

# Penalty and Infringement Compliance Internal Audit

Friday, 11 April 2025  
Audit and Risk Committee

Strategic Alignment - Our Corporation

**Program Contact:**  
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**Approving Officer:**  
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## EXECUTIVE SUMMARY

The 2024-25 Internal Audit Plan (the Plan) for the City of Adelaide (CoA) 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 that 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.

In accordance with the Plan, an internal audit was performed on CoA's penalty and infringement compliance.

This audit aligns with the Strategic Risk - Statutory and Regulatory Risk: Non-compliance with statutory and regulatory requirements poses legal, financial and reputational risks to the organisation.

The internal audit identified five findings. Two risk-rated Moderate and one risk-rated Low. Two Improvement Opportunities were identified.

This report requests that the Audit and Risk Committee note the report and endorse the administration responses.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Penalty and Infringement Compliance Internal Audit report provided in Attachment A to Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 11 April 2025.
  2. Endorses the responses of the Administration to the Penalty and Infringement Compliance Internal Audit report as outlined in Attachment A to Item 6.4 the Agenda for the meeting of the Audit and Risk Committee held on 11 April 2025.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<b>Strategic Alignment – Our Corporation</b> Internal Audit is an essential component of a good governance framework. It enables Council to ensure it is performing its function legally, effectively and efficiently.
Policy	Not as a result of this report
Consultation	Internal audit report presented to SRIA.
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 that 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 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 are 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 Penalty and Infringement Compliance Internal Audit was performed by City of Adelaide’s (CoA) Risk and Audit Analyst, in accordance with the 2024-25 Internal Audit Plan.

## Report

2. This audit aligns with the CoA Strategic Risk – Statutory and Regulatory Risk: Non-compliance with statutory and regulatory requirements poses legal, financial and reputational risks to the organisation.
3. The Penalty and Infringement Compliance Internal Audit (Internal Audit) covered how the organisation manages penalty and infringement notices in line with legislative requirements, in particular:
  - 3.1. Issuance of notices
  - 3.2. Sending of reminder notices
  - 3.3. Management of cancellation or waived infringements
  - 3.4. Relationship with third parties.
4. The objectives of the Penalty and Infringement Compliance Internal Audit included review of the following:
  - 4.1. Assessment of compliance, through sample testing of Council-issued penalties and infringement notices under the various relevant Acts with a focus on cancelled or amended infringement notices
  - 4.2. Delegation of Authority
  - 4.3. Segregation of duties and conflicts of interests
  - 4.4. Relationship with the Fines Enforcement and Recovery Unit (FERU)
  - 4.5. Relationship with the Department for Infrastructure and Transport (DIT)
5. The findings of the Internal Audit are indexed into the following risk ratings:

Finding	Risk Rating
Increase in Essential Safety Provisions Expiations	Moderate
Lack of transparency in debt collection	Moderate
Procedures not reviewed	Low
Opportunity to utilise PinForce for non-parking expiations	Improvement Opportunity
Opportunity to request discounted search fees	Improvement Opportunity

6. The two moderate findings from the Internal Audit and the agreed management comments are listed below:

Increase in Essential Safety Provisions Expiations	<ol style="list-style-type: none"> <li>1. A review of the enforcement approach will be conducted to confirm if existing resourcing will deliver the intended outcomes in a timeframe which is considered reasonable.  Target Date: December 2025.</li> <li>2. Following the review of the enforcement approach, if required, a budget bid may be submitted to request additional resourcing to ensure all building schedules have been consolidated and enforced in a reasonable timeframe.  Target date: June 2026.</li> </ol>
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Lack of transparency in debt collection	<ol style="list-style-type: none"> <li>1. Initiate discussion with FERU to raise concerns to reduce balance of outstanding expiations and increased transparency of waived/written-off expiations. Target date: May 2025</li> <li>2. Establish ongoing regular meetings between CoA and FERU to continue increase transparency, address and resolve issues regarding expiation income. Target date: June 2025</li> </ol>
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7. During February 2025, the Customer Centre initiated engagement with FERU Officers on matters relating to the outstanding balance of CoA expiations. An initial meeting has resulted in agreement to:
  - Strengthen the information provided to FERU to better enable enforcement action to be undertaken, in particular in relation to identification details.
  - Investigate opportunities for sharing the relevant CoA database with FERU in real time
  - Gain a better understanding of what outstanding fines remain in the FERU database with a view to identifying serious and/or regular offenders
  - Developing a combined strategy to deal with the outstanding balance.
8. Administration has considered the findings and provided actions and time frames to address these findings as outlined in the findings section of the CoA's Penalty and Infringement Compliance Internal Audit report, **Attachment A**.

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## ATTACHMENTS

**Attachment A** – Penalty and Infringement Compliance Internal Audit

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