

Internal Audit Report - New Commercial Revenue Process Review

Friday, 16 October 2026

Audit and Risk Committee

Strategic Alignment - Our Corporation

Program Contact:

Kathryn Goldy, Acting Associate
Director Governance & Strategy

Public

Approving Officer:

Rebecca Hayes, Acting Chief
Operating Officer

EXECUTIVE SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with the New Commercial Revenue Process Review Internal Audit Report. The Internal Audit was performed by BDO, in accordance with the Internal Audit Plan 2025 – 2026 (the Plan). This report requests that the Audit and Risk Committee note the report and endorse the administration responses.

The Terms of Reference of the Audit and Risk Committee includes responsibility for receiving full reports, monitoring and reviewing the Plan and Internal Audit Projects.

The objective of this project was to assess the design and operating effectiveness of Council's processes and governance structures to identify, evaluate and deliver new commercial revenue opportunities.

The City of Adelaide has established a strategic objective to increase the proportion of revenue generated from non-rates sources. The City of Adelaide already derives a comparatively strong level of non-rates revenue relative to many councils across Australia (see Appendix 4). Benchmarking undertaken identified that many of the revenue streams utilised by leading councils are already present within the Council's operating environment, with the key differences to other councils typically being the maturity of the processes used to identify, prioritise, assess and progress opportunities over time.

The review identified several positive foundations that support the pursuit of new commercial revenue opportunities. These include Council's strategic objective to grow non-rates revenue, established governance processes, Future Fund governance arrangements and the development of a formal framework for unsolicited proposals, however, the review also identified that Council's approach to commercial revenue growth remains largely opportunistic and decentralised.

Overall, BDO assessed Council's Commercial Revenue Management maturity at 2.3 (Developing) out of 5. To ensure recommendations are practical and proportionate to Council's operating context, the target state for this engagement has been assumed to be Level 4 (Mature) across all dimensions.

The review comprised five dimensions covering the end-to-end commercial revenue lifecycle. As a result of the maturity assessments, eight recommendations have been made. One is rated as long term, six are rated as medium term recommendations and one is rated as short term.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the New Commercial Revenue Process Review Internal Audit report as contained in Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 October 2026.
 2. Endorses the responses of the Administration to the New Commercial Process Review Internal Audit Report as contained in Attachment A to Item 6.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 October 2026.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Outcome – Effective Leadership and Governance 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	The BDO internal audit report has been presented to the Strategic Risk and Internal Audit Group for their consideration on 8 October 2026.
Resource	Not as a result of this report
Risk / Legal / Legislative	Internal audit is an essential component of a good governance framework. It is the mechanism which enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its function legally, and effectively, and to advise how it can improve performance.
Opportunities	Internal audit focuses on compliance, risk management and improvement opportunities. Audits suggest a range of improvement opportunities related to the area being received, enhancing functions and services and aligning Council processes to best practice standards.
26/27 Budget Allocation	This internal audit had a budget allocation of \$32,500, with some costs incurred and accounted for in the 25/26 financial year.
Proposed 27/28 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
26/27 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 Internal Audit Plan 2025 – 2026 (the Plan) for the City of Adelaide (CoA) was developed in response to Council's key strategic risks and priorities.
2. The New Commercial Revenue Process Review Internal Audit Report (Attachment A) was performed by BDO, in accordance with the Plan to consider the practices in place relating to new revenue streams.
3. The audit best aligns with the identified Strategic Risk:
 - 3.1. Financial Sustainability: If appropriate financial resources and systems are not in place, it may impact our ability to deliver services, maintain our assets and meet strategic objectives.

Discussion

4. The objective of this project was to assess the design and operating effectiveness of CoA's processes and governance structures to identify, evaluate and deliver new commercial revenue opportunities.
5. As part of the review, the maturity of CoA's approach to identifying, assessing, governing and delivering new commercial revenue opportunities was assessed using a Commercial Revenue Management Maturity Assessment Model tailored to reflect Council's operating environment, governance arrangements, legislative obligations and strategic objectives of increasing non-rates-based revenue. The table below provides a comparison of Council Revenue Sources across other key councils in Australia. This table can also be found at Appendix 4 in Attachment A:

Council Revenue Comparison - % of total revenue by source
2024-25 Actuals

	City of Adelaide	Brisbane City	City of Perth	City of Sydney	City of Melbourne	City of Gold Coast	Sunshine Coast	Cairns Regional
excl. Transport								
Rates, Levies and Annual Charges	59%	47%	56%	46%	46%	58%	74%	54%
Statutory Charges	7%	12%	14%	43%	8%	8%	9%	10%
User Charges, Commercial Items	29%				24%	15%		5%
Grants, Subsidies, Donations & Contributions	3%	15%	18%	2%	14%	10%	13%	26%
Financial and Investment Income	0%	7%	8%	6%	4%	3%	2%	8%
Other	1%	19%	4%	3%	4%	5%	1%	2%
Statutory, User Charges relative to Rates and Charges	61%	25%		94%	68%	39%	13%	19%
								9%

6. CoA demonstrates an average maturity rating at 2.3 out of 5. Council's strongest areas are its governance and assessment arrangements, where a number of documented controls, review mechanisms and governance frameworks are already in place.
7. The greatest opportunities for improvement relate to strengthening strategic direction, establishing a more structured approach to opportunity identification and pipeline management, introducing greater consistency in opportunity assessment, and improving implementation monitoring and benefits realisation.

8. The findings of the internal audit include the following recommendations:

Assessment	Current State of Maturity (out of 5)	Term	Recommendation	Target Date
1. Strategic Direction & Revenue Priorisation	2.0	Medium	1.1 Develop a commercial revenue strategy that defines priority revenue streams, revenue growth objectives and strategic decision-making principles. Undertake a high-level assessment of Council's assets, services and capabilities to identify and prioritise future opportunities.	30 June 2027
2. Opportunity Identification & Pipeline Management	1.5	Short	2.1 Improve the visibility and accessibility of unsolicited proposals, including clearer website guidance and promotion of the process.	30 September 2027
		Medium	2.2 Establish a central opportunity pipeline to capture, prioritise and monitor commercial revenue opportunities across the organisation.	30 September 2027
3. Opportunity Assessment & Business Case Development	3.0	Medium	3.1 Develop a consistent commercial revenue assessment framework incorporating common business case requirements, evaluation criteria and assessment templates.	31 December 2027
		Medium	3.2 Consider establishing mechanisms to provide greater commercial, financial and business case development support for commercial revenue opportunities, including access to specialist expertise and a central coordination function to assist business areas in progressing opportunities.	Improvement Opportunity
		Long	3.3 Consider enhancing the role and long-term sustainability of the Future Fund by clarifying its application to opportunity development activities and exploring reinvestment mechanisms to support future commercial revenue opportunities.	Improvement Opportunity
4. Governance & Decision-Making	3.0	Medium	4.1 Consider establishing a clearer ownership and coordination of commercial revenue opportunities, including central visibility and oversight of opportunities across the opportunity lifecycle.	Improvement Opportunity
5. Implementation & Monitoring	2.0	Medium	5.1 Establish a consistent approach to implementation oversight, monitoring, benefits realisation and lessons learned for commercial revenue opportunities.	30 June 2028

9. Administration has considered the findings and provided actions and time frames to address these findings (outlined in the current state assessment and recommendations section of the BDO's New Commercial Revenue Process Review Internal Audit Report, **Attachment A**).
10. At its meeting on 8 October 2026, the Strategic Risk & Internal Audit (SRIA) Group endorsed the responses contained in Attachment A and provided feedback highlighting the importance of recognising the work undertaken by ADEA to identify and deliver commercial revenue opportunities across the City.

DATA AND SUPPORTING INFORMATION

Nil

ATTACHMENTS

Attachment A – New Commercial Revenue Process Review Internal Audit

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