

Internal Audit Progress Report

Thursday, 4 August 2022

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

Program Contact:

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Governance

Public

Approving Officer:

Amanda McIlroy - Chief
Operating Officer

EXECUTIVE SUMMARY

To provide the Audit and Risk Committee with a progress update on the Internal Audit program, findings and recommendations.

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RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the report.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities The role of the City of Adelaide is to uphold the values of integrity and accountability. To ensure that the Council delivers services to the community as a leader, advocate, and facilitator by maintaining a transparent decision-making process.
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	The Internal Audit program provides to the Audit and Risk Committee on assurance related activities to meet best practice standards
21/22 Budget Allocation	\$70,000
Proposed 22/23 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
21/22 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

1. The role of Internal Audit is to assist Council, the Audit and Risk Committee and the Chief Executive Officer in meeting their assurance obligations relating to corporate governance, the system of internal controls and identifying areas for more efficient and effective processes.
2. Pursuant to the Audit and Risk Committee's Terms of Reference, approved by Council on 12 October 2021, the Audit and Risk Committee shall receive reports on all Internal Audit projects and review and monitor management's responsiveness to the findings and recommendations of the Internal Auditors (currently KPMG) and inhouse advice. Full copies of all completed audit reports are included in [link 1](#).
3. At its meeting on 18 June 2021, the City of Adelaide Audit and Risk Committee resolved that it can, at any time, recommend to Council to approve the 2021/2022 Internal Audit Plan (the Plan). The Plan was approved by Council at its meeting on 13 July 2021. The Audit and Risk Committee can at any time consider an amendment to the Plan in the context of operational needs, risks and priorities.
4. The completed internal audits and strategic reviews for the period of May 2022 to June 2022 are as follows:
 - 4.1. Records Management
 - 4.2. Management of Procurement Practices
 - 4.3. Payroll Operations
5. Recommendations arising from the Internal Audit and Strategic Reviews are reported to the Strategic Risk and Internal Audit Group (SRIA). Associate Directors and Managers are involved in the review and assist in drafting the management response, agree on actions and have responsibility for the target completion dates.
6. Recommendations, agreed actions, responsibilities and timeframes for implementation are recorded centrally in Council's process mapping software, Promapp. The implementation status of recommendations is tracked and reported to the Audit and Risk Committee.
7. As agreed by SRIA, any request for an extension of an action due date required the approval of the Chief Executive Officer. This process ensures that there is appropriate accountability, and commitment to completing the action before an extension is granted.
8. Since the last Internal Audit Progress Update reported to the Audit and Risk Committee at its meeting on 12 May 2022, 17 internal audit recommendations have been completed and 51 recommendations are in progress – view [link 2](#) for the full document which is summarised in the table below:

Risk	Definition	Overdue	In Progress	Total
High	Issue represents a control weakness which could have or is having major adverse effect on the ability to achieve project objectives. Requires a detailed plan of action to be put in place within 60 days with an expected resolution date and a substantial improvement within 3-6 months.	0	17	17
Moderate	Issue represents a control weakness which could have or is having a moderate effect on the ability to achieve process objectives. Requires a detailed plan of action to be put in place within 90 days with an expected resolution date and a substantial improvement within 6-9 months.	0	13	13
Low	Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives. Timeframe for action is subject to competing priorities and cost/benefit analysis, e.g. 9-12 months	0	13	13
	Total	0	43	43

Risk	Definition	Overdue	In Progress	Total
N/A	Improvement Opportunity	0	8	8

9. At its meeting on 14 December 2021, Council adopted the Climate Change Risk Adaptation Action Plan. This report was presented to the Audit and Risk Committee at its meeting on 29 October 2021 and it was agreed the progress of this action plan (view [link 3](#) would be reported to the Audit and Risk Committee on a quarterly basis. These are provided as a summary in the table below:

Risk	Definition	Overdue	In Progress	Total
N/A	Improvement Opportunity	0	9	9

10. Rundle Mall Program Performance Review

10.1. At its meeting on 4 February 2022, the Audit and Risk Committee (the Committee) noted the Rundle Mall Program Performance Review (the review). At that meeting, Manager Director the Adelaide Economic Development Agency committed to provide an update on the progress of the implementation of the review in 6 months.

10.2. The review:

10.2.1. Identified 28 actions relating to improving the efficiency and effectiveness of the Rundle Mall program.

10.2.2. Provided insights as to what's working well and challenges experienced by the Program's key stakeholders based on consultation and survey results from traders and Arcade and Centre Managers.

10.2.3. Provided results on the benchmarking review contrasting Rundle Mall against comparable precincts and malls.

11. An Implementation Plan to address the outcomes of the review was prepared, and of the 28 actions as listed – view [link 4](#) for the full document, 22 have been implemented and the remaining 6 are underway or will commence shortly. It is anticipated all actions will have been implemented by June 2023.
12. An update on progress of implementing the actions from the review was provided to Rundle Mall Precinct stakeholders on 24 June 2022.

DATA AND SUPPORTING INFORMATION

Link 1 – Completed Audit Reports

Link 2 – Progress Summary of Recommendations Report

Link 3 – Progress Summary of Climate Change Risk Adaptation Action Plans

Link 4 - Rundle Mall Performance Review – Recommendations and Actions Update

ATTACHMENTS

Nil

- END OF REPORT -