

CITY OF WEST TORRENS



Confidential Report Item 11.1

of the

AUDIT GENERAL COMMITTEE

of the

CITY OF WEST TORRENS

will be held in the Mayor's Reception Room, Civic Centre
165 Sir Donald Bradman Drive, Hilton

on

**TUESDAY, 10 AUGUST 2021
at 6.00pm**

Pursuant to Section 83 (5) of the *Local Government Act 1999* the Confidential Item for the Council meeting is delivered to the Council Members upon the basis of my recommendation that the matters to which the Agenda relates be received, considered and discussed by the Council in confidence under Part 3 of the Act.

**Angelo Catinari
Chief Executive Officer (Acting)**

City of West Torrens Disclaimer

Please note that the contents of this Committee Agenda have yet to be considered by Council and Committee recommendations may be altered or changed by the Council in the process of making the formal Council decision.

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11 CONFIDENTIAL

11.1 Kerbside Waste Management Services

Reason for Confidentiality

The Committee is satisfied that, pursuant to Section 90(3)(g) and (j)(i) of the *Local Government Act 1999*, the information to be received, discussed or considered in relation to this agenda item is:

- (g) matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty.
- (j)(i) information the disclosure of which - would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the Council, or a person engaged by the Council).

RECOMMENDATION

It is recommended to the Committee that:

1. Pursuant to Section 90(2) of the *Local Government Act 1999*, Council orders, that the public, with the exception of the Chief Executive Officer, members of the Executive and Management Teams in attendance at the meeting, and meeting secretariat staff, be excluded from attendance at so much of the meeting as is necessary to receive, discuss and consider in confidence, information contained within the confidential report Item 11.1 - Kerbside Waste Management Services, attachments and any associated documentation submitted by the Chief Executive Officer, specifically on the basis of the provisions of Section 90(3)(g) and (j)(i) because the Auditor General has directed that all communication regarding the examination (including email correspondence) be treated as confidential and not made publicly available or published (such as in the Council minutes) until the report is finalised.
2. At the completion of the confidential session the meeting be re-opened to the public.

Brief

The Auditor-General has commenced an examination of the management of kerbside waste management services at the City of West Torrens.

RECOMMENDATION

It is recommended to the Committee that the Kerbside Waste Management Services report be received.

FURTHER

1. In accordance with Sections 91(7) and 91(9) of the *Local Government Act 1999*, the Audit General Committee orders that the Item Kerbside Waste Management Services, the Minutes arising, attachments and any associated documentation, having been considered by the Audit General Committee in confidence under Section 90(3)(g) and (j)(i), be kept confidential and not available for public inspection until the formal report has been received and tabled in Parliament, on the basis that the Auditor General has directed that all communication regarding the examination (including email correspondence) be treated as confidential and not made publicly available or published (such as in the Council minutes) until the report is finalised.
2. Council delegates the power of review, but not the extension, of the confidential order to the Chief Executive Officer on a monthly basis in accordance with the provisions of Section 91(9)(c) of the *Local Government Act 1999*.

Introduction

Following provisional notice that the South Australian Auditor-General (Auditor-General) intended to conduct an examination of this Council's, and another council's, kerbside waste management services, a meeting was held on 16 June 2021 between the Auditor-General's Audit Representatives and the Administration. The purpose of the meeting was to discuss the rationale for selection, the scope, the process and the communication protocols associated with the examination.

The following day, the Auditor-General provided formal notification to both the Mayor and Chief Executive Officer that he is conducting an examination of the City of West Torrens kerbside waste management services (**Attachment 1**). An acknowledgement was provided by the Administration on 18 June 2021 (**Attachment 2**).

Discussion

Rationale to Conduct Examination

This examination is being conducted under s32(1)(a) of the *Public Finance and Audit Act 1987* (PFAA). This section of the PFAA allows the Auditor-General to examine the accounts of a publicly funded body and the efficiency, economy and effectiveness of its activities.

A publicly funded body is defined by s4 of the PFAA as a council constituted under the *Local Government Act 1999* or a subsidiary of such a council.

The Auditor-General's Audit Team verbally confirmed that the City of West Torrens (CWT) was not chosen as a result of poor performance or complaints to external agencies. They provided their methods for selecting a sample was based on the following criteria:

- The councils selected must be metropolitan local government areas
- The sample must have a mix between private kerbside waste collections and regional subsidiary kerbside waste arrangements
- The sample must have a Food Organics and Garden Organics (FOGO) collection.

The Auditor-General stated that the examination provides independent assurance to the Parliament and the public on kerbside waste arrangements and seeks to contribute to the public sector accountability and performance for the benefit of all South Australians.

The cost of conducting examinations and preparing the Reports to Parliament is funded by the Auditor-General's Department. However, if there is a justifiable reason for the Auditor-General to seek some cost recovery from the CWT, the Auditor-General will communicate this position in writing and the reasons for the change.

Confidentiality

The Auditor-General has directed that all communication regarding the examination (including email correspondence) be treated as confidential and not made publicly available or published (such as in the Council's meeting agenda and/or minutes) until such time as the report is finalised and he makes the report publicly available.

As a result of these confidentiality requirements, the CWT has not been informed which other council is concurrently being examined.

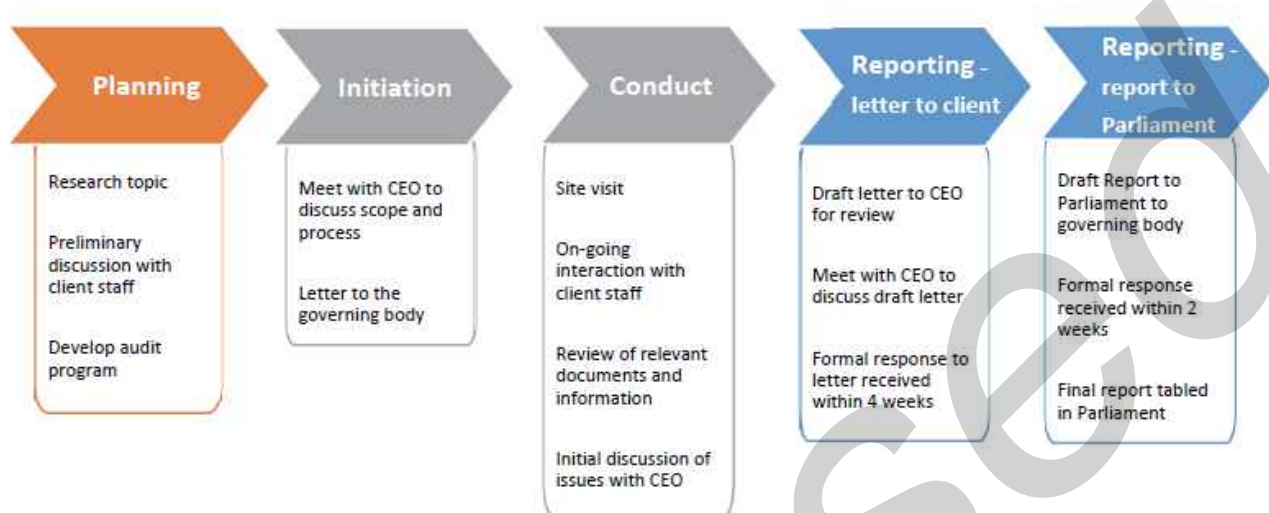
Examination Timeframes

The Auditor-General's Audit Team was not able to provide a timeframe for the examination and acknowledged that the tabling of this report may coincide with the State Government's caretaker period and the 2022 State Government elections.

The timing of the examination is also dependent on the examination being undertaken in another council. The Auditor-General's Audit Team confirmed that they were seeking to table both examination reports to Parliament concurrently.

Examination Process

The Auditor-General has confirmed that the examination will be subject to the process below:



The examination is currently at the 'Conduct' stage and, pursuant to the requirements of the examination, the Administration has compiled a range of evidence and the Auditor-General's Audit Team conducted a site visit on 29 June 2021. It is likely that further site visits and evidence will be required.

Climate Impact Considerations

(Assessment of likely positive or negative implications of this decision will assist Council and the West Torrens Community to build resilience and adapt to the challenges created by the changing climate.)

There is no direct environmental impact in relation to this report.

Conclusion

The Auditor-General has formally advised that he has commenced an examination of the management of Council's kerbside waste management services. As the examination continues, and subject to any information being provided, further confidential reports will be presented to Council for information.

Attachments

1. **Letter to City of West Torrens regarding examination of the management of kerbside waste management services**
2. **Acknowledgement to the Auditor-General regarding examination of kerbside waste management services**

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Government of South Australia
Auditor-General's Department

Our ref: I21/808

17 June 2021

Mayor Michael Coxon
City of West Torrens
email: mayorcoxon@wtcc.sa.gov.au

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

Dear Mayor Coxon

Examination of the management of kerbside waste management services

The purpose of this letter is to inform the City of West Torrens (the Council) that I have determined to conduct an examination of the Council's management of kerbside waste services pursuant to section 32(1)(a) of the *Public Finance and Audit Act 1987* (PFAA). We will also be examining another council regarding this matter in the local government sector. We will not be examining all 68 councils.

My audit representatives Andrew Corrigan, Iolanda Telford and Kris Slaytor met with the Council's Acting Chief Executive Officer, Angelo Catinari, the General Manager Business and Community, Pauline Koritsa, the Acting General Manager Corporate and Regulatory, Chris James and the Management Lead – Resilience and Integrity, Liz Johnson on 16 June 2021 to discuss our examination scope and process and to establish communication protocols.

This letter details the examination mandate, scope, responsibilities and the reporting process.

Examination mandate

This examination will be conducted under section 32(1)(a) of the PFAA. This section allows the Auditor-General to examine the accounts of a publicly funded body and the efficiency, economy, and effectiveness of its activities.

A publicly funded body is defined by section 4 of the PFAA as a council constituted under the *Local Government Act 1999* or a subsidiary of such a council.

An extract of our PFAA mandate is attached for your reference in Attachment 1 to this letter.

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South Australian councils are required to provide services that benefit its ratepayers (both residential households and small businesses and organisations), including kerbside waste collection and disposal services.

Metropolitan councils are required to provide a weekly general kerbside waste collection service (red/blue bin). It is councils' discretion to determine the services for recyclables (yellow bin) and organic matter (green bin), including the collection frequency. While these services are discretionary, over time there is a public expectation that recycling and organic waste management services are provided.

The risks of not effectively managing kerbside waste management services can potentially lead to:

- a reduced level of service having a negative impact on community satisfaction
- a significant increase in costs
- less waste being diverted from landfill
- higher contamination rates rise in recycling and organic kerbside bins.

The objective of the examination is to provide a conclusion on whether the Council has effectively managed their kerbside waste management services and are working towards achieving their waste related targets (and the targets set by the State Government).

The examination period will focus on the kerbside (three-bin system) waste management services provided towards achieving the Council's targets for 2015 to 2020. This period aligns with the SA Waste Strategy 2015-2020. Data analysis may extend to five years or longer to enable a trend analysis and to better analyse the impact of the waste strategies implemented.

We will consider the following in conducting the examination:

- relevant legislative requirements
- the Council's objectives, targets, policies and plans for waste services
- State Government's Waste Strategy 2015-2020 and 2020-2025
- State Government's food waste strategy
- SA better practices guide on waste management for residential and mixed-use developments
- generally accepted standards of good governance.

Examination responsibility

Examinations conducted under section 32(1)(a) of the PFAA are assurance engagements that assess whether a publicly funded activity is achieving economy, efficiency and effectiveness. These engagements conclude on the performance of the activity evaluated against identified criteria.

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The examination will be conducted in line with the Standard on Assurance Engagement ASAE 3500 *Performance Engagements*. Further information about the examination process is provided in Attachment 2 to this letter.

For an efficient and effective examination, the Council will need to provide timely access to personnel and information to assist the process. We confirmed that we would arrange to meet with key staff during the week beginning 28 June 2021 for a site visit to get a better understanding of the Council's kerbside waste management services. After the site visit, we will discuss and agree with Council management the timing of the examination testing phase.

Attachment 3 to this letter provides a list of required preliminary information and documents which was provided to Council staff on 7 June 2021. I would appreciate the information and documentation being provided by **23 June 2021**.

The Auditor-General's powers to obtain information/documentation are specified under sections 30 and 34 of the PFAA. The information/documentation obtained during the examination is used for the sole purpose of performing and reporting the examination and will remain confidential.

Reporting process

Section 32 of the PFAA requires the Auditor-General to prepare a report on the results of the examination and provide a copy of the report to both the Council and to Parliament. Any communication on the examination results will be subject to the procedural fairness process outlined in Attachment 2.

The President of the Legislative Council and the Speaker of the House of Assembly must, not later than the first sitting day after receiving the final report from the Auditor-General, table it before their respective Houses. To respect the concurrent and mutual reporting obligations to the Council and the Parliament, I would appreciate all communication regarding the examination (including email correspondence) being treated as confidential and not made publicly available or published (such as in the Council's meeting minutes) until the report is finalised.

A copy of the final report will be provided to the Council and made available on our website at www.audit.sa.gov.au from the date it is ordered by Parliament to be published.

Other matters

The senior authorised officers responsible for the conduct of the examination are:

- Mr Andrew Corrigan, Assistant Auditor-General (Specialist Reviews and Analytics)
- Ms Iolanda Telford, Principal Audit Manager (Local Government)
- Ms Kris Slaytor, Principal Audit Manager (Local Government).

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We have engaged Blue Environment Pty Ltd, a waste management and resource recovery consultant, to assist us in this examination.

The officers can be contacted by email at [REDACTED] or on 8226 9640.

Thank you for your assistance in this matter.

Yours sincerely



Andrew Richardson
Auditor-General

enc

cc: Mr Angelo Catinari , Acting Chief Executive Officer, [REDACTED]

Attachment 1: Auditor-General's mandate

Public Finance and Audit Act 1987—13.9.2018

Part 3—Audit

Division 2—Audit of public and other accounts

32—Examination of publicly funded bodies and projects and local government indemnity schemes

- (1) The Auditor-General may—
 - (a) examine the accounts of a publicly funded body and the efficiency, economy and effectiveness of its activities; or
 - (b) examine accounts relating to a public funded project and the efficiency, economy and effectiveness of the project; or
 - (c) examine accounts relating to a local government indemnity scheme and the efficiency, economy and effectiveness of the scheme.
- (1a) An examination may be made under this section even though the body, project or scheme to which the examination relates has ceased to exist.
- (1b) The Auditor-General must conduct an examination under subsection (1) if requested to do so by the Treasurer or the Independent Commissioner Against Corruption.
- (2) After making an examination under subsection (1), the Auditor-General must prepare a report setting out the results of the examination.
- (3) The Auditor-General must deliver copies of the report to—
 - (a) any publicly funded body concerned in the examination; and
 - (b) if the examination was requested by the Treasurer—the Treasurer; and
 - (c) if the examination was requested by the Independent Commissioner Against Corruption—the Independent Commissioner Against Corruption; and
 - (d) the President of the Legislative Council and the Speaker of the House of Assembly.

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Attachment 2: Performance engagements and examination process

1 What is an examination?

Examinations conducted under section 32(1) of the *Public Finance and Audit Act 1987* (the PFAA) are assurance engagements that assess whether a:

- publicly funded body is achieving efficiency, economy and effectiveness of its activities
- publicly funded project is achieving efficiency, economy and effectiveness of the project
- local government indemnity scheme is achieving efficiency, economy and effectiveness of the scheme.

The Auditor-General may also examine the accounts of a body, project or scheme.

These engagements conclude on the performance of the activity/project/scheme evaluated against identified criteria. The examination is conducted in line with the Australian Standard on Assurance Engagement ASAE 3500 *Performance Engagements*.

The PFAA provides for the examination of the degree of efficiency, economy and effectiveness with which public resources are used. Public resources include public money, assets, facilities and staff labour.

2 Why conduct examinations?

The Auditor-General is the independent auditor of the South Australian public sector. Examinations provide independent assurance to the Parliament and the public on the specific matter/topic.

Examinations seek to contribute to the public sector accountability and performance for the benefit of all South Australians.

The Auditor-General must conduct an examination if requested by the Treasurer or the Independent Commissioner Against Corruption.

3 How do we decide on the examination topic?

Examinations are selected at the Auditor-General's discretion based on the audit team's extensive research and consultation with key stakeholders. We aim to choose topics that are timely, relevant, significant to the entity's operations and matters of public interest.

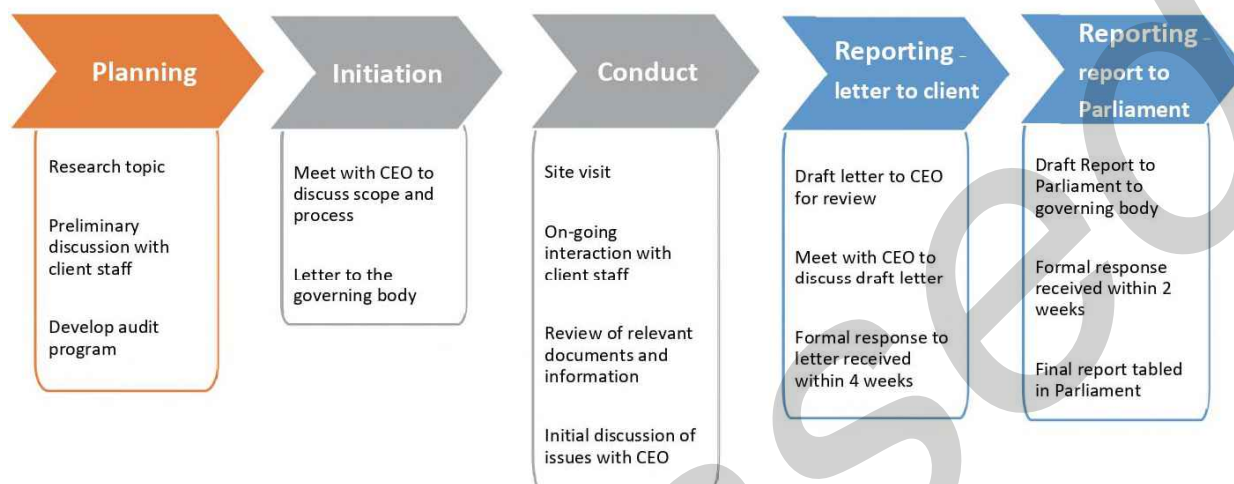
Section 32 also enables the Auditor-General to examine a body, project or scheme which no longer exists.

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Attachment 2: Performance engagements and examination process

4 What is our examination process?

The examination involves the following key stages:



4.1 Planning the examination

The planning stage involves the audit team getting an understanding of the potential examination topic, defines the examination objective, scope and identifies the relevant criteria and test procedures. Criteria are the standards of performance against which the public funded body or project are assessed. Depending on the topic, criteria can be based on, for example, relevant legislation, government policy, relevant industry standards, internal policy and procedures, and best practice guidance.

The examination plan is reviewed by an internal committee before its approved and initiated.

4.2 Initiating the examination

Once the examination is approved, we meet with the entity's Chief Executive Officer and other key staff to discuss our examination scope and process and to establish communication protocols between the entity's staff and audit team (the initiation meeting).

After this meeting, we send a letter to the governing body outlining the details discussed at the initiation meeting.

4.3 Conducting the examination

In conducting examinations, we generally:

- interview key entity staff
- examine and analyse documents relevant to the examination
- analyse relevant data (including transaction data).

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Attachment 2: Performance engagements and examination process

We need to obtain sufficient (quantity) and appropriate (quality depending on its relevance and reliability) audit evidence to use as a basis for forming our conclusions.

The audit team meets with management to discuss the examination findings before we start drafting the letter to the entity.

4.4 Reporting to the entity

The draft letter to the entity is reviewed by an internal committee before a confidential copy is sent to management for discussion.

The draft letter provides the examination findings and recommendations. It is normally provided to management a week before we meet to discuss the draft letter. This provides management the opportunity to check the factual accuracy of our findings and any mitigating controls, to ensure proper context was provided and raise any concerns.

The final letter is provided to the governing body of the entity and we request a written response to the findings and recommendations within four weeks.

4.5 Reporting to the Parliament and the public

Section 32 of the PFAA requires the Auditor-General to prepare a report on the results of the examination. The Report to Parliament generally includes:

- background information on the examination topic
- examination findings and recommendations provided in the letter to the entity being examined
- the entity's response
- the Auditor-General's conclusions and independent assurance report.

The draft Report to Parliament is reviewed by an internal committee before it is provided to the governing body of the entity for review and comment. We request a written response to the draft Report to Parliament within two weeks. Any comments are considered in finalising the Report to Parliament.

A copy of the report is provided to the President of the Legislative Council, the Speaker of the House of Assembly and the governing body of the entity examined.

The President of the Legislative Council and the Speaker of the House of Assembly must, not later than the first sitting day after receiving the final report from the Auditor-General, table it before their respective Houses.

The Report to Parliament is made available on our website at www.audit.sa.gov.au from the date it is ordered by Parliament to be published.

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Attachment 2: Performance engagements and examination process

We also send an email to notify the entity's Presiding Member and Chief Executive Officer that a section 32 report has been tabled in Parliament.

5 Who pays for the examination?

The cost of conducting examinations and preparing the Reports to Parliament is funded by the Auditor-General's Department. If there is a justifiable reason for us to seek some cost recovery from the entity being examined, we will communicate this position in writing and the reasons for the change.

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Attachment 3: Documentation and information request

Please provide the following documentation relevant to the **period 2015-2020** by **23 June 2021**:

1. Waste management planning
Any relevant waste management plans, strategies or policies that document targets, performance measures and service delivery.
Note: this could be part of another plan, eg: environmental plan
2. Recent and historical numerical performance data in relation to each service for kerbside waste, including tonnes by type, destination and contamination rates for the period.
3. Waste Collection Policy
4. Community Consultation Policy
5. Risk Management Policy
6. Environmental Sustainability Policy (or other similar policy)
7. Procurement Policy
8. Contract management framework including any relevant policies.
9. Risk register for waste management activities and contract management activities.
10. A breakdown of the waste management expenditure for the period for each kerbside waste stream and expenditure type? (ie: contractors, education, solid waste levy, etc).
11. Details of the governance structure in place for waste management and any terms of reference or other such authority supporting this structure?
12. Waste collection contract or service level agreements for kerbside waste services.
13. Waste processing and disposal contracts or service level agreements for kerbside waste services.

Please provide responses to the following questions relevant for **period 2015-2020** by **23 June 2021**:

1. What kerbside waste services does the City of West Torrens (the Council) offer to ratepayers?
2. Has the Council set any waste management targets and performance measures for the period 2015-2020? And how do these align with the SA Waste Strategy 2015-2020?
3. What landfill diversion rates has the Council achieved each year for the period 2015-2020?
4. How does the Council measure waste contractor's performance and what does the Council measure?
5. Does the Council maintain a record of the waste contractor's non-compliance with the terms of the contract for services with the Council?
6. Does the Council maintain records of customer complaints and/or incidents about kerbside collection services?

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Attachment 3: Documentation and information request

7. Have any internal audits/service reviews/consultancy reviews been performed in the last five years for waste management or contact management activities? If yes, please provide a copy.
8. Is the Council planning any internal audits/service reviews/consultancy reviews for waste management in the next 12 months?
9. Has the Council performed any kerbside bin audits during the period? If yes, please
10. provide data and/or documentation of the findings/issues resulting from these audits.
11. What activities does the Council have or facilitate to educate the community on waste management?
12. What processes are in place to assess the effectiveness of education activities?
13. What changes have occurred to kerbside waste services during the period and what was the rationale for this?
14. Has the Council performed any waste management trials during the period or does it intend to conduct such trials? What did or do these involve, eg: scope of trial, how many households were/are included and what activities were/are being trialled?
15. Has the Council received any grant funding from State or Federal Government for waste management activities during the period? If so, how much and what have the grants been used for?

From the Office of the Mayor

Michael Coxon
Mayor
165 Sir Donald Bradman Drive
Hilton, SA 5033
Tel 08 8416 6208
Email mayorcoxon@wtcc.sa.gov.au
Website westtorrens.sa.gov.au



18 June 2021

Andrew Richardson
Auditor-General

By email: audgensa@audit.sa.gov.au

Dear Mr Richardson

Examination of the management of kerbside waste management services

I write to acknowledge receipt of your letter informing Council of the Auditor-General's intention to conduct an examination of Council's management of kerbside waste services. I also acknowledge your representatives have met with members of the Administration mentioned in your letter to discuss the examination scope and process as well as to establish communication protocols.

Thank you for informing my Council of the examination and the information required. We look forward to working with your department and consultant representatives on this matter as well as receiving the outcome of the examination in due course.

Yours sincerely

Michael S Coxon
Mayor