

Site Contamination Internal Audit

Friday, 13 June 2025

Audit and Risk Committee

Strategic Alignment - Our Corporation

Program Contact:

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Public

Approving Officer:

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EXECUTIVE SUMMARY

The purpose of this report is to provide the Audit and Risk Committee the Site Contamination Internal Audit report. The Internal Audit was performed by KPMG, in accordance with the Internal Audit Plan 2024-2025.

The Terms of Reference of the Audit and Risk Committee includes responsibility for receiving full reports, monitoring and reviewing the Internal Audit Plan and Internal Audit Projects.

Internal audit is an essential component of a good governance framework. It is the mechanism that enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its functions legally and effectively, and to advise how it can improve performance.

The internal audit identified four findings. Two are risk-rated Moderate and one risk-rated Low. One Improvement Opportunity was identified.

This report requests that the Audit and Risk Committee note the report and endorse the administration responses.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the Site Contamination Internal Audit report as contained in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 13 June 2025.
2. Endorses the responses of the Administration to the Site Contamination Internal Audit report as contained in Attachment A to Item 6.1 on the Agenda for the meeting of the Audit and Risk Committee held on 13 June 2025.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Corporation Outcome – Effective Leadership and Governance. Internal Audit is an essential component of a good governance framework. It enables Council to ensure it is performing its function legally, effectively and efficiently.
Policy	Not as a result of this report.
Consultation	The KPMG internal audit report has been presented to the Strategic Risk and Internal Audit Group for their consideration.
Resource	Not as a result of this report.
Risk / Legal / Legislative	Internal audit is an essential component of a good governance framework. It is the mechanism which enables Council to receive assurance that internal controls and risk management approaches are effective, that it is performing its function legally, and effectively, and to advise how it can improve performance.
Opportunities	Internal audit focuses on compliance, risk management and improvement opportunities. Audits suggest a range of improvement opportunities related to the area being reviewed, enhancing functions and services and aligning Council processes to best practice standards.
24/25 Budget Allocation	\$250,000 is budgeted for external consultancy support as required by the 2024/25 internal audit program.
Proposed 25/26 Budget Allocation	Not as a result of this report.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report.
24/25 Budget Reconsideration (if applicable)	Not as a result of this report.
Ongoing Costs (eg maintenance cost)	Not as a result of this report.
Other Funding Sources	Not as a result of this report.

DISCUSSION

Background

1. The Internal Audit Plan 2024-2025 (the Plan) for the City of Adelaide (CoA) has been developed in response to Council's key strategic risks and priorities.
2. The Site Contamination Internal Audit report was performed by KPMG, in accordance with the Plan.
3. The internal audit was performed in accordance with the Plan, on the processes in place to identify, manage and remediate contaminated sites. This included a review of key strategic documents, including CoA's plans to manage and report on environmental metrics.
4. The audit best aligns with the Strategic Risk – Statutory and Regulatory Risk: Non-compliance with statutory and regulatory requirements poses legal, financial and reputational risks to the organisation.

Report

5. The objective of the Site Contamination Internal Audit included the following:
 - 5.1. Evaluation of the CoA's relevant policies and procedures that support compliance with key obligations of the *Environment Protection Act 1993* (SA) and the *Environment Protection Regulations 2023* (SA).
 - 5.2. Review of relevant roles and responsibilities sufficiently defined, including the management of key obligations.
 - 5.3. Assessment of relevant processes and key controls relating to the management of contaminated sites, including the following specific areas:
 - 5.3.1. Identification and record keeping
 - 5.3.2. Ground disturbance management for CoA activity
 - 5.3.3. Contaminated soil handling
 - 5.4. CoA process over the identification of land contaminated by third parties and monitoring of remediation actions taken/to be taken by identified third parties.
 - 5.5. Reporting on the management and remediation of contaminated sites, including relevant environmental metrics.
6. A number of positive observations were identified during the course of the internal audit and are summarised below:

Observation	
Collaboration with the EPA	The CoA engaged with the SA Environment Protection Authority (EPA) to develop comprehensive Site Contamination Policy and the Operating Guidelines. These documents clearly define processes, roles and responsibilities, and provide reference to legislative requirements.
Engagement with site contamination experts	The CoA appropriately engages with external site contamination specialists to conduct site contamination tests, perform risk and remediation assessments and produce detailed reports.
Environmental Site History Register (ESHR) and dashboard	The CoA has developed an ESHR and utilises a Power BI dashboard to monitor and manage the remediation status and locations of contaminated sites.

7. The findings of the internal audit are indexed into the following risk ratings:

Finding	Risk Rating
Limited integration of site contamination activities within the project management framework	Moderate
Limited ongoing monitoring of site-specific contamination obligations and recommendations	Moderate
Insufficient site contamination awareness training	Low

Greater clarity of thresholds to trigger site contamination risk assessment	Improvement Opportunity
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8. The two moderate findings from the Internal Audit and the agreed management comments are listed below:

Moderate Findings	
Finding 1: Limited integration of site contamination activities within the project management framework	Will include reference to the Site Contamination Operating Guidelines in the Design (Detailed Planning) Phase in the PMO System. Will include reference to the Environmental Site History Register (ESHR) in the Design (Detailed Planning) Phase in the PMO System. In conjunction with Recommendation 3 of Finding 3, training material will be developed by site contamination subject matter experts and the People team will assist in roll-out of training material.
Finding 2: Limited ongoing monitoring of site-specific contamination obligations and recommendations	A formalised process to monitor long-term site contamination obligations and track recommendations from EMPs and SMPs will be developed. Maintenance work order system will be linked with the ESHR to support ongoing management obligations. Within the implementation of the integration of work orders, works will identify where site contamination and other environmental considerations for a specific site are required. Change management activity will be conducted during and post implementation to support roll-out.

9. Administration has considered the findings and provided actions and time frames to address these findings (outlined in the findings section of the KPMG's Site Contamination Internal Audit report, **Attachment A**).

ATTACHMENTS

Attachment A – Site Contamination Internal Audit

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