Internal Audit Report - Project Management Framework Review

Strategic Alignment - Our Corporation

Public

Wednesday, 23 September 2026

Audit and Risk Committee

Program Contact:
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Approving Officer:
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EXECUTIVE SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with the Project Management Framework Review Internal Audit Report. The Internal Audit was performed by BDO, in accordance with the Internal Audit Plan 2025 – 2026.

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

BDO assessed the maturity of CoA's project management framework using a Project Management Maturity Assessment Model tailored to reflect Council's project delivery environment, governance arrangements and PMO framework.

The maturity model comprised twelve dimensions covering the project lifecycle and supporting PMO capabilities. BDO found that Council has established the key structural elements of an effective project management framework and is operating at an average maturity rating of 3.0 - Established. The strongest dimensions assessed were Governance Structure & Oversight, Delegations & Approvals, Stage Gates & Project Lifecycle Controls, Change Control, and Framework Enablement – Templates, Guidance & Systems, where mature governance, approval and control practices were consistently evidenced. In addition, the review identified strong strategic alignment and project initiation practices, with project briefs consistently demonstrating alignment to Council priorities and project approvals supported through established governance and budget processes appropriate to the type and scale of project being delivered.

The greatest opportunities to improve overall maturity relate to strengthening the consistency with which project management requirements are applied and evidenced across the program. In particular, the report identified opportunities to improve project risk management, project performance reporting, benefits realisation and lessons learned practices.

BDO's recommendations within the review are practical and proportionate to CoA's operating context with the target state for this engagement has been assumed to be Level 4.0 (Advanced) across all dimensions.

The review identified 12 maturity dimensions with an average maturity rating of 3.0. Within the 12 dimensions of the maturity assessment, four recommendations are rated as long term, seven are rated as medium term recommendations and five are rated as short term. Three improvement opportunities were identified.

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

RECOMMENDATION

<u>THAT THE AUDIT AND RISK COMMITTEE</u>

1. Notes the Project Management Framework Review Internal Audit report as contained in Attachment A to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 23 September 2026.
2. Endorses the responses of the Administration to the Project Management Framework Review Internal Audit Report as contained in Attachment A to Item 6.3 on the Agenda for the meeting of the Audit and Risk Committee held on 23 September 2026.

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	Not as a result of this report
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	Not as a result of this report
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 Project Management Framework Review Internal Audit Report (Attachment A) was performed by BDO, in accordance with the Plan to consider the practices in place relating to project management practices and related activities.
3. The audit best aligns with the identified Strategic Risk:
   3.1. Governance: Our governance is ineffective, leading to operational inefficiencies, legal liabilities, and reputational damage.

Report

4. The objective of this project was to assess the design adequacy and operating effectiveness of Council's Project Management Office (PMO) framework and key controls across the project lifecycle, and its alignment to leading practice.
5. As part of the review, BDO assessed the maturity of CoA's project management framework using a Project Management Maturity Assessment Model tailored to reflect Council's project delivery environment, governance arrangements and PMO framework.
6. CoA has established the key structural elements of an effective project management framework and is operating at an Established (Level 3) level of maturity. The recommendations in this report are intended to support CoA in embedding more consistent application of project management practices across the portfolio, improving visibility of project risks, strengthening the quality and reliability of project reporting, and enhancing benefits realisation and organisational learning processes.
7. The findings of the internal audit include the following recommendations:

Assessment	Current State of Maturity (out of 5)	Term	Recommendation	Target Date
1. Strategic Alignment & Project Initiation	2.5	Short	1.1 Require completion of key sections, including benefits, risks, dependencies and delivery considerations, prior to project approval. Consider introducing a quality review process to support more consistent completion of project initiation documentation across the portfolio.	30 April 2027
2. Governance Structure & Oversight	3.5	Long	2.1 Establish a periodic governance assurance program to monitor the effectiveness and consistent applications of key governance controls across the project portfolio. This could include periodic reviews of governance forum effectiveness, approval timeliness, action closure rates, compliance with delegated authority requirements, and adherence to stage gate and lifecycle control requirements. Results should be consolidated and reported to Executive and governance forums to provide assurance over the effectiveness of governance arrangements, identify	Not applicable as opportunity for improvement and therefore does not require a Management Action Plan.

Assessment	Current State of Maturity (out of 5)	Term	Recommendation	Target Date
			exceptions or recurring issues, and support continuous improvement across project governance, approvals and lifecycle management practices.	
3. Roles, Responsibilities & Capability	3	Medium	3.1 Reinforce existing PMO requirements by requiring Project Managers to confirm completion of key project management activities, including maintenance of project risks, project reporting and core project documentation, at agreed lifecycle stages and governance review points.	31 March 2027
4. Delegation & Approvals	2.1	Long	Refer to 2.1.	Refer to 2.1
5. Stage Gates & Lifecycle Controls	3.5	Long	Refer to 2.1.	Refer to 2.1
6. Planning & Baseline Management	3	Medium	6.1 Review and rationalise change request reason categories to ensure they are clear, relevant and consistently applied across the project portfolio, and require a change reason to be recorded for all change requests. As more reliable data becomes available, undertake portfolio-level analysis of recurring change drivers, variance trends and forecasting assumptions, with results reported to Executive and governance forums and used to strengthen future planning, budgeting, forecasting accuracy and project delivery performance.	31 October 2027
7. Risk Issues & Escalation	1.5	Short	7.1 Require all projects meeting defined value, complexity or risk thresholds to establish and maintain a project risk register within the PMO system. Project risk registers should not be maintained in separate standalone documents or spreadsheets. This will establish the PMO system as the single source of truth for project risk management, improve visibility of project risk exposure across the portfolio and support more effective governance oversight.	30 April 2027
			7.2 Strengthen project initiation requirements to ensure project-specific risks are identified and documented during development of project brief. Project briefs should include meaningful assessment of delivery risks, mitigation	30 April 2027

Assessment	Current State of Maturity (out of 5)	Term	Recommendation	Target Date
			actions and accountable owners prior to project approval.	
8. Reporting & Performance Monitoring	2.5	Short	8.1 Define minimum reporting requirements for complex strategic projects, including reporting on scope, schedule, budget, key milestones, risks, issues, dependencies and forecast delivery outcomes. Reporting should be retained within the PMO system and regularly reported through governance forums.	30 April 2027
		Medium	8.2 Establish clear expectations regarding the frequency and timeliness of project status updates within the PMO system and periodically review compliance with these requirements. Consider introducing automated reminders, exception reporting or dashboard monitoring to identify projects with overdue status updates.	31 July 2027
9. Change Control	3.5	Medium	Refer to 6.1.	Refer 6.1
10. Commissioning, Handover & Benefits Realisation	3	Medium	10.1 Require significant projects to define measurable benefits, success measures, benefit owners and review timeframes during project initiation. As part of the project close-out process, Council should determine whether ongoing benefits monitoring is required and formally document how benefits will be measured, reported and reviewed following delivery. Benefits should be incorporated into existing PMO reporting processes to provide visibility over realised outcomes and support more informed future investment and prioritisation decisions.	30 June 2027
11. Close-Out & Lessons Learned	2.5	Short	11.1 Finalise and implement the proposed lessons learned process and require lessons learned reviews to be completed for significant projects (e.g. projects exceeding a nominated value).	30 November 2026
		Medium	11.2 Develop minimum close-out requirements that apply consistently across capital, renewal and strategic projects. This should include defined closure documentation, evidence of completion, close-out approval requirements and record retention	31 March 2027

Assessment	Current State of Maturity (out of 5)	Term	Recommendation	Target Date
			expectations. The close-out process should also include consideration of any ongoing benefits realisation activities, including confirmation of benefit owners, monitoring arrangements and review timeframes where post-delivery benefit measurement is required (refer to 10.1)	
		Medium	11.3 Following implementation of the lessons learned process, PMO to periodically review completed lessons learned outputs to identify recurring delivery issues, systemic challenges and opportunities to improve project management practices, templates and governance processes.	30 June 2027
12. Framework Enablement – Templates Guidance & Systems	3.25	Long	Develop a longer-term roadmap for enhancing PMO systems and tools to improve usability, reporting capability, data consistency and integration across the project lifecycle. This should focus on reducing reliance on standalone spreadsheets and manually maintained registers while preserving the strengths of the existing framework. Council is currently investigating options for a new Planning, Project Management and reporting (PRR) system, which may provide opportunities to improve system integration, enhance reporting capability and reduce manual administration. The roadmap should be aligned to the outcomes of this initiative to ensure future system investments support Council's broader PMO maturity objectives and reporting requirements.	Not applicable as opportunity for improvement and therefore does not require a Management Action Plan.

8. Administration has considered the following and provided actions and time frames to address these findings (outlined in the current state assessment and recommendations section of the BDO's Project Management Framework Review Internal Audit Report, **Attachment A**).

DATA AND SUPPORTING INFORMATION

Nil

ATTACHMENTS

Attachment A – Project Management Framework Review Internal Audit

- END OF REPORT -