Internal Audit Progress Report

Strategic Alignment - Our Corporation

Public

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Audit and Risk Committee

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Approving Officer:
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EXECUTIVE SUMMARY

This report provides an update on Council's Internal Audit Plan, outlining the findings and recommendations of internal audits completed, and the progress of any agreed actions. The Audit and Risk Committee (ARC) last received an Internal Audit Progress Report at its meeting on 22 May 2026.

Currently, there are 20 open actions of which eight are overdue. Since the May Internal Audit Progress Report, twelve internal audit actions have been completed and an additional six actions have been added to the action list as a result of the completion of the Penetration Testing and Strategic Risk Assessment and Alignment Internal Audit.

The Internal Audit Plan has been developed in consideration of Council's key strategic risks and critical priorities.

This report details the Council's current Internal Audit Actions which includes information about:

- Internal Audit Actions that have been completed since the last Internal Audit Progress report to ARC in May 2026;
- Extensions granted by the Chief Executive Officer for the completion date of Internal Audit Actions;
- The number and status of Overdue Actions; and
- A summary of the status of all Internal Audit Actions.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the progress of the Internal Audit Plan as contained in Item 6.5 on the Agenda for the meeting of the Audit and Risk Committee held on 23 September 2026.
2. Notes the progress of the completion of Internal Audit Actions as contained in Item 6.5 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 Internal audit is an essential component of a good governance framework. It is a mechanism that enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its functions legally, effectively and efficiently, and to advise how it can improve performance.
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	Delays in completing internal audit actions can expose an organisation to operational, financial, compliance, and reputational risks by allowing control weaknesses to persist. It can also undermine accountability, damage stakeholder confidence, and negatively impact organisational culture.
Opportunities	Internal audit focuses largely on compliance, risk management and improvement opportunities. As such audits suggest a range of improvement opportunities related to an area being reviewed, enhancing functions and services and aligning Council processes to best practice standards.
26/27 Budget Allocation	$250,000 is budgeted for external consultancy support in accordance with the 2026-27 internal audit program.
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 role of Internal Audit is to provide independent assurance that the Council's risk management, governance and internal controls processes are operating effectively.

2. The Audit and Risk Committee (ARC) receives all Internal Audit reports. It reviews and monitors Council's responsiveness to findings and recommendations of the Internal Auditor, other external providers and in house advice.

Internal Audit Actions

3. All recommendations arising from the Internal Audit and Strategic Reviews are reported to the Strategic Risk and Internal Audit Group (SRIA).

4. All recommendations and agreed actions, responsibilities and timeframes for implementation are recorded in the Council's process mapping and management software, Process Manager (Promapp).

5. The implementation status of recommendations is tracked and reported to SRIA and ARC.

Completed Actions

6. Twelve internal audit actions from previous Audits have been completed since May 2026 and are outlined in the table below:

No.	Internal Audit ID Audit Title	Internal Audit Action
1	I00710 Workforce Planning & Staff Retention *Incorporate a more robust performance, development and succession planning processes in the annual common law remuneration review process*	• Workforce Planning Framework has been developed and presented to Executive. • Learning, Perform and Talent Management modules of new HRM has been implemented incorporating goal setting, succession planning and talent management functionality. • Annual common law remuneration has been completed and incorporated a more robust performance review.
2	I00743 Voters Roll Review *A focus will also be placed on developing translated and accessible versions of our campaign material to ensure equal access to information for all ratepayers. On specific campaign material, we will also highlight the ability for our online content to be translated into various languages.*	• Top five languages have been used in the city for posters, linking to the languages using the functionality on the CoA website.
3	I00835 Post Audit Implementation Review *In consultation with Technical Services team, review and update the Design manual. This will be greatly aided by the introduction of the cost estimator role and will commence after the endorsement of the Asset Management Plans scheduled for mid-2024.*	• The In house cost estimator budget bid submission was not approved and is now being pursued through a tender process. • Budget bid submission was not successful to engage resources to undertake a review and update of the Adelaide Design Manual. Unable to progress this action with current resources.
4	I00841 Local Government Security Framework *Strategic Risk Register – with the next review of the Strategic*	• Security Framework has been developed and endorsed. • Strategic Risk Register has been developed and endorsed.

No.	Internal Audit ID Audit Title	Internal Audit Action
	Risk Register, expand the Security risk to include cyber and physical security risks. Consider all risks and opportunities including current and additional mitigation strategies.	• Additional wording outlining employee and leader responsibilities for ensuring a security culture has been captured in the Position Description documents. • Continuous security training is rolled out to Council. • Increased security education and training is rolled out via ‘Be Security Smart’ for all staff. • Implemented phishing simulations.
5	I00890 Record Keeping 2024 *Download inspections from Assetic weekly and place them in Content Manager.*	• Record Management Operating Guideline has been reviewed and updated. • Revised BSC terms of reference has been drafted and circulated. • Assetic is now a system of record.
6	I00905 Lease Management *In conjunction with the Technology One Post Implementation Review audit, investigations will be performed to determine the most appropriate system to raise and receipt Property invoices.*	• Read only access has been granted to a debtor module for Property and Community teams. • Credit notes have been configured and are in use. • Statement functionality is working with accurate data showing. • Information provided by the Community Lifestyle and Strategic Property Management teams are reviewed and approved by the Team Leader prior to submitting to Finance. • TechnologyOne will serve as the central debtor management system.
7	I00907 Lease Management *(ACMA)* *Provide read only access to Progenesis for the Financial & Capital Accountant and relevant finance staff.*	• The current configuration with ACMA cloud base Progenesis is unable to integrate with TechOne therefore unable to roll out for the Property team. Finance is still pursuing with an opportunity for integration with future upgrades to the system. If not a viable solution, then Salesforce may be an option to investigate. • Operating Procedures have been reviewed and updated for Community. • Procedures have been documented in Promapp. • Finance have access to read only in Progenesis.
8	I00913 Lease Management *(COMMUNITY LIFESTYLE)* *Provide read only access to Progenesis for the Financial & Capital Accountant and relevant finance staff.*	• Community Lifestyle team has access to Progenesis and has been trained. A team member has inputted all the information into the system to manage and maintain going forward. • All information in Progenesis is stored into Content Manager
9	I00914 Fraud Prevention *Review and update the guideline to define the scope including the applicability or exceptions to different employment statuses.* *Develop training for hiring managers to ensure consistent adherence to approved recruitment practices. Resources/guides will be provided.*	• The Operating Guideline has been reviewed and updated for Recruitment & Selection. • Foundation training has been created and is being rolled out across the corporation.

No.	Internal Audit ID Audit Title	Internal Audit Action
10	I00948 Electric Vehicles Transition for Workshop Operations	• The Fleet Strategy 2025-2028 was developed and presented to Executive in September which outlines a roadmap for the management of Plant and Fleet now and in the future. • The Asset Management Plan (AMP) was endorsed by Executive in June 2026 which is a baseline for the management of plant and fleet. An annual review of the AMP will be undertaken as more information is available and informed decisions can be made to right sizing fleet and what is required in the future.
11	I00957 TechnologyOne Post Implementation Review *The CoA will review current AR function, including current integrations, manual work arounds, and identify key issues and opportunities for improvement and develop a remediation plan and, if required, consideration for 2026/2027 Business Plan and Budget process.*	• A review of the Accounts Receivable function has been completed, and the findings will inform the development of an improvement plan with the implementation to occur in parallel with the Salesforce implementation. • Business Systems Committee has been re-established.
12	I00978 Paid Parking Review	• UPark Operations Risk Register has been developed by the team which has identified all operational risks. • The On-Street Parking Operating Guideline has been developed and presented to Executive on 23 March 2026 for approval.

6.1. Twenty recommendations are currently in progress.

Extensions

7. All requests for an extension of a due date for completion of an Internal Audit Action require the approval of the Chief Executive Officer. This process ensures that there is appropriate accountability before an extension is granted.

8. Since the last report to ARC in May 2026, five actions have been approved for an extension. The actions and the rationale for its extension are listed below in the table:

No.	Internal Audit Actions	Rationale for Extension	Current Due Date	Revised Due Date
1	I00916 Fraud Prevention *data cleansing*	Progress has commenced with regard to data cleansing. Until a new Fuel Management System is in place the team is unable to completely satisfy the full audit action.	30 June 2026	30 June 2027
2	I00983 Content Manager Upgrade	The project to migrate Content Manager to Cloud is well underway, however due to early testing we have identified some system issues which has delayed the project by approx. 3 weeks and as a result the initial completion is not achievable.	30 September 2026	31 October 2026

No.	Internal Audit Actions	Rationale for Extension	Current Due Date	Revised Due Date
3	I00908 Lease Management *The Park Lands Leasing and Licensing Policy and Operating Guideline are under review and will be updated and finalised by December 2025. Finalise the Policy and Operating Guideline.*	An extension is required to ensure that the information gathered through the Public Consultation process could be considered and utilised to update the Draft Policy.	31 August 2026	30 November 2026
4	I00959 TechnologyOne Post Implementation Review *The CoA to incorporate robust training plans and training sessions in-line with the organisational change management framework that is being developed.*	The development of the change management framework has been delayed by other work priorities and resourcing demands (vacancies within the PX team over the past 12 months).	30 June 2026	30 June 2027
5	I00868 Data Protection & Privacy *Data Management Operating Guideline* *The CoA will update the existing Data Management Operating Guideline and investigate requirements and expansion of the guideline to incorporate the inclusion of IAR as an appendix.*	The overarching AI Policy was finalised in Feb 2026, a key outcome of this will be a new data classification as this aligns to the purposes of the Data Management OG. This funded project will be best placed to deliver the relevant and required updates including IAR.	30 June 2026	30 June 2027

Additional Actions

9. Six additional internal audit actions have been added to the list as outlined in the table below:

Internal Audit ID	Audit Title	Risk Rating	Due Date
I00999	Penetration Testing Verify whether all SMTP servers required and disable those that are not.	Moderate	30 September 2026
I01001	Penetration Testing Disable LLMNR and mDNS. Consider deploying a canary solution to detect adversaries targeting insecure name resolution protocols.	Moderate	30 September 2026
I01031	Strategic Risk Assessment and Alignment Enter the current risk, control and treatments in Promapp to ensure controls are reviewed on a regular basis and treatment are actioned.	High	31 March 2027

Internal Audit ID	Audit Title	Risk Rating	Due Date
I01032	Strategic Risk Assessment and Alignment Establish a formal control effectiveness assessment process, with control owners assigning ratings based on defined criteria to assess design and operating effectiveness.	High	31 March 2027
I01033	Strategic Risk Assessment and Alignment Develop and implement periodic control self-assessment (CSA) schedules, integrated within Promapp, to support ongoing monitoring and accountability.	Moderate	31 March 2027
I01034	Strategic Risk Assessment and Alignment Refresh the FY28–FY30 Internal Audit Program, and include the following: • High level scopes for approval, with clear reference the strategic risks linked to each internal audit, as well as the possible controls that could be assessed (note that there may also be other areas/processes beyond this) Integrate the following measures into the internal audit process: • Within the internal audit scoping process, add further details around what existing control information, or treatments will be in scope for the internal audit (this could be an appendix). • As part of the internal audit reporting process, include further details about the outcomes of the internal audit with respect to existing risk management information (e.g. have the controls been properly captured and articulated – should risk ratings/control effectiveness ratings be amended, etc)	Moderate	30 June 2027

Overdue Actions

10. The status of all currently overdue actions is provided in the table below:

Internal Audit ID	Audit Title	Risk Rating	Status
I00679	Asset Inspection – update the Water Infrastructure Asset Management Plan. Data collection for this project is not complete; it will be completed during FY26/27 subject to budget approval.	High	In progress, due for completion 30 June 2027.
I00757	Review of Adelaide Economic Development Agency – develop the AEDA Long Term Financial Plan to provide long term financial stability to support the delivery of the strategic plan.	High	In progress, due for completion 30 November 2026.
I00838	Post Audit Implementation Review – online training and awareness for employees and leaders when completing and approving timesheets. Realign timing with the scheduled roll out of the new timesheet and rostering system.	High	In progress, due for completion 31 December 2026.

Internal Audit ID	Audit Title	Risk Rating	Status
I00965	Site Contamination Management – conduct training and awareness activity	Moderate	No update available
I00967	Site Contamination Management – define the list of training requirements for personnel, and develop and implement formal training programs	Low	No update available
I00973	Internal Legislative Compliance 2025 – AEDA Long Term Financial Plan (LTFP) review has commenced, the audit action is to finalise the LTFP once the FY26/27 budget has been approved.	Low	In progress, due for completion 30 November 2026.

Status of Actions

11. In summary, progress on the implementation of Internal Audit Actions since the last report to ARC in May 2026, is reflected in the following table:

Risk Level	Definition	Open May	Complete	Overdue	In Progress	Open Sept
High	Issues represent a control weakness which could have or is having major adverse effect on the ability to achieve project objectives.	**8**	**4**	**3**	**3**	**6**
Moderate	Issues represent a control weakness which could have or is having a moderate effect on the ability to achieve project objectives.	**8**	**5**	**1**	**6**	**7**
Low	Issues represent a minor control weakness, with minimal but reportable impact on the ability to achieve project objectives.	**6**	**2**	**2**	**2**	**4**
N/A	Improvement Opportunity	**4**	**1**	**-**	**3**	**3**
TOTAL		**26**	**12**	**6**	**14**	**20**

DATA AND SUPPORTING INFORMATION

Link 1 – Agreed Action Progress Report

ATTACHMENTS

Nil

- END OF REPORT -