



MINUTES

CERTIFICATION OF CONFIRMATION OF AUDIT COMMITTEE MINUTES

9 MARCH 2017

I, Cr Steve Wolff hereby certify that the minutes from the Audit Committee Meeting held on 9 March 2017 pages (1) to (33) were confirmed at a Committee meeting held on 8 June 2017.

A handwritten signature in dark ink, appearing to read "A. R. Wolff", is written over a horizontal line.

Signature

Cr Steve Wolff
Person presiding at Meeting

AUDIT COMMITTEE

MINUTES

9 March 2017

(REF: D2017/02841)

A meeting of the Audit Committee was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 9 March 2017**. The meeting commenced at **6:00pm**.

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:00pm.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Councillor Attendance

Cr Steve Wolff (Chairman)	EMRC Member	City of Belmont
Cr Bob Perks (Deputy Chairman)	EMRC Member	Shire of Mundaring
Cr Paul Bridges	EMRC Member	Town of Bassendean
Cr Michelle Sutherland	EMRC Member	City of Bayswater
Cr Geoff Stallard	EMRC Member	Shire of Kalamunda
Cr David Färdig	EMRC Member	City of Swan

EMRC Officers

Mr Peter Schneider	Chief Executive Officer
Mr Hua Jer Liew	Director Corporate Services
Mr David Ameduri	Manager Financial Services
Mrs Annie Hughes-d'Aeth	Personal Assistant to Director Corporate Services
	(Minutes)

3 DISCLOSURE OF INTERESTS

Nil

4 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION

Nil

5 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil

6 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

6.1 MINUTES OF AUDIT COMMITTEE MEETING HELD ON 17 NOVEMBER 2016

That the Minutes of the Audit Committee meeting held 17 November 2016, which have been distributed, be confirmed.

AC RESOLUTION(S)

MOVED CR PERKS

SECONDED CR BRIDGES

THAT THE MINUTES OF THE AUDIT COMMITTEE HELD ON 17 NOVEMBER 2016, WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

CARRIED UNANIMOUSLY



7 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

8 QUESTIONS BY MEMBERS WITHOUT NOTICE

Nil

9 ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETINGS MAY BE CLOSED TO THE PUBLIC

Nil

10 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil



11 REPORTS OF EMPLOYEES

11.1 HALF YEAR BUDGET REVIEW 2016/2017

REFERENCE: D2017/02842

PURPOSE OF REPORT

The purpose of this report is to provide Council, via the Audit Committee, with an overview of the Eastern Metropolitan Regional Council's (EMRC's) 2016/2017 budget review for adoption and subsequent submission to the Department of Local Government.

KEY ISSUES AND RECOMMENDATION(S)

- It is a requirement of the *Local Government (Financial Management) Regulations 1996* r.33A that a Local Government, between 1 January and 31 March in each year, is to carry out a review of its annual budget for that year.
- Council receives monthly financial reports inclusive of end of year forecasts. Forecasts have been constantly monitored and reviewed based on current information and circumstances available to provide a more accurate forecast of the year end result.

Recommendation(s)

That Council, by an absolute majority in accordance with the provisions of the *Local Government (Financial Management) Regulations 1996* r.33A, adopts the review of the 2016/2017 budget and approve its submission to the Department of Local Government and Communities within 30 days.

SOURCE OF REPORT

Director Corporate Services

BACKGROUND

It is a requirement of the *Local Government (Financial Management) Regulations 1996* r.33A that a Local Government, between 1 January and 31 March in each year, is to carry out a review of its annual budget for that year.

Regulation 33A(2) also states that within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the Council who is to consider the review submitted to it and is to determine, by absolute majority, whether or not to adopt the review, any parts of the review or any recommendation made to the review.

The EMRC's budget is presented in a format that separates operating income and expenditure from other revenue and expenses to provide improved disclosure of Council's underlying operating result.

Submitted to each meeting of Council is a financial report and summaries which provide an overview of year to date budget performance for operating activities and capital works. Variances greater than 10% or \$20,000, whichever is the greater, within each nature and type category on the Statement of Comprehensive Income are reported on in the body of the report. Also included are end of year forecasts by nature and type for operating activities and end of year forecasts for each capital works project. These forecasts are reviewed regularly in order to provide an accurate forecast of the end of year result.

The half year budget review was undertaken during January/February 2017 and is reflected in this report.



Item 11.1 continued

REPORT

Whilst the budget review is a statutory requirement, due to the commercial nature of the EMRC's waste operations, forecasts are conducted throughout the year in order to adjust costs in relation to available tonnage throughput.

Format of Budget Review

The format of the statutory review undertaken is based on an examination by officers of all EMRC accounts (operating income, operating expenditure and capital expenditure accounts) within their area of responsibility.

A review of the tonnages budgeted to be received at the Red Hill Waste Management Facility is also undertaken. Tonnage budgets are reviewed to provide a forecast of volumes expected to be received by 30 June 2017. These forecasts, when calculated against the previously adopted disposal rates, provide financial forecasts relating to the following:

- Income from normal operations (including landfill levy);
- Secondary Waste Income;
- Landfill Levy Expenditure;
- Waste Education Levy Income; and
- Cell usage and depreciation.

All forecasts, which are an actual review of the budgets set against each account, are input into the financial management system in order to provide a more accurate forecast of the end of year result.

The year to date monthly budget allocations are also reviewed in order to match the appropriate timing for the various projects budgeted to be undertaken. A review is undertaken to ensure that the year to date budget allocations best reflect the timing applicable either to expenditure expected to be incurred or income to be received. This process commences immediately following adoption of the budget and is constantly being monitored and reviewed based on current information and circumstances available. This process provides a better comparison between the year to date actual and year to date budget figures.

Adjustments resulting from Budget Review

EMRC officers undertook the latest review based on the actual financial data provided for the period ended 31 December 2016. The financial report relating to the period ended 31 January 2017 will be submitted to Council at its meeting to be held on 23 March 2017. Variances reported in that report will be based on the budget review as specified within the body of this report. This is undertaken as part of the EMRC's ongoing budget and forecast review process and in accordance with Council's adopted criteria.

In accordance with the process followed in previous years, the original budget is not updated with the revised forecasts, as relevant regulations require the end of year results to be compared to the original adopted annual budget, rather than the reviewed budget.

Whilst it is accepted that many costs are incurred generally within a specific pattern, many are not. These include significant costs incurred relating to operating and capital projects, which depend solely on the timing of when the project is undertaken.



Item 11.1 continued

The following is a summary of the forecast changes to budget provisions resulting from the half year budget review:

Increase / (Decrease) in Operating Income/Other Revenues:	(\$ 5,472,680)
(Increase) / Decrease in Operating Expenditure/Other Expenses:	\$ 7,715,003
Increase / (Decrease) in Change in net assets from operations:	\$ 2,242,323
(Increase) / Decrease in Capital Expenditure:	\$ 21,491,758
(Increase) / Decrease in overall expenditure:	\$ 23,734,081

Provided below is a summary of changes between the original budget and the forecast for the financial year ending 30 June 2017. Comments are provided for significant variances using Council's adopted criteria of 10% or \$20,000, whichever is the greater, as a guide:

Operating Income/Other Revenues

User Charges

- Current Budget: \$30,959,710 Forecast Budget: \$26,858,023 Variance: (\$4,101,687); (13.25%)

The full year forecast for User Charges is below the annual budget by \$4,101,687 (13.25%). This is due to the lower than budget tonnages forecast to be received from commercial operators.

Special Charges

- Current Budget: \$460,602 Forecast Budget: \$457,678 Variance: (\$2,924); (0.63%)

Contributions

- Current Budget: \$529,323 Forecast Budget: \$521,568 Variance: (\$7,755); (1.47%)

Operating Grants

- Current Budget: \$650,662 Forecast Budget: \$576,110 Variance: (\$74,552); (11.46%)

The full year forecast for Operating Grants is below the annual budget by \$74,552 (11.46%). This is due to various reduced or unsuccessful grants received in the Environmental Services, Regional Services and Waste Services business units. The associated expenditure relating to these projects will not be incurred.

Interest Municipal Cash & Investments

- Current Budget: \$210,000 Forecast Budget: \$524,500 Variance: \$314,500; 149.76%

The full year forecast for Interest on Municipal Funds is \$314,500 (149.76%) above the budget of \$210,000. This is attributable to the higher level of funds available as at 30 June 2016 compared to budget together with a higher average interest rate received (2.95% to January 2017 compared to the budgeted rate of 2.53%). Also contributing is the lower level of capital expenditure which has been forecast to be \$21,491,758 below the budget of \$33,620,638.

Reimbursements

- Current Budget: \$701,202 Forecast Budget: \$821,656 Variance: \$120,454; 17.18%

The full year forecast for Reimbursements is \$120,454 (17.18%) above the budget of \$701,202. This is primarily attributable to the higher than budgeted reimbursement income associated with the Coppin and Mathieson Road Transfer Stations. This is due to a reduction in income from the sales of products together with an increase in labour costs associated with weekend penalties and coverage for staff leave.



Item 11.1 continued

Other Income

- Current Budget: \$2,381,452 Forecast Budget: \$1,991,750 Variance: (\$389,702); (16.36)%

The full year forecast for Other Income of \$1,991,750 is \$389,702 (16.36%) below the budget of \$2,381,452. Major factors attributable to this variance include the sale of Greenwaste products which has been forecast to be \$82,000 compared to a budget of \$239,522 due to the timing of State Government major projects and the sale of Woodwaste products which has been forecast to be \$800,000 compared to a budget of \$984,565.

User Charges (Other Revenues)

- Current Budget: \$2,000,000 Forecast Budget: \$845,833 Variance: (\$1,154,167); (57.71%)

The full year forecast for User Charges (Other Revenues) is below the annual budget by \$1,154,167 (57.71%). The variance is due to the timing of the various Resource Recovery projects, namely the C&I and Woodwaste to Energy facilities. This has been offset by a reduction in expenditure relating to these projects.

Secondary Waste Charge (Other Revenues)

- Current Budget: \$5,248,490 Forecast Budget: \$5,037,260 Variance: (\$211,230); (4.02%)

Interest Restricted Cash Investments (Other Revenues)

- Current Budget: \$1,391,758 Forecast Budget: \$2,166,081 Variance: \$774,323; 55.64%

The full year forecast for Interest on Restricted Cash Investments is \$774,323 (55.64%) above the budget of \$1,391,758. This is attributable to the higher level of funds available as at 30 June 2016 compared to budget together with a higher average interest rate received (2.95% to January 2017 compared to the budgeted rate of 2.53%).

Reimbursements (Other Revenues)

- Current Budget: \$50 Forecast Budget: \$301,650 Variance: \$301,600; N/A

The full year forecast for Reimbursements (Other Revenues) is \$301,600 above the budget of \$50. This is attributable to the reimbursement of shared expenditure associated with the Resource Recovery Facility tender from Mindarie Regional Council.

Proceeds from Sale of Assets (Other Revenues)

- Current Budget: \$280,707 Forecast Budget: \$586,594 Variance: \$305,887; 108.97%

The full year forecast for Proceeds from Sale of Assets (Other Revenues) is \$305,887 above the budget of \$280,707. The variance relates specifically to the timing of various items of plant and vehicles not previously budgeted for change over during the 2016/2017 financial year that have been forecast to attain the specified criteria for change over.

Other (Other Revenues)

- Current Budget: \$1,756,572 Forecast Budget: \$409,145 Variance: (\$1,347,427); (76.71%)

The full year forecast for Other Revenues is below the annual budget by \$1,347,427 (76.71%). The variance is due to the timing of the various Resource Recovery projects.



Item 11.1 continued

Operating Expenditure/Other Expenses

Salary Expenses

- Current Budget: \$8,997,886 Forecast Budget: \$8,012,360 Variance: \$985,526; 10.95%

The full year forecast for Salary Expenses is below the annual budget by \$985,526 (10.95%). The variance is attributable to the timing of filling vacant positions and budgeted positions that will not to be filled by year end.

Contract Expenses

- Current Budget: \$6,131,460 Forecast Budget: \$5,323,568 Variance: \$807,892; 13.18%

The full year forecast for Contract Expenses is below the annual budget by \$807,892 (13.18%).

The variance is attributable to the timing of various projects from different business units that have either been deferred or carried forward. Major variances from the Waste Services directorate include:

- Crush and Screen Lateritic Caprock - \$320,000;
- Manage Greenwaste Mulching - Red Hill Landfill Facility - \$66,557; and
- Operate and Maintain Plant - Waste Management Facilities - \$45,500.

Other projects where the expenditures are lower than budget for various directorates/business units include: Corporate Services (\$386,092), Environmental Services (\$111,793) and Regional Development (\$31,592). This is off-set by an increase of \$149,000 in the forecast expenditure relating to Operate and Maintain Class III Leachate Ponds at the Red Hill Landfill Facility.

Material Expenses

- Current Budget: \$921,693 Forecast Budget: \$933,738 Variance: (\$12,045); (1.31%)

Utility Expenses

- Current Budget: \$299,728 Forecast Budget: \$321,178 Variance: (\$21,450); (7.16%)

Fuel Expenses

- Current Budget: \$634,241 Forecast Budget: \$589,313 Variance: \$44,928; 7.08%

Finance Fees and Interest Expenses

- Current Budget: \$22,900 Forecast Budget: \$20,300 Variance: \$2,600; 11.35%

Insurance Expenses

- Current Budget: \$280,005 Forecast Budget: \$265,460 Variance: \$14,545; 5.19%

Depreciation Expenses

- Current Budget: \$6,013,588 Forecast Budget: \$2,661,266 Variance: \$3,352,322; 55.75%

The full year forecast for Depreciation Expenses is \$3,352,322 (55.75%) below the budget of \$6,013,588.

This is attributable to no amortisation being required on the Class III cell (full year forecast of \$0 compared to a budget of \$2,644,593) as a result of filling above ground level in the Farm Stage 1 & 2 landfill cells i.e. this was fully amortised as at 30 June 2016. Additionally the lower level of capital expenditure (full year forecast of \$12,128,880 compared to a budget of \$33,620,638) and changes to the asset life of EMRC's plant and equipment class of assets in accordance with accounting standards following valuations undertaken in June 2016 have contributed to the lower expenditure.



Item 11.1 continued

Miscellaneous Expenses (incl. landfill levy expenditure)

- Current Budget: \$13,121,385 Forecast Budget: \$11,623,352 Variance: \$1,498,033; 11.42%

The full year forecast Miscellaneous Expenses is \$1,498,033 (11.42%) below the budget of \$13,121,385. This variance is primarily attributable to a lower than budgeted landfill levy payable (\$1,165,723) as a result of lower tonnages forecast to be received by year end.

Provision Expenses

- Current Budget: \$219,964 Forecast Budget: \$201,367 Variance: \$18,597; 8.45%

Costs Allocated

- Current Budget: (\$2,965,206) Forecast Budget: (\$814,217) Variance: (\$2,150,989); 72.54%

The full year forecast for Cost Allocations is \$2,150,989 (72.54%) below the budget of \$2,965,206. This variance relates specifically to the timing of internal costs allocated between the Resource Recovery C&I Project and the Red Hill Landfill Facility Class III cell. This variance is predominantly offset against Costs Allocated (Other Expenses).

Salary Expenses (Other Expenses)

- Current Budget: \$879,747 Forecast Budget: \$443,244 Variance: \$436,503; 49.62%

The full year forecast for Salary Expenses (Other Expenses) is \$436,503 (49.62%) below the budget of \$879,747. The variance is attributable to budgeted positions forecast not to be filled by year end due to the timing of Resource Recovery Park projects.

Contract Expenses (Other Expenses)

- Current Budget: \$1,115,345 Forecast Budget: \$626,915 Variance: \$488,430; 43.79%

The full year forecast for Contract Expenses (Other Expenses) is \$488,430 (43.79%) below the budget of \$1,115,345. The variance is due to the timing of the Resource Recovery projects and the associated consultancy expenditure, namely the C&I and Woodwaste to Energy facilities. This is offset by the reduction in the corresponding income.

Material Expenses (Other Expenses)

- Current Budget: \$42,199 Forecast Budget: \$17,083 Variance: \$25,116; 59.52%

The full year forecast for Material Expenses (Other Expenses) is \$25,116 (59.52%) below the budget of \$42,199. The variance is due to the timing of the various Resource Recovery projects.

Utility Expenses (Other Expenses)

- Current Budget: \$61,936 Forecast Budget: \$11,100 Variance: \$50,836; 82.08%

The full year forecast for Utility Expenses (Other Expenses) is \$50,836 (82.08%) below the budget of \$61,936. The variance is due to the timing of the various Resource Recovery projects.

Fuel Expenses (Other Expenses)

- Current Budget: \$139,002 Forecast Budget: \$1,000 Variance: \$138,002; 99.28%

The full year forecast for Fuel Expenses (Other Expenses) is \$138,002 (99.28%) below the budget of \$139,002. The variance is due to the timing of the various Resource Recovery projects.

Insurance Expenses (Other Expenses)

- Current Budget: \$9,885 Forecast Budget: \$9,933 Variance: (\$48); (0.49%)



Item 11.1 continued

Depreciation Expenses (Other Expenses)

- Current Budget: \$336,415 Forecast Budget: \$181,864 Variance: \$154,551; 45.94%

The full year forecast for Depreciation Expenses (Other Expenses) is \$154,551 (45.94%) below the budget of \$336,415. The variance is due to the timing and subsequent carry forward or deferment of capital expenditure associated with the Resource Recovery projects.

Miscellaneous Expenses (Other Expenses)

- Current Budget: \$194,697 Forecast Budget: \$100,044 Variance: \$94,653; 48.62%

The full year forecast for Miscellaneous Expenses (Other Expenses) is \$94,653 (48.62%) below the budget of \$194,697. The variance is due to the timing of various Resource Recovery projects.

Carrying Amount of Assets Disposed Of (Other Expenses)

- Current Budget: \$259,118 Forecast Budget: \$658,646 Variance: (\$399,528); (154.19%)

The full year forecast for Carrying Amount of Assets Disposed Of is \$399,528 (154.19%) above the budget of \$259,118. The variance relates specifically to the timing of various items of plant and vehicles not previously budgeted for change over during the 2016/2017 financial year that have been forecast to attained the specified criteria for change over.

Costs Allocated (Other Expenses)

- Current Budget: \$2,914,206 Forecast Budget: \$727,677 Variance: \$2,186,529; 75.03%

The full year forecast for Cost Allocations is \$2,186,529 (75.03%) below the budget of \$2,914,206. This variance relates specifically to the timing of internal costs allocated between the Resource Recovery C&I Project and the Red Hill Landfill Facility Class III cell. This provision is predominantly offset against Costs Allocated in the general Operating Expenditure section.

Capital Expenditure

- Current Budget: \$33,620,638 Forecast Budget: \$12,128,880 Variance: \$21,491,758; 63.92%

The Capital Expenditure budgets as at year end were reviewed as part of the half year budget review undertaken during January/February 2017 in order to reflect the actual timing of various projects and match expenditure requirements in relation to tonnage forecasts.

Full Year Capital Expenditure has been forecast to be \$21,491,758 (63.92%) below the budget of \$33,620,638.

Significant reductions to capital budgets where savings have been achieved or where project expenditure has been deferred and/or carried forward include the following:

- Construct Class III Cell - Farm Stage 3 - Red Hill Landfill Facility - \$5,344,252;
- Leachate Project - Red Hill Landfill Facility (net of Leachate Plant Purchases) - \$2,657,724;
- Purchase Resource Recovery Park C&I Building Plant & Equipment - \$2,033,104;
- Construct and Commission Resource Recovery Park - Site Infrastructure - \$2,000,000;
- Construct Class III Cell - Stage 15B - Red Hill Landfill Facility - \$1,611,222;
- Construct and Commission Resource Recovery Park C&I Building - \$1,537,500;
- Purchase Resource Recovery Park Wood Waste to Energy Plant & Equipment - \$1,441,633;
- Purchase / Replace Plant - Hazelmere - \$1,050,000;
- Construct Class III Leachate Pond - Red Hill Landfill Facility - \$500,000;
- Design & Construct Class IV Cell - Stage 2 - Red Hill Landfill Facility - \$500,000;



Item 11.1 continued

Capital Expenditure (continued)

- Construct and Commission Resource Recovery Park - Community Reuse Store - \$500,000;
- Construct Storage Bunkers for Wood Fines (QA Process) - Hazelmere - \$500,000;
- Construct Access Road to Lots 8, 9 & 10 - Red Hill Landfill Facility - \$425,000;
- Purchase Plant & Equipment - Resource Recovery Park Transfer Station - \$300,000;
- Capital Improvements Administration Building - Ascot Place - \$257,000;
- Construct and Commission Resource Recovery Park - Site Workshop - \$250,000;
- Construct and Commission Resource Recovery Park - Reuse Store Car Park - \$250,000;
- Construct and Commission Resource Recovery Park Weighbridges (x2) - \$225,000;
- Resource Recovery Park Wood Waste to Energy Utilities/Infrastructure - \$200,000;
- Construct Roads/Carparks - Red Hill Landfill Facility - \$171,000;
- Construct and Commission Resource Recovery Park - Site/Administration Office - \$165,000;
- Purchase Information Technology & Communications Equipment - \$150,000; and
- Refurbish Waste Transfer Station Building - Red Hill Landfill Facility - \$140,000.

This is offset by an increase in the following Capital Expenditure budget provision following a review of the capital expenditure program:

- Construct Drainage Diversion and Earthworks - Red Hill Landfill Facility - \$448,858; and
- Construct Stormwater and Siltation Ponds - Red Hill Landfill Facility - \$424,196.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 - Good Governance

- 4.3 To provide responsible and accountable governance and management of the EMRC
- 4.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

Nil



Item 11.1 continued

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

1. Statement of Comprehensive Income by Nature and Type (Ref: D2017/03317)
2. Capital Expenditure Statement (Ref: D2017/03318)
3. Statement of Financial Position (Ref: D2017/03319)
4. Statement of Cash and Investments (Ref: D2017/03320)

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That Council, by an absolute majority in accordance with the provisions of the *Local Government (Financial Management) Regulations 1996* r.33A, adopts the review of the 2016/2017 budget and approve its submission to the Department of Local Government and Communities within 30 days.

The CEO provided a brief overview of the budget review and discussion ensued.

AC RECOMMENDATION(S)

MOVED CR BRIDGES

SECONDED CR STALLARD

That Council, by an absolute majority in accordance with the provisions of the *Local Government (Financial Management) Regulations 1996* r.33A, adopts the review of the 2016/2017 budget and approve its submission to the Department of Local Government and Communities within 30 days.

CARRIED UNANIMOUSLY



STATEMENT OF COMPREHENSIVE INCOME

Nature and Type

JANUARY 2017

Year to Date				Full Year			
Actual	Budget	Variance		Forecast	Budget	Variance	
Operating Income							
\$15,290,096	\$18,121,848	(\$2,831,752)	(U)	\$26,858,023	\$30,959,710	(\$4,101,687)	(U)
\$266,777	\$270,968	(\$4,191)	(U)	\$457,678	\$460,602	(\$2,924)	(U)
\$493,032	\$487,856	\$5,176	(F)	\$521,568	\$529,323	(\$7,755)	(U)
\$357,995	\$367,560	(\$9,565)	(U)	\$576,110	\$650,662	(\$74,552)	(U)
\$331,195	\$122,500	\$208,695	(F)	\$524,500	\$210,000	\$314,500	(F)
\$438,133	\$437,621	\$512	(F)	\$821,656	\$701,202	\$120,454	(F)
\$1,112,373	\$1,126,518	(\$14,145)	(U)	\$1,991,750	\$2,381,452	(\$389,702)	(U)
\$18,289,599	\$20,934,871	(\$2,645,272)	(U)	\$31,751,284	\$35,892,951	(\$4,141,667)	(U)
Operating Expenditure							
\$4,389,784	\$4,930,263	\$540,479	(F)	\$8,012,360	\$8,997,886	\$985,526	(F)
\$1,737,768	\$3,536,745	\$1,798,977	(F)	\$5,323,568	\$6,131,460	\$807,892	(F)
\$465,512	\$479,538	\$14,026	(F)	\$933,738	\$921,693	(\$12,045)	(U)
\$186,459	\$181,829	(\$4,630)	(U)	\$321,178	\$299,728	(\$21,450)	(U)
\$336,192	\$369,908	\$33,716	(F)	\$589,313	\$634,241	\$44,928	(F)
\$11,679	\$13,356	\$1,677	(F)	\$20,300	\$22,900	\$2,600	(F)
\$164,702	\$168,033	\$3,331	(F)	\$265,460	\$280,005	\$14,545	(F)
\$1,466,493	\$1,552,803	\$86,310	(F)	\$2,661,266	\$6,013,588	\$3,352,322	(F)
\$6,517,237	\$7,635,058	\$1,117,821	(F)	\$11,623,352	\$13,121,385	\$1,498,033	(F)
\$118,055	\$128,296	\$10,241	(F)	\$201,367	\$219,964	\$18,597	(F)
(\$296,288)	(\$312,587)	(\$16,299)	(U)	(\$814,217)	(\$2,965,206)	(\$2,150,989)	(U)
\$15,097,594	\$18,683,242	\$3,585,648	(F)	\$29,137,685	\$33,677,644	\$4,539,959	(F)
\$3,192,005	\$2,251,629	\$940,376	(F)	\$2,613,599	\$2,215,307	\$398,292	(F)
Surplus	Surplus			Surplus	Surplus		
OPERATING RESULT FROM NORMAL ACTIVITIES							

Notes:

1. User Charges - include member Councils and casual users pertaining to waste, risk management and environmental services fees and charges;
2. Special Charges - Waste Education Levy;
3. Contributions - member Councils' contributions to projects and services;
4. Operating Grants - grant income predominantly from government agencies;
5. Other Operating Income - includes income from the sale of products; and
6. Miscellaneous Expenses - includes the landfill levy expense of \$6,090,287 as at 31 January 2017.

Operating Income and Expenditure relates to the ordinary operations of the organisation.

Other Revenues and Expenses relates to the Resource Recovery Project, interest from cash reserves and disposal of assets.

(F) denotes Favourable variance and (U) denotes Unfavourable variance



STATEMENT OF COMPREHENSIVE INCOME

Nature and Type

JANUARY 2017

Year to Date				Full Year			
Actual	Budget	Variance		Forecast	Budget	Variance	
Other Revenues							
\$45,494	\$240,000	(\$194,506)	(U)	User Charges	\$845,833	\$2,000,000	(\$1,154,167) (U)
\$2,904,510	\$3,083,968	(\$179,458)	(U)	Secondary Waste Charge	\$5,037,260	\$5,248,490	(\$211,230) (U)
\$0	\$0	\$0	(F)	Operating Grants	\$0	\$0	\$0 (F)
\$1,124,362	\$811,818	\$312,544	(F)	Interest Restricted Cash Investments	\$2,166,081	\$1,391,758	\$774,323 (F)
\$209,775	\$50	\$209,725	(F)	Reimbursements	\$301,650	\$50	\$301,600 (F)
\$211,600	\$198,770	\$12,830	(F)	Proceeds from Sale of Assets	\$586,594	\$280,707	\$305,887 (F)
\$10,928	\$66,622	(\$55,694)	(U)	Other	\$409,145	\$1,756,572	(\$1,347,427) (U)
\$4,506,668	\$4,401,228	\$105,440	(F)	Total Other Revenues	\$9,346,564	\$10,677,577	(\$1,331,013) (U)
Other Expenses							
\$162,090	\$163,015	\$925	(F)	Salary Expenses	\$443,244	\$879,747	\$436,503 (F)
\$363,399	\$327,739	(\$35,660)	(U)	Contract Expenses	\$626,915	\$1,115,345	\$488,430 (F)
\$13,193	\$11,867	(\$1,326)	(U)	Material Expenses	\$17,083	\$42,199	\$25,116 (F)
\$1,810	\$1,456	(\$354)	(U)	Utility Expenses	\$11,100	\$61,936	\$50,836 (F)
\$198	\$150	(\$48)	(U)	Fuel Expenses	\$1,000	\$139,002	\$138,002 (F)
\$6,848	\$4,607	(\$2,241)	(U)	Insurance Expenses	\$9,933	\$9,885	(\$48) (U)
\$63,394	\$111,516	\$48,122	(F)	Depreciation Expenses	\$181,864	\$336,415	\$154,551 (F)
\$9,940	\$55,573	\$45,633	(F)	Miscellaneous Expenses	\$100,044	\$194,697	\$94,653 (F)
\$318,568	\$193,500	(\$125,068)	(U)	Carrying Amount of Assets Disposed Of	\$658,646	\$259,118	(\$399,528) (U)
\$226,421	\$286,452	\$60,031	(F)	Costs Allocated	\$727,677	\$2,914,206	\$2,186,529 (F)
\$1,165,863	\$1,155,875	(\$9,988)	(U)	Total Other Expenses	\$2,777,506	\$5,952,550	\$3,175,044 (F)
Realised/Unrealised (Gain)/Loss From Change in Fair Value of Investments							
\$0	\$0	\$0	(F)	Unrealised (Gain)/Loss	\$0	\$0	\$0 (F)
\$0	\$0	\$0	(F)	Realised (Gain)/Loss	\$0	\$0	\$0 (F)
\$0	\$0	\$0	(F)	Total (Gain)/Loss from change in Fair Value of Investments	\$0	\$0	\$0 (F)
Revaluation of Assets							
\$0	\$0	\$0	(F)	Revaluation of Assets	\$0	\$0	\$0 (F)
\$0	\$0	\$0	(F)	Total Revaluation of Assets	\$0	\$0	\$0 (F)
\$3,340,805	\$3,245,353	\$95,452	(F)	OPERATING RESULT FROM OTHER ACTIVITIES	\$6,569,058	\$4,725,027	\$1,844,031 (F)
Surplus	Surplus				Surplus	Surplus	
\$6,532,810	\$5,496,982	\$1,035,828	(F)	CHANGE IN NET ASSETS FROM OPERATIONS	\$9,182,657	\$6,940,334	\$2,242,323 (F)
Surplus	Surplus				Surplus	Surplus	



CAPITAL EXPENDITURE STATEMENT

JANUARY 2017

Year to Date						Full Year		
Actual	Budget	Variance		On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance
Governance and Corporate Services								
\$28,254	\$62,000	\$33,746	(F)	\$0	Purchase Vehicles - Ascot Place (24440/00)	\$222,884	\$226,473	\$3,589 (F)
\$0	\$20,625	\$20,625	(F)	\$0	Purchase Furniture Fittings & Equipment - Corporate Services (24510/01)	\$55,000	\$55,000	\$0 (F)
\$60,776	\$120,500	\$59,724	(F)	\$13,873	Purchase Information Technology & Communication Equipment (24550/00)	\$357,550	\$507,550	\$150,000 (F)
\$0	\$0	\$0	(F)	\$0	Purchase Art Works (24620/00)	\$0	\$30,000	\$30,000 (F)
\$0	\$96,375	\$96,375	(F)	\$0	Capital Improvement Administration Building - Ascot Place (25240/01)	\$0	\$257,000	\$257,000 (F)
\$0	\$0	\$0	(F)	\$0	Upgrade Security Equipment - Ascot Place (25530/01)	\$3,650	\$3,650	\$0 (F)
\$89,030	\$299,500	\$210,470	(F)	\$13,873		\$639,084	\$1,079,673	\$440,589 (F)

CAPITAL EXPENDITURE STATEMENT

JANUARY 2017

Year to Date			On Order	(F) = Favourable variation (U) = Unfavourable variation		Full Year		
Actual	Budget	Variance				Forecast	Budget	Variance

Resource Recovery

\$482,494	\$528,000	\$45,506 (F)	\$2,660	Construct and Commission Resource Recovery Park - C & I Building (24259/04)	\$512,500	\$2,050,000	\$1,537,500 (F)
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - Site/Administration Office (24259/07)	\$0	\$165,000	\$165,000 (F)
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - Community Reuse Store (24259/08)	\$0	\$500,000	\$500,000 (F)
\$0	\$10,000	\$10,000 (F)	\$0	Construct and Commission Resource Recovery Park - MRF Building - Hazelmere (24259/09)	\$55,000	\$55,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - Weighbridge Office (24259/12)	\$0	\$70,000	\$70,000 (F)
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - Site Workshop (24259/13)	\$0	\$250,000	\$250,000 (F)
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - Weighbridges (x2) (24392/02)	\$0	\$225,000	\$225,000 (F)
\$3,732	\$10,000	\$6,268 (F)	\$0	Resource Recovery Park - Fencing (24394/06)	\$10,000	\$10,000	\$0 (F)
\$135,359	\$420,000	\$284,641 (F)	\$5,760	Construct and Commission Resource Recovery Park - Site Infrastructure (24399/01)	\$560,000	\$2,560,000	\$2,000,000 (F)
\$0	\$0	\$0 (F)	\$0	Construct Resource Recovery Park - Reuse Store Infrastructure (Car Park) (24399/07)	\$0	\$250,000	\$250,000 (F)
\$13,843	\$240,000	\$226,157 (F)	\$792,119	Wood Waste to Energy Utilities/Infrastructure - Resource Recovery Park (24399/11)	\$1,200,000	\$1,400,000	\$200,000 (F)

CAPITAL EXPENDITURE STATEMENT

JANUARY 2017

Year to Date						Full Year		
Actual	Budget	Variance		On (F) = Favourable variation Order (U) = Unfavourable variation		Forecast	Budget	Variance
Resource Recovery								
\$0	\$602,000	\$602,000 (F)	\$0	Purchase Resource Recovery Park - Wood Waste to Energy Plant & Equipment (24410/03)	\$1,302,000	\$2,743,633	\$1,441,633	(F)
\$960,481	\$954,000	(\$6,481) (U)	\$0	Purchase Resource Recovery Park C & I Building - Plant & Equipment (24410/04)	\$960,481	\$2,993,585	\$2,033,104	(F)
\$0	\$0	\$0 (F)	\$0	Purchase Resource Recovery Park Transfer Station - Plant & Equipment (24410/05)	\$0	\$300,000	\$300,000	(F)
\$0	\$1,000	\$1,000 (F)	\$0	Purchase Other Equipment - Resource Recovery (24590/07)	\$2,000	\$2,000	\$0	(F)
\$1,595,909	\$2,765,000	\$1,169,091 (F)	\$800,539		\$4,601,982	\$13,574,218	\$8,972,236	(F)

Waste Management

\$0	\$0	\$0 (F)	\$0	Construct Waste Management Facility Buildings - Red Hill Landfill Facility (24250/01)	\$25,000	\$25,000	\$0	(F)
\$0	\$0	\$0 (F)	\$0	Construct Storage Shed for Mattresses - Hazelmere (24250/05)	\$0	\$63,000	\$63,000	(F)
\$24,431	\$24,000	(\$431) (U)	\$0	Construct Class III Landfill Cell Farm Stage 3 - Red Hill Landfill Facility (24310/13)	\$625,000	\$5,969,252	\$5,344,252	(F)
\$744	\$0	(\$744) (U)	\$0	Construct Class III Cell Stage 15 - Red Hill Landfill Facility (24310/16)	\$744	\$0	(\$744) (U)	
\$8,778	\$209,000	\$200,222 (F)	\$19,727	Construct Class III Cell Stage 15B - Red Hill Landfill Facility (24310/18)	\$58,778	\$1,670,000	\$1,611,222	(F)
\$5,517	\$0	(\$5,517) (U)	\$0	Construct Class III Leachate Pond - Red Hill Landfill Facility (24320/01)	\$100,000	\$600,000	\$500,000	(F)
\$6,708	\$100,000	\$93,292 (F)	\$10,834	Leachate Project - Red Hill Landfill Facility (24320/02)	\$514,948	\$3,385,000	\$2,870,052	(F)

CAPITAL EXPENDITURE STATEMENT

JANUARY 2017

Year to Date				On (F) = Favourable variation Order (U) = Unfavourable variation		Full Year			
Actual	Budget	Variance	Forecast			Budget	Variance		
Waste Management									
\$0	\$0	\$0	(F)	\$0	Design and Construct Class IV Cell Stage 2 - Red Hill Landfill Facility (24330/04)	\$0	\$500,000	\$500,000	(F)
(\$16,250)	\$75,804	\$92,054	(F)	\$118,013	Construct Stormwater and Siltation Ponds - Red Hill Landfill Facility (24350/01)	\$600,000	\$175,804	(\$424,196)	(U)
\$24,069	\$130,000	\$105,931	(F)	\$0	Construct Roads / Carparks - Red Hill Landfill Facility (24370/00)	\$100,000	\$271,000	\$171,000	(F)
\$0	\$0	\$0	(F)	\$0	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility (24370/02)	\$50,000	\$475,000	\$425,000	(F)
\$22,770	\$0	(\$22,770)	(U)	\$0	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill Landfill Facility (24380/00)	\$448,858	\$0	(\$448,858)	(U)
\$4,600	\$0	(\$4,600)	(U)	\$0	Construct Perimeter Fencing - Red Hill Landfill Facility (24394/00)	\$4,600	\$0	(\$4,600)	(U)
\$0	\$0	\$0	(F)	\$0	Construct Litter Fence - Redhill Landfill Facility (24394/05)	\$90,000	\$0	(\$90,000)	(U)
\$60,294	\$78,000	\$17,706	(F)	\$0	Construct Hardstand and Road - Hazelmere (24395/01)	\$60,000	\$114,000	\$54,000	(F)
\$0	\$30,000	\$30,000	(F)	\$0	Construct Monitoring Bores - Red Hill Landfill Facility (24396/00)	\$40,000	\$60,000	\$20,000	(F)
\$50,292	\$0	(\$50,292)	(U)	\$994	Washdown bay Upgrade - Red Hill Landfill Facility (24399/04)	\$50,292	\$0	(\$50,292)	(U)
\$0	\$30,000	\$30,000	(F)	\$0	Truck Washdown Bay for Member Councils - Red Hill Landfill Facility (24399/05)	\$30,000	\$30,000	\$0	(F)
\$0	\$0	\$0	(F)	\$0	Construct Storage Bunkers for Wood Fines (QA process) - Hazelmere (24399/09)	\$0	\$500,000	\$500,000	(F)
\$0	\$0	\$0	(F)	\$0	Workshop No 2 Washdown Bay - Red Hill Landfill Facility (24399/13)	\$40,000	\$40,000	\$0	(F)

CAPITAL EXPENDITURE STATEMENT

JANUARY 2017

Year to Date						Full Year			
Actual	Budget	Variance		On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance	
Waste Management									
\$1,380,627	\$1,920,000	\$539,373	(F)	\$0	Purchase / Replace Plant - Red Hill Landfill Facility (24410/00)	\$2,635,000	\$2,635,000	\$0	(F)
\$60,375	\$398,000	\$337,625	(F)	\$0	Purchase / Replace Plant - Hazelmere (24410/01)	\$780,000	\$1,830,000	\$1,050,000	(F)
\$105,156	\$0	(\$105,156)	(U)	\$0	Purchase Plant for Leachate Project - Red Hill Landfill Facility (24410/08)	\$150,000	\$0	(\$150,000)	(U)
\$5,863	\$100,000	\$94,137	(F)	\$22,904	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility (24420/00)	\$150,000	\$150,000	\$0	(F)
\$0	\$5,000	\$5,000	(F)	\$4,258	Purchase / Replace Minor Plant and Equipment - Hazelmere (24420/02)	\$10,000	\$10,000	\$0	(F)
\$62,328	\$0	(\$62,328)	(U)	\$0	Purchase Minor Plant for Leachate Project - Red Hill Landfill Facility (24420/06)	\$62,328	\$0	(\$62,328)	(U)
\$66,089	\$70,141	\$4,052	(F)	\$0	Purchase / Replace Vehicles - Red Hill Landfill Facility (24430/00)	\$104,223	\$70,141	(\$34,082)	(U)
\$0	\$550	\$550	(F)	\$0	Purchase / Replace Office Equipment - Engineering / Waste Management (24510/02)	\$0	\$550	\$550	(F)
\$0	\$2,000	\$2,000	(F)	\$0	Purchase / Replace Office Equipment - Red Hill Landfill Facility (24510/08)	\$4,000	\$4,000	\$0	(F)
\$0	\$10,000	\$10,000	(F)	\$0	Purchase Fire Fighting System/Equipment - Hazelmere (24520/07)	\$0	\$10,000	\$10,000	(F)
\$0	\$1,000	\$1,000	(F)	\$0	Purchase / Replace Fire Fighting Equipment - Red Hill Landfill Facility (24520/08)	\$1,000	\$1,000	\$0	(F)
\$0	\$20,000	\$20,000	(F)	\$0	Purchase / Replace Security System - Red Hill Waste Management Facility (24530/08)	\$37,500	\$37,500	\$0	(F)
\$0	\$20,000	\$20,000	(F)	\$0	Purchase / Replace Security System - Hazelmere (24530/10)	\$0	\$60,000	\$60,000	(F)

CAPITAL EXPENDITURE STATEMENT

JANUARY 2017

Year to Date				On (F) = Favourable variation Order (U) = Unfavourable variation		Full Year			
Actual	Budget	Variance	Forecast			Budget	Variance		
Waste Management									
\$4,554	\$33,000	\$28,446	(F)	\$0	Purchase / Replace Other Equipment - Red Hill Landfill Facility (24590/00)	\$69,000	\$69,000	\$0	(F)
\$6,053	\$4,000	(\$2,053)	(U)	\$0	Purchase / Replace Miscellaneous Equipment - Hazelmere (24590/02)	\$6,000	\$6,000	\$0	(F)
\$0	\$0	\$0	(F)	\$0	Purchase/Replace Other Equipment - Engineering and Waste Management (24590/03)	\$2,000	\$2,000	\$0	(F)
\$0	\$0	\$0	(F)	\$0	Purchase Office Furniture and Fittings-Engineering and Waste Management (24610/03)	\$0	\$500	\$500	(F)
\$0	\$1,000	\$1,000	(F)	\$2,702	Purchase / Replace Office Furniture and Fittings - Red Hill Landfill Facility (24610/08)	\$3,000	\$3,000	\$0	(F)
\$0	\$1,000	\$1,000	(F)	\$0	Purchase Office Furniture and Fittings-Hazelmere (24610/10)	\$0	\$2,000	\$2,000	(F)
\$5,543	\$3,000	(\$2,543)	(U)	\$318	Purchase Miscellaneous Furniture and Fittings - Red Hill Education Programme (24690/01)	\$5,543	\$3,000	(\$2,543)	(U)
\$0	\$3,000	\$3,000	(F)	\$0	Refurbish Environmental Education Centre - Redhill Landfill Facility (25253/00)	\$0	\$5,000	\$5,000	(F)
\$0	\$0	\$0	(F)	\$0	Refurbish Waste Transfer Station Building - Red Hill Landfill Facility (25259/01)	\$0	\$140,000	\$140,000	(F)
\$0	\$0	\$0	(F)	\$0	Refurbish Plant - Red Hill Landfill Facility (25410/00)	\$10,000	\$10,000	\$0	(F)
\$0	\$10,000	\$10,000	(F)	\$0	Refurbish Plant - Hazelmere (25410/01)	\$20,000	\$40,000	\$20,000	(F)
\$1,888,541	\$3,278,495	\$1,389,954	(F)	\$179,750		\$6,887,814	\$18,966,747	\$12,078,933	(F)
\$3,573,480	\$6,342,995	\$2,769,515	(F)	\$994,162	TOTAL CAPITAL EXPENDITURE	\$12,128,880	\$33,620,638	\$21,491,758	(F)

JANUARY 2017

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CASH AND INVESTMENTS

JANUARY 2017

Actual June 2016	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year			
			Forecast	Budget	Variance	
Municipal Cash and Investments						
4,017,378	3,330,854	Cash at Bank - Municipal Fund 01001/00	3,605,521	2,997,382	608,139	(F)
1,250	1,250	Cash on Hand - Ascot Place 01019/00	1,250	1,250	0	(F)
400	400	Cash on Hand - Walliston/Mathieson & Coppin Road Transfer Stations 01019/01	400	400	0	(F)
1,800	1,800	Cash on Hand - Red Hill / Hazelmere 01019/02	1,800	1,800	0	(F)
20,288,309	21,142,946	Investments - Municipal Fund 02021/00	35,370,377	15,370,377	20,000,000	(F)
24,309,136	24,477,250	Total Municipal Cash	38,979,347	18,371,208	20,608,139	(F)
Restricted Cash and Investments						
510,804	520,085	Restricted Investments - Plant and Equipment 02022/01	293,631	293,631	0	(F)
2,132,389	2,171,135	Restricted Investments - Post Closure Site Rehabilitation Red Hill 02022/02	2,324,756	2,324,756	0	(F)
6,063,056	6,173,222	Restricted Investments - Future Development 02022/03	47,737	47,737	0	(F)
788,213	802,535	Restricted Investments - Environmental Monitoring Red Hill 02022/04	893,298	893,298	0	(F)
40,514	41,250	Restricted Investments - Environmental Insurance Red Hill 02022/05	1,047	1,047	0	(F)
13,973	14,227	Restricted Investments - Risk Management 02022/06	14,332	14,332	0	(F)
544,803	554,702	Restricted Investments - Class IV Cells Red Hill 02022/07	87,660	87,660	0	(F)
359,102	365,627	Restricted Investments - Regional Development 02022/08	598,753	598,753	0	(F)
46,773,843	47,623,732	Restricted Investments - Secondary Waste Processing 02022/09	37,546,295	37,546,295	0	(F)
4,554,958	4,637,722	Restricted Investments - Class III Cells 02022/10	6,044,704	6,044,704	0	(F)
70,552	71,834	Restricted Investments - Building Refurbishment (Ascot Place) 02022/11	72,363	72,363	0	(F)
151,961	137,519	Restricted Investments - Accrued Interest 02022/19	151,961	151,961	0	(F)
0	0	Restricted Investments - Unrealised Loss/Gain on Investments 02022/20	0	0	0	(F)
822,170	837,109	Restricted Investments - Long Service Leave 02022/90	864,491	864,491	0	(F)
62,826,339	63,950,701	Total Restricted Cash	48,941,029	48,941,029	0	(F)
87,135,475	88,427,951	TOTAL CASH AND INVESTMENTS	87,920,376	67,312,237	20,608,139	(F)

The Cash at Bank - Municipal Fund represents the balance on the last day of the relevant month. Any portion of the balance available for investment is transferred into the Investment - Municipal Fund account in the following period. Funds held in the Cash at Bank - Municipal Fund continue to accrue interest as per the Westpac commercial rates.



11.2 COMPLIANCE AUDIT RETURN 2016

REFERENCE: D2017/00322

PURPOSE OF REPORT

The purpose of the report is to present to Council for adoption the Compliance Audit Return (CAR) for the year ending 31 December 2016.

KEY ISSUES AND RECOMMENDATION(S)

- Each local government is required to complete a CAR at the end of each calendar year.
- The CAR is required to be reviewed by the Audit Committee (AC) before being adopted by Council, certified by the Chairman and Chief Executive Officer (CEO) and submitted to the Director General of the Department of Local Government and Communities, by 31 March 2017.

Recommendation(s)

That Council adopts the draft Compliance Audit Return 2016, that it be certified by the Chairman and Chief Executive Officer and be submitted to the Director General, Department of Local Government and Communities by 31 March 2017.

SOURCE OF REPORT

Director Corporate Services

BACKGROUND

The audit and applicable return is completed in accordance with the requirements of Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*. It is a compliance audit for the period 1 January to 31 December 2016 against the requirements included in the Compliance Audit Return for that period.

Regulation 14 requires the Audit Committee to review the CAR and to report the results of the review to Council prior to adoption by Council.

REPORT

The CAR, as required by the *Local Government Act 1995* (the Act) and relevant Regulations, was received from the Director General of the Department of Local Government and Communities with Departmental Circular No 03-2017 (the circular) on 10 January 2017.

The CAR sought advice on the extent of compliance by the EMRC to a range of sections of the Act and the local government regulations.

The review process includes a rigorous assessment being undertaken by responsible officers for each section. It is then input by the Manager Administration & Compliance which is why their name appears on the "respondent" column of the CAR document.

A high level of compliance was achieved. Where applicable, the details and explanations relating to the completion of the return appear in the relevant comment sections of the CAR.

After the CAR has been adopted by Council a certified copy of the Return along with the relevant section of the minutes and additional information explaining or qualifying the compliance audit, is to be submitted to the Director General of the Department of Local Government and Communities by 31 March 2017.



Item 11.2 continued

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 – Good Governance

4.3 To provide responsible and accountable governance and management of the EMRC

FINANCIAL IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Local Government Compliance Audit Return from 1 January 2016 to 31 December 2016 (Ref: D2017/03330)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council adopts the draft Compliance Audit Return 2016, that it be certified by the Chairman and Chief Executive Officer and be submitted to the Director General, Department of Local Government and Communities by 31 March 2017.

AC RECOMMENDATION(S)

MOVED CR PERKS

SECONDED CR SUTHERLAND

That Council adopts the draft Compliance Audit Return 2016, that it be certified by the Chairman and Chief Executive Officer and be submitted to the Director General, Department of Local Government and Communities by 31 March 2017.

CARRIED UNANIMOUSLY



Eastern Metropolitan Regional Council - Compliance Audit Return Regional Local Government 2016

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government and Communities together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2016.	N/A		Terri-Ann Ashton
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2016.	N/A		Terri-Ann Ashton
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2016.	N/A		Terri-Ann Ashton
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2016.	N/A		Terri-Ann Ashton
5	s3.59(5)	Did the Council, during 2016, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Terri-Ann Ashton



Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Terri-Ann Ashton
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Terri-Ann Ashton
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Terri-Ann Ashton
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Terri-Ann Ashton
5	s5.18	Has Council reviewed delegations to its committees in the 2015/2016 financial year.	Yes		Terri-Ann Ashton
6	s5.42(1), 5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Terri-Ann Ashton
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Terri-Ann Ashton
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Terri-Ann Ashton
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Terri-Ann Ashton
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	N/A		Terri-Ann Ashton
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Terri-Ann Ashton
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2015/2016 financial year.	Yes		Terri-Ann Ashton
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Terri-Ann Ashton

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Terri-Ann Ashton
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Terri-Ann Ashton



No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Terri-Ann Ashton
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Terri-Ann Ashton
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	N/A		Terri-Ann Ashton
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2016.	Yes		Terri-Ann Ashton
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2016.	Yes		Terri-Ann Ashton
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Terri-Ann Ashton
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Terri-Ann Ashton
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Terri-Ann Ashton
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Terri-Ann Ashton
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Terri-Ann Ashton
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Terri-Ann Ashton
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes		Terri-Ann Ashton



No	Reference	Question	Response	Comments	Respondent
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes		Terri-Ann Ashton
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Terri-Ann Ashton

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	N/A		Terri-Ann Ashton
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	N/A		Terri-Ann Ashton

Finance

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes		Terri-Ann Ashton
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A		Terri-Ann Ashton
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	N/A		Terri-Ann Ashton
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	N/A		Terri-Ann Ashton
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2016 received by the local government within 30 days of completion of the audit.	Yes		Terri-Ann Ashton
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2016 received by the local government by 31 December 2016.	Yes		Terri-Ann Ashton
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		Terri-Ann Ashton



No	Reference	Question	Response	Comments	Respondent
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A		Terri-Ann Ashton
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A		Terri-Ann Ashton
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	N/A		Terri-Ann Ashton
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	N/A		Terri-Ann Ashton
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	N/A		Terri-Ann Ashton
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	N/A		Terri-Ann Ashton
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	N/A		Terri-Ann Ashton



Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	N/A		Terri-Ann Ashton
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	N/A		Terri-Ann Ashton
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	N/A		Terri-Ann Ashton
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	N/A		Terri-Ann Ashton
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A		Terri-Ann Ashton

Official Conduct

No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	Yes		Terri-Ann Ashton
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes		Terri-Ann Ashton
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Terri-Ann Ashton
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Terri-Ann Ashton
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Terri-Ann Ashton
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		Terri-Ann Ashton



Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes		Terri-Ann Ashton
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes		Terri-Ann Ashton
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Terri-Ann Ashton
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Terri-Ann Ashton
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes		Terri-Ann Ashton
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes		Terri-Ann Ashton
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes		Terri-Ann Ashton
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Terri-Ann Ashton
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Terri-Ann Ashton
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Terri-Ann Ashton
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A		Terri-Ann Ashton
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A		Terri-Ann Ashton



No	Reference	Question	Response	Comments	Respondent
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	N/A		Terri-Ann Ashton
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	N/A		Terri-Ann Ashton
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A		Terri-Ann Ashton
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A		Terri-Ann Ashton
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	N/A		Terri-Ann Ashton
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A		Terri-Ann Ashton
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	N/A		Terri-Ann Ashton
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	N/A		Terri-Ann Ashton
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	N/A		Terri-Ann Ashton
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	N/A		Terri-Ann Ashton



No	Reference	Question	Response	Comments	Respondent
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	N/A		Terri-Ann Ashton
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	N/A		Terri-Ann Ashton
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes		Terri-Ann Ashton

I certify this Compliance Audit return has been adopted by Council at its meeting on

23 March 2017

Signed Mayor / President, Eastern Metropolitan Regional Council

Signed CEO, Eastern Metropolitan Regional Council



12 REPORTS OF DELEGATES

Nil

13 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PRESIDING MEMBER OR BY DECISION OF MEETING

Nil

14 GENERAL BUSINESS

The CEO advised members that the proposed changes to the *Local Government Act 1995* per Ministerial Circular No. 03-2016 which would allow the Auditor General and the Office of the Auditor General to take responsibility for the local government financial audits from 1 July 2017 had not been finalised. As a result, the first of the two single year options to extend the contract with the EMRC's auditors, Macri partners has been exercised following the expiration of the initial term at the end of the 2015/2016 financial year audit.

15 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

16 FUTURE MEETINGS OF THE AUDIT COMMITTEE

Meetings of the Audit Committee are covered under the Audit Committee Terms of Reference as follows.

"2.3 Meetings"

The Committee meet as required at the discretion of the Chairman of the Committee at least three (3) times per year to coincide with approval of strategic and annual plans, the annual budget and the auditor's report on the annual financial report.

Additional meetings shall be convened at the discretion of the Chairman or at the written request of any member of the Committee or external auditor."

Future Meetings 2017

Thursday	6	April (if required)	at	EMRC Administration Office
Thursday	4	May (if required)	at	EMRC Administration Office
Thursday	8	June	at	EMRC Administration Office
Thursday	6	July (if required)	at	EMRC Administration Office
Thursday	10	August (if required)	at	EMRC Administration Office
Thursday	7	September	at	EMRC Administration Office
Thursday	5	October (if required)	at	EMRC Administration Office
Thursday	16	November (if required)	at	EMRC Administration Office

17 DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 6:15pm.