SECTION 15

Minutes of Committees

For the Ordinary Meeting of Council

24 June 2021

Item 15.1 – Audit Committee Minutes – 3 June 2021

UNCONFIRMED

MINUTES

Audit Committee

3 June 2021

AUDIT COMMITTEE

MINUTES

3 June 2021

(REF: D2021/08492)

A meeting of the Audit Committee was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, ASCOT WA 6104 on **Thursday, 3 June 2021**. The meeting commenced at **6:00pm.**

TABLE OF CONTENTS

1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:00pm, welcomed visitors and acknowledged the traditional custodians of the land on which the meeting was held and paid respects to the elders past, present and future.

Mr James Cottrill, Internal Auditor from Stantons International was welcomed to the meeting.

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

Councillor Attendance

Cr Mel Congerton (Chairman)	EMRC Member	City of Swan
Cr Lesley Boyd (Deputy Chairman)	EMRC Member	City of Kalamunda
Cr Kathryn Hamilton	EMRC Member	Town of Bassendean
Cr Lorna Clarke	EMRC Member	City of Bayswater
Cr Doug Jeans	EMRC Member	Shire of Mundaring

Councillor Observer

Cr Giorgia Johnson *(arrived 6:09pm)*	EMRC Member	City of Bayswater

Councillor Apologies

Cr Janet Powell	EMRC Member	City of Belmont

EMRC Officers

Mr Marcus Geisler	Chief Executive Officer
Mr Hua Jer Liew	Chief Financial Officer
Mr Douglas Bruce	Chief Project Officer
Mrs Wendy Harris	Chief Sustainability Officer
Mr Brad Lacey	Chief Operating Officer
Mr David Ameduri	Manager Financial Services
Ms Izabella Krzysko	Manager Procurement and Governance
Mr David Schmidt	Manager Information Services
Mrs Lee Loughnan	Personal Assistant to Chief Financial Officer (Minutes)

EMRC Observers

Ms Theresa Eckstein	Executive Assistant to the Chief Executive Officer

Visitor(s)

Mr James Cottrill	Stantons International

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 MARCH 2021

That the Minutes of the Audit Committee meeting held on 4 March 2021 which have been distributed, be confirmed.

AC RESOLUTION

MOVED CR BOYD   SECONDED CR JEANS

THAT THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 4 MARCH 2021 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   INTERNAL AUDIT REPORT – 2021 PROGRAMME

REFERENCE: D2021/08824

PURPOSE OF REPORT

The purpose of this report is to present the Audit Committee (AC) with the internal audit report of the 2020/2021 internal audit programme.

KEY ISSUES AND RECOMMENDATION(S)

- The tabling of the 2019 Internal Audit Report to the Audit Committee at its 6 June 2019 meeting, represented the completion of the four (4) year audit programme.

- At the June 2020 round of meetings, Council endorsed a new internal audit programme to be spread over a three (3) year (plus three (3) year) cycle to coincide with the new requirements of the *Local Government (Financial Management) Regulations 1996* and consisting of 22 auditable areas.

- This year (2020/2021) represents the first year of the three (3) year (plus three (3) year) programme.

- The internal audit program for this year commenced in March 2021 for the Accounts Payable (Masterfile) and Contract Management, Corporate Governance, Payroll, Human Resource Management, OH&S Systems Review Reporting & Remedial Actions, Waste Management Resource Recovery Park & Transfer Stations and IT General Controls audit areas.

- The internal audit reports for all seven areas audited in 2020/2021 have achieved their overall risk rating outcomes and no findings or recommendations were highlighted.

- The internal audit reports for Corporate Governance, Payroll, OH&S Systems Review Reporting & Remedial Actions and IT General Controls contain some business improvements for EMRC's consideration.

Recommendation(s)

That Council notes the 2020/2021 internal audit reports forming attachments 1 to 7 to this report.

SOURCE OF REPORT

Chief Executive Officer

BACKGROUND

At the Audit Committee (AC) meeting held on 4 June 2020 (Ref D2021/05734), the Committee endorsed a three (3) year (plus three (3) year) programme, which was subsequently adopted by Council at its meeting of 18 June 2020.

The three (3) year (plus three (3) year) programme is as follows:

Auditable Area	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Accounts Payable (Masterfile)	•		•		•	
Accounts Payable (Transactional)		•		•		•
Accounts Receivable	•					

Item 11.1 continued

Auditable Area	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Contract Management	●		●		●	
Grants Management		●			●	
Human Resource Management	●		●		●	
Investment Policies			●			●
IT General Controls	●	●	●	●	●	●
IT Vulnerability Assessment		●		●		●
OH&S Systems Review	●		●			●
OH&S reporting and remedial actions	●		●		●	
Payroll (Masterfile & Compliance)	●		●		●	
Payroll (Transactional)		●		●		●
Plant & Equipment			●		●	
Procurement				●		●
Records Management		●			●	
Taxation			●			●
Waste Management Facility (Landfill Operations)		●		●		●
Waste Management (Resource Recovery Park & Transfer Stations)	●		●		●	
Financial Management Systems Review (legislative requirement)		●			●	

Item 11.1 continued

Auditable Area	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Review of Risk Management, Internal Control and Legislative Compliance (legislative requirement)		•			•	

REPORT

The internal audit program for this year commenced in March 2021 for the following audit areas:

1. Accounts Payable (Masterfile) and Contract Management;
2. Corporate Governance;
3. Payroll;
4. Human Resource Management;
5. OH&S Systems Review Reporting & Remedial Actions;
6. Waste Management Resource Recovery Park & Transfer Stations; and
7. IT General Controls.

A summary of the findings on the internal audit for the following audited areas are summarised as follows:

Auditable Area	Overall Risk Rating Outcomes	Summary of Findings	Recommendations	Business Improvements
Accounts Payable (Masterfile) & Contract Management	Achieved	None	None	None
Corporate Governance	Achieved	None	None	1. The appointment of audit committee members should be comprised of members with financial, risk management and relevant industry experience. 2. Implement a formal process to assess the performance of Council on a periodic basis.
Payroll	Achieved	None	None	1. Discussions between managers and employees to be documented in regards to long service leave.
Human Resource Management	Achieved	None	None	None
OH&S Systems Review Reporting & Remedial Actions	Achieved	None	None	1. Daily inspection checklists for operations to be completed and saved electronically.

Item 11.1 continued

Auditable Area	Overall Risk Rating Outcomes	Summary of Findings	Recommendations	Business Improvements
Waste Management Resource Recovery Park & Transfer Stations	Achieved	None	None	None
IT General Controls	Achieved	None	None	1. IT Data Security Policy, Email Policy & diversion of phone systems to standby message bank business continuity procedures to indicate when they were last reviewed. 2. Implement an Intrusion Detection System/Intrusion Prevention System that would integrate with the existing FortiGate devices. 3. Formal written contractual obligations for 3rd parties to align with their Data Security Policy if they are providing outsourced IS services where there is access to EMRC services 4. Implement controls over the management of removable computer media such as USB drives, restricting use, providing guidance on use or enforcing encryption such as Bit-Locker over any EMRC data stored on these devices. 5. Implement major system changes that are documented in a log with approval of the Manager Information Services. 6. A formal technical review of major operating system changes like patches and updates.

The findings on each of the auditable areas for 2020/2021 are covered in a separate report as part of this agenda.

The EMRC is considering the business improvements highlighted in the final audit reports relating to the auditable areas for 2020/2021 with a view to implementing these following a review.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

   3.4   To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

The annual budget provides for the internal audit function.

SUSTAINABILITY IMPLICATIONS

The internal audit function assists in ensuring the EMRC remains financially sustainable.

Item 11.1 continued

RISK MANAGEMENT

RISK:		
The EMRC must continue to improve financial and asset management practices and to report on any audit findings regularly.		
Consequence	**Likelihood**	**Rating**
Moderate	Likely	High
Action/Strategy		
Council to note the 2020/2021 internal audit reports.		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

1. Internal Audit Report: Accounts Payable (Masterfile) & Contract Management (Ref: D2021/08958)
2. Internal Audit Report: Corporate Governance (Ref: D2021/08960)
3. Internal Audit Report: Payroll (Ref: D2021/08962)
4. Internal Audit Report: Human Resource Management (Ref: D2021/08961)
5. OH&S Systems Review Reporting & Remedial Actions (Ref: D2021/08959)
6. Waste Management Resource Recovery Park & Transfer Stations (Ref: D2021/08957)
7. IT General Controls (Ref: D2021/08956)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the 2020/2021 internal audit reports forming attachments 1 to 7 to this report.

Item 11.1 continued

Discussion ensued around Councillor training and the business improvement suggestions of having an independent audit member on the Audit Committee.

AC RECOMMENDATION(S)

MOVED CR JEANS   SECONDED CR BOYD

That Council notes the 2020/2021 internal audit reports forming attachments 1 to 7 to this report.

CARRIED UNANIMOUSLY

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as

Stantons International

Chartered Accountants and Consultants

Eastern Metropolitan Regional Council
Accounts Payable (Masterfile) and Contract Management
INTERNAL AUDIT REPORT

March 2021

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of six member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia's major air, road and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

The Council provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Accounts Payable (Masterfile) and Contract Management is conducted every second year. These are core financial related audits that would be expected to be relied upon by the Office of the Auditor General, Western Australia. The audits will cover the period 1 July 2020 to 28 February 2021. These audits will examine reliability and integrity of information, compliance and safeguarding of assets.

The audit objectives and scope of the works are provided below.

Audit Objective:

These are classified as assurance audits with a focus on controls. We used a combination of walk throughs and sampling to test controls.

The specific objectives of these audits are as follows:

Accounts Payable (Masterfile)
Reliability and Integrity of Information
- Determine whether adequate controls exist to provide reasonable assurance that only authorised suppliers are set up in the Accounts Payable system
- Determine whether adequate controls exist to provide reasonable assurance that payments will only made to approved creditors
- Ensure that adequate controls exist to prevent fraudulent modification to supplier details, in particular bank accounts

Compliance
- Determine whether there is an adequate process in place to ensure that suppliers have a valid ABN

Safeguarding of Assets
- Determine whether there are adequate procedures in place to mitigate the risk of fraudulent payments.

Risks Identified
- Creditor information may be incorrect or incomplete
- Non-compliance with legislation (ABN, Tax withholding)
- Unauthorised changes to Masterfile data.

Contract Management

Reliability and Integrity of Information

- Determine whether contracts information is recorded accurately and in a timely manner
- Identify whether contracts are renewed on a timely basis
- Determine whether contract management reports assist in timely decision making

Compliance

- Determine whether contracts are managed in accordance with the contract requirements
- Determine whether contract requirements are in accordance with applicable legislation
- Identify the processes in place to manage contract variations

Safeguarding of Assets

- Determine whether contracts are required to have adequate insurance coverage in place for the duration of the contract
- Verify that procedures are in place to ensure quality of goods/services provide comply with contractual obligations.

Risks Identified:

- Compliance with Local Government Act and Regulations
- Contract approval and advice to tenderers
- Variations to contracts
- Terms and conditions
- Insurances – termination of coverage and renewals
- Health Safety and Environment and quality control monitoring of contractor requirements
- Timeliness of contract delivery
- Contracts Register
- Contracts expiring prior to us going out to tender.

Scope of works

The audit period was 1 July 2020 to 28 February 2021.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
Accounts Payable (Masterfile)			
8.1	Determine whether adequate controls exist to provide reasonable assurance that only authorised suppliers are set up in the Accounts Payable system	Achieved	N/A
8.2	Determine whether adequate controls exist to provide reasonable assurance that payments will only made to approved creditors	Achieved	N/A
8.3	Ensure that adequate controls exist to prevent fraudulent modification to supplier details, in particular bank accounts	Achieved	N/A
8.4	Determine whether there is an adequate process in place to ensure that suppliers have a valid ABN	Achieved	N/A
8.5	Determine whether there are adequate procedures in place to mitigate the risk of fraudulent payments	Achieved	N/A
Contract Management			
8.6	Determine whether contracts information is recorded accurately and in a timely manner	Achieved	N/A
8.7	Identify whether contracts are renewed on a timely basis	Achieved	N/A
8.8	Determine whether contract management reports assist in timely decision making	Achieved	N/A
8.9	Determine whether contracts are managed in accordance with the contract requirements	Achieved	N/A
8.10	Determine whether contract requirements are in accordance with applicable legislation	Achieved	N/A
8.11	Identify the processes in place to manage contract variations	Achieved	N/A
8.12	Determine whether contracts are required to have adequate insurance coverage in place for the duration of the contract	Achieved	N/A
8.13	Verify that procedures are in place to ensure quality of goods/services provide comply with contractual obligations	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were noted.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. There were no business improvements made.

17

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council (EMRC) - Management Comments

No comments were deemed necessary.

Stantons International - Audit Management Comments

Not applicable.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER
This report is prepared for EMRC's internal use and may be shared its auditors and professional advisor for internal use. Copying and distribution of this report to other parties should be done without prior approval and consent from Stantons International.

BASIS OF AUDIT
We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons International purely based on the information provided by EMRC members of staff during audit fieldwork. Changes to the contents of the report without Stanton's involvement will render all contents less "independent" and unrepresentative of Stanton's position with regards to the contents contained therein.

INHERENT LIMITATIONS
Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER ADEQUATE CONTROLS EXIST TO PROVIDE REASONABLE ASSURANCE THAT ONLY AUTHORISED SUPPLIERS ARE SET UP IN THE ACCOUNTS PAYABLE SYSTEM

Overall Outcome	We noted that adequate controls exist to provide reasonable assurance that only authorised suppliers are set up in the Accounts Payable System (Masterfile).

Audit conducted a walkthrough with EMRC's Finance Team Leader, and it was confirmed that all suppliers added to the system are checked by the Finance Team through an ABN check to validate that the details entered by the supplier onto the supplier's form are correct and to make sure there is no conflict of interest with any member of the Finance Team and the supplier. A further check is then performed by the Finance Team Leader before approving the supplier to be added to the Masterfile in the Accounts Payable System.

As part of our audit testing, we selected 15 random suppliers to validate details in the Masterfile against their supplied details in their submitted paperwork as well as ABN lookup. These suppliers included the following in the table below.

Creditor Code	Owner Code	Name
547	547	Thermo Fisher Scientific Australia Pty Ltd
5472	5472	Aba Automatic Gates WA
5478	5478	Diamond Landscaping and Designing
548	548	Environmental Consultants' Association
5480	5480	Danae Warden
5487	5487	Power Control Products
5488	5488	Adelab Scientific
5489	5489	Tradelink Pty Limited (Midvale)
5490	5490	Quest Mechanical Contracting Pty Ltd t/a Exit Waste
5491	5491	Alphatec Electrical
5493	5493	Terrsat Pty Ltd
5498	5498	Duomark Pty Ltd
5499	5499	Workplace Investigation Services Pty Ltd
5500	5500	Spectrum Welding Pty Ltd

Audit noted that the details on the provided paperwork, details on the Masterfile including ABN and the authorised procedures have been correctly followed and all suppliers have been appropriately authorised. No issues were noted.

8.2 DETERMINE WHETHER ADEQUATE CONTROLS EXIST TO PROVIDE REASONABLE ASSURANCE THAT PAYMENTS WILL ONLY MADE TO APPROVED CREDITORS

Overall Outcomes	Audit reviewed the process of payments made by EMRC's Finance Team and we noted that adequate controls exist to ensure that payments are made only to approved creditors.

Our work included a walkthrough with EMRC's Finance Team Leader who explained that when a new supplier is set up, a supplier detail form is completed, designated members of the Finance team will then check the suppliers ABN to validate it as well as identify if there are any potential conflicts of interest. It will then be sent to the Finance Team Leader for validation and approval. Once approved the supplier will be added on the system as a creditor. Once invoices are received, they are checked to ascertain that they belong to an approved creditor.

Audit assessed 20 randomly selected sampled payments from expenditure made for the period of 1 July 2020 to 28 February 2021. Audit tested the sampled payments for the following:

a) payment details adequately describe the goods/services
b) invoices are original and addressed to EMRC
c) GST correctly accounted for and ABN has been supplied
d) supporting documentation is attached, e.g., contract number, quotation document, etc
e) amount paid is correct and duly authorised
f) payment made within the specified trading terms.

Audit noted that all the tests were satisfied, and the payments were all appropriately authorised, and made to only approved creditors. No issues were noted.

8.3 ENSURE THAT ADEQUATE CONTROLS EXIST TO PREVENT FRAUDULENT MODIFICATION TO SUPPLIER DETAILS, IN PARTICULAR BANK ACCOUNTS

Overall Outcomes	Audit reviewed EMRC's controls that help prevent fraudulent modification to supplier details, particularly bank details and noted satisfactory controls exist.

Our work included assessing the SynergySoft security access groups applied across the user base. We noted that there are several group codes set up providing access rights to different functionality within the application. We noted that due to the small Finance Team it has been difficult to fully implemented complete segregation of duties. This aspect was discussed with EMRC's Finance Team Leader and we were informed that there are compensating controls in place to mitigate some of the risks due to the lack of full segregation of duties. These controls include placing reliance on an authorisation system which requires signatories for all supplier transactions and adding new suppliers to the system. There is also consistent use of audit trails for all processes which provides a high level of accountability.

We were also informed by the Team Leader that even though the Finance team are responsible for both setting up new suppliers as well as having full access to processing payments, a formal authorisation process and the use of audit trails help mitigate this. All payments require at least two signatories with at least one of the signatories being the Finance Team Leader or the Finance Team Manager as well as others. Audit also performed a walkthrough with Finance Team Leader to assess the authorisation process and review the audit trials which are generated, and it was assessed that the controls are adequate. Audit also noted that authorisation process aligns with EMRC policy which specifies that two signatories are required for payment authorisation and that there is proper supporting documentation for all payments, thus providing an audit trail.

The Finance Team Leader also confirmed that changes to an existing supplier, whether it comes through the post or email, will require additional validation by the Finance Team and they will call the supplier by ringing the official company phone number that is recorded on the system or through a web search. The Finance Team will ask to speak to an authorised person from the supplier to verify changes and ask to receive all changes in writing (if not already done so). The Finance Team will then complete a form based on the correspondence of the required changes. The form is then sent to Finance Team Leader who will then call the supplier again and speak to a different representative to confirm all the changes including any banking detail changes. The details are only changed on the system after the Finance Team Leader checks the details with the supplier for the final time. Any changes in the system such as change of banking details will automatically send an email to the Finance Team Leader who then forwards the email to the Finance Team Manager to finalise the confirmation of changes. Audit trails are also created for any changes done on the system and they are attached to the corresponding supplier or payment documentation. If the supplier details changed is the banking details, then an email will be sent out to the supplier after approval by Finance Team Leader to inform them of the changes. Should there be any issues then they can reply or contact EMRC via telephone if urgent.

Audit noted that the existing controls are adequate and help EMRC mitigate fraudulent modifications to critical supplier information regardless of full segregation of duties. No issues were noted.

8.4 DETERMINE WHETHER THERE IS AN ADEQUATE PROCESS IN PLACE TO ENSURE THAT SUPPLIERS HAVE A VALID ABN

Overall Outcomes	Audit reviewed the process taken to validate ABNs and performed testing to confirm that EMRC have an adequate approach in ensuring the suppliers have a valid ABN.

We conducted a walkthrough with EMRC's Finance Team Leader and confirmed that ABNs are checked online against government databases to ensure it is a valid supplier by members of the Finance Team. This is then confirmed with the Finance Team Leader who also checks the ABN online again to make sure it is valid.

Audit also obtained forms including details for each sample supplier we selected and confirmed they all have an audit trial attached with an ABN check confirming it is a valid ABN. We also tested a sample of payments for the following:

- GST correctly accounted for / ABN has been supplied
- Supporting documentation attached, e.g., contract number, quote, etc.

Audit confirmed that all suppliers from our selected sampled payments from our previous tests have a valid ABN with supporting documentation. No issues were noted.

8.5 DETERMINE WHETHER THERE ARE ADEQUATE PROCEDURES IN PLACE TO MITIGATE THE RISK OF FRAUDULENT PAYMENTS

Overall Outcomes	Audit reviewed the procedures in place which help EMRC mitigate the risk of fraudulent payments and we noted current procedures are adequate.

Our work included a walkthrough with EMRC's Finance Team Leader where we confirmed that there are audit trials as part of the procedures which apply to all payments and suppliers to mitigate the risk of fraudulent payments. There is also the requirement of two signatories for all payments made which also helps mitigate fraudulent payments.

As noted per EMRC "Management Guideline – Cheque Signatories and On-Line (EFT) Supplier Payments", signatures authorising cheque payments of the EMRC, unless otherwise waived by the Chief Executive Officer, are to consist of any two of the following signatories with at least one of the signatures being a primary signatory:

Primary Signatories
- Chief Executive Officer
- Director, Corporate Services
- Manager, Financial Services.

Secondary Signatories
- Director, Regional Services
- Director, Waste Services
- Manager, Information Services
- Senior Risk Advisor
- Finance Team Leader.

Where possible, payment of EMRC suppliers of goods and/or services to be paid on-line via Electronic Funds Transfers (EFT). Unless otherwise waived by the Chief Executive Officer, any two of the following officers, can authorise the process of EFT payments with at least one of the authorising officers being a primary signatory:

Primary Signatories
- Chief Executive Officer
- Director, Corporate Services
- Manager, Financial Services.

Secondary Signatories
- Director, Regional Services
- Director, Waste Services
- Manager, Information Services
- Senior Risk Advisor
- Finance Team Leader.

Audit also obtained an updated list of EMRC current authorised signatories, with the Westpac bank and confirmed they are:
- David John Ameduri
- David John Schmidt
- Hua Jer Liew
- Marcus Jacobus Geisler
- My Le Luong

- Stephen Roy Fitzpatrick
- Wendy Lynette Harris

It was confirmed that are signatories are current and hold the appropriate positions within EMRC to exercise the authority of signatory. No issues were noted.

8.6 DETERMINE WHETHER CONTRACTS INFORMATION IS RECORDED ACCURATELY AND IN A TIMELY MANNER

Overall Outcomes	Audit reviewed a sample of contracts and noted that the information is accurately recorded and is performed in a timely manner.

Our work included obtaining a list of new contracts during the period and selecting 10 new contracts at random to review the contracts information. We obtained the contracts and all supporting documents for the selected samples. The following tests were conducted in relation to the sample selected:

- Ascertain the contract value
- Review tender details and title
- Was a request for tender including specifications prepared?
- Was the tender advertised or expressions of interest invited?
- Did EMRC also send notices to local libraries?
- Were the tenders appropriately assessed?
- Upon award to the successful tenderer, was the contract approved by the proper authority?
- Were all tenderers informed of the outcome?
- Did the contract include the standard general terms and conditions or were there specific conditions for that contract?
- Does the contract contain a pricing mechanism and allow for variations?
- Does the contract require adequate insurance coverage in place for the duration of the contract and was there evidence of this?
- Does the contract have any specific requirements for making payment claims?
- Does the contract include a grievance process?

For each of the contracts sampled, we found all tests were appropriately satisfied. We noted that all the necessary information is recorded and included in the contract file accordingly. The RFT documents, contractor submissions and the contract reward documents are all included with every contract.

Audit noted that the contract information is all recorded in a timely manner, all the information is recorded prior to the contract start date ensuring no necessary information is lost during the process. No issues were noted.

8.7 IDENTIFY WHETHER CONTRACTS ARE RENEWED ON A TIMELY BASIS

Overall Outcomes	Audit reviewed EMRC's contract renewal process and tested a sample of contracts to ensure they are renewed in a timely basis. We noted satisfactory results from our testing.

Our work included conducting a walkthrough with the Manager Procurement and Governance regarding the process to review and renew contracts. Audit noted that EMRC have in place a Contract Register which can be filtered easily to show the expiry dates of contracts for each month, and at the beginning of every month the Procurement Consultant will look at which contracts are expiring for each month and a notification is sent to the officer managing the contract for renewal if required.

Audit obtained a copy of the contracts register and selected a list of 10 random contracts with prior renewals and through testing ensured that they were renewed in a timely manner. Audit noted that all contracts tested were renewed in a timely manner confirming that EMRC's current contract renewal process is satisfactory. No issues were noted.

8.8 DETERMINE WHETHER CONTRACT MANAGEMENT REPORTS ASSIST IN TIMELY DECISION MAKING

Overall Outcomes	Audit reviewed the current contract management reports and noted that the reports aid EMRC in performing timely decision making.

Our work included a walkthrough with the Manager Procurement and Governance to ascertain the process for contract management reporting. We noted that the Procurement Team maintain a contract register in a Microsoft Excel spreadsheet and rely on filters to extract the reporting data required. We obtain an example for the report generated from the spreadsheet using the filers and noted a variety of information is generated including:

- Contract No.
- Supplier Contract No.
- Contract Title
- Company Name
- Business Unit
- Contract Amount (Excl GST)
- Contract Status
- Contract Duration
- Contract Start Date
- Contract End Date.

We made note of the contracts that are due to expire in 2021 (calendar year) and discussed the actions required in terms of either contract renewal, termination or the need for a procurement event to seek quotations or tender bids for a new contract.

Audit also reviewed several other reports generated by EMRC including a summarised creditor report for each period and late purchase orders report which supplement the supply activities associated with the contract. These reports allow EMRC to keep track of their current and previous contracts to ensure timely decision making. No issues were noted.

8.9 DETERMINE WHETHER CONTRACTS ARE MANAGED IN ACCORDANCE WITH THE CONTRACT REQUIREMENTS

Overall Outcomes	Audit reviewed the management of EMRC contracts and noted that they were managed in accordance with the contract's requirements.

Our work included a walkthrough with EMRC's Manager Procurement and Governance who informed us that when contracts are drafted to use for multiple purposes, they are assessed by EMRC to ensure they are in accordance with EMRC contractual requirements and the appropriate legislation. This process is usually performed by in house by staff, however, if the drafted contract requires clauses beyond the expertise of in-house staff, the drafted contract will be referred to third party legal advisors to be assessed and updated. Audit conducted the following tests on a random selection of five EMRC contracts:

- Was a request for tender including specifications prepared?
- Was it advertised, expressions of interest invited and local notices at libraries?
- Were the tenders assessed?
- Was the contract approved by the proper authority?
- Were all tenderers informed of the outcome and the successful tenderer chosen
- Did the contract include general terms and conditions or were there specific conditions required?
- Are there pricing mechanisms and variations?
- Was insurance coverage required for the duration including validation of currency?
- Are there specific requirements for making payment claims as well as dealing with any grievances?

The following five contracts were sampled:
- Contract No. 2015-008 - Provision of Minor Civil and Drainage Works
- Contract No. 2018-003 – Supply, install and commission new weighbridge. Disassemble, relocate and commission existing weighbridge
- Contract No. 2019-501 & 2020-501– Understanding Flood Risk – Stage 4 Adaptation Planning
- Contract No. 2020-003 – Red Hill Waste Management Facility Stage 16 Landfill Cell Construction
- Contract No. 2020-521 – HRRP Sewer Design Consultancy Services.

Based on our testing all the contracts were in line with the contractual requirements and any legislative requirements. All contracts were assessed by EMRC's legal advisors to ensure they are in accordance with contractual requirements and applicable legislation. No issues were noted.

8.10 DETERMINE WHETHER CONTRACT REQUIREMENTS ARE IN ACCORDANCE WITH APPLICABLE LEGISLATION

Overall Outcomes	Audit reviewed the contract requirements and confirmed that they align with applicable legislation.

Refer to section 8.9 of the report.

8.11 IDENTIFY THE PROCESSES IN PLACE TO MANAGE CONTRACT VARIATIONS

Overall Outcomes	Audit reviewed the current contract variations in a sample of EMRC contracts and confirmed the processes in place was adequate to manage contract variations.

Our work included performing a walkthrough with the Manager Procurement and Governance in relation to the process to manage contract variations. Usually, EMRC contracts allow a 10% to 20% variation in the contracts as part of the agreed terms and conditions. Contract variations are usually initiated by the allocated Project Manager. When EMRC require a variation, they hold a meeting with the contracting party to discuss the requirements. If the contracting party requires a variation, they will need to conduct a meeting with EMRC to identify the reason for the variation and then mutually decide the best way forward. The required variation requests established in the meeting are then put into a drafted letter which is sent to EMRC's CEO who then decides if the variation reason, terms and conditions are correct and would be acceptable. All variations need to be signed and approved by the CEO and the authorised representative of the contracting party to be validated and put into effect.

As part of our testing, we selected five random contract variations made during the period 1 July 2020 to 28 February 2021:

- Contract No. 2018-011 - Lateritic Caprock Quarrying Services
- Contract No. 2018-008 - Provision of Management of Air Powered Leachate Pumping Systems
- Contract No. 2018-001 - Equipment Rental
- Contract No. 2018-009 - Supply of Caddy Liners
- Contract No. 2020-008 - Construction of HRRP.

Audit assessed the five selected contract variations and we noted that the reason for the variation, was within the contractual terms and conditions and have been managed accordingly. No variation surpassed the maximum allowance of variations set by EMRC which is 20%. The variations are fully detailed, agreed upon by both parties, and approved by EMRC's CEO. No issues were noted.

8.12 DETERMINE WHETHER CONTRACTS ARE REQUIRED TO HAVE ADEQUATE INSURANCE COVERAGE IN PLACE FOR THE DURATION OF THE CONTRACT

Overall Outcomes	Audit reviewed various EMRC contracts and established that EMRC do ensure there is adequate insurance coverage for the duration of all their contracts.

Our work included a walkthrough with the Manager Procurement and Governance to gain an understanding of the insurance obligations for the duration of contracts. The insurance obligations are always written into the contract before commencement with a clear understanding from both parties involved. The liabilities that lay with EMRC or the contracting party are always clearly defined in the contract to avoid any doubt after commencement. If there is a dispute raised regarding the quantum of insurance required, it is usually addressed through meetings and negotiation until a mutual agreement is reached by both parties. All EMRC tenders require the tenderer to provide certificates of currency to ensure they are insured appropriately depending upon the nature of the service or goods being provided to EMRC.

Audit randomly selected five contracts to assess insurance coverage:
- Contract No. 2015-008 - Provision of Minor Civil and Drainage Works
- Contract No. 2018-003 – Supply, install and commission new weighbridge. Disassemble, relocate, and commission existing weighbridge
- Contract No. 2019-501 & 2020-501– Understanding Flood Risk – Stage 4 Adaptation Planning
- Contract No. 2020-003 – Red Hill Waste Management Facility Stage 16 Landfill Cell Construction
- Contract No. 2020-521 – HRRP Sewer Design Consultancy Services

We assessed the selected contracts through our contract testing that has already been conducted during our audit on other aspects of contract compliance. All contracts tested have the appropriate insurance as outlined in EMRC's terms and conditions along with any specific insurance requirements for selected contracts. No issues were noted.

8.13 VERIFY THAT PROCEDURES ARE IN PLACE TO ENSURE QUALITY OF GOODS/SERVICES PROVIDED COMPLY WITH CONTRACTUAL OBLIGATIONS

Overall Outcomes	Audit reviewed the procedures in place to ensure the quality of goods/services provided comply with contractual obligations.

Our work included discussions with Manager Procurement and Governance to gain an understanding of how goods/services provided comply with contractual obligations. EMRC have a set of standard terms and conditions of contract for goods and services which applies to all EMRC contracts. The terms and conditions align with state legislation. However, if needed, the terms and conditions may be customised for a particular contract, such as the recent FOGO (Food Organics Garden Organics) tender EMRC had undertaken. The letter of award after a tender or a RFQ process will clearly indicate to the successful vendor what standards are being followed in the contract. The contract will indicate if EMRC terms or conditions are in effect or if any other terms and conditions are in use for the contract such as CUA (Common Use Arrangement) state government contract that EMRC are able to access.

As part of our testing, we selected five random contracts:
- Contract No. 2015-008 - Provision of Minor Civil and Drainage Works
- Contract No. 2018-003 – Supply, install and commission new weighbridge. Disassemble, relocate, and commission existing weighbridge
- Contract No. 2019-501 & 2020-501– Understanding Flood Risk – Stage 4 Adaptation Planning
- Contract No. 2020-003 – Red Hill Waste Management Facility Stage 16 Landfill Cell Construction
- Contract No. 2020-521 – HRRP Sewer Design Consultancy Services.

We assessed the selected contracts and the delivered goods/services and how they complied with contractual obligations. For larger contracts which are project related there are defined milestones that need to be achieved and confirmed before release of payment for that milestone. This is confirmed by the appropriate Project Manager. For goods there are a process to confirm receipt and that they are in good order. Suppliers are required to abide by the terms and conditions of contract for goods and services and satisfy their contractual obligations before payment release. No issues were noted.

Stantons International

Chartered Accountants and Consultants

Eastern Metropolitan Regional Council

Corporate Governance

INTERNAL AUDIT REPORT

April 2021

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of six member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia's major air, road, and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

The Council provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Corporate Governance is conducted every third year. The audit will cover the period 1 July 2020 to 28 February 2021. This audit will be a consulting audit.

The audit objectives and scope of the works are provided below.

Audit Objective:

This is classified as a consulting audit with a focus on governance. We will use a combination of walk throughs, interviews, and review of documentation.

The specific objectives of this audit are as follows:

Corporate Governance
Reliability and Integrity of Information
- Determine whether the Council receives relevant, timely, accurate and concise information

Compliance
- Identify processes in place to monitor organisational compliance with applicable legislation

Efficiency / Effectiveness
- Determine how the Council ensures it has access to required levels of skills and expertise

Achievement of Objectives
- Determine how the Council assesses its own performance
- Determine how the Council assesses the performance of the organisation
- Determine how the Council establishes and monitors organisation direction.

Risks Identified
- Register of Interests being out of date
- Systemic non-compliance with legislative or regulatory requirements
- Councillors not receiving accurate, timely information
- New Councillors not being fully informed about their roles and responsibilities about the EMRC.

Scope of works

The audit period was 1 July 2020 to 28 February 2021.

37

37

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
Corporate Governance			
8.1	Determine whether the Council receives, timely, accurate and concise information	Achieved	N/A
8.2	Identify processes in place to monitor organisational compliance with applicable legislation	Achieved	N/A
8.3	Determine how the Council ensures it has access to required levels of skills and expertise	Achieved	N/A
8.4	Determine whether the Councillors and Executive have a sound understanding of the Council's strategic plans and direction	Achieved	N/A
8.5	Determine how the Council assesses its own performance	Achieved	N/A
8.6	Determine how the Council assesses the performance of the organisation	Achieved	N/A
8.7	Determine how the Council establishes and monitors organisation direction	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were noted.

4. RECOMMENDATIONS

1. There were no recommendations made.

5. BUSINESS IMPROVEMENTS

1. We suggest that the Audit Committee consider the following aspects from the Public Sector Audit Committee Best Practice Guide:

- When member Councils are appointing Audit Committee members, suitable persons should be considered. At a minimum, the committee should comprise of members with financial, risk management and relevant industry or public sector experience. This is to ensure that members have the right skills and experience to be able to fulfill their duties as best as possible

- There are mechanisms to assess performance. These can include an annual self-assessment to ensure it is operating effectively and regular independent reviews (e.g., every three to five years).

2. EMRC to consider having a formal process to assess the performance of the Council on a periodic basis.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council (EMRC) - Management Comments

No comments provided.

Stantons International - Audit Management Comments

Not applicable.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER
This report is prepared for EMRC's internal use and may be shared its auditors and professional advisor for internal use. Copying and distribution of this report to other parties should be done without prior approval and consent from Stantons International.

BASIS OF AUDIT
We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons International purely based on the information provided by EMRC members of staff during audit fieldwork. Changes to the contents of the report without Stanton's involvement will render all contents less "independent" and unrepresentative of Stanton's position with regards to the contents contained therein.

INHERENT LIMITATIONS
Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER THE COUNCIL RECEIVES, TIMELY, ACCURATE AND CONCISE INFORMATION

Overall Outcome	We noted that an appropriate framework is in place to provide reliable information to the Council.

We obtained and assessed the EMRC Council Policy and found that comprehensive information is provided to the Council through the Council Meetings and reporting by management, employees and other parties.

EMRC has a Council Policy 2.1 Committees of Council. This strategic plan objective is to provide responsible and accountable governance and management of the EMRC.

This policy outlines the governance of the following Council approved committees including:
- Audit Committee (AC)
- Chief Executive Officer Performance Review Committee (CEOPRC)
- Legal Committee (LC).

The committees are designed to play an important part in the corporate decision-making process on a variety of matters and are designed to report on recommendations to Council of an advisory nature. There are also references to the appropriate legislation including the *Local Government Act 1995, Local Government (Administration) Regulations 1996* and the *EMRC Standing Orders Local Laws 2103.* The indicates the purpose of the formation of committees.

We noted that the policy indicates that the meetings are to take place in person (face to face) where possible. The meetings have minutes taken and are published on the EMRC website.

Council meetings are conducted on a periodic basis and minutes are taken. These meetings are an avenue for the Council to be informed of the status of EMRC. We examined the last minutes dated 25 February 2021 and several aspects were covered which are relevant to information dissemination:

Announcements by the Chairman or Presiding Member without discussion Petitions, Deputations, and presentations:
- Minutes of Ordinary Meeting of Council Held on 3 December 2020
- Minutes of Special Meeting of Council Held on 21 January 2021
- Minutes of Special Meeting of Council Held on 8 February 2021
- Announcement of Confidential Matters for which Meetings may be Closed to the Public.
  - Hazelmere Wood Waste to Energy (WWTE) Update (Ref: 2021/02027)
  - Provision of Services to A Local Government (Ref: D2021/02043)
  - Draft Hazelmere Resource Recovery Park Development Plan 2020 (Ref: 2021/02046)
  - Selection of Facilitator for the Chief Executive Officer's Performance Review Process (Ref: D2021/01951)
  - Chief Executive Officer's Performance Review Process For 2021 (Ref: D2021/01952)
- Reports of Employees
  - List of Accounts Paid During the Months of November and December 2020 and January 2021 (Ref: D2020/27446)
  - Financial Report for the Period Ended 30 November 2020 (Ref: D2021/00965)
  - Financial Report for the Period Ended 31 December 2020 (Ref: D2021/02118)

- o Financial Report for the Period Ended 31 January 2021(Ref: D2021/02199)
- o FOGO Trial at Red Hill – Interim Facility Update (Mass Balance) (Ref: D2021/02032)
- Reports of Committees
  - o Legal Committee Meeting Held 10 February 2021
- Reports of Delegates
  - o Municipal Waste Advisory Council Meeting Held 9 December 2020.

Based on our review of documentation and minutes, it is evident that the Council receives, timely, accurate and concise information. There were no issues noted by audit.

8.2 IDENTIFY PROCESSES IN PLACE TO MONITOR ORGANISATIONAL COMPLIANCE WITH APPLICABLE LEGISLATION

Overall Outcomes	Audit reviewed EMRC's compliance with applicable legislation and determined that there is appropriate compliance in place.

Audit noted that EMRC are required to comply with *Local Government Act 1995*. As noted in its Council Policy 2.1 Committees of Council, it also refers to the need to comply with the *Local Government (Administration) Regulations 1996* and the *EMRC Standing Orders Local Laws 2013*.

The organisation is required to submit an annual Compliance Audit Return to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes. We reviewed the last annual Compliance Audit Return and assessed the compliance levels against the requirements. This return covers several aspects including:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Optional Questions
- Tenders for Providing Goods and Services.

Each area comprises of series of questions and answers with reference to the appropriate legislation. The compliance audit report was positive and clearly demonstrated that EMRC has high compliance levels. The report was completed by the Procurement and Governance Manager with clear commentary for each of the questions.

EMRC also have a 10 Year Strategic Plan 2017 – 2027 that cover values, vision, and mission. The governance structure is covered including member Councils and the various committees in place. This 10 Year Strategic Plan 2017 to 2027 has been built around three Key Result Areas (KRAs). Each KRA has an overarching aim, several objectives and supporting strategies and align to Council objectives. The KRAs are environmental sustainability, economic development, and good governance.

EMRC's Audit Committee have an existing Terms of Reference which outlines the committees' objectives, responsibilities, meetings, operating procedures, and reporting. This further helps foster compliance with legislative requirements. We note that the Audit Committee complies with legislative requirements but can make improvements in relation to better practice.

The Auditor General of Western Australian has released a Western Australian Public Sector Audit Committees – Better Practice Guide dated 25 June 2020 which indicates that audit committees are an essential part of an entity's governance framework. They provide independent advice and assurance to accountable authorities on systems of risk management and internal control, and financial and performance reporting. All State and local government entities in Western Australia are required to establish an audit committee that is independent from management influence, a fundamental element of effective audit committees. If they are

not independent, objectivity may be compromised, making it difficult for them to perform their oversight roles.

According to the Better Practice Guide, robust and respectful discussions between the audit committee, management and auditors are essential to good audit committee outcomes. It is important that the secretariat and CAE (Chief Audit Executive) spend sufficient time planning audit committee meetings to facilitate these important discussions and achieve required outcomes.

We have reviewed EMRC's Audit Committee operation against the Better Practice Guide. Although not a legislative requirement, some of the principles suggested in the Better Practice Guide are not fully applied by EMRC. We have made some suggestions regarding potential best practice improvements that can be implemented by EMRC as noted below to help improve the Audit Committee's operation. Notwithstanding this, overall, no issues have been raised by Audit.

Business Improvement Suggestion	**1.** We suggest that the Audit Committee consider the following aspects from the Public Sector Audit Committee Best Practice Guide: • When member Councils are appointing Audit Committee members, suitable persons should be considered. At a minimum, the committee should comprise of members with financial, risk management and relevant industry or public sector experience. This is to ensure that members have the right skills and experience to be able to fulfill their duties as best as possible • There are mechanisms to assess performance. These can include an annual self-assessment to ensure it is operating effectively and regular independent reviews (e.g., every three to five years).

8.3 DETERMINE HOW THE COUNCIL ENSURES IT HAS ACCESS TO REQUIRED LEVELS OF SKILLS AND EXPERTISE

Overall Outcomes	Audit reviewed the process used to select a new member of the Council and found that that this is stipulated by Member Councils.

Our work included a discussion with the Manager of Procurement and Governance, and we were informed that there is no assessment process to appoint new Council members, they are nominated by member Councils. Member Councils can have two participants to be a member of the EMRC Council.

We obtained and reviewed the establishment agreement with regards to the appointment of council members and we confirmed what was established through our discussion with the Manager of Procurement and Governance. Depending on the participants nominated, their skills and expertise can vary depending on their background and occupation.

The Australian Institute of Company Directors Not-for-Profit Governance Principles, second edition, January 2019 under Principle 3 on board composition requires it to have a makeup that enable it to fulfil its role effectively. For EMRC the Council takes the place of the Board, and it needs to reflect a mix of personal attributes which enable it to fulfil its role effectively. It should also assess and records its members' skills and experience, and this should be disclosed to stakeholders. We note that the Annual Reports issued by EMRC lists the elected representatives from member Councils, but details of their background are limited. However, there is further information on some member sites and annual reports about the Council members. As the Establishment Agreement of the Eastern Metropolitan Regional Council sets out the mechanism for appointments, the required level of skills and expertise will be reflective of the participant nominated by the member Council. No issues have been raised.

8.4 DETERMINE WHETHER THE COUNCILLORS AND EXECUTIVE HAVE A SOUND UNDERSTANDING OF THE COUNCIL'S STRATEGIC PLANS AND DIRECTION

Overall Outcomes	Audit reviewed the strategic plan and direction of Council. There is a good level of access and involvement of the Councillors and executives to the strategic plan, and all have a sound understanding of the strategic plans and direction.

Our work included a discussion with the Manager of Procurement and Governance, and we were informed that the Councillors are heavily involved in strategic planning and direction. The Councillors helped create the strategic plan and it is their responsibility to implement the strategic plan. Council's direction is also clearly outlined in the 10 Year Strategic Plan 2017-2027. This plan resulted from a series of workshops involving EMRC Councillors, member Council and EMRC staff and key stakeholders. The purpose of the workshops was to identify the key opportunities for the future and the services that the EMRC could potentially provide to its member Councils.

The approved 10 Strategic Plan 2017 to 2027 is built around three Key Result Areas (KRAs) being environmental sustainability, economic development, and good governance. There are also linkages to long term financial plans as well as a strategic review conducted every four years. We noted that there is currently a strategic review being conducted by an external consultant.

No issues noted were by audit.

8.5   DETERMINE HOW THE COUNCIL ASSESSES ITS OWN PERFORMANCE

Overall Outcomes	Audit reviewed the procedure for the Council assessing its own performance and found that there is no formal mechanism in place to assess the Council or the other various committees but there is a CEO annual performance review.

Our work included a discussion with the Manager of Procurement and Governance, and we were informed that there is no formal mechanism for assessing performance of the Council or the various committees. However, the Council does conduct a CEO performance review annually which is done by an external consultant who is approved by the Council. There is also a stakeholder survey which includes the Councillors. Monitoring of Council actions is reflected within Council meeting minutes.

The Australian Institute of Company Directors Not-for-Profit Governance Principles, second edition, January 2019 under Principle 4 board effectiveness requires that the board is run effectively, and its performance is periodically evaluated. For EMRC the Council takes the place of the board. A requirement of this principle is that to ensure the effectiveness of the Council, there is a need for a periodic evaluation of the Council's performance as well as the executive. We have provided an improvement suggestion below but have raised no issues.

Business Improvement Suggestion	**1.** EMRC to consider having a formal process to assess the performance of the Council on a periodic basis.

8.6   DETERMINE HOW THE COUNCIL ASSESSES THE PERFORMANCE OF THE ORGANISATION

Overall Outcomes	Audit reviewed the performance assessment of the organisation and that it is fulfilled through the annual CEO performance review as well as the Compliance Audit Return.

Our work included a discussion with the Manager of Procurement and Governance, and we were informed that there is no formal structure for organisational performance assessment. It is covered through the CEO performance review. The CEO performance reviews if the organisation is performing to the required standard. The CEO performance review is done annually by an external consultant.

In additional to this the process, EMRC is required to submit an annual Compliance Audit Return to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes. This is a detailed assessment against the various legislative requirements and is an assessment of its compliance performance.

No issues were noted.

8.7 DETERMINE HOW THE COUNCIL ESTABLISHES AND MONITORS ORGANISATION DIRECTION

Overall Outcomes	Audit reviewed the Council's strategic plan (2017-2027) and established that it is used to help the Council establish and monitor the organisation's direction.

Our work included a discussion with the Manager of Procurement and Governance, and we were informed that monitoring is done through the Council's planning framework. Strategic plans help the Council monitor the organisations direction.

Audit obtained and reviewed the 10-year strategic plan in place for 2017 to 2027 which clearly outlines the organisations plans and directions. The Council use the KRAs in this plan to stay aligned with the organisational direction with progress reported during Council meetings.

No issues were noted.

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as

Stantons International

Chartered Accountants and Consultants

Eastern Metropolitan Regional Council

Payroll

INTERNAL AUDIT REPORT

May 2021

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of six member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia's major air, road, and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

The Council provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Payroll (Master file and compliance) is conducted every second year. This is a core financial related audit that would be expected to be relied upon by the Office of the Auditor General, Western Australia. The audit will cover the period 1 July 2020 to 28 February 2021. This audit will examine reliability and integrity of information, compliance, safeguarding of assets and strategic aspects.

The audit objectives and scope of the works are provided below.

Audit Objective:

These are classified as assurance audits with a focus on controls. We will use a combination of walk throughs and sampling to test controls.

The specific objectives of this audit are as follows:

Reliability and Integrity of Information
- Identify controls over adding new employees
- Identify controls over modifications to employee data
- Review process for role changes and ensure both HR and payroll data are being updated correctly

Compliance
- Determine whether employees' rates are in accordance with applicable awards, contracts, and legislation

Safeguarding of Assets
- Determine whether adequate security exists over employee records
- Identify whether the rate changes and allowances are appropriately authorised.

Risks Identified:
- Controls over creating or modifying employee records
- Compliance with awards and legislation
- Compliance with employment contracts.

Scope of works

The audit period was 1 July 2020 to 28 February 2021.

53

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
Payroll			
8.1	Identify controls over adding new employees	Achieved	N/A
8.2	Identify controls over modifications to employee data	Achieved	N/A
8.3	Review process for role changes and ensure both HR and payroll data are being updated correctly	Achieved	N/A
8.4	Determine whether employees' rates are in accordance with applicable awards, contracts, and legislation	Achieved	N/A
8.5	Determine whether adequate security exists over employee records	Achieved	N/A
8.6	Identify whether the rate changes and allowances are appropriately authorised	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were noted.

4. RECOMMENDATIONS

1. There were no recommendations made.

5. BUSINESS IMPROVEMENTS

1. Documentation of discussions between Manager and employees regarding long service leave.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council (EMRC) - Management Comments

No comments provided

Stantons International - Audit Management Comments

Not applicable

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

8. DETAILED AUDIT ASSESSMENT

8.1 IDENTIFY CONTROLS OVER ADDING NEW EMPLOYEES

Overall Outcome	We noted that there are adequate controls over adding new employees to the EMRC payroll system.

We reviewed the Payroll Procedure manual updated February 2021 provided by EMRC and we were able to identify the internal controls that have been put into place over adding new employees.

The Human Resource department oversees documentation regarding the employment of staff and approval is required by them before handing over to the Payroll Officer. Details in the Offer of Employment Letter and the Contract of Employment are verified and conditions and entitlements such as hours of work, pay rates, allowances, overtime and penalty rates, leave and public holiday are aligned with the *Local Government Industry Award 2020* before it is put into the system. Changes can only be made to an employee's status, bank account, tax withholding, allowances, or deductions if the employee submitted a written or signed request form. The Finance Team Leader is required to validate the changes made to an employee's master record by the Payroll Officer with the documents provided by the Human Resource Department before starting the payrun.

Through a walkthrough with Payroll Officer, we ascertained that once a new employee is appointed, the Human Resource Department go through the documentation required with the new employee and once approved, they are added into the system. The new employee forms, contract and system details are reviewed by the Team Leader to ensure all the information matches before approving it.

We also performed testing on the following sample of new employees:

- Paul Dixon
- Daine Erin Gadd
- Niranjan Saripudi
- Aaron James Schokker
- Lakhwinder Singh.

We performed the following tests on the selected samples:

- Agreed that the relevant checklists are approved and authorised by the proper personnel
- Agreed that employment contract and the Tax File Number Declaration have been signed by employee
- Agreed employee details are entered into the HR system by Human Resources and that the employee details entered were checked by another person (segregation of duties)
- Agreed employee details per payroll system to employee details per signed employment contract
- Agreed level and pay rate entered for each employee agrees to the EMRC Pay Rate Scale
- Agreed selected employees are paid only from the commencement date.

We also checked and tested the New Employee Detail form for each new employee, and we found that the form accurately reflects the employee's terms and conditions which is included

in the Contract of Employment. We also checked that the details are maintained and accurately recorded in the payroll system. No issues were noted.

8.2   IDENTIFY CONTROLS OVER MODIFICATIONS TO EMPLOYEE DATA

Overall Outcomes	Audit reviewed the payroll procedures in use and identified existing adequate controls over modifications to employee data.

Our work included reviewing the Payroll Procedure manual updated February 2021 provided by EMRC which outlines the controls in place over modifications to employee data.

The following monthly audit trials are generated for review and approval:

- Award Classification Audit trail
- Employee Details Audit trail.

The audit trails are reviewed monthly by the Manager Financial Services to ensure that the changes made to employee pay rates and employee data are correct.

A wages comparison report is also generated after a payrun to be reviewed by Finance Team Leader and Manager Financial Services and to help monitor any differences on pay rates, allowances, deductions, worked hours, overtime, additional employees and terminated employees. Any changes or modifications are detected through this process.

Audit noted that no issues were noted.

8.3 REVIEW PROCESS FOR ROLE CHANGES AND ENSURE BOTH HR AND PAYROLL DATA ARE BEING UPDATED CORRECTLY

Overall Outcomes	Audit reviewed the process for role changes and confirmed that human resource and payroll data are updated accordingly.

Our work included a walkthrough with Payroll Officer on the process in relation to employee data modification. We were informed that changes such as bank account details, superannuation changes etc., are lodged by the employee through the completion of the relevant forms which is then sent to the Payroll Officers for change implementation.

Based on discussion with the Finance Team Leader, audit noted that Higher Duties can impact the pay rate and we reviewed the approval process for Higher Duties. A Higher Duties Request form is filled in by the Supervisor and submitted to HR who will forward the documentation to the relevant Director for approval. The CEO's approval is required only if the staff member to be placed on Higher Duties will be responsible for authorising and approving requisitions and purchase orders. Under normal circumstances, the approval of the divisional chief will suffice. The Payroll Officer will update the rate change in SynergySoft based on the approved Higher Duties form. The Finance Team Leader will then confirm the rate change against the paperwork provided by HR.

As noted previously, the monthly audit trial process will also flag any changes during a payrun, and this can be validated against authorised changes made during a month.

No issues were noted.

8.4 DETERMINE WHETHER EMPLOYEES' RATES ARE IN ACCORDANCE WITH APPLICABLE AWARDS, CONTRACTS, AND LEGISLATION

Overall Outcomes	Audit reviewed the *Local Government Industry Award 2020* used by EMRC to determine if the current employees' rates are in accordance with the approved award.

Our work included obtaining and reviewing the *Local Government Industry Award 2020* which is used by EMRC.

The Award outlines the minimum wage rates in which EMRC must comply with below.

Local Government Industry Award

Employee Classification	*Minimum Hourly Rate*
Level 1	$21.21
Level 2	$21.92
Level 3	$22.76
Level 4	$23.09
Level 5	$24.54
Level 6	$26.56
Level 7	$27.02
Level 8	$29.20
Level 9	$31.23
Level 10	$34.14
Level 11	$38.49

Based on the summary above, we performed testing on a sample of new employees:

- Paul Dixon
- Daine Erin Gadd
- Niranjan Saripudi
- Aaron James Schokker
- Lakhwinder Singh.

For each new employee we examined the pay rate for two payruns being the period ended 5 January and 19 January 2021 for each sampled employee and assessed if it agrees with the EMRC/ *Local Government Industry Award 2020* pay rate scale. We noted that the employees' rates are in accordance with the applicable awards.

We also examined a selection of contract employees and assessed their pay for the period ended 5 January and 19 January 2021 was in accordance with the amount on their contract. The following employees were assessed:

- Marcus Geisler
- Hua Jer Liew
- Izabella Krzysko.

All were found to be paid in accordance with the agreed salary in their contract.

As part of our audit testing, we also selected a sample of terminated employees to review the processes in place. This included verifying the use of a termination checklist, that a resignation

letter has been received and that the employee is only paid to their leaving date. We confirmed the termination date back to the termination form, reviewed the calculation and examined the supporting documentation for the following employees over five different payrun periods:

- Samantha Aimee Jasmin
- Byron James McRae
- Reza Safaei
- Jason Truong
- Douglas Matthew Miller.

We noted that adequate controls have been designed and implemented around the employee termination process.

Regarding employees' rates are in accordance with the applicable award or contract, we also selected a sample to employees who were nominated for higher duties:

- Scot Bradley
- Sinead O'Neill
- Kalta Adeley
- Robert Gerald Taylor
- Denise Meaney
- Michael Roller
- Ricky Menezes.

The tests included checking for the employee's application or case for higher duties, approval of a Divisional Chief and that a memorandum is sent out to all staff to notify them of the person taking up the higher duty. We confirmed that adequate controls are in place for managing higher duties and no issues were noted.

8.5   DETERMINE WHETHER ADEQUATE SECURITY EXISTS OVER EMPLOYEE RECORDS

Overall Outcomes	Audit reviewed the current security over employee records by performing a walkthrough and found that the security in place is adequate.

Our work included the review of the Payroll Procedure manual updated February 2021 and we were able to identify the security controls over the payroll records under EMRC Payroll Internal Controls as follows:

- Establish controls over who can view payroll records on Content Manager and shared folder on network
- Limit access to the payroll module on SynergySoft
- Always lock up physical payroll records when they are not in use to prevent unauthorised access.

Through a walkthrough with Payroll Officer, we were informed that the security over electronic payroll records has limited access and the physical payroll records are kept in a locked cabinet with access given only to the Payroll Officer and the Finance Manager.

Audit also reviewed the segregation of duty controls within the Payroll Procedure manual updated February 2021 and noted the following:

- Separate the duties of preparing personnel forms, entering personnel details, processing payroll transactions, approving payroll transactions, and finalise payroll payment
- Personnel form to be signed by employee and checked and prepared by Human Resource Department before forwarding to the Payroll area
- Payroll officer has responsibility to enter and amend employee details and process approved timesheet on SynergySoft
- Payroll Officer has responsibility to create, implement, monitor, modify, and enforce operating procedures and internal control processes to ensure the accuracy and integrity of EMRC's payroll
- Payroll Officer should not be able to audit payroll and verify the payroll
- Finance Team Leader has responsibility to review and verify payroll transactions for validity and reasonableness and comparing transactions to supporting documentation such as employee timesheets
- Payroll transactions must be approved and finalised by both the Finance Team Leader and Manager Financial Services or Chief Financial Officer.

EMRC have implemented segregation of duties adequately which also cover the security of the records both physical and electronic. This includes locked cabinets and the use of access controls over electronic records. No issues were noted.

8.6 IDENTIFY WHETHER THE RATE CHANGES AND ALLOWANCES ARE APPROPRIATELY AUTHORISED

Overall Outcomes	Audit reviewed the payruns, rate changes, allowances and found appropriate authorisation is adequately implemented.

Our work included a payrun walkthrough that was conducted with the Payroll Officer which included all rate changes and allowances within the payrun report. We tested the following sample of randomly selected payrun periods:

- Payrun 14 – period end 05 January 2021
- Payrun 15 – period end 19 January 2021.

We performed the following tests on the selected payrun samples:

1. Authorisation Step 1 - Authorisation is received through email from the supervisor of the corresponding employees for the Payroll Officer to begin processing the payrun
2. Authorisation Step 2 - Before the payrun is finalised, the report is sent out to the Finance Team Leader and Finance Manager to be signed off on the last page
3. Authorisation Step 3 - Payroll EFT process is checked against the summary report and is checked and signed off by the Finance Manager
4. Single Touch Payroll (STP) authorisation were found to be correct, and no further adjustments are required. A copy of the ATO lodgement confirmation is forwarded to the Finance Team Leader at payroll@emrc.org.au
5. Authorisation Step 4 - Comparison between the final payroll report and checked against the report previously generated
6. Payroll Reconciliation is prepared to check variations between the pay and standard pay for fortnight and is signed off on the last page to show that it has been reviewed
7. For a randomly selected employee who has taken leave in the selected payrun, leave taken has been agreed to approved leave forms.

The tested payruns were all appropriately authorised with all approved rate changes and allowances included in the reviewed payroll reports.

We also discussed with the Payroll Officer the process surrounding compliance with Super Stream lodgement and superannuation deduction. Files for each employee's superannuation is generated by the system and sent to the Payroll Officer via email. A reconciliation is done before the payment to ensure that each employee's contribution meets the minimum requirement. The Finance Team Leader will review the superannuation payment which is then passed onto the Finance Manager for approval. This process is done within the second week of the following month which is within the 30-day requirement of lodging the superannuation contributions.

No issues were noted.

Stantons International

Chartered Accountants and Consultants

Eastern Metropolitan Regional Council

Human Resource Management

INTERNAL AUDIT REPORT

March 2021

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of six member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia' major air, road and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

The Council provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Human Resource Management is conducted every second year. These are core financial related audits that would be expected to be relied upon by the Office of the Auditor General, Western Australia. The audits will cover the period 1 July 2020 to 28 February 2021. These audits will examine reliability and integrity of information, compliance, safeguarding of assets and strategic aspects.

The audit objectives and scope of the works are provided below.

Audit Objective:

These are classified as assurance audits with a focus on controls. We will use a combination of walk throughs and sampling to test controls.

The specific objectives of this audit are as follows:

Compliance
- Assess mechanisms in place to ensure that policies and procedures are revised in line with changes to legislative or regulatory requirements
- Assess whether procedures are in place to provide adequate assurance that personnel processes comply with documented and approved policies and procedures
- Determine whether personnel policies are transparent, impartial, and capable of review
- Determine whether processes are in place to allow for objective and confidential action in the event of reported discrimination, harassment, or other grievances
- Assess awareness of policies and procedures
- Identify adequacy and gaps in internal controls and information security
- Assess rigour and consistency of incident follow-up process.

Strategic
- Determine whether the workforce plan is developed and monitored in accordance with best practice
- Assess effectiveness of staff retention strategies.

Risks Identified
- Compliance with legislation
- Lack of awareness

- Not having appropriate policies in place
- High churn rate
- Security
- Completeness of information.

Scope of works

The audit period was 1 July 2020 to 28 February 2021.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
Human Resource Management			
8.1	Assess mechanisms in place to ensure that policies and procedures are revised in line with changes to legislative or regulatory requirements	Achieved	N/A
8.2	Assess whether procedures are in place to provide adequate assurance that personnel processes comply with documented and approved policies and procedures	Achieved	N/A
8.3	Determine whether personnel policies are transparent, impartial, and capable of review	Achieved	N/A
8.4	Determine whether processes are in place to allow for objective and confidential action in the event of reported discrimination, harassment, or other grievances	Achieved	N/A
8.5	Assess awareness of policy and procedures	Achieved	N/A
8.6	Identify adequacy and gaps in internal controls and information security	Achieved	N/A
8.7	Assess rigour and consistency of incident follow-up process	Achieved	N/A
8.8	Determine whether the workforce plan is developed and monitored in accordance with best practise	Achieved	N/A
8.9	Assess effectiveness of staff retention strategies	Achieved	N/A

3. SUMMARY OF FINDINGS

1. There were no findings noted.

4. RECOMMENDATIONS

1. There were no recommendations made.

5. BUSINESS IMPROVEMENTS

1. No business improvement suggestions were made.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council (EMRC) - Management Comments

No comments provided.

Stantons International - Audit Management Comments

Not applicable.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER
This report is prepared for EMRC's internal use and may be shared its auditors and professional advisor for internal use. Copying and distribution of this report to other parties should be done without prior approval and consent from Stantons International.

BASIS OF AUDIT
We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons International purely based on the information provided by EMRC members of staff during audit fieldwork. Changes to the contents of the report without Stanton's involvement will render all contents less "independent" and unrepresentative of Stanton's position with regards to the contents contained therein.

INHERENT LIMITATIONS
Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

8. DETAILED AUDIT ASSESSMENT

8.1 ASSESS MECHANISMS IN PLACE TO ENSURE THAT POLICIES AND PROCEDURES ARE REVISED IN LINE WITH CHANGES TO LEGISLATIVE OR REGULATORY REQUIREMENTS

Overall Outcome	We noted that there was appropriate compliance regarding the policies and procedures and are revised with legislative or regulatory requirements.

As part of our audit testing, we reviewed the following management guidelines:
- Annual Leave
- Overtime in Lieu
- Personal Carer and Compassionate Leave
- Employee Assistance Program
- Employee Grievance and Resolution
- Equal Employment Opportunity
- Higher Duties
- Leave without pay
- Long Service Leave
- Managing Disciplinary Issues
- Employment Termination
- Managing Poor Under Performance
- Misconduct, Corruption and Fraud Control
- Recruitment and Selection of Staff
- Rostered Days Off
- Work Experience
- Workers Compensation
- Working from Home
- Workplace and Anti Bullying
- Training and Development
- Superannuation.

As discussed with the Human Resource Manager, most of the applicable documents are termed 'guidelines' as opposed to 'policies.' This is because any 'policy' needs to be approved by the full Council and are usually only created where there is a financial impact on the organisation, e.g., Additional Payments to Terminating Staff Policy. The 'guidelines' are viewed as procedures to be followed within the organisation and there are associated checklists and templates that link to these.

Each of these Management Guidelines comply with their relevant statutory requirements such as the *Local Government Act 1995, Fair Work Act 2009, Local Government Industry Award 2010, OS&H Act 1984*, and the *Equal Employment Opportunity Act 1984*.

To ensure that each guideline is revised in line with changes to legislative or regulatory requirements, a review is conducted by the Executive Leadership Team either on an annual basis or as required. When the review was conducted, and the date of the last review as well as the next review is recorded on the last page of each guideline document. No issues were noted.

8.2 ASSESS WHETHER PROCEDURES ARE IN PLACE TO PROVIDE ADEQUATE ASSURANCE THAT PERSONNEL PROCESSES COMPLY WITH DOCUMENTED AND APPROVED POLICIES AND PROCEDURES

Overall Outcomes	Audit reviewed the checklists for personnel processes and have verified that there is adequate compliance with documented and approved policies and procedures.

Audit obtained the Human Resource Management Guidelines, template checklists, Staff Manual, and the Code of Conduct. There are template checklists that relate to every Management Guideline to ensure that all processes relating to HR are to comply with approved policies and procedures.

This checklist generally comprises a set of tasks and tick boxes relating to the employee that are conducted by various staff members such as the Senior HR Advisor, HR Officer, Records Officer, Payroll Officer, IT Service Support Officer, and various other positions depending on the nature of the item to be checked off. Our testing of new starters and leavers confirmed the use and correct completion of these checklists.

The Code of Conduct also acts as a guiding principle for Council members and employees to ensure that a standard of professional conduct is maintained. Under section 4.5 there of this document there is a requirement for members and employees to comply with the EMRC's administrative and professional practices and conduct standards, including EMRC Policies and the EMRC's Management Guidelines.

Audit has noted that there are no issues.

8.3 DETERMINE WHETHER PERSONNEL POLICIES ARE TRANSPARENT, IMPARTIAL, AND CAPABLE OF REVIEW

Overall Outcomes	Audit assessed that personnel policies are transparent, impartial, and capable of review and that a structured performance review process is in place.

Audit obtained and reviewed the EMRC Staff Manual, which requires the use of impartiality and has references to relevant legislation and regulations such as the *Local Government (Long Service Leave) Regulations.* The EMRC Staff Manual details all the information relevant to employees such as:

- Employment Terms/Conditions and Payment of Wages
- Leave Entitlements
- Communication and Computer Systems
- Motor Vehicles and Equipment
- Fire Safety and Evacuation
- Staff Files (Personal Information)
- Staff Benefits
- Performance and Conduct Management
- Performance Reviews
- EMRC Policies and Procedures
- Office Protocol
- Miscellaneous Information.

All the aspects that are covered in this manual mirror the management guidelines which comply with the various legislative and regulatory requirements. The last review of the Staff Manual was in February 2020 and there is evidence to support the claim that it is regularly reviewed and updated as appropriate.

A sample of employees hired within 12 months were used for testing to verify the use of defined selection criteria, including interviews conducted for the following:

- Nathan Daniel Bailey
- Robert Joseph Bush
- Lakhwinder Singh
- Niranjan Saripudi
- Ricky Patrick Menezes
- Abigail Solar Jones.

We performed the following tests on the selected samples:

1. Defined Selection Criteria was sighted and assessed as impartial
2. Recently hire employees had undergone a formal interview(s) process.

Based on the testing results, we were able to verify that defined selection criteria were in use and that they were fair and impartial. Interviews were conducted on the sampled employees with an exception one person who was chosen from a disability centre in accordance with an on-going program. Audit noted that the recruitment process was satisfactory.

We also held a discussion with Human Resource Manager and found that a formal performance review process is conducted annually/semi-annually. EMRC have created a strategy called the "Plan-Do-Review" cycle which is a continuous process designed to keep track of an individual's performance. The process is made up of three activities which are:

1. Planning – setting objectives with the Team Manager
2. Doing – monitoring the day-to-day process against the objectives and providing regular feedback to support development
3. Review – formal reviews to look at performance of the employee so that a Personal Development Plan can be created for them.

A sample of six existing employees was used for testing:

- Jade Beresford
- Kalta Adeley
- Kathryn Johnson
- Marinda Roux
- Douglas Darmago
- John Cooper.

We performed the following tests on the selected samples:

1. A performance review was conducted and recorded in personnel files
2. Date of performance review is verified.

The testing results show that a formal process is in place and capable of review. Audit noted that there were no issues.

8.4 DETERMINE WHETHER PROCESSES ARE IN PLACE TO ALLOW FOR OBJECTIVE AND CONFIDENTIAL ACTION IN THE EVENT OF REPORTED DISCRIMINATION, HARASSMENT, OR OTHER GRIEVANCES

Overall Outcomes	Audit reviewed the processes in place for reported discrimination, harassment, or other grievances and found that the processes in place are adequate and effective.

Audit obtained and reviewed the management guidelines relating to the grievance process. The guideline provides a framework on the options that an employee can take which elevates to top management.

The first option is the choice to resolve the matter informally between the parties by having a face-to-face discussion and attempting to stop the behaviour causing the grievance. If an informal discussion does not work, the Supervisor will step in to provide guidance and try to resolve the issue. However, if the grievance is related to the Supervisor then the issue will be raised to Human Resources.

The Human Resource Manager can have a discussion with the parties, or the issue can be raised formally as a written complaint. The formal complaint will be assessed by Human Resources for substance and seriousness. Both parties will have the opportunity to share their side of the story to ensure that the complaint is fair and impartial.

Audit held a discussion with the Human Resource Manager and was informed that there are various ways of reporting a grievance issue such as a Public Interest Disclosure (PID), a formal complaint to the Chief Executive Officers (Complaints Officer) relating to complaints on elected members. Further there is a printed card that contains a support line number and email that employees can contact regarding any issues that they've come across including discrimination, harassment, and other grievances as part of the Employee Assistance Program. No issues were noted.

8.5   ASSESS AWARENESS OF POLICY AND PROCEDURES

Overall Outcomes	Audit noted that there is adequate awareness of policy and procedures.

There are several processes in place that are used to ensure that employees are aware of the policies and procedures. These include:

- Induction – as part of the induction process a Human Resources Officer would walk through the new employee with relevant procedures such as Occupational Health and Safety as well as Equal Employment Opportunity. All staff are required to sign off on the induction process
- Intranet – in addition to the induction process, all the Management Guidelines, Council Policies, Code of Conduct, grievance resolution procedure etc., can be found on the Intranet. The Staff Manual is also available on the Intranet; however, a hard copy is provided to every employee upon commencement
- Workshops/sessions – these are run ad-hoc and target specific topics, depending on what is current, such as COVID-19 safety measures.

Audit discussed with the Human Resource Manager and found that besides the processes mentioned above, there are also information team talks, toolbox meetings as well as pre-start meeting briefs to talk about any matters that have arisen relating to various topics. For employees who are out on site and do not have access to the Intranet, emails are sent out to Team Leaders when there are any changes to policies and employees will be notified through a printout of the details placed on the site's noticeboard.

We also performed testing on the following sample of new employees:

- Nathan Daniel Bailey
- Robert Joseph Bush
- Lakhwinder Singh
- Niranjan Saripudi
- Ricky Patrick Menezes
- Abigail Solar Jones.

We performed the following tests:

1. Verified that an induction process and checklist was performed on the employees
2. Staff Manual and Code of Conduct was provided to employees on induction.

Audit found that there was an adequate induction process with appropriate documentation provided to each employee on commencement. No Issues were noted.

8.6 IDENTIFY ADEQUACY AND GAPS IN INTERNAL CONTROLS AND INFORMATION SECURITY

Overall Outcomes	Audit identified that adequate internal controls and information security are in place over payroll.

We reviewed EMRC's payroll internal controls and assessed whether there are adequate controls are in place over the security of the payroll system (Synergy Soft). The duties of preparing personnel forms, entering personnel details, processing payroll transactions, approving payroll transactions and finalising payroll payments are segregated. The personnel files are signed by the employee and the Human Resource Department reviews the form before sending it over to Payroll. The Payroll Officer is responsible for entering the details and processing approved timesheets on SynergySoft. The Payroll Officer has the responsibility to enforce the internal control processes and ensure the accuracy and integrity of EMRC's payroll. The Finance Team Leader has the responsibility to review and verify payroll transactions and they must be approved by both the Finance Team Leader and Manager Financial Service or Chief Financial Officer.

A discussion was held with the Human Resource Officer and audit was informed on how personnel files are stored and kept secure:

- Personnel Files are arranged alphabetically for the current employees while they are numbered and arranged alphabetically for archived employee files
- All personnel files are maintained in the Human Resource Manager's office in a locked cabinet. Only the Human Resource staff have the keys to access the filing cabinets
- The electronic records are locked down only to the Human Resource Manager and Human Resource Officers while individual staff have access to only their own individual information on the system
- Tax File Number Declarations are stored in the cabinet of each employee's personnel file as well.

Audit held a discussion with Human Resource Manager and noted that the department is run by a core group of staff consisting of herself and three other Human Resource officers. It is always ensured that at least one staff member is always in the Human Resource office. All the officers have sufficient skills to maintain the continuity of key functions and processes. The Payroll Officer is segregated from this function. No issues were noted.

8.7 ASSESS RIGOUR AND CONSISTENCY OF INCIDENT FOLLOW-UP PROCESS

Overall Outcomes	Audit reviewed the rigour and consistency of incident follow up processes and determined that it is adequate.

In terms of assessing rigour and consistency regarding incident follow-up, we held a discussion with Human Resource Officer to gain an understanding of the process.

We identified that ongoing meetings are conducted with the parties, depending on how serious the incident was. The meetings will be held privately between the parties or with their supervisor depending on the nature of the incident. More serious matters or those involving supervisors may be held with the Human Resources Manager or the Chief Executive Officer. Employee Assistance Programs are also offered to the parties, and this is reiterated multiple times throughout any follow up process. Employees are encouraged to approach Human Resources or any other staff member that they are comfortable speaking to. The person is given the option to have the incident to be put on record or it can be agreed that it is an "off the record" matter. If the incident is formally recorded, Human Resources will become involved and will take notes on the incident and store it privately on the employee's personnel folder. Support is given to both sides equally and the employee's direct manager will keep use perform on-going follow-up. No issues were noted.

8.8 DETERMINE WHETHER THE WORKFORCE PLAN IS DEVELOPED AND MONITORED IN ACCORDANCE WITH BEST PRACTISE

Overall Outcomes	Audit reviewed the workforce plan and has verified that it was developed and monitored in-line with best practise.

A Workforce Plan was created for the period of 2020-2024. The Workforce Plan covers all the necessary information including, the workforce planning process, analysis of the workforce plan 2013 to 2017, workforce analysis, forecasting workforce needs and performance measures and reviews.

The plan outlines the strategies and initiatives to attract and retain capable and effective workforce with the ability to deliver EMRC's strategic plan. It demonstrates EMRC's commitment to meeting the objectives of the Equal Opportunity Act 1984 and Disability Services Act 1993.

The Key Focus Areas for the next five years are:

- Equal Employment Opportunity
- High Performance
- Attraction, recruitment, and retention
- Health and wellbeing of the workforce.

An ongoing review for the Workforce Plan will be undertaken through the EMRC's Corporate Planning and reporting process. Annual Progress Reports will be provided to Managers and the Executive Management Team.

To ensure that the Workforce Plan is in accordance with best practise, including meeting the obligations under the *Equal Opportunity Act 1984*, EMRC are required to submit their integrated workforce and diversity plans to the Director of Equal Opportunity in Public Employment (DEOPE) once it has been prepared and endorsed. The DEOPE must be satisfied with the extent to which authorities meet their obligations under the *Equal Opportunity Act 1984.* We noted that the plan has been submitted with no issues noted.

8.9 ASSESS EFFECTIVENESS OF STAFF RETENTION STRATEGIES

Overall Outcomes	Audit has verified that the staff retention strategies are operating and are effective.

In the Staff Benefits section of the EMRC Staff Handbook, several retention strategies have been listed. These benefits include:

- Access to Training
- Education and Study Assistance Benefits
- Superannuation
- Employee Assistance Program
- Recognition of Service Awards
- Reward and Recognition program
- Employee Suggestion Program.

The Workforce Plan 2019-2023 also outlines the actions achieved in retaining employees. Work experience opportunities were offered to university graduates and ongoing employment was offered to a few of them. Apprenticeship programs were created and offered to an employee at the Red Hill site. Study Assistance was also provided to several EMRC employees to complete a traineeship (Cert IV in Business).

Discussions with the Human Resource Manager and found that the retention strategy is heavily invested in professional development to help build on existing employee's skills. EMRC also try to create a flexible working hours environment including the use of flexible fortnights and working from home. A new reward and recognition system called the "Extra Mile Program" is also available, which looks to reward individuals including the "Employee of the Month", "Rising Star" award for new employees, and team rewards. These awards are presented on a six-monthly basis.

Audit has noted that staff retention strategies are adequate.

Stantons International

Chartered Accountants and Consultants

Eastern Metropolitan Regional Council

OH&S Systems Review/Reporting and Remedial Actions

INTERNAL AUDIT REPORT

May 2021

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of six member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia' major air, road and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

The Council provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Occupational Health and Safety (OH&S) Systems Review, and Reporting and Remedial Actions is conducted every second year. The audits will cover the period 1 July 2020 to 28 February 2021. These audits will examine compliance and strategic aspects.

The audit objectives and scope of the works are provided below.

Audit Objective:

These are classified as assurance audits with a focus on compliance. We will use a combination of walk throughs, interviews, and reviews of documentation to ascertain compliance.

The specific objectives of these audits are as follows:

Occupational Health and Safety (OH&S) Systems Review
Compliance
- Assess policies and procedures to provide adequate assurance that legislative and regulatory requirements will be met
- Assess whether procedures are in place to provide adequate assurance that OH&S processes comply with documented and approved policies and procedures
- Assess awareness of policies and procedures
- Assess rigour and consistency of incident follow-up process.
Strategic
- Determine whether the OH&S systems are monitored and updated in accordance with changes in best practice.

Risks Identified
- Compliance with legislation
- Not having appropriate policies in place
- Security
- Completeness of information.

Occupational Health and Safety (OH&S) Reporting, and Remedial Actions
Compliance
- Managers receive reporting in both leading and lagging indicators
- Reporting is provided on near hits, medical treatment, and lost time injuries
- Assess awareness of reporting and remedial processes
- Assess rigour and consistency of incident follow-up process.

Risks Identified:
- Compliance with policies and procedures
- Incomplete or inaccurate reporting
- Completeness of information.

Scope of works

The audit period was 1 July 2020 to 28 February 2021.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
Occupational Health and Safety (OH&S) Systems Review			
8.1	Assess policies and procedures to provide adequate assurance that legislative and regulatory requirements will be met	Achieved	N/A
8.2	Assess whether procedures are in place to provide adequate assurance that OH&S processes comply with the documented and approved policies and procedures	Achieved	N/A
8.3	Assess awareness of policies and procedures	Achieved	N/A
8.4	Assess rigour and consistency of incident follow-up process	Achieved	N/A
8.5	Determine whether the OH&S systems are monitored and updates in accordance with changes in best practise	Achieved	N/A
Occupational Health and Safety (OH&S) Reporting, and Remedial Action			
8.6	Managers receive reporting in both leading and lagging indicators	Achieved	N/A
8.7	Reporting is provided on near hits, medical treatment, and lost time injuries	Achieved	N/A
8.8	Assess awareness of reporting and remedial processes	Achieved	N/A
8.9	Assess rigour and consistency of incident follow-up process	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were noted.

4. RECOMMENDATIONS

1. No recommendations were noted.

5. BUSINESS IMPROVEMENTS

1. Audit suggests that EMRC complete daily inspection checklists electronically with digital signoffs and save them in Content Manager rather than printing them physically.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council (EMRC) - Management Comments

No comments were provided.

Stantons International - Audit Management Comments

Not applicable.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

8. DETAILED AUDIT ASSESSMENT

8.1 ASSESS POLICIES AND PROCEDURES TO PROVIDE ADEQUATE ASSURANCE THAT LEGISLATIVE AND REGULATORY REQUIREMENTS WILL BE MET

Overall Outcome	We note that there are adequate assurance that legislative and regulatory requirements are being met through EMRC policies and procedures.

We obtained and reviewed the Occupational Health and Safety Policy adopted/reviewed by Council on 3 February 2021 to assess how EMRC meets the legislative and regulatory requirements. The objective of this policy is to improve organisation culture, health, welfare, and safety and indicates that the organisation is committed to the health and safety of its employees, contractors, and visitors. The policy is aligned with the *Occupational Safety and Health Act 1984*.

The policy lists the commitments and responsibilities of EMRC as an organisation towards ensuring that the legislative and regulatory requirements are met.

EMRC commitments are as follows:

- Complying with all relevant OH&S legislation and other requirements placed upon the organisation
- Developing sustainable Safety Management Systems and Safety Management Plans for all workplaces
- Promoting a culture of continuous improvement in workplace health, safety, and wellbeing
- Risk Management processes and ensuring consistency with the nature of its workplace activities and assessment of risk
- Establishing measurable objectives and targets for occupational safety and health to ensure continuous improvement aimed at eliminating work-related injury and illness
- Establishing and maintaining communication and consultation processes that ensure employees are included in decision making processes that impact on health and safety in the workplace
- Ensuring employees are trained and competent to carry out their roles in a safe manner and to provide training where required to develop employees where required
- Implementing the provisions of this policy in all areas of EMRC's business activity and on all sites where its activities are undertaken.

The responsibilities of the Chief Executive Officer, supported by the management team, for providing a safe and healthy work environment include:

- Ensuring that there is close cooperation and consultation between management and employees regarding safety related matters (a consultative process such as the Safety Advisory Committee and the involvement of Safety and Health Representatives is seen as an essential feature of the program)
- The ongoing recognition and control of all hazards through a hazard identification and control process
- Ensuring formal training is conducted (includes the safety induction processes), to improve the health and safety related knowledge and skills of employees and contractors as relevant
- Ensuring plant and equipment is safe and suitable for the job, via effective purchasing, inspection, and maintenance systems
- Providing an effective system for accident / incident reporting, investigation, and recording

- Ensuring systems are in place that minimise risk as low as reasonably practicable in the general work environment through elimination or the use of effective controls and where personal protective equipment and clothing is the last consideration for control
- Ensuring that Emergency Response Procedures are developed and implemented to protect anyone on EMRC premises in the event of an emergency
- Providing health related information and encouraging activities that promote the health and wellbeing of employees, including the provision of an Employee Assistance Program (EAP) and a Health Promotion Program
- Ensuring EMRC develops and implements an effective and consistent injury management process if an employee should suffer a work-related injury
- Ensuring the EMRC Safety Management System complies with all relevant legislation.

EMRC employees and contractors are responsible for:
- Complying with EMRC policies and procedures
- Following all lawful instructions given by EMRC management
- Committing to their own safety and the safety of others in the workplace or effected by work carried out in EMRC activities
- Contributing to EMRC health and safety activities to ensure EMRC complies with its legislated requirements
- Reporting all injuries, incidents and hazards that may occur at the workplace.

The policy in place provides adequate assurance that legislative and regulatory requirements are being met. There were no issues noted.

8.2 ASSESS WHETHER PROCEDURES ARE IN PLACE TO PROVIDE ADEQUATE ASSURANCE THAT OH&S PROCESSES COMPLY WITH DOCUMENTED AND APPROVED POLICIES AND PROCEDURES

Overall Outcomes	Audit reviewed EMRC's OH&S processes and found them to be adequate and in compliance with documented and approved policies and procedures.

Our work included obtaining and reviewing EMRC's Safety Management Plan which helps demonstrate that there is adequate assurance of EMRC's compliance with their documented and approved policies and procedures.

The Safety Management Plan includes the following aspects:

- Allocation of OH&S responsibilities
- Induction/Training
- Hazard Identification & Management
- Incident and Injury Reporting
- OH&S Communication/Consultation
- Emergency Response Planning and Implementation
- Contractor Management Process - OH&S
- Injury Management/Rehabilitation
- Purchasing and Procurement Process – OH&S
- Manual Task Management
- Program Performance Evaluation (includes Monitoring and Auditing).

Each of these aspects are supported by a corresponding Management Guideline which details either the steps or the procedure to be conducted.

EMRC also have a detailed Management Guideline – Contract Management, which defines all the responsibilities of EMRC staff and contracted parties' staff regarding OH&S compliance. The guideline also has detailed procedures which comply with EMRC's policies and procedures.

As part of our review of supporting procedures, we obtained an equipment inspection checklist which is performed daily at every site. The checklist helps staff perform the regular required maintenance for specified equipment. This also ensures safety measures are taken when it comes to operating the equipment and that there is alignment with OH&S policies and procedures. There were no issues noted.

8.3 ASSESS AWARENESS OF POLICIES AND PROCEDURES

Overall Outcomes	Audit reviewed the codes of practice, work procedures and associated training along with a walkthrough and found the awareness of policies and procedures to be adequate.

Our work included an interview with the Safety Coordinator regarding OH&S communications to staff. We were informed that regular OH&S communications are performed through monthly toolbox meetings on the main operational sites being Redhill and Hazelmere. When OH&S documents are updated, they are sent to relevant parties by the Human Resources Officer. All management guidelines are sent to Council and the Executive Leadership Team for review and approval. These are available on the Intranet and are also distributed to employees as required. There are also nominated OH&S Representatives for Ascot Place, Hazelmere, and Red Hill.

We also noted that a SWMS (Safe Work Method Statement) and other associated documentation such as Material Data Safety sheets are provided to operational employees who are then required to sign off on them every day. A pre-start template is also in place that is used before commencing work. The Hazelmere site conducts safety assessments every three months and a daily risk assessment. At Red Hill a behavioural based safety method is employed, as this is deemed more suitable for the type of employees on this site. The management at the site can then confirm that their employees understand the safety requirements using this behavioural approach.

We obtained a list containing the following the three main sites and three transfer stations:

- Policies and Guidelines
- Management Guidelines
- Safe Work Procedures
- Training Forms (inductions for plant/equipment)
- Site Risk Assessments
- Permits.

The list contains details of when the document was created/updated and when it is due for updating or renewal depending on the nature of the document. There is also relevant commentary as required. For the operational sites there is a large list of safe work methods for each item of plant/equipment, risk assessments needed for employees, and inductions required before being allowed in specific areas of site. The appropriate training required, and any necessary permits are also documented. For the corporate level there is also appropriate OH&S requirements that need to be met. The list also provides details of future updates required to documents. No issues were noted.

8.4   ASSESS RIGOUR AND CONSISTENCY OF INCIDENT FOLLOW-UP PROCESS

Overall Outcomes	Audit reviewed the incident follow up procedure and found that it is consistent and adequate.

We performed a walkthrough with the Safety Coordinator and confirmed that there are consistent procedures in place for incident follow ups, lessons learnt, incident tracking, history, and remedial actions. Further as part of ongoing training at EMRC, an example of a hypothetical incident that occurred would be raised at the next prestart meeting, a preliminary report would be formulated and then issued to inform everyone on the details of the issue and the identified root cause. For any actual incidents, a formal incident investigation is initiated, the Safety Coordinator includes his recommendation regarding the incident, and actions are distributed to necessary parties to mitigate the issue. The action required is recorded on the incident reporting Excel spreadsheet action list file and this must be completed before any actions can be closed. Each site has its own action list spreadsheet which documents the reported date, reference number, risk rating, accountable person, and an action completion due date. The reference number would match the documents recorded on the Content Manager document management system.

We reviewed a previously completed Incident Report and noted it records full details of the incident and nature of any injury, risk rating, investigation team, provide details of post incident events, photographs, key findings, recommendations, and corrective action plan.

The Safety Manager indicated that with daily inspection checklists occurring on all sites over multiple pieces of equipment and machinery, too much paperwork is being generated from each site every day. It is may be useful for EMRC to consider completing these checklists electronically and saving them in Content Manager rather than printing them out for completion and sign-off. This would also reduce the use of excess paper.

Business Improvement	1. Audit suggests that EMRC complete daily inspection checklists electronically with digital signoffs and save them in Content Manager rather than printing them physically.

8.5 DETERMINE WHETHER THE OH&S SYSTEMS ARE MONITORED AND UPDATED IN ACCORDANCE WITH CHANGES IN BEST PRACTISE

Overall Outcomes	Audit reviewed the EMRC Risk Register and determined that it is monitored and updated in accordance with best practise.

Through our interview with the Safety Coordinator, we note that each site has its own risk register which maintains OH&S risks. The risk register breaks down general hazards of the entire site with labels and links them to all required documentation, for example safe work methods and risk assessments for any hazards. The risk register also provides the risk rating, mitigating controls implemented, residual risk rating after implementation of controls and how it is measured.

New OH&S issues are not needed to be communicated to Council immediately as they are dealt with in the first instance by safety representatives that are on site. They are however, brought up at the next safety committee meeting. Employees can complete Hazard Notification form if management does not address any issues in a timely manner. Any issue that is of a more serious nature can be logged and will be discussed at the next safety committee meeting. The issue is also recorded on to the incident reporting spreadsheet.

We also noted as per the Management Guideline – Hazard Identification Process that there is a defined inspection scheduling summary requiring various areas to be checked, generally four times a year using a nominated checklist for the area. This includes Ascot Place, Redhill Waste Facility, Hazelmere Resource Recovery Park, and the transfer stations. This provides a further level of monitoring and allows systems to be updated because of any issues noted.

No issues were noted.

8.6 MANAGERS RECEIVE REPORTING IN BOTH LEADING AND LAGGING INDICATORS

Overall Outcomes	Audit reviewed the Incident Report and found that Managers are receiving detailed reports on leading and lagging indicators.

We obtained and reviewed the EMRC Incident Reporting FY2021 document.

The leading indicators were found in the incident report which include:
- OH&S Inductions
- Competency/ Licensing
- Incident Investigations
- Action Closeout
- Emergency Evaluation Drills
- OH&S Inspections.

The lagging indicators include:
- Injury Frequency Rate
- Medically - Treated Injury Frequency Rate.

Each of these indicators show the objective of the key performance and a target that Managers are required to achieve for the year. For example, regarding incident investigations, the objective is to report all incidents to OH&S or Manager within 24 hours of a minor incident and within two hours for a major incident. The target would be for 95% of all incidents to meet this objective.

Per discussions with the Safety Coordinator, we noted that all site supervisors are given safety KPIs (indicators as noted above) that are required to be completed each month. The site supervisors will conduct site inspections, behavioural based safety observations, pre-start meetings and toolbox meetings with the employees. If any KPIs are not met or if an incident has occurred during the period, then an action plan will be formulated and raised at the next safety committee meeting. No issues were identified.

8.7 REPORTING IS PROVIDED ON NEAR HITS, MEDICAL TREATMENT, AND LOST TIME INJURIES

Overall Outcomes	We noted that there is a detailed reporting process on near hits, medical treatment, and lost time injuries.

Audit conducted a walkthrough of the worker compensation process with the Human Resource Officer as well as the process on recording near hits (or misses) with the Safety Coordinator.

As part of our sampling, we reviewed the past case of an employee who had an injury occur to him in the Ascot Place office and had sustained an injury to his right wrist. First aid was applied at the time of the injury and an Injury form was completed by him as well as a Worker's Compensation claim form. A first medical certificate was obtained from the General Practitioner as well as the medical accounts, other associated invoices (e.g., medication) and any other medical information relating to the injury. This information is provided to the HR Manager and Safety Coordinator. The documentation is then sent to LGIS (Local Government Insurance Scheme) which provides compensation payments for the employee based on a 13-week period. LGIS also paid for the surgery on the wrist as it was considered a necessary and reasonable treatment to allow return to work. A Progress Certificate of capacity is required to be provided by the allocated medial practitioner to help EMRC determine if the employee is fit to return to pre-injury duties. All necessary documents and correspondence were recorded on Content Manager relating to the workers compensation claim. An Incident Report is also completed and saved in Content Manager. This incident is also recorded in the Incident Reporting spreadsheet maintained for the current financial year.

Based on the walkthrough, we have determined that there is a detailed reporting process on injuries and defined claim process when required. Based on the Incident Report FY2021 spreadsheet, we noted that there have been no lost time injuries in over 500 days. This has been verified with the Safety Coordinator. No issues were noted.

8.8   ASSESS AWARENESS OF REPORTING AND REMEDIAL PROCESSES

Overall Outcomes	Audit reviewed the reporting and remedial process and found that the processes are adequate.

Audit obtained and reviewed the latest Health and Safety Committee Minutes of Meeting. The Committee meeting is attended by the Executive Leadership Team, all site managers, safety supervisors and safety representatives for each site. The committee looks at the incident reports for the last three months and discusses any outstanding actions that are required to remedy any previously identified safety incident. The outstanding actions are segregated by site and has an accountable person tasked to remedy the issue along with a required completion date.

The committee also examines any accidents/incidents that have been reported over the last three months, such as a near hit, equipment damage, customer incidents, etc. A description of the incident, location, and risk rating are detailed. The committee will set out any actions to be performed to remedy the issue and this is recorded in the Incident Report.

No issues were noted.

8.9 ASSESS RIGOUR AND CONSISTENCY OF INCIDENT FOLLOW-UP PROCESS

Overall Outcomes	Audit reviewed the follow up process of incidents and determined that they are appropriately handled by the Safety Committee.

We obtained and reviewed the EMRC Safety Management Plan 2019. The EMRC recognises that the proper investigation of all incidents is vital to the success in preventing future incidents. Any uncontrolled event that has the potential to cause personal injury or asset damage is to be documented on the EMRC Accident/Incident Report pro-forma and investigated by the supervisor/OH&S representative or the Occupational Safety and Health Coordinator.

The EMRC is committed to the legislated obligations for reporting notifiable injuries to WorkSafe WA and to WorkCover WA and this responsibility is delegated to the Manager Human Resources with support from the Occupational Safety and Health Coordinator. It is also indicated that EMRC will ensure that appropriate resources are available for staff to undertake proper investigations and will provide the necessary training as required.

In a review of the current Health and Safety Committee meeting, we noted that the outstanding actions for each site are brought up with the committee. The committee looks at any actions that have passed their original completion due date and assigns an accountable person to handle the issue with a new completion due date. This follow up process occurs at every meeting to ensure that all incidents are remedied.

Any accidents that occurred will also be brought up in in the meeting where the committee members will discuss the process and action required to prevent the accident from occurring again. When an accident was caused due to an employee's fault, the action would be to remind employees of the safety requirements, provide remedial training or in extreme cases where there was significant negligence, terminate the employee's contract. There is a consistent follow-up process in place and no were issues noted.

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as

Stantons International

Chartered Accountants and Consultants

Eastern Metropolitan Regional Council
Waste Management – Resource Recovery Park
INTERNAL AUDIT REPORT

May 2021

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of six member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia's major air, road, and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

The Council provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of Waste Management (Resource Recovery Park) is conducted every second year. This includes wood waste, Community Recycling Centres, and other processing/transfers. The audit will cover the period 1 July 2020 to 28 February 2021 and will include the Hazelmere Resource Recovery Park and three transfer stations.

The audit objectives and scope of the works are provided below.

Audit Objective:

This is classified as an assurance audit with a focus on controls. We will use a combination of walk throughs, interviews, process observation, and sampling to assess controls.

The specific objectives of these audits are as follows:

Waste Management – Resource Recovery Park
Compliance
- Determine compliance with legislative requirements and Council policy.
Efficiency / Effectiveness
- Assess whether processes are undertaken in an efficient manner.
Achievement of Objectives
- Determine whether processes facilitate the achievement of waste management objectives and resource recovery.

Risks Identified
- Cash Management e.g., weighbridge operations
- Safety of gatehouse operators from irate customers
- Fraud e.g., cash handling, incorrect charging, improper use of organisation assets etc.
- Issue of incorrect tipping tickets
- Charging incorrect tipping fees
- Calibration of weighbridge.

Scope of works

The audit period was scheduled as 1 July 2020 to 28 February 2021. However, as part of our testing, we sample some transactions covering the period 1 to 13 April 2021.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
Waste Management – Resource Recovery Park			
8.1	Determine compliance with legislative requirements and Council policy	Achieved	N/A
8.2	Assess whether processes are undertaken in an efficient manner	Achieved	N/A
8.3	Determine whether processes facilitate the achievement of waste management objectives and resource recovery	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were noted.

4. RECOMMENDATIONS

1. There were no recommendations made.

5. BUSINESS IMPROVEMENTS

1. There are no business improvements required.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council (EMRC) - Management Comments

No comments were provided.

Stantons International - Audit Management Comments

Not applicable.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE COMPLIANCE WITH LEGISLATIVE REQUIREMENTS AND COUNCIL POLICY

Overall Outcome	We noted that there is adequate compliance with legislative requirements and Council policy.

Our audit focussed on the Hazelmere Resource Recovery Park. The main objective for Hazelmere is to provide recycling services to its member Councils and to reduce landfill that goes to the Red Hill site. Currently, Hazelmere's main service is the Timber Recycling process which turns untreated wood waste into woodchip fines that get sold to broiler growers for animal bedding and the community. Other services include the storage of mattresses received from the member Councils which get sent out to another company for shredding and white goods are degassed which goes to a recycling hub.

Hazelmere also receive power poles from Western Power where untreated power poles have their butts removed and are turned into woodchip fines. These woodchip fines are stored for potential future use in the 'Wood Waste Energy Plant' currently in development. The mix coated power pole butts are loaded into bins for transport to a Class V cell and CCA contaminated power poles are sent out to Red Hill.

Audit identified that most of the Waste Management Operations are guided by Site Licenses as required through the Department of Water and Environmental Regulation (DWER) and the *Environmental Protection Act 1986*. The site licence for the Hazelmere site lists 29 licence conditions relating to various infrastructural, environmental, and reporting requirements that EMRC are required to comply with.

We obtained and reviewed the 'Red Hill Environmental Management System Manual' that is certified to meet the goals in line with the AS/NZS ISO 14001:2015 Environmental management systems – Requirements with guidance for use standard. We confirmed with the Co-ordinator of Environmental and Waste Compliance, that there is currently no separate Environmental Management System documented for Hazelmere, however, it is included in the Red Hill manual. Through assessing the compliance requirements within the EMS manual, we noted the following as requirements:

Key Legal and Other Requirements:
- Site Operating License L9003/2016/1
- *Waste Avoidance and Resource Recovery Act 2007*
- *Local Government Act 1995*
- *Wildlife Conservation Act 1950*
- *Bush Fires Act 1954*
- *Planning and Development Act 2005*
- *Environmental Protection Act 1986*
- Ministerial Statement 462
- *National Greenhouse and Energy Reporting Act 2007*
- National Environment Protection Measure 19
- *Clean Energy Act 2011*
- *Occupational Safety and Health Act 1984*
- AS/NZS ISO 14001:2015 Environmental management systems – Requirements with guidance for use standard.

Audit has noted that procedures and reporting requirements found in the Environmental Management System Manual exist to comply with the relevant legal legislation.

Records of these evaluations from reports are retained and saved into EMRC's records system Content Manager. If there are any non-conformances identified in the report, action is undertaken to rectify the non-conformance in a timely manner. We obtained a copy of the reports as evidence they have been performed. These reports included:

- Attachment 1 - HRRP – Annual Environmental Report 2020
- D2021 06391 Hazelmere Resource Recovery Park Operating Licence Audit - 2020
- D2021 02443 Hazelmere - HRRP Audit Findings Action List – 17 02 2021(2).

The reports were developed to meet the conditions of the site licence and details the level of compliance during the annual period of 1 November 2019 to 31 October 2020. In the reports, two non-compliances were identified relating to the signage at the entrance of the premise and the separation distances and height of woodchip stockpiles. We have noted that action for these non-compliances have either been completed or are in progress based on the Audit Findings Action List. In discussions with the Coordinator of Environmental and Waste Compliance, the action verification audit has not been undertaken at this stage but is being scheduled.

As part of assessing compliance with the EMRC Occupational Health and Safety Policy and the associated Management Guideline – Accident and Incident Reporting and Investigation we audited a sample of incidents occurring in the year. These were obtained and assessed to ensure that the Waste Management Environmental Incident Report Form was completed, corrective actions, and incident close out was conducted as per requirements.

The incident report form contains the details of the incident such as the person reporting the incident, risk to environment and description of the incident. The form also includes the actions taken to correct the incident by the person that's reported it, which is normally the Site Supervisor. We have verified through a sample of five incidents that the Waste Management Environmental Incident Report Form was fully completed, corrective action was taken, the incident was closed out, and the incident reporter has signed the close out section of the form.

We also obtained and reviewed the licence conditions for the Hazelmere site. We performed testing to verify that the requirements for each of the waste type (treated power poles, timber, dry commercial and industrial waste and used mattresses) are met based on Table 4 of the license conditions in license number L9003/2016/1 issued by DWER. This table lists waste type, process, and process limits.

A walkthrough of the site was conducted in conjunction with the Safety Coordinator to verify the requirements. We have confirmed that all the requirements are met except for "Used Mattress requirement No. 5" because we were advised that mattresses are no longer shredded on site as they are sent out to another contractor to be shredded. No Issues were identified regarding compliance with policy or legislation.

8.2   ASSESS WHETHER PROCESSES ARE UNDERTAKEN IN AN EFFICIENT MANNER

Overall Outcomes	Audit reviewed the process and determined that they are undertaken in an efficient and effective manner.

We conducted a walkthrough of the Hazelmere site in conjunction with the Safety Coordinator to identify the key processes in use at the Hazelmere Resource Recovery Park.

Within Hazelmere, the key processes are:
- Occupational Health and Safety processes
- Monitor environmental compliance (in particular because of a complaint)
- Complaints management – recent ones being related to dust emissions
- Weighbridge procedures (operating the accounting system).

Hazelmere is required to meet the compliance with the DWER licence requirements as this enables the operations of the site. We noted earlier that a series of reports are generated as result of compliance monitoring, and we obtained a copy of these reports, assessed, and confirmed that the process for compliance monitoring is effective.

To determine the efficiency of operations, we conducted our audit at the Hazelmere site and observed the processes at Hazelmere and interviewed the Administration Supervisor, Safety Coordinator and Weighbridge Officer to identify how the processes work and conducted various walkthroughs. Based on our walkthroughs and interviews we created a document to capture the following processes at Hazelmere and to assess the efficiency of the process. We sought to identify if there were any inefficiencies that we noted as part of the walkthrough and make a conclusion of whether they were efficient.

The processes included:
- Weighbridge Start-up process
- Timber weighing process
- Float Preparation
- End of Day Cash Sales Reconciliation
- Docket Reconciliation and Checking of Summary
- Detection of Incorrect Tipping Tickets
- Identifying Incorrect Tipping Fees
- Security/Safety of Site
- Weighbridge Calibration.

For each process we reviewed each written procedure, conducted a walkthrough of the process performed by Hazelmere staff and assessed their level of efficiency. We concluded that the processes are efficient and have been designed for the purpose of what they were set to achieve. No issues were noted.

8.3 DETERMINE WHETHER PROCESSES FACILITATE THE ACHIEVEMENT OF WASTE MANAGEMENT OBJECTIVES AND RESOURCE RECOVERY

Overall Outcomes	Audit reviewed the key processes at Hazelmere and found that they are adequate and achieve EMRC's waste management objectives.

We reviewed the Strategic plan 2017-2027 and identified that one of the Key Result Areas is Environmental Sustainability. The key objective is to ensure the continuing operations of the Hazelmere licences, these ensure waste operations continue so EMRC can serve the needs of its member Councils. This is done through compliance with DWER, and other environmental regulatory requirements detailed within the licence for each site including Hazelmere.

One of the key objectives found in the Strategic Plan is "to provide resource recovery and recycling solutions in partnership with the member Councils. The strategies are to develop the Hazelmere Resource Recovery Park and identify markets and develop resource recovery products in order to reduce waste going to landfill".

To determine whether the process facilitate the achievement of these objectives, we created several tests to verify the effectiveness of the processes implemented. These tests included:
1. Truck Weighbridge Testing
2. Waste Transaction Verification
3. Woodchip/Wood Fines Sales Testing.

For the weighbridge, we tested a sample of five trucks that came to the weighbridge to determine whether the charges are applied correctly to the weight of the waste and the charge is correctly calculated, taking into consideration the weight of the truck itself. We noted that each of the test samples had the correct charge applied, the correct weight of waste delivered was recorded and the calculation of the cost of the weight was correctly charged to the truck driver.

In relation to waste, we conducted transaction sample testing of each waste disposal type to ensure that correct charging was applied. The samples were obtained from the transaction period 1st April 2021 – 13th April 2021.

Testing was conducted on the following waste types:
• Wood Waste Grade 1 (two samples)
• Wood Waste Grade 2 (two samples)
• Mattresses (two samples)
• Dry Commercial/Bulk Verge (two samples).

The waste types such as fridges, car batteries and tyres were not included as they were not present in the sample transaction period selected 1 – 13 April 2021, whilst we were on-site. We tested the weight of the waste disposal recorded in the transaction report with the charges based on the published schedule and noted that all the sampled waste types were correctly charged, and no issues were found.

In relation to transactions of woodchips/wood fines we selected two samples and tested to ensure that they were priced correctly. The samples were obtained from the transaction summary for the period 1 April 2021 – 13 April 2021. Based on the testing results, we have verified that the sales transactions of woodchips and wood fines are correctly charged.

In discussions with the Safety Coordinator, we noted that annual risk workshops are held which allow employees that are directly involved the day-to-day operations of waste management at

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11　　　　　　　　　　Eastern Metropolitan Regional Council (EMRC)

Hazelmere can bring up any risks that they have identified so that control measures can be put in place to reduce/mitigate those risks.

EMRC also hold monthly Health and Safety Meetings where any incidents in the last month are brought up to the upper management as well as any outstanding actions from previous incidents are discussed and actions put into place to rectify any issues as soon as possible.

We also obtained and reviewed the Hazelmere Site Risk Register for 2020. The spreadsheet details all the risks that have been identified on site and it provides the risk rating, the various controls implemented, responsibilities, legislative requirements as well how the risks are monitored and kept up to date. Based on the spreadsheet, most risks are monitored through incident reports, safety inspections and Key Performance Indicators (KPI) that the Site Supervisor is responsible for. These are reported every month to management. A review of the risk register is done annually to ensure that it is kept up to date. No issues were noted.

Stantons International

Chartered Accountants and Consultants

Eastern Metropolitan Regional Council

IT General Controls

INTERNAL AUDIT REPORT

May 2021

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of six member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring, and City of Swan. This Region is a major gateway to greater Perth, hosting Western Australia' major air, road and rail transport hubs. The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed under an Establishment Agreement.

The Council provides a broad range of services across the region including waste management and education, resource recovery, urban and natural environmental management, and regional development of the region. Its Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages staff to reach their full potential.

As part of the Strategic Internal Audit Plan 2020/2021 – 2025/2026 an audit of IT General Controls is conducted every year either as a detailed audit or a follow-up review. This is a core IT audit that would be expected to be relied upon by the Office of the Auditor General, Western Australia. The audit will cover the period 1 July 2020 to 28 February 2021. This detailed audit will examine reliability and integrity of information, compliance, efficiency/effectiveness, and alignment to ISO AS/NZS 27000 series on Information security management.

The audit objectives and scope of the works are provided below.

Audit Objective:

This is classified as an assurance audit with a focus on risk management. We will use a combination of walk throughs, interviews, and review of documentation to assess controls.

The specific objectives of these audits are as follows:

IT General Controls
Reliability and Integrity of Information
- Identify and review information system controls to ensure the availability, integrity, and confidentiality of information

Compliance
- Compare the information systems within the organisation against the baseline ISO AS/NZS 27000 series of standards on information security management
- Ensure system access levels are appropriate for the roles in the organisation

Efficiency / Effectiveness
- Determine whether all current systems in use contribute to the efficiency and effectiveness of operations

Achievement of Objectives
- Examine any information security policies and framework against the ISO AS/NZS 27000 series of standards on information security management
- Review supporting policies and operational procedures and information systems documentation and identify any gaps
- Provide proactive advice to enhance the prevention of information systems control risks.

Risks Identified
- Availability of information systems
- Integrity of information
- Confidentiality of information
- Ongoing use of legacy systems.

Scope of works

The audit period was 1 July 2020 to 30 April 2021.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
IT General Controls			
8.1	Identify and review information system controls to ensure the availability, integrity, and confidentiality of information	Achieved	N/A
8.2	Compare the information systems within the organisation against the baseline ISO AS/NZS 27000 series of standards on information security management	Achieved	N/A
8.3	Ensure system access levels are appropriate for the roles in the organisation	Achieved	N/A
8.4	Determine whether all current systems in use contribute to the efficiency and effectiveness of operations	Achieved	N/A
8.5	Examine any information security policies and framework against the ISO ANZ/NZS 27000 series of standards on information security management	Achieved	N/A
8.6	Review supporting policies and operational procedures and information systems documentation and identify gaps	Achieved	N/A
8.7	Provide proactive advice to enhance the prevention of information systems control risks	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were noted

4. RECOMMENDATIONS

1. There were no recommendations made.

5. BUSINESS IMPROVEMENTS

1. Audit noted that the following policies and guidelines need formal action to indicate they have been reviewed, even though they may still be current:
- Management Guidelines - Data Security Policy
- Management Guidelines - Email Policy
- Business Continuity - Diversion of Phone Systems to Standby Message Bank.

2. Audit also suggests that EMRC consider whether there is a case to justify implementing an Intrusion Detection System/Intrusion Prevention System that would integrate with the existing FortiGate devices.

3. Audit suggests that EMRC have formal written contractual obligations for third parties to align with their Data Security Policy if they have providing outsourced IS services where there is access to EMRC systems.

4. Audit also suggests that EMRC consider controls over the management of removable computer media such as USB drives, such as restricting use, providing guidance on use or enforcing encryption such as Bit-Locker over any EMRC data stored on these devices.

5. Audit suggests for major system changes that they are documented in a log with approval of the Manager Information Services.

6. Audit also suggests a formal technical review of major operating system changes like patches and updates, and this could be reflected in the log detailed in suggestion number five above.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council (EMRC) - Management Comments

The audit report demonstrates well how the organisation's current controls integrate with the relevant ISO AS/NZS standards and will provide a valuable framework for updating our policies and guidelines.

The suggestions for business improvements are noted and we will endeavour to implement all of the items and integrate them with our existing controls.

Stantons International - Audit Management Comments

We acknowledge the management comments from EMRC, and it is pleasing to note EMRC will endeavour to implement all the business improvements. We also wish to thank IS for their assistance with the audit.

7. RISK RATING AND DEFINITIONS

Risk Ratings and Interpretations

Risks Ratings	Rating Interpretation	Suggested timing of implementing recommendations
Critical	The finding poses a severe risk to EMRC if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to EMRC if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to EMRC if not appropriately and timely addressed, and the risk may develop more or cause other risks to develop.	Commence remedial action within 12 months

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER
This report is prepared for EMRC's internal use and may be shared with its auditors and professional advisors for internal use. Copying and distribution of this report to other parties should not be done without prior approval and consent from Stantons International.

BASIS OF AUDIT
We have conducted our audit in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing. The content of this report therefore represents the independent view by Stantons International purely based on the information provided by EMRC members of staff during audit fieldwork. Changes to the contents of the report without Stanton's involvement will render all contents less "independent" and unrepresentative of Stanton's position with regards to the contents contained therein.

INHERENT LIMITATIONS
Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Liability limited by a scheme approved under Professional Standards Legislation.

8. DETAILED AUDIT ASSESSMENT

8.1 IDENTIFY AND REVIEW INFORMATION SYSTEM CONTROLS TO ENSURE THE AVAILABILITY, INTEGRITY, AND CONFIDENTIALITY OF INFORMATION

Overall Outcome	We noted that the information system controls are adequate and effective.

We performed a review of the Management Guidelines – Data Security Policy for IS controls that ensure the availability, integrity, and confidentiality of information.

There are various physical security controls for information which are outlined in this policy. The policy states that computers, server rooms and communications risers should be always locked whilst not in use. The server rooms, communications room, and Uninterruptible Power Supply (UPS) room are to be fitted with fire detection equipment connected to the building security system. There is also a requirement for all staff that are using laptops to back up all data at least once a week. The servers holding EMRC data need to be serviced by an UPS.

The steps taken to dispose of computer equipment are also highlighted as follows:
- Servers - hard drives to be destroyed by physical impact
- Workstations - a secure erase is to be performed on hard drives
- Backup Tapes - tapes to be physically destroyed (cut up).

The user access security controls are also outlined in the Data Security Policy. The policy states that computer access and setup is to be in accordance with forms EMRC-82799 Computer/User Setup Request Form (new staff) and EMRC-82818 Change to Computer/User Setup (change of duties). Computer access rights are to be revised on an annual basis and accounts need to be disabled for staff on long periods of leave. Users must take reasonable steps to protect their passwords. Users must not allow another person to obtain unauthorised access to an EMRC information system. This includes not revealing passwords to other users and locking the workstation when it is to be left unattended. Exceptions to this are users with generic accounts such as Reception and Functions. Sensitive data which is no longer required should be destroyed. This includes shredding printouts and erasing files from portable devices. No software is to be loaded onto any workstation without express permission of the Manager of Information Services. This includes applications, utilities, and device drivers.

There are also the following remote access controls in the policy:
- Remote access is restricted only to individuals who require access from remote locations to perform authorised tasks
- Remote access management is assigned to the Information Services staff
- Use of remote facilities requires approval from the Manager of Information Services
- A separate VPN (Virtual Private Network) username and secure password is to be provided by Information Services staff. For regular EMRC staff, the VPN account is to be restricted to accessing a Terminal Server only
- Direct Dial-up access is to be avoided wherever possible
- Dial-up accounts are to use call-back security wherever possible
- Outlook Web Access (OWA) allows a user to remotely connect to their EMRC email account from the Internet browser of any Internet connected computer. Users given OWA access must ensure they use strong passwords and only connect from a work computer or their home computer. Public access computers must not be used.

The network security is also clearly defined in the Data Security Policy. All servers and workstations are to be protected by virus scanning software including mobile phones connected to the EMRC network. There needs to be a use of firewall between the EMRC

network and the internet. All workstations need to be fitted with their personal firewalls as well. A patch management system is to be implemented that will allow Windows updates to be automatically deployed to workstations and servers. All passwords for password protected documents need to be kept on a password register. Staff are not permitted to connect unauthorised wireless network devices to the EMRC network. Any wireless access points connected to the EMRC network need to use the highest level of encryption possible.

The backup and recovery controls are also clearly defined in the Data Security Policy. All servers are to be backed up after each working day. A copy of the daily backups is to be kept offsite. An Information Services Disaster Recovery Plan should be maintained. This plan should integrate with the EMRC Business Continuity Plan. Elements of the Information Services Disaster Recovery Plan should be tested each year.

EMRC also have adequate backup systems and procedures in place to help protect the data. There are different procedures for each of the following:

- Ascot Site
- Red Hill Site
- Hazelmere Site
- EMRC Web Sites.

Audit also obtained the PAXON GROUP IT General Controls Internal Audit Report dated August 2016 which listed the backup and recovery procedures are one of EMRC's strengths as they are well documented.

The EMRC has its main network located at Ascot Place, Belmont. There are 11 servers that deliver applications to users. The major applications are:

- FortiGate Firewalls at each site (provides security from exposure to the Internet)
- Virus Checking, and distribution of anti-virus updates
- Content Manager Electronic Document and Records Management System (EDRMS)
- SynergySoft (Finance, Accounting, Payroll and Assets Management)
- Microsoft Exchange/Microsoft Office 365 (e-mail system)
- Terminal Server (allows remote connection to EMRC facilities)
- File Server (documents not stored in EDRMS)
- Print Server (allows connection to any printer in the building)

In addition, there are two remote sites that connect to the Belmont network via dedicated links. These are the Hazelmere Resource Recovery Park, and the Red Hill Waste Management Facility. We noted that the Hazelmere site has a wireless link as a backup internet service whereas Red Hill is connected via the Telstra GWIP (Government Wideband Internet Protocol) service with high availability. We note that the firewalls provide alerts for pre-defined events, however there is no use of any Intrusion Detection System (IDS)/Intrusion Prevention System (IPS) which can help enhance security. Further, alerts and reporting from the firewalls are limited and not deemed very useful.

Audit obtained and reviewed the EMRC's Continuity Plan - Diversion of Phone System to Standby Message Bank and the Records Disaster Prevention and Recovery Plan. Both reviewed documents provide important and useful information to ensure the least disruption to EMRC's operation in case of an emergency. The documents contain procedures to follow in case of emergency like phone diversions etc. The information the documents are easily available to all key employees helping EMRC to recover during any emergencies.

Audit also obtained and reviewed the Business Continuity Plan Information Technology. This document is periodically revised with the last revision date on the October of 2018. This

document highlights the importance of IT to the operation of EMRC with risk identification for all EMRC sites.

The plan consists of the following measures to help mitigate the impact of loss of the Ascot Place Server Room:
- Daily full backups of production servers to be made to tape Monday to Friday. There may also be an optional copy that is made to disk. This is for both physical and virtual servers
- Daily snapshot backups of the operating system only of virtual Servers to be made Monday to Friday. The snapshot backups are also copied to tape
- Backup tapes taken offsite daily Monday to Friday
- A current generation tape backup device is kept at Red Hill and used for Red Hill backups
- A Computer System Recovery (CSR) "Toolkit" comprising of key software is kept on the Red Hill server.

The following documentation also assists with the reinstatement of a computer network system:
- Server/System build notes
- Network Diagrams
- Server Disk Space Utilisation Reports
- IT Password Book.

The above items are periodically backed up to an encrypted USB drive and held by Information Services staff. The business continuity plan also consists of the steps taken to restoring the server and all the requirements.

Audit obtained the most recent test recovery of the EMRC systems backup and we were able to confirm the success of the backup and the effectiveness of the process.

EMRC have a small IT team with only three employees with an Information Services Officer, Information Services Support Officer, and an Information Services Manager. We obtained and reviewed the position descriptions and noted the different responsibilities for each position. We noted that EMRC do not perform any system development, therefore there is no need for ay segregation between development and operational roles.

Audit obtained EMRC's Cyber Incident Response Plan last updated 7 April 2021 which is a formulated to deal with any cyber security breaches. The plan is broken up into the following steps:
1. Identifying an accident
2. Notification of key stakeholders
3. Containing the accident
4. Identifying the source of the attack / type of attack
5. Eradication
6. Restoration of any Data / Systems
7. Report the incident
8. Post incident review.

The information provided in the incident response plan for each step is well detailed and helps EMRC to adequately deal with cyber incidents helping reduce data risk.

Audit also obtained an IT Asset Disposal Checklist. This checklist is to be completed anytime an IT asset is disposed of to ensure the right steps have been taken to protect EMRC data. As discussed with the Manager of Information Services, a three-part-wipe is performed on all assets before they are disposed.

Audit obtained a list of EMRC's Core IT Service Providers and we were informed that service levels are in place with the IT service providers, but they are not tracked formally by EMRC due to the lack of any prior issues with levels of service.

In terms of information classification, we noted as per discussion with the Manager of Information Services, only confidential Human Resource (HR) documents are protected by a "caveat" restricting access only to HR personnel. Other confidential items are protected by granting permissions on the document or folder to the required personnel using AD (Active Directory) groups and ACLs (Access Control List).

Audit also performed a physical inspection of EMRC's server room, UPS, and communication risers. Audit noted that there were fire detectors and a DCP (Dry Chemical Powder) fire extinguisher placed nearby the server room. Fire alarm sensors and CCTV controls were sighted inside the server room. The alarm system is provided by a third-party company ADT who monitor both security, fire and server environment with any warnings and notifications sent directly to relevant staff members. We noted that some high value equipment is stored in the server room, but away from all the operating devices.

The access to the server room is only by using a key which the following have access to:
- Manager of Information Services
- Information Services Officer
- Information Services Support Officer
- Master key holders (e.g., CEO, CFO, and other Executive members).

Audit noted that the server room does not have a temperature/humidity display panel, but a temperature/humidity control unit is in place and monitored by ADT. Any critical warnings are sent to the Manager of Information Services directly. The room temperature is maintained using two air conditioning split systems which are regularly maintained.

Audit noted the server room has a separate electric sub board which helps distributes power in the server room via the UPS. We noted that the room would be classified as a type two environment against AS2834 – Computer Accommodation. Audit noted that the UPS is directly connected to the generator and it was confirmed with the Manager of Information Services that the generator does recharge the UPS. The UPS size is 30 kVA with 10 minutes of backup power at full load, however, currently EMRC are only at 30% load which means the UPS will be able to run for 30 minutes without mains power. The UPS can provide low battery messages; however, the backup generator on-site will start once a power failure occurs. The UPS is effective and well maintained at EMRC.

Audit noted that there are two communication risers, one on each floor of the EMRC building. The risers are secured by key lock with access given only to relevant staff members. The risers have good cable management with clear separation of the data and power cables. The power cables are securely placed in a conduit. The risers are also well organised and tidy with no unnecessary objects placed in the risers.

No issues were noted, but there are some suggested improvements noted below.

Suggested Business Improvement	1. Audit noted that the following policies and guidelines need formal action to indicate they have been reviewed, even though they may still be current: • Management Guidelines – Data Security Policy

	• Management Guidelines – Email Policy • Business Continuity – Diversion of Phone Systems to Standby Message Bank. 2. Audit also suggests that EMRC consider whether there is a case to justify implementing an Intrusion Detection System/Intrusion Prevention System that would integrate with the existing FortiGate devices.

8.2 COMPARE THE INFORMATION SYSTEMS WITHIN THE ORGANISATION AGAINST THE BASELINE ISO AS/NZS 27000 SERIES OF STANDARDS ON INFORMATION SECURITY MANAGEMENT

Overall Outcomes	Audit reviewed the information systems within EMRC and ascertained adequate alignment against the baseline ISO AS/NZS 27000 series of standards.

Our work included comparing EMRC's Information Systems against the ISO AS/NZS 27000 series of standards on information security management.

In accordance with the ISO AS/NZS 27001 Information technology – Security techniques – Information security management systems – Requirements in conjunction with ISO AS/NZS 27002 Information technology – Security techniques – Code of practice for information security controls, EMRC needs to implement, maintain, and continually improve an information security management system. The ISO 27000 series requires the top management to demonstrate leadership and commitment with respect to the information security management system through ensuring that the information security policy and objectives are established and integrated with the organisations processes. There is also a need for clear communication of the importance of an effective information security management. Top management are also required to ensure that resources required for the information security management system are available and to ensure intended outcomes are achieved. A continual promotion of the system is also required. The information security policy needs to be accessible to all relevant parties when required, which is the case.

Audit obtained and reviewed EMRC's Risk Register which identifies all IT risks including the risk source, owner, and any other relevant information. The risk register is a useful tool which can assist assessing risks in a timely manner to minimise risk consequences. This directly aligns with the ISO 27000 series which requires organisations to apply an information security risk assessment process.

We note that EMRC have a Data Security Policy, which we reviewed and found it to be well integrated into EMRC's processes. EMRC IT management also keep up to date through regular Hewlett Packard security server alerts and State Government cyber alerts which helps EMRC continually update their security stance. We also obtained a sample of the WALGA IT Forum outputs and found it to be useful as the forum allows for interaction between WALGA member IT professionals creating a fluid pool of helpful information security ideas. Additionally, internal information security education and training exists through an IT induction for all new staff members as well as through two or three educational emails sent to all staff each year. We reviewed a sample of these noting one dated 18 August 2020 informing them of a common spam email which has been targeting staff. These emails are a useful tool to help mitigate the risk of EMRC falling prey to an email-based attack.

All EMRC staff have information security responsibilities as part of their contractual obligations, thus contributing to reducing the risks of theft, fraud, or misuse of facilities.

No issues were noted.

8.3 ENSURE SYSTEM ACCESS LEVELS ARE APPROPRIATE FOR THE ROLES IN THE ORGANISATION

Overall Outcomes	Audit reviewed EMRC's systems access levels and ascertained their adequacy.

Our work included reviewing system access levels and password policies to ensure the access levels are appropriate for the roles in the organisation.

Audit also obtained and reviewed the SynergySoft security matrix for all EMRC users and the different access groups. The system access limits are adequate as the access for each function in the system is given to each employee according to their define role and financial delegations in the organisation.

We note that EMRC do have password management implemented. EMRC use complex passwords with the use of letters upper/lower, number, symbols. When creating a password, a combination of three out of the four parameters must be selected. Accounts also get locked out after three failed attempts to reduce risks of being hacked. EMRC do not have any session logs or operator logs due to their small size and detailed oversight in place. The only detection for faults or exceptions are through system logs and alerts. The password policy is embedded within the Data Security Policy which states that users are enforced the security of their passwords.

The following are the password parameters required:
- Minimum Password Length: 10 characters
- Complexity: Enabled
- Password expiry: 42 days
- Password History: Enforced
- Account Lockout: 3 unsuccessful attempts.

Audit were also informed by the Manager of Information Services that the SynergySoft system uses same credentials as AD by using a trust relationship between the two systems. We note that users have no facility to change their passwords from within SynergySoft. Password changes are at an AD level.

Audit obtained a list of all the AD groups within the EMRC system defining the different security groups that allow access to different parts of the system, allowing the segregation of users to directories and applications. Every employee is placed into an AD group accordingly to their role ensuring access levels are appropriate.

No issues noted.

8.4 DETERMINE WHETHER ALL CURRENT SYSTEMS IN USE CONTRIBUTE TO THE EFFICIENCY AND EFFECTIVENESS OF OPERATIONS

Overall Outcomes	Audit reviewed the current systems in use at EMRC to ensure their contribution of efficiency and effectiveness to organisational operations.

Our work included obtaining and reviewing the High-Level Network Diagram EMRC WAN which helps us understand EMRC's IT structure to determine the efficiency and effectiveness of the structure.

The network diagram includes all EMRC sites which are Ascot, Redhill, and Hazelmere. Ascot is the primary location as it is where the Information Services (IS) team are located alongside the core servers. EMRC make use of Fortigate 100F firewalls in Ascot to help protect the network. A Fortiwifi 60E firewall is in use for Redhill and Hazelmere to help secure the network. EMRC make use of TPG 1000 Fast Fibre 1Gb/s and Vocus FTTN NBN 100mbs/40mbs for Ascot to help provide internet for their network. Ascot is connected to Hazelmere using an Optus Wireless connection and Baywaste is connected to the EMRC network via their NBN connection and a Fortiwifi 60E firewall. Ascot is connected to Redhill using a Telstra GWIP connection. We understand that an application for an NBN connection to Red Hill has failed as no signal was available from the Administration building. EMRC have provisioned a backup solution for Red Hill via mobile broadband. As it is expensive, it would only be used it for the Mandalay weighbridge system and emails.

All EMRC offsite backups are transmitted to Redhill using the Telstra GWIP connection between the sites. The core application in use is SynergySoft and there is the Content Manager EDRMS. Given the size of the organisation, the current systems are contributing well to the efficiency and effectiveness of operations within EMRC.

We note that due to its size, EMRC do not have a helpdesk. However, staff are encouraged to contact the IS team regarding any help required, or if there is a need to report a security threat.

No issues were noted.

8.5 EXAMINE ANY INFORMATION SECURITY POLICIES AND FRAMEWORK AGAINST THE ISO AS/NZS 27000 SERIES OF STANDARDS ON INFORMATION SECURITY MANAGEMENT

Overall Outcomes	Audit reviewed EMRC's information security policies and frameworks against the ISO AS/NZS 27000 series of standards and found them to be adequate.

Our work included obtaining and reviewing the Data Security Policy to ensure it aligns with the ISO AS/NZS 27000 series being ISO AS/NZS 27001 Information technology – Security techniques – Information security management systems – Requirements in conjunction with ISO AS/NZS 27002 Information technology – Security techniques – Code of practice for information security controls. We note that this core policy provides guidelines for the following:

- Physical Security
- User Access
- Network Security
- Backup and Recovery.

We note that the policy aligns with many aspects in the ISO AS/NZS 27000 series of standards. Further, there are also supporting policies and guidelines. We also obtained and reviewed EMRC's email policy to ensure the how it aligns.

The email policy states the following:
- EMRC computer systems are only to be used for legitimate business purposes with allowance of occasional, limited, appropriate personal email use given no provisions or policies are violated
- Users are responsible for identifying and retention of email correspondence that may have public record value
- Emails should only be saved in Outlook Personal Folders as a guide for personal use
- Upon leaving the EMRC all emails must be registered in the system. If this is not possible the emails need to be forwarded to appropriate staff to complete registration
- Anything saved on a EMRC computer system is subject to auditing, therefore, it cannot be considered private as the computer systems are only provided to aid staff in performing their jobs
- Users should be aware, that all records of a local government, whether electronic or paper form are subject to request under the Freedom of Information Act. This applies to email held in the EMRC Document Management System
- Users may not forward email to any other person or entity without the express permission of the sender
- Users are prohibited from engaging in certain activities that include (but are not limited to) - sending or storing material that is fraudulent, harassing, embarrassing, sexually explicit, profane, obscene, intimidating, defamatory, or otherwise unlawful or inappropriate by email or other form of electronic communication
- Users should always keep in mind that email is a public method of communication. When information is sent via email there is always a possibility that the information will be viewed by unauthorised individuals. Never send highly confidential information without first obtaining authorisation from your supervisor.

Audit also obtained and reviewed EMRC's IT Induction Notes and we noted that information security is covered adequately with details regarding laptop security, virus scanning, spam, spyware, and malware with inclusion of examples. This directly aligns with the ISO AS/NZS 27000 series guidance, as employees are educated about information security and given direction on the right procedures to follow to ensure security of data.

Audit obtained a New User Checklist and established that all the requirements are met within the checklist. The checklist ensures that all tasks are complete for all departments with appropriate access given according to position etc. There is also a staff departing checklist which we also reviewed and found it to be adequate as all access to all core applications are removed in a timely manner to ensure there are no active accounts after departure and no access.

Audit reviewed the following samples of new user access forms:

Name	Position	Commencement Date
William Cudahy	Environmental Officer – Waste & Compliance	22 April 2021
Denis Meaney	Leading Hand Beverage Container Refund Point	28 October 2020
Grahame Smith	Process Technician – Wood Waste to Energy Plant	19 October 2020

The new user access forms set tasks for each department to assign the correct access and responsibility for the new user. The new user forms align with the guidance specified within the ISO AS/NZS 27000 series.

Audit also obtained a HR New Employee Induction Checklist; this checklist is completed for each new employee which requires all relevant information from the new employee. We were also informed by HR regarding conditions of employment which requires a National Police Check to be conducted on all new employees before they are employed and given access to EMRC systems.

EMRC also have a process to destroy IT assets including a three-part wipe for desktops/laptops. Server hard drives are then physically destroyed to ensure data cannot be recovered when the equipment is disposed of. Audit obtained the Three-Part Wipe Process Checklist and confirmed the detailed steps taken to do the three-part wipe.

Audit also reviewed the following samples of asset disposal forms along with the disposal approvals:

Asset Number	Description	Date	Approval (Y/N)
1684	Laptop	30/10/2020	Y
2677	Computer	30/10/2020	Y
1307	Monitor	28/08/2020	Y

All asset disposals are approved and documented as required. Overall, the policies and procedures align with the guidance in the standards.

No issues were noted.

8.6 REVIEW SUPPORTING POLICIES AND OPERATIONAL PROCEDURES AND INFORMATION SYSTEMS DOCUMENTATION AND IDENTIFY ANY GAPS

Overall Outcomes	Audit identified several gaps by reviewing EMRC's policies and procedures.

Our work as noted earlier within this report included reviewing EMRC's supporting policies, operational procedures, and information system documentation to help identify any gaps.

Notwithstanding the size of EMRC's IS department, there are some potential gaps that have been identified after reviewing EMRC policies and procedures:

- EMRC do not have any formal written contractual obligations to IT related third parties concerning security requirements in outsourcing contracts. If a service provider is remotely accessing EMRC systems and their own internal security policy does not align to EMRC requirements, then there is potential for this to introduce a security weakness. A security comprise at the service provider can then also potentially impact EMRC due to the remote connection

- It was noted that EMRC have no controls over the management of removable computer media such as USB drives or any enforced encryption such as Bit-Locker over any EMRC data stored on these devices. Should a USB drive be lost or stolen, the data could be used for illegal purposes with potential reputational issues if the data is of a sensitive nature

- We note that EMRC do not have any formal change control process in place such as Change Advisory Board (CAB). However, given the size of the organisation and with only three staff in IS, this may not be practical

- There is no formal technical review of operating system changes like patches and updates, although we understand that an informal review occurs. Given that there are only three staff in IS, this may be an overhead to daily operations. It would be expected that for major updates, details could be recorded of any review of issues experienced within industry.

8.7   PROVIDE PROACTIVE ADVICE TO ENHANCE THE PREVENTION OF INFORMATION SYSTEMS CONTROL RISKS

Overall Outcomes	Audit provided proactive advice that can help prevent information systems control risks.

Our work included identifying any gaps within EMRC information system policies, procedures, and documentations to assist us in enhancing the prevention of information systems control risks.

Based on the potential gaps noted in section 8.6, we have identified some business improvements for consideration of EMRC.

Suggested Business Improvement	3. Audit suggests that EMRC have formal written contractual obligations for third parties to align with their Data Security Policy if they have providing outsourced IS services where there is access to EMRC systems. 4. Audit also suggests that EMRC consider controls over the management of removable computer media such as USB drives, such as restricting use, providing guidance on use or enforcing encryption such as Bit-Locker over any EMRC data stored on these devices. 5. Audit suggests for major system changes that they are documented in a log with approval of the Manager Information Services. 6. Audit also suggests a formal technical review of major operating system changes like patches and updates, and this could be reflected in the log detailed in suggestion number five above.

11.2   DRAFT CORPORATE BUSINESS PLAN 2021/2022 TO 2025/2026

REFERENCE: D2021/08563

PURPOSE OF REPORT

The purpose of this report is to present the draft Corporate Business Plan 2021/2022 to 2025/2026 to Council for adoption.

KEY POINTS AND RECOMMENDATION(S)

- Sections 5.56(1) and (2) of the *Local Government Act 1995* (the Act) require that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations. The *Local Government (Administration) Regulations 1996* specify that a 'plan for the future' comprises the following:
  - o   A Strategic Community Plan – a minimum 10 year timeframe (r.19C).
  - o   A Corporate Business Plan – a four to five year plan, which translates the 10 year strategic plan into operations (r.19DA).

- Council adopted the EMRC's Strategic Community Plan titled *10 Year Strategic Plan to 2017 to 2027* on 18 August 2016 for implementation from 1 July 2017 onwards.

- Regulation 19DA states that each local government must review its Corporate Business Plan annually.

- The previous *Corporate Business Plan 2020/2021 to 2024/2025* has been reviewed and the *draft Corporate Business Plan 2021/2022 to 2025/2026* has been prepared (attached).

- The *draft Corporate Business Plan 2021/2022 to 2025/2026* sets out the actions that staff will undertake over the next five years to deliver on the 10 Year Strategic Plan 2017 to 2027.

- It is intended to provide quarterly updates to Council on the Corporate Business Plan.

- Section 5.53 of the Act requires that an overview of the 'plan for the future' must be made in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. Therefor a report will be provided within the 2020/2021 Annual Report.

- In accordance with Section 6.2(2) of the Act, Council is to give regard to the 'plan for the future' when adopting the EMRC's Annual Budget, which will be table separately later in the year.

Recommendation(s)

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996,* adopt the *Corporate Business Plan 2021/2022 to 2025/2026* forming an attachment to this report.

2. Local public notice of the adoption of the *Corporate Business Plan 2021/2022 to 2025/2026* be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

SOURCE OF REPORT

Chief Sustainability Officer

Chief Financial Officer

Item 11.2 continued

BACKGROUND

Section 5.56(1) and (2) of the *Local Government Act 1995* (the Act) require that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations. The *Local Government (Administration) Regulations 1996* (*the Regulations*) specify that a 'plan for the future' comprise the following:

- A Strategic Community Plan – a minimum 10 year timeframe (r.19C); and

- A Corporate Business Plan – a four to five year plan, which translates the 10 year strategic plan into operations (r.19DA).

Regulation 19DA states that the Corporate Business Plan (the Plan) is to:

- Be for a minimum of 4 years;

- Identify and prioritise the principal strategies and activities Council will undertake in response to the objectives stated in the Strategic Community Plan;

- State the services, operations and projects that a local government will deliver over the period of the plan, the method for delivering these and the associated cost;

- Reference resourcing considerations such as asset management plans, finances and workforce plans;

- Be adopted by absolute majority; and

- Be reviewed annually – this can be scheduled to align with the setting of the Annual Budget.

In addition to the above requirements local public notice must be given when the Plan is adopted or modified (r.19D).

Council adopted the EMRC's Strategic Community Plan titled *10 Year Strategic Plan to 2017 to 2027* (10 Year Strategic Plan) on 18 August 2016 (Ref: D2016/06163) for implementation from 1 July 2017 onwards and the EMRC's Corporate Business Plan 2020/2021 to 2024/2025 in June 2020.

REPORT

The EMRC has in place an integrated planning framework to ensure that strategic priorities drive operational activities and inform the annual budget.

The 10 Year Strategic Plan guides, at a strategic level, the direction that the EMRC will take over the next ten years towards achievement of its vision: *"To be a responsive and innovative leader in assisting Perth's Eastern Region to be a great place to live, work, play and do business".*

The draft *Corporate Business Plan 2021/2022 to 2025/2026* is an element of the integrated planning framework and has been developed to articulate the strategic direction into operational activities. Both documents form the EMRC's 'plan for the future'.

The draft *Corporate Business Plan 2021/2022 to 2025/2026* sets out the actions that staff will undertake over the next five years to deliver on the 10 Year Strategic Plan. It provides high level information on capital and operating projects planned over the next five years.

Item 11.2 continued

Section 6.2(2) of the Act states that *"in the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56".*

Both the 10 Year Strategic Plan and the draft *Corporate Business Plan 2021/2022 to 2025/2026* constitute the 'plan for the future', and Council is to give regard to both these when adopting the EMRC's Annual Budget.

The 2021/2022 draft Annual Budget is tabled separately for adoption as part of this Agenda.

It is intended to report to Council against the Corporate Business Plan each quarter.

Section 5.53 of the Act requires that an overview of the 'plan for the future' must be made in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. A report will be provided within the 2020/2021 Annual Report.

Regulation 19CA requires that any significant modifications to the adopted *Corporate Business Plan 2021/2022 to 2025/2026* must be reported through the Annual Report.

In accordance with r.19DA(6) of *the Regulations,* Council is to determine whether or not to adopt the Corporate Business Plan by absolute majority.

The draft *Corporate Business Plan 2021/2022 to 2025/2026* (attached) is provided for Council adoption.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

   3.4   To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

The financial implications of the Corporate Business Plan are reflected in the EMRC's budget and long term financial plans.

SUSTAINABILITY IMPLICATIONS

Nil

RISK MANAGEMENT

RISK:	The Council agreed Key Actions are not delivered in accordance with the Corporate Business Plan	
Consequence	**Likelihood**	**Rating**
Possible	Insignificant	Low
Action / Strategy		
Regular and ongoing reviews and quarterly updates ensure staff continue to be apprised of the deliverables and agreed timeframes.		

Item 11.2 continued

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	
City of Bayswater	
City of Belmont	As outlined in the report and attachment.
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Draft *Corporate Business Plan 2021/2022 to 2025/2026* (Ref: D2021/09235)

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996,* adopt the *Corporate Business Plan 2021/2022 to 2025/2026* forming an attachment to this report.

2. Local public notice of the adoption of the *Corporate Business Plan 2021/2022 to 2025/2026* be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

AC RECOMMENDATION(S)

MOVED CR JEANS   SECONDED CR HAMILTON

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996,* adopt the *Corporate Business Plan 2021/2022 to 2025/2026* forming an attachment to this report.

2. Local public notice of the adoption of the *Corporate Business Plan 2021/2022 to 2025/2026* be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

CARRIED UNANIMOUSLY
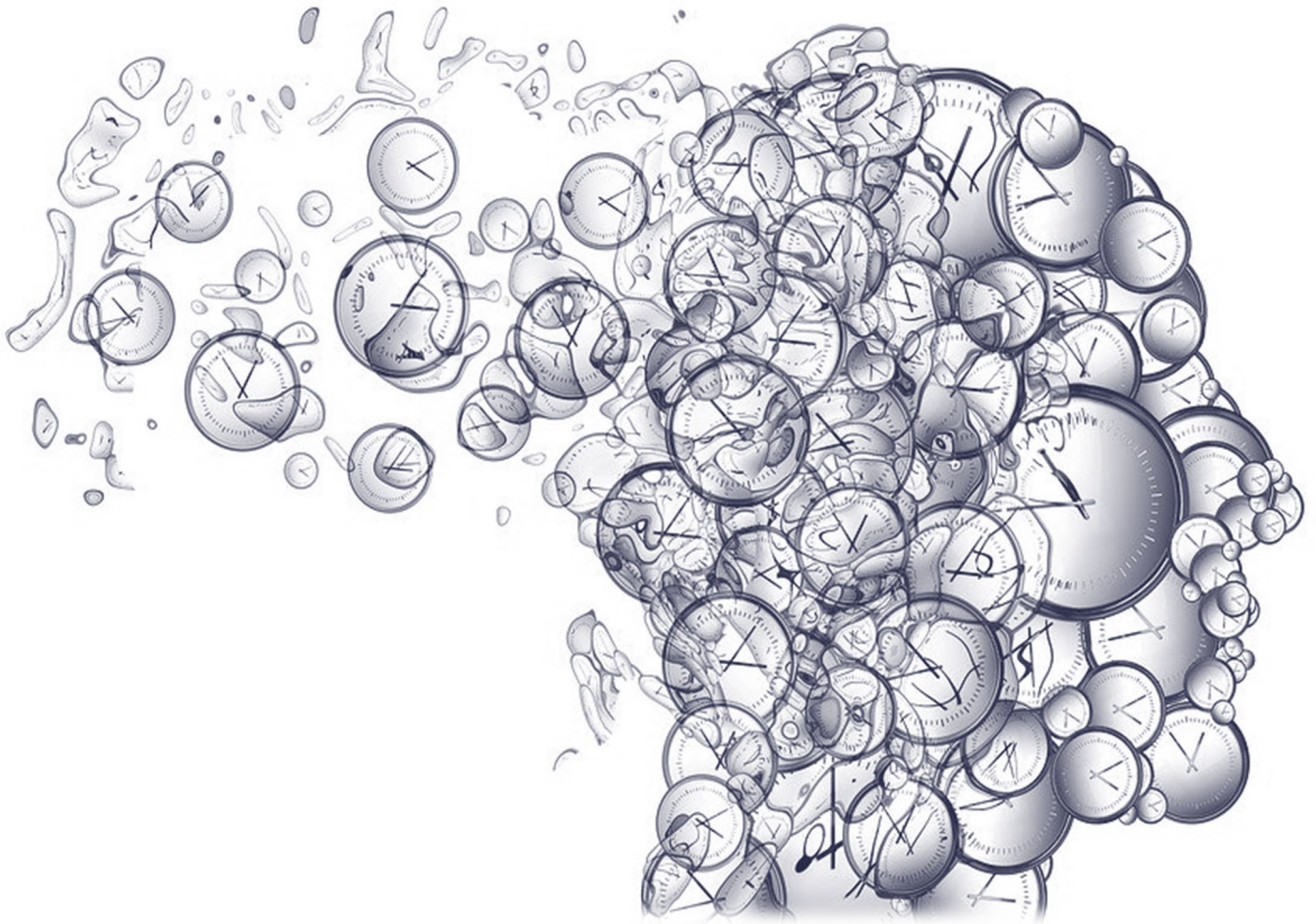
CORPORATE BUSINESS PLAN
2021/2022 – 2025/2026

Table of Contents

Perth's Eastern Region – A Snapshot

Perth's Eastern Region is an area of Perth which comprises six local governments: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring and City of Swan. The region constitutes around one-third of Perth's metropolitan area encompassing a land area of about 2,100 square kilometres and an estimated population of 365,500 people. The Region hosts Western Australia's major air, road and rail transport hub for movement of freight and passengers throughout Perth, intrastate, interstate and overseas. The region is considered the gateway to greater Perth, through the domestic and international airports or from the highways to the north and east. With a diverse regional economy, access to a skilled workforce and a range of leisure, lifestyle and living opportunities, Perth's Eastern Region is well positioned for continued growth and represents an attractive investment destination.

The Eastern Metropolitan Regional Council (EMRC) assists its member Councils to successfully turn challenges into opportunities and to ensure that the entire Region fulfils its potential as one of Western Australia's most vibrant and fast-growing areas.

About the Eastern Metropolitan Regional Council

The EMRC works in partnership with six member Councils located in Perth's Eastern Region - Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring and City of Swan. Together, these six councils constitute around one third of the area of metropolitan Perth. The EMRC assists the councils to ensure that the entire region fulfils its potential as one of Western Australia's most vibrant and fast-growing areas.

OUR VISION

To be a responsive and innovative leader in assisting Perth's Eastern Region to be a great place to live, work, play and do business.

OUR VALUES

The values that govern the EMRC are:

EXCELLENCE – Striving for excellence through the development of quality and continuous improvement.

RECOGNITION – Valuing staff in a supportive environment that focuses on their wellbeing.

INNOVATION – Focus on innovative approaches in project and service delivery.

RESPONSIVENESS – Dynamic and flexible service delivery.

INTEGRITY – Accountability and consistency in all that we do.

OUR MISSION

EMRC, by partnering with member councils (and other stakeholders), facilitates strategies and actions for the benefit and sustainability of Perth's Eastern Region.

The EMRC's Service Delivery Model
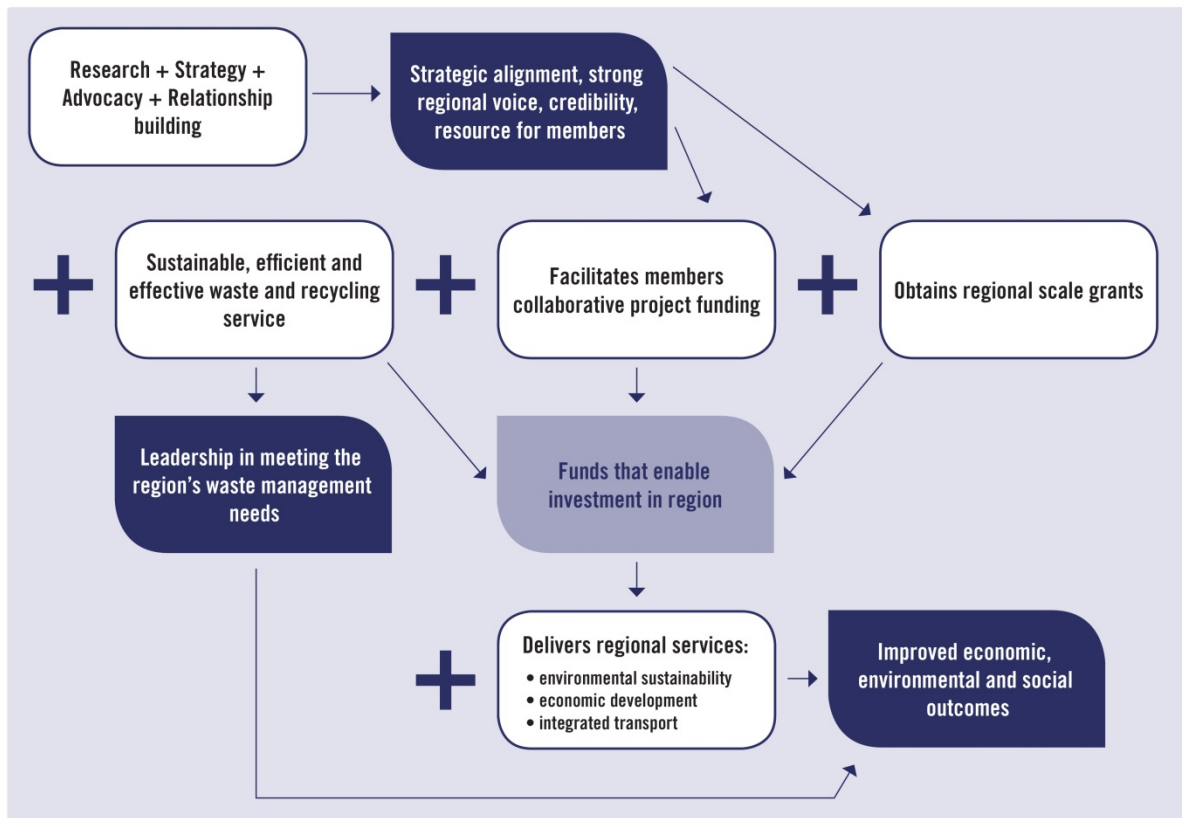
The EMRC's Establishment Agreement provides for it to undertake a range of projects and services and provides a means for member councils to share resources and facilities. The cooperative, political and executive framework of the EMRC enables the member Councils individually and collectively to promote and advocate on issues for the benefit of local government and to better serve the community.

The EMRC represents a model of successful collaboration, and for 38 years, has initiated and led projects for its member Councils that deliver real economic, social and environmental benefits to the region in the areas of waste management and resource recovery, environmental sustainability and regional economic development. These services enable member Councils to enhance outcomes for their communities and for Perth's Eastern Region as a whole.

Key Stakeholders

Whilst the EMRC takes a lead role in implementing a range of initiatives, the partnership with stakeholders is critical in delivering sustainable outcomes for Perth's Eastern Region. The EMRC's stakeholders are:

- ➢ The EMRC and Member Council Elected Members
- ➢ The EMRC and Member Council Staff
- ➢ Customers and clients
- ➢ Other local governments and regional local governments
- ➢ Federal Government Agencies
- ➢ State Government Agencies
- ➢ Non-Government Agencies
- ➢ State and Federal elected members
- ➢ Educational institutions
- ➢ Regional Business Groups
- ➢ Regional Community and Reference Groups
- ➢ Businesses
- ➢ Regional Volunteers
- ➢ Regional Residents
- ➢ Visitors and Tourists
- ➢ Investors

Integrated Planning Framework

The EMRC's Integrated Planning Framework has been developed to ensure that programs and services are being delivered in alignment with the strategic priorities of the EMRC's key stakeholders. The 10 Year Strategic Plan identifies the overarching outcomes that the EMRC Council aspires to achieve. The Corporate Business Plan is used to drive operational activities and is aligned to the priorities identified in the 10 Year Strategic Plan. These documents two comprise the EMRC's Plan for the Future. Strategic high level plans guide development of actions which are prioritised during annual business planning workshops, and resourced through the annual budget.

STRATEGIC REVIEW Every Four Years	↔	**STRATEGIC PLAN** **10 Year Timeframe**	↔	LONG TERM FINANCIAL PLANS

PLAN FOR THE FUTURE

OPERATIONAL REVIEW Annual	↔	**CORPORATE BUSINESS PLAN** **5 Year Timeframe**	↔	STRATEGIC HIGH-LEVEL PLANS

BUSINESS PLANS
1 Year Operational Plans

PERSONAL COMMITMENT PLANS Individual Action Plans

ANNUAL BUDGET

REPORTING

SERVICE DELIVERY

REPORTING
Council
Community

Corporate Business Plan – Legislative Requirements

Section 5.56(1) and (2) of the *Local Government Act 1995* (the Act) requires that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations.

The *Local Government (Administration) Regulations 1996* (the Regulations) requires each local government to adopt a Strategic Community Plan and a Corporate Business Plan.

Both these documents comprise a local government's 'plan for the future' under the requirements of s.5.56 of the Act.

With reference to the Corporate Business Plan the Regulations state:

19DA. Corporate business plans, requirements for (Act s. 5.56)

1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.

2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.

3) A corporate business plan for a district is to -

    (a)   set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and

    (b)   govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and

    (c)   develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.

4) A local government is to review the current corporate business plan for its district every year.

5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.

6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.

    Absolute majority required.

7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

How to use the Corporate Business Plan

The Corporate Business Plan is informed by a suite of documents:

COMPONENT	DESCRIPTION	REVIEW
Corporate Business Plan	The Corporate Business Plan is an essential management tool designed to ensure that the organisation as a whole is able to deliver on Council's high-level priorities. It summarises the services, operations and projects the EMRC will deliver over the next five years.	Reviewed annually
Financial Plans	The 10 year and 5 year financial plans enable delivery of projects and services. Both these plans: ➢ project the EMRC's financial position over a period of time ➢ provide the EMRC reliable information to develop the capacity for maintaining financial sustainability ➢ enable the EMRC to fund and replace capital projects ➢ enable the EMRC to fund projects, programs and services ➢ enable the EMRC to manage investments	Reviewed annually
Strategic Plans	Strategic high-level plans have been developed for specific issues. Examples include but are not limited to the following: ➢ Red Hill Development Plan – to manage the future development of Red Hill Waste Management Facility ➢ Food Organics and Garden Organics (FOGO) Strategy for the EMRC 2019-2022 ➢ Hazelmere Resource Recovery Park Development Plan (under review) ➢ Waste Plan A short description of each of the strategic plans can be found at Appendix One.	As identified within each plan

Notes:

➢ The Corporate Business Plan guides the development of the EMRC's annual Budget.

➢ This Corporate Business Plan provides high level information on capital and operating projects planned over the next five years.

➢ Planned capital projects in excess of $100,000 and key projects, programs and services (operating budget) are included in the Corporate Business Plan.

➢ Detailed expenditure is provided in the five and ten year financial plans.

➢ Detailed project information is found in the relevant strategies and also in project plans

Delivering the Corporate Business Plan

The Corporate Business Plan identifies projects, programs and services that will be delivered over the next five years. To ensure that these meet our stakeholders' needs the EMRC has developed a number of strategic plans under each of the three Key Result Areas within the EMRC's **10 Year Strategic Plan 2017 to 2027**.

The strategic plans are key reference points identified and used during planning workshops. These form the basis for identifying priority projects and initiatives, which are then recommended to Council during the budget deliberation process for funding.

In addition to the above a Strategic Review has been undertaken and is nearing completion. The next steps are to update other relevant linked documents.

Organisational Structure

CEO's Team

Business Unit	Services

Office of the CEO	Advocacy
	Public relations
	Stakeholder engagement and relationships
	Corporate functions
	  ➢ Strategic and corporate planning
	  ➢ Organisational development

Human Resources	➢ Human resource management ➢ Occupational safety and health

FTE	7.26

Projects Team

Business Unit	Services
Waste Engineering and Project Development	**Red Hill Waste Management Facility (RHWMF) - Projects** ➢ RHWMF site development ➢ Classes I, II, III & IV waste ➢ Interim FOGO project development ➢ Liquid Waste **Engineering** ➢ Surveys ➢ Engineering design and project management
Waste Environmental Compliance and Regulatory	➢ Environmental Compliance ➢ Environmental Advice
Resource Recovery Project Development	**Hazelmere Resource Recovery Park (HRRP)** ➢ HRRP site development ➢ Wood Waste to Energy Plant - development ➢ Commercial and Industrial Waste Sorting Plant development ➢ Community Reuse and Recycling Centre (CRC) development ➢ Transfer Station planning and development

FTE	16.80

Operations Team

Business Unit	Services
Waste Operations	**Red Hill Waste Management Facility – Operations** ➢ RHWMF site operations ➢ Community Recycling Centre – Red Hill ➢ Greenwaste processing ➢ Interim FOGO facility– once operational **Transfer Stations** (operated by EMRC on behalf of the Shire of Mundaring and Bayswater) ➢ Coppin Road ➢ Mathieson Road ➢ Baywaste
Resource Recovery Operations	**Hazelmere Resource Recovery Park - Operations** ➢ HRRP site operations ➢ Mattress processing ➢ Timber recycling ➢ Wood Waste to Energy Plan - operations

FTE	54.69

Sustainability Team

Business Unit	Services
Urban Environment Team	➢ Economic Development ➢ Integrated Transport Planning ➢ Regional Events ➢ Energy efficiency, emissions reduction and climate change initiatives ➢ Water Quality and Conservation Program
Natural Environment Team	➢ Environmental projects ➢ Natural Resource Management ➢ Eastern Region Catchment Management Program ➢ Swan and Helena River Management Framework
Waste Education Team	➢ Waste Education program and services ➢ FOGO ➢ Waste Education Centre Red Hill ➢ Red Hill Tours ➢ Battery collection program ➢ Earth carers

FTE	16.59

Business Support Team

Business Unit	Services
Procurement and Governance	➢ Governance and Compliance ➢ Risk Management ➢ Procurement, Fleet & Building (Ascot Place)
Communications	➢ Corporate communications and marketing ➢ Corporate websites
Information Services	➢ Help Desk ➢ IT Projects ➢ Records management
Finance Services	➢ Financial management and reporting ➢ Asset management ➢ Payroll

FTE	16.63

Structure of the Corporate Business Plan

The Corporate Business Plan is built on the foundation of three strategic Key Result Areas (KRA) identified within the **10 Year Strategic Plan 2017 to 2027**. The Corporate Plan sets out the actions that staff will undertake to deliver on Council's strategic priorities.

Note the EMRC is in the final stage of its Strategic Review, after which the below KRA's will be updated.
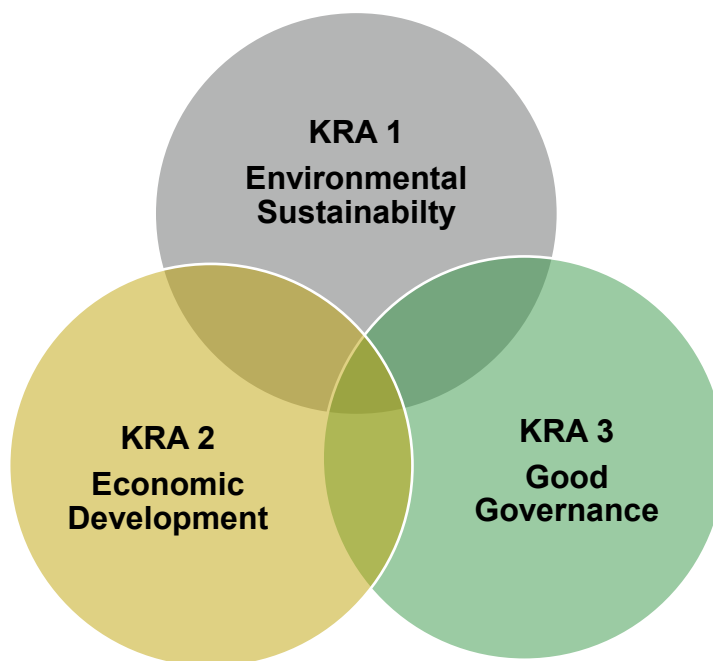
KRA 1:   Environmental Sustainability

Our aim is to:

> ➤ Provide and maintain best practice waste management services which are sustainable, efficient and meet the needs of the Region.

> ➤ Deliver a range of environmental services that enable the Region and member Councils to meet their responsibilities and community expectations for sustainable and adaptive environmental initiatives, and to maintain and enhance the natural assets of the Region.

KRA 2:   Economic Development

> ➤ Our aim is to facilitate and advocate for the sustainable economic and social development of the Region

KRA 3:   Good Governance

> ➤ Our aim is to ensure that EMRC is a responsive, progressive and responsible organisation

Key Result Area 1   Environmental Sustainability

OBJECTIVE

1.1   To provide sustainable waste disposal operations

1.1.1   Minimise the environmental impact of waste management operations

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
	Capital					
1.1.1.1 Prepare and submit annual Monitoring and Compliance Reports: ➢ Hazelmere ➢ Offset Compliance ➢ Red Hill	Operating	✔	✔	✔	✔	✔
1.1.1.2 Develop and implement programs to ensure compliance with environmental legislative requirements: ➢ Water monitoring ➢ Revegetation ➢ Native Fauna ➢ Feral Animal Control	Opex	✔	✔	✔	✔	✔
1.1.1.3 Rehabilitate former landfill cells	Opex	✔	✔	✔	✔	✔
1.1.1.4 Prepare National Greenhouse and Energy (NGERS) Report	Opex	✔	✔	✔	✔	✔
1.1.1.5 Prepare National Pollutants Inventory (NPI) Report	Opex	✔	✔	✔	✔	✔
1.1.1.6 Implement Offset Program (Lots 501 and 82)	Opex	✔	✔	✔	✔	✔
1.1.1.7 Audit Environmental Management System ISO14001:2015 and implement improvements (where required)	Opex	✔	✔	✔	✔	✔
Responsible: Chief Projects Officer						

1.1.2   Provide a waste disposal service at Red Hill Waste Management Facility

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.1.2.1 Construct infrastructure, as required (roads and car parks)	Capex	✔	✔	✔	✔	✔
1.1.2.2 Construct Waste Management Facility Buildings	Capex	✔	✔	✔		
1.1.2.3 Construct stormwater and siltation ponds, as required	Capex	✔	✔	✔	✔	✔
1.1.2.4 Review costs related to post closure management of the Red Hill Waste Management Facility	Opex	✔	✔	✔	✔	✔
1.1.2.5 Construct access roads and install power supply to Lots 8,9 &10	Capex	✔	✔			
1.1.2.6 Construct drainage diversion and earthworks infrastructure as required	Capex	✔	✔	✔	✔	✔
Responsible: **Chief Projects Officer**						

1.1.3 Review and implement the Red Hill Development Plan

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.1.3.1 Implement the Red Hill Development Plan	Opex	✔	✔	✔	✔	✔
1.1.3.2 Design and Construct Class IV Cell Stage 3	Capex		✔			
1.1.3.3 Construct Class III Cell Stage 16	Capex	✔				
1.1.3.4 Design and Construct Class III Cell Stage 17	Capex	✔		✔	✔	
1.1.3.4 Amend licence requirements based on operational changes	Opex	✔				
1.1.3.5 Construct FOGO processing area and purchase Plant	Capex	✔				
1.1.3.6 Develop and construct Liquid Waste Processing area and purchase Plant	Capex		✔			
1.1.3.7 Develop Lots 8, 9 & 10 for future waste activities	Capex		✔	✔		
1.1.3.8 Develop PFAS processing and repository options	Opex	✔				
1.1.3.9 Upgrade power supply to Workshop (No.2)	Capex	✔				
1.1.3.10 Construct workshop (No.3)	Capex	✔				
Responsible: Chief Projects Officer						

1.1.4 Red Hill Waste Management Facility Operations

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.1.4.1 Oversee and guide operations of all developed projects at the RHWMF in accordance with the Red Hill Development Plan	Opex	✔	✔	✔	✔	✔
1.1.4.2. Purchase replacement plant as per asset management plan	Capex	✔	✔	✔	✔	✔
1.1.4.3 Purchase/Replace vehicles Red Hill	Capex	✔	✔	✔	✔	✔
Responsible: Chief Operating Officer						

1.1.5 Operate member Council's transfer Stations where applicable

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.1.5.1. Operate Shire of Mundaring Transfer Stations	Opex	✔	✔	✔	✔	✔
1.1.5.2 Operate City of Bayswater Transfer Station	Opex	✔	✔	✔	✔	✔
Responsible: Chief Operating Officer						

1.2 To improve regional waste management

1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.2.1.1 Continue to deliver the Household Hazardous Waste Program	Opex	✔	✔	✔	✔	
Responsible: Chief Operating Officer						

1.2.2 Continue the Waste Education Program and align this to new operations and resource recovery

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.2.2.1 Develop and distribute the Annual Waste and Recycling Guide to member Councils.	Opex	✔	✔	✔	✔	
1.2.2.2 Review and implement the Waste Education Strategy	Opex	✔	✔	✔	✔	
1.2.2.3 Develop and deliver waste education resources and tools to support behaviour change.	Opex	✔	✔	✔	✔	
1.2.2.4 Facilitate Earth Carer's training courses	Opex	✔	✔	✔	✔	
1.2.2.5 Support and participate in the development and implementation of WA Waste initiatives	Opex	✔	✔	✔	✔	
1.2.2.6 Promote and co-ordinate Waste Education Tours, including FOGO	Opex	✔	✔	✔	✔	
1.2.2.7 Continue to deliver the Battery Collection Program	Opex	✔	✔	✔	✔	
1.2.2.8 Review and Report on Waste Plans for the EMRC and member Councils as requested	Opex	✔	✔	✔	✔	
Responsible: Chief Sustainability Officer						

1.2.3 Provide a Waste Management Advisory Service

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.2.3.1 Undertake contaminated sites investigations (where required)	Opex	✔	✔	✔	✔	✔
1.2.3.2 Provide environmental consultancy service to member Councils and other clients (where required)	Opex	✔	✔	✔	✔	✔
Responsible: **Chief Projects Officer**						

1.3.1 To provide resource recovery and recycling solutions in partnership with member Councils

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
	Opex	✔	✔	✔	✔	
1.3.1.1 Design and construct transfer station	Capex	✔	✔			
1.3.1.2 Prepare annual compliance report on Ministerial Conditions for the RRF	Opex	✔	✔	✔	✔	✔
Responsible: **Chief Projects Officer**						

1.3.2 Develop the Hazelmere Resource Recovery Park

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.3.2.1 Review and update Hazelmere Development Plan	Opex	✔	✔	✔	✔	✔
1.3.2.2 Construct and commission Community Transfer Station and Plant and Equipment	Capex	✔	✔			
1.3.2.3 Construct and commission Site/Administration Office	Capex	✔				
1.3.2.4 Construct and commission Community Reuse & Recycling Centre (CRC)	Capex	✔	✔			
1.3.2.5 Construct and commission Commercial Transfer Station and Plant and Equipment	Capex	✔	✔			
1.3.2.6 Construct and commission site infrastructure	Capex	✔				
1.3.2.7 Wood Waste to Energy (WWTE) and Plant, Equipment and Buildings	Capex	✔		✔		
1.3.2.8 WWTE Utilities and Infrastructure	Capex	✔				
1.3.2.9 Construct Noise Control Fencing	Capex	✔				
1.3.2.10 Prepare and submit WWTE Facility commissioning compliance Report to DWER	Opex	✔	✔	✔	✔	✔
1.3.2.11 Prepare and submit Ministerial Conditions Report to the EPA	Opex	✔	✔	✔	✔	✔
1.3.2.12 Monitor groundwater at the Hazelmere Resource Recovery Park (annual – Winter)..	Opex	✔	✔	✔	✔	✔
Responsible: Chief Projects Officer						

1.3.3 Hazelmere Resource Recovery Park (HRRP) Operations

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.3.3.1 Oversee and guide operations of all developed projects at the HRRP in accordance with the HRRP Development Plan	Opex	✔	✔	✔	✔	✔
1.3.3.2 Purchase replacement plant as per asset management plan	Capex	✔	✔	✔	✔	✔
Responsible: Chief Operating Officer						

1.3.4 Identify markets and develop resource recovery products in order to reduce waste going to landfill

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.3.4.1 Increase volume into EMRC resource recovery infrastructure	Opex	✔	✔	✔	✔	✔
1.3.4.2 Implement the marketing strategy for Biochar (WWTE)	Opex		✔	✔		
1.3.4.3 Investigate and develop markets for composted FOGO material	Opex	✔	✔	✔	✔	✔
1.3.4.4 Investigate and develop markets for Ferricrete and PFAS	Opex	✔	✔	✔	✔	✔
1.3.4.5 Develop and implement programs to increase sales of Red Hill by-products	Opex	✔	✔	✔	✔	✔
1.3.4.6 Develop and implement programs to increase sales of Hazelmere by-products	Opex	✔	✔	✔	✔	✔

Responsible: Chief Operating Officer

1.4   To investigate leading edge waste management practices

1.4.1   Undertake research into Integrated Waste Management

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.4.1.1 Support opportunities for the implementation of the CDS (Container Deposit Scheme) in the region	Opex	✔	✔			
1.4.1.2 Evaluate the opportunity for a Plastics Processing Facility and the feasibility of plastics recycling	Opex	✔				
1.4.1.3 Expand CRC network based on Mundaring model	Opex	✔	✔			
Responsible: Chief Projects Officer						

1.4.2   Provide leadership in the development of waste policy and practices

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.4.2.1 Provide input to new DWER policies and regulations affecting waste disposal, composting etc. (where required)	Opex	✔	✔	✔	✔	✔
Responsible: Chief Executive Officer						

1.4.3   Identify, investigate and develop new waste management practices and services

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.4.3.1 Develop a monitoring regime for the Wood Waste to Energy Facility to meet regulatory requirements (Annual Reporting): ➢ Woodwaste feedstock monitoring ➢ Stack emissions monitoring ➢ Ambient monitoring	Opex	✔	✔	✔	✔	✔
1.4.3.2 Investigate an EMRC regional waste collection service	Opex	✔				
1.4.3.3 Seek approval for FOGO and Liquid Waste Processing Plant (Red Hill)	Opex	✔	✔			
Responsible: Chief Projects Officer						

1.5   To contribute towards improved amenity, conservation and support of the natural environment and to address climate change

1.5.1   Merge Environmental Strategy high level actions into the new Sustainability Strategy

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.5.1.1 Review Environmental Strategy and develop a new Sustainability Strategy	Opex	✔				
Responsible: Chief Sustainability Officer						

1.5.2   Implement the Water Quality and Conservation Program

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.5.2.1 Support regional implementation of water efficiency and water quality management	Opex	✔	✔	✔	✔	✔
Responsible: Chief Sustainability Officer						

1.5.3   Review and implement the Swan and Helena Rivers Management Framework

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.5.3.1 Deliver actions and initiatives from the Swan and Helena Rivers Management Framework	Opex	✔	✔			
Responsible: Chief Sustainability Officer						

1.5.4   Identify and implement Net Zero, Circular Economy and Environmental Sustainability initiatives

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
1.5.4.1 Identify, develop and implement new regional environmental and sustainability opportunities	Opex	✔	✔	✔	✔	✔
1.5.4.2 Implement regional energy efficiency, emissions reduction and climate change initiatives (including ACER)	Opex	✔	✔	✔	✔	✔
1.5.4.3 Develop and host Circular Economy forums, and information sessions	Opex	✔	✔	✔	✔	✔
Responsible: Chief Sustainability Officer						

Key Result Area 2   Economic Development

OBJECTIVE

2.1   To facilitate and advocate for increased investment in regional infrastructure

2.1.1   Review and implement Regional Integrated Transport initiatives

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
2.1.1.1 Review the RITS and develop a new Sustainability Strategy	Opex	✔				
2.1.1.2 Implement actions and initiatives to meet regional integrated transport priorities	Opex	✔	✔	✔	✔	✔
2.1.1.3 Deliver actions and initiatives from the Regional Congestion Management Action Plan	Opex	✔	✔			
Responsible: Chief Sustainability Officer						

2.2   To facilitate and advocate for regional economic development activities

2.2.1   Review and implement Regional Economic Development initiatives

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
2.2.1.1 Review the Economic Development Strategy and develop a new Sustainability Strategy	Opex	✔				
2.2.1.2 Identify, research and promote new economic development, Net Zero and Circular Economy initiatives	Opex	✔	✔	✔	✔	✔
2.2.1.3 Develop annual economic development action plans linked to the Sustainability Strategy	Opex	✔	✔	✔	✔	✔
2.2.1.4 Identify and support opportunities to enhance business and investment initiatives	Opex	✔	✔	✔	✔	✔
Responsible: Chief Sustainability Officer						

2.3 To facilitate regional cultural and recreational activities

2.3.1 Continue the coordination, marketing and promotion of regional events

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
2.3.1.1 Coordinate, market and promote regional events	Opex	✔	✔	✔	✔	✔
Responsible: **Chief Sustainability Officer**						

Key Result Area 3   Good Governance

OBJECTIVE

3.1   To provide advice and advocacy on issues affecting Perth's Eastern Region

3.1.1   Review and implement Regional Advocacy Initiatives

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.1.1.1 Review Regional Advocacy Strategy and develop new Sustainability Strategy	Opex	✔				
3.1.1.2 Identify and promote regional advocacy priorities	Opex	✔	✔	✔	✔	✔
Responsible: Chief Sustainability Officer						

3.2   To manage partnerships and relationships with stakeholders

3.2.1   Continue to foster and enhance relationships with member Councils and all key stakeholders

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.2.1.1 Implement the deliverables in the EMRC Reconciliation Action Plan (RAP)	Opex	✔	✔	✔	✔	✔
3.2.1.2 Develop Innovate RAP	Opex	✔				
3.2.1.3 Develop Stretch RAP	Opex			✔		
Responsible: Chief Sustainability Officer						
3.2.1.3 Implement biennial Stakeholder Perception Survey	Opex	✔	✔	✔	✔	✔
3.2.1.4 Co-ordinate EMRC's Community Grants Program	Opex	✔	✔	✔	✔	✔
3.2.1.5 Produce EMRC's Annual Report	Opex	✔	✔	✔	✔	✔
Responsible: Chief Executive Officer						

3.2.2　Review and implement the Marketing and Communications Plan

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
3.2.2.1 Implement priority initiatives (refer Marketing and Communications Plan)	Opex	✔	✔	✔	✔	✔
Responsible:　**Chief Financial Officer**						

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

3.3.1　Continue to improve organisational governance

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.3.1.1 Implement the Recordkeeping Plan	Opex	✔	✔	✔	✔	✔
3.3.1.2 Review and update Council Policies	Opex	✔	✔	✔	✔	✔
3.3.1.3 Co-ordinate Council and Committee elections	Opex	✔	✔	✔	✔	✔
3.3.1.4 Review and update Management Guidelines as required	Opex	✔	✔	✔	✔	✔
Responsible:　**Chief Financial Officer**						

3.3.2　Review and implement EMRC's Integrated Planning Framework

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.3.2.1 Undertake a major review of the 10 Year Strategic Plan	Opex	✔				
3.3.2.2 Review the Corporate Business Plan	Opex	✔	✔	✔	✔	✔
Responsible:　**Chief Executive Officer**						

3.3.3 Review and implement a Risk Management Plan

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.3.3.1 Review, update an implement the Risk Management Pan	Opex	✔	✔	✔	✔	✔
Responsible: **Chief Financial Officer**						

3.3.4 Review and implement the Disability Access and Inclusion Plan (DAIP)

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.3.4.1 Review and implement the DAIP	Opex	✔	✔	✔	✔	✔
Responsible: **Chief Executive Officer**						

3.4 To continue to improve financial and asset management practices

3.4.1 Review and implement long term financial plans

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.4.1.1 Review the Five and Ten year financial plans	Opex		✔	✔	✔	✔	✔
3.4.1.2 Monitor and review financial investment portfolio	Opex		✔	✔	✔	✔	✔
Responsible: **Chief Financial Officer**						

3.4.2 Review and Implement the Asset Management Plan (AMP)

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.4.2.1 Review and implement the AMP	Opex	✔	✔	✔	✔	✔
Responsible: Chief Financial Officer						
3.4.2.2 Purchase and replace major plant (Red Hill) as required	Capex	✔	✔	✔	✔	✔
3.4.2.3 Purchase and replace minor plant and equipment (Red Hill) as required	Capex	✔	✔	✔	✔	✔
3.4.2.4 Purchase and replace major plant (Hazelmere) as required	Capex	✔	✔	✔	✔	✔
Responsible: Chief Operating Officer						
3.4.2.5 Capital Improvements to Ascot Place Building	Capex	✔				
Responsible: Chief Financial Officer						

3.4.3 Review and implement the Strategic IT Plan

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.4.3.1 Develop and implement the five year Strategic IT Plan	Opex	✔	✔	✔	✔	✔
3.4.3.2 Purchase IT and Communication Equipment as required	Capex	✔	✔	✔	✔	✔
Responsible: Chief Financial Officer						

3.5 To improve organisational culture, health, welfare and safety

3.5.1 Review and implement the Workforce Plan

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.5.1.1 Review and implement the Workforce Plan	Opex	✔	✔	✔	✔	✔
Responsible: **Chief Executive Officer**						

3.5.2 Review and implement the Occupational Safety and Health Plan (OS&H)

Key Actions	Budget	21/22	22/23	23/24	24/25	25/26
3.5.2.1 Co-ordinate the OS&H Program	Opex	✔	✔	✔	✔	✔
Responsible: **Chief Executive Officer**						

Strategic Key Performance Indicators

➢ Overall stakeholder satisfaction with the EMRC

➢ Percentage of waste diverted from landfill

➢ Level of satisfaction with waste management services

➢ Level of satisfaction with waste education activities

➢ Level of satisfaction with environmental initiatives and projects

➢ Level of satisfaction with regional development initiatives and projects

➢ Level of satisfaction with advocacy activities

➢ Financial sustainability of the organisation

Reporting and Review

Reporting

It is intended to provide periodic reports to Council against the Corporate Business Plan.

The *Local Government (Administration) Regulations 1996* (the Regulations) in relation to reporting states:

19CA. Information about modifications to certain plans to be included (Act s. 5.53(2)(i))

1) This regulation has effect for the purposes of section 5.53(2)(i).

2) If a modification is made during a financial year to a local government's strategic community plan, the annual report of the local government for the financial year is to contain information about that modification.

3) If a significant modification is made during a financial year to a local government's corporate business plan, the annual report of the local government for the financial year is to contain information about that significant modification.

Where applicable the EMRC will also provide a report against the Corporate Plan through its Annual Report.

Reviewing

The Corporate Business Plan will be reviewed annually in accordance with current legislation.

Any significant modifications will be reported through the Annual Report.

Appendix One - Strategic High Level Plans

Document	Description
Asset Management Plan (AMP)	This plan defines current levels of service and the processes used to manage each of EMRC's asset classes.
Business Continuity Plan	This Plan outlines the key steps to be taken by the EMRC to respond to and recover from a disaster.
Corporate Business Plan	This plan sets out the projects and services EMRC will deliver to achieve the outcomes identified in the 10 Year Strategic Plan.
Code of Conduct	The Code of Conduct provides members and employees with consistent guidelines for an acceptable standard of professional conduct.
Council Policies	Council Policies are developed and adopted by the EMRC Council.
Establishment Agreement	This document was signed by all EMRC member Councils in 1998 and is the basis for the delivery of ongoing and new services to member Councils.
Long Term Financial Plans	The 10 year and 5 year financial plans enable delivery of projects and services.
Food Organics and Garden Organics (FOGO) Strategy for the EMRC 2019-2022	This strategy will help guide the journey towards optimal recovery of FOGO materials.
Local Government Act 1995	The EMRC operates under the *Local Government Act 1995* and associated regulations.
Management Guidelines	Management Guidelines are developed and adopted by the Executive team in relation to internal operations
Communications Plan	This document outlines the marketing and communications activities to assist the organisation in achieving strategic objectives.
Red Hill Development Plan	This plan indicates infrastructure requirements for the ongoing development of the Red Hill Waste Management Facility.
Red Hill Emergency Response Plan	The Red Hill Emergency Response Plan has been produced to help protect staff, contractors, and customers who may be within the Red Hill Waste Management Facility at any given time.
Red Hill Environmental Management System	The Red Hill Environmental Management System provides a structured framework for implementing environmental protection programs which assist in managing potential environmental impacts of the Red Hill Waste Management Facility operations.
Regional Advocacy Strategy (RAS)	This strategy will be merged with the new Sustainability Strategy
Regional Economic Development Strategy (REDS)	This strategy will be merged with the new Sustainability Strategy
Regional Environmental Strategy (RES)	This strategy will be merged with the new Sustainability Strategy
Regional Integrated Transport Strategy (RITS)	This strategy will be merged with the new Sustainability Strategy

Document	Description
Occupational Safety and Health Plan (OS&H)	This plan provides a framework for protection of EMRC staff and property, and other people who may interface with EMRC operations.
Stakeholder Engagement Plan	This plan provides guidance, priority and frequency of stakeholder engagement.
Stakeholder Perception Survey Reports	The EMRC surveys stakeholders biennially to collect information on stakeholder perceptions.
Strategic Waste Management Plan	This plan provides a regional approach to waste management.
Strategic IT Plan	This plan outlines the IT infrastructure requirements for the EMRC.
Swan and Helena River Management Framework	This framework provides, amongst other things, a Statement of Significance for the defined section of the rivers.
Waste Plan	The Waste Plan and Implementation Plan was endorsed in 2021
Waste Education Strategy	This strategy provides a framework for EMRC's waste and resource recovery education activities, promoting behaviour change within the region to support sustainable waste management.
Workforce Plan	This plan enables the EMRC to ensure that it has a workforce capable of delivering organisational objectives now and in the future.

Appendix Two - Abbreviations

Abbreviation	Explanation
ABR	Australian Business Register used for engaging with local businesses
OPEX	Operating Expenditure
CAPEX	Capital Expenditure
DAIP	Disability Access and Inclusion Plan
EMRC	Eastern Metropolitan Regional Council
FTE	Full Time Equivalent (used to describe staffing levels)
IT	Information Technology
MRF	Materials Recovery Facility
REDS	Regional Economic Development Strategy
RITS	Regional Integrated Transport Strategy
RRF	Resource Recovery Facility (HZI East Rockingham facility)
SHRMF	Swan and Helena Rivers Management Framework

FOR FURTHER INFORMATION PLEASE CONTACT

Eastern Metropolitan Regional Council
226 Great Eastern Highway
Ascot WA 6104
Phone: 9424 2222

THIS PLAN WILL BE MADE AVAILABLE ELECTRONICALLY AND WILL ALSO BE AVAILABLE ON THE EMRC'S WEBSITE

11.3   EASTERN METROPOLITAN REGIONAL COUNCIL (EMRC) 2021/2022 DRAFT ANNUAL BUDGET

REFERENCE: D2021/08500

PURPOSE OF REPORT

The purpose of this report is to present the 2021/2022 Draft Annual Budget for Council adoption.

KEY POINTS AND RECOMMENDATION(S)

- The 2021/2022 Draft Annual Budget has been prepared using the Ten Year Financial Plan 2021/2022 - 2030/2031 that has been reviewed and adjusted to take into consideration:

    o   Forecast financial results for 2020/2021;

    o   Budget provisions from 2020/2021 required to be carried forward into the 2021/2022 Budget;

    o   The draft 2021/2022 fees and charges relating to Waste Management, Regional Services, and Administration; and

    o   Other variations and adjustments as outlined within the report.

AC RESOLUTION(S)

That:

1.   The Audit Committee endorses the EMRC 2021/2022 Annual Budget.

2.   The EMRC 2021/2022 Annual Budget be referred to Council for adoption at its 24 June 2021 meeting.

AC RECOMMENDATION(S)

That:

1.   Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, adopts the EMRC 2021/2022 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.

2.   For the 2021/2022 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of $20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.

3.   In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2021/2022 Annual Budget be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.

SOURCE OF REPORT

Chief Financial Officer

Item 11.3 continued

BACKGROUND

Section 6.2(2) of the *Local Government Act 1995* states *"In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56".*

EMRC's Strategic Community Plan titled *EMRC - 10 Year Strategic Plan 2017 - 2027*, adopted by Council on 18 August 2016 (Ref: D2016/10193) and the Corporate Business Plan 2021/2022 to 2025/2026 (Ref: Report Item 11.1), considered as part of this Council Agenda, together constitute the EMRC's 'Plan for the Future' in accordance with section 5.56 *of the Local Government Act 1995*. From 30 June 2017 onwards, both plans must be taken into account in budget preparations.

The 2021/2022 Annual Budget draws from the priorities as identified in the EMRC's 'Plan for the Future'.

As part of the budget preparation process, financial forecasts within the EMRC's Ten Year Financial Plan are regularly reviewed in order to provide an indicative forecast of the EMRC's ten year financial position.

The revised plan includes key assumptions which provide the framework for the 2021/2022 budget and includes fees and charges for Waste Management and fees and charges and project funding for the Sustainability Team.

Budget reviews were undertaken by the Executive Leadership Team during February to May 2021 to ensure the budget accurately reflected the planned operations for 2021/2022 and beyond. Two Budget Briefing sessions were also held with Councillors on 8 April 2021 and 13 May 2021.

The EMRC's Ten Year Financial Plan tonnage forecasts are reviewed regularly and have been used to derive forecast income and expenditure for the Red Hill Waste Management Facility and Hazelmere Recycling Facility. These tonnages are included within the budget document (refer attachment, page 35).

All business units have developed detailed financial estimates for 2021/2022 to 2030/2031. These estimates have been entered into the EMRC's financial management system to produce the ten year financial forecasts.

As the EMRC will not commence the process of preparing its Annual Financial Statements for 2020/2021 until July 2021, the forecast results for 2020/2021 have been used as a basis for the finalisation of the 2021/2022 Budget.

REPORT

In producing the 2021/2022 Budget, the EMRC's Ten Year Financial Plan has been reviewed and adjusted to take into consideration the following:

- Forecast financial results for 2020/2021; and

- Budget provisions from 2020/2021 required to be carried forward into the 2021/2022 Budget.

The budgeted 2021/2022 Net Result from operations of $4,356,672 compares to a forecast surplus in 2020/2021 of $5,421,536 (before a forecasts distribution to member councils of $4,966,676) and the budget in 2020/2021 of $5,652,514.

Item 11.3 continued

Major variances to the 2020/2021 forecasts are attributable to:

- A reduction of an estimated $3.1m in income (based on the 2020/221 forecast level of tonnes) as a result of the withdrawal of the City of Belmont from the EMRC (Household waste of $2.37m, Secondary Waste income of $621k, Waste Education levy of $74k and Greenwaste of $39k);

- A decrease in contribution income of approximately $191,000 toward various projects during 2021/2022.

- A decrease of approximately $140,000 in interest earnings due to the budgeted interest rate for 2021/2022 being set at 0.375% compared to a rate of 1.14% for 2020/2021. This rate was calculated from advice received from the EMRC's investment advisors and is reflective of the expected rates over the next 12 months.

- Lower reimbursements for 2021/2022 of approximately $637,000 relating specifically to the mattress grinder insurance claim and the reimbursement of costs from the City of Bayswater associated with the purchase of FOGO caddies and liners.

- An increase of approximately $325,000 for the Sale of Products specifically relating to the sale of steel recovered from disposals (Class III & IV).

- An increase of approximately $506,000 for the sale of electricity from the WWtE facility which is due to be commissioned during the second half 2021/2022.

- Lower landfill levy expenses of approximately $280,000 associated with the withdrawal of the City of Belmont and an increase is FOGO tonnages during 2021/2022. This is partially offset by an increase in the commercial and contaminated class III tonnages forecast for 2021/2022.

Key Budget Assumptions

The following key assumptions have been used in development of the Ten Year Financial Plan and the 2021/2022 Budget (all values are exclusive of GST):

- An increase of $5.00 per tonne in the member Council base waste disposal charge;

- An increase of $1.00 per tonne in the Comprehensive Waste Education Strategy (CWES) Levy to $4.50 per tonne for 2021/2022;

- No increase be applied for the Secondary Waste charge since Council's resolution on 23 May 2019 (Ref: D2019/07296);

- An increase of $3.64 per tonne in the Commercial Waste Disposal charge;

- The C & I rate has increase by $15 per tonne to $150 per tonne;

- The C & I Bulk Verge collection rate of $150.00 per tonne remains unchanged for 2021/2022.

- Class III Contaminated Waste charge has increase by $3.73 per tonne for 2021/2022.

- The FOGO rate has increase $7 per tonne to $95.50 per tonne, which is also inclusive of the $4.50 per tonne Waste Education Levy.

- The rate of $52.73 per tonne remains unchanged for member Councils uncontaminated greenwaste disposed at the Hazelmere site;

- The rate of $46.36 per tonne remains unchanged for member Councils uncontaminated greenwaste disposed at the Red Hill site;

- The rate for the sale of Premium Recycled Wood Chip has increased from $64.55 per tonne to $66.14 per tonne.

- The rate for the sale of Wood Chip (fines) has increased from $72.27 per tonne to $74.09 per tonne.

- The rate for Commercial uncontaminated greenwaste disposed at the Hazelmere site has increase by $1.68 per tonne to $68.18 per tonne;

Item 11.3 continued

Key Budget Assumptions (continued)

- Mattress disposal charges of $27.50 per mattress for member council residents has remained the same for 2021/2022 whilst the rate for charitable organisations and commercial clients has increased to $28.18 per mattress;

- The consulting rates for 2021/2022 for member Councils have remained unchanged for 2021/2022 whilst consulting rates for Other Organisations have increased by an average of 10%;

- Increased insurance premiums of 5% have been applied in 2021/2022 for property, plant and equipment and liability insurance;

- The interest rate for term deposit investments for the 2021/2022 financial year is budgeted at 0.375% per annum;

- The Wood Waste to Energy facility has been budgeted for 3 months of operations commencing April 2022; and

- The funding for the Sustainability Team projects is based on the schedules used in the Sustainability Team Projects Proposal presented to Council at its meeting held on 3 December 2020 (Ref: D2020/25406).

Tonnages - (page 35 of 63 of the attachment)

Budgeted total tonnages for 2021/2022 of 222,770 tonnes is above the 2020/2021 forecast of 222,747 tonnes and below the 2020/2021 budget of 248,616 tonnes.

Class IV tonnages have been budgeted at 8,000 tonnes for 2021/2022. This is the same as the 2020/2021 forecast and above the 2020/2021 budget of 5,000 tonnes.

FOGO tonnages have been budgeted at 15,265 for 2021/2022 and represents tonnages to be received from the Town of Bassendean and the City of Bayswater.

	Actual 2018/2019	Actual 2019/2020	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Class II & III	215,230	226,865	223,593	198,467	194,490
Class IV & V	191	572	5,000	8,000	8,000
Greenwaste	10,067	8,719	6,816	6,234	5,015
FOGO	0	0	13,207	10,046	15,265
Total	**225,488**	**236,156**	**248,616**	**222,747**	**222,770**

Disposal Fees and Charges - (pages 29-33 of 63)

The member Council disposal charge for Class III waste for 2021/2022 has been increased from the 2020/2021 rate of $181.50 per tonne (ex GST) to $187.50 per tonne (ex GST).

EMRC Consulting Fees - (page 33 of 63)

No increase in the consulting rates for member Councils has been proposed for 2021//2022, whilst rates for Other Organisations has increase by an average of 10%.

EMRC Administration Fees and Charges - (page 33 of 63)

An average increase of 10% has been applied to Photocopier charges for 2021/2022. These have not been increased since this charge was introduced in the 2013/2014 Annual Budget.

Item 11.3 continued

Statement of Comprehensive Income - (pages 2 of 63)

The budgeted *"Net Result"* is a surplus of $4,356,672 for 2021/2022 compared with a budgeted surplus of $5,652,514 for 2020/2021 and a forecast surplus of $5,421,536 (before distributions to member councils of an estimated $4,966,676)

Also provided is a Statement of Comprehensive Income by (Local Government) Program.

Staffing Levels

As part of the budget development, listed below are seven (7) new positions that have been identified in the 2021/2022 budget. This is partially offset by a net reduction of a 0.4 FTE in the Sustainability Team and a 0.2 FTE reduction in the Projects Team resulting in an overall proposed net increase of 6.4 FTE's:

- 1 x OH&S Officer - A proposed additional OH&S Officer due to the increase in EMRC activities and sites.

- 3 x Production (Process) Operators - Provision made for the staffing of the Wood Waste to Energy (WWtE) facility expected to be commissioned in the second part of the 2021/2022 financial year.

- 1 x Waste Environmental Services Officer - A proposed additional officer due to the increase in EMRC activities and associated compliance and reporting requirements.

- 1 x Mechanic - A heavy duty mechanic to be located at the Hazelmere Resource Recovery Park (HRRP) to oversee the plant and equipment located at the site. At the time of preparing the budget this position was identified as part of the requirements at the HRRP. To reduce the impost of higher labour costs, this role has been recruited in the current 2020/2021 year and is funded by savings in forecast labour costs and reduced labour hire costs.

- 1 x Interim FOGO Plant Operator – With the forecast increase of FOGO material an Interim FOGO Plant Operator is proposed to oversee the FOGO operations at the Red Hill Landfill Facility.

These new positions identified will not be filled automatically and will need to be supported by a business case at the appropriate time.

Staff Remuneration Structure

A 3% increase in staff remuneration has been budgeted in 2021/2022. No increase to staff remunerations has occurred since July 2019.

Capital Works - (pages 57-63 of 63)

The total proposed Capital Works expenditure for 2021/2022 is $16,333,004 which includes carried forward capital expenditure of $4,324,901. This compares with the 2020/2021 budgeted expenditure of $19,616,114 and the 2020/2021 forecast expenditure of $16,613,745. It should also be noted that an additional capital funds were either approved by council during the financial year or unspent funds that were expected to be expended by 30 June 2020 and not carried forward into the 2020/2021 financial year were utilised during 2020/2021 and updated as part of the half year budget review.

Major capital expenditure items for 2021/2022 including carry forwards are:

- Construct Resource Recovery Park - Commercial Transfer Station $3,500,000

- Air Pollution Control Residue Facility (APCR) - Red Hill Waste Management Facility $2,300,000

Item 11.3 continued

Capital Works (continued)

• Purchase/Replace Plant - Red Hill Waste Management Facility ($428,158 carried forward from 2020/2021).	$950,000
• Construct and Commission Resource Recovery Park - WWtE Building pre-commissioning cost	$826,920
• Construct Workshop No 3 - Red Hill Waste Management Facility ($624,811 carried forward from 2020/2021).	$774,811
• Purchase/Replace Plant - Hazelmere.	$650,000
• Liquid Waste Project Infrastructure - Red Hill Waste Management Facility ($500,000 carried forward from 2020/2021).	$500,000
• Capital Improvement - Ascot Place ($294,500 carried forward from 2020/2021)	$458,000
• Purchase/Replace Vehicles - Ascot Place/Red Hill/Hazelmere ($71,000 carried forward from 2020/2021.	$398,000
• Refurbish Plant - Red Hill Waste Management Facility.	$300,000
• Construction of Class III Cell (Stage 17) - Preliminary Works - Red Hill Waste Management Facility	$350,000
• Implementation of the FOGO Recovery Strategy - Red Hill Waste Management Facility ($170,000 carried forward from 2020/2021).	$300,000
• Construct Sewer Line from Lakes Rd to Mary St - HRRP	$300,000

Statement of Cash Flows - (page 5 of 63)

The budgeted net cash provided by operating activities is $9,937,566. This represents a decrease of $2,160,954 when compared with the 2020/2021 budget and an increase of $4,088,400 compared with the forecast position in 2020/2021 (or a decrease of $878,276 when excluding the distribution to member Councils estimated to be $4,966,676).

Municipal Cash and Restricted Investments (Reserves) - (pages 6-9 of 63)

The cash and investments (Municipal and Restricted Investments) as at 30 June 2022 has been forecast to be $69,885,715 compared with the forecast cash and investments as at 30 June 2021 of $75,930,153.

The overall decrease year on year in budgeted cash (Municipal and Restricted Investments) is attributable to the capital expenditure exceeding the net budgeted operational cash flow during the 2021/2022 financial year. Funds have been set aside in Reserves and will be utilised in accordance with the budgeted expenditure.

Approximately 56.58% of total cash and restricted investments budgeted for 30 June 2022 will be held in the Secondary Waste Reserve ($37,275,373) to fund the development of Resource Recovery Projects. Other restricted cash investments will be used to fund future capital works projects including:

- Major plant replacements at the Red Hill and Hazelmere Waste Management Facilities;

- Post closure Site Rehabilitation and Environmental Monitoring at Red Hill Waste Management Facility; and

- Future Class III and Class IV cell construction.

Item 11.3 continued

Reporting Requirements

It is a requirement of the *Local Government (Financial Management) Regulations 1996 - Regulation 34(5)* that a local government is to establish and adopt materiality levels either as a percentage and/or dollar value to be used in statements of financial activity for reporting variances.

The concept of materiality is defined in the accounting standard, AASB 108 as:

> *"Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."*

In determining whether the variance amount of an item is material, the variance is to be compared with the corresponding budgeted revenue and expense amount to the end of the month to which the statement of financial activity relates.

Since the 2015/2016 financial year Council has adopted 10% as the percentage, or a dollar value of $20,000, whichever is the greater to be used when reporting variances. It is recommended that for the 2021/2022 financial year the materiality percentage of 10%, or a dollar value of $20,000, whichever is the greater, be retained and adopted for reporting variances in the statements of financial activity.

Post Budget Preparation Event

There have been no post budget preparation events that will have a significant effect on the 2021/2022 draft budget.

Following the preparation of the 2021/2022 Draft Annual Budget, a major customer will be disposing its tonnages elsewhere. While it is anticipated that there are other opportunities to offset this, a review of the 2021/2022 Annual Budget will be undertaken following the first quarter of the 2021/2022 Financial Year.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 - Good Governance

  3.3   To provide responsible and accountable governance and management of the EMRC
  3.4   To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

As detailed in the attachment to this report.

SUSTAINABILITY IMPLICATIONS

Nil

Item 11.3 continued

RISK MANAGEMENT

RISK: Non-compliance with Financial Regulations		
Consequence	**Likelihood**	**Rating**
Moderate	Unlikely	Moderate
Action / Strategy		
• The financial report is scrutinised by the EMRC Council to ensure that all statutory requirements are met. • Internal Audit reviews to ensure compliance with Financial Regulations. • External Audit confirms compliance.		

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	
City of Bayswater	
City of Belmont	As per budget implications
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Financial Statements - 2021/2022 Annual Budget (Ref: D2021/08500)

VOTING REQUIREMENT

Absolute Majority

Item 11.3 continued

The CEO gave a 2021/2022 Budget Briefing Summary.

Discussion ensued.

AC RESOLUTION(S)

That:

1. The Audit Committee endorses the EMRC 2021/2022 Annual Budget.

2. The EMRC 2021/2022 Annual Budget be referred to Council for adoption at its 18 June 2020 meeting.

AC RESOLUTION(S)

MOVED CR BOYD   SECONDED CR HAMILTON

THAT:

1. THE AUDIT COMMITTEE ENDORSES THE EMRC 2021/2022 ANNUAL BUDGET.

2. THE EMRC 2021/2022 ANNUAL BUDGET BE REFERRED TO COUNCIL FOR ADOPTION AT ITS 18 JUNE 2020 MEETING.

                                        CARRIED UNANIMOUSLY

AC RECOMMENDATION(S)

That:

1. Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996,* adopts the EMRC 2021/2022 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.

2. For the 2021/2022 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of $20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.

3. In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996,* a copy of the 2021/2022 Annual Budget be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.

Item 11.3 continued

AC RECOMMENDATION(S)

MOVED CR BOYD   SECONDED CR HAMILTON

That:

1. Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, adopts the EMRC 2021/2022 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.

2. For the 2021/2022 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of $20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.

3. In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2021/2022 Annual Budget be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.

CARRIED UNANIMOUSLY

COUNCIL RESOLUTION(S)

MOVED CR   SECONDED CR

EMRC

FINANCIAL STATEMENTS

2021/2022 BUDGET

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2022

	NOTE	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
REVENUE				
User Charges	5	35,838,110	32,432,708	33,566,195
Special Charges	5	482,683	492,618	556,740
Secondary Waste Charge	5	4,738,691	4,966,676	4,121,290
Contributions		423,955	430,071	239,460
Operating Grants		415,000	275,437	398,000
Interest Investments Earnings	8	1,099,974	1,072,126	931,975
Reimbursements		1,060,390	2,174,189	1,536,722
Other		2,440,311	2,032,595	2,844,278
Proceeds from Sale of Assets		275,000	268,000	351,000
TOTAL REVENUE		**46,774,114**	**44,144,420**	**44,545,660**
EXPENSES				
Salary Expenses		10,801,281	9,918,067	11,174,794
Contract Expenses		5,627,716	6,229,183	6,429,257
Material Expenses		1,555,489	1,998,148	1,347,539
Fuel Expenses		827,183	669,409	720,135
Utility Expenses		356,911	292,349	310,375
Insurance Expenses		318,484	470,804	310,604
Provision Expenses		900,658	813,480	793,871
Miscellaneous Expenses		15,797,844	14,239,745	14,081,211
Depreciation Expenses		5,537,697	4,568,220	4,826,380
Costs Allocated		(854,401)	(727,215)	(89,343)
Carrying Amount of Assets Disposed Of		252,738	250,694	284,165
TOTAL EXPENSES		**41,121,600**	**38,722,884**	**40,188,988**
NET RESULT BEFORE OTHER COMPREHENSIVE INCOME		**5,652,514**	**5,421,536**	**4,356,672**
OTHER COMPREHENSIVE INCOME				
FOGO Contribution to Member Councils		0	0	0
Dividend Distribution to Member Councils		0	(4,966,676)	0
TOTAL OTHER COMPREHENSIVE INCOME		**0**	**(4,966,676)**	**0**
NET RESULT		**5,652,514**	**454,860**	**4,356,672**

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDING 30 JUNE 2022

	NOTE	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
REVENUE				
General Purpose Funding		1,099,974	1,072,126	931,975
Governance		122,650	85,732	197,150
Community Amenities		44,257,535	41,951,804	42,248,075
Other Property and Services		1,018,955	766,758	817,460
TOTAL REVENUE		**46,499,114**	**43,876,420**	**44,194,660**
EXPENSES				
Governance		912,930	396,930	282,092
Community Amenities		35,425,025	35,184,724	36,923,865
Other Property and Services		4,530,907	2,890,536	2,698,866
TOTAL EXPENSES		**40,868,862**	**38,472,190**	**39,904,823**
INCREASE / (DECREASE)		**5,630,252**	**5,404,230**	**4,289,837**
DISPOSAL OF ASSETS				
Proceeds from Sale of Assets		275,000	268,000	351,000
Less Carrying Amount of Assets Disposed Of		(252,738)	(250,694)	(284,165)
PROFIT / (LOSS) ON DISPOSALS	9	**22,262**	**17,306**	**66,835**
NET RESULT BEFORE OTHER COMPREHENSIVE INCOME		**5,652,514**	**5,421,536**	**4,356,672**
OTHER COMPREHENSIVE INCOME				
Dividend Distribution to Member Councils		0	(4,966,676)	0
TOTAL OTHER COMPREHENSIVE INCOME		**0**	**(4,966,676)**	**0**
NET RESULT		**5,652,514**	**454,860**	**4,356,672**

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
CURRENT ASSETS				
Cash and Cash Equivalents	4(i)	72,192,491	75,930,153	69,885,715
Investments		0	0	0
Trade and Other Receivables		2,716,470	2,987,058	2,987,058
Inventories		54,739	39,035	39,035
Other Assets		42,555	67,382	67,382
TOTAL CURRENT ASSETS		**75,006,255**	**79,023,628**	**72,979,190**
CURRENT LIABILITIES				
Trade and Other Payables		5,541,725	6,160,299	6,160,299
Provisions		1,676,448	1,865,168	1,892,645
TOTAL CURRENT LIABILITIES		**7,218,173**	**8,025,467**	**8,052,944**
NET CURRENT ASSETS		**67,788,082**	**70,998,161**	**64,926,246**
NON CURRENT ASSETS				
Land		52,805,000	52,585,907	52,585,907
Buildings		11,071,240	10,037,498	16,583,375
Structures		30,764,213	26,236,679	30,428,680
Plant		18,788,644	14,471,380	14,867,626
Equipment		1,080,598	959,171	1,123,575
Furniture and Fittings		158,299	126,672	250,604
Work in Progress		13,411,330	17,736,763	17,536,763
TOTAL NON CURRENT ASSETS		**128,079,324**	**122,154,070**	**133,376,530**
NON CURRENT LIABILITIES				
Provisions		5,634,031	8,245,491	9,039,362
TOTAL NON CURRENT LIABILITIES		**5,634,031**	**8,245,491**	**9,039,362**
NET ASSETS		**190,233,375**	**184,906,740**	**189,263,414**
EQUITY				
Accumulated Surplus		123,162,837	116,417,640	124,451,349
Reserves		67,070,538	68,489,100	64,812,065
TOTAL EQUITY		**190,233,375**	**184,906,740**	**189,263,414**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2022

	NOTE	BUDGET 2020/2021	FORECAST 2020/2021	BUDGET 2021/2022
		$	$	$
CASH FLOWS FROM NORMAL OPERATING				
Cash receipts in the course of normal operations		39,779,664	37,140,655	37,275,265
Cash payments in the course of normal operations		(32,400,083)	(31,539,063)	(32,725,050)
Interest receipts - Municipal Cash		170,000	132,000	132,000
Net Cash Provided by Normal Operating Activities	4(ii)	**7,549,581**	**5,733,592**	**4,682,215**
CASH FLOWS FROM OTHER OPERATING				
Resource Recovery				
Cash receipts from secondary waste charge		4,738,691	4,966,676	4,121,290
Cash receipts from resource recovery project		1,832,035	1,503,181	2,325,954
Cash payments for resource recovery project		(2,951,761)	(2,327,733)	(1,991,868)
Interest receipts - secondary waste restricted investment		581,000	494,891	470,000
Other Activities				
Interest receipts - other restricted investments		348,974	445,235	329,975
Divident Distributon to Member Councls		0	(4,966,676)	0
Net Cash Provided by Other Operating Activities	4(ii)	**4,548,939**	**115,574**	**5,255,351**
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash receipts from sale of property, plant and equipment		275,000	268,000	351,000
Cash payments for property, plant and equipment		(19,616,114)	(16,613,745)	(16,333,004)
Net Cash Provided by Investing Activities		**(19,341,114)**	**(16,345,745)**	**(15,982,004)**
CASH FLOWS FROM FINANCE ACTIVITIES				
Cash receipts from sale of investments		0	0	0
Net Cash Used in Financing Activities		**0**	**0**	**0**
SUMMARY OF CASH FLOWS				
Cash at the beginning of the year		79,435,085	86,426,732	75,930,153
Net Increase (Decrease) in Cash Held		(7,242,594)	(10,496,579)	(6,044,438)
Cash at the end of the year	4(i)	**72,192,491**	**75,930,153**	**69,885,715**

BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2022

	NOTE	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Municipal Fund (Cash and Investment)				
Opening Balance		9,570,331	10,134,035	6,408,662
Transfer to Restricted Investments		(10,990,235)	(10,367,545)	(8,385,674)
Transfer from Restricted Investments		13,689,768	18,078,872	12,831,731
Transfer to/from Municipal Investments		0	0	0
Interest on Municipal Funds		170,000	132,000	132,000
Payments and Receipts		(8,342,594)	(11,568,700)	(6,976,439)
Movement in Accrued Interest		0	0	0
Closing Balance		**4,097,270**	**6,408,662**	**4,010,280**
Plant and Equipment Reserve				
Opening Balance		280,702	141,856	724,344
Transfer to Restricted Investments		3,612,668	3,026,207	1,957,975
Transfer from Restricted Investments		(3,639,000)	(2,445,270)	(1,979,000)
Interest on Restricted Investments		12,750	1,551	1,500
Closing Balance		**267,120**	**724,344**	**704,819**
Site Rehabilitation Reserve				
Opening Balance		2,912,029	4,986,647	5,545,303
Transfer to Restricted Investments		580,627	504,106	488,924
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		32,600	54,550	56,000
Closing Balance		**3,525,256**	**5,545,303**	**6,090,227**
Future Development Reserve				
Opening Balance		16,851,075	18,263,389	16,772,393
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		(1,994,000)	(1,690,782)	(2,550,000)
Interest on Restricted Investments		215,500	199,786	189,000
Closing Balance		**15,072,575**	**16,772,393**	**14,411,393**
Environmental Monitoring Reserve				
Opening Balance		1,211,591	2,350,987	2,654,559
Transfer to Restricted Investments		320,031	277,854	269,486
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		13,550	25,718	27,500
Closing Balance		**1,545,172**	**2,654,559**	**2,951,545**

BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2022

	NOTE	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Environmental Insurance Reserve				
Opening Balance		44,569	46,892	59,604
Transfer to Restricted Investments		50,000	50,000	45,000
Transfer from Restricted Investments		(37,801)	(37,801)	(39,690)
Interest on Restricted Investments		500	513	800
Closing Balance		**57,268**	**59,604**	**65,714**
Risk Management Reserve				
Opening Balance		15,499	15,631	15,802
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		200	171	200
Closing Balance		**15,699**	**15,802**	**16,002**
Class IV Cell Reserve				
Opening Balance		644,666	649,866	600,460
Transfer to Restricted Investments		58,429	93,486	93,486
Transfer from Restricted Investments		0	(150,000)	(150,000)
Interest on Restricted Investments		7,200	7,108	7,100
Closing Balance		**710,295**	**600,460**	**551,046**
Regional Development Reserve				
Opening Balance		318,911	321,607	0
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		0	(325,125)	0
Interest on Restricted Investments		3,600	3,518	0
Closing Balance		**322,511**	**0**	**0**
Secondary Waste Reserve				
Opening Balance		43,506,609	45,240,494	40,447,124
Transfer to Restricted Investments		4,738,691	4,966,676	4,121,290
Transfer from Restricted Investments		(4,022,965)	(10,254,937)	(7,763,041)
Interest on Restricted Investments		581,000	494,891	470,000
Closing Balance		**44,803,335**	**40,447,124**	**37,275,373**

BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2022

	NOTE	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Class III Cells Reserve				
Opening Balance		2,821,212	2,873,244	1,156,021
Transfer to Restricted Investments		1,606,876	1,426,303	1,390,535
Transfer from Restricted Investments		(3,996,002)	(3,174,957)	(350,000)
Interest on Restricted Investments		50,600	31,431	35,000
Closing Balance		**482,686**	**1,156,021**	**2,231,556**
Long Service Leave - Restricted Asset				
Opening Balance		990,270	998,556	1,032,391
Transfer to Restricted Investments		22,913	22,912	18,979
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		11,500	10,923	12,000
Closing Balance		**1,024,683**	**1,032,391**	**1,063,370**
Building Refurbishment Reserve				
Opening Balance		78,259	78,920	79,783
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		1,000	863	900
Closing Balance		**79,259**	**79,783**	**80,683**
Cash and Investments at the end of the Year		**72,003,129**	**75,496,446**	**69,452,008**
Add Accrued Interest - Restricted Assets		189,362	433,707	433,707
Cash and Investments as per Statement of Financial Position		**72,192,491**	**75,930,153**	**69,885,715**

BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2022

	NOTE	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
SUMMARY				
MUNICIPAL FUND (CASH AND INVESTMENTS)				
Opening Balance		9,570,331	10,134,035	6,408,662
Transfer to Restricted Investments		(10,990,235)	(10,367,545)	(8,385,674)
Transfer from Restricted Investments		13,689,768	18,078,872	12,831,731
Interest on Municipal Funds		170,000	132,000	132,000
Payments and Receipts		(8,342,594)	(11,568,700)	(6,976,439)
Closing Balance	4(i)	**4,097,270**	**6,408,662**	**4,010,280**
RESTRICTED INVESTMENTS				
Opening Balance		69,675,392	75,968,088	69,087,784
Transfer to Restricted Investments		10,990,235	10,367,545	8,385,674
Transfer from Restricted Investments		(13,689,768)	(18,078,872)	(12,831,731)
Interest on Restricted Investments		930,000	831,023	800,000
Closing Balance		**67,905,859**	**69,087,784**	**65,441,727**
Sub Total		**72,003,129**	**75,496,446**	**69,452,007**
Less Unrealised Losses from change in fair value of investments		0	0	0
Add Accrued Interest - Restricted Assets		189,362	433,707	433,708
Cash and Investments as per Statement of Financial Position		**72,192,491**	**75,930,153**	**69,885,715**

NET CURRENT ASSETS CARRIED FORWARD
FOR THE YEAR ENDING 30 JUNE 2022

	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
NET CURRENT ASSETS REPRESENTED BY			
CURRENT ASSETS			
Cash at Bank - Unrestricted	4,097,270	6,408,662	4,010,280
Receivables	2,716,470	2,987,058	2,987,058
Inventory	54,739	39,035	39,035
Prepayments	42,555	67,382	67,382
	6,911,034	9,502,137	7,103,755
LESS: CURRENT LIABILITIES			
Creditors	5,541,725	6,160,299	6,160,299
Current Provisions	1,676,448	1,865,168	1,892,645
	7,218,173	8,025,467	8,052,944
(DEFICIT) SURPLUS - OTHER FUNDS	**(307,139)**	**1,476,670**	**(949,189)**
ADD BALANCE OF NET RESTRICTED INVESTMENTS	68,095,221	69,521,491	65,875,435
ESTIMATED NET CURRENT ASSET POSITION	**67,788,082**	**70,998,161**	**64,926,246**

BUDGET NOTES

2021/2022
BUDGET

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations.

Except for cash flow information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Amendments to Local Government (Financial Management) Regulations 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Council. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the Council has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right of use asset to be measured at cost. All right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Council to measure any vested improvements at zero cost.

As the Council does not currently hold any leases this has not had any impact on the Council's financial statements.

The Local Government Reporting Entity

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

(a) Trust Funds

Any monies held in the Trust Fund, which Council may hold in a custodian role, are excluded from the Financial Statements.

The EMRC currently does not hold any trust fund monies.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts, where applicable, are included as short-term borrowings in current liabilities on the Statement of Financial Position.

The EMRC does not have any bank overdrafts.

(c) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirements to Revalue Non-Current Assets

In accordance with the amended *Local Government (Financial Management) Regulations 1996,* the Council is required to revalue land, buildings, infrastructure and investment properties of the local government whenever the Council is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount and, in any event, within a period of no more than 5 years after the day on which the asset was last valued or revalued. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the EMRC. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with the amended *Local Government (Financial Management) Regulations 1996* which requires the land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

The EMRC has elected to undertake asset revaluations on its land, buildings and infrastructure assets on a 4 year rotational cycle, or in the year when the Council is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount.

The land, buildings and infrastructure classes of assets were last revalued during the 2020/2021 financial year. It is proposed to undertake the next revaluation of the land, buildings and infrastructure classes of assets during the 2024/2025 financial year and then every 4 years thereafter.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above $5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets, that are land, buildings, infrastructure and investment properties, acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believed this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets (continued)

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, artworks and work in progress which are not depreciated, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:
a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation rates used for each class of depreciable asset are:

• Buildings	1.00 - 13.33% (based on components)
• Structures	
General	0.95 - 6.67%
Class III and IV Waste Cells	% of actual usage
• Plant	4.17 - 33.33%
• Furniture and fittings	4.00 - 33.33%
• Equipment	4.00 - 33.33%

The asset residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under $5,000 are not capitalised. Rather, they are recorded on an asset inventory listing.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a combination of both independent and management valuations using the following as a guide:

Fair value is the price that Council would receive to sell the asset or would have to pay to transfer the liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

Where possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after considering transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Fair Value of Assets and Liabilities (continued)

Market Approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income Approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost Approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs which reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by *the Local Government (Financial Management) Regulations 1996* requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(e) Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 9. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(f) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the local government prior to the end of the financial year that are unpaid and arise when the Local Government becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

In accordance with Australian Accounting Standards, the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments are made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. *AASB 116 Property, Plant and Equipment*) whereby an impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

(h) Inventories

General
Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to the ATO is included with receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(j) Provisions

Provisions are recognised when: The Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured using the best estimate of the amounts required to settle the obligations at the end of the reporting period.

(k) Provision for Site Rehabilitation

A provision for the future costs associated with closing and restoring the landfill is recognised as liabilities within the financial accounts. The nature of work planned by Council includes cell capping, landform reconstruction, dismantling of site operating facilities and implementation of a revegetation plan to suit the final land use. The provision is based on the future value of the estimated current costs, determined on a discounted basis.

Increments in the provision are calculated annually based on the change in the net present value of the future cash outflows of costs for site rehabilitation (unwinding of the discount rate).

As per the independent engineers report from June 2020, the current value for the rehabilitation of the site has been calculated to be $7,089,399 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle.

The costs are measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a five yearly cycle.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provision for Environmental Monitoring

A provision for the future costs associated with closing and restoring the landfill is recognised as liabilities within the financial accounts. The nature of work planned by Council includes monitoring of groundwater, surface water, leachate and landfill gas generation. The provision is based on the future value of the estimated current costs, determined on a discounted basis.

Increments in the provision are calculated annually based on the change in the net present value of the future cash outflows of costs for environmental monitoring (unwinding of the discount rate).

As per the independent engineers report from June 2020, the current value for the environmental monitoring of the site has been calculated to be $3,403,950 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle.

The costs are measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a five yearly cycle.

(m) Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(n) Trade and Other Receivables

Trade and other receivables include amounts due from member Councils and non-members for unpaid fees and charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairments).

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Impairment and risk exposure information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee Entitlements

The provisions for employee benefits relate to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Short-term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

(ii) Other long-term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(iii) Superannuation Fund

The Council contributes to the WA Local Government Superannuation Plan (LGSP) and other choice funds for qualifying employees as per statutory requirements (10% for 2021/2022). It also contributes to the LGSP and other choice funds for full scheme members (5% for 2021/2022). Contributions to defined contribution plans are recognised as an expense as they become payable.

(p) Rounding Off Amounts

All amounts shown in this annual financial report are rounded to the nearest dollar. As a result of rounding, some minor reconciliation discrepancies may be present in the disclosures to the financial report.

(q) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(r) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Leases

At inception of a contract, the Council assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Council uses its incremental borrowing rate.

Right of use assets are subsequently measured under the cost model.

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the Council anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right of use assets are secured over the asset being leased.

The EMRC does not currently have any leases.

(t) Other Financial Assets

(i) Other Financial Assets at Amortised Cost

The Council classifies financial assets at amortised cost if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cashflows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

(ii) Financial Assets at Fair Value through Profit and Loss

The Council classifies the following financial assets at fair value through profit and loss:

- Debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- Equity investments which the Council has not elected to recognise fair value gains and losses through other comprehensive income.

(iii) Impairment and Risk

Information regarding impairment and exposure to risk can be found at Note 25.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months.

Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

(v) Landfill Cells

There are three general components of cell construction:

- Cell excavation and development costs;
- Cell liner costs; and
- Cell capping costs.

All cell excavation and development costs and cell liner costs are capitalised and depreciated over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year.

Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.

2. **PROGRAMS**

The activities relating to the EMRC's programs reported on in the Operating Statement are as follows:

Governance

Records income and expenditure relating to the administration and operation of facilities and services to members of Council together with other administrative governance costs.

General Purpose Funding

Records interest revenue as well as other general purpose revenue.

Community Amenities

Records income and expenditure associated with the Class III cell, Class IV cell, weighbridge, and transfer station at the Red Hill Waste Management Facility, the Hazelmere Resource Recovery Park and the Baywaste, Coppin Road and Mathieson Road transfer stations.

Other Property and Services

Records income and expenditure for public works overheads, plant operation, materials, salaries and wages. It also records income and expenditure for the Natural Environment Team (incorporating various projects), the operations of the Ascot Place activity, and income and expenditure relating to the Urban Environmental Team (incorporating various projects).

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2022**

3. RECONCILIATION OF RATES LEVIED

The EMRC does not levy rates therefore a Rate Setting Statement [*Local Government (Financial Management) Regulations 1996*: 22(1)(d) and 30(1)(c)] has not been prepared.

4. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purpose of the statement of cash flows, The EMRC considers cash to include cash on hand, cash at bank and bank term deposits. Cash at the end of the reporting period as shown in the statement of cash flows is as follows:

	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Cash - Unrestricted	4,097,270	6,408,662	4,010,280
Cash - Restricted	68,095,221	69,521,491	65,875,435
Total Cash	**72,192,491**	**75,930,153**	**69,885,715**

(ii) Reconcilliation of net cash used in operating activities to change in net assets arising from operations

	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Net Change in assets from operations	5,652,514	454,860	4,356,672
Write back Depreciation	5,537,697	4,568,220	4,826,380
Write back Provisions	900,658	813,480	793,871
Write back Accruals - Staff Entitlements	29,913	29,912	27,478
Write back (Profit)/Loss on sale of assets	(22,262)	(17,306)	(66,835)
Net cash from operating activities	**12,098,520**	**5,849,166**	**9,937,566**

(iii) Depreciation of Assets

Details of depreciation expenditure budgets for each program are as follows

	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Administration	353,844	255,030	416,958
Community Amenities	3,006,184	2,664,576	2,894,532
Other Property and Services	2,177,669	1,648,614	1,514,890
Total Depreciation all Programs	**5,537,697**	**4,568,220**	**4,826,380**

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2022

5. **FEES AND CHARGES SUMMARY BY PROGRAM**

	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Administration	0	0	0
Community Amenities	41,059,484	37,892,002	38,244,225
Other Property and Services	0	0	0
Total Statutory Fees and Charges	**41,059,484**	**37,892,002**	**38,244,225**

	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
User Charges	35,838,110	32,432,708	33,566,195
Special Charges	482,683	492,618	556,740
Secondary Waste Charge	4,738,691	4,966,676	4,121,290
Total Statutory Fees and Charges	**41,059,484**	**37,892,002**	**38,244,225**

6. LOAN BORROWINGS

(a) Loan Repayments

No loans existed as at 30 June 2021 and no loans are anticipated during the 2021/2022 financial year.

(b) Unspent Loans

No unspent loan funds existed as at 30 June 2021 and no unspent loan funds are anticipated during the 2021/2022 financial year.

(c) New Borrowings

The EMRC does not propose to undertake new borrowings during the 2021/2022 financial year.

(d) Overdraft

Council has not utilised an overdraft facility during the 2020/2021 financial year and it is not anticipated that any such facility will be utilised during the 2021/2022 financial year.

7. COUNCILLOR FEES AND ALLOWANCES

From July 2021 each Councillor, other than the Chairman, will be entitled to an annual meeting fee of $10,560.

From July 2021 the Chairman will be entitled to an annual meeting fee of $15,839 as well as an annual Local Government fee of $20,063.

From July 2021 the Deputy Chairman will be entitled to an annual Local Government fee of $5,016.

A provision of $15,742 for meeting fees has been provided for deputy Councillors when deputising for a Councillor at a meeting. All fees paid to Councillors and the Chairman are paid quarterly in arrears.

All fees are in accordance with the 2021 Salaries and Allowances (SAT) Tribunal determination.

	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Councillor(s) meeting fees	116,160	116,160	95,040
Chairman's meeting fees	15,839	15,839	15,839
Chairman's Local Government fee	20,063	20,063	20,063
Deputy Chairman's Local Government fee	5,016	5,016	5,016
Deputy Councillors' meeting fees	15,765	2,922	15,742
Total Fees and Allowances	**172,843**	**160,000**	**151,700**

8. INVESTMENT INTEREST

The total estimated earnings from interest on investments is made up as follows:

	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Interest on Restricted Assets			
Interest on funds held in Reserve	918,474	929,203	787,975
Interest on other restricted investments (LSL)	11,500	10,923	12,000
Sub-Total Interest on Restricted Assets	**929,974**	**940,126**	**799,975**
Interest on Other Funds			
Interest on Municipal funds	170,000	132,000	132,000
Total Interest on Investments	**1,099,974**	**1,072,126**	**931,975**

9. ASSET PROFIT OR LOSS ON DISPOSAL	BUDGET 2020/2021 $	FORECAST 2020/2021 $	BUDGET 2021/2022 $
Buildings			
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	**0**	**0**	**0**
Equipment			
Proceeds from Sale of Assets	0	0	0
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	**0**	**0**	**0**
Furniture and Fittings			
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	**0**	**0**	**0**
Land			
Proceeds from Sale of Assets	0	0	0
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	**0**	**0**	**0**
Plant			
Proceeds from Sale of Assets	275,000	268,000	351,000
Carrying Amount of Assets Disposed	(252,738)	(250,694)	(284,165
(Profit) Loss on Disposal	**22,262**	**17,306**	**66,835**
Structures			
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	**0**	**0**	**0**
Net Profit / (Loss) on Disposal	**22,262**	**17,306**	**66,835**

10. PLAN FOR THE FUTURE

EMRC's Strategic Community Plan titled *EMRC - 10 Year Strategic Plan 2017 - 2027*, adopted by Council at its meeting held on 18 August 2016 and the Corporate Business Plan 2021/22 to 2025/26, which was adopted by Council at its meeting held on 24 June 2021 together constitute EMRC's 'Plan For The Future' in accordance with *section 5.56 of the Local Government Act 1995*.

The 2021/2022 Annual Budget draws from the priorities as identified in the EMRC's 'Plan For The Future'.

FEES AND CHARGES

For the Year Ending
30 June 2022

EASTERN METROPOLITAN REGIONAL COUNCIL

2021-2022 - SCHEDULE OF FEES AND CHARGES

Description	Unit	2020/2021 Charges with no GST $	Value of GST $	2020/2021 Charges inc GST $	2021/2022 Charges with no GST $	Value of GST $	2021/2022 Charges inc GST $
Waste Management Charges							
Disposal Rates							
Member Councils	1 tonne						
Base Tipping Fee		70.00			75.00		
CWES Levy		3.50			4.50		
Secondary Waste Reserve		38.00			38.00		
Landfill Levy		70.00			70.00		
Total Member Council disposal rate		181.50	18.15	199.65	187.50	18.75	206.25
Councils - Other							
Domestic Refuse Tip Pass (Gidgegannup @ 3bags/wk)	N/A	6.47	0.65	7.12	6.69	0.67	7.35
Council Refuse Tip Passes - Trailers (up to 500kg)	N/A	60.09	6.01	66.10	62.09	6.21	68.30
Council Greenwaste Tip Passes (up to 500 kg)	N/A	30.00	3.00	33.00	30.68	3.07	33.75
General Waste							
Cars / Station Wagons	N/A	31.82	3.18	35.00	32.73	3.27	36.00
Trailers (6 x 4)	N/A	54.55	5.45	60.00	55.91	5.59	61.50
Vans / Utes	N/A	54.55	5.45	60.00	55.91	5.59	61.50
Trailers (6 x 4) High Sides	N/A	69.09	6.91	76.00	70.91	7.09	78.00
Tandem/ Horse Floats (< 1 tonne)	N/A	102.73	10.26	113.00	105.01	10.49	115.50
240 Litre Mobile Garbage Bin	N/A	10.00	1.00	11.00	10.27	1.03	11.30
Commercial (General)	1 tonne	145.45	14.55	160.00	149.09	14.91	164.00
Minimum Commercial Charges	0.50 tonnes	72.73	7.27	80.00	74.55	7.45	82.00
Greenwaste							
Greenwaste - Member Councils (uncontaminated - Red Hill)	1 tonne	46.36	4.64	51.00	46.36	4.64	51.00
Greenwaste - Member Councils (uncontaminated - Hazelmere)	1 tonne	52.73	5.27	58.00	52.73	5.27	58.00
Greenwaste - Commercial (uncontaminated - Red Hill)	1 tonne	60.00	6.00	66.00	61.36	6.14	67.50
Greenwaste - Commercial (uncontaminated - Hazelmere)	1 tonne	66.50	6.65	73.15	68.18	6.82	75.00
Greenwaste - Shredded to EMRC specification (to Red Hill)	1 tonne	10.00	1.00	11.00	10.27	1.03	11.30
Greenwaste - Shredded to EMRC specification (to Hazelmere)	1 tonne	10.00	1.00	11.00	10.27	1.03	11.30
(Minimum charge for greenwaste 0.5 tonne)							
FOGO Waste							
FOGO waste - MGB (Member Councils)	1 tonne	88.50	8.85	97.35	95.50	9.55	105.05

Note 1: Attractive discounts available to major customers and Local Governments.

Note 2: In the event that the weighbridges at Red Hill Waste Management Facility are not operational, vehicles will be charged according to their carrying capacity (in tonnes) multiplied by the appropriate rate from the schedule of fees and charges according to the type of waste being disposed.

Description	Unit	2020/2021 Charges with no GST $	Value of GST $	2020/2021 Charges inc GST $	2021/2022 Charges with no GST $	Value of GST $	2021/2022 Charges inc GST $
Waste Management Charges continued ..							
Disposal Rates continued..							
Special Wastes							
Asbestos (Wrapped)	1 tonne	170.00	17.00	187.00	174.09	17.41	191.50
Asbestos (Wrapped) - Member Council residents only	1 tonne	92.73	9.27	102.00	92.73	9.27	102.00
Asbestos (Wrapped) - Minimum Charge		29.09	2.91	32.00	30.00	3.00	33.00
Car Bodies - Commercial	each	50.91	5.09	56.00	52.27	5.23	57.50
Car Bodies - Member Council residents only	each	25.45	2.55	28.00	25.45	2.55	28.00
Biosecurity Waste	1 tonne	195.45	19.55	215.00	200.00	20.00	220.00
Burial Fee (for immediate burial requirements)	n/a	145.45	14.55	160.00	149.09	14.91	164.00
Handling Fee (for special handling requirements)	n/a	145.45	14.55	160.00	149.09	14.91	164.00
Tyre Disposal (off rim) *	each	5.00	0.50	5.50	5.18	0.52	5.70
Tyre Disposal (with rim) *	each	6.82	0.68	7.50	7.00	0.70	7.70
Tyre Recovery Charges (for tyres at the landfill face)	each	23.64	2.36	26.00	24.27	2.43	26.70
Mattress disposal fee (Member Council Residents)	each	27.50	2.75	30.25	27.50	2.75	30.25
Mattress disposal fee (Charitable Organisations)	each	27.50	2.75	30.25	28.18	2.82	31.00
Mattress disposal fee (Commercial)	each	27.50	2.75	30.25	28.18	2.82	31.00
E-Waste (Price applicable after quota has been reached under Infoactive agreement)	each	9.10	0.90	10.00	9.37	0.93	10.30
Wash Facility Fee	n/a	36.36	3.64	40.00	37.27	3.73	41.00
Class III Contaminated Waste	1 tonne	147.00	14.70	161.70	150.73	15.07	165.80
Class III Contaminated Soil	1 tonne	147.00	14.70	161.70	150.73	15.07	165.80
Class III Controlled Waste (Categories 1 - 5)	1 tonne	205.00	20.50	225.50	210.00	21.00	231.00
Class IV Contaminated Waste	1 tonne	222.27	22.23	244.50	227.73	22.77	250.50
Class IV Contaminated Soil	1 tonne	194.73	19.47	214.20	199.64	19.96	219.60
Class V Waste - Concrete encapsulated drums (L 900mm D 600mm)	each	893.00	89.30	982.30	915.00	91.50	1006.50
Class V Waste - Concrete encapsulated bulka bags (1.1m x 1.1m x 1.1m)	each	1470.00	147.00	1617.00	1506.82	150.68	1657.50
Administration Charge - Class III (for waste acceptance approvals)	consignment	118.18	11.82	130.00	121.13	12.11	133.25
Administration Charge - Class IV (for waste acceptance approvals)	consignment	145.45	14.55	160.00	149.09	14.91	164.00
Administration Charge - Reprinting of Unsigned Weighbridge Dockets	per docket	4.55	0.45	5.00	4.64	0.46	5.10

Note 1: Attractive discounts available to major customers and Local Governments.

* Only car and 4 wheel drive vehicle tyres accepted. Member Council residents only maximum 4 per person.

EASTERN METROPOLITAN REGIONAL COUNCIL

2021-2022 - SCHEDULE OF FEES AND CHARGES

Description	Unit	2020/2021 Charges with no GST $	Value of GST $	2020/2021 Charges inc GST $	2021/2022 Charges with no GST $	Value of GST $	2021/2022 Charges inc GST $
Waste Management Charges continued ..							
Hazelmere							
Wood Waste (per tonne)							
- Grade 1	1 tonne	52.00	5.20	57.20	54.00	5.40	59.40
- Grade 2	1 tonne	58.50	5.85	64.35	60.00	6.00	66.00
- Contaminated	1 tonne	227.27	22.73	250.00	232.73	23.27	256.00
Hazelmere - Commercial & Industrial Waste Sorting Facility							
Dry Commercial and Industrial Waste	1 tonne	135.00	13.50	148.50	150.00	15.00	165.00
Bulk verge Collections	1 tonne	150.00	15.00	165.00	150.00	15.00	165.00
Minimum Charge (Member Councils)	0.50 tonnes	67.50	6.75	74.25	75.00	7.50	82.50
Minimum Charges (Commercial)	0.50 tonnes	67.50	6.75	74.25	75.00	6.75	74.25
Additional Charges for Recovered Items							
Tyre - Passenger car (off rim)	each	5.00	0.50	5.50	5.18	0.52	5.70
Tyre - Passenger car (with rim)	each	6.82	0.68	7.50	7.00	0.70	7.70
Tyre - Light truck, Light Industrial (off rim)	each	10.00	1.00	11.00	10.27	1.03	11.30
Tyre - Light truck, Light Industrial (with rim)	each	20.00	2.00	22.00	20.55	2.05	22.60
Fridges & Freezers / White Goods / Air Conditioning Units	each	30.00	3.00	33.00	30.82	3.08	33.90
Car Batteries	each	10.00	1.00	11.00	10.27	1.03	11.30
Handling Fee (for special handling requirements)	per load	145.45	14.55	160.00	149.09	14.91	164.00

Note 1 : If a C&I waste load is contaminated by more than 50% (by visual inspection) , a surcharge of 50% of the disposal charge per tonne will apply plus a handling fee will be applied to the consignment.

Note 2 : Tyres other than mentioned above will be required to be removed from site by the customer.

Note 3 : Contracts with attractive discounts available to major customers and local governments.

Note 4 : In the event that the weighbridge at Hazelmere Resource Recovery Park is not operational, vehicles will be charged according to the estimated waste volumes in cubic metres converted to tonnes.

Note 5 : Upon the commissioning of new weighbridges at the Hazelmere Resource Recovery Park, all inward and outward material will be charged on a per tonne rate and not on a cubic (m³) rate.

EASTERN METROPOLITAN REGIONAL COUNCIL

2021-2022 - SCHEDULE OF FEES AND CHARGES

Description	Unit	2020/2021 Charges with no GST $	Value of GST $	2020/2021 Charges inc GST $	2021/2022 Charges with no GST $	Value of GST $	2021/2022 Charges inc GST $
Waste Management Charges continued ..							
Sale of Materials (all ex stockpile, minimum 10 tonnes)							
Bulk Fresh Water for contruction/maintenance purposes	kL (1,000 litres)	1.00	0.10	1.10	1.05	0.10	1.15
Mixed clay/fill (purchaser to load) **	1 tonne	4.55	0.45	5.00	4.68	0.47	5.15
Mixed clay/fill (loaded) **	1 tonne	7.27	0.73	8.00	7.45	0.75	8.20
Ferricrete 37.5 mm (MRWA passed) **	1 tonne	13.00	1.30	14.30	13.32	1.33	14.65
Ferricrete 37.5 mm (Untested) **	1 tonne	13.00	1.30	14.30	13.32	1.33	14.65
Ferricrete 25 mm **	1 tonne	13.00	1.30	14.30	13.32	1.33	14.65
Ferricrete 19 mm **	1 tonne	13.00	1.30	14.30	13.32	1.33	14.65
Filter Rock 20-40 mm **	1 tonne	13.00	1.30	14.30	13.32	1.33	14.65
Filter Rock 40-80 mm **	1 tonne	13.00	1.30	14.30	13.32	1.33	14.65
Rock Spalls (Unsorted) **	1 tonne	22.73	2.27	25.00	23.32	2.33	25.65
Ferricrete (Member Councils)	1 tonne	11.00	1.10	12.10	11.00	1.10	12.10
Premium Recycled Wood Chip (Coloured) - Hazelmere	1 m³	63.64	6.36	70.00	65.23	6.52	71.75
Standard Recycled Wood Chip (Coloured) - Hazelmere	1 m³	43.64	4.36	48.00	44.73	4.47	49.20
Manufactured Products (per tonne)							
Mixed Mulch **	1 tonne	34.87	3.48	38.35	35.73	3.57	39.30
Mulch (Member Councils)	1 tonne	21.41	2.14	23.55	21.41	2.14	23.55
Soil Improver **	1 tonne	25.82	2.58	28.40	26.46	2.65	29.10
Soil Improver (Member Councils)	1 tonne	20.00	2.00	22.00	20.00	2.00	22.00
Premium Recycled Wood Chip (Coloured) - Hazelmere	1 tonne	318.18	31.82	350.00	326.14	32.61	358.75
Standard Recycled Wood Chip (Coloured) - Hazelmere	1 tonne	218.18	21.82	240.00	223.64	22.36	246.00
Premium Recycled Wood Chip - Hazelmere	1 tonne	64.55	6.45	71.00	66.14	6.61	72.75
Standard Recycled Wood Chip - Hazelmere	1 tonne	35.45	3.55	39.00	36.37	3.64	40.00
Wood Chip (fines) - Hazelmere (when available)	1 tonne	72.27	7.23	79.50	74.09	7.41	81.50
Shredded, Unprocessed Greenwaste	1 tonne	10.00	1.00	11.00	10.27	1.03	11.30
Trailer Loaded Products (per scoop)							
Soil Improver	1 scoop	14.09	1.41	15.50	14.55	1.45	16.00
Mixed Mulch	1 scoop	14.09	1.41	15.50	14.55	1.45	16.00

Note 1 : Quotes can be provided for delivery of material/products.

Note 2 : Upon the commissioning of new weighbridges at the Hazelmere Resource Recovery Park, all inward and outward material will be charged on a per tonne rate and not on a cubic (m³) rate.

** Material purchases in excess of 400 tonnes and 2,000 tonnes over the financial year are subject to a discount of 15% and 20% respectively.

Note: Attractive discounts available to major customers and Local Governments.

EASTERN METROPOLITAN REGIONAL COUNCIL

2021-2022 - SCHEDULE OF FEES AND CHARGES

Description	Unit	2020/2021 Charges with no GST $	Value of GST $	2020/2021 Charges inc GST $	2021/2022 Charges with no GST $	Value of GST $	2021/2022 Charges inc GST $
Consulting Fees							
Member Councils							
Consultant Director	1 hour	122.73	12.27	135.00	122.73	12.27	135.00
Consultant Manager	1 hour	108.18	10.82	119.00	108.18	10.82	119.00
Senior Consultant	1 hour	93.64	9.36	103.00	93.64	9.36	103.00
Consultant	1 hour	84.55	8.46	93.00	84.55	8.45	93.00
Project Officer	1 hour	66.36	6.64	73.00	66.36	6.64	73.00
Other Organisations							
Consultant Director	1 hour	209.09	20.91	230.00	236.36	23.64	260.00
Consultant Manager	1 hour	185.45	18.56	204.00	200.00	20.00	220.00
Senior Consultant	1 hour	167.27	16.73	184.00	180.00	18.00	198.00
Consultant	1 hour	140.91	14.09	155.00	150.00	15.00	165.00
Project Officer	1 hour	111.82	11.18	123.00	130.00	13.00	143.00
Miscellaneous Charges							
Hire Charges for Steam Weed Machine							
Hire without an EMRC operator							
Hourly Charge out rate (min 4 hrs applies)	1 hour	18.87	1.89	20.76	19.36	1.94	21.30
Daily rate	Daily Rate	150.00	15.00	165.00	153.77	15.38	169.15
EMRC Hourly Operator Charge							
EMRC Operator (min 4 hrs applies)	1 hour	57.50	5.75	63.25	66.36	6.64	73.00
Photocopier Charges							
Black & White A4 print	per page	0.32	0.03	0.35	0.36	0.04	0.40
Black & White A3 print	per page	0.45	0.05	0.50	0.50	0.05	0.55
Colour A4 print	per page	0.41	0.04	0.45	0.46	0.05	0.50
Colour A3 print	per page	0.55	0.05	0.60	0.59	0.06	0.65

WASTE DISPOSAL TONNAGES

For the Year Ending
30 June 2022

TONNAGES ANALYSIS

COUNCIL	ACTUAL 2018/2019 TONNES	ACTUAL 2019/2020 TONNES	BUDGET 2020/2021 TONNES	FORECAST 2020/21 TONNES	PROJECTED 2021/2022 TONNES
Bassendean	6,006	6,082	5,355	3,503	3,240
Bayswater	24,641	25,589	14,471	18,023	16,050
Belmont	14,559	16,147	16,340	16,340	0
Kalamunda	22,748	23,810	24,174	24,174	23,605
Mundaring	12,170	12,376	13,464	13,464	12,055
Swan	48,087	50,052	50,898	50,898	49,075
Sub-total - Member Councils (MSW)	**128,211**	**134,057**	**124,702**	**126,402**	**104,025**
Bassendean - Greenwaste	402	510	25	25	0
Bayswater - Greenwaste	4,384	2,751	1,756	1,205	450
Belmont - Greenwaste	433	852	840	840	0
Kalamunda - Greenwaste	2,134	2,144	2,060	2,060	2,030
Mundaring - Greenwaste	710	459	0	0	0
Swan - Greenwaste	663	551	560	560	600
Transfer Station - Greenwaste	750	639	525	900	735
Commercial/Other - Greenwaste	590	813	1,050	644	1,200
Sub-total - Greenwaste	**10,066**	**8,719**	**6,816**	**6,234**	**5,015**
Hazelmere - C & I, WWTE, Wood & Mattress Waste	2,071	1,538	1,950	1,950	1,950
Non-Member Local Governments	36,458	40,726	40,000	41,000	40,000
EMRC Transfer Stn (Trailers & Commercial etc)	4,916	5,057	5,070	5,070	5,155
Asbestos (Wrapped)	2,298	2,217	2,400	2,400	2,430
Commercial/Other Class III (exc. Asbestos)	38,195	14,956	25,000	11,480	21,500
Liquid Waste	0	0	1,250	0	0
FOGO (trial) - Town of Bassendean	0	0	2,550	2,941	2,875
FOGO (trial) - City of Bayswater	0	0	10,657	7,105	12,390
Baywaste Transfer Station	0	0	3,221	4,300	4,430
Contaminated Class III	3,081	28,314	20,000	5,865	15,000
Class IV Waste	191	572	5,000	8,000	8,000
Class V - Concrete Encapsulation	0	0	0	0	0
Sub-total - Other Tonnages	**87,210**	**93,380**	**117,098**	**90,111**	**113,730**
TOTAL TONNAGES	**225,488**	**236,156**	**248,616**	**222,747**	**222,770**
Class III	215,230	226,865	223,593	198,467	194,490
Class IV & V	191	572	5,000	8,000	8,000
Greenwaste	10,066	8,719	6,816	6,234	5,015
FOGO	0	0	13,207	10,046	15,265
TOTAL TONNAGES	**225,488**	**236,156**	**248,616**	**222,747**	**222,770**

BASE INCOME (INCLUDING LANDFILL LEVY) FROM TONNAGES ANALYSIS

COUNCIL	A/C#	IE	ACTUAL 2016/17 $	ACTUAL 2017/18 $	ACTUAL 2018/19 $	ACTUAL 2019/2020 $	BUDGET 2020/2021 $	FORECAST 2020/21 $	PROJECTED 2021/2022 $
Bassendean	53310/00	BA	748,292	785,171	822,870	851,494	749,700	490,420	469,800
Bayswater	53310/00	BB	2,173,640	2,250,929	3,223,684	3,582,482	2,025,940	3,125,220	2,969,600
Belmont	53310/00	BC	1,606,025	1,643,826	1,994,933	2,260,577	2,287,656	2,287,600	0
Kalamunda	53310/00	BE	2,740,924	3,206,249	3,119,254	3,333,434	3,384,360	3,384,360	3,422,725
Mundaring	53310/00	BF	1,597,265	1,475,798	1,629,414	1,732,690	1,884,960	1,884,960	1,747,975
Swan	53310/00	BD	6,060,080	6,122,467	6,588,113	7,007,273	7,125,720	7,125,720	7,115,875
Sub-total - Member Councils (MSW)			**14,926,226**	**15,484,439**	**17,378,268**	**18,767,950**	**17,458,336**	**18,298,280**	**15,725,975**
Bassendean - Greenwaste	58864/00	BA	25,217	22,722	18,560	23,620	1,159	1,159	0
Bayswater - Greenwaste	58864/00	BB	569,642	569,816	482,831	192,578	122,920	84,350	32,445
Belmont - Greenwaste	58864/00	BC	7,539	1,017	20,055	39,515	38,942	38,942	0
Kalamunda - Greenwaste	58864/00	BE	94,458	81,729	96,343	99,386	95,502	95,502	94,111
Mundaring - Greenwaste	58864/00	BF	29,052	26,400	70,833	21,257	0	0	0
Swan - Greenwaste	58864/00	BD	43,830	57,300	66,330	25,540	25,962	25,962	27,816
Commercial/Other - Greenwaste	58864/00	BK	147,752	135,015	129,792	113,326	122,850	120,432	154,703
Sub-total - Greenwaste			**917,490**	**894,000**	**884,745**	**515,222**	**407,335**	**366,347**	**309,075**
Non-Member Local Governments	53310/00	BS	0	0	4,403,873	5,109,133	5,018,000	5,143,450	4,600,000
Hazelmere - C & I, WWTE, Wood & Mattress Waste	53310/00	SN	411,965	501,989	283,659	215,265	273,000	273,000	282,750
FOGO contaminates to Landfill	53310/00	SN	0	0	0	0	0	0	177,073
EMRC Transfer Stn (Trailers etc) + Asbestos	58857/00	BI	1,181,632	1,185,144	1,096,288	1,312,117	1,331,400	1,331,400	1,414,289
EMRC Transfer Stn (Commercial)	58857/00	BK	320,163	326,297	249,343	278,138	278,850	278,850	296,413
Liquid Waste Project	53330/02	BK	0	0	0	0	684,837	0	0
FOGO - Town of Bassendean	58864/02	BA	0	0	0	0	216,750	249,985	261,625
FOGO - City of Bayswater	58864/02	BB	0	0	0	0	905,845	603,925	1,127,490
Commercial/Other Class III	53310/00	BK	5,605,661	3,724,034	5,393,225	1,868,305	3,329,250	1,669,766	3,205,435
Contaminated Class III	53310/00	BK	384,277	250,096	414,092	4,105,560	2,900,000	862,155	2,260,950
Class IV Waste	53330/00	BK	18,293	538	39,587	111,308	973,650	1,557,840	1,597,120
Class V - Concrete Encapsulation	53330/01	BK	0	0	0	0	0	0	0
Sub-total - Other			**7,921,990**	**5,988,098**	**11,880,066**	**12,999,826**	**15,911,582**	**11,970,371**	**15,223,145**
TOTAL BASE			**23,765,706**	**22,366,537**	**30,143,079**	**32,282,998**	**33,777,253**	**30,634,998**	**31,258,195**
Class III			22,829,922	21,471,999	29,218,747	31,656,468	31,273,673	27,856,901	27,962,885
Class IV			18,293	538	39,587	111,308	973,650	1,557,840	1,597,120
Greenwaste/FOGO			917,490	894,000	884,745	515,222	1,529,930	1,220,257	1,698,190
TOTAL BASE			**23,765,706**	**22,366,537**	**30,143,079**	**32,282,998**	**33,777,253**	**30,634,998**	**31,258,195**

FINANCIAL PERFORMANCE BY ACCOUNT

For the Year Ending
30 June 2021

Financial Performance by Account 2021/2022

CEO's Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022

CEO and Support

Operating Income

58996/00	Income Conduct Other Functions	0	250	0
		0	**250**	**0**

Operating Expenditure

72851/06	IT Support - Councillors	0	0	89,140
73904/01	Attend Corporate and Award Functions and Events - Governance	1,400	1,400	1,400
73906/00	Provide Compliance Services and Internal Audit	58,916	58,916	58,916
73917/09	Provide Staff Annual Leave - CEO's Department	0	0	1,000
73918/08	Recruit Senior Staff	25,600	25,600	25,600
73918/11	Recruit Staff - CEO's Department	0	0	10,000
73919/10	Train and Develop Staff - CEO's Department	0	0	17,000
73922/09	Provide Staff Long Service Leave - CEO's Department	0	0	1,000
73966/00	Undertake Regional Advocacy - CEO/Councillors	4,000	4,000	4,000
73981/01	Manage CEO's Department	443,511	477,598	495,919
73989/00	Undertake Strategic Planning Research and Special Projects	50,300	50,800	75,000
73989/02	Undertake Strategic Review of the EMRC's Services	250,000	300,000	0
73992/01	Hold Stakeholder Events/Functions	25,000	0	25,000
73993/00	Governance - Council Members	276,174	381,990	348,322
73994/00	Conduct Committee Meetings	3,200	3,000	3,000
73995/00	Conduct Council Meetings	23,600	15,750	21,500
73995/01	Catering Kitchen - Provisions	9,800	11,000	11,500
73996/00	Conduct Other Functions	12,300	20,050	20,650
73996/02	EMRC Staff Kitchen - Provisions	10,050	10,050	10,050
73999/00	Prepare Strategic Plan and Plan for the Future	12,500	10,000	26,515
		1,206,351	**1,370,154**	**1,245,512**

Capital Expenditure

24550/01	Purchase Information Technology & Communication Equipment -	0	0	30,000
24620/00	Purchase Art Works	0	0	10,000
		0	**0**	**40,000**

Net Income/(Expenditure)		**(1,206,351)**	**(1,369,904)**	**(1,285,512)**

Human Resources

Operating Expenditure

73911/00	Provide Staff Health Welfare - EAP	4,000	4,000	4,000
73911/01	Implement Health Promotion Activities	12,000	12,000	14,000
73911/02	Provide Staff Health Welfare - 1st Aid	1,000	1,000	4,530
73912/00	Provide Human Resource Management Service	441,793	507,716	563,588
73912/01	Conduct Employee Service Recognition Presentations	5,515	5,515	3,030
73919/00	Train and Develop Staff - Corporate General	10,500	10,500	22,000
73988/02	Facilitate Continuous Improvement Programme	2,575	2,575	2,650
73988/03	Implement the Rewards and Recognition Programme	4,000	4,000	5,000
73999/03	Implement Disability Access & Inclusion Plan	1,000	1,000	1,000
73999/04	Implement Workforce Plan Initiatives	2,000	2,000	2,060
		484,383	**550,306**	**621,858**

Net Income/(Expenditure)		**(484,383)**	**(550,306)**	**(621,858)**

Net Operating and Capital Expenditure for CEO's Team		**1,690,734**	**1,920,210**	**1,907,370**

Financial Performance by Account 2021/2022

Business Support	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Business Support - General			
Operating Expenditure			
73914/01 Implement Governance and Corporate Services Study Assistance	3,000	3,000	3,000
73918/01 Recruit Staff - Business Support	10,000	10,000	10,000
73919/01 Train and Develop Staff - Business Support	39,200	44,311	39,750
73922/01 Provide Staff Long Service Leave - Business Support	0	0	0
73981/00 Manage Governance and Corporate Services Business Unit	537,103	424,557	436,038
	589,303	**481,868**	**488,788**
Capital Expenditure			
24510/01 Purchase Furniture Fittings & Equipment - Corporate Services	62,000	10,000	10,000
	62,000	**10,000**	**10,000**
Net Income/(Expenditure)	**(651,303)**	**(491,868)**	**(498,788)**
Communication Team			
Operating Income			
59961/00 Income Marketing and Communications	50	50	50
	50	**50**	**50**
Operating Expenditure			
73953/01 Support and Maintenance of EMRC Web Sites	25,000	15,000	20,000
73961/00 Manage Marketing and Communications Services	138,502	158,269	109,977
73961/01 Conduct Biennial Stakeholder Perception Survey	18,000	0	19,100
73963/00 Prepare Annual Report	8,805	7,287	8,700
73965/00 Conduct Promotions/Public Relations Events - Marketing	2,000	2,000	2,000
	192,307	**182,556**	**159,777**
Net Income/(Expenditure)	**(192,257)**	**(182,506)**	**(159,727)**

Financial Performance by Account 2021/2022

Business Support	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Finance Team			
Operating Income			
59943/00 Income Financial Services	500	5,150	4,000
59945/00 Income Municipal Cash Investments	120,000	32,000	32,000
59945/02 Income Municipal Cash at Bank	50,000	100,000	100,000
	170,500	**137,150**	**136,000**
Operating Expenditure			
71981/00 Internal Revenue Governance and Corporate Services Business	(5,047,465)	(5,050,065)	(5,150,915)
73913/00 Provide Payroll Service	0	0	0
73943/00 Provide Financial Services	624,108	657,024	676,651
73943/01 Provide Financial Services - Non GST Fees and Charges	1,800	1,520	1,566
73981/99 Councillors - Corporate Services Allocation	501,387	501,387	511,415
73982/99 Waste Management Services Business Unit - Corporate Services	2,778,699	2,778,699	2,834,273
73983/99 Regional Development Business Unit - Corporate Services	675,696	675,696	689,210
73984/99 Environmental Services Business Unit - Corporate Services	675,696	675,696	689,210
93999/01 Clearing Account - Salaries Paid	0	8,700,000	0
93999/02 Clearing Account - Salaries Allocated	0	(8,700,000)	0
93999/99 Clearing Account - Payroll	0	(45,177)	0
	209,921	**194,780**	**251,410**
Other Income			
59945/01 Income Restricted Cash Investments	929,975	940,126	799,975
	929,975	**940,126**	**799,975**
Other Expenditure			
73986/99 Resource Recovery Business Unit - Corporate Services Allocation	410,987	410,987	419,207
	410,987	**410,987**	**419,207**
Net Income/(Expenditure)	**479,567**	**471,509**	**265,358**
Information Team			
Operating Expenditure			
65420/06 Operate and Maintain Power Supply Equipment - Ascot Place	15,456	13,920	9,934
66550/00 Operate and Maintain Information Technology & Communication	366,080	299,812	411,241
66560/00 Operate and Maintain Network Communications Equipment	902	902	950
66570/00 Operate and Maintain Information Technology Servers	902	902	950
73951/00 Manage Information Technology Services	461,799	479,074	469,304
73951/01 Provide Records Management Services	42,900	42,900	12,400
73952/00 Manage Application and Operating System Software	396,250	437,364	425,620
73953/00 Manage Telecommunications	125,529	109,529	42,120
	1,409,818	**1,384,403**	**1,372,519**
Capital Expenditure			
24550/00 Purchase Information Technology & Communication Equipment	405,000	407,000	129,000
	405,000	**407,000**	**129,000**
Net Income/(Expenditure)	**(1,814,818)**	**(1,791,403)**	**(1,501,519)**

Financial Performance by Account 2021/2022

Business Support	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Procurement and Governance			
Operating Income			
54440/00 Income Vehicles - Ascot Place	100	100	100
	100	**100**	**100**
Operating Expenditure			
61440/00 Internal Revenue Vehicles - Ascot Place	(104,380)	(138,601)	(125,050)
63240/01 Operate and Maintain Administration Building - Ascot Place	312,638	304,548	320,066
63240/02 Clean Administration Building - Ascot Place	37,805	30,917	38,940
65420/07 Operate and Maintain Office Furniture and Miscellaneous Plant and	8,015	13,450	5,800
65440/00 Operate and Maintain Vehicles - Ascot Place	132,955	118,704	121,830
66510/01 Operate and Maintain Office Equipment - Corporate Services	7,592	2,317	3,066
66520/10 Operate and Maintain Fire Fighting Equipment - Ascot Place	500	500	500
66530/01 Operate and Maintain Security System - Ascot Place	250	125	250
67610/01 Operate and Maintain Office Furniture and Fittings - Corporate	3,978	5,461	5,508
73901/00 Provide Administrative Service	440,679	403,704	423,546
	840,032	**741,125**	**794,456**
Other Income			
82440/00 Income Disposal of Vehicles - Ascot Place	122,000	80,182	193,000
	122,000	**80,182**	**193,000**
Other Expenditure			
83440/00 Disposal of Vehicles - Ascot Place	108,698	77,039	138,776
	108,698	**77,039**	**138,776**
Capital Expenditure			
24440/00 Purchase Vehicles - Ascot Place	200,000	129,000	266,000
25240/01 Capital Improvement Administration Building - Ascot Place	308,000	13,500	458,000
25530/01 Upgrade Security Equipment - Ascot Place	5,000	5,000	5,000
	513,000	**147,500**	**729,000**
Net Income/(Expenditure)	**(1,339,630)**	**(885,382)**	**(1,469,132)**
Net Operating and Capital Expenditure for Business Support	**3,518,441**	**2,879,650**	**3,363,808**

Financial Performance by Account 2021/2022

Sustainability Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Advocacy			
Operating Expenditure			
73917/11 Provide Staff Annual Leave - Advocacy	0	0	1,000
73966/02 Implement Regional Advocacy Strategy	234,033	221,594	231,311
73983/03 Support Regional Development Grant/Sponsorship Opportunities	15,000	5,000	10,000
	249,033	226,594	242,311
Net Income/(Expenditure)	(249,033)	(226,594)	(242,311)
Natural Environmental Team			
Operating Income			
58721/10 Income Coordination of Community-led NRM Projects in Eastern	105,000	105,000	105,000
58721/16 Income Farm Dams Project	0	0	100,000
58721/17 Income Eastern Region Catchment Management Program	109,948	108,492	14,000
58721/19 Income Communities Environment Programme (CEP)	0	8,906	0
58721/20 Income Restoring Wangalla Brook - Stage 1	0	15,756	0
	214,948	238,154	219,000
Operating Expenditure			
66590/06 Operate and Maintain Miscellaneous Equipment - Environmental	0	150	0
67610/05 Operate and Maintain Office Furniture and Fittings - Environmental	300	300	0
71915/05 Internal Revenue Staff Leave Entitlements - Environmental Services	(84,836)	(76,631)	0
72721/07 Undertake Coordination of Community-led NRM Projects in Eastern	95,729	154,309	91,390
72721/29 Implement Steaming to Success	2,225	2,225	0
72721/36 Farm Dams Project	0	0	120,000
72721/37 Implement Eastern Region Catchment Management Program	279,802	267,776	32,464
72721/39 Implement Communities Environment Programme (CEP)	0	8,906	0
72721/40 Implement Restoring Wangalla Brook - Stage 1 project	0	14,406	0
73914/05 Implement Environmental Services Staff Study Assistance	1,000	1,000	0
73917/05 Provide Staff Annual Leave - Environmental Services	54,652	39,995	0
73918/05 Recruit Staff - Environmental Services	1,000	1,000	0
73919/05 Train and Develop Staff - Natural Environment Team	27,827	20,670	1,000
73921/05 Provide Staff Sick Leave - Environmental Services	10,990	15,357	0
73922/05 Provide Staff Long Service Leave - Environmental Services	7,380	7,380	0
73923/05 Provide Staff RDO and TIL Leave - Environmental Services	0	0	0
73924/05 Provide Staff Public Holiday Leave - Environmental Services	21,980	13,938	0
73984/00 Coordinate Natural Environmental Business Unit	234,648	98,811	0
73984/10 Environmental Services Research & Development	41,500	10,000	0
	694,197	579,592	244,854
Net Income/(Expenditure)	(479,249)	(341,438)	(25,854)

Financial Performance by Account 2021/2022

Sustainability Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Urban Environmental Team			
Operating Income			
58721/18 Income Regional Spatial Mapping	129,000	0	37,000
58739/07 Income Environmental Sustainability and Net Zero Programs	126,073	128,983	102,518
58739/08 Income Environmental Building Benchmarking Project	51,140	108,278	0
58787/05 Income Regional Integrated Transport Strategy including Net Zero	62,641	48,435	49,235
58799/02 Income Flood Risk Project	10,000	26,545	20,000
58829/01 Income Avon Descent	208,288	0	187,386
58983/00 Income Regional Economic Development Projects	36,865	36,363	22,321
	624,007	**348,604**	**418,460**
Operating Expenditure			
71915/04 Internal Revenue Staff Leave Entitlements - Urban Environment	(59,367)	(45,150)	(44,999)
72721/38 Implement Regional Spatial Mapping	150,000	0	37,000
72739/08 Implement Environmental Sustainability and Net Zero Programs	205,561	179,036	122,639
72739/09 Implement Building Benchmarking Project - Environmental Services	66,000	76,000	0
72752/00 Reconciliation Action Plan (RAP)	29,548	24,390	24,750
72762/00 Develop Youth Education Projects	9,000	6,000	0
72782/01 Implement Regional Economic Development Projects	87,647	84,505	45,213
72787/01 Implement Regional Integrated Transport Strategy including Net	116,588	115,888	121,875
72799/02 Provide Regional Economic Profile Information	28,000	28,000	28,000
72799/03 Implement Flood Risk Project	56,000	99,325	26,500
72829/01 Support Avon Descent	197,564	48,000	197,807
72829/02 Support Other Regional Events and Forums	0	0	18,875
73914/04 Implement Regional Development Staff Study Assistance	1,000	0	1,000
73917/04 Provide Staff Annual Leave - Urban Environment	32,200	30,910	41,374
73918/04 Recruit Staff - Urban Environment	500	500	500
73919/04 Train and Develop Staff - Regional Development	12,195	7,995	15,403
73921/04 Provide Staff Sick Leave - Urban Environment	7,338	10,834	17,606
73922/04 Provide Staff Long Service Leave - Urban Environment	1,919	1,919	1,977
73923/04 Provide Staff RDO and TIL Leave - Urban Environment	0	1,159	0
73924/04 Provide Staff Public Holiday Leave - Urban Environment	14,676	14,910	17,606
73983/00 Coordinate Urban Environment Business Unit	65,582	27,004	206,560
73983/04 Urban Environment Research and Development Related Studies	30,000	30,000	30,000
73983/06 IT Support - Urban Environmental	0	0	650
	1,051,951	**741,225**	**910,336**
Net Income/(Expenditure)	**(427,944)**	**(392,621)**	**(491,876)**
Waste Education - FOGO			
Other Income			
58864/03 Income FOGO - Waste Education	0	53,987	91,693
58864/04 Income - Recoup of Procurement Cost for FOGO Caddys and Liners	0	555,834	0
	0	**609,821**	**91,693**
Other Expenditure			
72864/08 Undertake FOGO - Waste Education	356,901	317,232	294,378
72864/11 Procurement of Caddys and Liners - City of Bayswater	0	555,834	0
	356,901	**873,066**	**294,378**
Net Income/(Expenditure)	**(356,901)**	**(263,245)**	**(202,686)**

Financial Performance by Account 2021/2022

Sustainability Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Waste Education – General			

Operating Income

58873/01	Income Stakeholder Waste Education	482,683	463,447	493,048
58873/05	Income Tackling the Troublesome Two Project	0	65,775	0
58873/06	Income Circular Economy Training and Capacity Building Project	0	50,000	0
		482,683	**579,222**	**493,048**

Operating Expenditure

63253/00	Operate and Maintain Environ. Education Centre Blds - Red Hill	27,924	22,924	22,496
68690/02	Operate and maintain miscelleaneous Furniture and fittings - Edu	1,657	1,657	1,920
71915/10	Internal Revenue Staff Leave Entitlements - Waste Education	0	0	(90,451)
72866/01	Conduct School Battery Collection Programme	84,456	67,849	75,401
72871/00	Provide Site Tours - Red Hill Landfill Facility	27,336	19,566	31,213
72873/00	Conduct Waste Education Programmes	260,258	240,007	314,219
72873/02	Conduct Waste Education Research / Surveys	10,000	0	10,000
72873/04	Produce Regional Waste Education Marketing Materials	96,000	76,000	66,000
72873/06	Conduct Earth Carers Volunteer Program	40,476	24,217	39,031
72873/09	Implement Tracking the Troublesome Two Project	0	20,785	0
72873/10	Implement Masterclass Project	0	50,000	0
72873/11	Coordinate Waste Education	0	0	122,102
72874/00	Provide Site Tours - Hazelmere Facility	393	180	0
73917/13	Provide Staff Annual Leave - Waste Education	0	0	47,857
73919/13	Train and Develop Staff - Waste Education Staff	0	0	17,970
73921/13	Provide Staff Sick Leave - Waste Operations	0	0	19,939
73922/13	Provide Staff Long Service Leave - Waste Educatiion	0	0	1,000
73924/13	Provide Staff Public Holiday Leave - Waste Education	0	0	19,939
		548,500	**523,185**	**698,636**

Capital Expenditure

24410/13	Purchase Polystyrene Compactor (Grant allocation) - Waste	0	44,990	0
		0	**44,990**	**0**

Net Income/(Expenditure)		**(65,817)**	**11,047**	**(205,589)**

Net Operating and Capital Expenditure for Sustainability Team		**1,578,945**	**1,212,851**	**1,168,315**

Financial Performance by Account 2021/2022

Operations Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Hazelmere Operations			

Operating Income

53221/00	Income - Hazelmere Site General Income	36,100	43,100	39,100
58857/09	Income Power Poles Steel Recycling - Hazelmere Facility	0	40,000	386,880
58888/01	Income Woodwaste Project	1,614,368	1,724,818	1,946,087
58888/02	Income Mattress Project - Hazelmere	394,877	652,659	499,360
58888/05	Income Woodwaste Project (broiler growers guarantee fee) -	30,000	30,000	30,000
		2,075,345	**2,490,577**	**2,901,427**

Operating Expenditure

62120/00	Operate and Maintain Hazelmere Site	225,875	229,457	228,552
63221/00	Operate and Maintain Hazelmere Buildings	42,342	35,202	85,737
63259/02	Operate and Maintain Other Waste Management Buildings	11,891	6,746	70,436
64392/01	Operate and Maintain Weighbridge Structure - Hazelmere	35,981	31,146	31,356
64393/01	Operate and Maintain Water Storage Dams/Tanks - Hazelmere	1,176	1,176	1,180
64394/01	Operate and Maintain Perimeter Fencing - Hazlemere	7,291	7,291	22,292
64395/02	Operate and Maintain Hardstand & Road - Hazelmere	64,059	63,059	59,054
64396/03	Operate and Maintain Monitoring Bores - Hazelmere	492	492	3,992
65410/02	Operate and Maintain Plant - Hazelmere	494,866	350,000	61,718
65420/08	Operate and Maintain Miscellaneous Plant - Hazelmere	46,623	17,000	41,820
66520/09	Operate and Maintain Fire Fighting Equipment - Hazelmere	25,385	27,472	28,596
66530/09	Operate and Maintain Security System - Hazelmere	47,594	30,188	30,752
66590/09	Operate and Maintain Other Equipment - Hazelmere	17,443	27,672	27,792
67610/09	Operate and Maintain Office Furniture and Fittings - Hazelmere	6,308	7,000	5,000
71915/09	Internal Revenue Staff Leave Entitlements - Hazelmere Operations	0	0	(144,707)
72851/05	IT Support - Hazelmere Operations	0	0	51,010
72888/01	Manage Woodwaste Project - Hazelmere	1,556,362	1,725,003	2,247,546
72888/02	Manage Mattress Project - Hazelmere	133,364	583,321	551,098
72888/05	Woodwaste Project - Hazelmere (broiler growers guarantee fee)	30,000	30,000	30,000
72888/08	Manage Woodwaste Project (Weighbridge Software) - Hazelmere	0	0	12,760
73917/12	Provide Staff Annual Leave - Hazelmere Operations	0	0	1,000
73918/10	Recruit Staff - Hazelmere	500	2,500	2,000
73919/09	Train and Develop Staff - Hazelmere Operations Staff	12,975	13,974	4,450
73922/12	Provide Staff Long Service Leave - Hazelmere Operations	0	0	1,000
		2,760,527	**3,188,699**	**3,454,434**

Other Income

58986/05	Income Hazelmere C & I Project	37,240	39,400	307,730
		37,240	**39,400**	**307,730**

Other Expenditure

63259/05	Operate and Maintain C & I Building	20,885	24,055	21,638
64398/01	Operate and Maintain Infrastructure - Resource Recovery Park	16,000	16,000	35,457
64399/00	Operate and Maintain Resource Recovery Park - Hazelmere	16,362	0	0
65410/05	Operate and Maintain C & I Building - Plant and Equipment	78,967	78,967	83,212
65420/09	Operate and Maintain Minor Plant/Equipment - Resource Recovery	22	125	132
66590/07	Operate and Maintain Miscellaneous Equipment - Resource	500	705	704
71915/07	Internal Revenue Staff Leave Entitlements - Resource Recovery	(158,125)	(112,512)	0
72986/00	Manage Resource Recovery Project	267,216	126,926	0
72986/03	Manage C & I Plant	493,582	157,165	190,500
73917/07	Provide Staff Annual Leave - Resource Recovery	125,183	78,254	0
73918/07	Recruit Staff - Resource Recovery	2,000	2,000	0
73919/07	Train and Develop Staff - Resource Recovery	35,425	15,675	0
73921/07	Provide Staff Sick Leave - Resource Recovery	26,528	22,675	0
73922/07	Provide Staff Long Service Leave - Resource Recovery	614	22,054	0
73923/07	Provide Staff RDO and TIL Leave - Resource Recovery	0	50,524	0
73924/07	Provide Staff Public Holiday Leave - Resource Recovery	53,057	23,230	0
		978,216	**505,843**	**331,643**

Financial Performance by Account 2021/2022

Operations Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Hazelmere Operations			
Capital Expenditure			
24410/01 Purchase / Replace Plant - Hazelmere	595,000	595,000	650,000
24420/02 Purchase / Replace Minor Plant and Equipment - Hazelmere	34,000	34,000	104,000
24520/07 Purchase Fire Fighting System/Equipment - Hazelmere	10,000	5,000	5,000
24530/10 Purchase / Replace Security System - Hazelmere	0	0	10,000
24550/03 Purchase Information Technology & Communication Equipment -	0	0	30,000
24610/10 Purchase Office Furniture and Fittings - Hazelmere Office	0	0	70,000
24610/11 Purchase Furniture and Fittings - Hazelmere Workshop	0	0	60,000
25410/01 Refurbish Plant - Hazelmere	0	404,984	0
	639,000	**1,038,984**	**929,000**
Net Income/(Expenditure)	**(2,265,158)**	**(2,203,549)**	**(1,505,921)**
Operations Other			
Operating Expenditure			
72860/00 Market Waste Facility Products	67,250	57,635	67,750
73917/10 Provide Staff Annual Leave - Operations General	0	0	1,000
73918/12 Recruit Staff - Operations General	0	0	5,000
73919/11 Train and Develop Staff - Operations General	0	0	10,500
73922/10 Provide Staff Long Service Leave - Operations General	0	0	1,000
73982/01 Manage Waste Management Operations	227,892	264,464	411,089
	295,142	**322,099**	**496,339**
Other Expenditure			
72864/10 Market FOGO Products	40,000	40,000	5,000
72888/00 Market Resource Recovery Products	10,000	150	9,500
	50,000	**40,150**	**14,500**
Net Income/(Expenditure)	**(345,142)**	**(362,249)**	**(510,839)**

Financial Performance by Account 2021/2022

Operations Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Red Hill Operations			
Operating Income			
53310/00 Income Class III Cells - Red Hill Landfill Facility	29,108,336	26,360,711	26,102,954
53310/01 Income Tyre Recovery Charge Class III Cells - Red Hill Landfill	7,500	7,500	7,500
53330/00 Income Class IV Cells - Red Hill Landfill Facility	973,650	1,597,840	1,602,120
53330/02 Income Liquid Waste Project - Red Hill Landfill Facility	684,838	0	0
58581/01 Income Workers Compensation Reimbursement - Red Hill Landfill	0	0	0
58851/00 Income Red Hill Landfill Administration	500	15,269	500
58857/00 Income Waste Transfer Station Operations - Red Hill Landfill Facility	1,661,250	1,661,250	1,761,701
58857/05 Income Tip Face Steel Recycling - Red Hill Waste Management	500	0	500
58857/08 Income Power Poles Steel Recycling - Red Hill Waste Management	0	0	0
58861/00 Income Surplus Clay	93	2,475	2,000
58862/00 Income Laterite	720,355	582,285	174,840
58863/00 Income Methane	400,000	400,000	400,000
58864/00 Income Greenwaste Operations - General	550,109	509,121	380,535
58888/04 Income Mattress Project - Red Hill	0	0	0
	34,107,131	**31,136,451**	**30,432,650**
Operating Expenditure			
61430/00 Internal Revenue Vehicles - Red Hill Landfill Facility	(112,551)	(112,551)	(115,928)
62150/00 Operate and Maintain Waste Management Land - Redhill Landfill	71,688	40,830	40,830
62150/03 Operate and Maintain Waste Management Land - Lot 501 (Lot 81	2,500	2,500	2,500
62150/06 Operate and Maintain Waste Management Land - Lots 8 9 and 10	3,500	3,500	3,500
62151/00 Operate and Maintain Waste Management Land - Red Hill Farm	17,835	16,984	17,034
63251/00 Operate and Maintain Administration Buildings - Red Hill Landfill	58,924	68,677	63,619
63252/00 Operate and Maintain Training Centre Buildings (House) - Red Hill	10,836	12,958	11,074
63259/00 Operate and Maintain Other Waste Management Buildings Red Hill	95,826	53,444	76,640
64310/01 Operate and Maintain Class III Cells - Receive and Compact Waste	995,243	1,355,911	1,554,775
64310/02 Operate and Maintain Class III Cells - Suppress Dust	112,385	107,662	152,033
64310/03 Operate and Maintain Class III Cells - Manage Litter	146,457	141,870	138,115
64310/04 Operate and Maintain Class III Cells - Manage Traffic and Maintain	187,872	192,597	138,222
64310/05 Operate and Maintain Class III Cells - Supply and Maintain	558,595	533,241	564,191
64310/07 Operate and Maintain Class III Cell Drainage System - Red Hill	96,724	116,229	57,020
64310/08 Operate and Maintain Class III Cells - Cell Usage (Airspace	16,128,249	14,518,470	14,135,168
64310/09 Operate and Maintain Class III Cells - Maintain Liner	50,252	64,033	72,846
64310/10 Rehabilitate Class III Cells - Red Hill Landfill Facility	106,508	157,484	434,445
64320/01 Operate and Maintain Class III Leachate Ponds - Red Hill Landfill	412,579	419,575	436,969
64320/02 Operate and Maintain Leachate Project - Red Hill Landfill Facility	0	0	0
64330/01 Operate and Maintain Class IV Cells - Receive and Compact Waste	2,022	248,866	144,279
64330/02 Operate and Maintain Class IV Cells - Suppress Dust	1,004	4,353	5,217
64330/03 Operate and Maintain Class IV Cells - Maintain Liner / Sand Filter	100,000	100,000	100,000
64330/04 Operate and Maintain Class IV Cells - Manage Traffic and Maintain	3,231	2,356	861
64330/05 Operate and Maintain Class IV Cells - Supply and Maintain	872	53,713	52,518
64330/07 Operate and Maintain Class IV Cell Drainage System - Red Hill	55,585	29,524	7,752
64330/08 Operate and Maintain Class IV Cells - Cell Usage (Airspace	400,129	640,206	640,206
64330/30 Operate and Maintain Liquid Waste Project - Red Hill Waste	230,783	0	0
64340/01 Operate and Maintain Class IV Leachate Ponds - Red Hill Landfill	12,395	26,155	36,443
64350/00 Operate and Maintain Siltation Ponds - Red Hill Landfill Facility	81,768	64,400	45,567
64370/00 Operate and Maintain Roads / Car Parks - Red Hill Landfill Facility	92,902	91,207	93,742
64380/00 Operate and Maintain Stormwater System - Red Hill Landfill Facility	85,899	58,676	76,200
64391/00 Operate and Maintain Waste Transfer Station Buildings - Red Hill	3,915	3,915	4,046
64392/00 Operate and Maintain Weighbridge Structure - Red Hill	28,098	28,098	28,023
64393/00 Operate and Maintain Water Storage Dams - Red Hill Landfill	1,533	703	0
64394/00 Operate and Maintain Fencing - Red Hill Landfill Facility	55,364	49,929	44,918
64395/00 Operate and Maintain Greenwaste Processing Area (Unsealed	58,912	58,912	58,916
64398/00 Operate and Maintain Miscellaneous Waste Management Structures	114,478	32,002	84,478
65410/01 Operate and Maintain Plant - Arrange for servicing repairs and	15,948	8,316	4,335
65410/07 Operate and Maintain Major Plant - Red Hill Leachate Project	36,557	36,557	32,052
65420/01 Operate and Maintain Minor Plant - Water Pumps/Wheel Wash	68,581	109,561	66,183
65420/02 Operate and Maintain Minor Plant - Other	182,220	195,669	240,302

Financial Performance by Account 2021/2022

Operations Team		Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Red Hill Operations				
Operating Expenditure				
65420/03	Operate and Maintain Minor Plant - Water Tanker	187	187	132
65420/04	Operate and Maintain Minor Plant-Trailers-Red Hill	4,379	5,462	10,334
65420/11	Operate and Maintain Minor Plant - Red Hill Leachate Project	33,294	33,294	6,156
65420/99	Operate and Maintain Minor Plant - Misc Attachments - Red Hill	145,038	155,186	178,834
65430/00	Operate and Maintain Vehicles - Red Hill Landfill Facility	114,937	114,868	127,655
66510/08	Operate and Maintain Office Equipment - Redhill Landfill Facility	5,000	5,910	6,800
66520/08	Operate and Maintain Fire Fighting Equipment - Red Hill Landfill	7,600	7,600	7,600
66530/08	Operate and Maintain Security System - Red Hill Waste	59,272	59,272	48,155
66530/10	Operate and Maintain Security System Education / Training Centre	500	500	500
66590/08	Operate and Maintain Other Equipment - Red Hill Landfill Facility	40,682	40,031	62,321
67610/08	Operate and Maintain Office Furniture and Fittings - Red Hill Landfill	3,000	3,000	3,000
71915/03	Internal Revenue Staff Leave Entitlements - Red Hill Landfill	(81,656)	0	(84,312)
71916/00	Internal Revenue Red Hill Operations Staff On Costs	(931,603)	(822,456)	(607,054)
72851/00	Manage and Administer Red Hill Landfill Facility	737,703	721,437	717,303
72851/02	Manage Red Hill Landfill Facility Safety Requirements	3,100	7,600	7,600
72851/03	Support EMRC Community Grants Program	15,809	15,238	15,818
72851/04	IT Support - Administer Red Hill Landfill Facility	0	0	48,100
72857/00	Manage Waste Transfer Station Operations - Red Hill Landfill	886,593	706,124	892,250
72857/06	Receivables Impairment Write-Off - Waste Transfer Station - Red	0	0	0
72858/00	Manage Weighbridge Operations - Red Hill Landfill Facility	250,360	213,523	224,021
72858/01	Manage Weighbridge Operations (Software) - Red Hill Landfill	0	0	20,810
72861/00	Manage Surplus Clay Stock Pile	5,463	7,718	23,137
72862/00	Manage Laterite	92,551	78,773	74,888
72863/00	Manage Methane	8,922	9,095	9,897
72864/01	Manage Greenwaste Composting	119,959	57,448	53,014
72864/02	Manage Greenwaste Mulching	398,449	354,928	415,777
72866/00	Manage Household Hazardous Waste	17,368	10,605	15,716
72866/02	Dispose of Household Hazardous Waste	289	225	225
72866/03	Market Household Hazardous Waste Collections	2,000	2,000	2,000
73916/00	Manage Red Hill Landfill Operations Staff On Costs	188,579	160,731	170,674
73917/03	Provide Staff Annual Leave - Red Hill Landfill Facility Administration	39,956	45,434	39,079
73917/08	Provide Staff Annual Leave - Waste Management Landfill	123,172	132,664	116,706
73918/03	Recruit Staff - Red Hill Landfill	4,000	4,000	4,000
73919/03	Train and Develop Staff - Red Hill Administration Staff	22,859	16,078	17,798
73919/08	Train and Develop Staff - Red Hill Operations Staff	10,721	40,083	25,642
73921/03	Provide Staff Sick Leave - Red Hill Landfill Facility Administration	8,501	13,449	16,630
73921/08	Provide Staff Sick Leave - Waste Management Landfill Operations	25,462	38,345	48,173
73922/03	Provide Staff Long Service Leave - Red Hill Landfill Facility	0	9,454	0
73922/08	Provide Staff Long Service Leave - Waste Management Landfill	8,000	26,576	8,000
73923/03	Provide Staff RDO and TIL Leave - Red Hill Landfill Facility	0	232	0
73923/08	Provide Staff RDO and TIL Leave - Waste Management Landfill	0	7,720	0
73924/03	Provide Staff Public Holiday Leave - Red Hill Landfill Facility	17,002	12,343	4,989
73924/08	Provide Staff Public Holiday Leave - Waste Management Landfill	50,924	41,774	14,452
73936/00	Manage Workshop Operations	20,300	20,300	20,500
		23,034,290	**21,893,283**	**22,316,411**
Other Income				
58864/02	Income FOGO Trial Project	1,122,595	853,910	1,389,115
82410/00	Income Disposal of Plant - Red Hill Landfill Facility	100,000	100,000	100,000
82430/00	Income Disposal of Vehicles - Red Hill Landfill Facility	53,000	87,818	58,000
		1,275,595	**1,041,728**	**1,547,115**
Other Expenditure				
65410/08	Operate and Maintain FOGO - Plant and Equipment	72,500	79,000	104,387
72864/06	Implement FOGO Trial Project	470,846	431,965	649,513
72864/07	Undertake FOGO Waste Stream Audits	50,000	50,000	50,000
72864/09	Implement FOGO Project	0	358	0

Financial Performance by Account 2021/2022

Operations Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Red Hill Operations			
Other Expenditure			
83410/00 Disposal of Plant - Red Hill Landfill Facility	116,000	115,000	107,500
83430/00 Disposal of Vehicles - Red Hill Landfill Facility	49,040	78,655	49,589
	758,386	**754,978**	**960,989**
Capital Expenditure			
24399/10 Air Supply lines - Waste Management Structures - Red Hill Landfill	75,000	25,000	50,000
24399/20 Gas Extraction System Wells - Red Hill Landfill Facility	0	260,562	200,000
24410/00 Purchase / Replace Plant - Red Hill Landfill Facility	1,935,000	1,506,842	950,000
24420/00 Purchase / Replace Minor Plant and Equipment-Red Hill Landfill	525,000	264,438	275,000
24430/00 Purchase / Replace Vehicles - Red Hill Landfill Facility	129,000	132,000	132,000
24510/08 Purchase / Replace Office Equipment - Red Hill Landfill Facility	0	5,315	0
24530/08 Purchase / Replace Security System - Red Hill Waste Management	170,000	13,500	213,500
24590/00 Purchase / Replace Other Equipment - Red Hill Landfill Facility	80,000	74,685	40,000
25410/00 Refurbish Plant - Red Hill Landfill Facility	0	78,158	300,000
	2,914,000	**2,360,500**	**2,160,500**
Net Income/(Expenditure)	**8,676,050**	**7,169,418**	**6,541,866**
Transfer Stations			
Operating Income			
58857/02 Income Mathieson Road Transfer Station Operations	370,436	394,727	554,865
58857/03 Income Coppin Road Transfer Station Operations	489,943	817,332	843,113
58857/07 Income Baywaste Transfer Station Operations	913,772	889,588	906,546
	1,774,151	**2,101,647**	**2,304,524**
Operating Expenditure			
72857/02 Manage Mathieson Road Transfer Station Operations	336,760	358,843	504,423
72857/03 Manage Coppin Road Transfer Station Operations	445,403	743,029	504,086
72857/09 Manage Baywaste Transfer Station Operations	830,702	808,716	824,133
72857/12 Manage Mundaring CDS Operations (at Coppin Road Transfer	0	0	262,380
	1,612,865	**1,910,588**	**2,095,022**
Net Income/(Expenditure)	**161,286**	**191,059**	**209,502**
Net Operating and Capital Expenditure for Operations Team	**(6,227,036)**	**(4,794,679)**	**(4,734,609)**

Financial Performance by Account 2021/2022

Projects Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Hazelmere Projects			
Other Income			
58986/02 Income Hazelmere Wood Waste to Energy Project	672,150	0	537,417
	672,150	**0**	**537,417**
Other Expenditure			
63259/03 Operate and Maintain Hazelmere Wood Waste to Energy - Building	3,635	0	3,754
65410/03 Operate and Maintain Hazelmere Wood Waste to Energy - Plant and	52,408	0	2,600
72882/03 Conduct Resource Recovery Community Consultation	17,500	0	0
72883/01 Support Waste Management Community Reference Group	7,600	2,000	7,600
72884/00 Evaluate Resource Recovery Park Options	70,000	94,076	60,000
72884/02 Undertake Resource Recovery Project Study Tour	10,000	0	14,000
72889/10 Review Waste Collection Systems	5,000	6,500	0
72986/01 Manage Hazelmere Wood Waste to Energy Project	602,221	0	206,720
	768,364	**102,576**	**294,674**
Capital Expenditure			
24259/05 Construct Wood Waste to Energy Building - HRRP	181,750	428,687	273,032
24259/06 Construct Community Recycling Centre (CRC) - HRRP	100,000	65,000	130,000
24259/10 Construct Commercial Transfer Station - HRRP	100,000	135,000	3,500,000
24259/13 Construct Site Workshop - HRRP	0	1,465,750	0
24259/18 Construct Wood Waste to Energy Building (Pre-Commissioning) -	0	523,130	826,920
24259/19 Construct Wood Waste to Energy Dry Char Storage Facility - HRRP	0	0	60,000
24259/20 Construct Wood Waste to Energy Bucket Extension - HRRP	0	0	40,000
24394/06 Resource Recovery Park - Noise Control Fencing	150,000	0	150,000
24395/01 Construct Hardstand and Road - Hazelmere	55,000	0	55,000
24399/01 Construct Site Infrastructure - HRRP	300,000	450,000	0
24399/07 Construct Reuse Store Infrastructure (Car Park) - HRRP	250,000	0	0
24399/11 Wood Waste to Energy Utilities/Infrastructure - HRRP	515,000	17,277	408,754
24399/22 Construct Concrete Pad east of C&I Building - HRRP	0	0	250,000
24399/23 Extension of Sewer Line from WWtE to Sewer Sump & existing ATU	0	0	200,000
24399/24 Sewer Line from Lakes Rd to Mary St - HRRP	0	0	300,000
24399/25 Extension of Concrete Pad with Workshop area - HRRP	0	0	120,000
24399/26 Noise Barrier for Hammer Mill - HRRP	0	0	100,000
24399/27 Digital Sign (DWER Requirement) - HRRP	0	0	50,000
24410/03 Purchase Wood Waste to Energy Plant & Equipment - HRRP	855,000	328,973	103,987
	2,506,750	**3,413,817**	**6,567,693**
Net Income/(Expenditure)	**(2,602,964)**	**(3,516,393)**	**(6,324,951)**

Financial Performance by Account 2021/2022

Projects Team		Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Projects – General				
Operating Income				
58857/10	Income Shire of Coolgardie Project - Projects Team	0	0	25,000
59982/00	Income Projects Team - General	150	150	200,150
		150	**150**	**225,150**
Operating Expenditure				
66590/02	Operate and Maintain Miscellaneous Equipment -Waste	2,208	1,000	4,744
67610/02	Operate and Maintain Office Furniture and Fittings - Waste	500	500	500
71915/02	Internal Revenue Staff Leave Entitlements - Engineering and Waste	(241,129)	(181,444)	(247,862)
71982/00	Internal Revenue Engineering / Waste Management Business Unit	(50,000)	0	0
72851/07	IT Support - Projects General	0	0	5,500
72857/10	Manage Shire of Coolgardie Project - Projects Team	0	0	2,500
73904/02	Attend Corporate and Award Functions and Events - Engineering	200	200	200
73914/02	Implement Engineering/Waste Management Services Study	1,000	0	1,000
73917/02	Provide Staff Annual Leave - Engineering Waste Management	181,207	235,633	149,963
73918/02	Recruit Staff - Engineering / Waste Management	5,000	1,000	5,000
73919/02	Train and Develop Staff - Engineering / Waste Management	49,034	40,384	87,310
73921/02	Provide Staff Sick Leave - Engineering Waste Management	39,528	73,963	65,619
73922/02	Provide Staff Long Service Leave - Engineering Waste Management	5,000	5,000	5,000
73923/02	Provide Staff RDO and TIL Leave - Engineering Waste Management	0	31,988	0
73924/02	Provide Staff Public Holiday Leave - Engineering Waste	79,057	93,033	65,619
73925/02	Provide Staff Workers' Compensation - Engineering Waste	0	550	0
73982/00	Manage Engineering / Waste Management Business Unit	1,228,926	1,339,025	1,483,582
		1,300,531	**1,640,832**	**1,628,675**
Capital Expenditure				
24150/02	Purchase Waste Management Land	2,235,000	2,015,907	0
24550/02	Purchase Information Technology & Communication Equipment -	0	0	25,000
		2,235,000	**2,015,907**	**25,000**
Net Income/(Expenditure)		**(3,535,381)**	**(3,656,589)**	**(1,428,525)**

Financial Performance by Account 2021/2022

Projects Team		Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Red Hill Projects				
Operating Expenditure				
72862/02	Crush and Screen Lateritic Caprock	336,106	303,226	100,000
73932/00	Undertake Engineering / Waste Management Research and	13,250	18,255	13,250
73939/01	Undertake Geotechnical and Materials Investigations	5,000	5,000	5,000
73939/02	Update Red Hill Development Plan	10,000	5,000	10,000
		364,356	**331,481**	**128,250**
Capital Expenditure				
24250/01	Construct Waste Management Facility Buildings - Red Hill Landfill	200,000	20,000	100,000
24250/08	Construct Workshop No 3 - Red Hill Landfill Facility	800,500	175,689	774,811
24259/15	Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility	250,000	40,000	250,000
24259/16	Install Power Supply to Lots 8 9 & 10 - Red Hill Landfill Facility	0	0	150,000
24310/12	Construct Class III Cell Stage 14 - Red Hill Landfill Facility	0	3,240	0
24310/19	Construct Class III Cell Stage 16 - Red Hill Landfill Facility	3,746,002	3,171,717	0
24310/21	Construct Class III Cell Stage 17 - Red Hill Landfill Facility	250,000	0	350,000
24330/05	Design and Construct Class IV Cell Stage 3 - Red Hill Landfill	0	150,000	150,000
24350/01	Construct Leachate and Stormwaste Infrastructure and Siltation	400,000	315,000	200,000
24370/00	Construct Roads / Carparks - Red Hill Landfill Facility	124,401	64,401	185,500
24370/02	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility	50,000	170,000	130,000
24380/00	Construct Drainage Diversion and Earthworks Infrastructures - Red	250,000	50,000	100,000
24394/05	Construct Litter Fence - Redhill Landfill Facility	50,000	0	50,000
24395/05	Construct FOGO Processing Area - Red Hill Landfill Facility	0	188,000	0
24395/06	Undertake FOGO Reference Site Tours	62,500	0	62,500
24395/07	Implementation of the FOGO Recovery Strategy	0	230,000	300,000
24399/16	Liquid Waste Project - Red Hill Landfill Facility	1,650,000	150,000	500,000
24399/19	Develop Lots 8 9 & 10 For Future Waste Activities - Red Hill Landfill	1,787,961	1,960,000	0
24399/21	Air Pollution Control Residue Facility (APCR) - Red Hill Landfill	0	0	2,300,000
24410/10	Purchase FOGO Processing Plant - Red Hill Landfill Facility	150,000	465,000	0
24410/11	Liquid Waste Project Plant - Red Hill Landfill Facility	550,000	0	0
		10,321,364	**7,153,047**	**5,602,811**
Net Income/(Expenditure)		**(10,685,720)**	**(7,484,528)**	**(5,731,061)**

Financial Performance by Account 2021/2022

Projects Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Waste Environmental Team			

Operating Income

58712/03	Income Waste Mngmt Environ. Cons. - Other Clients	300,000	50,000	75,000
58712/04	Income Waste Management Environmental Consulting - Member	20,600	10,300	21,856
		320,600	**60,300**	**96,856**

Operating Expenditure

64310/06	Operate and Maintain Class III Cells - Sample/Test Materials/Waste	6,834	6,248	5,250
64310/13	Rehabilitate Class III Cells Waste Environmental - Red Hill Landfill	160,000	95,000	135,000
64330/06	Operate and Maintain Class IV Cells - Sample / Test Materials /	20,000	35,000	35,000
64330/10	Rehabilitate Class IV Cells - Red Hill Landfill Facility	10,000	3,000	4,000
64396/00	Operate and Maintain Monitoring Bores - Red Hill Landfill Facility	26,285	26,285	41,276
72712/03	Provide Waste Management Consulting Services - Member	192,222	100,330	17,361
72853/00	Monitor Environmental Impacts - Red Hill Water Monitoring	169,700	169,700	177,209
72856/00	Develop Environmental Management System - Red Hill Landfill	16,500	17,500	15,500
72859/00	Monitor Environmental Impacts - Red Hill Landfill Other	146,230	121,230	137,753
72859/02	Monitor Environmental Impacts - Red Hill & Hazelmere Occupational	10,500	10,500	5,515
72859/06	Monitor Environmental Impacts - Red Hill Odour Monitoring	2,000	26,000	2,000
72859/07	Monitor Environmental Impacts - Hazelmere Occupational Dust	5,000	500	1,000
72859/08	Monitor Environmental Impacts - Hazelmere Water Monitoring	10,000	1,500	10,000
72859/09	Monitor Environmental Impacts - Hazelmere Ambient Dust	15,000	11,000	11,000
72859/11	Monitor Environmental Impacts - Environmental Offsets	55,000	17,000	22,000
72859/12	Monitor Environmental Impacts - Hazelmere Fines Sampling	5,000	5,000	5,000
		850,271	**645,793**	**624,864**

Other Expenditure

72859/10	Monitor Environmental Impacts - Hazelmere Wood Waste to Energy	32,936	680	55,500
		32,936	**680**	**55,500**

Capital Expenditure

24396/00	Construct Monitoring Bores - Red Hill Landfill Facility	20,000	22,000	70,000
24396/02	Construct Monitoring Bores - Hazelmere	0	0	70,000
		20,000	**22,000**	**140,000**

Net Income/(Expenditure)	**(582,607)**	**(608,173)**	**(723,508)**

Net Operating and Capital Expenditure for Projects Team	**17,406,672**	**15,265,683**	**14,208,045**

Financial Performance by Account 2021/2022

Miscellaneous		Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Contributions/Distributions to Member Councils				
Other Expenditure				
86993/01	Dividend Distribution to Member Councils - Town of Bassendean	0	133,114	0
86993/02	Dividend Distribution to Member Councils - City of Bayswater	0	848,274	0
86993/03	Dividend Distribution to Member Councils - City of Belmont	0	620,920	0
86993/04	Dividend Distribution to Member Councils - City of Kalamunda	0	918,612	0
86993/05	Dividend Distribution to Member Councils - Shire of Mundaring	0	511,632	0
86993/06	Dividend Distribution to Member Councils - City of Swan	0	1,934,124	0
		0	**4,966,676**	**0**
Net Income/(Expenditure)		**0**	**(4,966,676)**	**0**
Plant Control Accounts				
Operating Income				
58410/00	Income Plant	180,000	180,000	180,000
		180,000	**180,000**	**180,000**
Operating Expenditure				
61410/00	Internal Revenue Plant	(2,480,464)	(2,890,016)	(2,697,961)
65410/00	Operate and Maintain Plant - Waste Management Facilities	3,395,049	2,745,236	3,062,654
		914,585	**(144,780)**	**364,693**
Net Income/(Expenditure)		**(734,585)**	**324,780**	**(184,693)**
Secondary Waste Income				
Other Income				
58986/00	Income Resource Recovery Project	4,738,741	4,966,726	4,121,290
		4,738,741	**4,966,726**	**4,121,290**
Net Income/(Expenditure)		**4,738,741**	**4,966,726**	**4,121,290**
Net Operating and Capital Expenditure for Miscellaneous		**(4,004,156)**	**(324,830)**	**(3,936,597)**

Financial Performance by Account 2021/2022

Total Organisation	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Net Operating and Capital Expenditure	(13,963,600)	(16,158,885)	(11,976,332)

EMRC

CAPITAL WORKS SUMMARY

For the Year Ending
30 June 2021

Capital Works Summary 2021/2022

CEO's Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
CEO and Support			

Capital Expenditure

24550/01	Purchase Information Technology & Communication Equipment -	0	0	30,000
24620/00	Purchase Art Works	0	0	10,000
	Net Expenditure	**0**	**0**	**40,000**

	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
CEO and Support			

Capital Works Summary 2021/2022

Business Support	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Business Support - General			
Capital Expenditure			
24510/01 Purchase Furniture Fittings & Equipment - Corporate Services	62,000	10,000	10,000
Net Expenditure	**62,000**	**10,000**	**10,000**
Information Team			
Capital Expenditure			
24550/00 Purchase Information Technology & Communication Equipment	405,000	407,000	129,000
Net Expenditure	**405,000**	**407,000**	**129,000**
Procurement and Governance			
Capital Expenditure			
24440/00 Purchase Vehicles - Ascot Place	200,000	129,000	266,000
25240/01 Capital Improvement Administration Building - Ascot Place	308,000	13,500	458,000
25530/01 Upgrade Security Equipment - Ascot Place	5,000	5,000	5,000
Net Expenditure	**513,000**	**147,500**	**729,000**

Capital Works Summary 2021/2022

Sustainability Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Waste Education – General			

Capital Expenditure

24410/13	Purchase Polystyrene Compactor (Grant allocation) - Waste Education	0	44,990	0
	Net Expenditure	**0**	**44,990**	**0**

Capital Works Summary 2021/2022

Operations Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022

Hazelmere Operations

Capital Expenditure

24410/01	Purchase / Replace Plant - Hazelmere	595,000	595,000	650,000
24420/02	Purchase / Replace Minor Plant and Equipment - Hazelmere	34,000	34,000	104,000
24520/07	Purchase Fire Fighting System/Equipment - Hazelmere	10,000	5,000	5,000
24530/10	Purchase / Replace Security System - Hazelmere	0	0	10,000
24550/03	Purchase Information Technology & Communication Equipment -	0	0	30,000
24610/10	Purchase Office Furniture and Fittings - Hazelmere Office	0	0	70,000
24610/11	Purchase Furniture and Fittings - Hazelmere Workshop	0	0	60,000
25410/01	Refurbish Plant - Hazelmere	0	404,984	0
	Net Expenditure	**639,000**	**1,038,984**	**929,000**

Red Hill Operations

Capital Expenditure

24399/10	Air Supply lines - Waste Management Structures - Red Hill Landfill	75,000	25,000	50,000
24399/20	Gas Extraction System Wells - Red Hill Landfill Facility	0	260,562	200,000
24410/00	Purchase / Replace Plant - Red Hill Landfill Facility	1,935,000	1,506,842	950,000
24420/00	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility	525,000	264,438	275,000
24430/00	Purchase / Replace Vehicles - Red Hill Landfill Facility	129,000	132,000	132,000
24510/08	Purchase / Replace Office Equipment - Red Hill Landfill Facility	0	5,315	0
24530/08	Purchase / Replace Security System - Red Hill Waste Management	170,000	13,500	213,500
24590/00	Purchase / Replace Other Equipment - Red Hill Landfill Facility	80,000	74,685	40,000
25410/00	Refurbish Plant - Red Hill Landfill Facility	0	78,158	300,000
	Net Expenditure	**2,914,000**	**2,360,500**	**2,160,500**

Capital Works Summary 2021/2022

Projects Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Hazelmere Projects			

Capital Expenditure

24259/05	Construct Wood Waste to Energy Building - HRRP	181,750	428,687	273,032
24259/06	Construct Community Recycling Centre (CRC) - HRRP	100,000	65,000	130,000
24259/10	Construct Commercial Transfer Station - HRRP	100,000	135,000	3,500,000
24259/13	Construct Site Workshop - HRRP	0	1,465,750	0
24259/18	Construct Wood Waste to Energy Building (Pre-Commissioning) - HRRP	0	523,130	826,920
24259/19	Construct Wood Waste to Energy Dry Char Storage Facility - HRRP	0	0	60,000
24259/20	Construct Wood Waste to Energy Bucket Extension - HRRP	0	0	40,000
24394/06	Resource Recovery Park - Noise Control Fencing	150,000	0	150,000
24395/01	Construct Hardstand and Road - Hazelmere	55,000	0	55,000
24399/01	Construct Site Infrastructure - HRRP	300,000	450,000	0
24399/07	Construct Reuse Store Infrastructure (Car Park) - HRRP	250,000	0	0
24399/11	Wood Waste to Energy Utilities/Infrastructure - HRRP	515,000	17,277	408,754
24399/22	Construct Concrete Pad east of C&I Building - HRRP	0	0	250,000
24399/23	Extension of Sewer Line from WWtE to Sewer Sump & existing ATU -	0	0	200,000
24399/24	Sewer Line from Lakes Rd to Mary St - HRRP	0	0	300,000
24399/25	Extension of Concrete Pad with Workshop area - HRRP	0	0	120,000
24399/26	Noise Barrier for Hammer Mill - HRRP	0	0	100,000
24399/27	Digital Sign (DWER Requirement) - HRRP	0	0	50,000
24410/03	Purchase Wood Waste to Energy Plant & Equipment - HRRP	855,000	328,973	103,987
	Net Expenditure	**2,506,750**	**3,413,817**	**6,567,693**

Projects – General			

Capital Expenditure

		Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
24150/02	Purchase Waste Management Land	2,235,000	2,015,907	0
24550/02	Purchase Information Technology & Communication Equipment -	0	0	25,000
	Net Expenditure	**2,235,000**	**2,015,907**	**25,000**

Capital Works Summary 2021/2022

Projects Team	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Red Hill Projects			

Capital Expenditure

24250/01	Construct Waste Management Facility Buildings - Red Hill Landfill	200,000	20,000	100,000
24250/08	Construct Workshop No 3 - Red Hill Landfill Facility	800,500	175,689	774,811
24259/15	Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility	250,000	40,000	250,000
24259/16	Install Power Supply to Lots 8 9 & 10 - Red Hill Landfill Facility	0	0	150,000
24310/12	Construct Class III Cell Stage 14 - Red Hill Landfill Facility	0	3,240	0
24310/19	Construct Class III Cell Stage 16 - Red Hill Landfill Facility	3,746,002	3,171,717	0
24310/21	Construct Class III Cell Stage 17 - Red Hill Landfill Facility	250,000	0	350,000
24330/05	Design and Construct Class IV Cell Stage 3 - Red Hill Landfill Facility	0	150,000	150,000
24350/01	Construct Leachate and Stormwaste Infrastructure and Siltation Ponds -	400,000	315,000	200,000
24370/00	Construct Roads / Carparks - Red Hill Landfill Facility	124,401	64,401	185,500
24370/02	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility	50,000	170,000	130,000
24380/00	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill	250,000	50,000	100,000
24394/05	Construct Litter Fence - Redhill Landfill Facility	50,000	0	50,000
24395/05	Construct FOGO Processing Area - Red Hill Landfill Facility	0	188,000	0
24395/06	Undertake FOGO Reference Site Tours	62,500	0	62,500
24395/07	Implementation of the FOGO Recovery Strategy	0	230,000	300,000
24399/16	Liquid Waste Project - Red Hill Landfill Facility	1,650,000	150,000	500,000
24399/19	Develop Lots 8 9 & 10 For Future Waste Activities - Red Hill Landfill	1,787,961	1,960,000	0
24399/21	Air Pollution Control Residue Facility (APCR) - Red Hill Landfill Facility	0	0	2,300,000
24410/10	Purchase FOGO Processing Plant - Red Hill Landfill Facility	150,000	465,000	0
24410/11	Liquid Waste Project Plant - Red Hill Landfill Facility	550,000	0	0
	Net Expenditure	**10,321,364**	**7,153,047**	**5,602,811**

Waste Environmental Team

Capital Expenditure

24396/00	Construct Monitoring Bores - Red Hill Landfill Facility	20,000	22,000	70,000
24396/02	Construct Monitoring Bores - Hazelmere	0	0	70,000
	Net Expenditure	**20,000**	**22,000**	**140,000**

Capital Works Summary 2021/2022

Total Organisation	Budget 2020/2021	Forecast 2020/2021	Budget 2021/2022
Total Capital Expenditure	19,616,114	16,613,745	16,333,004
			240

11.4   RISK MANAGEMENT UPDATE

REFERENCE: D2021/08823

PURPOSE OF REPORT

The purpose of this report is to provide Council with an update on the status of the risk management arrangements at the EMRC.

KEY POINTS AND RECOMMENDATION(S)

- Sound corporate governance requires an integrated risk management approach including management processes, strategic planning, reporting and performance management.

- The key to successful integration is streamlining the approach to manage risk by ensuring that everyone uses common language and documents their risks using a consistent approach.

- The recent introduction of the CAMMS risk management software will make it more efficient and effective for the EMRC to remain committed to ensuring that effective risk management remains central to all of the EMRC's core functions and service deliveries.

Recommendation(s)

That Council notes the update on the status of the Council's risk management objectives.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

A review of the EMRC's risk management framework was conducted by a consultant from the Local Government Insurance Scheme (LGIS).   The review included a revision of the EMRC's current risk management policy and updates to the procedural risk documentation including the formation of a new EMRC Risk Register, Risk Appetite Statement and Risk Profile document.

It is the EMRC's Policy to achieve best practice, aligned with AS/NZS ISO 31000:2018 Risk management – Guidelines, in the management of all risks that may affect the EMRC in meeting its objectives.

At the ordinary Council meeting on 3 December 2020 it was resolved that:

THAT COUNCIL:

1. *CANCELS 7.1 - RISK MANAGEMENT POLICY, FORMING ATTACHMENT 1 OF THIS REPORT.*

2. *ADOPTS A NEW 7.1 - RISK MANAGEMENT POLICY, FORMING ATTACHMENT 3 OF THIS REPORT.*

3. *ENDORSES THE NEW RISK MANAGEMENT FRAMEWORK, FORMING ATTACHMENT 4 OF THIS REPORT AND THE NEW RISK APPETITE STATEMENT, FORMING ATTACHMENT 5 OF THIS REPORT TO ENSURE THAT THE APPROPRIATE GOVERNANCE OF RISK MANAGEMENT WITHIN THE EMRC IS PROVIDED.*

The EMRC has quantified its broad risk appetite through the EMRC's risk assessment and acceptance criteria. The criteria are included within the EMRC's Risk Management Policy, Risk Management Framework and the Risk Appetite Statement.

Item 11.4 continued

The EMRC is to implement and integrate a monitor and review process and to report on the progress of its achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends. The new policy and risk framework will be reviewed by the EMRC's Leadership Team at least once every three (3) years and any changes or modifications to the risk policy and framework are to be brought back to Council for consideration.

REPORT

The EMRC's Risk Management Framework provides the guidance to integrate risk management into significant activities and functions performed by the EMRC and supporting the EMRC's ability to use risk management as part of the decision making processes.

The current EMRC risk appetite accepts the taking of controlled risks, the use of innovative approaches and the development of new opportunities to improve service delivery and to achieve EMRC objectives provided that the risks are properly identified, evaluated and managed to ensure that any exposures are acceptable.

To effectively embed risk management throughout the organisation, the EMRC has introduced the CAMMS risk management software for the management of all of its strategic, operational and project risks. The CAMMS programme has been designed to assist with:

- Establishing risk registers;
- Conducting inherent, residual and target risk assessments;
- Establish causal factors and conducting regular reviews of these;
- Establish a comprehensive control framework and a centralised control library in line with industry and regulatory standards including ISO 31000, COSO and SOX compliance requirements;
- Document, assign and track a detailed treatment plan to assist in the implementation of controls and management of the risks on an ongoing basis.
- Utilise key indicators linked to risks to assist in the validation and rating of risks;
- Analyse and explore risk impacts through quantitative risk analysis and reporting techniques including heat map reporting.

Currently the CAMMS risk software is being used for strategic risks. It is intended that this will also be used for all of the EMRC's operational risks and project risks at the next phase of the rollout.

The current risk management profile (heat map report), forming attachment 1 to this report, is the first heat map report generated using the CAMMS risk software following its implementation and shows all of the EMRC's strategic risks. The heat map offers a visualised, comprehensive view of the likelihood and impact of the EMRC's strategic risks and helps the organisation improve its risk management and risk governance by prioritising risk management efforts.

By way of a comparison the previous risk management profile (heat map report), forming attachment 2 of this report, which was designed manually in the absence of the CAMMS risk management software in November 2020, showed the potential likelihood and impact of the EMRC's strategic risks to assist in strategic decision making for the health of the organisation at that time.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

FINANCIAL IMPLICATIONS

Nil

Item 11.4 continued

SUSTAINABILITY IMPLICATIONS

Nil

RISK MANAGEMENT

RISK:		
The EMRC is required to ensure that all risks are reviewed, monitored and controlled on a regular basis		
Consequence	**Likelihood**	**Rating**
Moderate	Likely	High
Action/Strategy		
Council to note the update on the status of the Council's risk management objectives.		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

1. Current risk management profile (Ref: D2021/08925)

2. Previous risk management profile (Ref: D2021/08926)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the update on the status of the Council's risk management objectives.
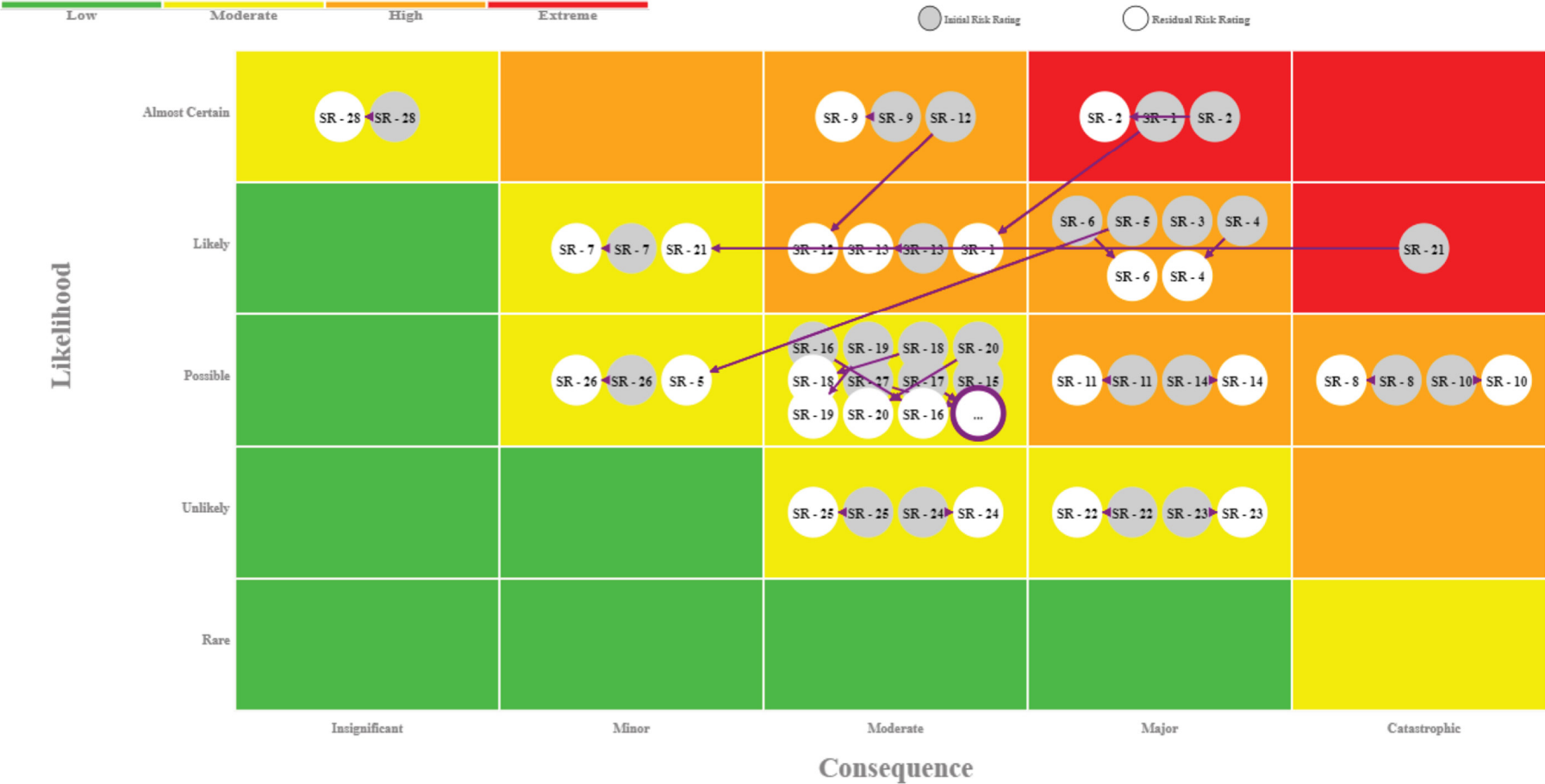
AC RECOMMENDATION(S)

MOVED CR BOYD   SECONDED CR JEANS

That Council notes the update on the status of the Council's risk management objectives.

CARRIED UNANIMOUSLY

Risk Code	Risk Title
SR - 10	WWTE (Pyrolysis) Project underperformance
SR - 9	Odour, noise, dust and traffic complaints
SR - 18	Capex project objectives/targets not achieved
SR - 24	Light vehicle or pedestrian interaction with heavy equipment
SR - 13	Cyber attack
SR - 25	Fraudster changing a Creditor's bank account details
SR - 1	Excessive Employee Benefits leave liability
SR - 21	Employment related litigation
SR - 19	Licencing conditions breach
SR - 3	Ineffective Operational Reporting (timely and relevant)
SR - 12	By-passing established Tender or Procurement procedures
SR - 20	Lack of interest from Member Councils regarding Sustainability Programs
SR - 16	Injury to Operational Field Officers
SR - 8	Inadequate leachate control
SR - 5	Legacy issues restricting innovation and performance
SR - 14	Poor Stakeholder Engagement
SR - 23	Methane gas explosion
SR - 4	Over-use of single-source suppliers
SR - 28	Large numbers of Ibis and Pelicans scavenging on open tip face
SR - 22	Sub-surface landfill fires
SR - 7	Reduced Grant Funding
SR - 26	No scheduled maintenance program for all buildings
SR - 17	Covid-19 Infection
SR - 27	Intentional activities in excess of delegated authority (PID Officer)
SR - 6	Staff incompetence/inability to perform
SR - 11	Fire in operational sites
SR - 2	Inadequate succession planning
SR - 15	By-passing established administrative (non-financial) procedures
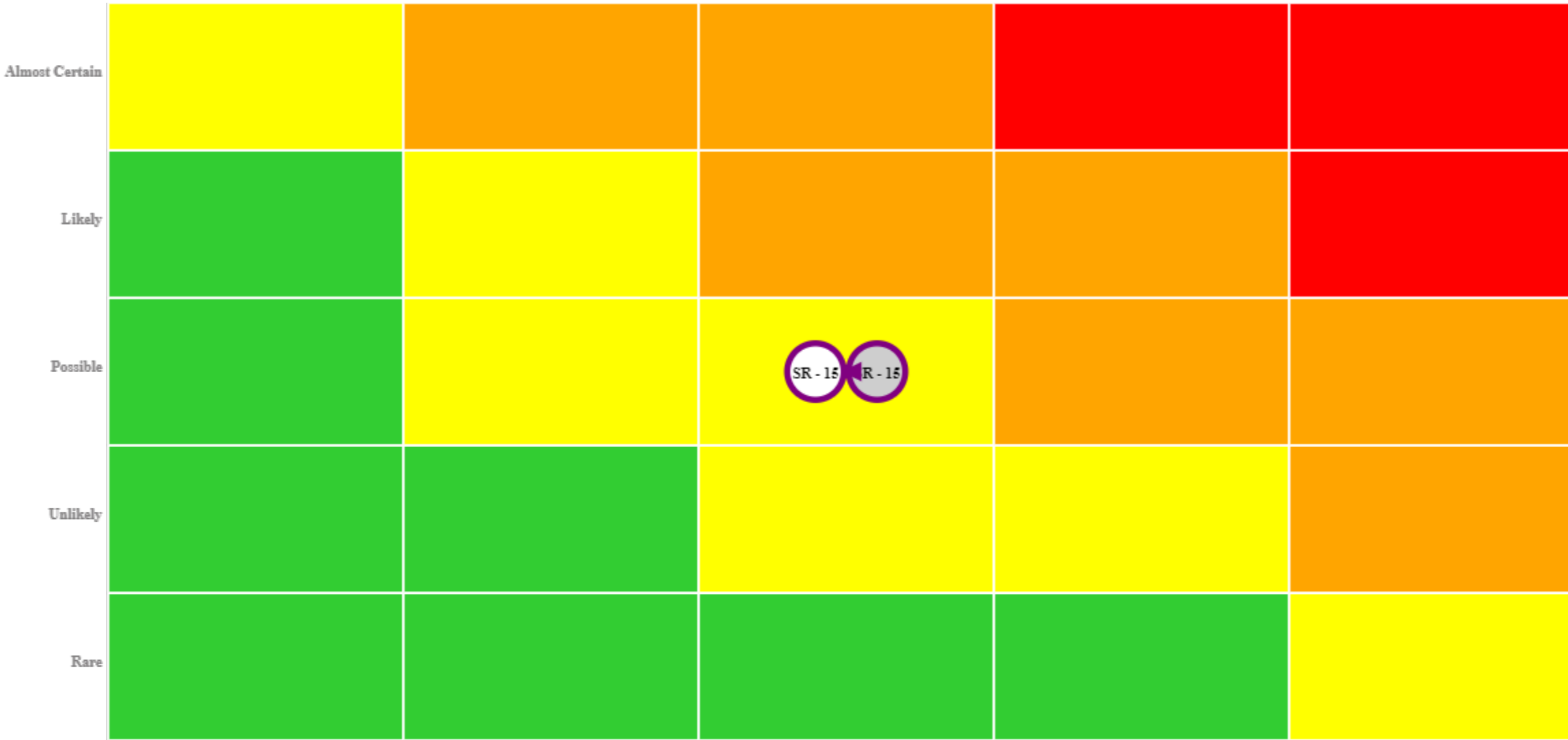
Risk Code	Risk Title
SR - 15	By-passing established administrative (non-financial) procedures
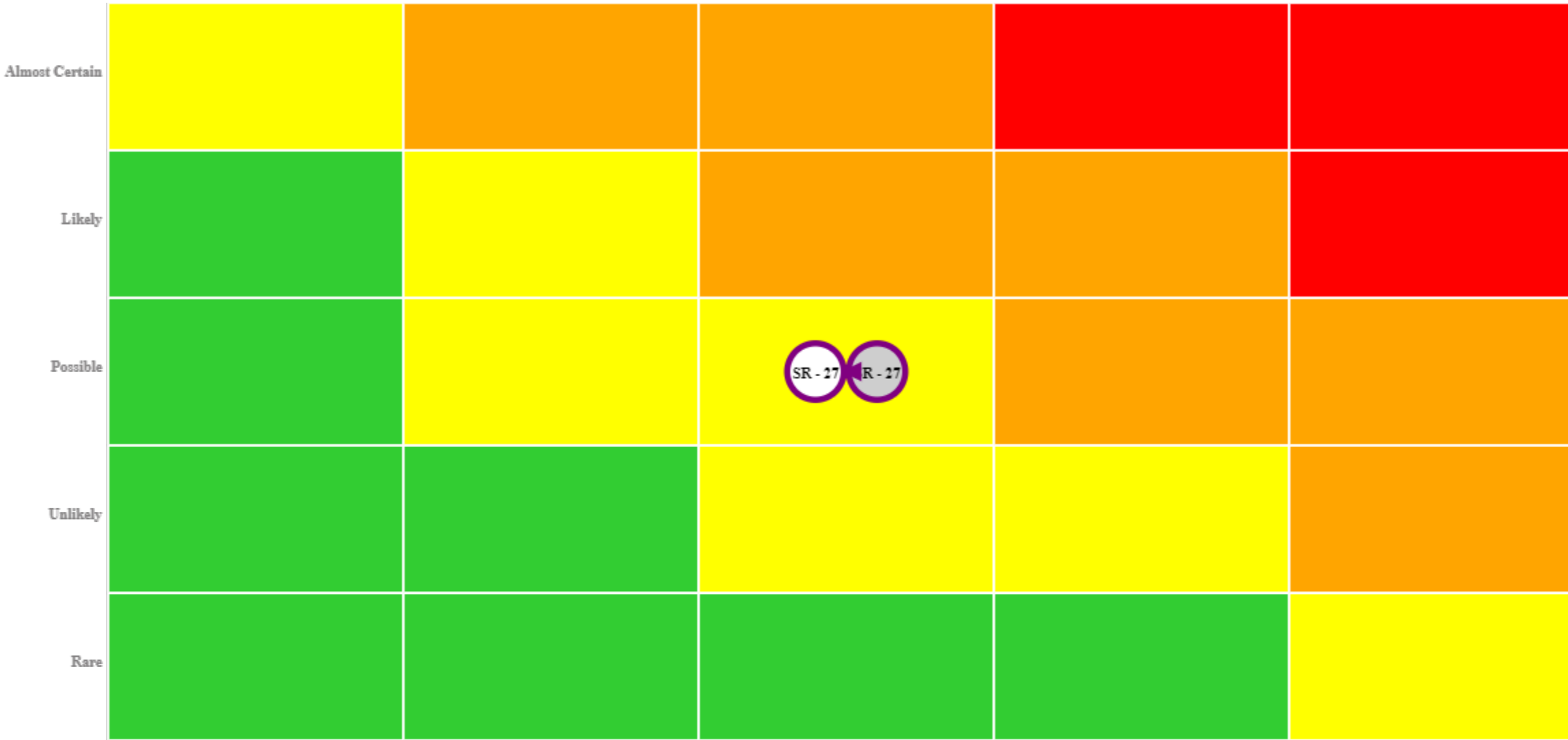
Risk Code	Risk Title
SR - 27	Intentional activities in excess of delegated authority (PID Officer)
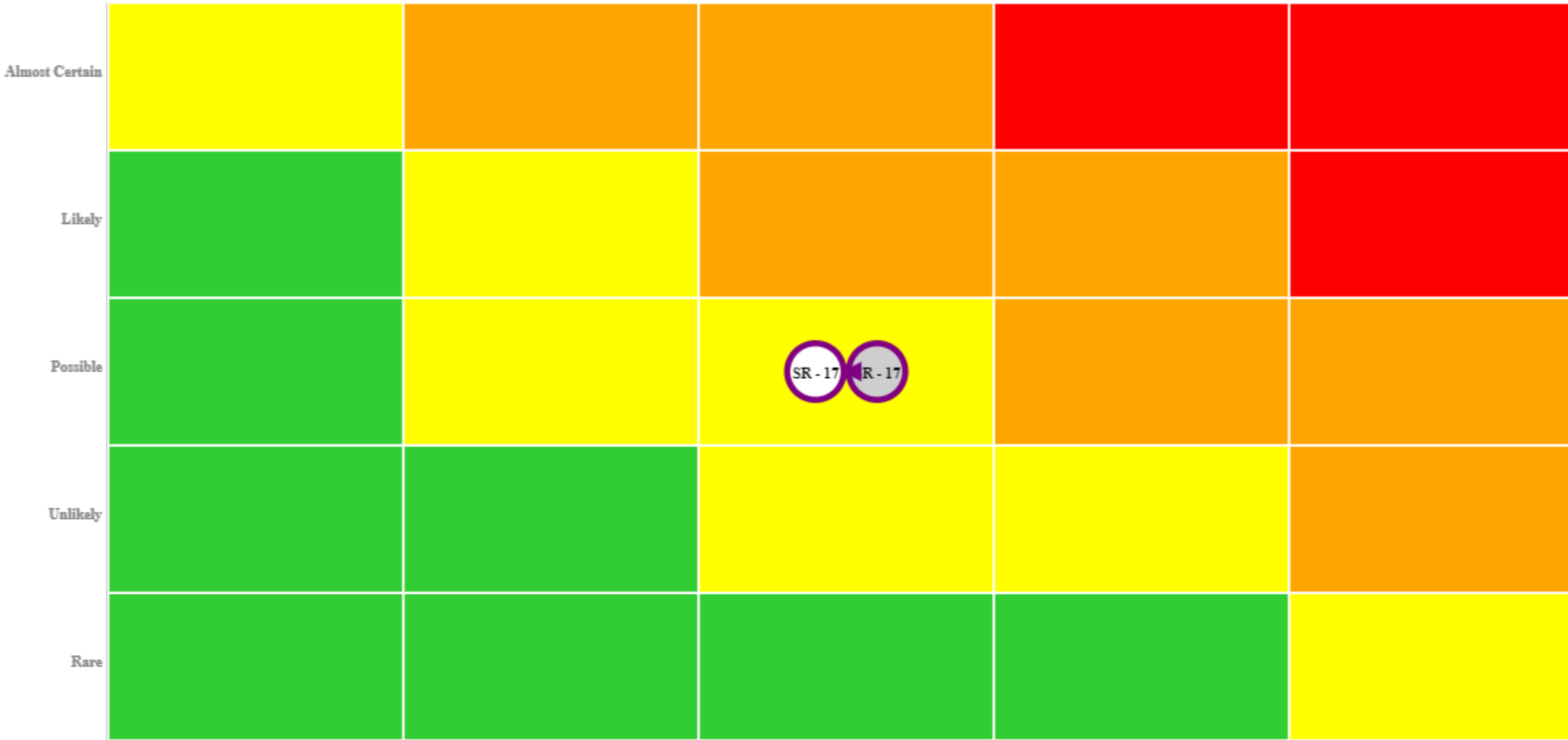
Risk Code	Risk Title
SR - 17	Covid-19 Infection

EMRC Risk Profile 2020/2021

Rank	Risk Name
1	Methane Gas Explosion
2	Licencing Conditions Breach
3	Injury to Operational Field Officers
4	Inadequate Leachate Control
5	WWTE (Pyrolysis) Project Underperformance
6	Sub-Surface Landfill Fires
7	Fire in Operational Sites
8	Light Vehicle or Pedestrian Interaction with Heavy Equipment
9	COVID-19 Infection
10	Cyber Attack
11	Fraudster Changing a Creditor's Bank Account Details
12	Bypassing Established Administration (Non-Financial) Procedures
13	Bypassing Procurement Procedures
14	Intentional Activities in Excess of Delegated Authority
15	No Scheduled Maintenance Program for All Buildings
16	Inadequate Succession Planning
17	Employment Related Litigation
18	Excessive Employee Leave Liability
19	Staff Incompetence/Inability to Perform
20	Capex Project Objectives/Targets Not Achieved
21	Poor Stakeholder Engagement
22	Reduced Grant Funding
23	Over-Use of Sole Source Suppliers
24	Lack of Interest from Member Councils regarding Sustainability Programs
25	Legacy Issues Restricting Innovation and Performance
26	Odour Noise Dust Traffic Complaints
27	Ineffective Operational Reporting
28	Bypassing Established Administrative (Non-Financial) Procedures

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

15   FUTURE MEETINGS OF THE AUDIT COMMITTEE

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

> *"4   Meetings*
>
> 4.1   *The Audit Committee will meet as required at the discretion of the chairperson of the committee and at least three times per year to coincide with:*
>   a.   *Approval of strategic and annual plans;*
>   b.   *Approval of the annual budget; and*
>   c.   *The auditor's report on the annual financial report."*

Future Meetings 2021

Thursday	1 July	(if required)	at	EMRC Administration Office
Thursday	5 August	(if required)	at	EMRC Administration Office
Thursday	2 September	(if required)	at	EMRC Administration Office
Thursday	7 October	(if required)	at	EMRC Administration Office
Thursday	4 November	(if required)	at	EMRC Administration Office

16   DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 6:35pm.