

Internal Audit Progress Report

Friday, 21 February 2025

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 (the Committee) last received an Internal Audit Progress Report at its meeting in November 2024.

In addition to providing an update on the progress of the Internal Audit Plan 2024/2025, the report also details the Council's current Internal Audit Actions. Details contained in the report and associated links include information about:

- Extensions granted by the Chief Executive Officer for the completion date of Internal Audit Actions
- Internal Audit Actions that have been completed since the last Internal Audit Progress Report to ARC in November 2024
- The number and status of Overdue Actions and
- A summary of the status of all Internal Audit Actions.

Of 73 outstanding actions, 60 are in progress, and 13 are overdue.

The Internal Audit Plan has been developed in consideration of Council's key strategic risks and critical priorities.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as outlined in Item 8.2 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
 2. Notes the progress of the completion of Internal Audit Actions as outlined in Item 8.2 on the Agenda for the meeting of the Audit and Risk Committee held on 21 February 2025.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<p>Strategic Alignment – Our Corporation</p> <p>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.</p>
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 area being reviewed, enhancing functions and services aligning Council processes to best practice standards.
24/25 Budget Allocation	\$250,000 is budgeted for external consultancy support in accordance with the 2024/25 internal audit program.
Proposed 25/26 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
24/25 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 Committee receives all Internal Audit reports. It 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 2024-25 plan is provided at [Link 1](#).
4. Since the Committee met in November 2024, three internal audit reviews have been completed by KPMG and in-house:
 - 4.1. Lease Management
 - 4.2. Fraud Prevention
 - 4.3. Archives
5. The following internal audits have been scoped:
 - 5.1. Site contamination
 - 5.2. Penalty and Infringement Compliance
 - 5.3. Legislative Compliance

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. **Extensions**
 - 9.1. All requests for an extension of a due date for completion of an Internal Audit Action require the approval of the Chief Executive Officer. This process ensures that there is appropriate accountability before an extension is granted.
 - 9.2. Since the last report to the Audit and Risk Committee on 8 November 2024, seven actions have been approved for an extension. Those actions and the rationale for their extensions are detailed in [Link 2](#).
10. **Completed Actions**
 - 10.1. Twenty-four internal audit recommendations from previous Audits have been completed since November 2024. Seventy-three recommendations are in progress.
 - 10.2. The completed recommendations are detailed in [Link 3](#).
11. **Overdue actions**
 - 11.1. Twelve additional actions have become overdue since the last update to the Committee.
 - 11.2. Those overdue actions are detailed in [Link 4](#).
12. Overdue actions are linked to the following internal audits:
 - 12.1. Asset Inspection – one overdue action that is now proposed to be completed by 30 June 2026.
 - 12.2. Voters Roll Review – one overdue action. The action was due to be completed by 30 September 2024.
 - 12.3. Community Safety – six overdue actions. Five are now proposed to be completed by 30 June 2025. One action was due for completion by 30 November 2024.

- 12.4. Post Audit Implementation Review – one overdue action that is now due to be completed by 31 December 2025.
- 12.5. Local Government Security Framework – two overdue actions. One action has two components, which will be delivered by 30 April 2025 and 31 December 2025, respectively. The other action will be delivered by 30 June 2025.
- 12.6. Legislative Compliance – one overdue action that is now due to be completed by 31 March 2025
- 12.7. Culture Survey Review – one overdue action that is now due to be completed by 30 June 2025
- 13. The status of the overdue actions is set out in [Link 5](#).
- 14. A summary of the status of actions is shown in the below table, with the complete document able to be accessed via [Link 6](#).

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	4	10	14
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives.	6	24	30
Low	Issues represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	1	17	18
N/A	Improvement Opportunity	2	9	11
	Total	13	60	73

DATA AND SUPPORTING INFORMATION

Link 1 - Internal Audit Plan 2024 – 2025 Status Update

Link 2 – Internal Audits approved for extension

Link 3 – Completed recommendations

Link 4 – Overdue actions

Link 5 – Status of overdue actions

Link 6 – Agreed Actions Progress Report

ATTACHMENTS

Nil

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