# Internal Audit Report - Strategic Risk Assessment and Alignment

Strategic Alignment - Our Corporation

Public

**Friday, 14 August 2026**

Audit and Risk Committee

**Program Contact:**
Rebecca Hayes, Associate Director Governance & Strategy

**Approving Officer:**
Anthony Spartalis, Chief Operating Officer

## EXECUTIVE SUMMARY

The purpose of this report is to provide the Audit and Risk Committee with the Strategic Risk Assessment and Alignment Internal Audit Report. The Internal Audit was performed by BDO, in accordance with the Internal Audit Plan 2025 – 2026.

The Terms of Reference of the Audit and Risk Committee includes responsibility for receiving full reports, monitoring and reviewing the Internal Audit Plan and Internal Audit Projects.

The internal audit identified four recommendations, of which two are rated as high priority recommendations and two are rated as medium priority recommendations.

This report requests that the Audit and Risk Committee note the report and endorse the administration responses.

## RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Strategic Risk Assessment and Alignment Internal Audit report as contained in Attachment A to Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 14 August 2026.
2. Notes the Bowtie Risk Assessment tool as contained in Attachment B to Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 14 August 2026.
3. Endorses the responses of the Administration to the Strategic Risk Assessment and Alignment Internal Audit Report as contained in Attachment A to Item 6.4 on the Agenda for the meeting of the Audit and Risk Committee held on 14 August 2026.

# IMPLICATIONS AND FINANCIALS

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|---|---|
| City of Adelaide 2024-2028 Strategic Plan | **Strategic Alignment – Our Corporation**<br>Outcome – Effective Leadership and Governance<br>Internal Audit is an essential component of a good governance framework. It enables Council to ensure it is performing its function legally, effectively and efficiently. |
| Policy | Not as a result of this report |
| Consultation | The BDO internal audit report has been presented to the Strategic Risk and Internal Audit Group for their consideration. |
| Resource | Not as a result of this report |
| Risk / Legal / Legislative | 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 function legally, and effectively, and to advise how it can improve performance. |
| Opportunities | Internal audit focuses on compliance, risk management and improvement opportunities. Audits suggest a range of improvement opportunities related to the area being received, enhancing functions and services and aligning Council processes to best practice standards. |
| 26/27 Budget Allocation | Not as a result of this report |
| 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 Internal Audit Plan 2025 – 2026 (the Plan) for the City of Adelaide (CoA) was developed in response to Council's key strategic risks and priorities.
2. The Strategic Risk Assessment & Alignment Internal Audit Report (Attachment A) was performed by BDO, in accordance with the Plan.
3. The internal audit reviewed Council's strategic risk register and assessed the adequacy of current risk definitions, causes and controls through a bow tie risk analysis.
4. The audit best aligns with all Strategic Risks:
   4.1. Financial Sustainability: If appropriate financial resources and systems are not in place, impacting our ability to deliver services, maintain our assets and meet strategic objective.
   4.2. Cyber Security: Our cyber security vulnerability exposes us to data breaches and system compromises, risking sensitive information and operational disruption.
   4.3. Assets and Infrastructure: Our assets and infrastructure do not meet community needs, and planning, systems and programs are not fit for purpose.
   4.4. Business Resilience: Our preparation or response to disruptions of essential services and operations due to unforeseen events is inadequate.
   4.5. Climate Resilience: Harm from physical and transitional climate risks to community health and safety, service delivery, Council's built and natural assets, financial sustainability and reputation.
   4.6. Statutory and Regulatory: Our failure to deliver statutory and regulatory requirements and manage public safety poses legal and reputational risks to the organisation.
   4.7. Stakeholder Management: Our management of relationships and partnerships with external stakeholders is ineffective.
   4.8. People and Talent: Our ability to attract and retain sufficient capacity and skills to effectively operate while maintaining work health and safety compliance is inadequate.
   4.9. Governance: Our governance is ineffective, leading to operational inefficiencies, legal liabilities, and reputational damage.
   4.10. Digital Capability: Our enterprise data, technology systems, and governance are not contemporary or aligned to organisational needs.
   4.11. Strategy Definition and Implementation: Our strategic planning processes do not allow up to effectively adapt to changing external environments and/or are insufficient to enable successful implementation of our objectives.

**Report**

5. The objective of this project was to evaluate and assess the strategic risks impacting the City of Adelaide's (CoA) operations and long-term objectives to ensure alignment with organisational goals.
6. The project adopted the Bowtie Risk Assessment tool (**Attachment B**) to map the relationship between cause, controls, and consequences for key risk events, documenting both prevention and mitigation controls. Previously, the Strategic Risk Register listed prevention and mitigation controls together rather than separately.
7. The findings of the internal audit include the following recommendations:

| Ref | Recommendation | Priority | Action Owner | Delivery Date |
|---|---|---|---|---|
| **1.** | Undertake a structured review of existing risk, control and treatment information within Promapp to either: | High | Associate Director Governance & Strategy | 31 Mar 2027 |

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| | • Replace current entries with outcomes from the bow tie assessment; or<br>• Retain relevant existing controls and treatments while integrating newly identified items<br>Ensure final records reflect the updated risk profile, control set, and agreed treatments | | | |
| **2.** | Establish a formal control effectiveness assessment process, with control owners assigning ratings based on defined criteria to assess design and operating effectiveness. | High | Associate Director Governance & Strategy | 31 Mar 2027 |
| **3.** | Develop and implement periodic control self-assessment (CSA) schedules, integrated within Promapp, to support ongoing monitoring and accountability. | Medium | Associate Director Governance & Strategy | 31 Mar 2027 |
| **4.** | Refresh the FY28-FY30 Internal Audit Program, and include the following:<br>• High level scopes for approval, with clear reference to 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)<br>Integrate the following measures into the internal audit process:<br>• 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).<br>• 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). | Medium | Associate Director Governance & Strategy | 30 Jun 2027 |

8. Administration has considered the findings and provided actions and time frames to address these findings (outlined in the current state assessment and recommendations section of the BDO's Strategic Risk Assessment and Alignment Internal Audit Report, **Attachment A**).

**Next Steps**

9. Update Strategic Risk Register (revised format endorsed by ARC) based on the findings of this audit.

10. Actions arising from the Strategic Risk Register, including new treatments will be recorded in Process Manager (Promapp). The Corporate Governance and Risk team will oversee the monitoring and management of these actions and provide quarterly progress reports to ARC.

## DATA AND SUPPORTING INFORMATION

Nil

# ATTACHMENTS

**Attachment A** – Strategic Risk Assessment and Alignment Internal Audit

**Attachment B** – Bowtie Risk Assessment tool

- END OF REPORT -