

# Strategic Risk and Internal Audit Group

## Terms of Reference



### 1. CONTEXT

The success of Council's Enterprise Risk Management model is contingent on a strong executive oversight on emerging issues and strategic risks, enabling well informed decision making.

Therefore, the Executive endorsed the creation of the Strategic Risk and Internal Audit Group (the Group) in the context of Council's Risk Management Operating Guideline. This group was established in 2010.

### 2. ROLE OF THE GROUP

- 2.1. Develop and oversee Enterprise Risk Management in its practical application with the Corporation.
- 2.2. Ensure early, quick and clear escalation of strategic risks and emerging issues to key decision makers.
- 2.3. Ensure appropriate controls are in place to actively manage and monitor strategic risks and emerging issues.
- 2.4. Ensure that sufficiently mitigated matters return to routine operations management.
- 2.5. Identify and communicate key learnings and ensure that relevant processes are reviewed for continuous improvement.
- 2.6. Ensure that internal audit actions are addressed within the agreed timeframes.
- 2.7. Celebrate risk achievements.
- 2.8. Review and discuss activities of the Emergency Management Steering Group.
- 2.9. Review and assess risks & opportunities from any unsolicited proposals submitted to CoA before being presented to Council for consideration.

### 3. MEMBERSHIP

- 3.1. The Group's membership includes:
- the Executive Team
  - the Associate Director, Governance & Strategy (Chair)
  - the Associate Director, Strategic Property & Commercial
  - the Associate Director, Infrastructure
  - the Associate Director, Finance and Procurement
  - the General Manager, Adelaide Economic Development Agency
  - the General Manager, Adelaide Central Market Authority
  - the Team Leader, Corporate Governance & Legal and
  - the Risk and Audit Analyst.
- 3.2. The Chair may invite any relevant person to attend meetings as required.

### 4. MEETING PROCEDURES

- 4.1. The Associate Director, Governance & Strategy will chair the meetings and is responsible for the day-to-day administration and support of the Group and will provide and/or seek risk management and audit advice on an as need basis.
- 4.2. If Members cannot attend, they must arrange for a proxy to attend on their behalf in consultation with the Chair.
- 4.3. The Agenda will include the following items: strategic risks and issues, significant or high-risk projects, watch list matters (operation risks with the potential to become strategic risks), key opportunities, internal audit matters, emerging risks escalated by management or staff; risk reporting from Council subsidiaries.
- 4.4. Further reports provided to SRIA for noting and discussion: Council litigation report, FOI report, Legislation Report, Claims report (6 monthly), grievances (overview of section 270 *Local Government Act SA 1999* reviews), external agency investigations (eg. Safework SA, Ombudsman, Human Rights Commission, Equal Opportunity Commission etc) and any other business raised.



- 4.5. Minutes and agreed actions will be circulated to the members following each meeting.
- 4.6. Any member of the Group can call a special meeting of the Group if required. This will be coordinated through the Chair. If specific advice or feedback is required in the interim, information can be sent to the Chair for distribution to the Members.

## **5. FREQUENCY OF MEETINGS**

The Group's regular meetings meet once a month for 90 minutes. No regular meeting will occur in January due to the Christmas holiday.

## **6. MEMBERS SCOPE OF WORK**

- 6.1. Review, provide feedback and approve the Risk Management Operating Guidelines;
- 6.2. Drive a positive risk management culture promoting risk escalation;
- 6.3. Provide guidance and direction on risk controls and risk mitigation strategies for strategic risks and emerging issues;
- 6.4. Monitor ongoing consideration of the risks associated with new significant or high-risk projects or initiatives;
- 6.5. Review strategic risks impacting on Council's objectives – including risks arising from external factors such as changing regulations, market conditions and external events;
- 6.6. Provide guidance and direction on any unsolicited proposals received;
- 6.7. Provide input into the Strategic Risk and Opportunity Register and subsidiaries risk registers;
- 6.8. Provide input, comment and feedback on the Internal Audit Program (including Council subsidiaries), propose the Internal Audit Program for Audit & Risk Committee endorsement and oversee the implementation of the Internal Audit Program and implementation of audit recommendations;

- 6.9. Ensure timely update of the reporting associated with the respective agenda items for which they are accountable;
- 6.10. Review the Terms of Reference of the Group on an annual basis. Operational amendments (eg. Change in position titles or similar minor administrative amendments) can be made by the Chair as needed; and
- 6.11. On an annual basis, the Group will review its own performance and membership and Terms of Reference to ensure it is operating at maximum effectiveness.

## **7. RISK APPETITE**

- 7.1. The Group will review the risk appetite of the Corporation and risk delegations) as referred to in the Risk Management Operating Guideline
- 7.2. The Risk Management Operating Guidelines states '*The City of Adelaide will accept a moderate residual risk rating however significant focus is to be put on the healthy and mature risk conversations through the executive Strategic Risk and Internal Audit group (SRIA), which underpins the organisation's risk culture and enables better informed decision making*'

## **8. UNSOLICITED PROPOSALS**

- 8.1. SRIA is used to assess the risks and opportunities from any unsolicited proposals submitted.
- 8.2. Given that the consideration of an unsolicited proposal is directly related to an assessment of risk, it is appropriate to utilise SRIA to ensure that unsolicited proposals are assessed from a risk management perspective.
- 8.3. The assessment processes will also include involvement, where appropriate, of Council's Committees to ensure relevant input is received. For instance, where a proposal involves the Park Lands

- 8.4. then input would be sought from APLA as Council's advisory body for matters relating to the Park Lands.
- 8.5. SRIA will ensure that the evaluation process includes consideration of key elements such as:
- 8.6. Strategic plan alignment,
- 8.7. Relevance to existing policies,
- 8.8. Legislative compliance,
- 8.9. Providing transparency in the decision-making process, and
- 8.10. Respecting, when appropriate, any confidentiality requirements to protect the interests of the City of Adelaide on behalf of ratepayers.

## **9. RELATIONSHIP WITH OTHER GROUPS/COMMITTEES**

- 9.1. The Group's key relationship is with the Audit & Risk Committee. A report will be presented to the Council's Audit & Risk Committee on a quarterly basis, to provide an update on the activities of the Strategic Risk and Internal Audit Group meeting.