

# Proposed Strategic Risks and 2026-2029 Internal Audit Plan

Strategic Alignment - Our Corporation

**Friday, 27 November 2025**

Audit and Risk Committee

Public

**Program Contact:**

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**Approving Officer:**

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## EXECUTIVE SUMMARY

The purpose of this report is to present the proposed 2026 – 2029 Internal Audit Plan and proposed Strategic Risks for the City of Adelaide.

Noting the objectives of the City of Adelaide Strategic Plan 2024-2028, Council's Strategic Risk and Internal Audit Group (SRIA) together with Council's newly appointed Internal Auditors, BDO, have reviewed the City of Adelaide's 2025-2028 Internal Audit Plan and Strategic Risks.

The revised draft 2026 – 2029 Internal Audit Plan and Strategic Risks are provided to the Audit and Risk Committee for noting and feedback.

## RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE ADVISES COUNCIL

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Proposed Strategic Risks and 2026 - 2029 Internal Audit Plan report on the Agenda for the meeting of the Audit and Risk Committee held on 27 November 2025.
2. Notes the draft 2026 – 2029 Internal Audit Plan as contained in Attachment A to Item 4.1 on the Agenda for the meeting of the Audit and Risk Committee held on 27 November 2025 and provides the following feedback:
  - 2.1 \_\_\_\_\_
  - 2.2 \_\_\_\_\_
3. Notes the draft Strategic Risks contained as contained in Attachment B to Item 4.1 on the Agenda for the Audit and Risk Committee held on 27 November 2025 and provides the following feedback:
  - 3.1 \_\_\_\_\_
  - 3.2 \_\_\_\_\_

# IMPLICATIONS AND FINANCIALS

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|--|---|
| City of Adelaide<br>2024-2028<br>Strategic Plan                        | <b>Strategic Alignment – Our Corporation</b><br>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.<br>Internal audit is an essential component of a good governance framework. It enables Council to ensure it is performing its functions legally, effectively and efficiently. |
| 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 /<br>Legislative  | Sound risk and opportunity management, minimises and controls risk, identifies improvement opportunities, and 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.  |
| 25/26 Budget<br>Allocation   | \$250,000 is included in the operating budget to support internal audit activities.   |
| Proposed 26/27<br>Budget Allocation                                    | Not as a result of this report  |
| Life of Project,<br>Service, Initiative<br>or (Expectancy of)<br>Asset | Not as a result of this report  |
| 25/26 Budget<br>Reconsideration<br>(if applicable)                     | Not as a result of this report  |
| Ongoing Costs<br>(eg maintenance<br>cost)                              | Not as a result of this report  |
| Other Funding<br>Sources   | Not as a result of this report  |

# DISCUSSION

## Background

1. One of the roles of the Audit and Risk Committee (ARC), as per clause 11.2.1 of its Terms of Reference, is to review the Council's Risk Profile and monitor the risk exposure of Council and its subsidiaries.
2. The Chief Executive Officer has assigned responsibility for managing the internal audit program to the Chief Operating Officer (the COO). The COO will be supported by the Associate Director Governance and Strategy, and the Manager Corporate Governance & Risk, and together those positions take responsibility for the management of the Internal Audit program and liaising with BDO (Council's internal audit partner), who commenced with the Council on 1 October 2025, to conduct Internal Audit services for the Council.

## Internal Audit Plan 2026 - 2029

3. Noting the objectives of the City of Adelaide Strategic Plan 2024 – 2028, the Strategic Risk and Internal Audit Group (SRIA) reviewed City of Adelaide's (the Council) three-year (2025 – 2028) Internal Audit Plan (the Plan).
4. BDO facilitated an Internal Audit Plan Workshop to review and discuss the proposed internal audits for Council with the Executive. The feedback has been collated and formalised in a draft four-year Plan which was discussed at SRIA on 13 November 2025, in consideration of the Council's strategic risks and key priorities within the Council Strategic Plan 2024 – 2028.
5. The draft Plan for 2026 – 2029 includes a number of internal audits that can be facilitated using existing Council resources. Internal audits are performed, either in-house, by Council's internal audit partner, or specialised provider where required (for example cyber). In-house audits include operational and transactional compliance audits. The internal audit partner will perform the strategic and compliance audits, where specialised skills and expertise are required. This approach ensures that appropriate assurance is provided to the Council in a manner that achieves the best value for money, leveraging our in-house and external capabilities where appropriate.
6. Each internal audit has been identified as a risk mitigation to the Council's Strategic Risk.
7. A brief draft scope for each internal audit is included in **Attachment A**. A more comprehensive scope will be developed and presented to SRIA and ARC for approval prior to each internal audit being undertaken.

## Strategic Risks

8. Noting the objectives of the City of Adelaide Strategic Plan, SRIA reviewed the Council's Strategic Risks.
9. BDO facilitated a Strategic Risk Workshop to review and discuss the strategic risks for Council with the Executive. The feedback has been collated and formalised in a draft Register which was discussed at SRIA on 13 November 2025.
10. The updated draft Strategic Risks appear as **Attachment B** with eleven risks identified. They are:
  - 10.1. *Financial Sustainability* – Council financial settings are not sustainable in the long term.
  - 10.2. *Cyber Security* – Cyber security vulnerability exposes the Council to data breaches and system compromise, risking sensitive information and operational disruption.
  - 10.3. *Assets and Infrastructure* – Ineffective asset and infrastructure planning, systems, and programs.
  - 10.4. *Business Resilience* – The risk of disruptions to essential services and operations due to unforeseen events, threatening the Council's ability to safeguard its personnel, assets, maintain service continuity and meet community needs.
  - 10.5. *Climate Change Adaptation and Vulnerability* – Impact of changing climate conditions and an increase in extreme weather events presents a risk to Council, community, infrastructure and natural environment.
  - 10.6. *Statutory and Regulatory* – Non-compliance with statutory and regulatory requirements poses legal, financial, and reputational risks to the organisation.
  - 10.7. *Reputational* – Negative reputation and public perception of Council.
  - 10.8. *Human Resource Management* – Ineffective human resource management, and work health & safety non-compliance.
  - 10.9. *Ineffective Governance* – Ineffective governance leading to operational inefficiencies, legal liabilities, and reputational damage.

10.10. *Lack of Fit for Purpose IT Systems and Data Governance* – Inadequate IT systems and data governance endanger operational efficiency and data integrity while increasing susceptibility to security breaches and regulatory non-compliance.

10.11. *Strategy Implementation* – Our strategic planning processes and leadership are not fully aligned or effective in supporting the implementation of key organisational objectives.

11. The approach to Strategic Risks will be replicated for the subsidiaries, Adelaide Economic Development Agency, Adelaide Central Market Authority and Kadaltilla to ensure a consistent approach to risk management practices.

12. A copy of the previous Strategic Risk and Opportunity Register appears as [Link 1](#) for reference.

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## DATA AND SUPPORTING INFORMATION

[Link 1](#) – Strategic Risk and Opportunity Register

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## ATTACHMENTS

**Attachment A** – 2026 - 2029 Internal Audit Plan

**Attachment B** – Strategic Risks

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