

Risk Management Operating Guideline

The Audit and Risk Committee was established pursuant to Section 126 of the *Local Government Act 1999 (SA)*, to assist the Council discharge its responsibilities. Reporting to City of Adelaide, the Audit and Risk Committee provides advice and recommendations on matters relevant to its Terms of Reference in order to facilitate decision making by Council in regard to financial reporting, internal controls, risk management, management plans and business plans, service planning and performance, internal audit and external audit.

City of Adelaide maintains an Internal Audit function which reports to Management and the Audit and Risk Committee. The role of the Internal Auditor is to identify more efficient and effective processes and to assist Council and the Chief Executive Officer meet their assurance obligations. The Internal Audit function is contracted to KPMG for a period of 2 years, with options for two 1-year extensions, expiring no later than the end of 2024. The Internal Audit plan is reviewed and endorsed by the Audit and Risk Committee which also reviews internal audit report findings on a quarterly basis.

Pursuant to Section 128 of the *Local Government Act 1999 (SA)*, the External Auditors appointed by Council are BDO Audit Partnership (SA). To maintain the highest standards of corporate governance in relation to auditor independence, the External Auditors are excluded from providing non-audit services to Council. Non-audit services are defined as any service provided by the External Auditors under engagement with the Council outside the scope of the external audit. The Audit and Risk Committee reviews the scope and progress of the annual audit in accordance with its Terms of Reference.

Enterprise Risk Management

City of Adelaide manages strategic, emerging, project, operational, and financial risks through its Enterprise Risk Management Framework which has been developed in accordance with International Standard ISO 31000:2018.

The framework ensures risks are identified, assessed and properly managed and reported on. Such a process supports Council to achieve its strategic goals and that the Lord Mayor and Councillors fulfil their legislative roles.

The success of the Enterprise Risk Management model is a result of a strong Executive involvement through monthly reporting of risk and internal audit matters to the Executive Strategic Risk and Internal Audit Group, and quarterly reporting to the Audit and Risk Committee.

Internal Control Framework

Pursuant to Section 125 of the *Local Government Act 1999 (SA)*, Council must ensure that appropriate policies and procedures of internal controls are implemented and reviewed to assist Council to carry out its activities in an efficient manner to achieve its strategic objectives. Council's Internal Controls are essentially processes for assuring Council's achievement of objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. Internal Controls include a range of activities such as approvals, delegations, security of assets and segregation of duties.