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Financial Controls Review

City of Adelaide

2025/26 Interim Management Letter



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1. EXECUTIVE SUMMARY

1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (e.g. inspection of documents, recalculation, reconciliation, etc) for our final visit.

In addition to an opinion on the financial statements, section 129 of the Local Government Act 1999 requires auditors to provide an opinion regarding internal controls of councils. This opinion focuses on Council's obligations under s125 of the Local Government Act 1999:

"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."

The audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the Council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

1.2 Objectives and scope

The objectives of our interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.

These key internal controls consist of a prioritised list of controls from the *Better Practice Model – Internal Financial Controls for South Australian Councils*, and based on our risk assessment to determine the key business cycles, and key risks within these business cycles.

The identification of key controls and key business risks included the following risk assessment procedures:

Risk review – A review of Council’s inherent risk assessment for internal financial controls.

Financial statement review – A high level financial statement review performed to identify key accounts and transaction streams.

Internal / external audit results review – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- Fixed Assets
- Purchasing and Procurement / Contracting
- Payroll
- User Pays Income
- Grants
- Credit Cards
- Banking
- Receipting
- Rates / Rates Rebates
- General Ledger
- Accounts Payable (AP)
- Budgets
- Debtors
- Project costing
- IT General Controls

We have included a list of key controls identified by Audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.

1.3 Category of findings

To assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles we have reviewed, including identified performance improvements opportunities and the risk rating attached to these.

We assessed each business cycle using our risk assessment, which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the *Better Practice Model*, findings and recommendations are provided in section 2 of this report. The individual findings are risk rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

Category	Description
High Risk Weaknesses	The issue described could lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the Council's financial risk. However, multiple low-level risk weakness within the same business cycle may still lead to a material weakness in the Council's internal controls and non-compliance with s125 of the Local Government Act.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks Management considers relevant such as non-compliance with pertinent legislation and regulations, and reputational risks.

1.4 Overall review of the Council's internal financial controls

Overall, the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the *Better Practice Model*.

During our interim visit we found that many key internal controls reviewed were in place and were operating effectively (72 out of 92 core controls reviewed). There were no high risk findings.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively					2026 Findings			
		2030	2029	2028	2027	2026	H	M	L	BP
Fixed Assets	8	TBC*	TBC*	TBC*	TBC*	5	-	2	1	1
Purc & Procur/Contr	7	TBC*	TBC*	TBC*	TBC*	6	-	1	-	-
Payroll	7	TBC*	TBC*	TBC*	TBC*	4	-	2	1	2
User Pays Income	5	TBC*	TBC*	TBC*	TBC*	2	-	3	-	-
Grants	2	TBC*	TBC*	TBC*	TBC*	1	-	-	1	-
Credit cards	5	TBC*	TBC*	TBC*	TBC*	4	-	-	1	-
Banking	5	TBC*	TBC*	TBC*	TBC*	4	-	1	-	-
Receipting	2	TBC*	TBC*	TBC*	TBC*	1	-	-	1	-
Rates	8	TBC*	TBC*	TBC*	TBC*	8	-	-	-	-
General Ledger	8	TBC*	TBC*	TBC*	TBC*	8	-	-	-	-
Accounts Payable	8	TBC*	TBC*	TBC*	TBC*	8	-	-	-	-
Budgets	2	TBC*	TBC*	TBC*	TBC*	2	-	-	-	-
Debtors	5	TBC*	TBC*	TBC*	TBC*	5	-	-	-	-
Project costing	3	TBC*	TBC*	TBC*	TBC*	3	-	-	-	-
IT Gen Controls	17	TBC*	TBC*	TBC*	TBC*	11	-	6	-	-
Total	92					72	-	15	5	3

*TBC – To be confirmed in future audits for benchmarking and comparison purposes.

We recommend that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of multiple moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

Audit have concluded that there is a high likelihood of issuing an unmodified controls opinion at the end of the financial year. This will depend on the Council demonstrating continued progress towards addressing identified control weaknesses, ensuring that the existing core controls in place continue to operate effectively, and performing key annual internal control activities (including those related to financial statement preparation and review) at year end.

1.5 IT general controls

In addition to our financial controls review, our external audit for the 2025/26 financial year included a review of 17 general IT controls:

IT Entity Level Controls

- IT Governance
- IT Strategic Planning
- Adequate financial resources
- Adequate IT Personnel resources
- IT Risk Management

Change Management

- Process for changes to software / programs
- Process for Changes to IT Infrastructure

Information Security

- Physical access / security to the Data Centre including locks, alarms, fire protection, air conditioning.
- Logical Access to the Network
- Remote Access to the Network
- Logical Access to the Financial System

Backup and Recovery

- Backup process
- IT Disaster Recovery Plan
- Business Continuity Plan

Third Party IT Providers

- Understanding Outsourced IT services
- Access of Third Parties to the Network

Our 2025/26 external audit plan incorporated this high-level review of IT general controls for the purpose of informing our assessment of the risk of material misstatement in the financial report. Importantly, our audit procedures are not designed to provide assurance over the management of IT risks or cybersecurity. Rather, we provide our findings and recommendations as a value add for Council to help promote continuous improvement.

Detailed findings and recommendations related to our review of IT general controls are included in a separate section of this report (Section 3). This allows Council to remove these findings from the report, as Council may consider this section sensitive in nature, and present them separately in a confidential setting.

1.5. Summary of findings

Business Cycle	Findings	Risk
Fixed Assets	2.1.1 A need to document and review the process for calculating the capitalised overheads rate	M
	2.1.2 Assets requiring new revaluations to ensure they are revalued with sufficient regularity	M
	2.1.3 Assets without condition assessment history and incomplete disclosure of condition assessment dates	L
	2.1.4 Instances of assets recorded in Assetic without corresponding GIS Data	BP
Purch. Proc. Contracting	2.2.1 Instances of purchase orders issued after the date of the invoice / payments without a purchase order	M
Payroll	2.3.1 Multiple timekeeping systems and lack of integration with payroll system	M
	2.3.2 Opportunity to improve documentation of payroll review sign-off using the existing checklist	M
	2.3.3 Opportunity to provide further supporting information to inform persons authorising payroll payments	L
	2.3.4 Limited visibility of individual payroll variances in payroll validation documentation	BP
	2.3.5 Opportunity to implement bona fide payroll reports as an additional control	BP
User Pays Income	2.4.1 Manual processing of lease data due to the absence of system integration	M
	2.4.2 Improvements required in controls over user access to parking fee settings in Designa	M
	2.4.3 Absence of formal guidance and defined expectations for reviewing voided expiation fees	M
Grants	2.5.1 Grant income register does not include acquittal requirements	L
Credit cards	2.6.1 Instances where purchase card holders did not have financial delegation to incur expenditure	L
Banking	2.7.1 Bank reconciliations do not include formal signatures to evidence preparation and review	M
Receipting	2.8.1 A complete list of receipt reversals and / or voided transactions is not formally reviewed by an independent officer	L
Rates	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
General Ledger	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Accounts Payable	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Budgets	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Project costs	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
IT general controls	Findings are included in Section 3 to allow for discussion in a confidential setting.	N/A

2. DETAILED AUDIT FINDINGS – FINANCIAL INTERNAL CONTROLS

2.1 FIXED ASSETS

2.1.1 A need to document and review the process for calculating the capitalised overheads rate

Moderate

Control	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans
Risk	If fixed asset are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from use of inappropriate depreciation rates.

Finding	Recommendations	Management Response
<p>Council applies an overhead rate to capitalise a portion of corporate overhead costs to capital works. An overhead rate of approximately 0.5687 is applied to direct salaries and wages allocated to capital works, representing an additional \$0.5687 of overhead costs for every \$1 of direct labour cost capitalised.</p> <p>The overhead rate was established in the 2021/22 financial year and was calculated as follows:</p> <p><i>Overhead rate = Corporate overheads (\$34,514,013) ÷ Direct salary costs (\$60,693,679) = 0.5687</i></p> <p>The numerator represents corporate overhead costs that support Council-wide operations and are shared across all activities, excluding certain items such as marketing and utilities (e.g. water, electricity, ICT and phones).</p> <p>The denominator represents total direct salary costs, which are used as the basis for allocating overheads.</p>	<p>The process for calculating the overhead rate is formally documented in a policy, procedure, or work instruction. This should include details of how the rate is calculated, the rationale for considering each cost as directly attributable to fixed assets, and an assessment of whether included costs are appropriate for capitalisation in accordance with AASB 116.</p> <p>The documented methodology is subject to periodic review to confirm it reflects Council's current operations and cost structure, that underlying assumptions remain appropriate, and that costs included in the overhead calculation remain appropriate in accordance with AASB 116.</p> <p>The overhead rate is periodically recalculated using recent corporate overhead costs as the numerator, and that the impact of any variance between the standard rate and the recalculated</p>	<p>The process for calculating delivery resources including an overhead allocation will be updated in relevant documentation.</p> <p>This will include the periodic review process of the overhead rate to ensure it remains current and accurate.</p>

<p>Audit reviewed the methodology used to establish and apply the overhead rate and identified the following opportunities for improvement:</p> <p>No periodic review of the methodology or calculation</p> <p>The overhead allocation methodology has not been subject to a formal documented and periodic review since its implementation in 2021/22, and the rate of 0.5687 has not been recalculated since this time. This increases the risk that the approach may no longer reflect Council's current operations or cost structure, and that underlying assumptions remain unchallenged. In addition, a number of administrative costs have been included in the overhead calculation without a documented assessment of whether these costs are appropriate for capitalisation in accordance with AASB 116.</p> <p>Absence of formal documentation</p> <p>The methodology, assumptions, and rationale for establishing the overhead rate are not formally documented in a policy, procedure or work instruction. Due to staff turnover, Council was unable to demonstrate a clear and consistent understanding of the methodology or rationale underpinning the overhead capitalisation model during the audit. This highlights a succession issue, with core knowledge of the process not being adequately retained or effectively transferred.</p>	<p>rate is assessed. Where the difference is material, the overhead rate should be updated accordingly.</p>	
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2.1.2 Assets requiring new revaluations to ensure they are revalued with sufficient regularity

Moderate

Control	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans
Risk	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from use of inappropriate depreciation rates.

Finding	Recommendations	Management Response
<p>The most recent revaluation of land assets was conducted on 1 July 2020, while building and urban element assets were last revalued on 30 June 2021.</p> <p>Accounting standards require assets using the revaluation model to be revalued with sufficient regularity to avoid material misstatement. Common practice in local government is for assets to have a full revaluation every 3-5 years, 5 years being generally accepted as the maximum allowable gap between revaluations.</p> <p>Audit acknowledges that Management intends to perform the revaluation of these asset classes for inclusion in the financial report as at 30 June 2026. Upon completion of the revaluations, the control will be considered effective.</p>	<p>Ensure that assets using the revaluation model are revalued with sufficient regularity as required by Australian Accounting Standards.</p>	<p>The City of Adelaide is in the process of completing comprehensive revaluations of the following Asset Classes as of 1 January 2026:</p> <ul style="list-style-type: none"> • Land • Buildings <p>The following Asset Classes will be revalued as of 30 June 2026:</p> <ul style="list-style-type: none"> • Urban Elements • Public Art <p>In addition, desktop revaluations in the form of annual LGPI indexation will be performed over the following Asset Classes as of 30 June 2026:</p> <ul style="list-style-type: none"> • Park Lands & Open Space • Stormwater & Drainage • Bridges • Footpaths • Kerb & Water Table • Public Lighting • Roads • Traffic Signals

2.1.3 Assets without condition assessment history and incomplete disclosure of condition assessment dates**Low****Control**

There is a process in place for the verification of fixed assets which is reconciled to the FAR.

Risk

Fixed assets acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all / Fixed asset register does not remain pertinent.

Finding	Recommendations	Management Response
<p>Audit reviewed the Revaluation Condition Audit Schedule and noted that there was no history of when the last condition assessments were performed for the following asset classes: Underground Distribution Systems, River Torrens Earth Retaining Structures, Potable Water Distributions and Sewer Infrastructure.</p> <p>Audit acknowledges that the Revaluation Condition Audit Schedule records the history of the most recent condition assessments for the majority of Council asset classes, and that the asset classes noted above are scheduled for condition assessment during the 2026/27 financial year.</p> <p>These assets are valued based on their depreciated replacement cost, which comprises 2 components - the gross replacement cost and the accumulated depreciation of these assets. Gross replacement cost is determined by the confirmation of physical characteristics / measurements and revaluation of unit rates of these assets. Accumulated depreciation is based on estimated total and remaining useful lives of these assets, generally informed by a condition assessment.</p> <p>To ensure that asset valuation data is maintained at an appropriate quality to inform asset management and long-term financial planning</p>	<p>The Revaluation Condition Audit Schedule contains a history of the last condition assessment performed for all classes of assets (when applicable).</p> <p>At year end, the financial statement note disclosures outlining the basis for asset valuation include the dates of the most recent condition assessments, in addition to the dates of unit rate reviews.</p>	<p>The 2025/26 Financial Statements will be updated to incorporate the most recent condition audits performed across the Asset Classes.</p>

decisions, it is critical that key valuation inputs – including both gross replacement cost and condition – are reassessed regularly. Common practice in local government is for these inputs to be comprehensively reviewed by an independent third party every 3-5 years.

It is also useful for the financial statement disclosures to clearly distinguish between these two components—the revaluation of unit rates supporting the gross replacement cost, and the condition assessments informing the remaining useful lives of these assets.

In reviewing the 2024-25 financial report Audit noted that, for most asset classes, Council discloses the date of the most recent unit rate valuation only, with no corresponding disclosure of the date of the most recent condition assessment.

2.1.4 Instances of assets recorded in Assetic without corresponding GIS Data

Better Practice

Control

There is a process in place for the verification of fixed assets which is reconciled to the FAR.

Risk

Fixed assets acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all / Fixed asset register does not remain pertinent.

Finding	Recommendations	Management Response
<p>Council utilises ESRI as its GIS system, which is integrated with the Assetic asset management system. Council has developed a Power BI report that identifies and reports exceptions between the GIS and asset management systems.</p> <p>The exception reporting falls into 2 categories: records in Assetic but not in GIS spatial dataset, and records in GIS spatial datasets but not in Assetic.</p> <p>Audit reviewed the most recent exception report and noted the following asset records in Assetic not included in the GIS system:</p> <ul style="list-style-type: none"> - Lighting Lumina – 7,813 records - Stormwater – 1,623 records - Traffic signal – 1,638 records - Kerb and TCD assets – 804 records <p>The report also provided the following asset records in the GIS system but not in Assetic</p> <ul style="list-style-type: none"> - Electrical pits – 44 records - Street light poles – 626 records - Lighting Limina – 19 - Traffic signal conduits – 10 records - Other infrastructure assets – 12 records 	<p>Continue to address exceptions highlighted in the Power BI report to ensure that all assets recorded in the asset management system have corresponding records in the GIS system, and visa-versa.</p>	<p>Management will reconcile and investigate any discrepancies between GIS and Assetic on a monthly basis.</p>

<p>Audit acknowledges that, based on a review of the Power BI report, approximately 95% of assets in Assetic are recorded in the GIS system and 99% of assets in the GIS system are recorded in Assetic. The exceptions noted above do not represent a significant risk to the quality of Council's asset data.</p>		
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2.2 PURCHASING & PROCUREMENT / CONTRACTING

2.2.1 Instances of purchase orders issued after the date of the invoice / payments without a purchase order

Moderate

Control	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.
Risk	Purchase orders are either recorded inaccurately or not recorded at all

Finding	Recommendations	Management Response
<p>The Procure to Pay Operating Guideline determines that a purchase order is generally required as a primary control for managing external expenditure, particularly where it supports a contract or where the purchase value exceeds \$2,000 (including one-off or aggregated spend).</p> <p>Purchase orders are not required where the expenditure falls below the threshold and meets criteria for alternative methods (e.g. purchase card, petty cash, etc), or where the purchase falls under specific exempt categories outlined in the guideline.</p> <p>Audit selected a sample of 20 purchases and noted the following:</p> <ul style="list-style-type: none"> - four purchase orders were issued after the date of the invoice - one purchase did not have a related purchase order and did not fall into the list of purchases exempted from having a purchase order. <p>Exception reporting, such as an 'AP Invoices Entered Without Purchase Orders' report is not available with current system configuration. As a consequence, we were unable to obtain sufficient information to assess Council's overall compliance with purchase order requirements.</p>	<p>Ensure that purchase orders are issued in accordance with the Procurement Policy and the Procure to Pay Operating Guideline.</p> <p>Management monitors non-compliance with purchase order usage. This could include reviewing system reports detailing purchase order usage exceptions (e.g. 'AP Invoices Entered Without Purchase Orders'), analysing the nature of non-compliances and speaking to any repeat offenders to understand the reasons for non-compliance.</p> <p>Such monitoring can help to improve the rate of Policy compliance, and may also be used to inform continuous improvement of the Policy to ensure that purchase order requirements and exemptions are optimised to meet business requirements and promote efficiency.</p>	<p>Management will develop and schedule a report to be run on a periodic basis.</p> <p>Once the report is developed, the base line level on non-compliance will determine the frequency of the report e.g. weekly, monthly, or quarterly</p>

2.3 PAYROLL

2.3.1 Multiple timekeeping systems and lack of integration with payroll system

Moderate

Control

Relevant staff are required to complete timesheet and/or leave forms, authorise them and have approved by the relevant supervisor.

Risk

Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.

Finding	Recommendations	Management Response
<p>The City of Adelaide currently utilises multiple systems and processes to record employee working hours across different employee groups.</p> <p>Employees on Wages Enterprise Agreement (primarily outdoor employees) are paid based on their standard rostered hours recorded in 'SuccessFactors' (HR Information System) which integrates into CHRIS 21' payroll system, with manual timesheets used to record additional or unusual hours not captured in the system. Manual timesheets for Wages employees (not just those with exceptions) are submitted to payroll for review and verification.</p> <p>For Salaried Enterprise Agreement employees (inside staff and outdoor managers), payment is based on their standard work schedule maintained in SuccessFactors, which integrates into the 'Chris 21' payroll system. Manual timesheets record additional paid hours not captured in the system. The 'Flexitime' system captures all hours worked with excess 'unpaid' hours taken as flexi time. The Flexitime system is not integrated with the payroll system (CHRIS21).</p> <p>Additionally, employees within Leisure Enterprise Agreement (North Adelaide Golf Course), UPark Enterprise Agreement, and Town Hall casuals record all working hours using the 'Deputy' system, provided to Payroll through data extract. Deputy is not integrated with CHRIS21.</p>	<p>Consider implementing integrated time and attendance solution/s that interface directly with CHRIS 21 to reduce reliance on manual processes and improve efficiency and enhance assurance of data accuracy.</p> <p>Establish and document standard controls for time recording, reconciliation, and payroll processing to ensure consistency across payroll staff and improved succession planning.</p> <p>Review the need for all manual timesheets for 'SuccessFactors' staff to be submitted to payroll, and consider requesting only those timesheets containing exceptions to standard hours to be submitted.</p>	<p>A project to deliver a rostering solution that integrates with both CoA's HR information system and payroll system is scheduled to commence in 27/28.</p> <p>While manual processes are in place, CoA will investigate, establish and document the methods, to ensure consistency of approach.</p>

The use of multiple time recording methods across different systems and manual processes, combined with the lack of integration with CHRIS21, increases reliance on manual processes and controls. This creates a risk of data inconsistencies, processing errors, and inefficiencies, as payroll must consolidate and manually validate information from multiple systems and manual records.

Audit acknowledges that reconciliations are performed between the various timekeeping systems (e.g. Flexitime and Deputy), manual timesheets, and CHRIS21 to ensure the accuracy and completeness of hours processed through payroll. Whilst these reconciliation procedures act as a compensating control, the current internal controls in place rely heavily on manual intervention and post-processing checks rather than automated system checks or integration. Additionally, the methods used to perform these controls are not consistent, with each payroll officer developing their own checking methods which are not always evidenced, and some checks are inherently subject to human error (for example reviewing large PDF files of scanned timesheets to identify modified hours worked).

2.3.2 Opportunity to improve documentation of payroll review sign-off using the existing checklist

Moderate

Control	All calculations for generating payroll payments are verified for accuracy
Risk	Payroll expense is inaccurately calculated.

Finding	Recommendations	Management Response
<p>Payroll Processing Procedures are documented that provide a comprehensive checklist of key steps in the payroll process, and reports to be reviewed as part of the payroll process to ensure the accuracy and completeness of payroll payments.</p> <p>The procedures outline several payroll reports that are required to be generated and reviewed during each pay cycle. Key payroll reports to be reviewed include:</p> <ul style="list-style-type: none"> • PRD – Pay Details Report to review each employee’s hours, gross pay, tax, deductions, allowances, superannuation, and net pay • VAA – Variance Report to identify ordinary hours variances greater than \$500 • CAL – Calculate Pay Report to check new employees, cessations, and ordinary hours being processed • LPA – Ledger Pay by Accounts Report outlining the amounts processed to account codes • EFT – EFT Fixed Format Report used to reconcile the bank file • EOM Spreadsheet which uses totals from the PRD, LPA and EFT reports to reconcile the payroll system and EFT file to the online banking system. <p>Audit notes that two payroll officers currently run and review these reports as part of the payroll process. However, there is no formalised sign-off process evidencing that the preparer and reviewer have completed these review procedures.</p>	<p>Implement a formal sign-off process to evidence that all required reports and checks have been completed and independently reviewed each pay run.</p> <p>This can be achieved by utilising the existing checklist as a consolidated sign-off document, with both the preparer and reviewer formally signing off to confirm completion and review, and retaining it on file together with the underlying payroll reports as supporting evidence.</p>	<p>CoA will implement a structured and documented sign-off process to formally record the existing steps that are taken to ensure the accuracy and completeness of payroll payments</p> <p>Sign off documents will commence prior to the end of the Financial Year 2026 and retained with pay run reports.</p>

Whilst the reports are reportedly being reviewed in practice, the absence of a structured sign-off mechanism limits the ability to clearly demonstrate that all required checks have been performed and reviewed.

To streamline the process and improve documentation of the control, the existing checklist within the Payroll Processing Procedures could be leveraged as a formal sign-off document. Rather than requiring sign-off on each individual payroll report, the preparer and reviewer could simply sign the completed checklist, with the relevant payroll reports attached as supporting documentation. This is common practice in other large organisations, and doing so would also provide stronger confidence that all key steps in the payroll process have been completed.

2.3.3 Opportunity to provide further supporting information to inform persons authorising payroll payments**Low****Control**

There is a process in place to ensure data entry of payroll source documents

Risk

Payroll expense is inaccurately calculated.

Finding	Recommendations	Management Response
<p>The payment of the fortnightly payroll is authorised by 2 persons in accordance with the delegations of authority. To inform their decision to approve the payment, these authorisers are provided with a high level one-page reconciliation summary (spreadsheet extract) summarising payroll gross, net and EFT totals.</p> <p>It is better practice for the persons approving payroll payments to be provided with access to detailed supporting information to provide them with additional comfort in the accuracy of payments to be processed. In particular (and in addition to the reconciliation summary), the VAA variance report detailing reasons for variances in payroll payments between the current and prior pay run can be a useful reference for the reviewer to understand the underlying drivers of movements in payroll, and an extract of the 1-page summary of payroll totals from within the system-generated PRD report can provide stronger confidence that the pay run being approved reflects the values in the payroll system.</p> <p>It is not necessary that the authorisers evidence their review of these supporting documents – what is important is simply that they are provided access to them so as to ensure they can be properly informed when providing their approval.</p>	<p>Provide payroll authorisers with the VAA variance report and a summary extract from the PRD report, alongside the existing reconciliation summary, to better inform their approval decisions and enhance oversight of payroll movements.</p>	<p>In addition to existing information, the following information will be provided to payroll authorisers:</p> <ul style="list-style-type: none"> • 1 page summary of payroll totals from the PRD report • A variance calculation from previous pay runs will be implemented on the Payroll Reconciliation summary provided to the Payroll authorisers. A tolerance level will be determined when implementing this process.

2.3.4 Limited visibility of individual payroll variances in payroll validation documentation**Better Practice****Control**

There is a process in place to ensure data entry of payroll source documents

Risk

Payroll expense is inaccurately calculated.

Finding

As part of the fortnightly payroll review process, a variance report (VAA report) is generated that compares the total payroll amounts to be paid in the current pay period against those paid in the previous pay period. This report forms part of the payroll validation process performed by payroll staff prior to seeking payment approval.

Audit noted that the reasons for significant variances are not consistently documented within the VAA report. Whilst payroll staff reportedly review the report as part of their internal checks, the report itself does not include explanations for material differences between pay periods and it is not evident from the documentation whether or not these variances have been investigated and understood. As a result, there is limited visibility over the underlying drivers of payroll changes between pay periods, which reduces the effectiveness of the validation control and subsequent approval process.

Recommendations

Document explanations for all material variances identified in the VAA report as part of the payroll review process.

Management Response

For variances exceeding \$400 CoA will record additional information on the VAA report which

- Confirms the variance has been investigated and verified.
- Provides a high-level explanation of the reason for the variance.

This has been implemented from April 2026

2.3.5 Opportunity to implement bona fide payroll reports as an additional control

Better Practice

Control	All calculations for generating payroll payments are verified for accuracy
Risk	Payroll expense is inaccurately calculated.

Finding	Recommendations	Management Response
<p>Given the large number of employees within the City of Adelaide and the multiple sources used to record employee working hours (including SuccessFactors rosters, manual timesheets, Flexitime sheets, and Deputy), payroll processing involves several manual processes and reconciliations to ensure that hours recorded across the different systems are accurately reflected in CHRIS21.</p> <p>Whilst reconciliation procedures are performed to align the various timekeeping records with CHRIS21 prior to payroll processing, the reliance on multiple timekeeping sources and manual reconciliation processes increases the complexity of the payroll control environment and the inherent risk that errors or inconsistencies may not be readily detected.</p> <p>In this context, Council may benefit from implementing Bona Fide payroll reports whereby a listing of employees, their time worked, and their corresponding payments processed in each pay cycle are provided to the relevant Managers for review and confirmation. This would enable Managers to verify the employees under their supervision and the payments made to them, providing an additional layer of oversight over payroll transactions with the benefit of local knowledge.</p> <p>Audit notes that a number of organisations using the CHRIS21 payroll system have adopted Bona Fide reporting as a standard payroll control</p>	<p>Consider implementing Bona Fide payroll reporting, whereby employee payment listings for each pay cycle are distributed to relevant Managers for review and confirmation.</p>	<p>CoA will investigate Bona Fide reporting on a regular frequency with parameters to be confirmed for consideration within the 26/27 Financial Year.</p> <p>The requirement for Bona Fide reporting will be reviewed following the implementation of a new timesheet and rostering solution.</p>

to provide additional assurance over the accuracy and legitimacy of payroll payments.

Introducing this control could strengthen payroll governance, particularly given the distributed timekeeping arrangements, centralised payroll processing, and manual consolidation of payroll data. Bona Fide reporting could serve as a complementary control to existing payroll checks, and may be particularly beneficial if system integration between timekeeping systems and CHRIS21 is not currently planned or remains a longer-term initiative. Alternatively, it could operate as a temporary control until greater system integration is achieved.

2.4 USER PAYS INCOME

2.4.1 Manual processing of lease data due to the absence of system integration

Moderate

Control	There is a process in place to ensure that fee for service income is accounted for.
Risk	User pays income is either inaccurately recorded or not recorded at all.

Finding	Recommendations	Management Response
<p>Council uses 'Progenesis' as its lease management system, which maintains data for lease agreements.</p> <p>For lease agreements managed by the Adelaide Central Market Authority (ACMA), invoices and statements are generated directly from Progenesis, with financial information journalled into TechnologyOne based on reports extracted from Progenesis.</p> <p>For lease agreements relating to the City of Adelaide, leasing data is manually extracted from Progenesis, recorded in a spreadsheet, and uploaded into Pathway to facilitate billing.</p>	<p>Consider assessing the feasibility of automating the transfer of data between Pathway and Progenesis for City of Adelaide leases.</p>	<p>Management will continue to explore opportunities for automation of data between systems.</p>

2.4.2 Improvements required in controls over user access to parking fee settings in Designa

Moderate

Control	There is a process in place to ensure the fees and charges are applied in accordance with those adopted in the fees and charges register
Risk	Council does not apply User Pay principles consistently.

Finding	Recommendations	Management Response
<p>Parking fees are updated on a regular basis, informed by analysis of the financial performance and utilisation of car parks, up to the maximum fees approved by Council. Council's Delegations of Authority outline the officers authorised to change parking fees.</p> <p>Designa is the supplier of Council's car park management system in which the car parking tariffs are maintained. All operating personnel have system access rights which provide them with the ability to modify fees within the car park management system.</p> <p>Management advised that only three staff (the 'UPark Operations Supervisor', 'Training and Quality Assurance Officer', and 'Finance and Business Administrator'), and also the system provider, have the knowledge and access required to make tariff changes due to the complexity of the system.</p>	<p>Investigate options to restrict access to modify parking fees in Designa to authorised personnel only, and ensure user access is periodically reviewed for appropriateness.</p> <p>Alternatively, investigate whether a system-generated audit trail exists for parking fee changes to enable monitoring and verification that all amendments are performed by authorised officers.</p>	<p>Investigation with Designa has shown Council are able to restrict access to modify parking fees in Designa to authorised personnel only. This action has been taken.</p> <p>A process has been implemented for periodic review of the different log in groups to ensure only authorised staff have access to modify tariffs.</p>

2.4.3 Absence of formal guidance and defined expectations for reviewing voided expiation fees

Moderate

Control	Delegations are in place for adjusting or waiving fees for service charges adopted in the fees and charges register.
Risk	User Pays Income is either inaccurately recorded or not recorded at all

Finding	Recommendations	Management Response
<p>Officers responsible for expiation fee management perform a review of a 'VOID list' relating to voided expiation fees recorded in the 'Point Force' system. This review assesses whether appropriate supporting notes have been included to justify the voiding, and identifies any potentially inappropriate voided transactions processed by officers responsible for issuing expiation notices.</p> <p>Reportedly, this review occurs daily. Audit was unable to verify this, as the review is not formally signed off or retained on file, and the requirement to perform the review is not documented within Council's policies, procedures, position descriptions, nor standard operating procedures. As a result, there is no formal documented expectation regarding the frequency and/or scope of the review.</p>	<p>The requirement for daily review of the VOID list for expiation fees is formally documented within Council's policies, procedures, position descriptions, and / or standard operating procedures to ensure clear expectations are set regarding the frequency, scope, and responsibility for performing the review.</p> <p><i>Note: Audit is not recommending that the daily review itself need be formally documented or signed off, and this would likely impose a significant administrative burden on the department. Rather, our recommendation focuses on formalising the requirement that the review be performed.</i></p>	<p>A daily record of the review of voided transactions is now documented and contained within Council's record system, Content Manager.</p> <p>The process for undertaking the review will be documented within relevant procedures/guidelines.</p>

2.5 GRANTS

2.5.1 Grant income register does not include acquittal requirements

Low

Control

There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant

Risk

Grant funding is not claimed by Council on a timely basis or not claimed at all

Finding	Recommendations	Management Response
<p>The grant income register contains a range of useful and comprehensive information, including project names, amounts, financial statement categories (e.g. grants, subsidies, and contributions), funding sources (state, federal, etc.), references to grant agreements, and analysis of revenue recognition based on specific performance obligations, among other details.</p> <p>However, it was noted that the register does not include information relating to acquittal requirements to be provided to grantors, including relevant deadlines.</p>	<p>The Grant income register is updated to include details of acquittal requirements and associated deadlines for each grant.</p>	<p>The responsible officer to ensure acquittal requirements in line with associated deadlines is the grant recipient and/or project manager.</p> <p>The Grant income register will be further enhanced with acquittal requirement and deadlines incorporated. Noting the responsibility will remain with the grant recipient/project manager.</p>

2.6 CREDIT CARDS

2.6.1 Instances where purchase card holders did not have financial delegation to incur expenditure

Low

Control

There is a process in place to ensure there are appropriate approvals prior to the issuing of credit cards and limits.

Risk

Credit cards are issued to unauthorised employees

Finding	Recommendations	Management Response
<p>We noted four instances where credit card holders were using cards within their approved card limits, whilst not having any financial delegation to incur expenditure on behalf of the Council.</p> <p>Management advised that the officer approving purchase card expenses holds the financial delegation. Better practice is for the cardholder to hold the financial delegation to incur expenditure, even where final approval sits with another officer, as it is the card holder that is committing council to the expenditure in the first instance.</p>	<p>All purchase card holders are given the financial delegation to incur credit card transactions.</p> <p>This delegation can be restricted to purchase card expenditure only. Further, this delegation does not necessarily need to be assigned individually, and could instead be achieved by including a provision in the delegations framework stating that all purchase card holders have delegated authority to incur expenditure on their cards within their approved card limits.</p>	<p>The current Financial Delegations are set based on Council decision in December 2021.</p> <p>Administration is in the process of reviewing the Procurement and Contract Approvals Operating Guideline. The next iteration will include a Financial Delegation of purchase card holders up to the value of their approved purchase card limit.</p>

2.7 BANKING

2.7.1 Bank reconciliations do not include formal signatures to evidence preparation and review

Moderate

Control

Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.

Risk

Banking transactions are either inaccurately recorded or not recorded at all / Fraud

Finding	Recommendations	Management Response
<p>Audit noted that bank reconciliations included typed names and initials of the officers preparing and reviewing them, but did not include a formal signature (e.g. 'wet ink' or secure electronic signature). This same practice was also observed across other reconciliations.</p> <p>Given the importance of bank reconciliations as a key financial control mitigating fraud and errors, it is particularly important that these reconciliations include an appropriate form of signature to evidence preparation and review.</p> <p>For other reconciliations, secure signatures are considered good practice, but not critical.</p>	<p>Bank reconciliations are formally signed by both the preparer and reviewer.</p> <p>This can be achieved through a number of methods, including physical 'wet ink' signatures, secure electronic signatures (e.g. via Adobe, Docusign, etc), or by recording preparation and review within the Content Management System (e.g. the preparer files the reconciliation and notes as prepared, and the reviewer logs into the system and notes as reviewed, providing a digital audit trail).</p> <p>Council may also consider applying a consistent approach to other reconciliations.</p>	<p>All Balance Sheet reconciliations are prepared within a shared folder and then saved within the Central Records System on an annual basis.</p> <p>The reconciler and reviewer note the date performed, however recognise that this can be amended.</p> <p>A review of the process will be undertaken with either a digital signature or recording via e-mail of the review undertaken will be implemented going forward.</p>

2.8 RECEIPTING

2.8.1 A complete list of reversals and / or voided transactions is not formally reviewed by an independent officer

Low

Control

There is a review process for the authorisation of the reversal of transactions.

Risk

Receipts are either inaccurately recorded or not recorded at all.

Finding	Recommendations	Management Response
<p>A complete list of daily receipt reversals and/or voided transactions is not formally reviewed by an independent officer at the end of each day.</p> <p>Audit acknowledges that reversals and voids are reviewed individually when processed, and that an end-of-day reconciliation is performed comparing daily takings to the receipting system. However, a residual risk remains that an officer could reverse or void a transaction without seeking independent review or approval and misappropriate cash, whilst daily takings would still reconcile to the total receipting in the system.</p>	<p>A complete list of receipt reversals and voided transactions are formally reviewed by an independent officer at the end of each day.</p>	<p>The Counter Balance form will be updated to send a notification to the Customer Centre Team Leader email inbox to prompt that a reversal/void has been completed.</p> <p>The Team Leaders will then monitor the inbox and perform a review on a daily basis.</p>

APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

FIXED ASSETS

Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.
R2	If fixed assets are not securely stored, they may be subject to damage or theft.
R3	If fixed assets are not valued correctly, the management reports and financial statements will be misstated. For example, incorrect carrying values may result from the use of inappropriate depreciation rates.
R4	Depreciation charges are either invalid, not recorded at all or are inaccurately recorded which includes inappropriate useful lives and residuals.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control	Control Type
R1	There is a process in place for the verification of fixed assets which is reconciled to the FAR.	Core
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Core
R1	Maintenance of the fixed asset register is limited to appropriate staff with consideration to segregation of duties.	Core
R1	Reconciliation of fixed assets to the General Ledger is performed in accordance with schedule of review or procedure.	Core
R1	Asset register calculations are reviewed for accuracy.	Core
R3	Relevant staff review useful lives, residuals, valuations, depreciation methodology and test for impairment as required by Accounting Standards and legislation to ensure that methods used are still appropriate and significant changes are incorporated into Asset Management Plans.	Core
R4	Depreciation charges are calculated in accordance with the asset accounting policy and compliant with relevant accounting standards, including the useful life, depreciation method and residual values.	Core
R5	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999.	Core

PURCHASING AND PROCUREMENT

Risks

R1	Council does not obtain value for money in its purchasing and procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are made for unapproved goods and services.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1	Council has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with Council's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R3	Purchase order numbers are either system generated and/or sequentially numbered.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core

CONTRACTING

Risks

R1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
R2	Council does not obtain value for money in relation to its Contracting.
R3	Commitments are made for unapproved goods and services

RISKS	Control	Control Type
R1,R2	There are robust and transparent evaluation and selection processes in place to engage contractors where relevant in accordance with the Code of Conduct, Conflict of Interest and Procurement Policy.	Core
R1	Council maintains a current contract register.	Core
R1 R2	Tender box are kept securely	Core

PAYROLL

Risks

R1	Payroll expense is inaccurately calculated.
R2	Payroll disbursements are made to incorrect or fictitious employees.
R3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
R4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
R5	Voluntary and statutory payroll deductions are inaccurately processed or without authorisation.
R6	Employees termination payments are not in accordance with statutory and enterprise agreements.

RISKS	Control	Control Type
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R1	There is a process in place to ensure accurate data entry of payroll source documents.	Core
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core
R2	Payroll system generates audit reports detailing all payroll changes and there is a process in place to ensure all changes are reviewed and verified against source documents.	Core
R2	There is a process in place to ensure employees are not added to the payroll masterfile, nor details amended or amounts paid without receipt of the appropriate forms which have been authorised by relevant staff.	Core

USER PAY INCOME - FEE FOR SERVICES

Risks

- | | |
|----|---|
| R1 | The fee charged does not reasonably reflect the value of the services provided. |
| R2 | Council does not apply User Pay principles consistently. |
| R3 | User pay income is either inaccurately recorded or not recorded at all. |

RISKS	Control	Control Type
R1, R2	There is a process in place to establish fees and charges (including GST treatment) which are reviewed annually and adopted by Council.	Core
R3	There is a process in place to ensure that fee for service income is accounted for.	Core
R2	There is a process in place to manage and reconcile bonds and deposits.	Core
R2	There is a process in place to ensure the fees and charges are applied in accordance with those adopted in the fees and charges register.	Core
R3	Delegations are in place for adjusting or waiving fees for service charges adopted in the fees and charges register.	Core

GRANTS

Risks

- | | |
|----|--|
| R1 | Council loses recurrent Grant funding to provide existing service. |
| R2 | Grant funding is not claimed by Council on a timely basis or not claimed at all. |
| R3 | Grants are either inaccurately recorded or not recorded at all. |

RISKS	Control	Control Type
R1	Management and/or Council to approve all tied grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant.	Core
R2, R3	There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant.	Core

CREDIT CARDS

Risks

R1	Credit Cards are issued to unauthorised employees.
R2	Credit Cards are used for purchases of a personal nature.
R3	Credit Card limits are set at inappropriate levels.

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Core
R1,R2	Credit card holders sign a declaration confirming compliance with Council policy and procedures prior to the Credit Card being released.	Core
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Core
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to Council.	Core
R3	There is a process in place to ensure credit card limits and usage is reviewed for operational efficiency.	Core

BANKING

Risks

R1	Banking transactions are either inaccurately recorded or not recorded at all.
R2	Fraud (i.e. misappropriation of funds)

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash, blank cheques and/or cheque signing machine are adequately safeguarded.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core
R2	Cash transfers between bank accounts and investment bodies are undertaken by appropriate staff.	Core
R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core

RECEIPTING

Risks

- | | |
|----|---|
| R1 | Receipts are either inaccurately recorded or not recorded at all. |
| R2 | Receipts are not deposited at the bank on a timely basis. |

RISKS	Control	Control Type
R1	There is a review process for the authorisation of the reversal of transactions.	Additional
R1	Receipt transactions are reconciled to the daily takings and out-of-balance banking is corrected promptly.	Core

RATES / RATES REBATES

Risks

- | | |
|----|---|
| R1 | Council does not raise the correct level of rate income. |
| R2 | Rates and rate rebates are either inaccurately recorded or not recorded at all. |
| R3 | The Property master file data does not remain pertinent. |
| R4 | Rates are not collected on a timely basis. |

RISKS	Control	Control Type
R1,R2	Rates are automatically generated by the rate system, including the calculation of rate rebates and other parameters as applicable.	Core
R2	Rates are generated and tested for accuracy of calculation methodology prior to the rates billing run.	Core
R1	There is a rating policy in place that is reviewed annually that provides clear guidance on rating methodology and relevant rebates and remissions in line with legislation.	Core
R2	Annual valuation update is balanced prior to the generation of rates; all mismatches resolved prior to finalising rate generation.	Core
R2	All rate rebates and adjustments including write offs are appropriately authorised, with reference to Delegations of Authority and source documents.	Core
R4	There is a Process in place to ensure that rates are collected in a timely manner and overdue rates are followed up.	Core
R3	Access to the Property master file is restricted to appropriately designated personnel, with a process in place to ensure changes are in line with policies and procedures.	Core
R2	Employees responsible for processing rate payments and rebates cannot process their own payments or rebates unless the transaction is approved by someone independent of the process.	Core

GENERAL LEDGER

Risks

R1	General Ledger does not contain accurate financial information.
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1,R2	Financial data is backed up and stored offsite.	Core
R1	All journals, including manual entries, identify date posted, narration, author, journal and posting reference.	Core
R1,R2	General Ledger policies and procedures are appropriately created, updated and communicated to relevant staff.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

ACCOUNTS PAYABLE

Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R5	Access to the supplier masterfile is restricted to authorised staff	Core
R2,R5	Separation of Accounts Payable and Procurement duties.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R4	Relevant staff to review aged payables listing on a predetermined basis and investigate where appropriate.	Core
R5	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Core
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional

BUDGET

Risks

- | | |
|----|--|
| R1 | Budgets are inaccurately recorded due to variances between the budget adopted by council and its finance system. |
| R2 | Budgets do not reflect strategic objectives. |

RISKS	Control	Control Type
R1	There is a process in place to review actual compared to budget and significant variances investigated.	Core
R2	Council has in place a process which is delegated to council administration who are responsible to put in place a framework of internal controls over budget formulation and management.	Core

DEBTORS

Risks

- | | |
|----|--|
| R1 | Debtors / Credit notes to debtors are either inaccurately recorded or not recorded at all. |
| R2 | An appropriate provision for doubtful debts is not recorded. |
| R3 | Debtors are either not collected on a timely basis or not collected at all. |

RISKS	Control	Control Type
R1	Debtor's reconciliation is performed on a regular basis to the General Ledger and reviewed by an appropriate person.	Core
R1, R3	The organisation maintains a Debt Collection Policy and/or procedure.	Core
R2, R3	Relevant staff reviews debtors ageing profile on a regular basis and investigates any outstanding items, and considers provisions for doubtful debts.	Core
R1	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority.	Core
R1	All invoices raised and credit notes applied have an audit trail.	Core

PROJECT COSTING

Risks

R1	Projects are either inaccurately recorded or not recorded at all.
R2	Appropriate approvals are not received for the establishment and changes in project scope or costs.

RISKS	Control	Control Type
R1, R2	Actual project costs are regularly compared to budgets; significant variances are investigated by relevant staff.	Core
R1	Processes are in place for establishing and changing project scope and budgets with approvals in accordance with Delegations of Authority.	Core
R2	There is an on-going review of current projects having regard to project scope and delivery within budget and with variations communicated and endorsed within relevant Delegations of Authority.	Additional