

AUDIT COMMITTEE

MINUTES

5 March 2015

(REF: D2015/00410)

A meeting of the Audit Committee was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 5 March 2015**. The meeting commenced at **6:30pm**.

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:30pm.

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

Councillor Attendance

Cr David Färdig (Chairman)	EMRC Member	City of Swan
Cr Gerry Pule	EMRC Member	Town of Bassendean
Cr Chris Cornish	EMRC Member	City of Bayswater
Cr Frank Lindsey (Deputising for Cr O'Connor)	EMRC Member	Shire of Kalamunda

Apologies

Cr Dylan O'Connor	EMRC Member	Shire of Kalamunda
Cr Alan Pilgrim	EMRC Member	Shire of Mundaring

EMRC Officers

Mr Peter Schneider	Chief Executive Officer
Mr Hua Jer Liew	Director Corporate Services
Mr David Ameduri	Manager Financial Services
Ms Theresa Eckstein	EA to the Chief Executive Officer (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 4 SEPTEMBER 2014

That the Minutes of the Audit Committee meeting held 4 September 2014, which have been distributed, be confirmed.

AC RESOLUTION(S)

MOVED CR PULE

SECONDED CR LINDSEY

THAT THE MINUTES OF THE AUDIT COMMITTEE HELD ON 4 SEPTEMBER 2014, 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 2014/2015

REFERENCE: D2015/01133

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) 2014/2015 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 Local Government (Financial Management) Regulations 1996 r.33A, adopts the review of the 2014/2015 budget and approve its submission to the Department of Local Government and Communities within 30 days.

SOURCE OF REPORT

Director Corporate Services
Manager Financial 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 \$10,000, 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.



Item 11.1 continued

At the 23 October 2014 Council meeting, it was reported that lower than budgeted tonnages were being received from two major Commercial customers (D2014/11829). An initial review of the 2014/2015 budget was undertaken and reported to Council in December to determine avoided operational expenditure and deferred capital expenditure resulting from the reduced tonnages, as well as identify other organisational savings in an effort to mitigate the impact of the reduced revenue from commercial clients (D2014/12545).

REPORT

Whilst the January 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 2015. 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 2014. The financial report relating to the period ended 31 January 2015 will be submitted to Council at its meeting to be held on 19 March 2015. 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:	(\$7,651,072)
(Increase) / Decrease in Operating Expenditure/Other Expenses:	\$7,703,459
Increase / (Decrease) in Change in net assets from operations:	\$52,387
(Increase) / Decrease in Capital Expenditure:	\$10,442,863
(Increase) / Decrease in overall expenditure:	\$10,495,250

Provided below is a summary of changes between the original budget and the forecast for the financial year ending 30 June 2015. Comments are provided for significant variances using Council's adopted criteria of 10% or \$10,000, whichever is the greater, as a guide:

Operating Income/Other Revenues

User Charges

- Current Budget: \$36,459,392 Forecast Budget: 27,780,168 Variance: (\$8,679,224); (23.81%)

The full year forecast for User Charges is below the annual budget by \$8,679,224 (23.81%). This is due to the lower than budget tonnages forecast to be received from two major commercial operators as reported to Council at its December 2014 meeting (D2014/12545).

Also contributing to the variance is the reduction of the Carbon Tax (2014/2015 budget provision of \$2,031,250) which was repealed effective 1 July 2014.

Special Charges

- Current Budget: \$441,134 Forecast Budget: \$422,114 Variance: (\$19,020); (4.31%)

Contributions

- Current Budget: \$660,878 Forecast Budget: \$642,579 Variance: (\$18,299); (2.77%)

Operating Grants

- Current Budget: \$1,031,920 Forecast Budget: \$1,026,020 Variance: (\$5,900); (0.57%)

Interest Municipal Cash & Investments

- Current Budget: \$171,300 Forecast Budget: \$410,196 Variance: \$238,896; 139.46%

The full year forecast for Interest on Municipal Funds is \$238,896 (139.46%) above the budget of \$171,300. This is attributable to the higher level of funds available as at 30 June 2014 compared to budget together with a higher average interest rate received (3.69% to January 2015) compared to the budgeted rate (3.28%). Also contributing is the lower level of capital expenditure which has been forecast to be \$10,442,863 below the budget of \$30,410,929.

The average interest rate expected over the twelve months is forecast to be 3.60% compared to the budgeted rate of 3.28%.



Item 11.1 continued

Reimbursements

- Current Budget: \$789,589 Forecast Budget: \$1,397,461 Variance: \$607,872; 76.99%

Full year Reimbursements of \$1,397,461 has been forecast to be above the budget of \$789,589 by \$607,872 (76.99%). This is primarily attributable to the Hazelmere woodwaste grinder insurance claim (\$894,000) which directly off-sets the expenses relating to the insurance claim. This amount is also off-set by the reimbursement of carbon tax estimated at \$240,000.

Other Income

- Current Budget: \$1,951,500 Forecast Budget: \$2,474,168 Variance: \$522,668; 26.78%

The full year forecast for Other Income of \$2,474,168 is \$522,668 (26.78%) above the budget of \$1,951,000. Major factors attributable to this variance include the sale of greenwaste products which is expected to be \$105,000 (22.34%) above the budget of \$470,000, the sale of laterite forecast to be \$200,000 (55.56%) above the budget of \$360,000 and income from the sale of woodwaste products forecast to be \$89,000 (14.57%) above the budget of \$611,000.

Secondary Waste Charge (Other Revenues)

- Current Budget: \$5,147,437 Forecast Budget: \$4,504,300 Variance: (\$643,137); (12.49%)

Interest Restricted Cash Investments (Other Revenues)

- Current Budget: \$1,450,386 Forecast Budget: \$1,758,832 Variance: \$308,446; 21.27%

The full year forecast for Interest on Restricted Cash Investments is \$308,446 (21.27%) above the budget of \$1,450,386. This is attributable to the higher level of funds available as at 30 June 2014 compared to budget together with a higher average interest rate of 3.60% forecast over the twelve months compared to the budgeted rate of 3.28%.

Reimbursements (Other Revenues)

- Current Budget: \$2,169 Forecast Budget: \$50 Variance: (\$2,119); (97.69%)

Proceeds from Sale of Assets (Other Revenues)

- Current Budget: \$344,450 Forecast Budget: \$383,195 Variance: 38,745; 11.25%

Full year Proceeds from Sale of Assets of \$383,195 has been forecast to be \$38,745 (11.25%) above the budget of \$344,450. This is predominantly attributable to the compensation received for the resumption of a portion of the land at Hazelmere for the Lloyd Street extension (\$47,000) and is off-set by the timing of the disposal of assets.

Operating Expenditure

Salary Expenses

- Current Budget: \$9,471,357 Forecast Budget: \$8,544,531 Variance: \$926,826; 9.79%

The variance is attributable to certain vacant positions and budgeted new positions currently unfilled that have been forecast not to be filled by year end together with the timing of filling vacant positions and budgeted new positions throughout the year.

Contract Expenses

- Current Budget: \$6,217,698 Forecast Budget: \$6,524,773 Variance: (\$307,075); (4.94%)



Item 11.1 continued

Material Expenses

- Current Budget: \$1,115,211 Forecast Budget: \$936,135 Variance: \$179,076; 16.06%

The following operational expenditures for various directorate/business units have been identified as potential savings or deferrals in an effort to mitigate the impact of the reduced revenue from lower commercial tonnages received on the 2014/2015 Budget: Corporate Services (\$47,074), Environmental Services (\$32,763), Regional Development (\$10,350) and Waste Services (\$88,689).

Utility Expenses

- Current Budget: \$313,801 Forecast Budget: \$229,011 Variance: \$84,790; 27.02%

The variance is primarily attributable to a reduction in electricity expenses associated with the utilisation of the wood waste grinder at the Hazelmere site. It is anticipated that the wood waste grinder will be out of commission until March/April 2015 following damage caused by fire in August 2014.

Fuel Expenses

- Current Budget: \$883,840 Forecast Budget: \$863,740 Variance: \$20,100; 2.27%

Finance Fees and Interest Expenses

- Current Budget: \$21,317 Forecast Budget: \$21,400 Variance: (\$83); (0.39%)

Insurance Expenses

- Current Budget: \$340,079 Forecast Budget: \$1,207,828 Variance: (\$867,749); (255.16%)

The variance relates to forecast expenditure of \$895,000 associated with the Hazelmere woodwaste grinder repairs. This additional expenditure will be claimable and recouped through insurance and is offset by a corresponding increase in the reimbursement income.

Depreciation Expenses

- Current Budget: \$6,974,147 Forecast Budget: \$4,148,741 Variance: \$2,825,406; 40.51%

The full year forecast for Depreciation Expenses is \$2,825,406 (40.51%) below the budget of \$6,974,147.

This is attributable to the lower level of commercial tonnages forecast to be received by year end resulting in lower Class III cell air space consumption (full year forecast of \$1,355,355 compared to a budget of \$1,679,069), the lower level of capital expenditure (full year forecast of \$19,968,066 compared to a budget of \$30,410,929) and changes to the asset life of EMRC buildings, plant and equipment in accordance with accounting standards.

Miscellaneous Expenses (incl. landfill levy expenditure)

- Current Budget: \$14,052,170 Forecast Budget: \$9,751,573 Variance: \$4,300,597; 30.60%

The full year forecast Miscellaneous Expenses is \$4,300,597 (30.60%) below the budget of \$14,052,170. This variance is attributable to a lower than budgeted landfill levy payable (\$1,987,087) as a result of lower tonnages forecast to be received by year end as well as the reduction of the Carbon Tax provision (\$2,031,250) which was repealed effective 1 July 2014.

Provision Expenses

- Current Budget: \$86,804 Forecast Budget: \$70,708 Variance: \$16,096; 18.54%

The full year forecast for Provision Expenses is \$16,096 (18.54%) below the budget of \$86,804. This variance relates to the reduction in the provision for Site Rehabilitation as a result of lower tonnages forecast to be received by year end.



Item 11.1 continued

Costs Allocated

- Current Budget: (\$271,844) Forecast Budget: (\$275,025) Variance: (\$3,181); (1.17%)

Salary Expenses (Other Expenses)

- Current Budget: \$461,501 Forecast Budget: \$241,245 Variance: \$220,256; 47.73%

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: \$1,022,311 Forecast Budget: \$836,775 Variance: \$185,536; 18.15%

The variance is due to the timing of the Resource Recovery projects and the associated consultancy expenditure.

Material Expenses (Other Expenses)

- Current Budget: \$13,150 Forecast Budget: \$7,950 Variance: \$5,200; 39.54%

Utility Expenses (Other Expenses)

- Current Budget: \$7,500 Forecast Budget: \$2,500 Variance: \$5,000; 66.67%

Insurance Expenses (Other Expenses)

- Current Budget: \$7,559 Forecast Budget: \$7,482 Variance: \$77; 1.02%

Depreciation Expenses (Other Expenses)

- Current Budget: \$39,954 Forecast Budget: \$2,112 Variance: \$37,842; 94.71%

The variance is due to the timing of capital expenditure associated with the Resource Recovery projects.

Miscellaneous Expenses (Other Expenses)

- Current Budget: \$121,374 Forecast Budget: \$53,383 Variance: \$67,991; 56.02%

The variance is due to the timing of various Resource Recovery project tasks which will be carried forward into the 2015/2016 financial year.

Carrying Amount of Assets Disposed Of (Other Expenses)

- Current Budget: \$306,908 Forecast Budget: \$303,336 Variance: \$3,572; 1.16%

Costs Allocated (Other Expenses)

- Current Budget: \$271,844 Forecast Budget: \$275,025 Variance: (\$3,181); (1.17%)

Capital Expenditure

- Current Budget: \$30,410,929 Forecast Budget: \$19,968,066 Variance: \$10,422,863; 34.27%

The Capital Expenditure budgets as at year end were reviewed in September 2014 and again as part of the half year review undertaken during January 2015 in an effort to mitigate the impact of the reduced revenue from the reduction of commercial tonnages on the 2014/2015 Budget.

Full Year Capital Expenditure has been forecast to be \$10,422,863 (34.27%) below the budget of \$30,410,929.



Item 11.1 continued

Significant reductions to capital budgets that have been deferred and carried forward include the following:

- Purchase Resource Recovery Park Wood Waste to Energy Plant & Equipment - \$2,935,000;
- Purchase Resource Recovery Park C & I Building - Plant & Equipment - \$1,700,000;
- Purchase / Replace Plant - Hazelmere - \$1,340,000;
- Construct and Commission Resource Recovery Park C & I Building - \$1,050,000;
- Construct Class III Cell - Farm Stage 3 - \$820,000;
- Construct Class III Cell - Stage 14 - \$800,000;
- Construct and Commission Resource Recovery Park Wood Waste to Energy Building - \$625,000;
- Construct and Commission Resource Recovery Park Site Infrastructure - \$500,000;
- Purchase / Replace Plant - Red Hill Landfill Facility - \$300,000;
- Purchase Information Technology & Communication Equipment - \$209,000;
- Construct and Commission Resource Recovery Park Weighbridges (x2) - \$150,000;
- Purchase / Replace Other Equipment - Red Hill Landfill Facility - \$146,000;
- Construct Roads / Carparks - \$100,000; and
- Construct Nutrient Stripping Pond - \$86,000.

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

- Leachate Project - Red Hill Landfill Facility - \$650,000; and
- Construct Monitoring Bores - Red Hill Landfill Facility - \$122,000.

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

ATTACHMENT(S)

1. Income Statement by Nature and Type (Ref: D2015/02852)
2. Capital Expenditure Statement (Ref: D2015/02853)
3. Statement of Financial Position (Ref: D2015/02854)
4. Statement of Cash and Investments (D2015/02855)



Item 11.1 continued

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That Council, by an absolute majority in accordance with the provisions of Local Government (Financial Management) Regulations 1996 r.33A, adopts the review of the 2014/2015 budget and approve its submission to the Department of Local Government and Communities within 30 days.

The Chief Executive Officer provided a brief overview of the half year budget review and discussion ensued.

AUDIT COMMITTEE RECOMMENDATION(S)

MOVED CR PULE

SECONDED CR CORNISH

That Council, by an absolute majority in accordance with the provisions of Local Government (Financial Management) Regulations 1996 r.33A, adopts the review of the 2014/2015 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

Year to Date			JANUARY 2015			Full Year		
Actual	Budget	Variance		Forecast	Budget	Variance		
Operating Income								
\$15,685,394	\$20,147,684	(\$4,462,290)	(U)	User Charges	\$27,780,168	\$36,459,392	(\$8,679,224)	(U)
\$258,594	\$264,219	(\$5,625)	(U)	Special Charges	\$422,114	\$441,134	(\$19,020)	(U)
\$596,876	\$604,755	(\$7,879)	(U)	Contributions	\$642,579	\$660,878	(\$18,299)	(U)
\$428,000	\$433,000	(\$5,000)	(U)	Operating Grants	\$1,026,020	\$1,031,920	(\$5,900)	(U)
\$231,445	\$99,918	\$131,527	(F)	Interest Municipal Cash Investments	\$410,196	\$171,300	\$238,896	(F)
\$827,083	\$460,551	\$366,532	(F)	Reimbursements	\$1,397,461	\$789,589	\$607,872	(F)
\$1,445,845	\$1,177,097	\$268,748	(F)	Other	\$2,474,168	\$1,951,500	\$522,668	(F)
\$19,473,236	\$23,187,224	(\$3,713,988)	(U)	Total Operating Income	\$34,152,706	\$41,505,713	(\$7,353,007)	(U)
Operating Expenditure								
\$4,473,928	\$5,418,147	\$944,219	(F)	Salary Expenses	\$8,544,531	\$9,471,357	\$926,826	(F)
\$1,964,767	\$2,794,221	\$829,454	(F)	Contract Expenses	\$6,524,773	\$6,217,698	(\$307,075)	(U)
\$341,865	\$399,456	\$57,591	(F)	Material Expenses	\$936,135	\$1,115,211	\$179,076	(F)
\$130,223	\$161,005	\$30,782	(F)	Utility Expenses	\$229,011	\$313,801	\$84,790	(F)
\$451,200	\$493,737	\$42,537	(F)	Fuel Expenses	\$863,740	\$883,840	\$20,100	(F)
\$13,521	\$12,425	(\$1,096)	(U)	Finance Fees and Interest Expenses	\$21,400	\$21,317	(\$83)	(U)
\$818,006	\$218,641	(\$599,365)	(U)	Insurance Expenses	\$1,207,828	\$340,079	(\$867,749)	(U)
\$2,287,367	\$3,231,154	\$943,787	(F)	Depreciation Expenses	\$4,148,741	\$6,974,147	\$2,825,406	(F)
\$4,680,938	\$5,493,879	\$812,941	(F)	Miscellaneous Expenses	\$9,751,573	\$14,052,170	\$4,300,597	(F)
\$0	\$0	\$0	(F)	Provision Expenses	\$70,708	\$86,804	\$16,096	(F)
(\$357,679)	(\$159,519)	\$198,160	(F)	Costs Allocated	(\$275,025)	(\$271,844)	\$3,181	(F)
\$14,804,136	\$18,063,146	\$3,259,010	(F)	Total Operating Expenditure	\$32,023,415	\$39,204,580	\$7,181,165	(F)
\$4,669,100	\$5,124,078	(\$454,978)	(U)	OPERATING RESULT FROM NORMAL ACTIVITIES	\$2,129,291	\$2,301,133	(\$171,842)	(U)
Surplus	Surplus				Surplus	Surplus		

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; and
5. Miscellaneous Expenses - includes the Landfill Levy expense of \$4,221,645 as at 31 January 2015.

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 2015

Year to Date									Full Year		
Actual	Budget	Variance							Forecast	Budget	Variance
Other Revenues											
\$2,729,958	\$2,978,886	(\$248,928)	(U)	Secondary Waste Charge	\$4,504,300	\$5,147,437	(\$643,137)	(U)			
\$0	\$0	\$0	(F)	Operating Grants	\$0	\$0	\$0	(F)			
\$1,265,376	\$846,020	\$419,356	(F)	Interest Restricted Cash Investments	\$1,758,832	\$1,450,386	\$308,446	(F)			
\$6	\$1,260	(\$1,254)	(U)	Reimbursements	\$50	\$2,169	(\$2,119)	(U)			
\$200,598	\$132,700	\$67,898	(F)	Proceeds from Sale of Assets	\$383,195	\$344,450	\$38,745	(F)			
\$4,195,937	\$3,958,866	\$237,071	(F)	Total Other Revenues	\$6,646,377	\$6,944,442	(\$298,065)	(U)			
Other Expenses											
\$131,009	\$219,749	\$88,740	(F)	Salary Expenses	\$241,245	\$461,501	\$220,256	(F)			
\$285,430	\$454,138	\$168,708	(F)	Contract Expenses	\$836,775	\$1,022,311	\$185,536	(F)			
\$3,147	\$5,863	\$2,716	(F)	Material Expenses	\$7,950	\$13,150	\$5,200	(F)			
\$1,379	\$4,368	\$2,989	(F)	Utility Expenses	\$2,500	\$7,500	\$5,000	(F)			
\$3,854	\$4,403	\$549	(F)	Insurance Expenses	\$7,482	\$7,559	\$77	(F)			
\$1,113	\$2,396	\$1,283	(F)	Depreciation Expenses	\$2,112	\$39,954	\$37,842	(F)			
\$20,290	\$62,666	\$42,376	(F)	Miscellaneous Expenses	\$53,383	\$121,374	\$67,991	(F)			
\$167,648	\$179,502	\$11,854	(F)	Carrying Amount of Assets Disposed Of	\$303,336	\$306,908	\$3,572	(F)			
\$173,541	\$158,635	(\$14,906)	(U)	Costs Allocated	\$275,025	\$271,844	(\$3,181)	(U)			
\$787,411	\$1,091,720	\$304,309	(F)	Total Other Expenses	\$1,729,808	\$2,252,101	\$522,293	(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)			
\$3,408,526	\$2,867,146	\$541,380	(F)	OPERATING RESULT FROM OTHER ACTIVITIES	\$4,916,570	\$4,692,341	\$224,229	(F)			
Surplus	Surplus							Surplus	Surplus		
\$8,077,626	\$7,991,224	\$86,402	(F)	CHANGE IN NET ASSETS FROM OPERATIONS	\$7,045,861	\$6,993,474	\$52,387	(F)			
Surplus	Surplus							Surplus	Surplus		



CAPITAL EXPENDITURE STATEMENT

JANUARY 2015

Year to Date						Full Year		
Actual	Budget	Variance		On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance
Governance and Corporate Services								
\$15,988	\$162,855	\$146,867	(F)	\$133,819	Purchase Vehicles - Ascot Place (24440/00)	\$166,005	\$233,978	\$67,973 (F)
\$0	\$19,684	\$19,684	(F)	\$0	Purchase Furniture Fittings & Equipment - Corporate Services (24510/01)	\$33,750	\$33,750	\$0 (F)
\$27,938	\$358,315	\$330,377	(F)	\$1,025	Purchase Information Technology & Communication Equipment (24550/00)	\$510,650	\$719,650	\$209,000 (F)
\$0	\$23,331	\$23,331	(F)	\$0	Purchase Art Works (24620/00)	\$20,000	\$40,000	\$20,000 (F)
\$0	\$151,662	\$151,662	(F)	\$0	Capital Improvement Administration Building - Ascot Place (25240/01)	\$260,000	\$260,000	\$0 (F)
\$0	\$2,128	\$2,128	(F)	\$0	Upgrade Security Equipment - Ascot Place (25530/01)	\$3,650	\$3,650	\$0 (F)
\$43,925	\$717,975	\$674,050	(F)	\$134,844		\$994,055	\$1,291,028	\$296,973 (F)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2015

Year to Date			Full Year		
Actual	Budget	Variance	Forecast	Budget	Variance

On (F) = Favourable variation
Order (U) = Unfavourable variation

Environmental Services

\$0	\$700	\$700 (F)	\$0	Purchase Office Equipment - Environmental Services (24510/05)	\$800	\$1,200	\$400 (F)
\$0	\$875	\$875 (F)	\$0	Purchase Office Furniture and Fittings - Environmental Services (24610/05)	\$1,000	\$1,500	\$500 (F)
\$0	\$1,575	\$1,575 (F)	\$0		\$1,800	\$2,700	\$900 (F)

Regional Development

\$0	\$581	\$581 (F)	\$0	Purchase Office Equipment - Regional Development (24510/04)	\$800	\$1,000	\$200 (F)
\$0	\$581	\$581 (F)	\$0	Purchase Office Furniture and Fittings - Regional Development (24610/04)	\$800	\$1,000	\$200 (F)
\$0	\$1,162	\$1,162 (F)	\$0		\$1,600	\$2,000	\$400 (F)

Risk Management

\$0	\$287	\$287 (F)	\$0	Purchase Office Equipment - Risk Management (24510/06)	\$0	\$500	\$500 (F)
\$0	\$287	\$287 (F)	\$0	Purchase Office Furniture and Fittings - Risk Management (24610/06)	\$0	\$500	\$500 (F)
\$0	\$574	\$574 (F)	\$0		\$0	\$1,000	\$1,000 (F)

Resource Recovery

\$0	\$0	\$0 (F)	\$0	Resource Recovery Park - Land (24150/05)	\$1,000,000	\$1,000,000	\$0 (F)
\$0	\$0	\$0 (F)	\$14,500	Construct and Commission Resource Recovery Park - C & I Building (24259/04)	\$500,000	\$1,550,000	\$1,050,000 (F)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2015

Year to Date				Full Year					
Actual	Budget	Variance	On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance		
Resource Recovery									
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - Wood Waste to Energy Building (24259/05)	\$0	\$625,000	\$625,000	(F)	
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - Community Transfer Station (24259/06)	\$0	\$10,000	\$10,000	(F)	
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - MRF Building - Hazelmere (24259/09)	\$25,000	\$50,000	\$25,000	(F)	
\$0	\$0	\$0 (F)	\$0	Construct and Commission Resource Recovery Park - Weighbridges (x2) (24392/02)	\$0	\$150,000	\$150,000	(F)	
\$22,025	\$22,500	\$475 (F)	\$40,082	Construct and Commission Resource Recovery Park - Site Infrastructure (24399/01)	\$690,000	\$1,190,000	\$500,000	(F)	
\$0	\$0	\$0 (F)	\$0	Purchase Resource Recovery Park - Wood Waste to Energy Plant & Equipment (24410/03)	\$3,200,000	\$6,135,000	\$2,935,000	(F)	
\$0	\$0	\$0 (F)	\$0	Purchase Resource Recovery Park C & I Building - Plant & Equipment (24410/04)	\$0	\$1,700,000	\$1,700,000	(F)	
\$0	\$0	\$0 (F)	\$0	Purchase Office Equipment - Resource Recovery (24510/07)	\$1,000	\$1,000	\$0	(F)	
\$0	\$0	\$0 (F)	\$0	Purchase Other Equipment - Resource Recovery (24590/07)	\$1,000	\$1,000	\$0	(F)	
\$0	\$0	\$0 (F)	\$0	Purchase Office Furniture and Fittings - Resource Recovery (24610/07)	\$1,000	\$1,000	\$0	(F)	
\$22,025	\$22,500	\$475 (F)	\$54,582		\$5,418,000	\$12,413,000	\$6,995,000	(F)	



CAPITAL EXPENDITURE STATEMENT

JANUARY 2015

Year to Date					Full Year		
Actual	Budget	Variance	On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance
Waste Management							
\$0	\$0	\$0 (F)	\$0	Construct Storage Shed for Mattresses - Hazelmere (24250/05)	\$0	\$63,000	\$63,000 (F)
\$0	\$10,000	\$10,000 (F)	\$0	Construct Class III Cell Stage 14 - Red Hill Landfill Facility (24310/12)	\$160,000	\$960,000	\$800,000 (F)
\$20,926	\$21,000	\$74 (F)	\$3,636	Construct Class III Landfill Cell Farm Stage 3 - Red Hill Landfill Facility (24310/13)	\$280,000	\$1,100,000	\$820,000 (F)
\$725,292	\$730,000	\$4,708 (F)	\$2,698,345	Construct Class III Cell Stage 15 - Red Hill Landfill Facility (24310/16)	\$5,010,000	\$5,010,000	\$0 (F)
\$489	\$500	\$11 (F)	\$261,133	Leachate Project - Red Hill Landfill Facility (24320/02)	\$1,650,000	\$1,000,000	(\$650,000) (U)
\$0	\$0	\$0 (F)	\$0	Design and Construct Class IV Cell Stage 2 - Red Hill Landfill Facility (24330/04)	\$400,000	\$400,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Construct Siltation Ponds - Red Hill Landfill Facility (24350/00)	\$200,000	\$200,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Construct Stormwater Control Pond - Red Hill Farm Stage I (24350/01)	\$100,000	\$100,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Construct Nutrient Stripping Pond - Red Hill Landfill Facility (24360/00)	\$200,000	\$286,000	\$86,000 (F)
\$26,880	\$0	(\$26,880) (U)	\$0	Construct Roads / Carparks - Red Hill Landfill Facility (24370/00)	\$400,000	\$500,000	\$100,000 (F)
\$2,399	\$2,500	\$101 (F)	\$92,962	Construct Perimeter Fencing - Red Hill Landfill Facility (24394/00)	\$100,000	\$100,000	\$0 (F)
\$1,030	\$0	(\$1,030) (U)	\$0	Construct Greenwaste Processing Area - Red Hill Landfill Facility (24395/00)	\$0	\$0	\$0 (F)
\$8,200	\$8,500	\$300 (F)	\$59,124	Construct Hardstand and Road - Hazelmere (24395/01)	\$224,000	\$224,000	\$0 (F)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2015

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	Relocate Greenwaste Processing area - Red Hill Landfill Facility (24395/04)	\$820,000	\$820,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Construct Monitoring Bores - Red Hill Landfill Facility (24396/00)	\$154,782	\$32,782	(\$122,000) (U)
\$0	\$0	\$0 (F)	\$0	Washdown bay Upgrade - Red Hill Landfill Facility (24399/04)	\$0	\$70,000	\$70,000 (F)
\$0	\$0	\$0 (F)	\$0	Truck Washdown Bay for Member Councils - Red Hill Landfill Facility (24399/05)	\$0	\$30,000	\$30,000 (F)
\$0	\$0	\$0 (F)	\$0	Plant Washdown Bay - Hazelmere (24399/08)	\$80,000	\$80,000	\$0 (F)
\$248,101	\$250,000	\$1,899 (F)	\$0	Purchase / Replace Plant - Red Hill Landfill Facility (24410/00)	\$1,803,000	\$2,103,000	\$300,000 (F)
\$516,383	\$520,000	\$3,617 (F)	\$5,487	Purchase / Replace Plant - Hazelmere (24410/01)	\$1,510,000	\$2,850,000	\$1,340,000 (F)
\$18,852	\$19,000	\$148 (F)	\$0	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility (24420/00)	\$120,000	\$165,000	\$45,000 (F)
\$8,950	\$9,500	\$550 (F)	\$3,636	Purchase / Replace Minor Plant and Equipment - Hazelmere (24420/02)	\$12,000	\$12,000	\$0 (F)
\$100,526	\$100,600	\$74 (F)	\$0	Purchase / Replace Vehicles - Red Hill Landfill Facility (24430/00)	\$104,279	\$117,869	\$13,590 (F)
\$0	\$0	\$0 (F)	\$0	Purchase / Replace Office Equipment - Engineering / Waste Management (24510/02)	\$550	\$550	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Purchase / Replace Office Equipment - Red Hill Landfill Facility (24510/08)	\$24,000	\$24,000	\$0 (F)
\$2,783	\$3,000	\$217 (F)	\$4,750	Purchase Fire Fighting System/Equipment - Hazelmere (24520/07)	\$10,000	\$10,000	\$0 (F)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2015

Year to Date				Full Year			
Actual	Budget	Variance	On (F) = Favourable variation Order (U) = Unfavourable variation	Forecast	Budget	Variance	
Waste Management							
\$0	\$0	\$0 (F)	\$0	Purchase / Replace Fire Fighting Equipment - Red Hill Landfill Facility (24520/08)	\$1,000	\$1,000	\$0 (F)
\$3,940	\$4,000	\$60 (F)	\$0	Purchase / Replace Security System - Red Hill Waste Management Facility (24530/08)	\$28,000	\$54,000	\$26,000 (F)
\$0	\$0	\$0 (F)	\$0	Purchase / Replace Security System - Hazelmere (24530/10)	\$6,000	\$6,000	\$0 (F)
\$11,983	\$12,000	\$17 (F)	\$0	Purchase / Replace Other Equipment - Red Hill Landfill Facility (24590/00)	\$120,000	\$266,000	\$146,000 (F)
\$0	\$0	\$0 (F)	\$0	Purchase / Replace Miscellaneous Equipment - Hazelmere (24590/02)	\$2,500	\$2,500	\$0 (F)
\$0	\$0	\$0 (F)	\$154	Purchase/Replace Other Equipment - Engineering and Waste Management (24590/03)	\$3,000	\$3,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Purchase Office Furniture and Fittings-Engineering and Waste Management (24610/03)	\$1,000	\$1,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Purchase / Replace Office Furniture and Fittings - Red Hill Landfill Facility (24610/08)	\$3,000	\$3,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Purchase Office Furniture and Fittings-Hazelmere (24610/10)	\$1,500	\$1,500	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Purchase Miscellaneous Furniture and Fittings - Red Hill Education Programme (24690/01)	\$0	\$1,000	\$1,000 (F)
\$3,900	\$4,000	\$100 (F)	\$596	Refurbish Environmental Education Centre - Redhill Landfill Facility (25253/00)	\$4,000	\$4,000	\$0 (F)
\$0	\$0	\$0 (F)	\$0	Refurbish Waste Transfer Station Building - Red Hill Landfill Facility (25259/01)	\$0	\$80,000	\$80,000 (F)
\$0	\$0	\$0 (F)	\$0	Refurbish Plant - Red Hill Landfill Facility (25410/00)	\$20,000	\$20,000	\$0 (F)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2015

Year to Date					Full Year		
Actual	Budget	Variance	On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance
\$1,700,635	\$1,694,600	(\$6,035)	(U)	\$3,129,823	\$13,552,611	\$16,701,201	\$3,148,590 (F)
\$1,766,585	\$2,438,386	\$671,801 (F)		\$3,319,249	TOTAL CAPITAL EXPENDITURE	\$19,968,066	\$30,410,929 \$10,442,863 (F)



STATEMENT OF FINANCIAL POSITION

JANUARY 2015

Actual June 2014	Actual Year to Date		Full Year			
			Forecast	Budget	Variance	
		(F) = Favourable variation (U) = Unfavourable variation				
Current Assets						
\$2,022,468	\$3,117,927	Cash and Cash Equivalents	\$8,656,601	\$1,578,569	\$7,078,032	(F)
\$67,266,510	\$70,480,548	Investments	\$52,261,849	\$51,727,546	\$534,303	(F)
\$2,974,194	\$5,238,411	Trade and Other Receivables	\$2,974,194	\$2,974,194	\$0	(F)
\$78,895	\$72,115	Inventories	\$78,895	\$78,895	\$0	(F)
\$60,664	\$324,392	Other Assets	\$60,664	\$60,664	\$0	(F)
\$72,402,731	\$79,233,395	Total Current Assets	\$64,032,203	\$56,419,868	\$7,612,335	(F)
Current Liabilities						
\$4,067,102	\$2,370,914	Trade and Other Payables	\$4,067,102	\$4,067,102	\$0	(F)
\$1,305,240	\$1,192,481	Provisions	\$1,332,019	\$1,332,019	\$0	(F)
\$5,372,342	\$3,563,395	Total Current Liabilities	\$5,399,121	\$5,399,121	\$0	(F)
\$67,030,389	\$75,670,000	Net Current Assets	\$58,633,082	\$51,020,747	\$7,612,335	(F)
Non Current Assets						
\$47,327,000	\$47,294,785	Land	\$48,327,000	\$48,327,000	\$0	(F)
\$5,751,122	\$5,682,367	Buildings	\$6,406,045	\$8,112,335	(\$1,706,290)	(U)
\$11,708,471	\$10,698,356	Structures	\$20,412,021	\$21,786,396	(\$1,374,375)	(U)
\$6,471,181	\$6,191,490	Plant	\$11,097,440	\$15,292,591	(\$4,195,151)	(U)
\$643,141	\$552,071	Equipment	\$1,149,673	\$1,428,967	(\$279,294)	(U)
\$147,818	\$141,080	Furniture and Fittings	\$170,430	\$191,364	(\$20,934)	(U)
\$783,353	\$1,582,395	Work in Progress	\$783,353	\$783,353	\$0	(F)
\$72,832,086	\$72,142,544	Total Non Current Assets	\$88,345,962	\$95,922,006	(\$7,576,044)	(U)
Non Current Liabilities						
\$6,799,725	\$6,672,167	Provisions	\$6,870,433	\$6,886,529	\$16,096	(F)
\$6,799,725	\$6,672,167	Total Non Current Liabilities	\$6,870,433	\$6,886,529	\$16,096	(F)
\$133,062,750	\$141,140,377	Net Assets	\$140,108,611	\$140,056,224	\$52,387	(F)
Equity						
\$48,612,233	\$48,612,233	Accumulated Surplus/Deficit	\$48,612,233	\$48,612,233	\$0	(F)
\$51,139,296	\$51,139,297	Cash Backed Reserves	\$51,139,296	\$51,139,296	\$0	(F)
\$33,311,221	\$33,311,221	Asset Revaluation Reserve	\$33,311,221	\$33,311,221	\$0	(F)
\$0	\$8,077,626	Net change in assets from operations	\$7,045,861	\$6,993,474	\$52,387	(F)
\$133,062,750	\$141,140,377	Total Equity	\$140,108,611	\$140,056,224	\$52,387	(F)



CASH AND INVESTMENTS

JANUARY 2015

Actual June 2014	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Municipal Cash and Investments					
2,019,118	3,114,477	Cash at Bank - Municipal Fund 01001/00	8,653,251	1,575,219	7,078,032 (F)
1,250	1,250	Cash on Hand - Ascot Place 01019/00	1,250	1,250	0 (F)
300	400	Cash on Hand - Walliston/Mathieson & Coppin Road Transfer Stations 01019/01	300	300	0 (F)
1,800	1,800	Cash on Hand - Red Hill / Hazelmere 01019/02	1,800	1,800	0 (F)
16,496,934	17,844,112	Investments - Municipal Fund 02021/00	1,254,684	9,756,578	(8,501,894) (U)
18,519,402	20,962,039	Total Municipal Cash	9,911,285	11,335,147	(1,423,862) (U)
Restricted Cash and Investments					
3,061,316	3,142,379	Restricted Investments - Plant and Equipment 02022/01	371,369	248,590	122,779 (F)
1,717,656	1,763,139	Restricted Investments - Post Closure Site Rehabilitation Red Hill 02022/02	1,772,264	1,778,670	(6,406) (U)
242,215	248,629	Restricted Investments - Future Development 02022/03	3,699,916	3,706,098	(6,182) (U)
568,262	583,309	Restricted Investments - Environmental Monitoring Red Hill 02022/04	586,328	588,351	(2,023) (U)
133,486	137,021	Restricted Investments - Environmental Insurance Red Hill 02022/05	88,691	88,089	602 (F)
13,023	13,368	Restricted Investments - Risk Management 02022/06	13,437	13,460	(23) (U)
111,812	114,773	Restricted Investments - Class IV Cells Red Hill 02022/07	18,873	(241,925)	260,798 (F)
14,747	15,138	Restricted Investments - Regional Development 02022/08	52,570	(239,658)	292,228 (F)
43,581,696	44,735,722	Restricted Investments - Secondary Waste Processing 02022/09	42,602,858	35,568,402	7,034,456 (F)
914,509	938,725	Restricted Investments - Class III Cells 02022/10	1,345,432	3,776	1,341,656 (F)
65,756	67,497	Restricted Investments - Building Refurbishment (Ascot Place) 02022/11	67,847	67,961	(114) (U)
231,764	142,991	Restricted Investments - Accrued Interest 02022/19	231,764	231,764	0 (F)
(601,485)	0	Restricted Investments - Unrealised Loss/Gain on Investments 02022/20	(601,485)	(601,485)	0 (F)
714,817	733,745	Restricted Investments - Long Service Leave 02022/90	757,299	758,873	(1,574) (U)
50,769,576	52,636,436	Total Restricted Cash	51,007,165	41,970,968	9,036,197 (F)
69,288,978	73,598,476	TOTAL CASH AND INVESTMENTS	60,918,450	53,306,115	7,612,335 (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 2014

REFERENCE: D2015/00407

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 2014.

KEY ISSUES AND RECOMMENDATION(S)

- Each local government is required to complete a compliance audit return 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 2015.

Recommendation(s)

That Council adopts the draft Compliance Audit Return 2014, 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 2015.

SOURCE OF REPORT

Director Corporate Services
Manager Administration and Compliance

BACKGROUND

The audit and applicable return is completed in accordance with the requirements of regulation 14 and 15 of the *Local Government (Audit) Regulations 1996*. It is a compliance audit for the period 1 January to 31 December 2014 against the requirements included in the Compliance Audit Return for that period.

A change to Regulation 14 of the Local Government (Audit) Regulation 1996 in 2011 now 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 Compliance Audit Return, 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 35-2014 (the circular) on 23 December 2014.

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 2014 CAR continues in the revised format introduced in 2011, with the areas of compliance restricted to those considered high risk.

A satisfactory level of compliance was achieved with only a non-compliance reported in the area of Disclosure of Interest which was the late lodgement of a Primary Return by an elected member. The details and explanations applicable to the completion of the return appear in the relevant comment sections of the CAR.

After the Compliance Audit Return 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 2015.



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 2014 to 31 December 2014.
(Ref: D2015/00408)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council adopts the draft Compliance Audit Return 2014, 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 2015.



Item 11.2 continued

AUDIT COMMITTEE RECOMMENDATION(S)

MOVED CR CORNISH

SECONDED CR PULE

That Council adopts the draft Compliance Audit Return 2014, 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 2015.

CARRIED UNANIMOUSLY



Eastern Metropolitan Regional Council - Compliance Audit Return Regional Local Government 2014

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) Functions & General Regulation 7,9	Has the local government prepared a business plan for each major trading undertaking in 2014.	N/A		Terri-Ann Ashton	
2	s3.59(2)(a)(b)(c) Functions & General Regulation 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2014.	N/A		Terri-Ann Ashton	
3	s3.59(2)(a)(b)(c) Functions & General Regulation 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 2014.	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 2014.	N/A		Terri-Ann Ashton	
5	s3.59(5)	Did the Council, during 2014, 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 2013/2014 financial year.	Yes		Terri-Ann Ashton	
6	s5.42(1),5.43 Administration Regulation 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 2013/2014 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.	No	One failed to submit by the due date, this was reported to the Department of Local Government and Corruption and Crime Commission.	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 2014.	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 2014.	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



No	Reference	Question	Response	Comments	Respondent
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
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 any property that was not disposed of by public auction or tender, given local public notice prior to disposal (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.	Yes		Terri-Ann Ashton
4	s7.3	Was the person(s) appointed by the local government to be its auditor, an approved auditor.	Yes		Terri-Ann Ashton
5	S7.3, s7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes		Terri-Ann Ashton



No	Reference	Question	Response	Comments	Respondent
6	s7.12A(3), (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 that action undertaken.	N/A		Terri-Ann Ashton
7	s7.12A(3), (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
8	s7.12A(3), (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
9	A Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Terri-Ann Ashton
10	A Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Terri-Ann Ashton
11	A Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Terri-Ann Ashton
12	A 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.	Yes		Terri-Ann Ashton
13	A 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.	Yes		Terri-Ann Ashton
14	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2014 received by the local government within 30 days of completion of the audit.	Yes		Terri-Ann Ashton
15	s7.9(1)	Was the Auditor's report for 2013/2014 received by the local government by 31 December 2014.	Yes		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 was advertised.	N/A		Terri-Ann Ashton
2	s5.36(4), 5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s5.36(4), s5.37(3) and Admin Reg 18A.	N/A		Terri-Ann Ashton
3	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A		Terri-Ann Ashton
4	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
5	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



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) (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)	Did the local government invite tenders via Statewide public notice.	Yes		Terri-Ann Ashton	
4	F&G Reg 14, 15 & 16	Did the local government's advertising and tender documentation comply with F&G Regs 14,15 & 16.	Yes		Terri-Ann Ashton	




No	Reference	Question	Response	Comments	Respondent
5	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
6	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
7	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
8	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
9	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
10	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
11	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
12	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
13	F&G Reg 24E	Where the local government gave regional price preference in relation to a tender process, did the local government comply with 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
14	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, \$100,000 or less.	Yes		Terri-Ann Ashton
15	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




Government of **Western Australia**
Department of Local Government and Communities

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

19-3-15



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

Nil

14 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 2015

Thursday	9	April (if required)	at	EMRC Administration Office
Thursday	7	May (if required)	at	EMRC Administration Office
Thursday	4	June	at	EMRC Administration Office
Thursday	9	July (if required)	at	EMRC Administration Office
Thursday	6	August (if required)	at	EMRC Administration Office
Thursday	3	September (if required)	at	EMRC Administration Office
Thursday	8	October (if required)	at	EMRC Administration Office
Thursday	19	November (if required)	at	EMRC Administration Office

15 DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 6:45pm.