

# Climate Change Action Plan Internal Audit

Friday, 16 February 2024

Audit and Risk Committee

Strategic Alignment - Our Corporation

**Program Contact:**

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Public

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## EXECUTIVE SUMMARY

In accordance with the 2023-24 Internal Audit Plan for the City of Adelaide (CoA) an internal audit on the integration of relevant actions included within the Climate Change Risk Adaptation Action Plan within relevant CoA systems was performed.

The internal audit identified two high and four moderate risk rated findings.

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

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 functions legally, effectively, and to advise how it can improve performance.

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## RECOMMENDATION

### THAT THE AUDIT AND RISK COMMITTEE

1. Notes the internal audit report provided as Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
  2. Endorses the responses of the Administration to the Climate Change Action Plan Internal Audit as outlined in Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 16 February 2024.
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# IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	<p><a href="#">Strategic Alignment – Our Corporation</a></p> <p>Effective Leadership and Governance</p> <p>Deliver a robust internal audit program that aligns to service outcomes.</p>
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	<p>The Internal Audit Plan has been developed in consideration of Council’s key strategic risks and critical priorities.</p> <p>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 functions legally, effectively, and to advise how it can improve performance.</p>
Opportunities	Internal audit suggests a range of improvement opportunities related to the area being reviewed, enhancing functions and services, and aligning Council processes to best practice standards.
23/24 Budget Allocation	Not as a result of this report.
Proposed 24/25 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.
23/24 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 Climate Change Risk Adaptation Action Plan Internal Audit was performed by KPMG, in accordance with the 2023-24 Internal Audit Plan. A copy of the Internal Audit Report can be found in **Attachment A**.

## Report

2. This audit relates to the CoA Climate Change Risk Adaptation Action Plan 2021-26 (“Action Plan”), which includes actions to integrate climate risk management into governance documents and processes, facility planning and management and service provision.
3. The Action Plan has identified 283 individual physical risks, including five extreme risks to 2030, and 39 extreme risks to 2090. To enable effective action, 119 high priority risks are consolidated into 8 key decision-making areas. The Action Plan outlines 95 actions for progress over the Action Plan’s five year lifespan.
4. The objectives of the Climate Change Action Plan Internal Audit were to:
  - 4.1. Assess the integration of completed actions within the COA’s governance, finance, procurement, asset management and project management systems.
  - 4.2. Confirm the status of the completed actions included within the Action Plan.
5. The scope of this review considered the following areas:
  - 5.1. Understanding the integration of the Action Plan within the CoA’s governance, procurement, asset management and project management systems.
  - 5.2. The development, prioritisation and funding of included actions, including the alignment to the CoA’s Long-term Financial Plan.
  - 5.3. Development of the target dates for completion of actions, including consideration of available funding and resources and interdependence to actions.
  - 5.4. Adequacy of monitoring and reporting processes to provide oversight.
6. The findings of the internal audit are indexed into the following risk ratings:

Finding	Risk Rating	Management response (KPMG Report reference)
The reported status of the Action Plan is inaccurate for some actions	High	Attachment A – p. 9-10 of original
A supporting implementation plan linked to the CoA’s LTFP is not in place	High	Attachment A – p. 11-12 of original
Gaps identified in monitoring and reporting of the Action Plan	Moderate	Attachment A – p. 13 of original
Further communication and awareness in relation to the Action Plan is required	Moderate	Attachment A – p. 15 of original
Opportunity to refresh actions aligned to the CoA’s current strategic priorities	Moderate	Attachment A – p. 17 of original
Consideration required for long-term integration of the Action Plan into a broader sustainability strategy and reporting	Moderate	Attachment A – p. 18 of original

7. Management have considered the findings and provided actions and time frames to address these findings. These can be found in **Attachment A**.

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## ATTACHMENTS

**Attachment A** – Climate Change Action Plan Internal Audit