsibilities relating to fuel card usage and procedures to be followed where non-compliances are identified.</p>	<p>A Fuel Card Guideline will be developed and address the following:</p> <ul style="list-style-type: none"> Document the process of issuing fuel cards (including approval) to CoA Staff Define which staff are required access to a fuel card Document the process when a fuel card is lost Define the process for remitting expenditure including the completion of a detailed monthly review over all purchases made. <p>Included in the guideline will be a template for annual declarations which will be completed by staff that have an assigned fuel card acknowledging their compliance with the Fuel Card Guideline. The Guideline will also include roles and responsibilities relating to fuel card usage, as well as noting the frequency of the review of the content of the guideline.</p> <p>The process of issuing fuel cards, approvals, recording lost cards and review cycle will be also documented in Promapp.</p>	<p>Status: Partially Complete</p> <p>Internal Audit notes that a Fuel Card Operating Guideline has been developed as of March 2022 which includes a staff declaration (signature) to acknowledge their compliance with this guideline.</p> <p>While accompanying Promapp procedures have been developed, the guideline does not provide detailed information on the process for issuing of fuel cards or the approval process. More guidance is required to clarify which staff members are required/permitted access to fuel cards.</p>
2	Security and controls relating to inventory at Golf Links and Aquatic Centre	Moderate	<ol style="list-style-type: none"> Aquatic Centre undertake a review of POS systems which are available and address the current deficiencies noted. Golf Links, in accordance with the implementation of POS Swift (a new POS system) review stocktake procedures and available system stock reports. Controls are to be implemented to ensure where variances are identified, they are appropriately investigated, formally documented and segregation of duties appropriately evidenced. For both Golf Links and Aquatic Centre all stock counts should be signed by the person undertaking the count and the person entering information into the system. Counts should be "blind" with people counting items not provided information as to the expected stock on hand. Golf Links and Aquatic Centre staff should be reminded of the importance of securing store rooms when they are not attended. 	<ol style="list-style-type: none"> Aquatic Centre will undertake a review and controls will be put into place to address the issues that have arisen from this audit. Golf Links will document procedures in Promapp to reflect the implementation of the new POS system, including controls implemented to ensure that variances are identified, investigated and formally documented with appropriate segregation. Remind staff that storerooms with public access to doorways need to be behind self-closing, permanently locked doors allowing exit only for fire escape purposes. All other stock needs to be monitored by staff if it is accessible to public. <p>A reminder will be placed in Promapp on an annual basis to provide awareness to staff that storerooms to be secured at all times.</p>	<p>Status: Complete</p>

Appendix 3 – Status of Implementation of Past Recommendations

Finding No.	Finding Title	Risk Rating	Recommendation	Agreed Management Action	Internal Audit Evaluation
3	An excessive amount of CoA staff have user access to the supplier master file	Moderate	<ol style="list-style-type: none"> Update the user profiles of CoA staff who do not require access to modify AP Chart Data to analysis as a default (no ability to enter or adjust information), unless permission is explicitly provided by Management from the Finance team. Amend the TechOne profile for Management Accountants to remove the ability to create, modify and delete AP Chart Data. 	<ol style="list-style-type: none"> Finance will review and update the user profile of CoA staff who should not have access to modify the AP Chart Data. Finance will amend the TechOne profile for Management Accountants to ensure that the profile does not have the ability to create, modify and delete AP Chart Data. 	Status: Complete
4	Fraud awareness and prevention training is not provided to CoA staff on a recurring basis	Moderate	<p>Internal Audit recommends that CoA continue with the development and roll out of the Good Governance module which may assist in increasing employees' understanding of fraud prevention, detection and response activities. It is further recommended the Good Governance module considers inclusion of the following:</p> <ul style="list-style-type: none"> Definitions and examples of fraud Code of Ethics and ethical tools for decision making and professional conduct The organisation's fraud control policy, red flags, how to respond if fraud is suspected What the investigation process is and an overview of detective and preventative initiatives contained within the fraud control strategy. 	The Good Governance module is scheduled for release in May 2020 and will be sent to employees every two years for completion. The Good Governance Module includes governance requirements that must be followed by all staff. For example, accepting gifts and benefits, risk management practices, policy management, delegations etc. This Module (along with the ICAC Public Office training) will provide staff information every two years of their responsibilities.	Status: Complete, however, refer to PIO 1 for further enhancement opportunities.
5	Cash safe access codes are not regularly updated at Golf Links or Aquatic Centre	Moderate	<ol style="list-style-type: none"> Safe codes are to be changed annually and when someone with access to the larger safe at each site leaves the CoA. A register should be developed to record the date any changes are made. The importance of securing safes and inventory stores when left unattended should be communicated to staff. Recent examples can be used to reiterate the importance of securing the safe and inventory. Internal Audit notes Golf Links Management have reminded staff of the importance of securing the safe when unattended after the recent incident. 	<ol style="list-style-type: none"> Safe codes to be changed immediately and a reminder to be placed in Promapp to ensure an annual change of safe codes occurs. Remind staff storerooms with public access to doorways need to be behind self-closing, permanently locked doors allowing exit only for fire escape purposes. All other stock needs to be monitored by staff if it is accessible to public. A reminder will be placed in Promapp on an annual basis to provide awareness to staff that storerooms to be secured at all times. 	Status: Complete

Appendix 3 – Status of Implementation of Past Recommendations

Finding No.	Finding Title	Risk Rating	Recommendation	Agreed Management Action	Internal Audit Evaluation
6	Operational risks assessments are performed, however do not specifically consider fraud risks	Low	<ol style="list-style-type: none"> Further develop the operational risk assessments process to consider fraud risks. The fraud risk assessments should be conducted across the entire organisation, including by business units, functions, locations and processes. The responsibility for ensuring fraud is considered within the formal risk assessments should be assigned to Senior Management. Utilise the established formal risk assessments to structure a fraud detection program. Highest priority risks identified should inform where resources and attention is directed with data analytics considered where possible. Detection activities should be communicated to the whole organisation as a deterrent effect. The responsibility for the detection program should be assigned to Senior Management with knowledge of the objective of each specific check. 	<ol style="list-style-type: none"> Operational risk awareness sessions are currently held with Programs (managers and team leaders) across CoA on a 6-monthly basis. With additional resources in the team, these awareness sessions (including a review of operational risk assessments) will be conducted on a quarterly basis. Fraud risk awareness will form part of the Good Governance Module; however, this will also be incorporated in the quarterly Operational Risk Awareness sessions with Programs. Annually a fraud questionnaire is sent to members of SRIA to be completed (this includes Executive and Associate Directors from Programs of high-risk activity). This will be incorporated in the quarterly Operational Risk Awareness session. Risk detection will be included in the Good Governance Module which will be an annual requirement for all staff to complete. Completed records to be retained by the Training & Organisational Development team. 	Status: Complete
7	Stock issue notes received by the Depot are not stored in accordance with operating procedures	Low	Internal Audit recommends that CoA implement a method for storing issue notes electronically in TRIM in accordance with Record Management operating Guidelines. Issue notes may be uploaded once daily as a file containing all items issued that day.	CoA has implemented a TRIM container to store all of the Stores issue notes electronically. This process is effective immediately and is part of the activities followed by the Store Person. The CoA is also currently documenting all procedures in the Stores Management within Promapp. All issue notes are stored in the appropriate TRIM container for future reference.	Status: Complete
8	Potential conflicts of interest are not required to be declared for sole sourced procurements	Low	<ol style="list-style-type: none"> Update the Procurement Policy and Procurement and Contract Approvals Operating Guidelines to include reference to a requirement to complete potential COI declarations for sole source procurement. This should be communicated to all employees involved in the procurement process. Where training is provided to employees in relation to them fulfilling approval duties Learning and Development are notified of training undertaken. 	<ol style="list-style-type: none"> Management agree, the Procurement Policy and Procurement & Contract Approvals Operating Guideline will be updated to include clear reference to the requirements of completing COI declarations for sole source procurements. The training for conflict of interest in relation to employees fulfilling approval duties has been included in the Good Governance module in the Learning and Development program. 	<p>Status: Partially Complete</p> <p>The CoA has included conflict of interest training in the Good Governance module.</p> <p>However, the Procurement and Contract Management Operating Guideline does not include clear reference to the requirements of completing COI declarations for sole source procurements.</p>

Appendix 4 – Stakeholders Consulted

The table below outlines all personnel who were involved in discussions and contributed to the observations in this report.

Name	Role
Nicole Van Berkel	Acting Manager, Finance & Procurement
Janet Crook	Team Leader, Corporate Governance & Legal
Simon Cope	Team Leader, Procurement & Contract Management
Annette Pianezzola	Risk & Audit Analyst
Bec Aitken	Team Leader, People Services
Louise Williams	Manager, People Services
Sia Orman	Corporate Governance Advisor
Sharon Harvey	Council Liaison Officer
Michelle Reyes-Smith	Team Leader, Operational Support
Aleta Gunn	Fleet Coordinator
Tony Bellini	Leading Hand, Field & Plant
Courtney Gale	Team Leader, Golf

Appendix 5 – Classification of Internal Audit Findings

The following framework for internal audit ratings is based on the CoA's risk assessment matrix.

Rating	Definition	Examples of business impact	Action(s) required
Extreme/Critical	Issue represents a control weakness, which could cause or is causing severe disruption of the process or severe adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> • Detrimental impact on operations or functions. • Sustained, serious loss in reputation. • Going concern of the business becomes an issue. • Decrease in the public's confidence in the CoA. • Serious decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with litigation or prosecution and/or penalty. • Life threatening. 	<ul style="list-style-type: none"> • Requires immediate notification to the CoA Audit Committee via the Presiding Member. • Requires immediate notification to the CoA's Chief Executive Officer. • Requires immediate action planning/remediation actions.
High	Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> • Major impact on operations or functions. • Serious diminution in reputation. • Probable decrease in the public's confidence in the CoA. • Major decline in service/product delivery, value and/or quality recognised by stakeholders. • Contractual non-compliance or breach of legislation or regulation with probable litigation or prosecution and/or penalty. • Extensive injuries. 	<ul style="list-style-type: none"> • Requires immediate CoA Director notification. • Requires prompt management action planning/remediation actions.

Appendix 5 – Classification of Internal Audit Findings

The following framework for internal audit ratings is based on the CoA's risk assessment matrix.

Rating	Definition	Examples of business impact	Action(s) required
Moderate	Issue represents a control weakness, which could have or is having a moderate adverse effect on the ability to achieve process objectives.	<ul style="list-style-type: none"> Moderate impact on operations or functions. Reputation will be affected in the short-term. Possible decrease in the public's confidence in the CoA. Moderate decline in service/product delivery, value and/or quality recognised by stakeholders. Contractual non-compliance or breach of legislation or regulation with threat of litigation or prosecution and/or penalty. Medical treatment required. 	<ul style="list-style-type: none"> Requires the CoA Director and/or Associate Director attention. Requires short-term management action.
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve process objectives.	<ul style="list-style-type: none"> Minor impact on internal business only. Minor potential impact on reputation. Should not decrease the public's confidence in the Council. Minimal decline in service/product delivery, value and/or quality recognised by stakeholders. Contractual non-compliance or breach of legislation or regulation with unlikely litigation or prosecution and/or penalty. First aid treatment. 	<ul style="list-style-type: none"> Timeframe for action is subject to competing priorities and cost/benefit (i.e. 90 days).

Appendix 6 – Disclaimer

Inherent Limitations

This report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to the procedures we performed operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. The procedures performed were not designed to detect all weaknesses in control procedures as they are not performed continuously throughout the period and the tests performed on the control procedures are on sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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The findings in this report have been formed on the above basis.

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