



Eastern Waste Management Authority Audit & Risk Management Committee Meeting

Agenda

Wednesday 23 April 2025

Notice is hereby given that a meeting of the East Waste Audit & Risk Management Committee
will be held electronically via Zoom
on Wednesday 23 April 2025 commencing at 8am.

Acknowledgement of Country

We would like to acknowledge this land that we meet on today is the traditional lands for the Kurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are as important to the living Kurna people today.



Agenda

Eastern Waste Management Authority Ordinary Meeting of Audit & Risk Management Committee

Meeting to be held on Wednesday 23 February 2025 commencing at 8am, via Zoom

1. Present

2. Acknowledgement of Country

3. Apologies

4. Declarations of Interest

If a Committee Member has an interest in a matter before the Committee, they are asked to disclose the interest to the Committee and provide full and accurate details of the relevant interest. Members are reminded to declare their interest before each item.

5. Confirmation of the Minutes

Recommendation: 1. That the Minutes of the Eastern Waste Management Authority Ordinary Audit & Risk Management Committee Meeting held on held on 19 February 2025 be confirmed as a true and correct record.

6. Matters arising from the Minutes

7. Questions Without Notice

8. Presentations

9. Reports

9.1	Financial Report: Budget Review Three	Page 10
9.2	Internal Audit Workplan	Page 20
9.3	External Audit Workplan	Page 30
9.4	Strategic Risk Register Review	Page 55
9.5	Leave Policy	Page 60
9.6	Review of Sale and Disposal of Assets Policy	Page 73
9.7	Review of Prudential Management Policy	Page 83
9.8	Information Report for April 2025	Page 92
9.9	Acting General Manager Update (Verbal)	
	• Financial Model and Strategy Review Update	
	• Service Level Agreement Update	
	• Organics Tender Update	

10. Other Business

11. Next Meeting of the Audit & Risk Management Committee

The next Ordinary Audit & Risk Management Committee Meeting is proposed to be held on:
Wednesday 18 June 2025, at HenderCare 3/81 Flinders Street, Adelaide.

13. Closure of Meeting



**Eastern Waste Management Authority
Ordinary Audit & Risk Management Committee**

Minutes

Wednesday 19 February 2025

Minutes

Eastern Waste Management Authority

Ordinary Meeting of the Audit & Risk Management Committee

Meeting to be held on Wednesday 19 February 2025 commencing at 8:00am,

HenderCare, Level 3/81 Flinders Street, Adelaide

The Chair, Mrs E Hinchey, declared the meeting open at 8.02 am and that a quorum was present.

1. Acknowledgement of country

2. Present

Directors:

Mrs E Hinchey	Independent Chairperson
Mr F Bell	East Waste Board Representative
Mr P Di Iulio	East Waste Board Representative (<i>entered the meeting at 8.03am</i>)
Ms L Green	Independent Member

In Attendance:

Mr D Maywald	Acting General Manager
Ms K Vandermoer	Manager Human Resources & Financial Services
Ms V Davison	Executive Administration Officer
Mr J Jovicevic	Director, Dean Newbery

3. Apologies

Ms S Di Blasio

4. Conflicts of interest

The following disclosure of interest was made:

Item	Type of Conflict	Person
9.2	General	Ms L Green

5. Confirmation of the minutes

Moved Mr F Bell that the Minutes of the East Waste Audit and Risk Management Committee meeting held on 13 November 2024 be confirmed as a true and correct record.

Seconded Ms L Green

Carried

6. Matters arising from the minutes

Nil.

7. Questions without notice

Nil.

8. Presentations

Nil.

9. Reports

9.1 Financial Report – Budget Review Two

Moved Mr F Bell that the Audit & Risk Management Committee notes and accepts the forecasted end of year FY2025 result associated with the 2024/25 Budget Review Two and recommends to the East Waste Board for endorsement.

Seconded Mr P Di Iulio

Carried

9.2 Draft FY2026 Annual Plan & Budget

Moved Mr F Bell that the Audit & Risk Management Committee:

1. Notes and approves the draft 2025/26 Annual Plan for presentation to the East Waste Board.
2. The draft 2025/26 Draft Budget Key Assumptions are noted and endorsed for presentation to the East Waste Board.

Seconded Ms L Green

Carried

9.3 Review of Behaviour Standards Policy

Moved Ms L Green that the Audit & Risk Management Committee recommends to the East Waste Board that the revised Behaviour Standards Policy (Attachment B, Item 9.3, Audit & Risk Management Committee Meeting, 19 February 2025) be adopted.

Seconded Mr P Di Iulio

Carried

9.4 WHS Incident Management Report

Moved Mr P Di Iulio that the Audit & Risk Management Committee notes the report and recommends presentation to the East Waste Board.

Seconded Mr F Bell

Carried

Mr J Jovicevic left the meeting at 9.15am.

9.5 Board and Committee Performance Evaluations

Moved Ms L Green that the Audit & Risk Management Committee receives and notes the Board and Committee Performance Evaluation Report, (Attachment A, Item 9.5, Audit & Risk Management Committee Meeting 19 February 2025) prepared by Red Wagon Solutions.

Seconded Mr P Di Iulio

Carried

9.6 Information Report for February 2025

Moved Mr P Di Iulio that the Audit & Risk Management Committee receives and notes the Information Report for February 2025.

Seconded Mr F Bell

Carried

9.7 Acting General Manager Verbal Update

9.7.1 Review of Financial Management Strategy

9.7.2 Aggregated Organics Contract

9.7.3 Fogo Trials.

10. Other Business

Nil

11. Confidential Discussion

Moved Mr F Bell that:

1. Under the provision of Section 90(2) of the *Local Government Act 1999*, an order be made that, all members of the East Waste administration and the public, be excluded from attendance at the meeting in order to receive a report and to consider matters under Sections 90(2) & 90(3)(a);
2. The East Waste Audit & Risk Management Committee is satisfied that pursuant to Sections 90(2) & 90(3)(a) of the Act, the information to be 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);
3. Accordingly, the East Waste Audit & Risk Management Committee is satisfied the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.
4. At the conclusion of this item the meeting be reopened to the public.

Seconded Mr P Di Iulio

Carried

Mr D Maywald, Ms K Vandermoer and Ms V Davidson left the meeting at 9.30am.

12. Closure

The Chairperson declared the meeting closed at 9.42am.

13. The next Ordinary Audit & Risk Management Committee Meeting is proposed to be held on: Wednesday 23 April 2025, HenderCare, Level 3/81 Flinders Street, Adelaide at 8.00am.

These minutes have been signed as a true and correct record of the East Waste Audit & Risk Management Committee Meeting of 19 February 2025.

Chairperson

Date ____/____/____

9.1 Financial Statements - Budget Review Three

Report Author Manager Human Resources & Financial Services

Attachments

- A: Summary Budget Movement – Budget Review Three
- B: Budgeted Statement of Comprehensive Income FY2025
- C: Budgeted Balance Sheet FY2025
- D: Budgeted Statement of Cash Flow FY2025
- E: Budgeted Statement of Changes in Equity FY2025
- F: Budgeted Uniform Presentation of Finances Statement FY2025

Purpose and Context

To provide the East Waste Audit & Risk Management Committee (the Committee) with an opportunity to review the third review undertaken of the budgeted statutory Financial Statements (Budget Review Three) for the financial year ending 30 June 2025 as prescribed by the Regulations.

Recommendation

That the Audit & Risk Management Committee notes and accepts the forecasted end of year FY2025 result associated with the 2024/25 Budget Review Three and recommends to the East Waste Board for endorsement.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

East Waste undertakes quarterly budget reviews in line with the *Local Government (Financial Management) Regulations 2011*, with this being third review of the budget for FY25.

At the meeting held 27 June 2024, the East Waste Board resolved (in part):

9.1 Annual Plan and Budget Endorsement

Moved Cr C Clutterham that the East Waste Board:

1. *Adopts the 2024/25 Annual Business Plan and Budget, inclusive of all projects and expenditure, as presented in Attachment A.*

Seconded Mayor M Jones

Carried

Discussion

The Committee will recall no operating surplus was applied to Common Fleet Costing charges when developing the Budget this year, which is atypical of East Waste's usual budget development

framework. The purpose of this was to keep annual increases to a minimum whilst still allowing East Waste to fulfill its strategic objectives within the Annual Plan.

A comparison between the adopted budget forecast result, and year to date result to March 2025 has been completed and reported within the Summary Budget Movement table as presented in Attachment A (**refer attachment A**).

As at 31 March 2025, East Waste has recorded a Net Surplus of \$323K (year-to-date actuals) against a forecast full-year predicted Net Surplus of \$132K as predicted at Budget Review Two for FY25.

Budget variances and assumptions have been reviewed with updated forecasted operating income and expenses represented in the updated Budget Review Three. Key operating income and expense lines remain consistent and continue to align with the assumptions made in Budget Review Two. However, a net increase in expenditure of \$74K is anticipated in the fourth quarter as outlined further below. Despite this, a year-end surplus of \$57K is projected for FY25, compared to the original breakeven adopted budget.

The budgeted Financial Statements are supplied as per attachments B-F (**Refer attachment B-F**) and a summary of the proposed budget movements in income and expenses have been summarised below:

Statement of Comprehensive Income:

1. Bin Services & Maintenance

An additional Increase in income and expenses is forecasted to reflect recent trends in new requests for additional bin permits and hard waste collection services taken up by residents in quarter three. Increases in activities results in \$nil impact on Net Result for the financial year given this is an 'at cost' service provided to Member Councils.

2. Fleet Maintenance

East Waste has experienced increased unforeseen fleet repairs and maintenance throughout quarter three, which has seen maintenance costs absorb 85% of East Waste's full year maintenance budget as at March 2025. An increase has been applied to the forecasted budget to reflect the actual costs recorded year-to-date in FY25 versus the original adopted budget, as well an allowance for additional unexpected maintenance/repairs that may arise in quarter four. Whilst Administration is hopeful that trends in maintenance requirements will remain consistent with original budget assumptions, the adhoc nature of vehicle breakdowns means repair costs remain somewhat out of East Waste's control.

3. Depreciation

Depreciation forecast for FY25 has been updated now that all truck purchases and disposals have been completed. The reduction in depreciation is associated with the delay in acquisition of trucks which was completed in February 2025.

4. Fuel Costs

Due to favourable fuel costs recorded year to date than anticipated, further savings based on actuals are reflected in the revised full-year budget estimate. However, noting the volatile nature of diesel prices, the cost per litre and the total volume of fuel forecasted for quarter four of FY25 remain unchanged from the assumptions used in the original adopted Budget.

5. Other Expenses

A reduction of \$30K in expenses related to consulting is forecasted, resulting from less utilisation of external consultants than anticipated at Budget Review Two to backfill role requirements as a result of the resignation of the General Manager.

Additional other expenses totalling \$45K have been forecasted relating to:

- Registration and Insurance: a \$25K increase has been forecasted to reflect current trends in insurance excess costs year to date.
- Depot Maintenance: an increase of \$15K expenditure is recorded to reflect the costs of unanticipated works carried out at the East Waste depot in quarter three.
- Printing & Stationery: \$5K increase forecasted related to postage costs as a result of increased issuing of Member Council additional bin permits.

6. Fleet Replacement

The budget has been updated to reflect the final acquisition cost of all fleet truck costs which resulted in a minor increase of \$16K which was funded through existing cash reserves held by East Waste.

7. Profit on Sale of Assets

The sale of all truck assets was completed during quarter three. In total, 5 trucks were sold, including 2 RACV trucks and 3 Rear Loader trucks. The proceeds from the disposal of these trucks have updated within the budget estimates and resulted in a favourable \$15K better sale price than forecasted/anticipated at BR2.

Through Budget Review Two, there was consideration amongst the Administration whether to retain an operational van previously used for bin maintenance activities. Since the service is now being outsourced and there was no assessed need to keep the van, it was decided to dispose of the asset. This decision resulted in an additional \$13K in disposal income.

Noting the above increase in proceeds from disposal of \$28K, there was a loss recorded on the disposal of Truck 93 totalling approximately \$15K. When considering the budget, the variance between the total cash proceeds received versus the profit recorded (being \$15K) is due to the loss on disposal for Truck 93.

Summary of Variances

As a result of the matters noted above, they have been reflected as following in the key Budgeted Financial Statements as follows:

Table 1: Summary Budget Movement \$'000

Budget Item	Budget Description	Statement of Comprehensive Income Favourable / (Unfavourable)	Cash Flow Statement Increase / (Decrease)
1	Bin Service Income	20	20
1	Bin Service Expenses	(20)	(20)
2	Fleet Maintenance	(210)	(210)
3	Depreciation	23	-
4	Fuel	115	115
5	Depot Maintenance	(15)	(15)
5	Consulting Fees	30	30
5	Printing & Stationery	(5)	(5)
5	Registration & Insurance	(25)	(25)
6	Truck Replacement Cost – CAPEX	-	(16)
7	Profit on Disposal of Assets	12	28
Summary Movement		(75)	(98)

ITEM 9.1 - ATTACHMENT A

EAST WASTE

Summary Budget Movement Worksheet

for the Financial Year Ending 30 June 2025

	Actual as at 31 March 2025	Adopted Budget	BR1	BR2	Proposed Budget (BR3)	Actual YTD / Proposed BR3	Proposed Budget Movement
Administration Fee	217,816	290,421	290,421	290,421	290,421	75%	-
Common Fleet Costing	13,189,714	17,586,287	17,586,287	17,586,287	17,586,287	75%	-
Processing Income	5,123,760	5,827,332	5,827,332	7,482,932	7,482,932	68%	-
Bin Services & Maintenance	1,679,364	1,543,605	1,743,000	1,969,247	1,989,500	84%	20,253
Profit / (Loss) from Disposal	54,544	80,000	97,000	42,000	54,545	100%	12,545
Grant Income	-	-	-	-	-	0%	-
Other Income	226,448	56,000	145,000	280,000	280,000	81%	-
Total	20,491,646	25,383,645	25,689,040	27,650,887	27,683,685	74%	32,798
Processing Expenses	5,124,117	5,827,331	5,827,331	7,482,931	7,482,931	68%	-
Bin Service & Maintenance Expenses	1,679,414	1,543,605	1,743,200	1,969,247	1,989,500	84%	20,253
Employee Costs	6,494,248	8,865,297	8,815,297	8,930,297	8,930,297	73%	-
Fleet Maintenance	1,659,027	1,957,000	1,957,000	1,957,000	2,167,000	77%	210,000
Depreciation	266,463	2,706,973	2,702,973	2,640,000	2,617,000	10%	(23,000)
Interest	449,881	694,000	650,000	625,000	625,000	72%	-
Fuel	1,362,328	2,152,354	2,142,354	1,992,354	1,877,354	73%	(115,000)
Other Expenses	3,132,689	1,637,083	1,794,083	1,922,544	1,937,544	162%	15,000
Total	20,168,168	25,383,643	25,632,238	27,519,373	27,626,626	73%	107,253
Net Surplus	323,478	2	56,802	131,514	57,059		(74,455)

Non Operating Cash Flow	Actual as at 31 March 2025	Adopted Budget	BR1	BR2	Proposed Budget (BR3)	Actual YTD / Proposed BR3	Proposed Budget Movement
Income							
Proceeds from Sale of Assets	53,531	80,000	80,000	25,000	40,491	132%	15,491
Proceeds from the Sale of Motor Vehicles	16,563	-	16,563	17,000	29,595	56%	12,595.00
Proceeds from Borrowings	2,178,539	2,113,500	2,178,600	2,178,600	2,178,600	100%	-
Total	2,248,633	2,193,500	2,275,163	2,220,600	2,248,686	100%	28,086
Expenses							
Fleet Replacement Costs	2,194,669	2,113,500	2,178,539	2,178,539	2,194,669	100%	16,130
Motor Vehicle Replacement	43,056	60,000	43,056	43,056	43,056	100%	-
Office Furniture & Minor Tools	-	50,000	50,000	50,000	50,000	0%	-
Operations Office Upgrade	2,468	60,000	60,000	60,000	60,000	4%	-
Plant Replacement	6,780	25,000	25,000	25,000	25,000	27%	-
Repayment of Borrowings - LGFA	1,324,499	2,065,000	2,065,000	2,079,160	2,079,160	64%	-
Repayment of Borrowings - Leases	162,216	170,000	200,881	200,881	200,881	81%	-
Total	3,733,687	4,543,500	4,622,476	4,636,636	4,652,766	80%	16,130
Net Non-Operating Cash Flow	(1,485,054)	(2,350,000)	(2,347,313)	(2,416,036)	(2,404,080)		11,956

ITEM 9.1 - ATTACHMENT B

EAST WASTE

Projected Statement of Comprehensive Income (Budgeted)
for the Financial Year Ending 30 June 2025

FY24		FY25	FY25	FY25	FY25	FY25
Audited Actuals		Adopted Budget	BR1	BR2	BR3	Movement BR3 v BR2
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
Income						
22,559	User Charges	23,704	23,704	25,360	25,360	-
66	Investment income	48	60	130	130	-
-	Grants, subsidies and contributions	-	-	-	-	-
1,574	Other	1,552	1,828	2,119	2,139	20
24,199	Total	25,304	25,592	27,609	27,629	20
Expenses						
8,492	Employee Costs	8,865	8,815	8,930	8,930	-
13,123	Materials, contracts & other expenses	13,118	13,464	15,324	15,454	130
2,512	Depreciation, amortisation & impairment	2,707	2,703	2,640	2,617	(23)
442	Finance costs	694	650	625	625	-
24,569	Total	25,384	25,632	27,519	27,626	107
(370)	Operating Surplus / (Deficit)	(80)	(40)	90	3	(87)
81	Asset disposals & fair value adjustments	80	97	42	55	13
(289)	Net Surplus / (Deficit)	-	57	132	58	(74)
-	Other Comprehensive Income	-	-	-	-	-
(289)	Total Comprehensive Income	-	57	132	58	(74)

ITEM 9.1- ATTACHMENT C

EAST WASTE

Projected Balance Sheet (Budgeted)
for the Financial Year Ending 30 June 2025

FY24		FY25	FY25	FY25	FY25	FY25
Audited Actuals		Adopted Budget	BR1	BR2	BR3	Movement BR3 v BR2
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
	Assets					
	Current					
1,634	Cash & Cash Equivalents	2,508	2,075	1,993	1,895	(98)
1,082	Trade & Other Receivables	746	1,082	1,413	1,413	-
63	Inventory	43	63	63	63	-
2,779	Total	3,297	3,220	3,469	3,371	(98)
	Non-Current					
11,038	Infrastructure, Property, Plant & Equipment	13,721	13,220	13,283	13,307	24
11,038	Total	13,721	13,220	13,283	13,307	24
13,817	Total Assets	17,018	16,440	16,752	16,678	(74)
	Liabilities					
	Current					
1,229	Trade & Other Payables	1,227	1,234	1,565	1,565	-
2,029	Borrowings	2,285	2,485	2,485	2,485	-
1,011	Provisions	991	1,071	1,050	1,050	-
4,269	Total	4,503	4,790	5,100	5,100	-
	Non-Current					
8,546	Borrowings	11,187	10,531	10,517	10,517	-
108	Provisions	256	168	109	109	-
8,654	Total	11,443	10,699	10,626	10,626	-
12,923	Total Liabilities	15,946	15,489	15,726	15,726	-
894	Net Assets	1,072	951	1,026	952	(74)
	Equity					
894	Accumulated Surplus	1,072	951	1,026	952	(74)
894	Total Equity	1,072	951	1,026	952	(74)

ITEM 9.1 - ATTACHMENT D

EAST WASTE

PROJECTED STATEMENT OF CASH FLOWS (BUDGET)
for the Financial Year Ending 30 June 2025

FY24		FY25	FY25	FY25	FY25	FY25
Audited Actuals		Adopted Budget	BR1	BR2	BR3	Movement BR3 v BR2
\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities						
Receipts						
23,801	Operating Receipts	25,256	25,532	27,148	27,168	20
62	Investment Receipts	48	60	130	130	-
Payments						
(8,380)	Employee costs	(8,745)	(8,695)	(8,890)	(8,890)	-
(13,141)	Materials, contracts & other expenses	(13,118)	(13,464)	(14,993)	(15,123)	(130)
(481)	Interest Payments	(683)	(645)	(620)	(620)	-
1,861	Net Cash Flows from Operating Activities	2,758	2,788	2,775	2,665	(110)
Cash Flows from Investing Activities						
Receipts						
81	Sale of Replaced Assets	80	97	42	70	28
Payments						
(4,040)	Expenditure on Renewal/Replaced Assets	(2,249)	(2,297)	(2,297)	(2,313)	(16)
-	Expenditure of New/Upgraded Assets	(60)	(60)	(60)	(60)	-
(3,959)	Net Cash Flows from Investing Activities	(2,229)	(2,260)	(2,315)	(2,303)	12
Cash Flow from Financing Activities						
Receipts						
2,155	Proceeds from Borrowings	2,114	2,179	2,179	2,179	-
Payments						
(285)	Repayment of Lease Liabilities	(170)	(201)	(201)	(201)	-
(2,091)	Repayment of Borrowings	(2,065)	(2,065)	(2,079)	(2,079)	-
(221)	Net Cash Flow from Financing Activities	(121)	(87)	(101)	(101)	-
(2,319)	Net Increase (Decrease) in cash held	408	441	359	261	(98)
3,953	Cash & cash equivalents at beginning of period	2,100	1,634	1,634	1,634	-
1,634	Cash & cash equivalents at end of period	2,508	2,075	1,993	1,895	(98)

ITEM 9.1 - ATTACHMENT E

EAST WASTE

Projected Statement of Changes in Equity (Budgeted)
for the Financial Year Ending 30 June 2025

FY24		FY25	FY25	FY25	FY25	FY25
Audited Actuals		Adopted Budget	BR1	BR2	BR3	Movement BR3 v BR2
\$		\$'000	\$'000	\$'000	\$'000	\$'000
1,183	Balance at Start of Period - 1 July	1,072	894	894	894	-
(289)	Net Surplus / (Deficit) for Year	-	57	132	58	(74)
-	Contributed Equity	-	-	-	-	-
-	Distribution to Councils	-	-	-	-	-
894	Balance at End of Period - 30 June	1,072	951	1,026	952	(74)

ITEM 9.1 - ATTACHMENT F

EAST WASTE

Projected Uniform Presentation of Finances (Budgeted)
for the Financial Year Ending 30 June 2025

FY24		FY25	FY25	FY25	FY25
Audited Actuals		Adopted Budget	BR1	BR2	BR3
\$'000		\$'000	\$'000	\$'000	\$'000
Income					
22,559	<i>User Charges</i>	23,704	23,704	25,360	25,360
66	<i>Investment income</i>	48	60	130	130
-	<i>Grants, subsidies and contributions</i>	-	-	-	-
1,574	<i>Other</i>	1,552	1,828	2,119	2,139
24,199		25,304	25,592	27,609	27,629
Expenses					
8,492	<i>Employee Costs</i>	8,865	8,815	8,930	8,930
13,123	<i>Materials, contracts & other expenses</i>	13,118	13,464	15,324	15,454
2,512	<i>Depreciation, amortisation & impairment</i>	2,707	2,703	2,640	2,617
442	<i>Finance costs</i>	694	650	625	625
24,569		25,384	25,632	27,519	27,626
(370)	Operating Surplus / (Deficit)	(80)	(40)	90	3
Net Outlays on Existing Assets					
(4,040)	<i>Capital Expenditure on Renewal and Replacement of Existing Assets</i>	(2,249)	(2,297)	(2,297)	(2,313)
2,512	<i>Depreciation, Amortisation and Impairment</i>	2,707	2,703	2,640	2,617
81	<i>Proceeds from Sale of Replaced Assets</i>	80	97	42	70
(1,447)		538	503	385	374
Net Outlays on New and Upgraded Assets					
-	<i>Capital Expenditure on New and Upgraded Assets</i>	(60)	(60)	(60)	(60)
-	<i>Amounts Specifically for New and Upgraded Assets</i>	-	-	-	-
-	<i>Proceeds from Sale of Surplus Assets</i>	-	-	-	-
-		(60)	(60)	(60)	(60)
(1,817)	Annual Net Impact to Financing Activities (surplus/(deficit))	398	403	415	317

9.2 Internal Audit Draft Assurance Map

Report Author Manager Human Resources & Financial Services

Attachments A: UHY Haines Norton Internal Audit Draft Assurance Map Report
B: UHY Haines Norton internal Audit Draft Assurance Map

Purpose and Context

To provide the Audit & Risk Management Committee (the Committee) with the opportunity to review the draft Internal Audit Assurance Map, prepared by UHY Haines Norton, following an assurance mapping and risk analysis exercise that will influence the development of a two-year internal audit plan.

Recommendation

The Audit and Risk Management Committee receives and notes the draft assurance map as presented by UHY Haines Norton (Attachment A & B Item 9.2, Audit & Risk Management Committee Meeting 23 April 2025).

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

In early 2024, the need for a formal internal audit function at East Waste was established, recognised to be a crucial function that provides independent assurance services on effectiveness of the Authority's risk management, governance and internal control processes. An Internal Audit Charter was subsequently developed and adopted by the East Waste Board at the meeting held 27 June 2024. Following this, East Waste engaged UHY Haines Norton for a two (2) year engagement, instructed to:

- 1 Undertake an assurance mapping and risk analysis exercise initially, and subsequently develop East Waste's initial two-year Internal Audit Plan for presentation to the Audit & Risk Management Committee and East Waste Board; and
- 2 Carry out the internal audit program, commencing 1 July 2025, in line with the endorsed two-year Internal Audit Plan, and auditor requirements as set out in East Waste's Internal Audit Charter.

Discussion

UHY Haines Norton commenced work on developing the draft assurance map in December 2024, and a draft map is provided at attachment A (**refer attachment A**) including a summary report. The

assurance map represents a snapshot of the level of assurance over East Waste's current risk control framework and identifies areas that may require internal audit attention.

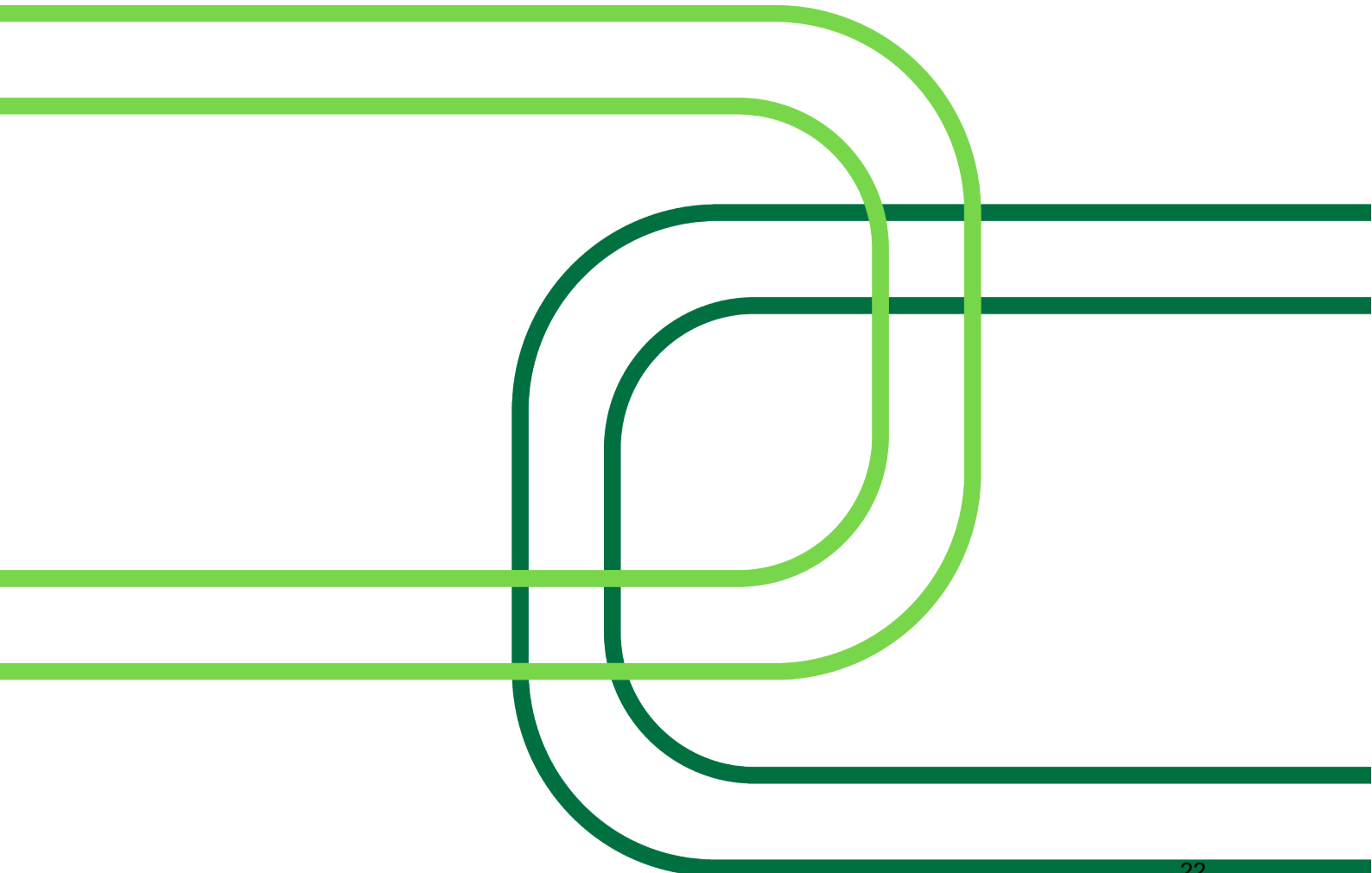
The initial timeline proposed that following the development of the assurance map, a draft two-year internal audit plan would be presented to the Committee at the April meeting cycles. However, following advice from UHY Haines Norton since undertaking the initial works, Administration is instead intending to seek feedback on the draft assurance map from the Committee at the April meeting, for the consideration of UHY Haines Norton prior to drafting the proposed audit plan. The two-year internal audit plan will be presented to the June Audit & Risk Management Committee meeting for endorsement, prior to the commencement of the first internal audit cycle 1 July 2025.

Representatives from UHY Haines Norton will attend the meeting to provide additional context, including providing a comprehensive overview of the assurance mapping and risk analysis process and initial findings.

Internal Audit Draft Assurance Map

East Waste

April 2025



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Purpose and Scope of this Report

The purpose of this report is to provide an overview of the development of the Assurance Map for East Waste. A presentation will be made to the members of the Audit and Risk Management Committee at their meeting on the 23rd of April to go through the Assurance Map in detail and provide an opportunity for members to ask questions.

Attached to this report is the Assurance Map Summary page.

Summary of Recommendations

During the review of East Waste's Risk Management Framework and Strategic Risk Register and the development of the Assurance Map, several areas for improvement were identified. These gaps have been documented and are presented here as recommendations:

- Review the Risk Management Framework. The Framework was last reviewed in April 2018 and was due for review by November 2022 and is overdue for review.
- Continue with the review of the Operational Risk Register and, once complete, update the Strategic Risk Register. This may also result in the need to update the Assurance Map and, consequently, the Internal Audit Plan.
- Update the Strategic Risk Register to use the same terminology as the Risk Management Framework. The Risk Management Framework uses the term Moderate, whilst the Strategic Risk Register uses the term Medium. It is recommended to ensure that terminology is consistent. Ensure that the Operational Risk Register, which is currently under review, also uses the same terminology as the Risk Management Framework.
- Develop a Risk Appetite Statement. The Risk Management Framework describes what risk appetite and tolerance are and refers to a Risk Appetite Statement, but this Statement has not been developed.

Internal Audit

Assurance Mapping is a foundational step in developing an effective Internal Audit function. The process for establishing and enacting an Internal Audit function is:

- Develop an Assurance Map that identifies levels of assurance and highlights any gaps
- Creating an Internal Audit Plan informed by the Assurance Map
- Commencing Internal Audits according to the Internal Audit Plan

Internal Audit plays a critical role within the broader Risk Management Framework. For risk management to be effective, it must be continuous and adaptive, enabling organisations to respond to emerging risks and navigate ongoing business change.

To remain relevant and effective, an organisation's Risk Management Framework must be regularly reviewed and updated. As a result, Assurance Mapping and Internal Audit Plans should also be refreshed in response to changes in the risk environment.

Assurance Mapping

An Assurance Map is a visual representation of the key risks of a business and the various types of and levels of assurance that exist against those risk areas.

An Assurance Map identifies areas where there is a lack of assurance. The development of an Internal Audit Plan is informed by the assurance map, ensuring that audit resources are focused on areas with the highest risk and lowest existing assurance coverage.

Ratings

Assurance Ratings and Risk Ratings are different but do have similar language.

Risk Ratings are:

Risk Level	Managing Risk (East Waste Risk Management Framework- Summarised)
Extreme Risk	Escalate risk immediately to the General Manager/Executive Leadership Team Develop strategies for immediate action Monitor and review actions and strategies Provide direction and information to stakeholders Inform the next meeting of the Audit and Risk Management Committee Consider cessation/suspension of activity until strategies implemented WHS – Activity is not to be continued until the risk level has been reduced. The level of risk is commonly unacceptable.
	Escalate risk to Executive Leadership Team/Manager Corporate Services Develop treatment strategies with appropriate timeframes Monitor and review actions and strategies Provide direction and information to stakeholders Inform the next meeting of the Audit and Risk Management Committee WHS – reduce risk as far as practical, only acceptable for Major or Catastrophic consequences
Moderate	Escalate to the relevant manager. Develop treatment strategies with appropriate timeframes. Monitor and review actions and strategies. WHS: Reduce risk as far as practical; it may be an acceptable level of risk.
Low	Localised risk management and actions Commonly is an acceptable level of risk.

Inherent Risk

Risks are assessed as if there were no controls in place, and the level of risk determined is known as Inherent or Raw Risk.

Current/Residual Risk

The risk level with current controls in place is known as Current or Residual Risk.

Forecast Risk

If additional controls are planned to be put in place, the risk level with those controls in place is known as the Forecast Risk.

Assurance Map Ratings

Assurance Level	Explanation
High	A high level of assurance. Strong confidence that the risk is being effectively managed Controls or assurance activities are well-designed, consistently applied and regularly tested or verified

	Moderate confidence that the risk is being managed, but there may be some weaknesses Controls are generally in place and operating but may not be consistently applied or independently tested
Low	Limited or no confidence in how the risk is being managed Controls are absent, poorly designed or not operating effectively No formal assurance activities are in place

3 Lines of Defence

The Three Lines of Defence Model is a framework to structure roles and responsibilities for managing risk and assurance within an organisation. The Three Lines of Defence are a key component of the Assurance Map assessment.

Weighting shown in the table below shows the level of assurance and independence provided by each line of defence. The purpose of assigning weightings is to quantify the strength and reliability of assurance sources helping to:

- Identify areas of over-reliance on less independent assurance, such as operational self-assessments
- Highlight gaps where more independent or formal assurance may be needed
- Support risk-based audit planning by prioritising areas with lower assurance strength

Line of Defence	Who	Roles	Responsibilities	Weighting
1 st – Business Operations	Business Unit Managers Team Leaders Process Owners	Directly own and manage controls, however, assurance may lack independence.	Identify, assess and manage day-to-day risks. Maintain and operate internal controls such as checklists and approvals.	20%
	Risk Management Compliance Legal WHS Finance Oversight roles	Oversight roles are more independent; however, they are still within the management structure.	Develop policies and frameworks. Monitor compliance with regulations and internal standards. Support the first line with training and advice.	25%
3rd – Independent Assurance	Internal Audit Other independent assurance providers Audit & Risk Committee	Independent structured assurance, reporting to the governing body.	Evaluate and report on how well the first and second lines are working. Provide recommendations for improvement.	35%
External/Regulators	External Auditors Other Authorities	Independent or statutory review. Often limited to financials or compliance	Depends on the scope of the review.	20%

Risk Framework

The Risk Management Framework was last reviewed in April 2018 and was due for review in November 2022. It is overdue for review.

The purpose of the Framework is to:

- Align with the objectives of the Risk Management Policy
- Establish roles and responsibilities for managing risk
- Document a standardised, formal and structured process for assessment, treatment and monitoring of identified risks
- Encourage innovation by integrating risk management into the strategic and operational process across all departments of East Waste.
- Assist East Waste in maximising its opportunities whilst minimising any negative impacts identified during the risk management process.
- Establish the process for all risks outside the defined risk tolerances to be escalated to the relevant manager and additional treatment options implemented.
- Set out the reporting protocols for relevant risk information to be provided to the Board, Audit and Risk Management Committee, Executive Leadership Team and across all East Waste's departments.
- Supports the development of a continuous improvement culture by integrating risk management processes into all East Waste functions.

Risk Registers

East Waste maintains both an Operational Risk Register, which is currently being reviewed, and a Strategic Risk Register. The Strategic Risk Register has been utilised to create the Assurance Map. Following the review of the Operational Risk Register, the Strategic Risk Register should also be reassessed to incorporate insights from the Operational Risk Register.

We noted that the Risk Management Framework uses the risk level of moderate. However, the Strategic Risk Register uses the term Medium. The language used in the Risk Registers should be consistent with the Risk Management Framework. We have used the term 'Moderate' in the Assurance Map.

Risk Appetite & Tolerance

The Risk Management Framework explains what risk appetite and tolerance is and how the levels will be developed and reported and refers to a Risk Appetite Statement. However, the Risk Appetite Statement is not included in the Framework and has not been developed as a separate document.

A Risk Appetite Statement sets out the risk appetite and risk tolerance of an organisation. The risk appetite part of the statement outlines the overall level of risk the organisation is willing to accept to achieve its strategic objectives. It reflects the organisation's risk philosophy and guides decision-making at a high level. The risk tolerance part of the statement outlines more detailed limits on the amount of risk that can be taken in specific areas or for a particular activities. It ensures that the organisation's risk-taking remains within the acceptable boundaries defined by the risk appetite.

Risk Management

Link to Strategic Risk Assurance Assessments

EastWaste

Risks,
Key Objectives
& Key Services

Assurance Areas

Risk Descriptions

			Inherent Risk	Current/Residual Risk	Current Risk Tolerance Status	Forecast Risk
SR1	Strategic planning - inconsistency in decision making	Poor, ineffective or outdated strategic planning and implementation, leading to inconsistency with Member Council's strategic directions, poor investment decisions and inappropriate usage of resources (both financial and physical resourcing)	Extreme	High	TBC	Moderate
SR2	Ineffective governance - community expectations	Lack of effective governance and decision making process may result in not meeting community/ Member Council expectations, adversely impact East Waste's finances and damage to reputation.	Extreme	Moderate	TBC	Moderate
SR3	Non compliance with financial regs / legislation	Significant demands of legislative compliance and/or changing legislation may lead to inadvertent breach of key legislative obligations resulting in unnecessary legal costs and loss of community confidence in East Waste's transparency, accountability and financial sustainability	Extreme	Moderate	TBC	Moderate
SR4	Lack of agility in service delivery	East Waste's inability to respond in an agile way to emerging community changes, industry trends, technology and innovations will result in inefficiencies, ineffective service delivery & missed opportunities	High	Moderate	TBC	Moderate
SR5	Ineffective budget - weakened financial sustainability	Inefficient or inappropriate budget allocation may impact the delivery of key services and financial sustainability of the Authority	Extreme	High	TBC	Moderate
SR6	Skilled staff recruitment & retention	East Waste are unable to attract and retain sufficient appropriately skilled staff and Board Member's to effectively deliver the breadth of services required in a timely manner.	Extreme	Moderate	TBC	Low
SR7	Business Continuity	A significant unplanned /emergency /adverse event may prevent East Waste from delivering key services/functions (e.g. fire, natural disaster, pandemic)	Extreme	High	TBC	High
SR8	People & Culture (incl. WHS)	Failure to adequately protect the health and safety of workers and members of the public which may lead to significant injury, disablement or death, shut down of operational fleet and significant adverse attention.	Extreme	High	TBC	High
SR9	Failed Member - Organisation relationship	Member Council exits from East Waste due to having stronger relationships with other similar organisations, leading to both reputational and financial damage.	High	Moderate	TBC	Moderate
SR10	Asset Management	Existing Assets fail to meet the minimum requirements for current operating needs and future growth.	Extreme	Moderate	TBC	Moderate

1st - Business Operations												2nd - Financial, Corporate & Governance								3rd - Independent Assurance								External/Regulators		
Assurance Weighting 20%												Assurance Weighting 25%								Assurance Weighting 35%								Assurance Weighting 20%		
Weighting Rationale: Directly own and manage controls , however assurance may lack independence.												Weighting Rationale: Oversight roles, more independent however still within management structure.								Weighting Rationale: Independent, structured assurance, reporting to governing body.								Weighting Rationale: Independent, statutory, however often limited to financials or compliance		
Internal Control Measures						Management Control Measures																								
Forms, Checklists and Templates	Core Systems Controls, IT Systems, Parameters	Fraud & Error Prevention Internal Checks	Approvals & authorisation per Delegated Authority	Segregation of Duties	Documented Functional Policies, Procedures & Guidelines	Established Plans (Strategic Plan, Business Plan & Divisional Plan)	Agreed Budgets	SMART KPIs & Service Standards Agreed	Performance Measurement against Standards, and Benchmarking Reviews	Performance Reporting Against Standards	Corporate Policies, Procedures and Frameworks	Financial Monitoring, reporting, reconciliation	Financial Best Practice Model Internal Control Self Assessment	Functional Service Compliance Reviews	Quality Control Checks (Health & Safety, Governance)	Security (including IT systems and physical security)	Enterprise Risk Management (Evaluation of Strategic Risks & Operational Risks)	Addressing Regulatory Notices & Statutory Returns	Internal Audit	Follow up on Audit Log Actions	Audit & Risk Committee	External Consultant Reviews	External Accreditation / Certification	External Testing on Compliance and Quality	LGRS Reviews	External Audit	ICAC / Ombudsman Reviews	Performance Review by Auditor General		
H	H	H	H	H	H	H	H	L	H	H	H	H	M	M	L	M	M	H	H	H	H	NA	NA	NA	NA	H	NA	NA	83%	Medium
H	H	H	H	H	H	H	H	L	H	H	H	H	M	M	L	M	M	H	H	H	H	NA	NA	NA	NA	M	NA	NA	81%	Medium
H	H	H	H	H	H	H	H	L	H	H	H	H	M	M	M	M	M	H	H	H	H	NA	NA	NA	NA	M	NA	NA	83%	Medium
H	H	H	H	H	H	H	H	L	M	L	H	H	M	NA	M	M	M	H	L	NA	H	NA	NA	NA	NA	NA	NA	NA	71%	Medium
H	H	H	H	H	H	H	H	M	M	H	H	H	H	H	H	M	M	H	H	H	H	M	M	NA	NA	H	NA	NA	87%	Medium
H	H	H	H	H	H	H	H	M	M	M	H	H	H	M	H	M	M	M	M	M	H	M	H	NA	NA	NA	NA	NA	78%	Medium
M	M	NA	H	NA	H	H	L	NA	NA	NA	M	NA	NA	M	M	M	M	NA	L	NA	H	L	NA	H	NA	NA	NA	NA	55%	Low
H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	H	M	H	L	M	H	L	M	M	M	NA	NA	NA	77%	Medium
H	H	H	H	H	H	H	H	L	M	L	H	H	NA	NA	NA	M	M	H	L	NA	H	NA	NA	M	NA	NA	NA	NA	72%	Medium
H	M	M	H	H	H	L	M	M	L	L	L	M	M	NA	M	M	M	L	L	H	H	L	NA	M	NA	NA	NA	NA	47%	Low

Overall Assurance Level

None	1% - 30%
Low	31% - 65%
Medium	66% - 90%
High	91% - 100%

9.3 External Audit Plan

Report Author Manager Human Resources & Financial Services

Attachments A: Galpins Proposed FY2025 External Audit Plan

Purpose and Context

To provide the Committee with the proposed 2024/25 External Annual Audit Plan (the Plan) ahead of the scheduled Interim Audit and Audit of East Waste's Statutory Financial Statements.

Recommendation

That the Audit & Risk Management Committee receives and notes the FY2025 External Audit Plan prepared by Galpins (Attachment A, Item 9.3, Audit & Risk Management Committee Meeting 23 April 2025).

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

East Waste appointed Galpins as its external auditing firm in FY2024, for a three (3) year term. This will be the second audit undertaken by Galpins, following a comprehensive review of East Waste's internal controls in FY2024. While the Plan is largely consistent with the prior year plan, Galpins will use the results of control testing to refine their assessment of the risks of material misstatement and design further audit procedures to reduce risk where necessary.

Discussion

An annual External Audit Plan (**refer Attachment A**) is presented for consideration and feedback from the Committee, detailing Galpins' proposed audit approach and key milestones for the 2024/25 financial year audit. The proposed audit timetable has been prepared to meet the financial reporting timeframe requirements of East Waste and its Member Councils.

Key matters for the Committee to note within the Audit Plan are as follows:

- The External Auditor's risk assessment on various account balances and their proposed audit approach to address those risks as part of the work proposed to be undertaken.
- The External Auditor's approach to the audit of internal controls and the reliance placed on internal controls as part of the audit work proposed to be undertaken.

- The identified areas of risks where misstatements can occur and the External Auditor's responses to those identified risks in formulating their proposed audit work program.
- The proposed audit timetable in which the annual audit is broken up to the key audit activities and indicative timeframes.

In line with the East Waste's reporting calendar, the interim management letter will be presented to the Committee at the June Audit & Risk Management Committee Meeting, with audited financial statements being presented to the September meeting.



Accountants, Auditors & Business Consultants

2024/25 External Audit Plan

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1. AUDIT SCOPE

Opinion on the Financial Report

Per Schedule 2 – Provisions applicable to subsidiaries of the *Local Government Act 1999* (refer to s12(3)(a)), a subsidiary must provide member council/s with audited financial statements for the relevant year. Part 4 – Financial Statements (section 13) of the *Local Government (Financial Management) Regulations 2011* requires the financial statements of councils and their subsidiaries to be in accordance with the requirements set out in the Model Financial Statements (published by the Local Government Association).

We are to provide an opinion as to whether East Waste's financial report presents fairly, in all material aspects, the financial position of East Waste as at the end of current financial year, and its financial performance and its cash flow for the year ended on that date in accordance with the *Australia Accounting Standards, Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

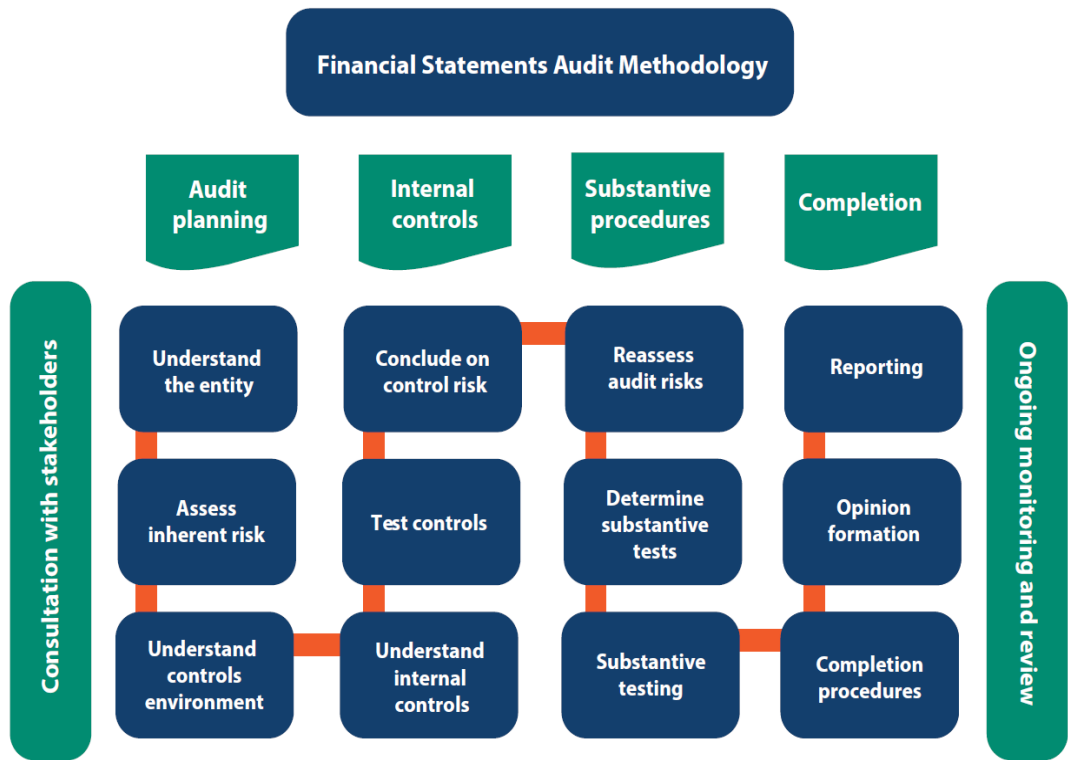
Applicable Financial Reporting Framework

The financial report is a general purpose financial report. The financial report is prepared in compliance with the *Local Government Act 1999*, in accordance with relevant Australian Accounting Standards and in accordance with the requirements set out in the Model Financial Statements (as required by the *Local Government (Financial Management) Regulations 2011*).

The financial report prepared by East Waste comprises a Statement of Comprehensive Income, a Statement of Financial Position, a Statement of Changes in Equity, a Statement of Cash Flows, notes disclosures and a certificate from the chair of the Board and the Chief Financial Officer.

2. AUDIT METHODOLOGY

The Galpins Audit Methodology is a risk-based methodology consisting of four main stages – Audit Planning, Internal Controls, Substantive Procedures and Completion. Further detail regarding these stages is provided below.



Our audit methodology incorporates all the key elements of a traditional audit approach, enhanced with the addition of modern audit techniques and artificial intelligence technology to create our own unique, industry leading methodology.

The stages are managed in an environment of ongoing monitoring and review and consultation with stakeholders.

Audit planning

The objective of the audit planning stage is to develop an understanding of the entity, its unique characteristics and requirements, allowing us to tailor our audit approach accordingly.

- We research and document the entity's industry, regulatory environment, legislative responsibilities, financial reporting environment and internal governance arrangements.
- We perform analytical review, carry out structured interviews with management and other relevant staff and conduct walkthroughs to gain an understanding of the internal controls at the entity level and the financial reporting process.
- Based on this knowledge, we identify and rank the risks of material misstatement, fraud and non-compliance with legislation
- Materiality for the engagement is determined for the financial statements as a whole; for individually significant items, and a threshold for clearly trivial differences is also established.
- The overall audit strategy is then developed and audit procedures defined to achieve an efficient and effective audit approach to mitigate identified risks.

Internal controls

We design and perform tests of internal controls to determine the risk of material misstatement in the financial statements, and add value by identifying opportunities for improvement in processes and controls.

- Informed by the insights gained from our planning, we obtain an understanding of key internal financial controls and perform tests of design and effectiveness for these controls.
- We use the results of control testing to refine our assessment of the risks of material misstatement and design further audit procedures to reduce risk where necessary.
- We apply our significant experience in the design, implementation and audit of internal control environments and activities to identify opportunities for improvement in our clients' internal financial controls

Substantive procedures

Using the latest audit techniques, including Artificial Intelligence Assisted Audit, we analyse financial transactions and identify high-risk transactions. Informed by insights gained from planning, controls testing and AI analysis, we design and perform tests of account balances and transaction streams.

- We use cutting edge Artificial Intelligence Assisted Audit and other techniques to assist us in analysing financial transactions and balances.
- The results of our analysis are used to identify specific high risk transactions to be tested, such as suspicious manual journals and payments, and provide insights into the financial health of the entity, performance trends, and other risk factors requiring audit attention.
- We design targeted substantive procedures, including analytical review and tests of detail, to address identified risks.
- The results of substantive testing performed during the audit are evaluated to determine the extent to which risks have been addressed. This enables us to develop a final assessment of the risk of material misstatement.

Completion

This stage consolidates all of the audit work performed during the previous stages to determine the appropriate audit opinion and report results to management and those charged with governance.

- We evaluate the results of audit testing and determine whether adjustments to the financial statements are required.
- We review the final financial statements to provide support regarding the best presentation of these reports.
- Following discussions with management, we prepare a management letter/s providing relevant feedback on the entity's financial operations, performance, internal controls and legislative compliance together with recommendations for improvements.
- Based on our final assessment of the risk of material misstatement, we issue an audit opinion regarding the presentation of the financial statements.

3. SUMMARY AUDIT PLAN

Audit Plan Summary Table – Statement of Comprehensive Income – Income

Account balance	Key Business cycle	2024	2023	Audit response	Audit Approach	Inherent risk
User charges	User charges	22,559	21,188	Section 4.1	Controls and Substantive	High
Investment Income	Other revenue	66	46	Section 4.4	Substantive	Low
Other income	Other revenue	1,574	1,078	Section 4.3	Substantive	Medium
		24,199	22,312			

Audit Plan Summary Table – Statement of Comprehensive Income – Expenses

Account balance	Key Business cycle	2024	2023	Audit response	Audit Approach	Inherent risk
Employee costs	Payroll	8,492	7,476	Section 4.2	Controls and Substantive	Medium
Materials, contracts and other expenses	Procurement / Credit cards	13,123	12,184	Section 4.1	Controls and Substantive	Medium
Depreciation, amortisation and impairment	Fixed assets	442	2,108	Section 4.3	Substantive	Low
Finance costs	Other expenses	2,512	354	Section 4.4	Substantive	Low
		24,569	22,122			

Audit Plan Summary Table – Statement of Comprehensive Income – Other SCI items

Account balance	Key Business cycle	2024	2023	Audit response	Audit Approach	Inherent risk
Asset Disposal & Fair Value Adjustments	Fixed assets	81	143	Section 4.4	Substantive	Low
Amounts Received Specifically for new/up assets	Grants		-	N/A	Substantive	Low
		81	143			

Audit Plan Summary Table – Statement of Financial Position – Assets

Account balance	Key Business cycle	2024	2023	Audit response	Audit Approach	Inherent risk
Cash and cash equivalents	Banking	1,634	3,953	Section 4.1	Controls and Substantive	High
Trade and other receivables	Debtors	1,082	746	Section 4.4	Substantive	Low
Inventories	Inventories	63	43	Section 4.4	Substantive	Low
Property, plant & equipment	Fixed assets	11,038	9,510	Section 4.3	Substantive	Medium
		13,813	14,252			

Audit Plan Summary Table – Statement of Financial Position – Liabilities

Account balance	Key Business cycle	2024	2023	Audit response	Audit Approach	Inherent risk
Trade and other payables	Accounts Payable	1,299	1,266	Section 4.2	Controls and Substantive	Medium
Borrowings current	Borrowings	1,011	871	Section 4.3	Substantive	Medium
Provisions current	Provisions	2,029	2,306	Section 4.3	Substantive	Medium
Borrowings non-current	Borrowings	8,546	8,490	Section 4.3	Substantive	Medium
Provisions non-current	Provisions	108	136	Section 4.3	Substantive	Medium
		12,923	13,069			

Audit Plan Summary Table – Statement of Financial Position – Equity

Account balance	Key Business cycle	2024	2023	Audit response	Audit Approach	Inherent risk
Accumulated surplus	Other business cycles	894	1,183	Section 4.4	Substantive	Low
		894	1,183			

4. KEY BUSINESS CYCLES – AUDIT APPROACH

4.1. High risk areas where audit will place reliance on controls

The Galpins audit methodology requires a controls approach for account balances and business cycles with inherent risks assessed as high. The account balances and business cycles listed below are considered high risk areas due to the materiality of the account balances, the high volume of transactions involved and/or other reasons outlined below:

Area	Why the risk is High	Overall audit response
Business cycle: User charges Account balance/s: User charges	<ul style="list-style-type: none"> - Largest revenue item - often used as a reference point for analysing expenditure decisions - high reliance placed on the accuracy of data captured by the weigh bridge and fees included in the fees and charges master file. 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls - analytical review comparing the variances in revenue to the variances in the tonnages provided by the weigh bridge - analytical review comparing the GPS data used to track trucks to the percentage of use of trucks allocated to each constituent council when charging for waste collection - recalculation of a sample of amounts billed based on data captured by the weigh bridge, percentage of use of trucks the fees and charges included in master file billing data, fees and charges approved by the Board and formal contracts with customers. - reconciliation of reports provided by Jeffries and CAWRA to the accounting system.
Business cycle: Banking Account balance/s: Cash and cash equivalents	<ul style="list-style-type: none"> - Material balance - fraud risk - any instances of errors and/or fraud can be indicative of broader errors - poor attitude to cash controls may be indicative of overall culture related to the entity's control environment - involves public money. 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - inspection / reperformance of bank reconciliations - verification of outstanding reconciling items.

4.2. Medium risk areas where audit will place reliance on controls

The Galpins audit methodology provides that auditors can adopt either a controls or substantive approach for areas with inherent risks assessed as moderate. We have outlined below the medium risk areas where audit intend to place some reliance on controls.

Area	Why controls approach	Overall audit response
Business cycle/s: Payroll Account balance/s: Employee costs, Provisions	<ul style="list-style-type: none"> - Involves a considerable volume of transactions that are subject to error. - payroll records contain sensitive data and errors impact on individuals. - valuation, accuracy and existence assertions can only be fully addressed by performing a review the design and effectiveness of the payroll internal controls (e.g. approval of timesheets, independent review of payroll reports, security of the payroll master file data and records, reconciliations between payroll system and the general ledger, etc). 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments
Business cycle/s: Purchasing, Procurement and Contracting, Accounts payable, Credit cards Account balance/s: Materials, Contracts & Other expenses, Trade and other payables	<ul style="list-style-type: none"> - One of the largest expense items - high volume of transactions – subject to error - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Auditor-General's Department. 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses - reconciliation between subsidiary AP ledgers and the general ledger - inspection of subsequent payments for a sample of recorded creditors - inspection of a sample of subsequent payments (completeness test).
Business cycle/s: General ledger Account balance/s: All	<ul style="list-style-type: none"> - Values from all business cycles are captured in the GL, and therefore any concerns over GL controls are pervasive across all financial statement balances - good controls to ensure completeness and accuracy of the GL are essential to ensure the fair presentation of the financial report. 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls from the Better Practice Model.

4.3. Medium risk areas (substantive approach)

The Galpins audit methodology provides that auditors can adopt either controls or substantive approach for areas with inherent risks assessed as moderate. We have outlined below the medium risk areas where audit do not intend to place reliance on controls.

Key Business Cycles	Why substantive approach	Overall audit response
Fixed assets	Key assertions at risk such as existence and valuation can be addressed by performing substantive procedures such as additions/disposals tests and recalculation of depreciation.	<ul style="list-style-type: none"> - Analytical procedures - enquiries re asset management practices in place to replace and maintain waste collection trucks - inspection of supporting documents for additions and/or disposals - review of useful life estimates and depreciation calculations.
Provisions	Key assertions at risk such as valuation can be addressed by performing substantive procedures such as recalculation of AL and LSL.	<ul style="list-style-type: none"> - Analytical procedures - review / recalculation of annual leave, long service leave and rostered day-off provisions.
Borrowings	Key assertions at risk such as valuation can be addressed by performing substantive procedures such as obtaining confirmation from the LGFA.	<ul style="list-style-type: none"> - Analytical procedures - inspection of balance confirmations from banks (e.g. LGFA, etc) - review of interest rates recorded in note disclosures.
Other income	Key assertions at risk such as accuracy and completeness can be addressed by performing analytical procedures and test of details such as inspection of relevant supporting document.	<ul style="list-style-type: none"> - Analytical procedures - enquires re the nature of these amounts - review of revenue recognition methodologies and assessment of whether they are accordance with accounting standards - inspection of relevant supporting documents.

4.4. Low risk areas (substantive approach)

The Galpins audit methodology provides that auditors can adopt a substantive approach for areas with inherent risks assessed as low. We intend on adopting a substantive approach for all low risk areas, with a focus on analytical procedures.

5. INTERNAL CONTROLS

Financial Internal Controls Selected for Audit

We design and perform tests of internal controls to determine the risk of material misstatement in the financial statements and add value by identifying opportunities for improvement in processes and controls. The table below summarises the number of controls to be tested for each key business cycle identified by audit:

Business cycles	Account Balance/s	BPM controls	Inherent Risk
User charges	User charges	5	High
Banking	Cash and cash equivalents	3	High
Purchasing and Procurement / Contracting	Materials / Contracts / Other Expenses	3	Moderate
Accounts Payables	Materials / Contracts / Other Expenses, Accounts Payable	4	Moderate
Credit cards	Materials / Contracts / Other Expenses	4	Moderate
Payroll	Employee Costs	6	Moderate
General Ledger	All accounts	6	Moderate
Total number of controls		31	

The findings will be rated as follows:

Category	Description
High Risk Weaknesses	The issue described could lead to a material misstatement in East Waste's financial statements and/or a significant control failure.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material misstatement in East Waste's financial statements and/or a significant control failure.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on East Waste's financial risks. However, multiple low-level risk weakness within the same business cycle may lead to a material misstatement in East Waste's financial statements and/or a significant control failure.

We have used *The Better Practice Model – Internal Financial Controls* (BPM) as a guide to select the internal controls to be tested for each key business cycles we identified. The BPM provides a number of internal financial controls within different business cycles that address a variety of inherent risks. A risk based approach is used to determine the key business cycles, and key risks within these business cycles, that we have determined as critical for the purpose of selecting the internal controls to be tested for this engagement.

A prioritised list of controls from the Better Practice Model (modified for Waste Authorities) is provided in Appendix 1. After completing our tests of effectiveness of internal controls we perform a control risk assessment for each account balance. The control risks are combined with our initial inherent risk assessment performed during our audit planning stage for determining the risk of material misstatements for each account balance (see section 6 of this plan for more details).

6. RISK OF MATERIAL MISSTATEMENTS

Risk of material misstatement consists of the following components:

Risks	Definition
Inherent risks	How susceptible to fraud or error the financial statements assertions are given the nature of the entity, considering a range of factors such as competency of staff, availability of information, prior period misstatements, accounting systems, level of supervision, etc before consideration of any related controls. The inherent risk assessment is performed during the planning stage when obtaining understanding of the entity's business.
Controls risks	Risk of a misstatement due to error or fraud that could occur and not be prevented or detected by East Waste's internal controls. The assessment of internal controls risk is performed during the internal controls stage after performing test of internal controls.

The risk of material misstatement will be based on the combination of inherent and controls risks as demonstrated in the table below:

		Inherent Risks		
		HIGH	MEDIUM	LOW
Controls Risks	HIGH	H	H	M
	MEDIUM	H	M	L
	LOW	M	L	L

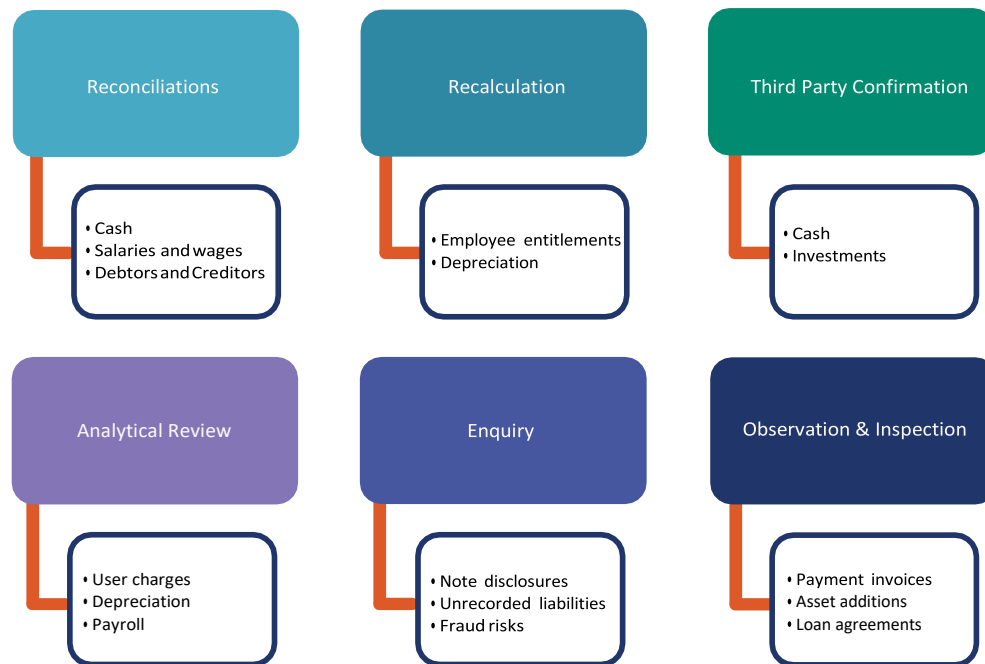
The risk of material misstatement will determine the nature and extent of our audit procedures and sample sizes to be utilised. Once we assess the risk of material misstatements (RoMM) we will design our substantive audit procedures to address identified risks. The table below summarises the impact of risk of material misstatements on our audit strategy:

Inherent Risk	Controls Risk	RoMM	Impact on audit strategy
Low	Low	Low	High reliance on controls/minimum level of substantive tests
	Medium	Low	Some reliance on controls/low level of substantive tests
	High	Medium	No reliance on controls/medium level of substantive tests
Medium	Low	Low	High reliance on controls/low level of substantive tests
	Medium	Medium	Some reliance on controls/medium level of substantive tests
	High	High	No reliance on controls/high level of substantive tests
High	Low	Medium	High reliance on controls/medium level of substantive tests
	Medium	High	No reliance on controls/high level of substantive tests
	High	High	No reliance on controls/high level of substantive tests

7. SUBSTANTIVE PROCEDURES

From our risk analysis (please refer to section 6 of this plan), we are able to design and refine appropriate substantive procedures, including analytical review and test of details, to address identified risks of material misstatements of financial statements.

Testing methods to be applied to account balances and transactions include:



Please refer to the audit timetable indicating the dates for our final visit to perform our final substantive procedures (please refer to section 9 of this plan).

Audit will request authorisation from East Waste to obtain an independent confirmation from relevant banks / financial of information such as East Waste's account balances, securities, treasury management instruments, documents and other related information held on behalf of East Waste.

We will also require East Waste to request its lawyers to send a 'Legal Representation Letter' to us, identifying any matters with potential financial reporting implications (a template of the letter will be provided by the auditors).

8. AUDIT COMPLETION

This stage consolidates all the audit work performed during the previous stages. We perform a final risk of material misstatements assessment and conclude whether procedures performed were sufficient to reduce the audit risk to an acceptable level. We evaluate the results of audit testing and determine whether adjustments to the financial statements are required. We also review the final financial statements to promote the best presentation of these reports.

An audit completion report will be provided to the audit committee members containing:

- Our audit clearance
- Final Management Letter
- Details of key matters addressed during the audit
- Draft financial statement auditor's report, and
- List of immaterial uncorrected misstatements (IUMs)

9. AUDIT TIMETABLE

The following is an indicative timetable for the audit. Actual audit dates will be negotiated with East Waste to ensure that dates are convenient.

Audit Activities	Indication of Dates
1. Initial Meetings with Finance Management and Key Staff Members	March
2. Detailed Audit Plan / Audit Program Development	March
3. Interim Site Visit (Internal controls review)	April
4. Interim Management Letter	April/May
5. Final Audit Visit	August
6. Audit Completion Report (with audit clearance)	August
7. Final auditor's reports	Early September

10. CONTACT DETAILS



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APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS

USER CHARGES

Risks

- | | |
|----|---|
| R1 | The fee charged does not reasonably reflect the value of the services provided. |
| R2 | The Authority does not apply User Pay principles consistently. |
| R3 | User pay income is either inaccurately recorded or not recorded at all. |

RISKS	Control	Control Type
R1, R2	There is a process in place to establish fees and charges (including GST treatment) which are reviewed annually and adopted by the Authority.	Core
R1	Fees and Charges register is maintained and made available to the public. Additional considerations for waste management authorities: The Authority maintains a fees and charges master file in the billing system, which can only be modified by authorised staff members.	Core
R2	There is a process in place to ensure the fees and charges are applied in accordance with those adopted in the fees and charges register. Additional considerations for waste management authorities: There is a process to ensure that fees and charges master file data in the billing system is updated on a regular basis based on contracts and/or fees and charges approved by the Board.	Core
R1, R2	There is a process in place to ensure that amounts charged are in accordance with the Authority's Fees and Charges register. Additional considerations for waste management authorities: There is a process in place to ensure that invoices are generated by the billing system in accordance with the fees and charges master file.	Core
R1, R2	There is a process in place to ensure that fee for service income is accounted for. Additional considerations for waste management authorities: There is process to ensure that billing data is accounted for in accordance with data collected by the weigh bridge (e.g. tonnages, fees and charges master file data) and reconciled to the general ledger.	Core

BANKING

Risks

- | | |
|----|---|
| R1 | Banking transactions are either inaccurately recorded or not recorded at all. |
| R2 | Fraud (i.e. misappropriation of funds) |

RISKS	Control	Control Type
R1,R2	There is a process in place to ensure all cash collected is adequately recorded and banked regularly.	Core
R1	Access to EFT Banking system is restricted to appropriately designated personnel.	Core
R1,R2	Bank reconciliations are performed on a predetermined basis and are reviewed by an appropriate person. Any identified discrepancies are investigated.	Core

Purchasing and Procurement

Risks

R1	The Authority does not obtain value for money in its purchasing and procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are made for unapproved goods and services.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1	The Authority has a Procurement Policy that provides direction on acceptable methods and the process for procurement activities to ensure transparency and value for money within a consistent framework, with consideration of any potential conflicts of interest.	Core
R1,R2	Employees must ensure all purchases are in accordance with the Authority's Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	Core
R3	There is a process in place to ensure all invoices for payment are matched to relevant source documents such as purchase orders where applicable and are in line with Procurement Policy guidelines.	Core

ACCOUNTS PAYABLE

Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control	Control Type
R1	Payments are endorsed by relevant staff separate to the preparer, who ensures that they are paid to the correct payee.	Core
R3	All invoices and payment requests are approved in accordance with relevant policies and/or Delegations of Authority.	Core
R1	Payments are verified to appropriate supporting documentation and are in line with Delegations of Authority.	Core
R5	Requested changes or additions to supplier masterfile are verified independently of source documentation.	Additional

CREDIT CARDS

Risks

- | | |
|----|---|
| R1 | Credit Cards are issued to unauthorised employees. |
| R2 | Credit Cards are used for purchases of a personal nature. |
| R3 | Credit Card limits are set at inappropriate levels. |

RISKS	Control	Control Type
R1,R3	There is a process in place to ensure there are appropriate approvals prior to the issuing of Credit Cards and limits.	Core
R1,R2	Credit card holders sign a declaration confirming compliance with the Authority policy and procedures prior to the Credit Card being released.	Core
R2	There is a process in place to approve all credit card transactions to ensure compliance with the policies and procedures covering credit card usage.	Core
R2	Cardholders must check their statement to ensure all transactions are correct and identify any transactions of a personal nature which must be reimbursed to the Authority.	Core

PAYROLL

Risks

- | | |
|----|--|
| R1 | Payroll expense is inaccurately calculated. |
| R2 | Payroll disbursements are made to incorrect or fictitious employees. |
| R3 | Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all. |
| R4 | Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file. |
| R5 | Voluntary and statutory payroll deductions are inaccurately processed or without authorisation. |
| R6 | Employees termination payments are not in accordance with statutory and enterprise agreements. |

RISKS	Control	Control Type
R1	There is a process in place to ensure accurate data entry of payroll source documents.	Core
R1, R3	There is a process to ensure all overtime is verified and approved by relevant appropriate staff.	Core
R1	All calculations for generating payroll payments are verified for accuracy.	Core
R2	The payment for the payroll must be reconciled to a system generated report detailing amount and employee prior to payment.	Core
R2	There is a process to ensure an independent review of proposed payroll payments by authorised staff.	Additional
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the relevant supervisor.	Core

GENERAL LEDGER

Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control	Control Type
R1	All journals, including manual entries, identify date posted, narration, author, journal and posting reference.	Core
R1,R2	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	Core
R1	Reconciliation of all balance sheet accounts are completed in accordance with a schedule of review and/or procedure.	Core
R1	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually.	Core
R1	Journal entry access is restricted to appropriately authorised personnel.	Core
R1	There is a process in place to review actual vs budget and significant variances investigated.	Core

9.4 Strategic Risk Register Review

Report Author Acting General Manager

Attachments A: Strategic Risk Summary Report
B: Strategic Risk Register

Purpose and Context

The purpose of this report is to present the findings of a recent review of East Waste's Strategic Risk Register. The review forms part of East Waste's commitment to robust governance, ongoing risk management, and continuous improvement.

This review ensures that strategic risks remain current, relevant, and appropriately aligned with East Waste's strategic objectives, operational environment, and external risk landscape.

Recommendation

That the Audit & Risk Management Committee having considered the updated Strategic Risk Register (Attachment B, Item 9.4, Audit & Risk Management Committee Meeting 23 April 2025) notes the updates and recommends the revised Strategic Risk Register for presentation to the East Waste Board

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

East Waste maintains a Strategic Risk Register to identify, assess, and manage risks that could impact the achievement of its strategic objectives.

The Register is reviewed annually or as required in response to any significant change which alters or presents a new Strategic Risk.

The previous formal review of the Strategic Risk Register was conducted in 2024 and identified ten Strategic risks. Recently the Administration have completed a comprehensive review led by the Executive Management Team in consultation with key staff and relevant stakeholders.

Discussion

The 2025 review of the Strategic Risk Register involved:

- Reviewing existing strategic risks for continued relevance.
- Assessing risk ratings and controls based on current mitigation strategies and performance.
- Identifying any new or emerging risks, particularly in the context of economic, environmental, and regulatory developments.
- Ensuring alignment with the East Waste Strategic Plan 2025–2028.

Key Outcomes:

- **Risk Consolidation:** Several risks were reworded to improve clarity.
- **Updated Risk Ratings:** Risk ratings were adjusted following reassessment of likelihood and consequence, reflecting improvements in controls or increased exposure.
- **Regulatory Compliance:** Heightened focus on evolving legislative requirements and associated risks, particularly relating to environmental and industrial relations law.
- **New Strategic Risk Identified:** Cyber Security has now been incorporated into the Strategic Risk Register as SR11.

The updated Strategic Risk Register provides enhanced visibility of risk ownership, control effectiveness, and planned actions to further mitigate residual risks. It will continue to be monitored administration and presented annually to the Audit and Risk Management Committee.

For the Committee's reference a Strategic Risk Summary Report has been presented with this report (**refer Attachment A**). For additional information the Committee may wish to review the complete Strategic Risk Register which has also been provided (**refer Attachment B**)

ITEM 9.4 - ATTACHMENT A

Risk ID	Risk Description	Inherent Risk Rating	Overall Controls Rating	Current/Residual Risk Rating	Forecast Risk Rating	Further treatment required (if current/residual risk rating is not acceptable)	Number of overdue actions	Reason for overdue actions	Comments
SR1	Poor, ineffective or outdated strategic planning and implementation, leading to inconsistencies with Member Council's strategic directions, poor investment decisions and inappropriate usage of resources (both financial and physical resourcing)	Extreme	Effective	Medium	Low	East Waste CEO's / Mayors /Board Member Meeting planned	0	0	Member Councils CEO's have recently provided feedback that it would be beneficial to have an annual meeting to discuss East Waste (not the waste industry as has occurred in previous meetings)
SR2	Lack of effective governance and decision making process may result in not meeting community/ Member Council expectations, adversely impacting East Waste's finances and damage to reputation.	Extreme	Effective	Low	Low	Additional Training for Executive Staff on Charter	0	0	0
SR3	Significant demands of legislative compliance and/or changing legislation may lead to inadvertent breach of key legislative obligations resulting in unnecessary legal costs and loss of community confidence in East Waste's transparency, accountability and financial sustainability	Extreme	Effective	Medium	Medium	Executive staff representation at WMMR meetings	0	0	0
SR4	East Waste's inability to respond in an agile way to emerging community changes, industry trends, technology and innovations will result in inefficiencies, ineffective service delivery & missed opportunities	High	Effective	Low	Low	Review of resourcing requirements	0	0	0
SR5	Inefficient or inappropriate budget allocation may impact the delivery of key services and financial sustainability of the Authority	Extreme	Effective	Low	Low	East Waste Board Financial Briefing	1	Change of Executive resources have impacted the priorities.	Future plans may also include involving our member Councils in the annual plan process to ensure annual plan budget complimenst the Councils budget.
SR6	East Waste are unable to attract and retain sufficient appropriately skilled staff and Board Member's to effectively deliver the breadth of services required in a timely manner.	Extreme	Effective	High	Low	1. Develop and promote organisational values 2. Performance review process -to be conducted in a Timely Manner 3. Review update PDs to ensure they reflect current roles and have adequate information	0	0	0

Risk ID	Risk Description	Inherent Risk Rating	Overall Controls Rating	Current/Residual Risk Rating	Forecast Risk Rating	Further treatment required (if current/residual risk rating is not acceptable)	Number of overdue actions	Reason for overdue actions	Comments
SR7	A significant unplanned/emergency/adverse event may prevent East Waste from delivering key services/functions (e.g. fire, natural disaster, pandemic)	Extreme	Effective	High	High	1. Investigating opportunities for the minimising the risk of fire spreading between truck and other assets 2. Development of SLA's with member Councils to incorporate Natural Disasters	0	0	Councils are currently undertaking a final review of the draft SLA's
SR8	Failure to adequately protect the health and safety of workers and members of the public which may lead to significant injury, disablement or death, shut down of operational fleet and significant adverse attention.	Extreme	Effective	Extreme	Extreme	Additional Training on the WHS Systems (Focusing on Incident Reporting)	0	0	WHS Key principle training has been developed for staff and implementation is underway.
SR9	Member Council exits from East Waste due to having stronger relationships with other similar organisations, leading to both reputational and financial damage. or Weakend relationship with key stakeholders within Member Councils may lead to Member Council exiting East Waste, impacting East Waste's financial sustainability.	High	Effective	Medium	Medium	Annual Plan development consultation with member councils	0	0	Recent feedback from member councils has been that they would like to have some more input into East Waste's Annual plan.
SR10	Existing Assets fail to meet the minimum requirements for current operating needs and future growth.	Extreme	Effective	Medium	Medium		0	0	0
SR11	A cyber security incident such as a ransomware attack, system infiltration, or malicious activity—could compromise East Waste's digital systems, restrict access to operational records, and disrupt the delivery of services to Constituent Councils and their residents.	Extreme	Effective	Medium	Medium	Additional Cyber Security Training	0	0	0

Risk Register																							
									Inherent Risk		Controls		Current/ Residual Risk			Forecast Risk			Additional controls				
Date of risk identification	Risk ID	Strategic Plan Reference	Risk Type	Risk Category	Risk Description	Consequence Type(s)	Risk Owner	Causes	Consequence	Likelihood	Inherent Risk Rating	Description	Overall Controls Rating	Consequence	Likelihood	Current Risk Rating	Consequence	Likelihood	Forecast Risk Rating	Further treatment required (if current/ residual risk rating is not acceptable)	Number of overdue actions	Reason for overdue actions	Comments
13-Jul-23	SR1	All Objectives (specifically objective 5)	Strategic	Governance, Legal & Compliance	Poor, ineffective or outdated strategic planning and implementation, leading to inconsistencies with Member Council's strategic directions, poor investment decisions and inappropriate usage of resources (both financial and physical resourcing)	Financial/ Infrastructure Legal/ Regulatory/ Policy People Reputation Environmental/ Cultural/ Site Disturbance Reputation	General Manager	1. Lack of consultation and engagement with Member Councils 2. Lack of understanding of the strategic planning process 3. Lack of an effective/coordinated framework to deliver on the various strategic/ operational plans and legislative reporting requirements - as well as delivering demonstrable customer outcomes 4. Some resistance to change at staff and community level - and an understanding across the community and Board Members (and within EW staff) of the reasons for change 5. Challenges in understanding of 'discretionary' vs 'mandatory' requirements of East Waste (both external and internal) 6. Elections (State and Local) can affect implementation: Risk of political disruption to admin & operations 7. Ill defined Service Levels (external service delivery as well as internal activities) 8. Lack of ownership, 'buy-in' and understanding of strategic and business plans 9. Lack of coordinated data/research/evidence to support decision making and determining specific strategies 10. Chasing the 'shiny new' opportunity and diverting from approved strategy	Major	Very likely	Extreme	1. Induction/ briefings/ training to ensure that Management and Board have strong understanding and knowledge of LG Act 1999, LG Financial Regulations and East Waste Charter 2. 10 Strategic Plan year plan in place and reviewed as stipulated 3. Strong working relationship between East Waste Management and Board/ Committees 4. System of reporting to member councils 5. Budget linked to strategic and business plans	Effective	Minor	Possible	Medium	Minor	Unlikely	Low	East Waste CEO's / Mayors /Board Member Meeting planned	0	0	Member Councils CEO's have recently provided feedback that it would be beneficial to have an annual meeting to discuss East Waste (not the waste industry as has occurred in previous meetings
13-Jul-23	SR2	Objective 5 (specifically 5.4)	Strategic	Governance, Legal & Compliance	Lack of effective governance and decision making process may result in not meeting community/ Member Council expectations, adversely impacting East Waste's finances and damage to reputation.	Financial/ Infrastructure Reputation Service Delivery Legal/ Regulatory/ Policy Financial/ Infrastructure Reputation Legal/ Regulatory/ Policy	General Manager	1. Lack of understanding/ knowledge/ skills (Employees and Board level); 2. Lack of training; 3. Poor culture; 4. Lack of business strategy; 5. Organisational structure doesn't match business strategy; 6. Lack of performance review; 7. Lack of resourcing review; 8. Lack of risk reporting; 9.Lack of governance framework;	Significant	Very likely	Extreme	1. Reporting structure, risk reporting and action framework adopted by Board 2. Board monitors risk management framework and reporting structure 3. Restriction of \$ amount of variance to budget without Member Council consent. 4. Management and Board have full working understanding of Charter requirements, policy/ procedure requirements 5. Robust recruitment process to ensure management have required experience 6. Annual report 7. Delegations documented & reviewed frequently 8. Annual Executive Officer Performance reviews 9. Suite of policy/ procedure which are reviewed/ updated as per schedule	Effective	Minor	Unlikely	Low	Minor	Unlikely	Low	Additional Training for Executive Staff on Charter	0	0	0
13-Jul-23	SR3	Objective 5 (specifically 5.4)	Strategic	Governance, Legal & Compliance	Significant demands of legislative compliance and/or changing legislation may lead to inadvertent breach of key legislative obligations resulting in unnecessary legal costs and loss of community confidence in East Waste's transparency, accountability and financial sustainability	Financial/ Infrastructure Reputation Legal/ Regulatory/ Policy Financial/ Infrastructure Reputation Legal/ Regulatory/ Policy	General Manager	1. Inadequate oversight of compliance required in key functions; 2. Lack of resources; 3. The rate of legislative change; 4. Lack of understanding/ knowledge/ awareness of key legislative obligations; 5. Lack of documented processes/ documentation not reflecting legislation; 6. Lack of appropriate auditing; 7. The breadth & complexity of legislation;	Significant	Very likely	Extreme	1. Current Policies & Procedures in place which capture legislative obligations 2. External & internal auditors audit in line with audit plan, with gaps identified and recommendations actioned within allocated timeframes 3. Updates received from LGA, WMRR, NVHR, ACOR & EPA which are forwarded to appropriate person and actioned 4. Training requirements (including induction) captured in the TNA 5. Training plan (linked to TNA) is updated in line with new/ updated legislative/ policy/ procedural requirements	Effective	Moderate	Unlikely	Medium	Moderate	Unlikely	Medium	Executive staff representation at WMRR meetings	0	0	0
13-Jul-23	SR4	Objective 1: Objective 3	Strategic	Service Delivery	East Waste's inability to respond in an agile way to emerging community changes, industry trends, technology and innovations will result in inefficiencies, ineffective service delivery & missed opportunities	Legal/ Regulatory/ Policy Financial/ Infrastructure Service Delivery	General Manager	1. Significant change on an ongoing basis results in change fatigue; 2. A lack of alignment of the strategic and business planning processes; 3. A lack of translation of strategic plans throughout the organisation (line of sight); 4. Availability/ loss/ lack of resources (human and financial) to successfully implement any change programs required; 5. Variability in change management skills - impacts success of organisational change; 6. Lack of/ inadequate oversight to recognise that change is required; 7. Dramatic technological change that influences the waste collection industry;	Minor	Very likely	High	1. Current Policies & Procedures in place which capture legislative obligations (resulting in changes required) 2. Updates received from LGA, WMRR, NVHR, ACOR & EPA which are forwarded to appropriate person and actioned (including keeping abreast of advancing technologies) 3. Budget review process in place which considers upcoming change 4. Annual business plans linked to budget 5. Resource commitment by Board and Management to understanding and updating knowledge of changing trends in industry 6. Ability and commitment by Board to changing operations to cope with technological changes	Effective	Minor	Unlikely	Low	Minor	Unlikely	Low	Review of resourcing requirements	0	0	0
13-Jul-23	SR5	Objective 1	Strategic	Financial	Inefficient or inappropriate budget allocation may impact the delivery of key services and financial sustainability of the Authority	Financial/ Infrastructure Service Delivery Reputation	General Manager	1. Not recognising or responding to global/national/regional downturn; 2. Inability to increase revenue - loss of member council contract etc; 3. Breach/ lack of adherence/ inadequate financial controls and budgeting; 4. Unrealistic strategic / asset plans - not aligned to long term financial plan; 5. Lack of skills/ knowledge/ experience staff and/ or board members; 6. Not managing relationships with key contacts within member councils (loss of contract/members);	Significant	Very likely	Extreme	1. Long term financial plan aligned with strategic direction 2. Planning of asset replacement 3. Robust financial reporting framework (legislation, policies - Treasury Management & Procurement, controls etc.) 4. Management and Board have full working understanding of budgeting/ financial requirements. 5. Robust recruitment process to ensure management have required experience 6. Comprehensive and timely reporting of finances to Board and Audit & Risk Committee frequency	Effective	Minor	Unlikely	Low	Minor	Unlikely	Low	East Waste Board Financial Briefing	1	Change of Executive resources have impacted the priorities.	Future plans may also include involving our member Councils in the annual plan process to ensure annual plan budget compliment the Councils budget.
13-Jul-23	SR6	Objective 5 (specifically 5.3)	Strategic	People & Culture (incl. WHS)	East Waste are unable to attract and retain sufficient appropriately skilled staff and Board Member's to effectively deliver the breadth of services required in a timely manner.	People Service Delivery Reputation Financial/ Infrastructure Legal/ Regulatory/ Policy Environmental/ Cultural/ Site Disturbance	General Manager	1. Financial - not keeping up with wages/ not competitive in current market; 2. Workplace culture and reputation; 3. No having competitive employee benefits/ incentives; 4. Lack of skilled resource pool; 5. Not having flexible recruitment strategies; 6. No succession planning/ workforce in place; 7. Council elections - change to board members; 8. Limited control/ influence over Board appointments; 9. Contract positions may not supply ongoing employment security; 10. Current employment climate makes it difficult to attract/ retain staff. 11. HR issues being managed reactively, not proactively; 12. Limited ability for career progression	Significant	Certain to occur	Extreme	1. Develop and promote organisational values 2. Performance review process to be conducted in a timely manner 3. Review update/PPD's to ensure they reflect current roles and have adequate information.	Effective	Moderate	Possible	High	Minor	Unlikely	Low	#REF!	0	0	0
13-Jul-23	SR7	All Objectives (specifically objective 5)	Strategic	Service Delivery	A significant unplanned/emergency/adverse event may prevent East Waste from delivering key services/functions (e.g. fire, natural disaster, pandemic)	Financial/ Infrastructure Service Delivery Environmental/ Cultural/ Site Disturbance Reputation Legal/ Regulatory/ Policy	General Manager	1. Pandemic; 2. Fire - losing assets (trucks/ building etc); 3. No BCP in place; 4. Lack of BCP testing and training; 5. Driver strike; 6. No workplace emergency management plan in place; 7. Bushfire (which affects people's ability to come to work); 8. Lack of staff who have experienced significant BCP/ emergency events; 9. Staff responsibilities in the case of an incident are not defined; 10. Staff are not trained appropriately in the case of an incident;	Significant	Unlikely	Extreme	1. Current BCP in place, tested annually 2. Current workplace EM Plan tested 3. Current WEEPs in place 4. EBA with mediation framework contained within (untested at this stage) 5. Battery isolators on the trucks, trucks are empty each night 6. Security patrols in place on a daily basis (for early pick up of issues) 7. Staff training requirement captured in TNA and training delivered in line with the training plan 8. Staff P&P's include responsibilities appropriate to their role - reviewed and kept current 9. Arrangements in place in EW and with member councils for changes in activity due to natural disasters.	Effective	Significant	Rare	High	Significant	Rare	High	1. Investigating opportunities for the minimising the risk of fire spreading between truck and other assets 2. Development of SLA's with member Councils to incorporate Natural Disasters	0	0	Councils are currently undertaking a final review of the draft SLA's
13-Jul-23	SR8	Objective 5 (specifically 5.1)	Strategic	People & Culture (incl. WHS)	Failure to adequately protect the health and safety of workers and members of the public which may lead to significant injury, disablement or death, shut down of operational fleet and significant adverse attention.	People Financial/ Infrastructure Reputation Legal/ Regulatory/ Policy Service Delivery	General Manager	1. Lack of WHS systems in place; 2. Lack of staffing/resources to implement systems (people and financial); 3. Lack of training; 4. Cultural opposition to implementation of WHS systems; 5. Increasing urban infill creating access issues for larger fleet; 6. Significant Depot/Truck fire; 7. Drug and alcohol issues; 8. Lack of fleet & Asset maintenance/repairs;	Significant	Possible	Extreme	1. Implementation of robust WHS Management System 2. TNA and training systems in place, including driver training 3. Budget allocations to WHS, including staff resourcing 4. Robust drug & alcohol testing process in place 5. Staff have appropriate, current licences which are checked Frequently for currency & conditions 6. Staff medical assessment & monitoring program (check for fitness for work) 7. Fleet Maintenance Schedule (programmed Maintenance) 8. Asset Inspection Program	Effective	Significant	Unlikely	Extreme	Significant	Unlikely	Extreme	Additional Training on the WHS Systems (Focusing on Incident Reporting)	0	0	WHS Key principle training has been developed for staff and implementation is underway.
13-Jul-23	SR9	Objective 5 (specifically 5.2)	Strategic	People & Culture (incl. WHS)	Member Council exits from East Waste due to having stronger relationships with other similar organisations, leading to both reputational and financial damage. or Weekend relationship with key stakeholders within Member Councils may lead to Member Council exiting East Waste, impacting East Waste's financial sustainability.	Reputation Financial/ Infrastructure Service Delivery	General Manager	1. Member Council contact coming into Council with their own relationships with other provider and having influence over Council to change provider and exit East Waste; 2. Member Council contacts not understanding the value of, and the relationship with East Waste; 3. Lack of stakeholder engagement framework;	Moderate	Very likely	High	Strategic/ Annual Plans in place which help to promote EW value Annual Strategy Day with All Member Councils Annual / Financial Reporting back to Councils. Multiple Contact Points with Member Councils Quarterly Statistical Report	Effective	Moderate	Rare	Medium	Moderate	Rare	Medium	Annual Plan development consultation with member councils	0	0	Recent feedback from member councils has been that they would like to have some more input into East Waste's Annual plan.
1-Dec-24	SR10	Objective 1 (specifically 1.5)	Strategic	Assets & Infrastructure	Existing Assets fail to meet the minimum requirements for current operating needs and future growth.	Financial/ Infrastructure Reputation Environmental/ Cultural/ Site Disturbance	General Manager	1. Aging Infrastructure 2. Lack of Preventative Maintenance 3. Inaccurate Forecasting 4. Repaid change in Services or Demand for Services	Significant	Certain to occur	Extreme	Asset Management Plan Maintenance Contract(s) Appropriately trained/skilled staff undertaking maintenance of fleet vehicles	Effective	Moderate	Unlikely	Medium	Moderate	Unlikely	Medium		0	0	0
1-Apr-25	SR11	Objective 1 (specifically 1.5)	Strategic	Information Technology	A cyber security incident such as a ransomware attack, system infiltration, or malicious activity—could compromise East Waste's digital systems, restrict access to operational records, and disrupt the delivery of services to Constituent Councils and their residents.	Service Delivery Financial/ Infrastructure Reputation Legal/ Regulatory/ Policy	Manager Business Services	1. Phishing or social engineering attacks 2. Outdated or vulnerable software/hardware 3. Inadequate data security protocols 4. Human error or insufficient staff training	Major	Very likely	Extreme	Firewalls & Antivirus Software Secure cloud based storage Offsite back ups Multi Factor Authentication for key systems Cyber Security training for staff External ICT support Penetration testing	Effective	Moderate	Unlikely	Medium	Moderate	Unlikely	Medium	Additional Cyber Security Training	0	0	0

9.5 Leave Policy

Report Author Manager Human Resources & Financial Services

Attachments A: Proposed Leave Policy

Purpose and Context

To seek feedback and input from the East Waste Audit & Risk Management Committee (the Committee) on the proposed East Waste Leave Policy, prior to presenting to the Board for endorsement.

Recommendation

The Audit & Risk Management Committee notes and accepts the proposed East Waste Leave Policy (Attachment A, Item 9.5, Audit & Risk Management Committee Meeting 23 April 2025) and recommends to the East Waste Board for adoption.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

Historically, East Waste has not had a formal Leave Policy in place. Operating in an environment with staff employed under two separate Industrial Awards, an Enterprise Bargaining Agreement and individual contracts has proved challenging and created some inconsistencies in the application of leave entitlements at times. A Leave Policy is proposed by Administration which defines the obligations of both employees and Managers in relation to the management and taking of leave entitlements.

Discussion

As at April 2025, East Waste employs seventy six (76) staff, with nearly all being permanent employees who are eligible to accrue and take leave. With the formalisation of a dedicated Human Resource (HR) role in 2024, internal processes have undergone significant review to identify gaps and ensure consistency across key functions HR functions. Whilst East Waste has had informal practices in place to manage employee leave, particularly excessive employee leave balances, a Leave Policy sets clear expectations, ensures fairness, and supports both employee well-being and business continuity.

The proposed Leave Policy is provided at Attachment A (**refer Attachment A**) for the Committee's review, and incorporates feedback from external Human Resource Consultants, Red Wagon Solutions.

The Policy defines the key leave types available to eligible staff in line with applicable Awards and is aligned to East Waste's existing Enterprise Bargaining Agreement (EBA), which 80% of East Waste's workforce is employed under. Whilst the Policy does not detail all entitlements available to employees it has been designed to cover the leave entitlements most commonly utilised and is specific in relation to the processes for applying and authorising of leave for both employees and managers of East Waste.

The implementation of this Policy is expected to assist with resolving key operational challenges faced in relation to the entitlement to and taking of leave. In particular allowing staff to better understand their rights under their respective Awards and their obligations as an employee of East Waste.

The Policy aims to assist East Waste to remain compliant with applicable Awards and Regulations, encourage employees to rest and recharge, and reduce unplanned absenteeism by encouraging planned leave and setting clear expectations of all employees. Administration will seek feedback from the Committee at the meeting, ahead of presentation to the Board for endorsement.

Leave Policy

1. Introduction

- 1.1. East Waste recognises the importance of leave and its role in promoting work life balance and ensuring the well-being of its employees.
- 1.2. This policy aims to ensure a fair and equitable approach to taking and management of leave entitlements, ensuring employees are supported, well, and fit for work.
- 1.3. Any breach of this policy may result in counselling, and/or disciplinary action. This may include provision of warnings, termination of employment, or both.

2. Scope

- 2.1. This policy applies to all permanent and fixed term employees.
- 2.2. Leave entitlement eligibility may be applicable for some casuals.
- 2.3. This policy operates in conjunction with other relevant Company policies and applicable Awards/Agreements and/or applicable legislation. Relevant Award/Agreement provisions will generally override this policy to the extent of any inconsistency.
- 2.4. This policy may be amended from time to time or withdrawn by East Waste at its discretion and does not form part of employment agreements.

3. Responsibilities

- 3.1. It is the responsibility of the General Manager to communicate the content of this policy to all employees.
- 3.2. It is the responsibility of all employees to abide by the conditions of the policy and seek assistance from their manager when required.

4. Annual Leave

4.1. Leave Entitlements

- 4.1.1. Full-time employees are entitled to four weeks (20 days equivalent) of paid annual leave per year, unless otherwise stated in their contract of employment or applicable Award/Agreement.
- 4.1.2. Annual leave entitlements accrue throughout the year of service and accumulate from year to year.

- 4.1.3. Part-time employees are entitled to the prorated equivalent, based on their contracted ordinary hours of work.
- 4.1.4. Casual employees are not entitled to paid annual leave, as they receive a casual loading in lieu of this entitlement.
- 4.1.5. Annual leave loading will be paid in accordance with the employee's Award/Agreement and/or contract of employment.

4.2. Taking Annual Leave

- 4.2.1. Employee's requests for annual leave should be made to their approving Manager via the UKG platform, as early as practical prior to the leave to ensure adequate staffing during periods of leave. Management will endeavour to respond to applications for annual leave as soon as reasonably practicable, or within five (5) business days.
- 4.2.2. Employees may take annual leave only at a time agreed between themselves and their approving Manager, or otherwise in accordance with the relevant Award/Agreement.
- 4.3. Annual leave may be taken as either the full accrued entitlement or as part of the accrued entitlement. Employees are encouraged to take annual leave in blocks of at least one week to ensure a sufficient break from work. Shorter periods of leave such as single or half-days, may be taken by agreement between the employee and their approving Manager.
- 4.4. Where possible it is advisable for employees to take accrued annual leave within twelve (12) months of it being accrued to ensure they have sufficient time away from work for rest and recreation.
- 4.5. When applying to take annual leave, the employee has a responsibility to be aware of their annual leave balance and ensure that they have or will have sufficient annual leave accrual available, immediately prior to the scheduled period leave.
- 4.5. Employees are encouraged to apply for annual leave considering the accrued hours they have available at that time, as opposed to future leave they intend to have accrued immediately prior to taking the scheduled leave, to prevent leave accrual shortfall.
- 4.6. Where an employee has a period of annual leave scheduled but does not have sufficient annual leave accrued at the time of taking the Leave, and an alternative Leave application is not submitted to account for the shortfall, this portion of leave is likely to be deemed as unauthorised leave and subject to disciplinary action.
- 4.7. If a leave application is not approved, the approving Manager will explain the reasons for not authorising the leave and may explore alternative options with the employee.
- 4.8. Annual leave continues to accrue during any period of paid leave granted by the Company. Other periods of leave taken without pay (unpaid leave) do not count as service for the purposes of accumulating annual leave unless specified in the relevant Award/Agreement.

4.9. Cancellation of Annual Leave

- 4.9.1. Employees wishing to request to cancel an application for annual leave not yet approved, must cancel their leave application via the UKG platform as soon as practical and should notify their direct line Manager.
- 4.9.2. Where an employee requests to cancel an approved request for annual leave, they must apply to their approving Manager either directly or by email as soon as practical advising of their circumstances. The approving Manager will assess the application for cancellation on a case by case basis and notify the employee of the outcome.

4.10. Excessive Annual Leave

- 4.10.1. Employees who accrue in excess of six weeks (30 working days) of annual leave, but less than eight weeks (40 working days), will be encouraged by their direct line Manager to apply for a period of annual leave to reduce their balance to no more than six weeks (30 working days).
- 4.10.2. The East Waste General Manager may, subject to any applicable Award or Agreement provisions, direct an employee who has accrued in excess of eight weeks of annual leave (40 working days) to take a portion of the annual leave, by giving the employee no less than four (4) weeks' written notice beforehand.

4.11. Public Holidays and Annual Leave

Unless otherwise prescribed in the employees Award/Agreement, any statutory public holidays that fall during a period of authorised annual leave are recognised as a public holiday and not considered to be annual leave.

4.12. Personal/ Carer's Leave While on Annual Leave

If an employee suffers from a personal illness, personal injury or for the purposes of carer's leave, they may apply to take paid personal leave while on annual leave in accordance with the applicable Award/Agreement. Employee's must do so via the UKG platform.

4.13. Payment of Annual Leave

- 4.13.1. Unless otherwise stated within an applicable Award/Agreement, annual leave is generally paid at your ordinary rate of pay (base pay) received immediately prior to the time of taking leave. This doesn't include extra payments such as overtime rates, penalties, allowances and bonuses.
- 4.13.2. Any annual leave loading will be paid in accordance with the relevant Award/Agreement or Contract of Employment.

4.14. Payment of Annual Leave on Termination

- 4.14.1. On termination of employment, employees will receive payment for any accrued but untaken annual leave.
- 4.14.2. Where annual leave has been taken in advance of it accruing, resulting in a negative leave balance, then, to the extent permitted by law, this amount will be deducted from the employee's final pay.

5. Personal leave (carer's/family)

- 5.1. Personal leave may be taken when an employee is not fit for work because of a personal illness or personal injury; or in order for an employee to provide care or support to a member of their immediate family or a member of their household who requires care because of an illness or personal injury affecting that person or unexpected emergency affecting that person.
- 5.2. Employees are entitled to personal leave (incl carers/family leave), accrued at the rate prescribed in their Award/Agreement.
- 5.3. Where an employee has exhausted the accrued entitlement to paid personal leave, any further period of personal leave may be authorised as unpaid personal leave, subject to the authorisation by the employees approving Manager. In this instance, medical evidence is required in order to substantiate the reason for being away from the workplace. If medical evidence is not provided, the absence may be regarded as unauthorised leave and subject to disciplinary action.
- 5.4. Alternatively, rather than accessing unpaid leave, an employee may wish to apply to access their annual leave (or other relevant leave) via the UKG platform.
- 5.5. Unused personal leave accumulates from year to year. There is no maximum to the amount of personal leave that may accrue. Personal leave may not be cashed out and is not payable on termination of employment.
- 5.5. **Personal leave when you have family or carer's responsibilities (family/carers' leave)**
 - 5.5.1. An employee is entitled to take paid personal leave to provide care or support of a member of their immediate family or household who is temporarily ill or injured, or if there is an unexpected emergency affecting an immediate family member.
 - 5.5.2. In normal circumstances, an employee may not take carer's leave where another person has taken leave to care for the same person. If required, an employee may be asked to provide satisfactory evidence that the leave is taken for the reason stated above, by way of a medical certificate or statutory declaration.
- 5.6. **Notification of absence**
 - 5.6.1. In all instances where an employee is absent from work due to illness, injury, or carer's responsibilities, they must contact their manager or designated contact directly and inform them prior to, or as soon as practical after, the employee's scheduled start time (including where you are leaving work due to illness, injury or carer's responsibilities).
 - 5.6.2. All paid and unpaid personal leave should be applied for via the UKG platform.

5.7. Evidence of personal leave

- 5.7.1. Employees must provide evidence such as medical certificate or statutory declaration, supporting a request for personal/ carer's leave in accordance with their relevant Award/Agreement. At the discretion of the approving manager, paid personal leave may be authorised
- 5.7.2. Failure to notify a manager of any absence, or failure to provide required medical certificate in the appropriate timeframe without reasonable explanation, may result in no payment being made for the day(s) of absence.

5.8. Work-related illness or injury

- 5.8.1. If you suffer a workplace injury or illness, you or your manager must report the injury or illness as per the East Waste Incident & Investigation Procedure.

5.9. Monitoring long term or excessive absence

- 5.9.1. East Waste recognises there are several workplace and personal factors that impact the use of personal leave and will take a proactive approach to monitoring excessive absences. Examples of concerning absences may include repeated patterns of absence, inadequate notice, unsupported (reasonable evidence not provided) and exhausted personal leave entitlements.
- 5.9.2. If a concerning absence is noticed, Managers will have an informal discussion to further understand the reasons for an employee's absence and determine the best course of action to support them.
- 5.9.3. Where a Manager suspects inappropriate use of personal leave or there is an ongoing concerning absence despite initial conversations, an employee may be subject to disciplinary action.
- 5.9.4. Some indicators that Managers should be aware of in relation to management of employee personal leave include:
 - (a) an extended sick leave absence (more than 4 consecutive weeks);
 - (b) repeated patterns of sick leave (in excess of annual entitlement or 10 instances over a 12-month period);
 - (c) sick leave related to the working environment; or
 - (d) certificates stating "stress," "fatigue" or "mental illness".

6. Compassionate (or Bereavement) Leave

- 6.1. Unless otherwise stated in the relevant Award/Agreement, employees are entitled to paid compassionate leave (generally up to 2 ordinary days per occasion) in the event that an immediate family member or household member contracts or develops a life-threatening illness or injury and dies.
- 6.2. Compassionate leave is separate from personal leave balances, it does not accrue.

- 6.3. Employees are required to provide reasonable evidence when applying to take compassionate leave. supporting evidence may include (but is not limited to) a medical certificate, a death certificate, an obituary notice, an appropriate letter from the funeral home or, a statutory declaration including confirmation of the relationship to the deceased, ill or injured.

7. Long Service Leave

- 7.1. Employees are entitled to long service leave in accordance with the Long Service Leave Act 1987.

7.2. Eligibility

- 7.2.1. Employees who have completed at least 10 years of continuous service are entitled to accrue and take long service leave.
- 7.2.2. Pro-rata entitlements apply to employees who have completed at least 7 years of continuous service, except in cases of serious misconduct. Employees may apply to take long service leave after 7 years of continues service by mutual agreement of the employee and Manager.
- 7.2.3. This long service leave clause applies to full-time, part-time, and eligible casual employees.

7.3. Entitlement

- 7.3.1. Fulltime employees are entitled to 13 weeks of paid long service leave after 10 years of continuous service.
- 7.3.2. For each subsequent completed year of service beyond 10 years, employees accrue an additional 1.3 weeks of leave.
- 7.3.3. Calculations for part-time and casual employees will be based on average weekly hours worked.

7.4. Taking long service leave

- 7.4.1. Employees must provide reasonable notice when requesting long service leave and apply via the UKG platform, as early as practical prior to the leave to ensure adequate staffing during periods of leave.
- 7.4.2. Prior to authorising any long service leave, the approving manager will consult with payroll and human resources staff to ensure adequate long service leave entitlements available to fund the proposed leave.
- 7.4.3. Employees are encouraged to apply for periods of long service leave in blocks of at least 4 weeks to allow sufficient time to rest and recuperate.
- 7.4.4. The timing of leave is subject to mutual agreement between the employee and the employer, considering operational requirements.

7.5. Payment of long service leave

- 7.5.1. Long service leave is generally paid at the employee's ordinary rate of pay immediately prior to the taking of long service leave.
- 7.5.2. Payment of pro-rata entitlements will be made upon termination of employment, where applicable.

7.6. Transfer of long service leave entitlements

- 7.6.1. If an employee leaves the service of East Waste and, within 13 weeks of having done so, enters the service of another council (or subsidiary) without having commenced other remunerated employment within that intervening period, the periods of service will, for the purpose of calculating present and accruing rights to long service leave and sick leave, be taken to a single continuous period of service.
- 7.6.2. If an employee engaged by a council, or subsidiary, is entitled to the benefit of clause 7.6.1 that council is entitled to receive from the other council a contribution of an amount as calculated in accordance with the Regulation 23 of the *Local Government (Financial Management) Regulations 2011*.
- 7.6.3. Payment of the contribution must be made within one month after receipt of a written notice requiring the payment.

8. Unpaid Leave

- 8.1. Employees may apply for periods of unpaid leave, only in circumstances where they do not have sufficient suitable accrued leave entitlements to fund the proposed time off.
- 8.2. Applications for unpaid leave must be made in writing, as soon as reasonably practical, to the General Manager, outlining the employee's circumstances and reasons for applying for the period of unpaid leave.
- 8.3. The General Manager will respond to the request for unpaid leave within five (5) business days.
- 8.4. The General Manager has the right to refuse requests for periods of unpaid leave, where it is deemed that the employees' circumstances do not substantiate the need for applying for the period of unpaid leave.
- 8.5. The General Manager will not unreasonably refuse requests for unpaid leave and will take into consideration the employee's personal circumstances, performance, history of absence, and East Waste's operational requirements.

9. Parental Leave

- 9.1. East Waste recognises the importance of assisting our employees with combining family life with the opportunity for continued career development.
- 9.2. **Entitlement**
 - 9.2.1. Parental leave is an entitlement in line with the employees applicable Award/Agreement.

- 9.2.2. Parental leave (for the birth or adoption of a child) is available to permanent employees who have been continuously employed by the Company for at least twelve months either prior to the expected date of birth, time of leave or placement of the child as prescribed in the relevant Award/Agreement.
- 9.2.3. If an employee is eligible for parental leave in accordance with the relevant Award/Agreement, they will be entitled to up to 52 weeks unpaid leave in connection with the birth or adoption of a child.

9.3. Requesting parental leave

To apply for parental leave, an employee must:

- 9.3.1. provide written notice of at least 10 weeks before the start date of the intended leave (unless it is not possible to do so due to a premature birth or miscarriage for example); and
- 9.3.2. confirm the details provided with their Manager at least four (4) weeks before commencement of the leave.

9.4. Accruing and taking other types of leave

- 9.4.1. Parental leave does not break an employee's continuity of service. However, there is no accrual of leave (such as annual or long service leave) during the unpaid parental leave period.
- 9.4.2. During the period of parental leave, subject to the provisions in the relevant Award/Agreement, an employee may take any accrued annual or long service leave. Such leave does not mean the total period of 52 weeks parental leave is extended.

9.5. Return to work

- 9.5.1. Employees should confirm their return-to-work date, in writing at least 4 weeks prior to the end date of the period of leave.
- 9.5.2. After parental leave has been taken, employees are entitled to their pre-parental leave position (or the position held prior to any transfer to a safe job). If, for some reason, this position no longer exists, they are entitled to an available position for which they are qualified and suited, which is nearest in status and pay to their pre-parental leave position.
- 9.5.3. East Waste may temporarily replace the employee while they are absent on parental leave. The replacement employee will be advised of the temporary nature of the position and the period of employment.

10. Family and Domestic Violence Leave

- 10.1. East Waste is committed to supporting employees who may face situations of violence or abuse in their personal life which may affect their attendance and/or performance at work.

10.2. Employees are encouraged to approach their Manager to discuss a range of support options available as set out in this Policy should they be experiencing difficulties performing tasks at work.

10.3. Attendance and performance at work that suffers as a result of experiencing family and domestic violence will not be subject to disciplinary processes and employees will not be discriminated against or have adverse action taken against them because of their disclosure of, experience of, or perceived experience of, family violence.

10.4. **Entitlement**

10.4.1. In accordance with the SA Fair Work Act 1994, if an employee is experiencing family and domestic violence they are entitled to 15 days per service year of paid family and domestic violence leave for the purpose of:

- (e) attending legal proceedings, counselling, appointments with a medical, financial or legal practitioner
- (f) relocation or making other safety arrangements; or
- (g) other activities associated with the experience of family and domestic violence and as prescribed by the regulations.

10.4.2. This leave is in addition to existing leave entitlements and policies and may be taken as consecutive or single days or as a fraction of a day and can be taken without prior approval.

10.4.3. This leave is available immediately and does not need to be accumulated over time and renews each year on your work anniversary.

10.4.4. The 15 days leave will not be prorated for part time or casual employees.

10.5. **How to apply for Family and Domestic Violence Leave**

10.5.1. Employees should provide their Manager with notice as soon as reasonably practicable of any request to take leave under this policy, this could be after the leave has started. Where possible this notice should also include how long they expect the leave to last.

10.5.2. Employees may be asked to provide evidence that would satisfy a reasonable person that leave is for the purpose as set out in clause 9. This evidence may, for example, include a document issued by the police, a court, a health professional, a family violence support service, a lawyer, a financial institution, an accountant, or a statutory declaration.

10.5.3. East Waste will ensure any personal information provided by employees to us concerning any experience of family and domestic violence is kept confidentially and lawfully and will not be kept on an employee's personal file.

10.6. **Other support available measures**

Should an employee be experiencing family and domestic violence, East Waste will work with the employee to provide necessary workplace support. Primary areas of support which can be provided are:

- 10.6.1. Flexible working arrangements, such as changes to the employee's span of hours, pattern of work or, location of work.
- 10.6.2. Workplace adjustments, such adjustments may include changes to the employee's work contact details i.e. phone number, email address, internal 'intranet' contact details.
- 10.6.3. Employees can also access 1800RESPECT (1800 737 732) which is the national domestic, family and sexual violence counselling, information and support service. This is a confidential service available 24 hours a day, 7 days a week. Further information can be found at www.1800respect.org.au.

11. Other Leave

- 11.1. Subject to the provisions within the relevant Award/Agreement employees may be entitled to other leave such as jury service, trade union training leave and study leave. Employees should refer to their Award/Agreement for future details.

12. Definitions

- 12.1. **Act** means the SA Fair Work Act 1994.
- 12.2. **Adoption** means the adoption of a child who is not the natural child of the employee or the employee's spouse or domestic partner, who is less than five years of age, and who has not lived continuously with the employee for six months or longer.
- 12.3. **Award/Agreement** means an industrial agreement, such as an award, enterprise bargaining agreement, or workplace agreement.
- 12.4. **Compassionate leave** also includes bereavement leave.
- 12.5. **Continuous service** means continuous service under a contract of employment and includes a period of paid leave or absence taken under the Award/Agreement or SA Fair Work Act 1994.
- 12.6. **Immediate family** means:
 - (a) spouse or former spouse;
 - (b) de facto partner or former de facto partner;
 - (c) child;
 - (d) parent;
 - (e) grandparent;
 - (f) grandchild;
 - (g) sibling, or a
 - (h) child, parent, grandparent, grandchild or sibling of the employee's spouse or de facto partner (or former spouse or de facto partner).

This definition includes step-relations (for example, step-parents and step-children) as well as adoptive relations.

- 12.7. A **de facto partner** or relationship is a relationship in which a couple lives together on a genuine domestic basis.
- 12.8. **Placement** means the date the expected date the child will come into the employee's care by means of adoption, surrogacy, guardianship, kinship, or foster care.
- 12.9. **Surrogacy** means a legally recognised arrangement under the relevant state law where a woman agrees to carry and give birth to a child on behalf of another person or couple who will become the intended parent(s) of the child.
- 12.10. A **member of an employee's household** includes anyone that lives with in their house or other accommodation.
- 12.11. **Personal leave** incorporates both sick leave and carer's leave.

13. Legislation

- 13.1. South Australia Fair Work Act 1994
- 13.2. Long Service Leave Act 1987 (SA)
- 13.3. Return to Work Act 2014
- 13.4. Work Health Safety Act 2012 (SA)
- 13.5. Fair Work (Family and Domestic Violence Leave) Amendment Act 2023

14. Related Documents

- 14.1. Local Government Employees Award
- 14.2. South Australian Municipal Salaried Officers Award
- 14.3. Eastern Waste Management Authority (East Waste) Enterprise Agreement

15. Review

This policy will be reviewed once in every four years unless necessitated earlier by legislative change.

Signed _____
General Manager

Signed _____
Manager Human Resources & Financial Services

Date ____/____/____

Date ____/____/____

16. Document History

Version No:	Issue Date:	Description of Change:
1.0	April 2025	New Document, April 2025

9.6 Review of Sale or Disposal of Assets Policy

Report Author Manager Human Resources & Financial Services

Attachments A: Current East Waste Sale or Disposal of Assets Policy
B: Revised East Waste Sale or Disposal of Assets Policy.

Purpose and Context

East Waste's Sale or Disposal of Assets Policy (**Attachment A**) has undergone a scheduled review and is presented to the Audit & Risk Management Committee for consideration and comment before presentation to the East Waste Board for adoption. The revised Sale or Disposal of Assets Policy is presented at **Attachment B** to this report.

Recommendation

That the Audit & Risk Management Committee having considered the revised Sale or Disposal of Assets Policy (Attachment B, Item 9.7, Audit & Risk Management Committee Meeting 23 April 2025) recommend the revised Sale or Disposal of Assets Policy to the East Waste Board for adoption.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

The Sale or Disposal of Assets Policy (existing Policy) details the processes by which East Waste is to dispose of or sell assets. The existing Policy was first adopted in April 2018 and most recently reviewed in May 2022.

Discussion

The existing Sale or Disposal of Assets Policy has undergone significant change to reflect East Waste's commitment to ensure a consistent, fair, transparent and accountable approach is maintained with regards to the sale or disposal of any assets which are owed by East Waste.

The changes to the existing Policy have not been tracked, rather they are detailed below:

1. Introduction

The *Overview* clause has been renamed **Introduction** and includes a sentence detailing East Waste's commitment to probity and transparency when selling or disposing of assets.

2. Definitions

Interpretation has been renamed **Definitions** and definitions for the following items have been included:

- Asset

- Major and minor plant and equipment.

3. Objectives

The Policy **objectives** Set out the matters that will be considered on the sale or disposal of an asset.

4. Policy Scope and Implementation

This section of the Policy replaces and broadens out the *Sale or disposal principles* in the existing policy applying robustness, transparency and probity in the sale and/ or disposal process. Matters considered include:

- Reasons to dispose of an asset
- Sale or disposal principles.
- A register of interest for the sale or disposal of minor plant, stock and equipment.
- A process for dealing with unsolicited bids for the sale or disposal of assets.

Conclusion

The revised Policy is based on the Local Government Association (SA) model policy for the sale and disposal of assets, while considering the uniqueness of East Waste in that is owned by eight Constituent Councils and their interests in the disposal and sale of assets. The revised Policy has been reviewed by Dean Newbery & Partners to ensure compliance with best practice accounting and financial requirements.

The revised Sale or Disposal of Assets Policy is presented to the Audit & Risk Management Committee for consideration and comment prior to adoption by the East Waste Board.

SALE OR DISPOSAL OF ASSETS POLICY



Type	Policy
Category	Finance
Policy Number	004
First Issued/Adopted	April 2018
Minutes Reference	5 May 2022
Review Period	36 months
Last Reviewed	May 2022
Next Review	May 2025
Applicable Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 1999</i>
Related Documents	<ul style="list-style-type: none"> • East Waste Charter • Asset Management Register
Consultation Undertaken	<ul style="list-style-type: none"> • Audit & Risk Committee
Responsible Officer	Manager Business Services

SIGNED:



.....
General Manager

Date: 5/05/2022



.....
Chairperson

Date: 5/05/2022

Overview

This policy provides a framework relating to the sale or disposal of assets and outlines East Waste's approach in preparing an asset for sale or disposal in accordance with Clauses 10.9¹ and 64² of the East Waste Charter.

Interpretation

2.1 For the purpose of this Policy:

- 2.1.1 "Employee" means a person employed by East Waste.
- 2.1.2 "Open Tender" means a tender that is advertised to the entire market via an open invitation process e.g. SA Tenders website accompanied by an advertisement.
- 2.1.3 "Public Auction" a sale of property/asset where the property/asset is held for sale to the market and sold to the highest bidder.
- 2.1.4 "Expression of Interest" means an Expression of Interest (EOI) is advertised to the entire market e.g. SA Tenders website accompanied by an advertisement.
- 2.1.5 "Trade-in" involves including an asset owned by East Waste in the purchase of another asset, usually of similar characteristics, in order to achieve an efficient asset change-over transaction.

Sale or Disposal Principles

- 3.1 Prior to commencing any process, the following key principles will apply:
 - 3.1.1 Consistency with and relevant to East Waste's Annual Plan and Strategic Plan;
 - 3.1.2 Transparency and accountability in the sale and disposal procedures and practices, ensuring that East Waste obtains the best possible price in the circumstances surrounding the sale, and that all potential purchasers are given equal opportunity to purchase the asset(s);
 - 3.1.3 Compliance with the transaction amounts stipulated in the East Waste Charter and/or Instrument of Financial Sub-delegations (whichever is relevant to the sale or disposal);
 - 3.1.4 Compliance with statutory and other obligations;
 - 3.1.5 Where applicable, compliance with East Waste's Procurement Policy;

- 1. Clause 10.9 of the East Waste Charter states (in part) that the Authority may dispose of any real or personal property in accordance with the Business Plan or otherwise with a Unanimous Decision of the Constituent Councils.
- 2. Clause 64 of the East Waste Charter states that the Authority may dispose of (personal) assets as its Business Plan provides, or at the end of the asset's economic life.

3.1.6 Commercial confidentiality within legislative constraints; and

3.1.7 Other relevant factors deemed appropriate by East Waste.

3.2 East Waste may utilise one or more of the following methods to sell or dispose of an asset(s):

3.2.1 Trade-in;

3.2.2 Public auction;

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- 3.2.3 Expression of Interest; or
- 3.2.4 Open tender.
- 3.3 East Waste will evaluate the most appropriate method for the sale or disposal of asset(s) that includes:
 - 3.3.1 As far as possible, surplus assets or materials should be disposed of in a way that maximises returns whilst maximising open, transparent and effective competition;
 - 3.3.2 East Waste approaching the market using a formal tender process for the sale of an asset where the value exceeds \$50,000;
 - 3.3.3 East Waste, at its discretion, may determine not to call for tenders (clause 3.3.2) in respect of a particular sale or disposal where it is deemed it is in the best commercial and/or strategic interests of East Waste and its Constituent Councils;
 - 3.3.4 East Waste will however record, and report to the Board, the reasons for utilising an alternative disposal method; and
 - 3.3.5 East Waste's General Manager must ensure that no conflict of interest occurs in or as a result of the asset disposal process.

Unsolicited Proposals To East Waste For the Sale Or Disposal of Assets

- 4.1 In the event that an unsolicited proposal for the purchase of an asset is received; it should be directed to East Waste's General Manager in the first instance. The proposal should then follow the sale and disposal principles in section 3.3 of this Policy.

Sale or Disposal to Employee/Board Members

- 5.1 Sale or disposal of assets to individual employees and Board Members is not to occur outside of a public process, except where the item(s) is valued at less than \$100 and authorised by the General Manager.
- 5.2 In accordance with the Independent Commission Against Corruption (ICAC) it is recommended that invitations to bid for the purchase of any surplus East Waste assets should not be limited to employee or to Board Members. Members of the public must also be allowed to compete for the purchase.

Document History:	Version No:	Issue Date:	Description of Change:
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Sale or Disposal of Assets Policy

	1.0	APRIL 2018	New Document (superseded Sale and Disposal of Land and other Major Assets
	1.2	JUNE 2020	As per Agenda Item 7.4 East Waste Board Meeting held 25 June 2020. Endorsed by Board,
	1.3	May 2022	Minor amendments.

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Sale or Disposal of Assets Policy

1. Introduction

- 1.1. The Eastern Waste Management Authority herein referred to as East Waste is committed to ensure a consistent, fair, transparent and accountable approach is maintained with regards to the sale or disposal of any assets which are owed by East Waste.
- 1.2. This Policy provides a framework relating to the sale and disposal of East Waste owned assets and outlines East Waste's approach in preparing an asset for sale or disposal in accordance with the Eastern Waste Management Authority Charter (Charter).

2. Definitions

- 2.1. **Asset** means all assets contained within East Waste's Asset Register (other than assets which are held under a lease). It includes all plant, vehicles, furniture and equipment, fit outs of facilities including offices and workshops.
- 2.2. **Employee** means a person employed by East Waste.
- 2.3. **Major plant and equipment** refers to all trucks, vehicles, operating machinery and other major plant items owned by East Waste.
- 2.4. **Minor plant and equipment** includes all loose tools, store items, inventory stock, furniture, art, gifts, minor information technology equipment. These assets have a value which is less than East Waste's capitalisation threshold and are not recorded on the Asset Register.
- 2.5. **Open Tender** means a tender that is advertised to the entire market via an open invitation process e.g. SA Tenders website accompanied by an advertisement.

3. Objectives

- 3.1. East Waste will consider disposal of assets when formulating its annual budget to determine whether there are any assets held which are either deemed no longer meeting operational needs and/or are surplus to East Waste's strategic requirements. Any assets which are held which are deemed no longer operationally or strategically required to be held by East Waste will be considered for disposal. The disposal process will consider:
 - Encouraging open and effective competition
 - Obtaining value for money by assessing:
 - Services provided to the Constituent Councils.
 - Impact on East Waste's strategic management plans and long-term financial plan.
 - Relevant direct and indirect risks to East Waste.

- Cost benefit of various disposal methods.
- Internal administration costs.
- Demonstrating impartiality, fairness, independence, openness and integrity in all discussion and negotiations.

4. Policy Scope and Implementation

4.1. Reasons to Dispose of an Asset

A decision to dispose of an asset may be based on one or more of the following:

- 4.1.1. Obsolescence.
- 4.1.2. Non-compliance with work health and safety standards.
- 4.1.3. Considered surplus to East Waste's requirements.
- 4.1.4. Asset has not been used in the previous 12 months.
- 4.1.5. Uneconomical to repair.
- 4.1.6. Has reached the end of its useful life.

4.2. Sale or Disposal Principles

- 4.2.1. The disposal of assets (both major plant and equipment and minor plant, stock, and equipment) will be the responsibility of the General Manager in accordance with the provisions of the East Waste Charter and Act.
- 4.2.2. The following factors will be considered when determining a method of disposal:
 - 4.2.2.1. Public demand and interest in the asset.
 - 4.2.2.2. The method likely to return the highest revenue.
 - 4.2.2.3. The value of the asset and whether it is major plant and equipment or minor plant, stock, and equipment.
 - 4.2.2.4. The costs of the disposal method compared to the expected returns, and compliance with statutory and other obligations.
 - 4.2.2.5. The optimum method to reuse or recycle the asset or its components.
- 4.2.3. Assets will be disposed of using the following methods:
 - 4.2.3.1. Trade-in – trading in equipment to suppliers.
 - 4.2.3.2. Expressions of interest – seeking tenders from a selected group of persons, community groups or companies.
 - 4.2.3.3. Public tender – openly seeking bids through tenders.
 - 4.2.3.4. Public auctions – advertisement for auction through the local paper and, where appropriate, a paper circulating in the state, or procuring the services of an auctioneer (following compliance with East Waste's Procurement Policy).
 - 4.2.3.5. Reuse or recycling of the asset or its components – or if this cannot be done, then safe disposal methods that minimise environmental harm.

- 4.2.3.6. Destruction – minor plant, stock and equipment which are not cost effective to dispose may be destroyed and binned.
- 4.2.3.7. East Waste will not dispose of assets to any Board Member, employee of East Waste, employee of a Constituent Council or a East Waste contractor unless the purchase is via a public tender process or a public auction, and the tender submitted, or bid made is the highest.
- 4.2.3.8. The sale and/or disposal of assets to Board Members/employees is not to occur unless it is done through an approved public process.
- 4.2.3.9. Purchasers of assets must be required to agree in writing before purchasing any assets that no warranties will be given by East Waste in respect of the suitability and condition of the asset for the purchaser and that East Waste will not be responsible for the asset in any respect following the sale.

4.2.4. Minor Plant, Stock and Equipment: Register of Interest

- 4.2.4.1. The sale and/or disposal of any assets valued below East Waste's capitalisation threshold will be disposed of at the direction of the General Manager after taking into consideration what method will likely result in the most favourable financial return to East Waste.
- 4.2.4.2. The Independent Commission Against Corruption (ICAC) recommends that invitations to bid for the purchase of any surplus public assets should not be limited to employees or to members of the Board or the Constituent Councils. Members of the public must also be allowed to compete for the purchase.
- 4.2.4.3. If the above process does not yield a preferable result as indicated, a random draw will be conducted, and no further correspondence entered.

4.3. Unsolicited Proposals to East Waste for the sale or disposal of land or other assets.

In the event that an unsolicited proposal for the purchase of an asset is received; it should be directed to East Waste's General Manager in the first instance. The proposal should then follow the sale and disposal principles in Clause 4.2 of this Policy.

5. Legislation

Local Government Act 1999

6. Related Documents

Eastern Waste Management Authority Charter

East Waste Annual Business Plan and Budget

East Waste Long Term Financial Plan

Procurement Policy

7. Review

This Disposal and Sale of Assets Policy shall be reviewed within three (3) years of issued date or more frequently if legislation or organisational needs change.

Signed _____

General Manager

Date ____/____/____

Signed _____

Chair East Waste Board

Date ____/____/____

8. Document History

Version No:	Issue Date:	Description of Change:
1.0	April 2018	New Document (superseded Sale and Disposal of Land and other Major Assets
2.0	June 2022	As per Agenda Item 7.4 East Waste Board Meeting held 25 June 2020. Endorsed by Board,
3.0	May2022	Minor amendments.
4.0	April 2025	Full review; aligned with LGA Model Policy.

9.7 Review of the Prudential Review Policy

Report Author Manager Human Resources & Financial Services

Attachments A: Existing East Waste Prudential Review Policy
B: Proposed East Waste Prudential Management Policy

Purpose and Context

East Waste's Prudential Review Policy (existing Policy) (**Attachment A**) has undergone a scheduled review and is presented to the Audit & Risk Management Committee for consideration and comment before presentation to the East Waste Board for adoption. The existing Policy has been renamed as the Prudential Management Policy and is presented at (**Attachment B**) to this report.

Recommendation

That the Audit & Risk Management Committee having considered the Prudential Management Policy (Attachment B, Item 9.8, Audit & Risk Management Committee Meeting 23 April 2025) recommend the Prudential Management Policy to the East Waste Board for adoption.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

The Prudential Review Policy was adopted by the East Waste Board in May 2022 and has undergone its first scheduled review. The Policy sets out prudential management requirements in accordance with Section 48(1) of the *Local Government Act 1999*.

Discussion

The existing Prudential Review Policy has undergone significant changes, with the most notable being the name of the Policy being changed to Prudential Management Policy (revised Policy) as this better describes the purpose of the policy in managing prudential matters.

The revised Policy has been aligned to the LGA model Prudential Management Policy and has a strong focus on risk management and due diligence.

Due to the extensive proposed changes to the existing Policy, the changes have not been tracked, rather they are summarised below:

1. Purpose

The Purpose has been expanded out to detail that East Waste is committed to ensuring each of East Waste's projects:

- are undertaken with an appropriate level of due diligence.
- are managed appropriately during the project and evaluated after the project is completed in terms of use of East Waste resources used to achieve identified public benefit or needs and to minimise financial risks.

2. Objectives

This is a new clause which outlines the objectives of the revised Policy being:

- a) To ensure that a project is only undertaken after an appropriate level of due diligence is applied to the project; and,
- b) To ensure that each project is:
 - managed during the project; and,
 - evaluated after the project
 to achieve identified public benefits or needs and to minimise financial risks.

3. Legislative Requirements

This clause sets out legislative obligations under Section 48(aa1) of the Local Government Act 1999. This information is set out in the *Purpose* section of the existing Policy.

4. Definitions

Is a new policy clause that defines terms used within the Policy.

5. Risk Management Framework

This is a proposed new clause and sets out a risk management approach to potential new projects. Any proposed project must first be assessed as to the level of risk and due diligence considerations where East Waste considers it appropriate.

6. Due Diligence Reports.

Clause 6 sets out the requirement to undertake a due diligence report on any new project to ascertain:

- an analysis of the need or demand.
- identification and quantification of the expected financial and other benefits.
- identification and quantification of the likely whole of life financial and other costs; including staffing and project management costs.
- an assessment of the associated financial risks (including the financial risks of not proceeding or delaying the proposed project) and considering ways they can be managed and/or mitigated.
- an evaluation that weighs up the factors above.

7. Proceeding to Full Prudential Report

This clause sets out when a full prudential report should be prepared.

8. Due Diligence After a Project

After a project has been completed, it will be evaluated, according to the principles of due diligence to determine the extent to which the project:

- has achieved the public benefits or needs identified in the Due Diligence Report.
- has avoided or mitigated the financial risks identified in the Due Diligence Report.

Conclusion

The revised Policy has been reviewed by Dean Newbery & Partners to ensure compliance with best practice accounting and financial requirements.

The Prudential Management Policy is presented to the Audit & Risk Management Committee for consideration and comment prior to adoption by the East Waste Board.

PRUDENTIAL REVIEW POLICY**EastWaste**

Type	Policy
Category	Governance
Policy Number	016
First Issued/Adopted	May 2022
Minutes Reference	
Review Period	36 months
Last Reviewed	N/A
Next Review	May 2025
Applicable Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 1999</i>
Related Documents	<ul style="list-style-type: none"> • Procurement Policy
Consultation Undertaken	<ul style="list-style-type: none"> • Audit & Risk Committee
Responsible Officer	Manager Business Services

SIGNED:



General Manager

Date: 5/05/2022



Chairperson

Date: 5/05/2022

Purpose

- 1.1 Section 48 (aa1) of *the Local Government Act 1999* prescribes that:

A Council must develop and maintain prudential policies practices and procedures for the assessment of projects to ensure that the Council:

- a) Acts with due care, diligence and foresight; and*
- b) Identifies and manages risks associated with a project; and*
- c) Makes informed decisions; and*
- d) Is accountable for the use of Council and other public resources.*

**The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.*

- 1.2 This policy seeks to enhance East Waste's existing policies and procedures governing East Waste's strategic management processes.

Scope

- 2.1 This policy covers the prudential review requirements when consideration is being given to a project that falls within the requirements of Section 48 (1) of *the Local Government Act 1999*. These requirements are:

- *where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or*
- *Where the expected capital cost of the project over the ensuring five years is likely to exceed \$4,000,000 (indexed) [\$5,104,478 as of January 2022]; or*
- *where the council considers that it is necessary or appropriate.*

Policy Statement

- 3.1 Projects falling within the scope of this policy require a Prudential Report and the following criteria will be applied.

3.2 **Prudential Report Author**

The General Manager will make a determination on the most appropriate person to undertake the prudential review in accordance with this policy. This may be a suitably qualified independent author or suitable experienced author from East Waste or a member Council. Selection will be made in alignment with East Waste's Procurement Policy.

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3.3 **Consideration of the Prudential Report**

The engaged author will prepare a Prudential Report in accordance with this policy and the legislation for consideration of the Board prior to the commencement of the project.

The preparation of a prudential report should be commenced as soon as practical following East Waste's decision to investigate a project that meets the criteria of section 2.1 above. While a prudential report is not required to be received until East Waste makes an irreversible decision, the commencement of the prudential process should commence as soon as possible in order to identify potential project risks in the decision-making process.

3.4 **Public Access to the Prudential Report**

The Prudential Review Report will form part of the East Waste's Agenda papers and will be a public document unless it been determined otherwise by the Board in accordance with Section 90 of *the Local Government Act 1999*.

A copy of the report will be made available for public viewing during the implementation and delivery of the project.

Confidentiality

- 4.1 East Waste will maintain the confidentiality of information, so far as possible, provided by suppliers in any procurement process both during the process and for the period after until documents are destroyed in accordance with statutory requirements.

Records

- 5.1 East Waste will ensure an appropriate written audit trail of the procurement process, including supporting documentation rationale for procurement activity, decisions throughout the entire life of the procurement.

Complaints

- 6.1 Any complaint about the way in which a procurement process was undertaken will be dealt with in accordance with East Waste's Complaint Handling Policy.

Prudential Management Policy

1. Purpose

The Eastern Waste Management Authority, herein referred to as East Waste, is committed to ensuring each of East Waste's projects:

- are undertaken with an appropriate level of due diligence.
- are managed appropriately during the project and evaluated after the project is completed in terms of use of East Waste resources used to achieve identified public benefit or needs and to minimise financial risks.
- meet the prudential report requirements when consideration is being to a project that falls within the requirements of Section 48(1)(b) of the *Local Government Act 1999* (the Act).

2. Objectives

2.1 This Policy has two (2) objectives being:

2.1.1 To ensure that a project is only undertaken after an appropriate level of due diligence is applied to the project; and,

2.1.2 To ensure that each project is:

- managed during the project; and,
- evaluated after the project

to achieve identified public benefits or needs and to minimise financial risks.

2.2 The objectives of this Policy shall be considered in a report on any potential project, regardless of the financial impact or size of the project.

3. Legislative Requirements

Section 48(aa1) of the Act requires that East Waste, being a Council subsidiary, has prudential management policies, practices and procedures for the assessment of projects to ensure the Authority:

- acts with due care and diligence.
- identifies and manages risks associated with a project.
- makes informed decisions.
- is accountable for the expenditure of public monies.

4. Definitions

- 4.1 Due diligence** means the conduct of a systematic review of a transaction, prior to entering the transaction.
- 4.2 Project** means a new and discrete undertaking or activity that would involve the expenditure of money, deployment of resources, incurring or assuming a liability, or accepting an asset.
- 4.3 Prudential Report** means a formal report with specific due diligence and formal requirements in accordance with Section 48(2) of the Act.

5. Risk Management Framework

- 5.1 Any proposed project must first be assessed as to the level of risk and due diligence considerations where East Waste considers it appropriate.
- 5.2 East Waste's record of delegations lists the powers that the East Waste Board has delegated to the General Manager, including the power (subject to conditions) to approve some projects. Other projects will require approval of the East Waste Board.
- 5.3 Where approval is being sought for a specific proposed project, information must be prepared to indicate approximately, at the first instance:
 - 5.3.1 The specific benefits or strategic needs to be addressed by the proposed project.
 - 5.3.2 The extent to which the proposed project may be substantially similar to other past projects.
 - 5.3.3 The expected whole of life costs of the proposed project.
 - 5.3.4 What, if anything, is known about the levels of financial risk that may be involved.
- 5.4 The decision maker accordingly should make an evaluation as to whether:
 - 5.4.1 funding of the whole of life costs of the proposed project will (or might) require additional allocations beyond those already accommodated in East Waste's strategic plans.
 - 5.4.2 whether the proposed project will (or might generate any additional financial risk for East Waste or its Member Councils.

before any subsequent decision is made as to whether to proceed with the proposed project.

6. Due Diligence Report

- 6.1 Before a decision to proceed is made, a due diligence report, must be prepared for, the Board, in relation to the project detailing (but not limited to):
 - 6.1.1 an analysis of the need or demand.
 - 6.1.2 identification and quantification of the expected financial and other benefits.
 - 6.1.3 identification and quantification of the likely whole of life financial and other costs; including staffing and project management costs.

6.1.4 an assessment of the associated financial risks (including the financial risks of not proceeding or delaying the proposed project) and considering ways they can be managed and/or mitigated.

6.1.5 an evaluation that weighs up the factors above.

7. Proceeding to Full Prudential Report

- 7.1 For large commercial or non-commercial projects Section 48(1) of the Act requires that a Prudential Report be prepared for the East Waste Board.
- 7.2 A Prudential Report will be prepared which adheres to the scope of matters to be considered under Section 48 of the Act.
- 7.3 The Prudential Report will be presented to the Audit & Risk Management Committee for consideration prior to presentation to the East Waste Board.
- 7.4 A Prudential Report may be commissioned for any other project for which the General Manager and/ or East Waste Board considers that it is necessary or appropriate.
- 7.5 The preparation of a Prudential Report by East Waste does not relieve Member Council's responsibilities for themselves obtaining a Prudential Report for any project that East Waste may undertake, if required. Prudential compliance activities of Member Councils are to be the responsibility of each respective Member Council to assess and manage individually.

8. Due Diligence After a Project

- 8.1 After a project has been completed, it will be evaluated, according to the principles of due diligence to determine the extent to which the project:
 - 8.1.1 has achieved the public benefits or needs identified in the Due Diligence Report.
 - 8.1.2 has avoided or mitigated the financial risks identified in the Due Diligence Report.

9. Legislation

Local Government Act 1999

10. Related Documents

Eastern Waste Management Authority Charter

Internal Financial Controls Policy

Procurement Policy

Risk Management Policy and Framework

Register of Delegations

11. Review

This Prudential Management Policy shall be reviewed by the East Waste Board at minimum within three (3) years of issued date or more frequently if legislation or organisational needs change.

Signed _____

General Manager

Signed _____

Chair of East Waste Board

Date ____/____/____

Date ____/____/____

12. Document History

Version No:	Issue Date:	Description of Change:
1.0		
2.0		

9.8 Information Report for April 2025

Report Author	Executive Assistant
Attachments	A: Acting General Manager Credit Card February 2025 B: Outstanding Resolutions Register C: Annual Reporting Calendar

Purpose and Context

The Information Report for April 2025 presents updates on standing items and other items that are relevant to the Audit & Risk Management Committee's Terms of Reference. The matters have been listed in one report as an efficiency as Administration recommend that the Audit & Risk Management Committee receives and notes the information contained within the report. This does not limit the ability of the Committee to remove a specific item from this report and resolve that a particular action be taken.

Recommendation

That the Audit & Risk Management Committee receives and notes the Information Report for April 2025.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

The Information Report is a Standing Item that presents information that the Administration recommend that the Audit & Risk Management Committee receive and note.

Discussion

The following items are presented for the information of the Audit & Risk Management Committee:

1. **Resignation of Ms Sandra Di Blasio from the Audit and Risk Management Committee**

Ms Sandra Di Blasio has tendered her resignation from the Audit and Risk Management Committee effective 20 February 2025. In accordance with the Audit & Risk Management Committee's Terms of Reference:

Recruitment of Independent Members will take place by the General Manager calling for expressions of interest. A selection panel will be formed by the General Manager to assess the applications and recommend to the Board the preferred candidate for appointment to the Committee.

The term of the appointment for Independent Members, subject to the Act and these Terms of Reference, shall be a period of two (2) years.

East Waste Administration are currently in the process of recruiting a new independent member and the Committee can expect to see an advertisement for the role in the coming weeks. The role will be advertised via Seek and Australian Institute of Company Directors.

2. Credit Card Expenditure

The presentation of the Acting General Managers credit card expenditure will be a standing item in accordance with both the recommendations from the review of Internal Controls and the East Waste Credit Policy.

The Committee will note the details of the expenditure for February 2025 included at **Attachment A**. Extract from Review of Internal Controls:

The Authority considers the appropriateness of current review practices for the General Manager's credit card transactions.

Credit Card Policy extraction:

2.7.4 The East Waste Audit & Risk Management Committee will review the General Manager's credit card reconciliation, at least quarterly, via the Information Report within the Meeting Agenda.

3. Outstanding Resolutions Register

The presentation of the Outstanding Resolutions Register to the Audit & Risk Management Committee is considered a good governance practice. The Outstanding Resolutions Register (**refer Attachment B**) depicts the status of past resolutions of the Committee for the period to 13 April 2025. At this time, as indicated on the attached Register, activities associated with two resolutions remain ongoing, relating to the finalisation of the Diversity & Inclusion Policy, and the closing out of actions recommended through the review of East Waste's internal controls, undertaken in conjunction with the FY2024 interim financial audit.

The Diversity & Inclusion Policy is still currently under review by an East Waste Board representative, and upon finalisation will be presented to future meeting cycles.

In addition, whilst initially reported to be closed out by December 2024, Administration is still working to finalise one outstanding recommendation within the Management letter issued by Galpins through the review of Internal controls, being:

'The Authority ensures that there are formal agreements with suppliers with significant cumulative spend, and that works are not commenced prior to signing of contracts.'

Administration is still in the process of reviewing supplier cumulative spend, to ensure appropriate contractual agreements are in place with vendors and in line with East Waste's Procurement requirements. In conjunction with this, Administration is reviewing the Procurement Policy to better represent East Waste's procurement requirements, and a series of new internal processes are expected to result. Administration has notified external auditors Galpins ahead of the interim audit, and expect to present a revised Procurement Policy at the June meeting cycles. UHY Haines Norton, East Waste's appointed internal auditing firm will also likely monitor the close out of external audit recommendations via the internal audit function. All other recommendations have been implemented and are currently in practice.

4. Annual Reporting Calendar

This report provides the Audit & Risk Management Committee with an update of the progress of East Waste's key reporting requirements via the Annual Reporting Calendar.

At the May 2023 Board Meeting, the East Waste Board resolved:

9.3 Annual Reporting Calendar

Moved Cr Allanson that the Board endorses the East Waste Annual Reporting Calendar, as presented in Attachment A, as a base document for tracking the key legislative and governance reporting requirements.

Seconded Mayor Holmes-Ross

Carried

The attached Annual Reporting Calendar (**refer Attachment C**) provides a snapshot update of the progress of East Waste's key legislative and governance reporting requirements for the calendar year.

This is a standing item on the Agenda.

ITEM 9.8 - ATTACHMENT A

CREDIT CARD RECONCILIATION FEBRUARY 2025 DAVID MAYWALD						
Value Date	Transaction Description	Description	Coding	Amount	Receipt	GST
02/11/2025	MICROSOFT#G077455659 MSBILL.INFO AU	Microsoft Azzure License Fee	6-1203	\$ 44.21	Yes	\$4.02
02/14/2025	OPTUS BILLING AUTOPAY MACQUARIE PAR AU	Mobile Phone account (as per employment contract)	6-1203	\$ 145.90	Yes	\$13.26
02/20/2025	OFFICEWORKS 0505 CROYDON AU	Docking Stations for Staff Laptops	6-1203	\$ 432.00	Yes	\$39.28
02/21/2025	ROPER STREET CARPARK ADELAIDE AU	Carparking for Audit & Risk Mgt Meeting	6-1924	\$ 23.56	Yes	N/A
02/24/2025	OFFICEWORKS 0505 CROYDON AU	Display Port Cable for Staff Computer	6-1924	\$ 25.00	Yes	\$2.27
TOTAL				\$ 670.67		

Date	25-Mar-25
Signature	<i>DN Maywald</i>

ITEM 9.8 - ATTACHMENT C

East Waste Annual Reporting Calendar Board and Audit & Risk Management Committee 2025

	Feb	Apr/May	Jun	Sep	Nov	
Audit & Risk Management Committee Meeting	Feb 19	Apr 23	Jun 18	Sep 17	Nov 12	✓ Item previously presented/endorsed
Board Meeting	Feb 27	May 1	Jun 26	Sep 25	Nov 27	✓ Item included in current meeting Agenda
						• Item deferred to a future meeting
						Item not presented this calendar year

Meeting	Financial						Notes
B	A&R	Budget Review 2	✓				
B	A&R	Draft Annual Plan & Budget Assumptions	✓				
	A&R	Review of Proposed External Audit Work Plan		✓			Prepared by Galpins
	A&R	Review of Porposed Internal Audit Work Plan		•			Draft assurance map presented to April meetings. Draft audit plan to be presented in June.
B	A&R	Budget Review 3		✓			
B	A&R	Interim External Audit Report					
B	A&R	Annual Plan and Budget Endorsement					
B		Review of Confidential Orders					
B	A&R	Draft Audited Financial Statements & Meeting with Auditor					
B	A&R	Regulation 10 Financial Report					
B	A&R	Review of Asset Management Plan					
B	A&R	Draft Annual Report for Endorsement					
B	A&R	Budget Review 1					
B	A&R	Long Term Financial Plan Review					
B	A&R	Treasury Management Performance Report					
B	A&R	Customer Service Metrix Report					New annual addition to the Agenda, as requested at November 2024 Board Meeting.
	Governance						
B	A&R	Board & Committee Appointments	✓				
B		Annual Education Summary Report					
B		Lodgment of RPD, Primary, and Ordinary Returns					
B		General Manager Performance Review					Subject to recruitment and arrangements for newly appointed General Manager.
B	A&R	Policy Review Schedule					
B	A&R	Board and Audit & Risk Management Committee Performance Evaluations					
B	A&R	Proposed Meeting Schedule for Proceeding Year					
	Risk						
B	A&R	Strategic Risk Register Review	•	✓			Deferred to April meeting cycles.

ITEM 9.8 - ATTACHMENT B

Audit and Risk Management Committee Outstanding Resolutions Register as at 13 April 2025				
19/06/2024	9.2	Interim Audit Report	Moved Mr F Bell that the Audit & Risk Management Committee receives and endorses the Interim Audit Management Letter and acknowledges all matters of note will be addressed prior to 30 September 2024. Seconded Ms L Green	ONGOING Matters relating to one action remain ongoing, as detailed in information report. Remaining actions are complete and currently in practice.
11/13/2024	9.7	Proposed Diversity & Inclusion Policy	That the Audit & Risk Management Committee recommend the proposed Diversity and Inclusion Policy (Attachment A, Item 9.7, Audit & Risk Management Committee Meeting 13 November 2024 be referred to the East Waste Board Working Party for review.	ONGOING The proposed Diversity and Inclusion Policy is currently under review by the East Waste Board Working Party.