

**I hereby give notice that an Audit and Risk Committee Meeting will be held on:**

**Date:** Wednesday, 14 August 2024  
**Time:** 5.00 p.m.  
**Location:** Council Chamber  
Civic Centre  
10 Watson Terrace  
Mount Gambier

# **AGENDA**

## **Audit and Risk Committee Meeting 14 August 2024**



**Sarah Philpott**  
Chief Executive Officer  
9 August 2024

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**1 ACKNOWLEDGEMENT OF COUNTRY**

We acknowledge the Boandik peoples as the traditional custodians of the land where we meet today. We respect their spiritual relationship with the land and recognise the deep feelings of attachment our indigenous peoples have with this land.

**2 APOLOGY(IES)**

Nil

**3 CONFIRMATION OF MINUTES**

[Audit and Risk Committee Meeting - 29 July 2024](#)

**RECOMMENDATION**

That the minutes of the Audit and Risk Committee meeting held on 29 July 2024 be confirmed as an accurate record of the proceedings of the meeting.

**4 QUESTIONS WITHOUT NOTICE**



## 5 REPORTS

### 5.1 CAROLINE LANDFILL 2023/2024 POST CLOSURE PROVISION UPDATE – REPORT NO. AR24/57290

<b>Committee:</b>	<b>Audit and Risk Committee</b>
<b>Meeting Date:</b>	<b>14 August 2024</b>
<b>Report No.:</b>	<b>AR24/57290</b>
<b>CM9 Reference:</b>	<b>AF11/863</b>
<b>Author:</b>	<b>Kahli Rolton, Acting Manager Financial Services</b>
<b>Authoriser:</b>	<b>Barbara Cernovskis, General Manager City Infrastructure</b>
<b>Summary:</b>	<b>To Inform the Audit and Risk Committee of the progress and impact to financial operations in relation to the Caroline Landfill.</b>
<b>Strategic Plan Reference:</b>	<b>Goal 1: Our People</b>
	<b>Goal 2: Our Location</b>
	<b>Goal 3: Our Diverse Economy</b>
	<b>Goal 4: Our Climate, Natural Resources, Arts, Culture and Heritage</b>
	<b>Goal 5: Our Commitment</b>

#### REPORT RECOMMENDATION

1. That Audit and Risk Committee Report No. AR24/57290 titled 'Caroline Landfill 2023/2024 Post Closure Provision update ' as presented on 14 August 2024 be noted.
2. That it be noted that a workshop providing detailed progress on Caroline Landfill including financial modelling, accounting treatment and associated financial impacts was held on 14 August 2024.
3. Acknowledges the requirement to continuously review and update financial modelling annually and ensure reflected in Long Term Financial Plan and Asset Management Plans. And that financial impacts relevant to the 2024/2025 financial year will be included in future budget revisions.





## TYPE OF REPORT

Other

## BACKGROUND

### 1. External Audit

Dean Newbery and Partners recently completed the Interim Audit component as part of their 2023/24 financial year external audit appointment. The Interim Audit was undertaken in May 2024. Following this, Dean Newbery and partners issued their Management Report tabling 4 key issues.

One of the key issues related to the Caroline Landfill Provision Valuation. This included a request to document methodology behind provisions and ensure valuation of landfill liability is suitably certified. It also included a recommendation that the Audit and Risk Committee should be kept informed of the progress of the review being completed and estimated final impacts to the operations of Council.

The 2023/2024 External Audit Interim Management Report was detailed at Report AR24/50401 at the Audit and Risk Committee held 29 July 2024.

### 2. Accounting Standards Requirement for Provisions

Australian Accounting Standards (AASB) 137 requires that restoration provisions are recognised when a legal or constructive obligation arises as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. Further AASB 137 requires that a reliable estimate can be made about the amount of the obligation.

In the case of Caroline Landfill, the past event is the construction of cell(s) which are used to entomb waste and subsequent legal obligation to cap those cell(s). Further to this, Landfill operations are subject to other legal obligations post closure of the site including decommissioning, monitoring and ongoing maintenance of these capped cells and associated infrastructure such as leachate management systems.

### 3. Professional Engagements

Council Administration have made improvements to the assessment of the Caroline Landfill Post Closure Provision and engaged two independent consultants for their expertise in financial modelling and landfill engineering.

- (a) **Financial Modelling:** BRM Advisory were engaged to prepare a whole of life financial model that:
  - (i) Ensures the gate fee charged today is adequate to cover costs and risks for the life of the landfill site.
  - (ii) Provide technical compliance for the net present value (NPV) unwinding of provisions, both post closure and cell capping provisions.
- (b) **Independent Assurance:** Tonkin Engineering were engaged as specialists in landfill engineering to provide an independent review of post closure provision and recommendation based on the current operations of Caroline Landfill. Tonkin's assumption verification is located at Attachment 1 to this report.

Administration have updated figures to match Tonkin's recommendations, noting the margin for change resulted in <\$40k adjustment as at 30/06/2024.

## PROPOSAL

### 4. Impacts to Financials



The following table summarises the initial impacts on the 2023/24 financial statements for fixed assets and provisions in relation to:

- airspace consumed of constructed cells
- associated capping provision of constructed cells
- future restoration provision and associated asset

<b>FIXED ASSETS</b>	<b>Opening balance 01/07/2023</b>	<b>Changes required</b>	<b>Depreciation FY2024</b>	<b>Closing balance 30/06/2024</b>	<b>Comments</b>
Cell 3 (CVR 14816)	-	-	-	-	Fully depreciated as at 30/06/2023. previous information supplied suggested cell was full. It has since been verified that conceptual height was not actually reached until 31/01/2024. Additional information provided below.
Cell 3 Cap (CVR 14817)	-	343,609	(343,609)	-	As per above, fully depreciated in line with cell airspace consumed.  Adjustment required directly correlates to the increase in provision and will be fully depreciated in FY2024.
Cell 4A	-	-	-	-	Cell 4A construction began September 2023 and was completed July 2024.  Practical completion pending final sign off by EPA. c\$3.5M held in WIP as at 30/06/2024 to be capitalised FY2025 with final costs.
Future Restoration (CVR 14889)	389,555	(231,552)	(1463)	156,540	Per Tonkins assurance verification and NPV unwinding per BRM consulting financial modelling.  Adjustment offset directly to Asset Revaluation Reserve (ARR).
<b>TOTAL FIXED ASSETS</b>	<b>389,555</b>	<b>112,057</b>	<b>(345,072)</b>	<b>156,540</b>	
<b>PROVISIONS</b>	<b>Opening balance 01/07/2023</b>	<b>Changes required</b>	<b>NPV interest unwinding FY 2024</b>	<b>Closing balance 30/06/2024</b>	<b>Comments</b>
Cell Capping 3C	783,152	343,609	73,239	1,200,000	Cell capping provision for Cell 3C increased to take into account revised cost estimates.  Adjustment directly correlates to increase in fixed asset.  Capping costs will actually be incurred in FY2025.
Cell 4A Capping	-	-	-	-	No Provision has been established for this cap as it has not yet met the legal obligation under AASB137 due to pending EPA approval, i.e., there is no obligation to cap until practical completion.
Future Restoration	2,544,792	(2,386,789)	10,270	168,273	Adjustment offset to accumulated surplus. Item material, but impracticable



					to go back to the start of the Landfill to rework. Additional information provided below.
<b>TOTAL PROVISIONS</b>	<b>3,327,944</b>	<b>(2,043,180)</b>	<b>83,509</b>	<b>1,368,273</b>	

**Additional information - Cell 3C**

Cell 3C was incorrectly fully depreciated at 30 June 2023, only reaching conceptual height in January 2024. Impact of the extra 6 months depreciation is deemed immaterial, therefore no restatements processed for the amount of waste entombed from July 2023 to January 2024.

Furthermore, cell 3C has continued to be filled over its conceptually agreed height with agreeance of the EPA until Cell 4A construction reaches practical completion (overfill period February 2024 to ETA September 2024). Negotiations with the EPA are underway in regard to what happens with the waste that has been overfilled in Cell 3C. Worse case scenario, the EPA require the additional waste to be removed and entombed in Cell 4A. Best case scenario, the EPA allow the waste to remain in Cell 3C with minimal additional compliance and resourcing requirements.

Due to the ongoing nature of Cell 3C overfill and Cell 4A construction, it is not known at the time of preparation of the financial statements for 2023/2024 which course of action the EPA will require. For this reason:

- the volumetric size of cell 3C has not been increased. Increasing the Cell volume would result in airspace remaining and therefore a change to depreciation expense applied. Overall the cost of the cell has not increased, the impact relates to the consumption of the increased airspace. Airspace to conceptual height fully consumed FY23/24.
- Cell 3C capping asset and provision has not been increased in relation to additional requirements for overfilling. It is not yet known whether the EPA will allow the overfilled waste to remain in Cell 3C, but in doing so require a more robust capping arrangement that requires resourcing in excess of the estimated \$1.2M provision.

**Additional information - Adjustments Future Restoration**

Usual practice when accounting for a make good provision requires an increase to a fixed asset and subsequent increase to a relevant liability provision. The large difference between adjustments for the future restoration provision and associated asset are due to this not incurring in prior periods. Investigations have found the main contributors:

- In FY2023 a journal was completed transferring value from a capping provision to the future restoration provision of \$1.489M without impacting the relevant future restoration fixed asset. Also no adjustment was made for NPV calculations on the increase in the Provision.
- A revaluation of the future restoration asset was completed in FY2020 for \$512k with no corresponding adjustment to the future restoration provision, putting the two further apart in value.

Future Restoration Provision adjustments are to be offset against accumulated surplus and not the asset revaluation reserve (ARR). The adjustment requires a credit entry to the ARR, which would increase it's value by \$2.4M (for noting current balance is \$2.9M). The ARR should not be increased in value due to an error in prior year accounting practices. The future restoration provision should have minimal impact on changes to the ARR due to its nature requiring a corresponding fixed asset entry. Investigations into the makeup of the Caroline ARR current balance of \$2.9M shows:

- Majority of the balance is due to c\$2M for cells 1 & 2 being revalued in FY2012. There was no corresponding Provision for this and so the assets were brought in as part of a revaluation.
- \$713k in FY2007 that due to the length of time passed, information regarding its makeup is not readily available.



**Historical and budget Information**

<b>NPV interest expense</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24 Actual</b>	<b>FY24/25 per model</b>
Actual/Estimate	222,073	-	83,509	(4A cap) 159,368 (restore) <u>10,938</u> <b>Total 170,306</b>
Budget	50,000	50,000	50,000	75,000
Variance to budget	172,073	(50,000)	33,509	95,306

<b>Depreciation expense</b>	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24 Actual</b>	<b>FY24/25 per model</b>
Actual/Estimate	c840,000	1,753,887	(3C) - (3C cap) 343,609 (restore) <u>1,463</u> <b>Total 345,072</b>	(4A) 617,566 (cap) 453,720 (restore) <u>1,463</u> <b>Total 1,072,749</b>
Budget	c770,000	1,358,074	(orig) 790,126 (BR3) 488,444	1,000,000
Variance to budget	c70,000	395,813	(143,372)	72,749

Total increase required to 2024/2025 budget \$168,055 for NPV unwinding and depreciation.

The Depreciation for FY24/25 is subject to change pending EPA requirement to shift overfilled waste from Cell 3C to Cell 4A. If this is required, an extra 7 months depreciation will be added to Cell 4A. This is essentially the Depreciation that has not been recorded in FY23/24 due to no additional costs required to increase the cell size to entomb waste over its capacity and it already being depreciated. Therefore the depreciation would have been spread over a greater volumetric capacity but at the same cost value.

**LEGAL IMPLICATIONS**

Corporations Act 2001 – Sect 305: As reiterated in Accounting Standard AASB101 overall considerations Aus 13.1 The Corporations Act requires an entity’s financial report to comply with Australian Accounting Standards and, if necessary to give a true and fair view, further information to be disclosed in the notes.

**STRATEGIC PLAN**

The Long Term Financial Plan (LTFP) has been updated to reflect changes that were known at the time of its preparation. Further updates are required to align the forecast capital expenditure and relative depreciation not already included. These items are included in red in the table below.

<b>Capital (new only) \$'000</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>
<b>Site</b>											
Windbreaks & Fencing	121			76							



Leachate treatment facility	526			250							
Washbay, slab, fuel storage	67		50			50					
<b>Plant &amp; Equipment</b>											
GEO tracking	94					94					94
Traxcavator/tana increase				470					470		
Weighbridge				3,000							
Dump Truck					750					750	
<b>Capital Operational change</b>	-										
Tarping system	158										158
Shredder & Trommel										1,000	1,000
<b>Total NEW capital</b>	<b>1,466</b>		<b>50</b>	<b>3,796</b>	<b>750</b>	<b>144</b>			<b>470</b>	<b>1,750</b>	<b>1,252</b>
TOTAL incl LTFP	1,466			470	750				470	1,750	1,000

**COUNCIL POLICY**

N/A

**ECONOMIC IMPLICATIONS**

N/A

**ENVIRONMENTAL IMPLICATIONS**

N/A

**SOCIAL IMPLICATIONS**

N/A

**CULTURAL IMPLICATIONS**

N/A

**RESOURCE IMPLICATIONS**

Consulting engagements totalled \$24,300 excl gst. Considerable internal staff time has been allocated by the Manager Waste Services and Acting Manager Financial Services to advance this project in a timely manner. Ongoing consulting will be required for annual rollover and to maintain pertinence of the financial model, estimate \$2-5k per year.

**VALUE FOR MONEY**

N/A

**RISK IMPLICATIONS**

Risk Category (Financial only)	Risk	Consequence	Mitigation



Accounting Standards	<ul style="list-style-type: none"> <li>- Financial Statements do not accurately reflect financial position.</li> <li>- Lack of internal experience in post closure operations reasonable estimations.</li> <li>- Internal charges include costs that cannot be directly attributed to capital projects.</li> <li>- Adjustments required to balance Provisions are material.</li> <li>- Adjustments required are unable to be unwound or attributed to prior years due to incorrect accounting assumptions and processes.</li> </ul>	<ul style="list-style-type: none"> <li>- Users cannot rely on information for decision making or comparison.</li> <li>- Future Restoration Provision does not reasonably reflect estimated costs today or forecast.</li> <li>- CoMG issued a qualified audit by independent external auditors.</li> <li>- The external charge includes a Risk Margin % and recovery of FCA. These items cannot be capitalised. This would result in overstating asset values.</li> </ul>	<ul style="list-style-type: none"> <li>- Use industry experts to model NPV of provisions.</li> <li>- Seek external verification from industry experts over model and associated assumptions.</li> <li>- Apply a reduced rate to CoMG internal charge to remove Risk margin and FCA allocation.</li> <li>- Record relevant Notes to the Financial Statements.</li> </ul>
Financial Sustainability	<ul style="list-style-type: none"> <li>- The gate fee is set too low or too high.</li> <li>- The financial model does not remain pertinent or is used incorrectly.</li> <li>- Internal charges are not being allocated to capital projects for waste directly associated with getting an asset ready for use.</li> <li>- Operations are not running efficiently and planning is not up to date.</li> <li>- Return on investment to construct and cap cells is not maximizing airspace consumption whilst minimising other operating costs.</li> <li>- After 3-5 years the models accuracy decreases.</li> <li>- Required capital and site improvements are too low.</li> </ul>	<ul style="list-style-type: none"> <li>- Gate fee too low would result in costs not being covered and increase pressure on general rates to cover the shortfall.</li> <li>- Gate fee too high due to inefficient operations and up to date planning could result in loss of customers to competitors.</li> <li>- Result in poor decision making.</li> <li>- Net operating position understated due to internal charges not being capitalised.</li> <li>- Operating/surplus ratio inaccurate and understated.</li> <li>- By reducing CoMG internal charge, this will increase fee for external customers.</li> <li>- Increased depreciation due to inefficient capital layout.</li> </ul>	<ul style="list-style-type: none"> <li>- Benchmarking</li> <li>- Alternate disposal cost estimates (for comparison to CoMG and customers). Insource versus outsourcing.</li> <li>- Continuously review, monitor and update model at least annually.</li> <li>- Engage suitably experienced engineers to provide scenario analysis and recommendation for more efficient ways of operating the site including forecast capital constructions, leachate management and strategies to maximise airspace consumption.</li> <li>- Implement process to capture and assign capital projects to weighbridge data.</li> <li>- Smooth gate fee over a period of time (10 years) to steady impact on external customers while consultants engaged.</li> </ul>

**EQUALITIES AND DIVERSITY IMPLICATIONS**

N/A

**ENGAGEMENT AND COMMUNICATION STRATEGY**

Detailed workshop held with Audit and Risk Committee members 14 August 2024.

**IMPLEMENTATION STRATEGY**

- Financial Statements updated to reflect tabled entries in report above.



- Next iteration of LTFP to include additional capital items and realign forecast construction, capping and relative cash outflows for cells, depreciation.
- IAMP and financial modelling to updates succinctly

### **CONCLUSION AND RECOMMENDATION**

Administration have made considerable progress toward improving its accounting treatment for the Caroline Landfill Future Restoration Provision. The purpose of this report is to formally table this progress with the Audit and Risk Committee including financial implications. This progress results in an estimated financial impact of \$168,055 in required budgeted expenditure for NPV unwinding and depreciation for FY2025. It also results in a significant decrease to the Future Restoration Provision reducing the balance from \$2,544,792 to \$168,273 for the year ended 30 June 2024.

### **ATTACHMENTS**

1. Tonkin Engineering - Caroline Landfill - Future Rehabilitation Post Closure Assumptions Verification [↓](#)



## Caroline Landfill

### FUTURE REHABILITATION – POST CLOSURE ASSUMPTIONS VERIFICATION

City of Mount Gambier

5 August 2024  
Ref: 230143R005B

tonkin 

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outcomes together







## Document History and Status

Rev	Description	Author	Reviewed	Approved	Date
A	For Client Comment	MI	KB/SH	KB	31/07/2024
B	Final Issue	KB	-	KB	5/08/2024

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230143R005B Caroline Landfill | FUTURE REHABILITATION - POST CLOSURE ASSUMPTIONS VERIFICATION

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**Client: City of Mount Gambier**  
**Ref: 230143R005B**

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## 1 Introduction

The City of Mount Gambier (Council) has initiated a comprehensive review and verification process for the future restoration of the Caroline Landfill, a facility established approximately 30 years ago. As part of this effort, Council engaged Tonkin to provide professional assurance of the assumptions and dollar values provided for the landfill's post-closure restoration provisions. This report aims to provide a detailed analysis of the financial and operational assumptions underpinning the future restoration plan, ensuring compliance with statutory reporting requirements and relevant legislative obligations.

### 1.1 Background

The Caroline Landfill has been operating in alignment with its initial planning and external recommendations, adapting over the years to changes in both internal and external influences. Recognizing the dynamic nature of landfill operations, Council is actively working towards a robust financial understanding of the site as it stands today, with the flexibility to remodel as capital and operational requirements evolve. This proactive approach includes whole-of-life financial modelling to determine appropriate charges for users and ensure accurate financial positioning for reliable statutory reporting.

### 1.2 Statutory Reporting Requirements

Under Australian Accounting Standards (AASB) 137, Council is mandated to recognise a provision for future rehabilitation on its balance sheet. This legal obligation arises from past events, such as the construction of landfill cells used for waste disposal, necessitating subsequent capping and ongoing post-closure monitoring and maintenance. The financial model developed by Council, with inputs from past planning documentation, internal engineer estimations, and operational management knowledge, aims to provide a reliable estimate of the restoration provision, fulfilling both legal and constructive obligations.

### 1.3 Objectives of the Assurance

The primary objectives of this assurance are to:

1. Evaluate the reasonableness of the future restoration provision values provided by Council.
2. Determine a range of accuracy for materiality purposes.
3. Position the provision on a risk scale from low to high accuracy, considering various scenarios.
4. Clearly explain any limitations encountered in providing this assurance.
5. Ensure all relevant legislative obligations are met.





## 2 Methodology:

### 2.1 Data Collection:

Tonkin has been engaged by Council under the Caroline Landfill and Orchard Road Landfill Professional Services Agreement for the Provision of Engineering Services, dated 12 May 2023. Since then, Tonkin has completed and is currently undertaking several projects at Caroline Landfill, including environmental monitoring and reporting, Cell 4 Construction Quality Assurance (CQA), LEMP Revision, Cell 3C Options Assessment, and Cell 4A Leachate Production and Volumetric Capacity Analysis. Tonkin possesses extensive knowledge and experience of the site.

Upon being engaged by Council for this project, Tonkin reviewed the available information and, through the Request for Information (RFI) Ref: 230143.12, dated 27 June 2024, requested Council to confirm the validity of various documents in their possession and to provide additional documents as follows:

- Confirm that the current Landfill EPA Licence is Licence No. 2504, issued on 1 May 2021 and expires on 30 April 2026, last amendment dated 20 January 2023.
- Provide the current landfill DA Consent
- Confirm that the current DRAFT Landfill Environmental Management Plan (LEMP) (dated October 2023) including environmental monitoring and reporting requirements, number of Ground Water Monitoring points, surface water monitoring points, air quality monitoring requirements, landfill gas monitoring requirements and leachate monitoring requirements, is the most current version.
- Provide the current Landfill Master Plan including information about landfill area, number of expected cells, leachate management system and number of expected leachate sumps, planned landfill gas management system and landfill storm water management system

Council provided the requested documents and information. Additionally, a meeting was held on 18 July with Council staff to discuss the background information and obtain clarifications about the provision assumptions.

### 2.2 Key Assumptions

The financial model is built on several critical assumptions:

1. The remaining life of the site is estimated at 84 years, with closure anticipated in the financial year 2107.
2. A 25-year post-closure period, in line with current EPA obligations, extending to the financial year 2132.
3. The value of the post-closure provision is projected to increase from \$128,014 in 2024 to \$22.38 million by 2107.
4. Airspace volume and compaction rates, which influence the rate of space consumption and site life.
5. Waste tonnage trends, particularly the impact of external contractor waste and internal waste diversion strategies.

This report does not address those key assumptions, however it provides a comprehensive analysis of financial projections related to the Caroline Landfill's future restoration, by verifying the reasonableness and accuracy of the provisions provided by the Council in the Brief Scope.

### 2.3 Limitations of the Analysis

The analysis and projections provided in this report are based on the current understanding of the site conditions, available data, and assumptions as outlined in the report. However, several limitations must be acknowledged:





- 1- **Cost of Landfill Gas (LFG) Collection and Treatment System:** All costs associated with the operation, maintenance, and decommissioning of the LFG system are excluded from this analysis. These responsibilities fall under the purview of the LFG system operator as stipulated in their contract with the City of Mount Gambier.
- 2- **The data provided by Council:** The accuracy of the projections is contingent upon the completeness and reliability of the data provided by Council and other sources. Any gaps or inaccuracies in the data could affect the validity of the conclusions.
- 3- **Assumption Validity:** The financial and operational assumptions used in the model are based on current best practices and expert judgment. Changes in regulatory requirements, technological advancements, or unforeseen environmental conditions could impact these assumptions.
- 4- **Environmental Variability:** The site is subject to natural variability, including weather conditions and potential climate change impacts. These factors can influence the performance and degradation rates of the landfill components, potentially affecting the cost estimates.
- 5- **Technological Changes:** Advancements in waste management and environmental monitoring technologies could lead to changes in operational practices and cost structures that are not accounted for in the current model.
- 6- **Regulatory Changes:** Future changes in environmental regulations and standards could necessitate additional measures or adjustments to the post-closure plan, impacting cost estimates.
- 7- **Economic Factors:** Inflation, changes in material and labour costs, and other economic factors can affect the projected costs over the long-term horizon considered in this analysis.

## 2.4 Estimates and Frequency of Costs for Provision:

Based on the above key assumptions, post-closure costs have been estimated based on today's dollars and their expected frequency during the post-closure period, as reflected in the financial model. This approach ensures a reasonable value for the future restoration provision. The key areas considered for post-closure costs include:

- Monitoring & maintenance of final cap
- Leachate management systems
- Landfill gas management systems
- Decommissioning
- Post closure plan updates.

Table 1 (provided by Council) provides estimates and frequency of costs for provision

**Table 1: Estimates and Frequency of Cost for Provision provided by Council**

Future Restoration (post closure) Provision	\$		frequency	basis	Assumption detail
<b>Monitoring &amp; Maintenance of Final Cap</b>					
Survey	2,500	every	5 Years	current costs	
Site maintenance (weed control etc.)	5,000	every	1 Years	current costs	







Future Restoration (post closure) Provision	\$		frequency	basis	Assumption detail
Cap repairs	45,000	every	10 Years	estimate	3 weeks hire earth moving equipment + materials at \$15k per week
<b>Leachate management system</b>					
Off-site disposal	100,000	in	Year 1	current costs and in consideration of high rainfall	Allows for 6meg carted to SA Water. Assumes all ponds are full and emptying all ponds as at closure date.
Pump replacement	585,000	in	Year 1	Estimate based on current cost	Assumes 9 pumps installed once all cells completed at \$65k per pump. Minor allowance for pipe work maintenance in conjunction with replacements. Useful life 25 year average – may seem high in comparison to 10 years that would be used if cells were actively producing leachate. Assume only need to replace pumps upon failure. Built in to provision at worse case being 1 <sup>st</sup> year. For reference oldest of current pumps has been in place approx. 15 years and no signs of failure yet.
Pond liner / leachate storage	100,000	in	Year 5	estimate	Testing and maintenance on x3 ponds. Average 25 year lifespan. Assumes that replacement would have occurred prior to closure.
<b>Landfill gas management system</b>					
Landfill gas monitoring	26,000	every	1 Years	current costs	Based on 1 report and 2 testing events per year
Groundwater monitoring	26,000	every	1 Years	current costs	Based on 1 report and 2 testing events per year
Management costs	20,000	every	1 Years	estimate	12.5% manager's time. (full remuneration of \$160k incl super etc)
<b>Decommissioning</b>					
Leachate system	25,000	in	Year 1	estimate	Assessment to remove or recommend alternate options for leachate system compliance post closure.





Future Restoration (post closure) Provision	\$		frequency	basis	Assumption detail
Leachate ponds	50,000	in	Year 1	estimate	assessment to remove the physical asset or other recommendations in line with estimated EPA requirements for pond remediation post closure.
<b>Restoration plan updates</b>					
Updating Restoration plans	21,000	every	5 Years	estimate	Assumes consultant financial modelling \$10k and technical engineering consulting of \$11k.
Statement of completion	100,000	in final year		estimate	Consulting for final report \$50k. Testing, Survey and monitoring by technical experts \$50k.
<b>Total Restoration plan updates</b>					
<b>Total for Restoration Management</b>	<i>Annual Average</i>		123,700		





### 3 Future Restoration/Post Closure Provision Analysis

#### 3.1 Reasonableness and Tonkin comments

The verification process for the future restoration and post-closure provisions of the Caroline Landfill is a critical component in ensuring the financial and environmental sustainability of the site following its closure. Tonkin has undertaken a thorough examination and validation of the assumptions and financial estimates that underpin the post-closure restoration plan. Table 2 provide Tonkin's opinion of the reasonableness and accuracy of the projected costs (provided above) associated with long-term site monitoring, maintenance, and decommissioning activities as well as commentary on the basis of cost and assumptions details.







**Table 2: Reasonableness of the Estimated Post Closure Costs**

Future Restoration (post closure) Provision	\$	frequency	basis	Assumption detail	Reasonableness (Y/N)	Tonkin Comments
<b>Monitoring &amp; Maintenance of Final Cap</b>						
Survey	2,500	every	5 Years	current costs	N	The current estimated cost accounts only for the survey of the currently active area. However, it should consider the survey of the entire site. An amended estimated cost, reflecting the survey of the whole site, is provided in Table 3.
Site maintenance (weed control etc.)	5,000	every	1 Years	current costs	Y	Note: The cost for monitoring and maintenance of the final area to be capped should be included in the capping cost for that area.
Cap repairs	45,000	every	10 Years	estimate	N	The first three years will necessitate increased cap repair work due to the anticipated settlement of the most recently capped area. Subsequently, repair sessions may be required every three years, depending on weather conditions and rainfall events.





Future Restoration (post closure) Provision	\$		frequency	basis	Assumption detail	Reasonableness (Y/N)	Tonkin Comments
<b>Leachate management system</b>							
Off-site disposal	100,000	in	Year 1	current costs and in consideration of high rainfall	Allows for 6meg carted to SA Water. Assumes all ponds are full and emptying all ponds as at closure date.	Y	No more comment





Future Restoration (post closure) Provision	\$		frequency	basis	Assumption detail	Reasonableness (Y/N)	Tonkin Comments
Pump replacement	585,000	in	Year 1	Estimate based on current cost	Assumes 9 pumps installed once all cells completed at \$65k per pump. Minor allowance for pipe work maintenance in conjunction with replacements. Useful life 25 year average – may seem high in comparison to 10 years that would be used if cells were actively producing leachate. Assume only need to replace pumps upon failure. Built in to provision at worse case being 1 <sup>st</sup> year. For reference oldest of current pumps has been in place approx. 15 years and no signs of failure yet.	N	The assumption to replace all pumps in the first year post-closure is overestimated. A more realistic approach would be to replace a third of the pumps every five years. The estimated cost of \$65,000 per pump is also overstated. The actual cost of pump replacement ranges between \$7,000 and \$10,000, depending on the make, model, and capacity. This cost includes all necessary accessories and some piping.





Future Restoration (post closure) Provision	\$		frequency	basis	Assumption detail	Reasonableness (Y/N)	Tonkin Comments
Pond liner / leachate storage	100,000	in	Year 5	estimate	Testing and maintenance on x3 ponds. Average 25 year lifespan. Assumes that replacement would have occurred prior to closure.	Y	No more comments from Tonkin
<b>Landfill gas management system</b>							
Landfill gas monitoring	26,000	every	1 Years	current costs	Based on 1 report and 2 testing events per year	N	The estimated cost is for the current landfill area, at post-closure cost shall consider the entire landfill area
Groundwater and leachate monitoring	26,000	every	1 Years	current costs	Based on 1 report and 2 testing events per year	N	the estimated cost includes the cost of sampling and analysis of leachate from the current active leachate risers, the post-closure cost shall include the sampling and analysing of leachate from all the existing and future cells
Management costs	20,000	every	1 Years	estimate	12.5% manager's time. (full remuneration of \$160k incl super etc)	Y	Subject to the continuation of the remote monitoring and control of the leachate pumping system





Future Restoration (post closure) Provision	\$		frequency	basis	Assumption detail	Reasonableness (Y/N)	Tonkin Comments
<b>Decommissioning</b>							
Leachate system	25,000	in	Year 1	estimate	Assessment to remove or recommend alternate options for leachate system compliance post closure.	Y	No further comments
Leachate ponds	50,000	in	Year 1	estimate	assessment to remove the physical asset or other recommendations in line with estimated EPA requirements for pond remediation post closure.	Y	No further comments
<b>Restoration plan updates</b>							
Updating Restoration plans	21,000	every	5 Years	estimate	Assumes consultant financial modelling \$10k and technical engineering consulting of \$11k.	N	the technical engineering consulting will include an update to the Environmental Risk Assessment and review of the Environmental Monitoring results which costs more than the estimated amount (11K).





Future Restoration (post closure) Provision	\$		frequency	basis	Assumption detail	Reasonableness (Y/N)	Tonkin Comments
Statement of completion	100,000	in final year		estimate	Consulting for final report \$50k. Testing, Survey and monitoring by technical experts \$50k.	Y	No further comment
<b>Total Restoration plan updates</b>							
<b>Total for Restoration Management</b>	<i>Annual Average</i>	123,700					





### 3.2 Tonkin Estimated Costs and Assumptions Validation

After thoroughly examining the assumptions provided by Council and reviewing the background information, coupled with detailed discussions with Council representatives, Tonkin has prepared the following estimates and assumptions Table 3. This section includes a comprehensive analysis of the estimated costs, risk levels, and validation comments to ensure the robustness and reliability of the future restoration and post-closure provisions.

**Table 3 Tonkin Estimated Costs and Assumptions Validation**

Future Restoration (post closure) Provision	\$ by Tonkin	Frequency	Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments	
<b>Monitoring &amp; Maintenance of Final Cap</b>								
Survey	20,000	every	5 Years	Assume the current cost of \$2.5K is for an area of 6 ha (measured from drawing 25701-01 by Cameron Lock Surveying) and the total landfill area to be surveyed post closure is ~53 ha (measured from drawing number 42657539 dated at Sep 2015 by URS, figure 9)	low	20,000	20,000	The cost estimation for the topographic survey is considered low risk due to the well-defined scope of work and the use of established methodologies. This ensures that the projected costs are accurate and reliable, minimizing the likelihood of significant variances.





Future Restoration (post closure) Provision	\$ by Tonkin	Frequency		Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments
Site maintenance (weed control, parameter fence, gates, etc.)	5,000	every	1 Years	Reasonable cost for vegetation maintenance and weed control	medium	15,000	2,000	The site maintenance cost is assessed as medium risk due to its susceptibility to weather-related damages. In the event of major rainstorms causing extensive damage, the maintenance costs could escalate significantly. Conversely, in a minimal scenario where only weed control is necessary, the costs would remain comparatively low. This variability highlights the potential for cost fluctuations based on weather conditions.







Future Restoration (post closure) Provision	\$ by Tonkin	Frequency	Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments	
Cap repairs	36,000	in	3 Years	Assume the last area to be capped is 2 cells of an area of 12 ha and assume 20% will be repaired during the first 3 years at an average cost of \$1.50/m <sup>2</sup>	High	90,000	0	The cap repair costs of the recently capped area are assessed as high risk due to several influencing factors. The stability of the cap is affected by differential settlement of the waste body, which depends on various elements such as waste composition, compaction, and moisture content. Additionally, significant rain events can cause erosion, with impacts ranging from negligible to severe. Consequently, the costs can vary widely, incurring the provided minimum and maximum estimates respectively.
	30,000	every	3 years	Assume 5% of the area of the capped landfill which is measured as 39 ha (measured from drawing number 42657539 dated Sep 2015 by URS) will require repair works every 3 years @ a cost of \$1.50/m <sup>2</sup>	High	117,000	0	The cap repair costs are assessed as high risk due to the potential effects of significant rain events, which can cause erosion. The severity of the erosion can range from negligible to severe, leading to substantial variability in costs. As a result, the expenses for cap repairs can fluctuate widely, falling within the provided minimum and maximum estimates.





Future Restoration (post closure) Provision	\$ by Tonkin	Frequency	Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments	
<b>Leachate management system</b>								
Off-site disposal	100,000	in	Year 1	Allows for 6 Megalitres carted to SA Water. Assumes all ponds are full and emptying all ponds as at closure date. At a rate of 16,670 per Megalitre	low	100,000	0	The leachate off- site disposal cost is assessed as low risk. This is based on the assumption that the post-closure leachate generation rate is 1mm/m <sup>2</sup> /year, as indicated by preliminary results from the HELP model by Tonkin (2024). Utilizing the evaporation rate and rainfall data from the Caroline Landfill LEMP (2023), it is determined that the three leachate ponds, with a combined surface area of 5000 m <sup>2</sup> and a capacity of 6000 m <sup>3</sup> , will be sufficient to evaporate the leachate produced by the landfill post-closure. This includes the additional rainfall falling on the leachate ponds, ensuring that the generated leachate is adequately managed without incurring significant costs.





Future Restoration (post closure) Provision	\$ by Tonkin	Frequency		Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments
Pump replacement	10,000	Every	1 year	Assume the replacement of 1 pump every year at a rate of \$10,000 per pump including the cost of pipe replacement for the leachate and compressed air pipes	medium	20,000	0	The cost of leachate pumps replacement is considered medium risk due to several influencing factors. The quality of the leachate and temperature fluctuations, as well as variations in waste composition, can impact the durability and performance of the pumps. These variables introduce uncertainty and potential variability in the replacement frequency and associated costs, leading to a medium risk assessment for the leachate pump replacement cost.





Future Restoration (post closure) Provision	\$ by Tonkin	Frequency		Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments
Air compressor replacement	10,000	every	5 years	Assume the replacement of the air compressor every 5 years at a cost of \$12,000 each	low	15,000	5,000	The cost of air compressor replacement is considered low risk. This assessment is based on the predictable and stable operational conditions of the compressors, which are not significantly influenced by external variables. Furthermore, the established maintenance schedules and the relatively low likelihood of unforeseen failures contribute to the confidence in the cost estimations, ensuring minimal variability and uncertainty.





Future Restoration (post closure) Provision	\$ by Tonkin	Frequency		Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments
Leachate system operation and maintenance cost	5000	every	year	Including the cost of power, communications, simple pipes repair, SCADA system maintenance, pumps maintenance and compressor maintenance.	Medium	10,000	2,000	The cost of operating and maintaining the leachate system is considered medium risk, excluding the costs associated with pump and compressor replacements. This assessment is due to the potential variability in factors such as leachate volume and quality, which can fluctuate based on weather conditions and waste composition. Additionally, routine maintenance and unexpected repairs can introduce some uncertainty, contributing to the medium risk classification for the overall operational and maintenance costs of the leachate system.





Future Restoration (post closure) Provision	\$ by Tonkin	Frequency		Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments
Pond liner / leachate storage	100,000	in	Year 5	Testing and maintenance on x3 ponds. Average 25 year lifespan. Assumes that replacement would have occurred prior to closure.	low	100,000	0	The cost for the leachate pond liner / leachate storage is considered low risk. This is due to the minimal likelihood of significant flood events at the site, which are the primary factor that could impact these costs. The stable and predictable site conditions further support this low-risk assessment, ensuring that the cost estimates for the leachate pond liner and storage remain reliable and unlikely to experience substantial fluctuations.
<b>Stormwater Dams</b>								
Repair and desilting of the stormwater dams	22,500	every	5 years	Assume 3 equipment for 5 days (10 hours/day) every 5 years for the desilting at a cost of \$150/hour including mobilisation and demobilisation	Medium	50,000	0	the cost of the repair and desilting of the stormwater dams is considered medium risk as it's affected significantly by the weather condition





Future Restoration (post closure) Provision	\$ by Tonkin	Frequency		Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments
<b>Landfill gas management system</b>								
Landfill gas monitoring	52,000	every	1 Years	Based on 1 report and 2 testing events per year for the entire landfill area	low	52,000	52,000	The cost estimation for the landfill gas monitoring is considered low risk due to the well-defined scope of work and the use of established methodologies. This ensures that the projected costs are accurate and reliable, minimizing the likelihood of significant variances.
Groundwater and leachate monitoring	39,000	every	1 Years	Based on 1 report and 2 testing events per year assume the sampling of all the Groundwater boreholes as well as the 9 leachate risers at \$39,000/year	low	39,000	39,000	The cost estimation for the groundwater and leachate monitoring is considered low risk due to the well-defined scope of work and the use of established methodologies. This ensures that the projected costs are accurate and reliable, minimizing the likelihood of significant variances.
Management costs	20,000	every	1 Years	Assuming 12.5% manager's time. (full remuneration of \$160k incl super etc)	low	20,000	20,000	the cost is unlikely to vary assuming the continuation of the remote monitoring and control system of the leachate pumps operation





Future Restoration (post closure) Provision	\$ by Tonkin	Frequency		Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments
<b>Decommissioning</b>								
Leachate system	25,000	in	Year 1	Assessment to remove or recommend alternate options for leachate system compliance post closure.	low	25,000	25,000	The cost of the assessment to remove or alternate the leachate collection system is not affected by any foreseen variables
Leachate ponds	50,000	in	Year 1	assessment to remove the physical asset or other recommendations in line with estimated EPA requirements for pond remediation post closure.	low	50,000	50,000	The cost of the assessment to remove or alternate the leachate ponds system is not affected by any foreseen variables
Removal of leachate system and ponds	100,000	In	Year 25	Assume the leachate quality improved and the pumping system can be disconnected and removed	low	100,000	0	The cost is not affected by any unforeseen variables, however it might be avoided if the EPA decided to keep the systems in place
Removal of Stormwater dams	10,000	In	Year 25	Assume the EPA decided to remove the dams	low	100,000	0	The cost is not affected by any unforeseen variables, however it might be avoided if the EPA decided to keep the dams in place
<b>Restoration plan updates</b>								
Updating Restoration plans	35,000	every	5 Years	Assumes consultant financial modelling \$10k and technical engineering consulting of \$25.	low	35,000	35,000	The cost of updating the restoration plan is not affected by any foreseen variables







Future Restoration (post closure) Provision	\$ by Tonkin	Frequency	Tonkin Assumptions	Accuracy Risk Level	Max.	Min.	Tonkin Validation / justification/ comments
Statement of completion	100,000	in final year	Consulting for final report \$50k. Testing, Survey and monitoring by technical experts \$50k.	low	100,000	100,000	The cost of updating the statement of completion is not affected by any foreseen variables





## 4 Conclusions and Recommendations

The verification of the post-closure provisions for the Caroline Landfill has been conducted with a thorough examination of the provided assumptions, background information, and detailed discussions with Council representatives. Based on the analysis, the following conclusions and recommendations are made:

- 1- **Overall Reasonableness:** The overall estimated post-closure costs and provisions are deemed reasonable based on the current data and assumptions. However, certain areas, such as cap repairs and pump replacement costs, exhibit higher risk and variability, as described in Table 3.
- 2- **Cost Adjustments:** Specific cost elements, particularly the replacement of leachate pumps, should be revised to reflect more realistic estimates based on industry standards and historical data. It is recommended to adopt a phased replacement approach to better manage costs.
- 3- **Risk Management:** High-risk areas, such as cap repairs, should be closely monitored, and contingency plans should be developed to address potential cost escalations due to environmental factors.
- 4- **Regular Update of the Financial Model :** The regular reviews of the assumptions and financial projections are essential to ensure the robustness of the post-closure plan. This includes updating the financial model to reflect any changes in site conditions, regulatory requirements, or technological advancements.
- 5- **Regulatory Compliance:** Ensure ongoing compliance with all relevant legislative obligations and environmental standards. Regular consultations with regulatory bodies can help anticipate and prepare for potential changes in requirements.
- 6- **Stakeholder Engagement:** Maintain open communication with all stakeholders, including the local community, regulatory authorities, and waste management professionals, to ensure transparency and build trust in the post-closure management plan.

By addressing these recommendations, Council can enhance the reliability and sustainability of the Caroline Landfill's future restoration and post-closure provisions, supporting both financial prudence and environmental stewardship.



**6 MOTIONS WITHOUT NOTICE**

**7 MEETING CLOSE**



**MINUTES OF CITY OF MOUNT GAMBIER  
AUDIT AND RISK COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, CIVIC CENTRE, 10 WATSON TERRACE, MOUNT GAMBIER  
ON MONDAY, 29 JULY 2024 AT 5.30 P.M.**

**PRESENT:** Mr Paul Duka, Mayor Lynette Martin (OAM), Cr Paul Jenner, Mr Alexander Brown, Ms Belinda Johnson

**IN ATTENDANCE:** Cr Jason Virgo, Corinne Garrett, UHY Haines Norton (virtual), Janna Burnham, Galpins (virtual)

<b>OFFICERS IN</b>	Chief Executive Officer	- Mrs S Philpott
<b>ATTENDANCE:</b>	General Manager City Infrastructure	- Ms B Cernovskis
	General Manager Corporate and Regulatory Services	- Mrs J Fetherstonhaugh
	Acting Manager Financial Services	- Ms K Rolton
	Executive Administrator	- Mrs A Pasquazzi

**1 ACKNOWLEDGEMENT OF COUNTRY**

**WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR FIRST NATIONS PEOPLES HAVE WITH THE LAND.**

**2 APOLOGY(IES)**

Nil

**3 CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION**

Moved: Alexander Brown  
Seconded: Mayor Lynette Martin



That the minutes of the Audit and Risk Committee meeting held on 3 June 2024 be confirmed as an accurate record of the proceedings of the meeting.

**CARRIED**

#### **4 QUESTIONS WITHOUT NOTICE**

Nil

#### **5 REPORTS**

##### **5.1 CORRESPONDENCE RECEIVED**

###### **COMMITTEE RESOLUTION**

Moved: Mayor Lynette Martin

Seconded: Paul Duka

1. That Audit and Risk Committee Report No. AR24/43693 titled 'Correspondence Received' as presented on 29 July 2024 be noted.

**CARRIED**

##### **5.2 INTERNAL AUDIT - PAYROLL AND REMUNERATION**

###### **COMMITTEE RESOLUTION**

Moved: Belinda Johnson

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR24/29749 titled 'Internal Audit - Payroll and Remuneration' as presented on 29 July 2024 be noted.



2. That it be noted that progress achieved on the actions resulting from the Internal Audit - Payroll and Remuneration will be reported in future internal audit updates.

**CARRIED**

### 5.3 INTERNAL AUDIT - PDI ACT - POST IMPLEMENTATION AUDIT

#### COMMITTEE RESOLUTION

Moved: Cr Paul Jenner  
Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR24/29750 titled 'Internal Audit - PDI Act - Post Implementation Audit' as presented on 29 July 2024 be noted.
2. That it be noted that progress achieved on the actions resulting from the Internal Audit - PDI Act - Post Implementation Audit will be reported in future internal audit updates.
3. That the Audit and Risk Committee note the importance of recommendation 5 – *“Reintroduce regular, re-current scheduled meetings between Development Services and Operations & Engineering teams and other stakeholders”* and the significance of these meetings in fostering collaboration, ensuring effective communication, and enhancing the overall efficiency and coordination of development projects.

**CARRIED**

### 5.4 QUARTERLY INTERNAL AUDIT UPDATE REPORT

#### COMMITTEE RESOLUTION

Moved: Paul Duka  
Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR24/46781 titled 'Quarterly Internal Audit Update Report' as presented on 29 July 2024 be noted.



2. That a revised Internal Audit Plan including a reassessment of risk for each proposed internal audit be presented to the Audit and Risk Committee at its meeting scheduled for 25 November 2024.

**CARRIED**

#### **5.5 LEASE AND LICENCE UPDATE - JULY 2024**

##### **COMMITTEE RESOLUTION**

Moved: Cr Paul Jenner  
Seconded: Alexander Brown

1. That Audit and Risk Committee Report No. AR24/49333 titled 'Lease and Licence Update - July 2024' as presented on 29 July 2024 be noted.
2. That an update on Leases and Licences be presented to the Audit and Risk Committee at its meeting scheduled for 25 November 2024.

**CARRIED**

#### **5.6 COUNCIL POLICY UPDATE**

##### **COMMITTEE RESOLUTION**

Moved: Cr Paul Jenner  
Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR24/49733 titled 'Council Policy Update' as presented on 29 July 2024 be noted.
2. That an update on Council Policies including a timeline for review of each policy and the approach to be taken for timely policy reviews be presented to the Audit and Risk Committee at its meeting scheduled for 25 November 2024.

**CARRIED**



## 5.7 2023/2024 EXTERNAL AUDIT INTERIM MANAGEMENT REPORT

### COMMITTEE RESOLUTION

Moved: Paul Duka

Seconded: Mayor Lynette Martin

1. That Audit and Risk Committee Report No. AR24/50401 titled '2023/2024 External Audit Interim Management Report' as presented on 29 July 2024 be noted.
2. That having been reviewed by the Audit and Risk Committee on 29 July 2024, the 2023/2024 External Audit Interim Management Report be adopted.
3. That the Audit and Risk Committee commend the administration on the work undertaken to reduce the actions / recommendations from the prior year's interim audit management report.

**CARRIED**

## 5.8 AUDIT AND RISK COMMITTEE MEETING REPORT

### COMMITTEE RESOLUTION

Moved: Mayor Lynette Martin

Seconded: Belinda Johnson

1. That Audit and Risk Committee Report No. AR24/29752 titled 'Audit and Risk Committee Meeting Report' as presented on 29 July 2024 be noted.

**CARRIED**

## 6 MOTIONS WITHOUT NOTICE

Nil





## 7 CONFIDENTIAL ITEMS

### 7.1 LEGAL/LITIGATION COST/LIABILITY (RISK) EXPOSURE – REPORT NO. AR24/43578

#### COMMITTEE RESOLUTION

Moved: Mayor Lynette Martin

Seconded: Alexander Brown

#### CONSIDERATION FOR EXCLUSION OF THE PUBLIC

Pursuant to section 90(2) of the *Local Government Act 1999* the Audit and Risk Committee orders that all members of the public, except the Mayor, Councillor P Jenner, Independent Members, P Duka, A Brown, B Johnson and Council Officers, S Philpott, B Cernovskis, J Fetherstonhaugh, K Rolton and A Pasquazzi be excluded from attendance at the meeting for the receipt and consideration in confidence of Agenda Item 7.1 AR24/43578 Legal/Litigation Cost/Liability (Risk) Exposure.

The Audit and Risk Committee is satisfied that, pursuant to section 90(3) (a), (b), (d), (f), (g), (h) and (i) of the Act, the information to be received, discussed or considered in relation to the Agenda Item is:

- information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead)
- information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is
  - conducting business; or
  - proposing to conduct business; or
  - to prejudice the commercial position of the Council
- commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected:
  - to prejudice the commercial position of the person who supplied the information, or
  - to confer a commercial advantage on a third party



- information the disclosure of which could reasonably be expected to prejudice the maintenance of law, including by affecting (or potentially affecting) the:
  - prevention, detection, or investigation of a criminal offence, or
  - the right to a fair trial
- information concerning matters that must be considered in confidence in order to ensure that the Council does not:
  - breach any law, order or direction of a court or tribunal constituted by law,
  - breach any duty of confidence, or
  - breach any other legal obligation or duty
- legal advice
- information relating to:
  - actual litigation, or
  - litigation that the Council or Council committee believes on reasonable grounds will take place,
  - involving the Council or an employee of the Council

The Audit and Risk Committee is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the information to be considered relates to litigation that has commenced and has been provided to Council on a strictly confidential basis.

**CARRIED**

### **COMMITTEE RESOLUTION**

Moved: Cr Paul Jenner  
Seconded: Alexander Brown

### **CONSIDERATION FOR KEEPING ITEMS CONFIDENTIAL**

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999* the Council orders that the report 7.1 AR24/43578 Legal/Litigation Cost/Liability (Risk) Exposure and its attachments, resolution/s and minutes arising from the report, having been considered by



the Council in confidence under Section 90(2) & (3) (a), (b), (d), (f), (g), (h) and (i) be kept confidential and not available for public inspection until further ordered by Council or released in part or full by the Chief Executive Officer under delegation, to be reviewed annually.

2. Further that Council delegates the power to review, revoke, but not extend the confidential order to the Chief Executive Officer in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

**CARRIED**

## 8 MEETING CLOSE

The Meeting closed at 6:58 pm.

The minutes of this meeting were confirmed at the Audit and Risk Committee held on .

PRESIDING MEMBER **Amended Attachment 1- Item 5.4 - Quarterly Internal Audit Update Report**



Internal Audit Plan 2023/2024-2025/2026  
(June 2024 update)

No.	Internal Audit Project	Description	Strategic Risk	Category	Resource	Status	Lead	2023/ 2024	2024/ 2025	2025/ 2026	Latest Progress update
1	Internal Audit Plan Development	Development of the Internal Audit Plan following review in 2024. This will include indicative audit scopes and links to Council's Strategic Risk Register.	All Risks	All	Internal	Complete	Manager Financial Services				Reviewed and Updated by Audit and Risk Committee June 2024
2	Penetration Testing	The objective of this testing is to identify weaknesses within the COMIG internal network on an ongoing basis.	Cyber Security	Operational	External	Next Year Project	Manager Organisational Development				Administration staff are working with external systems provider.
3	Incident Response Plan	Review the adequacy of the incident response plan.	Cyber Security	Operational	External	Needs Review	Manager Organisational Development				Confirmed this will be undertaken by Local Government Risk Services (LGRS) in April 2024 with reporting to be brought to Audit and Risk Committee Meeting in August 2024.
4	Payroll & Remuneration	Review onboarding, changes to staff employment terms and exit of staff.	Financial Sustainability	Operational	External	Complete	Manager Financial Services				This is now complete. Report tabled at Audit and Risk Committee meeting July 2024.
5	Payroll & Remuneration	Broader organisation wide internal audit testing a range of current employees (excluding the employees within the scope of the above audit) against the terms and conditions of the relevant EBs, Awards and Contracts	Financial Sustainability	Operational	External	Next Year Project	Manager Financial Services				
6	Position Description & Accreditation	Review of position descriptions across the organisation to ensure that they are in date, accurate and that accreditation has been maintained by staff.	People, Workforce and Compliance	Compliance/ Legislation	Internal	Needs Review	Manager Organisational Development				Initial meeting held with preferred provider to work through the proposed scope and timing at a high level. Audit expected to be undertaken in April 2024.....did this happen?
7	PDI Act 2016 - Post Implementation Audit	Review of processes and organisational compliance further to the implementation of the PDI Act 2016.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Complete	Manager Financial Services				This is now complete. Report tabled at Audit and Risk Committee meeting July 2024. 16 recommendations tabled.
8	Data Protection & Privacy	The review will assess the design of Council's process for compliance with relevant privacy legislation and testing the operating effectiveness of key controls such as data management, data storage, privacy breach response and management.	Cyber Security	Compliance/ Legislation	Internal	Not Started	Manager Organisational Development				
9	Management of Leave Entitlements	Review of staff leave entitlements focusing liabilities, and effectiveness of administrative principles and procedures.	People, Workforce and Compliance	Compliance/ Legislation	Internal	Needs Review	Manager Organisational Development				
10	Legislated Training	Review of completion of legislated training across the organisation.	Safety Compliance and WHS Management	Compliance/ Legislation	Internal	Next Year Project	Manager Organisational Development				
11	Workers Compensation Process	Review of effectiveness of administrative principles and procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External	Needs Review	Manager Financial Services				
12	Fraud Prevention	Review the effectiveness and completeness of Council's framework (gap analysis vs standard, roles, responsibilities, policies and procedures and internal training and awareness).	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Not Started	Manager Financial Services				
13	Council Policies	Review of Council policies ensuring alignment with the "Better Practice model" and legislation.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	Internal	Not Started	Manager Governance and Property				
14	Grants Management	Review of Council's 'Cradle to Grave' grants process from strategy to acquittal.	Financial Sustainability	Strategic	External	Next Year Project	Manager Financial Services				

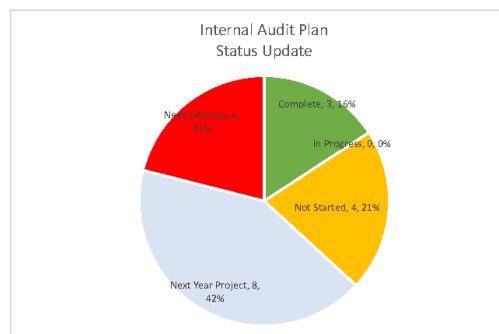


15	Investigations	Review of investigation procedures.	Safety Compliance and WHS Management	Compliance/ Legislation	External	Next Year Project	Manager Organisational Development				
16	Project Health Check	This review will include an assessment of a project's management mechanisms, governance structure, project team roles and responsibilities, and project status reporting mechanisms.	Major Infrastructure	Strategic	External	Next Year Project	Manager Financial Services				
17	Legislative Compliance	Assessment of COMG's legislative compliance work plan, auditing one act at a time with actions monitored and managed by Council Staff.	Governance, Compliance, and Legislative Obligations	Compliance/ Legislation	External	Next Year Project	Manager Governance and Property				
18	Procurement	Assessment of compliance with the exemption from competitive process framework.	Financial Sustainability	Compliance/ Legislation	Internal	Not Started	Manager Financial Services				
19	Contract Management	Compliance with delegation register throughout the contract management life cycle.	Financial Sustainability	Compliance/ Legislation	Internal	Next Year Project	Manager Financial Services				

Future Iterations

20	Plant and Fleet				External		Manager Financial Services				Per ARC Resolution 5.10 Draft Revised Internal Audit Program COMMITTEE RESOLUTION Moved: Alexander Brown Seconded: Mayor Lynette Martin 3. That plant and fleet be subject to a future internal audit in a later iteration of the Internal Audit program.
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Legend		19
Complete	Internal audit complete. Actions and recommendations arising from the audit may not yet be complete. These will be monitored separately.	3
In Progress	progress has been made towards the internal audit. This could include a number of stages including scoping of works, select RfQ, appointment of an external consultant or that the internal audit itself is currently being undertaken.	0
Not Started	Planned internal audit not yet started, but still within anticipated time frames for the current financial year.	4
Next Year Project	Planned internal audit not yet started as is planned for a future financial year.	8
Needs Review	planned internal audit requires review to bring back on track. Plan may require updating pending review. Elements of the internal audit could be on track and some elements may be off track or require updating.	4



Complete
In Progress
Not Started
Next Year Project
Needs Review

Recommendations and Actions

Payroll and remuneration processes	Risk Rating	Lead	Status	Completion Date	Comments
1a The Council's Administrative Principle Risk Management was issued in June 2022 and is noted on the document as due for review in June 2023. This document is overdue for review.  We note that the Council adopted a reviewed Risk Management Policy in June 2024	Moderate	General Manager Corporate and Regulatory Services	Completed	Jun-24	The Risk Management Policy was reviewed by the Audit and Risk Committee and adopted by Council in June 2024.
1b The Administration Procedure – Acting Arrangements and Higher Duties Allowance, provides guidance on the processes for higher duties but also extracts from EBs and Awards. It does not include Mixed Functions for field staff which has different provisions for payment at higher classifications. A procedure should extract all components from a Relevant Award or EB but be kept updated whenever those change or instead refer to the relevant Clause Numbers of the Award or	Moderate	Manager Organisational Development	In Progress	Dec-24	Administration Principle is being reviewed and is scheduled to be updated by the end of the calendar year. Updated principle will be completed by 31/08/2024
2 One contract was signed manually by the employee and not signed by a witness. Two contracts were not signed by the CEO. One contract was signed by the CEO and employee via Adobe Sign; the witness box remains on the document and is unsigned. An employment contract does not need a witness when signed securely, such as using Adobe Esign, but if the Council is not going to use a witness, the witness box should be removed. We note that the latest contracts did not have a witness box. The Council also now uses Adobe Esign to electronically sign their employment contracts. This process ensures that all parties sign the contract and initial each page.  The Contract with the missing CEO signature should be addressed.	Low to Moderate	Manager Organisational Development	Completed	Jul-24	The contracts with the missing CEO signature had a letter of offer which is issued by the CEO. The organisation has adopted esigning processes to ensure a streamlined approach for the perspective employee. This was identified and implemented prior to the audit being undertaken. The areas of improvement have been rectified accordingly.  One of the contracts that was not signed by the CEO covers terms and conditions within the EB.  The other contract that was not signed by the CEO will be addressed as the terms and conditions fall outside of the EB

PDI Act	Risk Rating	Lead	Status	Completion Date	Comments
1 Consider and confirm the Council's short-term intent in relation to city planning and the use of code amendments.	Moderate	Manager Development Services	Not Started	Mar-25	Council intends to wait for the finalisation of the Limestone Coast Regional Plan before commencing code amendment work. Completion date: First Qtr of 2025 - Noting Council's Budgetary Restraints - No Budget allocation for 24/25 FY Awaiting finalisation of Regional Plan to guide future code amendments.
2 Review whether the Planning Team have sufficient capacity and resources to lead Council-initiated code amendments, and/or respond to externally driven code amendments.	Moderate	General Manager Corporate and Regulatory Services	In Progress	Jul-25	Service reviews and workforce planning project will commence in first quarter of 2024-25. Summary findings will be presented to the Audit and Risk Committee upon completion.
3 Prioritising human resourcing for the Planning Team.	High	Manager Development Services	Completed	Jul-24	Addressing via para planner / additional administration support. Para Planner position filled in mid-June 2024.
4 Consider ways to reduce the workload associated with lower-level customer requests on the Development Services team.	High	Manager Development Services	In Progress	Sep-24	Para Planner commenced June 2024, Admin assistance currently being finalised, Para planner will commence work on FAC's in conjunction with other officers in August 2024
5 Re-introduce regular, recurrent scheduled meetings between Development Services and Operations & Engineering teams and other stakeholders.	Moderate	Manager Engineering Design & Assets	Needs Review	Jul-24	Meetings scheduled as required.
6 Conduct a mapping exercise to document/confirm roles and responsibilities between the Development Services and City Infrastructure teams.	Moderate	Manager Engineering Design & Assets	Not Started	Dec-24	Will be impacted by proposed legislative changes.



7	Consider how CoMG could influence planning and development activity by more proactively engaging with external stakeholders at the pre-planning stage, where applicable.	Moderate	ELT to determine	Not Started	Dec-24	<p>Guidance Development: Develop comprehensive guidance documents outlining CoMG's preferred positions on key elements of development plans. This should include clear explanations of requirements under relevant legislation like the Planning and Development Infrastructure (PDI) Act.</p> <p>Best Practice Outcomes: Define CoMG's views on best practice outcomes for holistic planning considerations such as stormwater management, established tree retention, streetscape enhancement, and heritage character preservation. This can be communicated through guidelines, policy statements, or informational materials provided to developers.</p> <p>Subject Matter Expert Availability: Identify and designate CoMG subject matter experts who can assist developers with inquiries at the pre-planning stage. Ensure that these experts are accessible and responsive to developers' needs, providing guidance and expertise to help align projects with CoMG's objectives and regulatory requirements.</p> <p>Stakeholder Engagement Platforms: Establish platforms or forums for regular engagement between CoMG representatives and external stakeholders, including developers, community groups, and industry associations. These platforms can facilitate dialogue, exchange of ideas, and collaboration on planning and development initiatives.</p> <p>Education and Awareness Programs: Conduct educational programs and outreach activities to raise awareness among developers and other stakeholders about CoMG's priorities, policies, and expectations regarding planning and development. This can include workshops, seminars, and informational materials disseminated through various channels.</p>
8	Increase capacity to perform important higher-risk compliance and enforcement actions.	Moderate	Manager Development Services	Not Started	Jun-25	<p>Prioritise Compliance Actions: Evaluate the current workload of Class 1 building inspections and identify areas where resources can be reallocated. Prioritize higher-risk compliance and enforcement actions over routine inspections to focus efforts on addressing outstanding issues.</p> <p>Training and Delegation: Provide comprehensive training to select administrative support staff to handle lower level tasks typically performed by Building Officers. Assign responsibility for tasks such as following up with developers/building owners, data reporting, and customer service provision</p> <p>Streamlining Processes: Identify opportunities to streamline compliance and enforcement processes to improve efficiency. This may include leveraging technology for streamlined communication with stakeholders.</p>
9	Consider engaging external consultants to assist with backlogs in class 2-9 building inspections.	Moderate	Manager Development Services	Completed	TBA	Backlog of inspections have been completed.
10	Ensure that Council's latest/updated published Delegations Register is available on the public website.	Low	Manager Governance and Property	Completed	Jul-24	
11	Work to ensure that members of the Limestone Coast Southern Regional Assessment Panel have clarity around responsibility for maintaining/updating relevant delegations.	Low	Manager Governance and Property	Needs Review	Jul-24	
12	Develop a pragmatic approach to periodically confirming that Development Services officers' delegations are up to date, correct and that officers have signed acceptance of these delegations.	Low	Manager Governance and Property	Not Started	Aug-24	
13	The BFSC consider developing a proactive approach to inspecting higher-risk buildings.	Low	Manager Development Services	Not Started	Dec-24	dependant on adequate resourcing. Final result to be reported back to Audit and Risk Committee.
14	Review and update CoMG's complaint handling policy with respect to PDI Act obligations.	Low	Manager Governance and Property	In Progress	Aug-24	Council are in the process of updating the Request for Service and Complaints Policy
15	Consider monitoring trends of community feedback/complaints to assist continuous improvement.	Low	Manager Organisational Development	Not started	Dec-24	<p>Set up a regular schedule for analysing community feedback and complaints data. This could be done monthly, quarterly, or annually, depending on the volume of feedback received. Analyse the data to identify recurring issues, trends, and areas for improvement.</p> <p>Based on the analysis of feedback and complaints data, identify specific areas within development services that require improvement. Look for patterns or common themes in the feedback to pinpoint areas where changes or adjustments may be needed.</p> <p>Develop action plans to address the identified improvement opportunities. A new suite of Customer Experience reporting is currently being developed and will be implemented by 31 August 2024</p>
16	Reconsider the need to continue maintaining the Land Division and Building and Swimming Pool Inspection policies, and either revoke them or update them to ensure consistency with legislation.	Low	Manager Engineering Design & Assets	In Progress	Sep-24	The Land Division Policy is currently under review by the Infrastructure team. The Building and Swimming Pool Inspection can be revoked

