BDO

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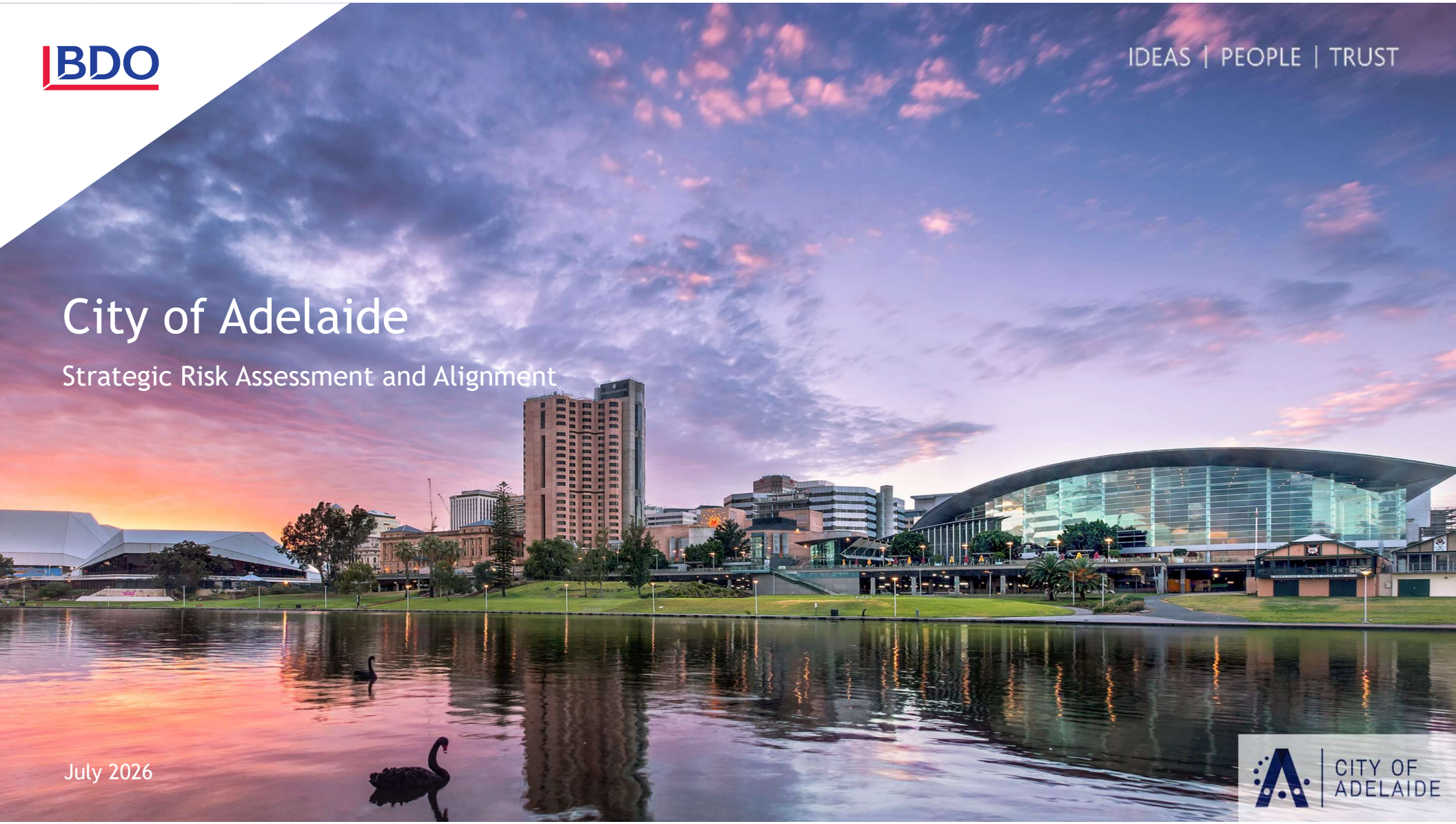
City of Adelaide

Strategic Risk Assessment and Alignment



July 2026

CITY OF ADELAIDE

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Objective, Scope & Approach

Background

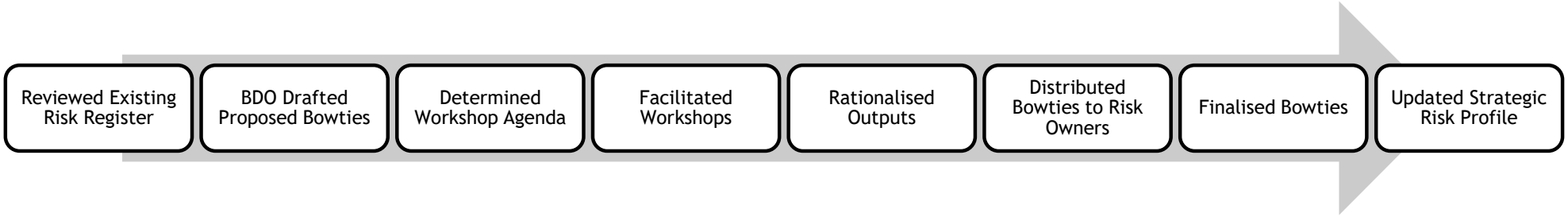
Objective

BDO has recently conducted an internal audit 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. The project adopted the 'bow tie' risk assessment tool to map the relationship between causes, controls, and consequences for key risk events, documenting both prevention and mitigation controls. This was conducted in consultation with the CoA Governance & Strategy team and nominated strategic risk owners.

Scope

Risk Framework & Register Review	Bowtie Risk Analysis & Control Evaluation	Alignment with Governance, Planning & Assurance
Assessed the current strategic risk register and supporting framework to ensure risks are clearly defined, aligned to organisational objectives, and supported by appropriate causes, controls, and risk ratings.	Applied bowtie methodology to key strategic risks to validate cause pathways, evaluate the design of preventative and mitigating controls, and identify control gaps and required treatments.	Evaluated how strategic risks are integrated with governance oversight, corporate planning, and the internal audit program to ensure risk-based decision-making and ongoing monitoring is effective and aligned to current priorities.

Methodology



Risk Bowtie Analysis

An overview of Risk Bowtie Analysis

Bowtie analysis provides a structured view of a risk by linking its causes and consequences to the controls that prevent and mitigate it. This approach delivers the following key benefits:

Control Type Differentiation

Distinguishes between preventative and mitigation controls, clarifying their respective roles in managing risk.

Control Gap Identification

Supports identification of gaps and weaknesses in the control environment across key risk causes and consequences.

Improved Accountability

Enhances risk ownership by clearly linking controls and actions to responsible stakeholders.

Targeted Control Improvement

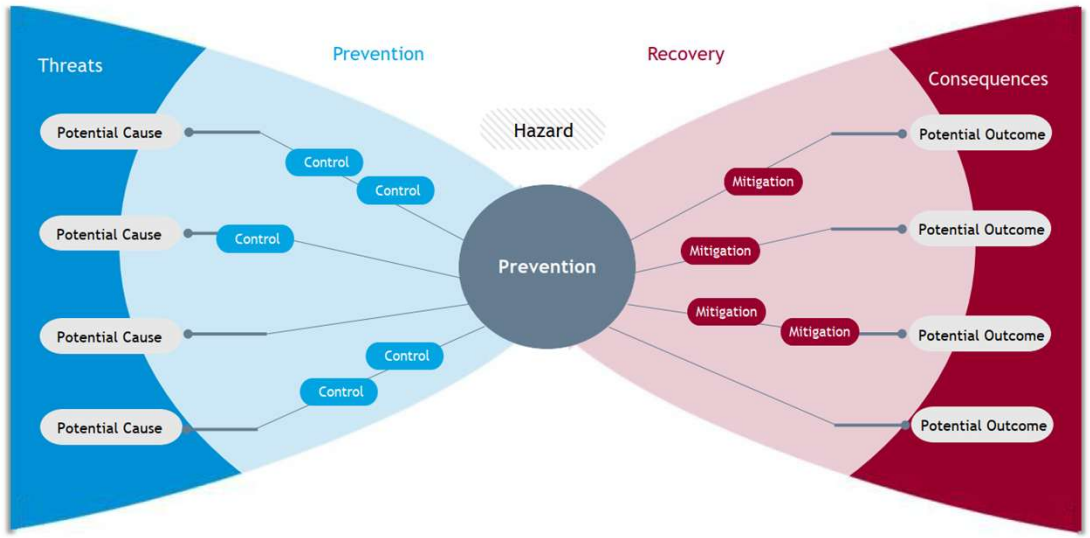
Enables focused prioritisation of control enhancements based on identified risk exposures and gaps.

Consistent Risk Assessment

Promotes a consistent and structured approach to assessing risks across the organisation.

Clear Risk Line of Sight

Provides a clear linkage between causes, controls, and consequences, improving transparency of risk pathways.



Definitions:

Causes (Threats): Events or conditions that could trigger the risk event.

Controls (Preventative): Measures in place to prevent causes from leading to the risk event.

Outcomes (Consequences): The potential impacts if the risk event occurs.

Mitigation Controls (Recovery): Measures that reduce the severity or impact of the consequences after the event.

Key Outputs

Summary of Strategic Risks

#	Current Strategic Risks	Inherent Risk Rating	Residual Risk Rating	# Preventative Controls	# Mitigating Controls	# Treatments
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.	Extreme	High	12	4	14
2	Cyber security – Our cyber security vulnerability exposes us to data breaches and system compromises, risking sensitive information and operational disruption.	Extreme	High	15	4	3
3	Assets and infrastructure – Our assets and infrastructure do not meet community needs, and planning, systems and programs are not fit for purpose.	Extreme	High	13	4	4
4	Business resilience – Our preparation or response to disruptions of essential services and operations due to unforeseen events is inadequate.	High	High	13	4	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.	Extreme	High	14	0	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.	High	Moderate	7	3	4

Summary of Strategic Risks (ctd)

#	Current Strategic Risks	Inherent Risk Rating	Residual Risk Rating	# Preventative Controls	# Mitigating Controls	# Treatments
7	Stakeholder management – Our management of relationships and partnerships with external stakeholders is ineffective.	High	Moderate	14	1	2
8	People and Talent – Our ability to attract and retain sufficient capacity and skills to effectively operate while maintaining work health & safety compliance is inadequate.	High	High	16	4	11
9	Governance – Our governance is ineffective, leading to operational inefficiencies, legal liabilities, and reputational damage.	High	Moderate	17	3	10
10	Digital Capability – Our enterprise data, technology systems, and governance are not contemporary or aligned to organisational needs.	High	Moderate	9	1	5
11	Strategy Definition & Implementation – Our strategic planning processes do not allow us to effectively adapt to changing external environments and/or are insufficient to enable successful implementation of our objectives.	N/A	Moderate	11	2	4
			Total:	141	30	65

Risk Rating Approach

A plausible worst-case scenario approach was adopted to improve consistency in risk ratings, using the CoA consequence table to provide a clear and evidenced basis for how ratings are determined, as outlined below:

Worst-Case Scenario Focus

Adopted a plausible worst-case scenario to ensure risk ratings reflect credible, high-impact exposures.

Shift to High-Impact Thinking

Moved from expected outcomes to realistic, severe scenarios that better represent potential risk impact.

Scenario-Based Risk Definition

Defined risks using clear, scenario-based articulation to improve clarity and consistency.

Consequence-Driven Ratings

Aligned risk ratings directly to identified consequences to ensure meaningful assessment of impact.

Control-Linked Ratings

Strengthened the connection between risk ratings and the effectiveness of controls in place.

Consistent Risk Assessment

Applied a common approach to improve consistency and comparability across all risks.

#	Risks	Existing Residual Risk Rating (May 2025)	New Residual Risk Rating
1	Financial sustainability	High	High
2	Cyber security	High	High
3	Assets and infrastructure	High	High
4	Business Resilience	High	High
5	Climate Resilience	High	High
6	Statutory and Regulatory	Moderate	Moderate
7	Stakeholder management	High	Moderate
8	People and Talent	High	High
9	Governance	Moderate	Moderate
10	Digital Capability	High	Moderate
11	Strategy Definition & Implementation (New Risk)	N/A (New)	Moderate

Control Identification and Assessment Approach

Processes Undertaken

- Reviewed existing risk documentation to identify controls currently in place and assess their ongoing relevance to the risk profile
- Facilitated workshops with risk owners and governance representatives to validate existing controls and identify any additional controls required
- Applied a structured bowtie approach to link controls directly to risk causes
- Established a clear distinction between preventative controls (to stop the event) and mitigating controls (to reduce impact)
- Conducted a high-level cause coverage assessment to evaluate whether identified controls adequately address key risk drivers
- Identified control gaps and agreed targeted treatments/actions with workshop participants where coverage was considered insufficient

Key Outputs

Clear, Measurable Controls

More granular and measurable control definitions, improving clarity and testability

Consistent Control Language

Standardised control language and structure applied across all risks

Cause-Control Alignment

Clear linkage and traceability between causes, controls, and consequences

Control Type Clarity

Distinct separation of preventative and mitigating controls

Structured Assessment Approach

A consistent and repeatable methodology for control identification and assessment

Identified Gaps & Actions

Control gaps identified, with agreed actions to strengthen coverage

Uplift of Control and Treatment Identification and Alignment

#	Current Strategic Risks	# Existing Controls	# Revised Preventative Controls	# Revised Mitigating Controls	# Existing Treatments	# Revised Treatments
1	Financial Sustainability	19	**12**	**4**	7	**14**
2	Cyber security	8	**15**	**4**	2	**3**
3	Assets and infrastructure	7	**13**	**4**	3	**4**
4	Business resilience	10	**13**	**4**	1	**4**
5	Climate Resilience	7	**14**	**0**	2	**4**
6	Statutory and regulatory	11	**7**	**3**	1	**4**
7	Stakeholder management	11	**14**	**1**	1	**2**
8	People and Talent	21	**16**	**4**	3	**11**
9	Governance	16	**17**	**3**	0	**10**
10	Digital Capability	11	**9**	**1**	3	**5**
11	Strategy Definition & Implementation*	0	**11**	**2**	0	**4**
	Total:	**121**	**141**	**30**	**23**	**65**

*New Risk - No existing controls

Recommendations

Summary of Recommendations

#	Recommendations	Priority	Action Owner	Delivery Date
1	Undertake a structured review of existing risk, control, and treatment information within Promapp to either: • Replace current entries with outcomes from the bowtie assessment; or • Retain relevant existing controls and treatments while integrating newly identified items Ensure final records reflect the updated risk profile, control set, and agreed treatments	High	Associate Director Governance & Strategy	31 Mar 2027
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: • High level scopes for approval, with clear reference 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) Integrate the following measures into the internal audit process: • 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). • 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 June 2027

Appendix

Workshop Participants

Name	Position	Name	Position
Michael Sedgman	Chief Executive Officer	Nicole Van Berkel	Manager – Financial Planning & Reporting
Anthony Spartalis	Chief Operating Officer	Kirsty Omenzetter	Manager – People Safety & Wellbeing
Illia Houridis	Director - City Shaping	David Bills	Manager – Low Carbon & Circular Economy
Tom McCready	Director - City Infrastructure	Kathryn Goldy	Manager – Corporate Governance & Risk
Jo Podoliak	Director - City Community	David Carroll	Manager – Enterprise Platforms & Cyber Security
Rebecca Hayes	Associate Director - Governance & Strategy	Simon Davis	Manager – Infrastructure Planning
Noni Williams	Associate Director - City Operations	Jason Barnden	Coordinator, Security & Emergency Management
Mike Philippou	Associate Director - Strategic Property & Commercial	Nicholas Morrow	Team Leader – Strategic Asset Management
Mark Goudge	Associate Director - Infrastructure	David Penrose	Lead Web & User Experience
Sarah Gilmour	Associate Director - Park Lands, Policy & Sustainability	Jeff Lawes	Senior Cyber Security Analyst
Mitch Woods	Associate Director - Finance & Procurement		
Sonjoy Ghosh	Associate Director - Information Management		
Martin Smallridge	Associate Director - Customer & Marketing		
Lousie Williams	Associate Director - People		
Steve Zaluski	Associate Director – Regulatory Services		
Annette Pianezzola	Risk & Audit Advisor		
Andrea Bassett	Principal Climate Change Advisor		

Risk Consequence Categories

As part of considering the consequences of risks. We used the 5 categories (as defined by CoA's risk framework) as a prompt to ensure all relevant consequences are captured and appropriate risk mitigation treatments considered.

Risk Rating Table

ACC2019/174186

CITY OF ADELAIDE		CONSEQUENCES				
		Insignificant	Minor	Moderate	Major	Catastrophic
RISK CATEGORIES	FINANCIAL	Financial impact (expenditure or revenue) <$20,000. Financial impact <5% of annual project budget (Budget variation manageable in the short term).	Financial impact (expenditure or revenue) between $20k-$250k Financial impact >5% and <10% of annual project budget (Budget variation manageable without impact on bottom line of budget absorbed over current financial year).	Financial impact (expenditure or revenue) between $250k-$1m. Financial impact of > 10% and <20% of annual project budget (Impact on budget beyond current financial year but manageable within next financial year).	Financial impact (expenditure or revenue) between$1-5m. Financial impact of >20% and <25% of annual project budget (Impact on budget with recovery over proceeding two or three financial years).	Financial impact (expenditure or revenue) >$5m Financial impact of <25% and<50% of annual project budget (Impact on budget with recovery over proceeding three or more financial years).
	PUBLIC SAFETY STAFF / VOLUNTEER / CONTRACTOR SAFETY	Injuries requiring localised treatment/first aid; or Incidence of non-treatment injuries.	Injury requiring professional medical intervention. Injury involving lost time in the work place.	Routine and follow up medical attention after initial medical treatment. Hospital admission as an inpatient for 1-2 days	Temporary disability. Hospital admission as an inpatient for >3 days	Permanent disability; or Long term hospital admission. Death.
	ENVIRONMENT	Minor adverse event that can be remedied immediately.	Isolate instances of environmental damage requiring effort to fix in the short term and reversible.	Adverse events that cause widespread damage but reversible in the short to medium term.	Significant adverse event causing widespread damage which may be reversed through appropriate remedial action in the medium term.	Major adverse environmental event requiring continuing long term remedial attention.
	REPUTATION / BRAND IMAGE / POLITICAL	No media attention. A number of adverse local complaints. Increase use of staff resources to manage the event	Localised community concern. Media coverage but not adverse	State wide adverse media attention; or Detrimental inter-governmental relationships.	National adverse media attention; or Ongoing disagreement between State Government and the Council.	Prolonged adverse media attention; or Irreparable damage to government relations; or Lord Mayor / Councillors / CEO forced to resign.
	SERVICE DELIVERY	Interruption to a service not requiring any further remedial action and with minimal impact on customers.	Interruption to a service requiring further remedial action and with moderate impact on customers.	Interruption to core business function or essential service with significant customer impact for up to 48 hrs.	Interruption to core business function or essential service for 2-7 days.	Interruption to core business function or essential service for more than 7 days.

Note: risk categories vs consequences highlighted in blue, represents Council's risk appetite

Risk Likelihood & Rating Categories

As part of considering the likelihood of risks. We used the 5 categories (as defined by CoA's risk framework) as a prompt to ensure all relevant likelihood are captured. We also used the CoA Overall Risk Rating Table to determine all risk ratings.

Overall Likelihood Table

LIKELIHOOD		
Rating	**Project Risk**	**Other**
Almost Certain	The event is currently occurring or is expected to occur at some stage over the life of the project (over 75% probability)	Expected to occur. (90% probability to occur in the next 5 years.)
Likely	The event is likely to occur during the life of the project (probability between 50%-75%)	Will likely occur. (65%-90% probability to occur in the next 5 years)
Possible	The event may possibly occur in the life of the project (probability between 25%-50%)	May possibly occur. (35% - 65% to occur in the next 5 years)
Unlikely	The event is unlikely to occur in the life of the project (probability between 0%-25%)	Unlikely to occur. (0%- 35% to occur in the next 5 years)
Rare	The event will only occur in exceptional circumstances (Probability close to zero)	Will only occur in exceptional circumstances. (probability close to 0% over the next 5 years)

Overall Risk Rating Table

Determine a Risk Rating		CONSEQUENCE				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	Almost Certain	Moderate	High	Extreme	Extreme	Extreme
	Likely	Moderate	High	High	Extreme	Extreme
	Possible	Low	Moderate	High	High	Extreme
	Unlikely	Low	Low	Moderate	Moderate	High
	Rare	Low	Low	Low	Moderate	Moderate

Note: risk categories vs consequences highlighted in blue, represents Council's risk appetite

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