

Strategic Alignment – Our Corporation

Program Contact:

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EXECUTIVE SUMMARY

This report summarises the City of Adelaide's (CoA) approach to risk management and provides assurance that its risk management processes are well considered and incorporated into the CoA Internal Audit Program.

Sound risk and opportunity management enables well-informed decision-making and supports the delivery of CoA's Strategic Plan. It is an essential part of good governance, and CoA's enterprise approach to risk management is embedded in the organisation's culture. To assist with the integration of CoA's risk management model into all organisational activities, the Executive Team endorsed the creation of the Strategic Risk and Internal Audit Group (SRIA), which meets monthly. SRIA develops and implements CoA's Risk Management Operating Guideline, allocates resources for risk management, encourages risk escalation and assigns responsibilities and accountabilities for risk management.

In addition, SRIA proposes the Internal Audit Plan for the Audit and Risk Committee to endorse, oversees the implementation of the Internal Audit Program, and oversees completion of all recommended internal audits.

The audits detailed in the Internal Audit Plan are aligned to deliver value within the context of CoA's values, culture, customer service objective, and Strategic Plan by assessing, and improving, the effectiveness of internal business controls, risk management plans and overall business processes and procedures.

In combination, the organisation's risk management systems and Internal Audit Program ensure that CoA complies with its legislative obligations, has effective internal business controls, identifies opportunities for improvement and meets the objectives outlined in its Strategic Plan.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Risk Management Systems report in Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 15 May 2024.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation The role of the City of Adelaide is to uphold the values of integrity and accountability. To ensure that the Council delivers services to the community as a leader, advocate and facilitator by maintaining a transparent decision-making process.
Policy	Alignment with the City of Adelaide Risk Management Operating Guideline.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	Sound risk and opportunity management enables well-informed decision-making and supports the delivery of the Strategic Plan.
Opportunities	Internal audit focuses largely on compliance, risk management and improvement opportunities. As such audits suggest a range of improvement opportunities related to the area being reviewed, enhancing functions and services 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

1. Risk management is an essential part of good governance and is fundamental to how Council is managed at all levels. City of Adelaide adopts an enterprise approach to risk management that is embedded in the organisation's culture, enabling well-informed decision-making within Council's risk appetite.

Risk Management Operating Guideline

2. CoA's Risk Management Operating Guideline (Guideline) outlines CoA's approach to risk management, including its risk appetite statement. The Guideline includes the methods and processes used by CoA to manage risk and maximise opportunities related to achieving CoA's objectives. This document can be accessed via [Link 1](#).
3. The success of CoA's Enterprise Risk Management model is contingent on a strong executive oversight of emerging issues and strategic risks. The Executive Team (ET) endorsed the creation of Strategic Risk Internal Audit (SRIA), which was established in 2010. Through SRIA and the ET, risk management is integrated into all organisational activities by:
 - 3.1. the development and implementation of the Guideline, and supporting tools and processes;
 - 3.2. allocating appropriate resources for risk management;
 - 3.3. supporting and encouraging risk escalation; and
 - 3.4. assigning roles, responsibilities and accountabilities with respect to risk management and communicating these at all levels of the organisation.

SRIA

4. The role of SRIA is to:
 - 4.1. develop and oversee the practical application of the Enterprise Risk Management model within CoA;
 - 4.2. ensure early, quick and clear escalation of strategic risks and emerging issues to key decision-makers;
 - 4.3. ensure appropriate controls are in place to actively manage and monitor strategic risks and emerging issues;
 - 4.4. ensure that sufficiently mitigated matters return to routine operations management;
 - 4.5. identify and communicate key learnings and ensure that relevant processes are reviewed for continuous improvement;
 - 4.6. ensure that internal audit actions are addressed within the agreed timeframes; and
 - 4.7. review and discuss activities of the Emergency Management Steering Committee.
5. In addition, SRIA:
 - 5.1. performs a review of the Strategic Risk Register annually for CoA and provides input for subsidiaries' risk registers;
 - 5.2. reviews, and approves the Guideline;
 - 5.3. provides guidance and direction on risk controls and risk mitigation strategies for strategic risks and emerging risks;
 - 5.4. drives a positive risk management culture promoting risk escalation;
 - 5.5. provides input, comment and feedback on the Internal Audit Program;
 - 5.6. proposes the Internal Audit Plan for Audit and Risk Committee endorsement. A copy of the Audit and Risk Committee Work Plan for 2024 can be accessed via [Link 2](#); and
 - 5.7. oversees the implementation of the Internal Audit Program and implementation of audit recommendations.
6. In addition to the ET, SRIA's membership is made up of the General Managers of the Adelaide Economic Development Agency and the Adelaide Central Market Authority and select Associate Directors and Corporate Services Managers.
7. Standing items on the SRIA agenda include:
 - 7.1. Discussion about strategic risks and issues;
 - 7.2. Updates on significant or high-risk projects;

- 7.3. Consideration of items on the Watch List – this pertains to operational risks that have the potential to become strategic risks;
- 7.4. Emerging risks escalated by management or staff;
- 7.5. Council litigation report — this report contains an update on every litigated matter that CoA is a party to with matters risk-rated and updated monthly to include information about what happened at the last hearing, the next steps, and the date for the next hearing;
- 7.6. Freedom of Information report — this report provides an update on the current applications for access to documents and information pursuant to the *Freedom of Information Act 1991 (SA)*; and
- 7.7. Relevant information about grievances from the community pursuant to section 270 of the *Local Government Act 1999 (SA)*, or investigations by external agencies.

Internal Audit

8. As mentioned in paragraph 5, SRIA is responsible for CoA's Internal Audit Program (Program). SRIA provides input, comment, and feedback on the Program, proposes the Program for Audit and Risk Committee endorsement, and oversees its implementation and audit recommendations.
9. The internal audits selected for the Program are designed to deliver value within the context of CoA's values, culture, customer service objective and Strategic Plan.
10. SRIA performs a strategic risk review annually in March, which informs the development of the Internal Audit Program. Upon finalisation of the Strategic Plan by Council and following the strategic risk review, SRIA, in conjunction with the independent internal auditor, identifies the topics for review which will mitigate the risks on the Strategic Risk Register and assure the Council of the organisation's ability to meet the objectives of its Strategic Plan.
11. The audits detailed in the Program are performed by council staff (Risk & Audit Analyst) or the independent internal auditor (KPMG). Legislative and compliance audits are predominantly delivered by the Risk & Audit Analyst. Strategic audits are performed by KPMG.
12. Final audit reports along with findings, recommendations, management comments and agreed actions are considered and approved by SRIA for presentation to the Audit and Risk Committee.
13. The Audit and Risk Committee receives the audit reports and endorses the responses and actions agreed by the Administration.
14. SRIA monitors the completion and implementation of the audit actions and reports to the Audit and Risk Committee on the Program periodically.

DATA AND SUPPORTING INFORMATION

Link 1 – Risk Management Operating Guideline

Link 2 - Audit and Risk Committee 2024 Workplan

ATTACHMENTS

Nil

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