

INTERNAL AUDIT REPORT: COUNCIL ADMINISTRATION EXPENSES

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1. EXECUTIVE SUMMARY

In accordance with the 2024-25 Internal Audit Plan for the City of Adelaide (CoA), an internal audit focussing on Council Administration Expenses has been undertaken. The objective, scope, approach, and findings are outlined below.

2. OBJECTIVES

This internal audit project covered three key elements:

1. End-to-end processes of Council Administration Expenses in line with legislative requirements and internal policies, including documentation
2. Approval processes
3. Reporting obligations

This review is included in the 2024-25 Internal Audit Plan to provide assurance to the CoA Executive Team, the Strategic Risk and Internal Audit Group (SRIA), and the CoA Audit and Risk Committee (ARC).

3. SCOPE

This audit has assessed the overall end-to-end processes of Council Administration Expenses.

3.1 Scope Topics

The four main audit areas are:

- **Governance Framework** – Are relevant policies/procedures and guidelines in place to guide staff when reviewing and approving Council Administration Expenses?
- **Reporting** – What are Council's obligations and requirements in terms of reporting Council Administration Expenses? Is the Council reporting correctly?
- **Record Keeping** – Is the relevant documentation provided with the reimbursement processed? Are sufficient records maintained regarding expenses incurred? Where are these records stored? What types of expenses are incurred?
- **Sample Testing**—Testing will be performed to ensure that policies and procedures are being followed in accordance with legislation.

3.2 Timeframes

The scope was developed and approved by SRIA on 20 February 2025. The audit began in March 2025.

Consultation and meetings with relevant stakeholders occurred from April and May 2025 to gather and source information.

- Meetings with action owners and report finalisation occurred in May 2025.
- The report was presented to SRIA in June 2025.
- The final report will be presented to the ARC at the next available meeting.

4. METHODOLOGY

The audit focused on the Council Administration Expenses processes against the following guidelines and procedures to further ensure modern governance and self-accountability:

- Council Members Allowances and Benefits Policy
- *Local Government Act 1999 (SA)*
- *City of Adelaide Act 1998*
- *City of Adelaide (Members Allowances and Benefits) Regulations 2010*

The engagement was performed using the following approach:

- CoA staff member Annette Pianezzola, Risk and Audit Analyst performed the audit.
- One-on-one discussions with relevant CoA programs:
 - Governance & Strategy
 - Information Management
 - Finance & Procurement
- Review relevant documentation associated with Council Administration Expenses function.
- Benchmarking of external reporting on allowances and benefits with other local government agencies.
- Sample testing of reimbursements processed.
- Identification of any performance improvement opportunities.

5. BACKGROUND

5.1 Benchmarking on Reporting

In accordance with section 79 (1) of the *Local Government Act 1999 (SA)* (the Act), the Chief Executive Officer of council must ensure that a record (the *Register of Allowances and Benefits*) is kept in which is entered, in accordance with principles (if any) prescribed by the regulations, in respect of each member of the council -

- a) The annual allowance payable to the member; and
- b) Details of any expenses reimbursed by the council under section 77(1)(b); and
- c) Details of other benefits paid or payable to, or provided for the benefit of, the member by the council

Section 79 (2) of the Act, requires the Chief Executive Officer to ensure that an appropriate record is made in the Register, in accordance with principles prescribed by the regulations, in respect of –

- a) Changes in the allowance or a benefit payable to, or provided for the benefit of, members; or
- b) The provision of a reimbursement (other than a reimbursement under section 77(1)(a)) or benefit not previously recorded in the Register.

The Council Member Allowances and Benefits Register is provided on the CoA's external website and updated on a quarterly basis. A comparison of how the register is publicly available was undertaken with other South Australian councils, as follows:

Council Administration Expenses

Council	Reporting Structure	Annual / Quarter
City of Playford City of Salisbury City of Norwood, Payneham and St Peters	One register, which is updated quarterly (i.e. previous quarter is removed) Only the current year is available online.	Cumulative annual amounts are presented
City of Onkaparinga Town of Walkerville	One register, which is updated quarterly (i.e. previous quarter is removed) Current and previous years' registers are available online.	Cumulative annual amounts are presented
City of Port Adelaide Enfield The Barossa Council City of Campbelltown	One register for the entire Council Term that is updated on a quarterly basis Only the current term is available online.	Cumulative annual amounts are presented
City of Charles Sturt	Quarterly registers are prepared and presented online. Current and previous quarterly registers are available.	Amounts representing that particular quarter is presented in the report.
City of Marion City of Adelaide	Quarterly registers are prepared and presented online. Current and previous quarterly registers are available.	Cumulative annual amounts are presented for each quarterly report.
City of Burnside City of West Torrens	Once the financial year is completed, a report is prepared and presented online. Only previous year's register is available online (i.e. 2023/2024)	Cumulative annual amounts are presented
City of West Torrens	Once the financial year is completed, a report is prepared and presented online. Current and previous years' registers are available online.	Cumulative annual amounts are presented.

6. FINDINGS

There were five favourable findings identified during the audit, as follows:

- A Policy is in place and up-to-date
- A register is maintained with the most current information
- The register is available on the external website after each quarter
- Documentation is received and filed for reimbursements
- There is an audit trail

During the audit there were two findings identified as requiring improvement as shown in the table below.

The *Summary of Findings* section of the report contains a complete list of the identified findings and agreed-upon management actions. Risk ratings are listed in Appendix 1.

Findings	Risk Rating
Self-lodgement of reimbursements	Improvement Opportunity
Opportunity to simplify the online register	Improvement Opportunity

7. CONSULTATION

The following CoA stakeholders were involved in meetings throughout this audit:

- Charlotte Oldfield. Acting Manager Council Governance
- Sharon Harvey, Council Liaison & Administration Support
- Anthony Criscitelli, 0365 Platform Analyst
- Wendy McDonnell, Procure to Pay Officer

8. SUMMARY OF FINDINGS

Ref #1 Self-lodgement of reimbursements	Rating: Improvement Opportunity
Description of finding	Agreed Actions
Identification: The Council Members Allowances and Benefits Policy provides that Council Members are able to be reimbursed for the following expenses: • Travel • Child/Dependant Care • Use of Private Vehicles • Use of Taxis and Ride Share for Local Travel • Carer Expenses • Telephone, Email and Internet • Training and Professional Development • Event Attendance Once the Council Member incurs an expense, they will provide the necessary information, including tax invoices/receipts, to the Council Liaison & Administration Support Officer, who will then raise a Request for Payment. This online form is completed by internal staff and ensures all the relevant details, such as supporting documentation and expense codes, are entered. This form is then work flowed to the delegated authority who has the financial delegation to authorise the reimbursement. The form is then work flowed to the Accounts Payable team for processing. Once the form has been completed, the Council Liaison & Admin Support Officer enters the details on the internal document titled 'Allowances and Benefits Register – All Council Members'.	Council Governance, with assistance from Information Management will explore the opportunity to provide an online portal for Council Members to submit their own expenses incurred for reimbursement and the ability to view historical requests. This process is to be completed and available for use for the next Council Term, commencing November 2026. Council Members will be trained in how to utilise the portal.

Council Administration Expenses

There is the opportunity to create an online portal that allows the reimbursement form to be completed by the Council Member who is requesting the reimbursement. Relevant associated workflows including an approval system will be included. By creating an online portal, the information can automatically be entered into a register which will then only need to be checked for accuracy prior to extracting it and making it available on the external website. In addition, a history of reimbursements can be accessed by the Council Member to confirm whether a reimbursement has been requested or not for a particular expense. Recommendation: Investigate the opportunity to implement an online portal for self-lodgement by Council Members for expense reimbursement.	
Position Responsible:	Associate Director Governance & Strategy
Target Date:	30 November 2026

Ref #2 Opportunity to simplify the online register	Rating: Improvement Opportunity
Description of finding	Agreed Actions
Identification: In accordance with <i>Schedule 5 – Documents to be made available by councils</i> in the Act, Councils are required to make certain registers available to the public. In fulfilling this requirement, CoA ensures the register of allowances and benefits for Council Members is available on CoA's external website. The Register is updated quarterly and provides a cumulative total for that particular financial year. Superseded copies of the Register, dating back to the commencement of the previous Council term (2018 – 2022), can be located on CoA's external website. In reviewing the superseded copies of the Register on CoA's external website and benchmarking this against other South Australian councils, there appears to be a lot of data on the webpage, which will increase over time as the next Council term will commence in November 2026. In addition, in reviewing other South Australian councils, the majority provide only one register per financial year to be accessible to the public via their councils' websites. Recommendation: Consideration to be given to reduce the number of superseded Register's on CoA's external website, by either: • updating the Register with a new version so only one Register is available per year, or • continue with the provision of a new Register on a quarterly basis, and when the financial year is completed, replace the Registers with the annual report.	Council Governance will explore the various options available and provide and consider whether one Register is preferred by management. One option is to upload a new version of the Register on a quarterly basis and ensure that all superseded Registers are available if required.
Position Responsible:	Associate Director Governance & Strategy
Target Date:	31 December 2025

APPENDIX 1: RISK MATRIX OF INTERNAL AUDIT FINDINGS

The following framework for the internal audit ratings is consistent with the CoA Risk Management Operating Guidelines and the Risk Management International Standard ISO31000:2018. The descriptions have been tailored to illustrate risk to the business operations.

CoA Risk Matrix

CoA Risk Matrix		CONSEQUENCE				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	Almost Certain	Moderate	High	Extreme	Extreme	Extreme
	Likely	Moderate	High	High	Extreme	Extreme
	Possible	Low	Moderate	High	High	Extreme
	Unlikely	Low	Low	Moderate	Moderate	High
	Rare	Low	Low	Low	Moderate	Moderate

8.3 Risk & Finding Descriptions

Rating	Definition	Action	Indicative Timeframe (variations to be agreed by SRIA)
Extreme	The finding represents a control weakness that could adversely impact the business and the ability to meet objectives. • Extreme decline in quality and customer service leading to a decrease in the community's confidence in the Council • Extreme breakdown in process that leads to illegal activity • Breach of legislation or contractual non-compliance that will result in litigation, prosecution, and penalty	The finding was reported to the Director immediately, and a response plan was developed with the appropriate Associate Director. Implementation updates and status reporting are managed through Promapp.	Actions are managed in Promapp with a timeframe of at most three months for completion.
High	The finding represents a control weakness that could adversely impact the business and the ability to meet objectives. • Major decline in quality and customer services leading to a decrease in the community's confidence in the Council • Serious breakdown in process that may lead to increased and unacceptable risk • Breach of legislation or contractual non-compliance that will result in litigation, prosecution, and penalty	The finding was reported to the appropriate Associate Director immediately, and a response plan was developed with the right Manager and managed through Promapp.	Actions are managed in Promapp with a timeframe of at most six months for completion.
Moderate	The finding represents a control weakness that could negatively impact the business and the ability to meet objectives. • Medium decline in quality and customer services leading to a decrease in the community's confidence in the Council • Medium operational breakdown in process that may lead to increased and unacceptable risk • Minor breach of legislation or contractual non-compliance that will unlikely result in litigation, prosecution, and penalty	Findings are reported to the appropriate Manager through the Internal Audit Report and managed through Promapp.	Actions are managed in Promapp with a timeframe of at most nine months for completion.
Low	The finding represents a minor control weakness that could have or is having a low/ minimal but reportable adverse impact on the business and the ability to meet process objectives. • Minimal decline in quality and customer services • Minor breakdown in process that is not likely to affect risk • Minor breach of legislation or contractual non-compliance that will unlikely result in litigation, prosecution, and penalty	Findings are reported to the appropriate Manager through the Internal Audit Report and managed through Promapp.	Actions are managed in Promapp with a timeframe of at most 12 months for completion.