

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2022 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2022 forming attachment 2 of this report.
3. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2021/2022 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

AC RECOMMENDATION(S)

MOVED

SECONDED

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. INFRASTRUCTURE

Movements in Carrying Amounts

Movements in the carrying amount of infrastructure between the beginning and the end of the financial year are reflected as follows:

	<u>Landfill Cells</u>	<u>Other Structures</u>	<u>Post Closure Asset</u>	<u>Work in Progress</u>	<u>Total</u>
	\$	\$		\$	\$
Balance at 1 July 2020	9,075,628	10,329,233	1,718,159	9,034,255	30,157,275
Additions	3,240	94,300	0	4,669,756	4,767,296
(Disposals)	0	(512,287)	0	0	(512,287)
Reclassification	0	262,982	0	0	262,982
Revaluation - increments/(decrements)	1,987,197	(533,043)	3,953,704	0	5,407,858
Depreciation expense	(3,832,264)	(514,754)	(54,953)	0	(4,401,971)
Balance at 30 June 2021	7,233,801	9,126,431	5,616,910	13,704,011	35,681,153
Comprises:					
Gross Carrying Amount at 30 June 2021	7,233,801	9,126,431	5,616,910	13,704,011	35,681,153
Accumulated depreciation at 30 June 2021	0	0	0	0	0
Carrying amount at 30 June 2021	7,233,801	9,126,431	5,616,910	13,704,011	35,681,153
Additions	600,596	38,140	0	1,308,425	1,947,161
(Disposals)	0	(17,317)	0	0	(17,317)
WIP - Transfers in/(out)	2,187,442	0	0	(2,187,442)	0
Depreciation expense	(2,171,475)	(143,758)	(162,251)	0	(2,477,484)
Carrying amount at 30 June 2022	7,850,364	9,003,496	5,454,659	12,824,994	35,133,513
Comprises:					
Gross Carrying Amount at 30 June 2022	10,021,839	9,147,254	5,616,910	12,824,994	37,610,997
Accumulated depreciation at 30 June 2022	(2,171,475)	(143,758)	(162,251)	0	(2,477,484)
Carrying amount at 30 June 2022	7,850,364	9,003,496	5,454,659	12,824,994	35,133,513

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

13. INFRASTRUCTURE (Continued)

Infrastructure:

The EMRC's infrastructure assets were revalued during the 2020/2021 financial year as part of the mandatory requirements embodied in *Local Government (Financial Management) Regulations 1996, Reg.17A*.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus the value is considered in accordance with *Local Government (Financial Management) Regulations 1996, Reg.17A (2)* which requires these assets to be shown at fair value.

They will next be revalued during the year ended 30 June 2025 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. REVALUATION SURPLUS	ACTUAL 2021/2022 \$	ACTUAL 2020/2021 \$
Revaluation surpluses have arisen as a result of the revaluation of the following classes of non-current assets:		
Plant and Equipment and Furniture and Fittings		
Opening balance	4,985,742	5,123,295
Revaluation Increment/(decrement)	0	0
Revaluation writeback on disposals	(270,305)	(137,553)
Closing Balance	4,715,437	4,985,742
Land		
Opening balance	26,804,789	31,540,696
Revaluation Increment/(decrement)	0	(4,735,907)
Revaluation writeback on disposals	0	0
Closing Balance	26,804,789	26,804,789
Buildings		
Opening balance	1,290,137	1,699,769
Revaluation Increment/(decrement)	0	(409,632)
Revaluation writeback on disposals	0	0
Closing Balance	1,290,137	1,290,137
Artworks		
Opening balance	14,164	14,164
Revaluation Increment/(decrement)	0	0
Revaluation writeback on disposals	0	0
Closing Balance	14,164	14,164
Infrastructure - Other Structures		
Opening balance	2,393,763	3,753,241
Revaluation Increment/(decrement)	0	(533,044)
Revaluation writeback on disposals	(4,051)	(826,434)
Closing Balance	2,389,712	2,393,763
Infrastructure - Landfill Cells and Post Closure Asset		
Opening balance	1,669,297	0
Revaluation Increment/(decrement)	0	1,669,297
Closing Balance	1,669,297	1,669,297
Total Revaluation Surplus	36,883,536	37,157,892
Revaluation Surplus Summary		
Opening balance	37,157,892	42,131,165
Revaluation Increment/(decrement)	0	(4,009,286)
Revaluation writeback on disposals	(274,356)	(963,987)
Total Revaluation Surplus	36,883,536	37,157,892

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. TRADE AND OTHER PAYABLES	ACTUAL	ACTUAL
	2021/2022	2020/2021
	\$	\$
Current		
Payroll Accruals	304,725	184,265
GST Liability	126,627	264,894
Sundry Creditors	5,311,909	12,175,441
	<u>5,743,261</u>	<u>12,624,600</u>

16. CONTRACT LIABILITIES	ACTUAL	ACTUAL
	2021/2022	2020/2021
	\$	\$
Current		
Amounts Received in Advance	<u>405,480</u>	<u>0</u>

Contract Liabilities represent the EMRC's performance obligation relating to services to be delivered in the financial year ending 30 June 2023

17. PROVISIONS	ACTUAL	ACTUAL
	2021/2022	2020/2021
	\$	\$
Current Employee Benefits Related Provisions		
Employees Annual Leave	903,955	838,772
Employees Long Service Leave	775,239	734,627
Employment On-Costs	249,823	241,345
	<u>1,929,017</u>	<u>1,814,744</u>
Non-current Employee Benefits Related Provisions		
Employees Long Service Leave	79,463	70,279
Employment On-Costs	12,594	10,940
	<u>92,057</u>	<u>81,219</u>
Total Employee Benefits Provisions	<u>2,021,074</u>	<u>1,895,963</u>
Non-current Other Provisions		
Red Hill Landfill Site Post Closure Rehabilitation	4,509,687	4,511,277
Red Hill Landfill Environmental Monitoring	2,107,483	2,114,665
City of Belmont Equity Entitlement	21,000,517	0
	<u>27,617,687</u>	<u>6,625,942</u>
Total Provisions	<u>29,638,761</u>	<u>8,521,905</u>
Analysis of total provisions:		
Current	1,929,017	1,814,744
Non-current	27,709,744	6,707,161
	<u>29,638,761</u>	<u>8,521,905</u>

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Employment On-Costs	Provision for Site Rehabilitation	Provision for Environmental Monitoring	Provision for City of Belmont payout (note 25)	Total
	\$	\$	\$	\$	\$	\$	\$
Opening Balance as at 1 July 2020	877,541	813,214	238,877	4,986,647	2,350,987	0	9,267,266
Provisions movement	609,377	90,878	13,408	(629,956)	(309,203)	0	(225,496)
Amounts used	(648,146)	(99,186)	0	0	0	0	(747,332)
Unwinding of discount	0	0	0	154,586	72,881	0	227,467
Balance as at 1 July 2021	838,772	804,906	252,285	4,511,277	2,114,665	0	8,521,905
Provisions movement	614,862	95,373	10,132	(104,221)	(55,291)	21,000,517	21,561,372
Amounts used	(549,679)	(45,577)	0	0	0	0	(595,256)
Unwinding of discount				102,631	48,109	0	150,740
Balance as 30 June 2022	903,955	854,702	262,417	4,509,687	2,107,483	21,000,517	29,638,761

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

17. PROVISIONS (Continued)

Annual Leave Liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2021/2022	2020/2021
	\$	\$
Within 12 months of the end of the reporting period	582,170	599,574
More than 12 months after the end of the reporting period	321,785	239,198
	<u>903,955</u>	<u>838,772</u>

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long Service Leave Liabilities

Unconditional long service leave provisions are classified as current liabilities as the EMRC does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the EMRC has an unconditional right to defer settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2021/2022	2020/2021
	\$	\$
Within 12 months of the end of the reporting period	548,598	544,469
More than 12 months after the end of the reporting period	306,104	260,437
	<u>854,702</u>	<u>804,906</u>

The provision for long service leave is calculated at the present value as the EMRC does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. PROVISIONS (Continued)

Employment On-Cost Provision

The settlement of annual leave and long service leave liabilities give rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Employee Costs' in the Statement of Comprehensive Income. The related liability is included in 'Employment On-Costs' provision.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. RESERVES

	ACTUAL 2021/2022 \$	BUDGET 2021/2022 \$	ACTUAL 2020/2021 \$
(a) Plant and Equipment Reserve			
Opening balance	749,821	724,344	141,856
Transfer from retained surplus	2,916,673	1,957,975	3,026,207
Transfer to retained surplus	(1,461,505)	(1,979,000)	(2,419,899)
Interest	2,872	1,500	1,657
Closing Balance	2,207,861	704,819	749,821
(b) Site Rehabilitation Reserve - Post Closure			
Opening balance	2,943,263	5,545,303	4,986,647
Transfer from retained surplus	1,555,151	488,924	0
Transfer to retained surplus	0	0	(2,101,647)
Interest	11,273	56,000	58,263
Closing Balance	4,509,687	6,090,227	2,943,263
(c) Future Development Reserve			
Opening balance	11,460,995	16,772,393	18,263,389
Transfer from retained surplus	9,000,000	0	0
Transfer to retained surplus	(44,079)	(2,550,000)	(7,015,782)
Interest	43,895	189,000	213,388
Closing Balance	20,460,811	14,411,393	11,460,995
(d) Environmental Monitoring Reserve			
Opening balance	1,349,161	2,654,559	2,350,987
Transfer from retained surplus	753,155	269,486	0
Transfer to retained surplus	0	0	(1,029,295)
Interest	5,167	27,500	27,469
Closing Balance	2,107,483	2,951,545	1,349,161
(e) Environmental Insurance Reserve			
Opening balance	59,639	59,604	46,892
Transfer from retained surplus	0	45,000	50,000
Transfer to retained surplus	(59,766)	(39,690)	(37,801)
Interest	127	800	548
Closing Balance	0	65,714	59,639

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DRY / KIRKNESS

Annual Audit Completion Report

Accounting / Audit & Assurance /
Bookkeeping / Self-Managed
Superannuation Funds



Office of the Auditor General
Serving the Public Interest

Introduction

FROM OUR ENGAGEMENT DIRECTOR

Eastern Metropolitan Regional Council for the year ended 30 June 2022.

We would like to take this opportunity to thank the management team for their assistance during the audit process. If you have any queries on the report, please feel free to contact me.



**MARCIA
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DIRECTOR**

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**LIANG WONG
ASSISTANT DIRECTOR**

OAG Representative
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Executive Summary

- + Dry Kirkness (Audit) Pty Ltd was appointed as the contract auditor by the Office of the Auditor General for the year ended 30 June 2022.
- + Dry Kirkness (Audit) Pty Ltd has completed the external statutory audit for the year ended 30 June 2022.
- + No unresolved issues.
- + Our findings are included in this report.
- + We intend to recommend to the Auditor General to issue an unqualified audit opinion in relation to the financial statements.
- + There are no outstanding matters.



Independence

We are independent of the Shire in accordance with the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants.

Threats to independence include the following:

- + Self Interest Threats
- + Self Review Threats
- + Advocacy Threats
- + Familiarity Threats
- + Intimidation Threats

What we do to remain independent:

- + All team members sign an independence declaration at the commencement of the audit;
- + We monitor our individual independence throughout the audit;
- + All team members sign off an independence declaration at the completion of the audit.

Compliance With Laws & Regulations & Fraud

Laws and Regulations applicable to the Shire include the following:

- + Local Government Act 1995;
- + Local Government (Financial Management) Regulations 1996;
- + Local Government (Audit) Regulations 1996;
- + Australian Tax Office (GST / FBT / PAYG) Compliance;
- + Compliance with conditions of program funding arrangements.

During the audit process there have been:

- + No report of any non-compliance issues.
- + No findings or indications of suspected fraud.

As far as the external audit relates to the matters noted above.



Key Audit Matters and Audit Outcomes

/ DRY KIRKNESS

During the planning phase of the audit, we identified the following issues and key areas of audit risk.

Details of Risk / Issue	Audit Approach
<p>Audit findings reported in the previous audit</p> <ul style="list-style-type: none"> + Tenders register not in compliance with the Regulations + Lack of sufficient quotes for purchases + Purchase orders dated after invoice dates 	<p>We followed up on last year's audit issues during the audit and are pleased to report that the issues were resolved.</p>
<p>Changes to Local Government (Financial Management) Regulations:</p> <ul style="list-style-type: none"> + Removal of the requirement for local government entities to report financial ratios within the financial statements 	<p>We reviewed the financial report and confirmed that management has complied with the change in Regulation.</p>
<p>We have identified the following areas that we consider require additional focus during our 2021- 22 local government audits:</p> <ul style="list-style-type: none"> + Related party disclosures + Revenue recognition + Unauthorised expenditure + Unrecorded liabilities and expenses + Fictitious employees + Accounting for cloud computing arrangements 	<p>We reviewed the related audit evidence as part of our audit testing and confirmed that appropriate recognition and measurement and disclosures have been made in the financial report in relation to the risks identified.</p>
<p>The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention:</p> <ul style="list-style-type: none"> + Provision for annual and long service leave + Provision for rehabilitation of waste disposal sites 	<p>We reviewed the methodology and underlying data that management used when determining critical accounting estimates. We confirmed the reasonableness of the assumptions and corroborating representations.</p>
<p>The impact on the current year financial statements with regards to the withdrawal of the City of Belmont as a member of EMRC.</p>	<p>We reviewed management's assessment of the impact as well as supporting documents and determine that the matter has been correctly recognised and disclosed in the financial statements.</p>

Audit Misstatements

There were no uncorrected misstatements.

Audit Findings

There were no audit findings.

Key Changes for Next Year

Changes in regulations

- + DLGSCI invited comments from local governments on proposed reforms which includes improved financial management and reporting. New standardized templates are proposed for larger and smaller local government entities. Smaller local governments will have a more streamlined standard financial statements, reflecting the generally less complex operations of smaller local governments.

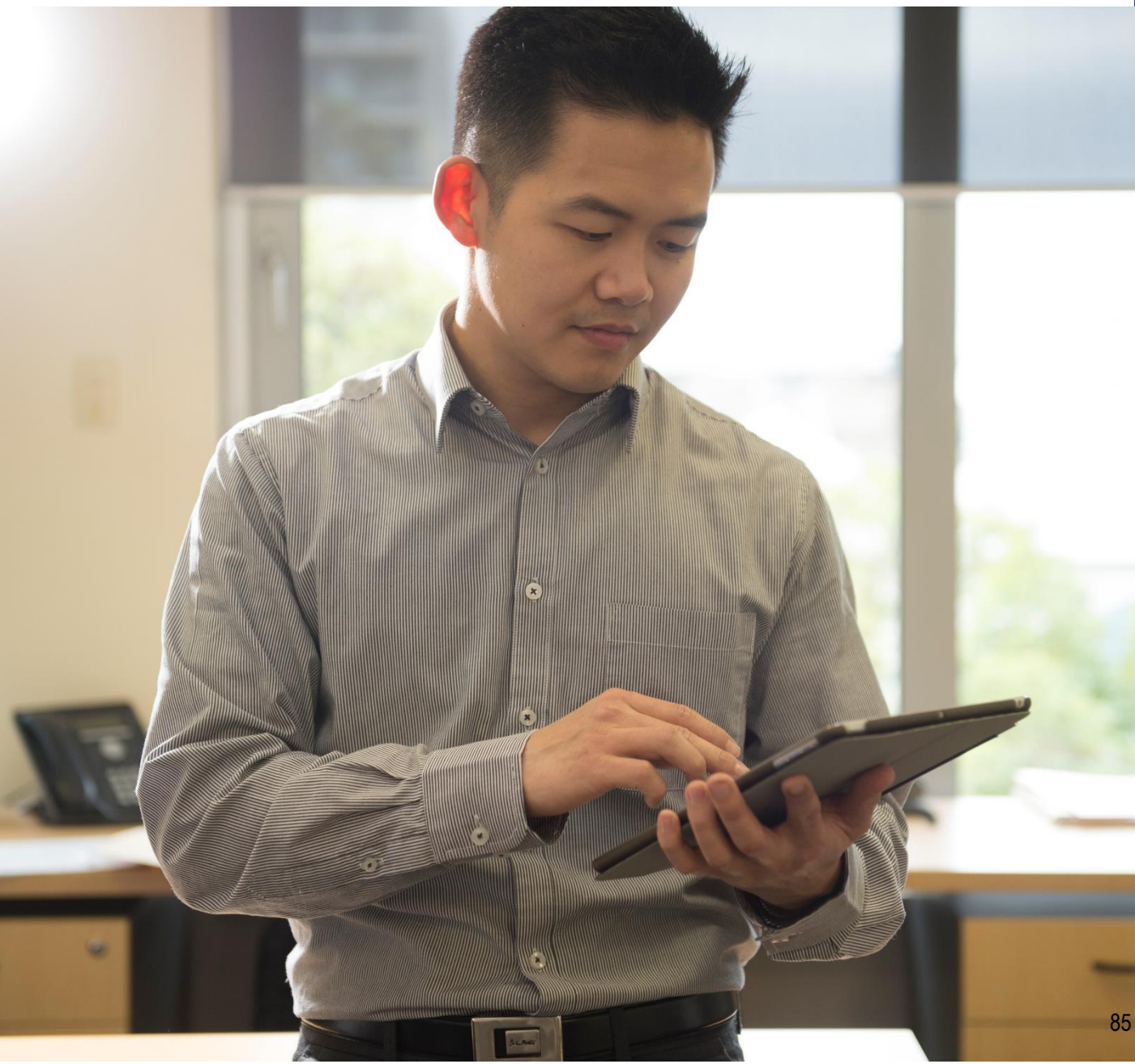
Accounting Issues for 2023

- + None anticipated that would have a significant impact on the financial statements for the year ending 30 June 2023.



Thank You

We would like to take this opportunity to once again thank the management team for their assistance during the audit process, in particular we would like to thank Hua Jer Liew, David Ameduri and Le Truong and the finance team for their support.



Accounting / Audit & Assurance /
Bookkeeping / Self-Managed
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11.2 INTERNAL AUDIT REPORT – 2022 PROGRAMME

D2022/16773

PURPOSE OF REPORT

The purpose of this report is to present the Audit Committee (AC) with the internal audit report of the 2021/2022 internal audit programme.

KEY POINT(S)

- At the June 2020 meeting, Council endorsed a new internal audit programme to be spread over a three year (plus three year) cycle to coincide with the new requirements of the *Local Government (Financial Management) Regulations 1996* and consisting of 22 auditable areas.
- This year (2021/2022) represents the second year of the three year (plus three year) programme.
- The internal audit programme for this year commenced in March 2022 and the Grants Management, Accounts Receivable, Accounts Payable (Transactional) and Payroll (Transactional) audit areas were the first areas to be audited and finalised and were presented at the June 2022 Audit Committee and Council Meeting.
- The IT General Controls, IT Vulnerability Assessment, Records Management and Waste Management Facility (Landfill Operations) were audited and finalised in August and September 2022 and internal audit reports are now ready to be presented to Council.
- The internal audit reports for the Records Management and Waste Management Facility (Landfill Operations) auditable areas have achieved their overall risk rating outcomes and no findings or recommendations were highlighted. The Waste Management Facility (Landfill Operations) audit report also contains some business improvements.
- The internal audit report for the IT General Controls auditable area highlights no further recommendations and business improvements.
- The internal audit report for the IT Vulnerability Assessment auditable area contains recommendations and business improvements as identified in the confidential attachment no.2.

RECOMMENDATION(S)

1. That Council notes the internal audit reports forming attachments 1 to 4 to this report.
2. The attachment no. 2 remains confidential and be certified by the Chairman and CEO.

SOURCE OF REPORT

Chief Executive Officer

BACKGROUND

- 1 At the Audit Committee (AC) meeting held on 4 June 2020 (Ref D2020/05734), the Committee endorsed a three year (plus three year) programme, which was subsequently adopted by Council at its meeting of 18 June 2020.
- 2 The three year (plus three year) programme is as follows:

Auditable Area	Business Team	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Accounts Payable (Masterfile)	Business Support	•		•		•	
Accounts Payable (Transactional)	Business Support		•		•		•
Auditable Area	Business Team	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Accounts Receivable	Business Support		•		•		•
Contract Management	Operations	•		•		•	
Corporate Governance	Business Support	•			•		
Grants Management	Sustainability		•			•	
Human Resource Management	Office of CEO	•		•		•	
Investment Policies	Business Support			•			•
IT General Controls	Business Support	•	•	•	•	•	•
IT Vulnerability Assessment	Business Support		•		•		•
OH&S Systems Review	Office of CEO	•		•		•	
OH&S reporting and remedial actions	Office of CEO	•		•		•	
Payroll (Masterfile & Compliance)	Business Support	•		•		•	
Payroll (Transactional)	Business Support		•		•		•
Plant & Equipment	Operations			•		•	
Procurement	Business Support				•		•
Records Management	Business Support		•			•	
Taxation	Business Support			•			•

Waste Management Facility (Landfill Operations)	Operations		•		•		•
Waste Management (Wood waste, Community Recycling Centres and other processing transfer)	Operations	•		•		•	
Financial Management Systems Review (legislative requirement)	Business Support		•			•	
Auditable Area	Business Team	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026
Review of Risk Management, Internal Control and Legislative Compliance (legislative requirement)	Business Support		•			•	

REPORT

- 3 The internal audit programme for this year commenced in March 2022 for the following audit areas:
 - Grants Management;
 - Accounts Receivable;
 - Accounts Payable (Transactional);
 - Payroll (Transactional);
 - IT General Controls;
 - IT Vulnerability Assessment;
 - Records Management; and
 - Waste Management Facility (Landfill Operations).
- 4 The internal audit for the Grants Management, Accounts Receivable, Accounts Payable (Transactional) and Payroll (Transactional) audit areas were presented to the June 2022 round of Audit and Council meetings.
- 5 The audit review of the IT General Controls, IT Vulnerability Assessment, Records Management and Waste Management Facility (Landfill Operations) auditable areas have now been completed with the internal audit reports are finalised and are presented here for noting.

6 A summary of the findings on the internal audit are summarised as follows:

Auditable Area	Overall Risk Rating Outcomes	Summary of Findings	Recommendations	Business Improvements
IT General Controls	The EMRC has made sufficient progress on all the business improvements raised which will help with the EMRC's alignment with best practice	The audit was performed originally in May 2021 that resulted in several business improvements to be in accordance with Local Government best practice.	None	None
IT Vulnerability Assessment	As identified in the confidential attachment No. 2			
Records Management	Achieved	None	None	None
Waste Management Facility (Landfill Operations)	Achieved	None	None	Audit suggests that the risks are appropriately monitored in accordance with the stated review date and the risk register is updated in accordance with the review process.

7 The findings on each of the auditable areas are covered in attachments 1 to 4 as part of this report.

8 The EMRC is reviewing all the suggested business improvement opportunities highlighted in the final audit report.

STRATEGIC/POLICY IMPLICATIONS

9 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

10 The annual budget provides for the internal audit function.

SUSTAINABILITY IMPLICATIONS

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

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 internal audit reports.		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

1. Internal Audit Report: IT General Controls (D2022/17112)
2. *Confidential* Internal Audit Report: IT Vulnerability Assessment (D2022/17111)
3. Internal Audit Report: Records Management (D2022/17110)
4. Internal Audit Report: Waste Management Facility (Landfill Operations) (D2022/17113)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

1. That Council notes the internal audit reports forming attachments 1 to 4 to this report.
2. The attachment no. 2 remains confidential and be certified by the Chairman and CEO.

AC RECOMMENDATION(S)

MOVED

SECONDED



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**Eastern Metropolitan Regional Council
IT General Controls Follow Up
Internal Audit**

September 2022



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1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of five member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, 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 EMRC 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 IT General Controls Follow-up has been scheduled.

Audit Objective:

This is classified as an assurance audit with a focus on controls. This audit is a follow-up of the status of the previous year's IT General Controls audit.

The following business improvements were raised in the previous year's IT General Controls Audit:

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 the EMRC considers 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 the EMRC has 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 the EMRC considers 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.

Audit has followed up to assess the progress made regarding each business improvement raised from the previous year's IT General Controls Audit.

Scope of works

The audit was a point in time follow-up.

2. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

The EMRC has welcomed the improvements suggested in the previous year's General Controls audit and is in the final stages of completing the recommendations. The enhanced FortiGate Intrusion Prevention System has increased our level of security at the Internet gateway and the FortiAnalyzer Intrusion Detection System will give us real-time threat detection.

Stantons - Audit Management Comments

It is pleasing to note that the EMRC are in the final stages of completing the business improvement recommendations from last year. We wish to thank the Information Services team for all their assistance with the audit.

DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS

DISCLAIMER

This report is prepared for the 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.

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 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.

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Report Release

Released by (Name): James Cottrill

Signature:



Title: Principal, Internal Audit, IT Audit & Risk Consulting

Date: 19 September 2022

3. DETAILED AUDIT ASSESSMENT

3.1 FOLLOW-UP TO ASSESS THE PROGRESS MADE WITH REGARD TO EACH BUSINESS IMPROVEMENT RAISED FROM THE PREVIOUS YEAR'S IT GENERAL CONTROLS AUDIT

Overall Outcome	The EMRC has made sufficient progress on all the business improvements raised which will help their alignment with best practice.
------------------------	---

Audit performed an IT General Controls Audit over the EMRC in May 2021 and provided several business improvements formulated as per Local Government best practice.

Audit were informed by the Manager, Information Services that the following guidelines are currently under review:

- Management Guidelines – Data Security Policy
- Management Guidelines – Email Policy.

Audit obtained and reviewed the Diversion of Phone Systems document which is a summary of the updates that have taken place and are currently being progressed. There is provision for diverting the Ascot office public telephone number to a standby message bank in the event of a major disruption to business, which is still currently operational. However, the EMRC is in the process of replacing the current phone system at its Ascot, Hazelmere, and Red Hill sites with one unified system. The new system will comprise of 4-digit extension numbers across all sites, with each extension having a corresponding direct in-dial number. The new system is hosted with telephony delivered using VOIP (Voice Over IP) technology.

The new system will include business continuity features including:

- If an extension is not answered, caller can leave a voice message which is delivered to the user's email inbox
- Extensions can be set to be diverted to personal phones or a WebEx application if not answered.

Audit obtained and reviewed the Business Continuity Plan (BCP) which was updated on the 22 August 2022. The document includes a list of the Business Recovery Team and a summary of all the actions to be taken if the EMRC's Ascot Place Building is destroyed or otherwise inhabitable. The BCP also contains the contact details of the responsible EMRC members with inclusion of name, position, mobile number, and their roles in case of an emergency. The document is detailed and adequate.

Audit obtained and reviewed the Status of Intrusion Prevention System (IPS)-Intrusion Detection System (IDS) which was updated on 30 August 2022. The EMRC use two FortiGate devices running FortiOS 7.0.1 operating systems at the Ascot office which provides these features.

The other remote sites at Baywaste Hazelmere and Red Hill are using a single FortiGate/FortiWiFi 60E firewall device running the same operating systems. The Forti devices are on subscription and receive regular updates against viruses, Spam and known exploits. The FortiGate devices run an IPS and inspect all network traffic. The FortiGate units have been configured for IPS/IDS rulesets for the following traffic types:

- IPS/IDS Inbound from the Internet
- IPS/IDS Outbound to the Internet
- Additional Internet Information Service (IIS) / (Outlook on the Web) OWA configuration is enabled for the Ascot Exchange Server and RDS Gateway server as well (Ascot Only).

The FortiGate devices hold logs which are retained for a short period of time. There has been difficulty using these as an IDS, therefore, the EMRC has placed a purchase order for a FortiAnalyzer appliance which will provide 5GB of log retention sourced from all Forti devices and will provide better functionality as an IDS. The FortiAnalyzer provides real-time network and anomaly visibility as well as a threat dashboard and comprehensive reporting.

As per the Manager, Information Services, a formal and written contractual obligation for third parties is being integrated into the new Data Security Policy. Clauses are also being reviewed to be added to contract templates which include the following:

- “In the course of their work, the Contractor may be exposed to material of a confidential or sensitive nature. The Contractor agrees to uphold the confidentiality of this material.

In the course of their work, the Contractor may connect their computer equipment to the EMRC’s network or use the EMRC’s computing equipment. They may also conduct some or all their work via remote access and may also use the EMRC email system. In all cases, the Contractor agrees to comply with the EMRC’s Data Security Management Guideline, and any other security related policies provided”.

These clauses would hold third party contractors accountable for any Data Security breaches resulting from contractors’ negligence.

As per the Manager, Information Services, removable devices will be incorporated in the updated Data Security Policy. The move to Microsoft 365 has caused a reduction in the use of removable devices to distribute content due to the use of OneDrive shared folders/documents. The updated policy will recommend the use of OneDrive and the use of security options available such as expiring links and password protection to ensure reduction of use of removable devices. There is no inclusion of any specific security over removable devices like the use of Bit-Locker etc., but guidance over their use will be provided in the updated Data Security Policy.

Audit obtained and reviewed the IT System Changelog which contains all recent major changes within the system. The log contains the following information for each change:

- Date
- Category
- Version
- Change Title
- Who
- Change Description
- Manager Approval date.

The changes are logged appropriately and sorted accordingly by date. The category presents where the change is made like FortiGate or Active Directory etc. The versions for any updates or patches are also stated. The change title helps identify what the nature of the change is, and the change description explains the initial issue along with the remedy change in detail. The responsible person for the change is also identified in the log.

Overall, audit have concluded that the EMRC has made good progress in addressing most of the business improvement suggestions made since the last IT General Controls audit. We were not able to review some of the policies due to them being in progress but have noted that action is underway, and they are currently on track to be completed as per the suggestions.



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**Eastern Metropolitan Regional Council
Records Management
Internal Audit**

September 2022



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1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of five member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, 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 EMRC 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 Records Management is conducted every third year. This internal audit is to ensure the Council's recordkeeping practices comply with the provision of the *State Records Act 2000* and effective controls exist to manage Council records. The audit will cover the period 1 July 2021 to 31 March 2022.

Audit Objective:

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

The specific objectives of this audit were as follows:

Reliability and Integrity of Information

- Review controls in place for the safeguarding and securing of records.

Compliance

- Determine the extent to which legislation, Australian Standards, policies, and procedures have been complied with
- A suitable and current Record Keeping Plan (RKP) and supporting Disposal Schedule is in place
- A records management system is in use.

Risks Identified

- Non-compliance with policies and legislation such as the *State Records Act 2000*
- Records not properly secured and protected against loss
- Inappropriate access to records.

Scope of works

The audit period was 1 July 2021 to 31 March 2022.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Review controls in place for the safeguarding and securing of records.	Achieved	N/A
8.2	Determine the extent to which legislation, Australian Standards, policies, and procedures have been complied with.	Achieved	N/A
8.3	A suitable and current Record Keeping Plan (RKP) and supporting Disposal Schedule is in place	Achieved	N/A
8.4	A records management system is in use.	Achieved	N/A

3. SUMMARY OF FINDINGS

1. There were no findings raised.

4. RECOMMENDATIONS

1. There were no recommendations raised.

5. BUSINESS IMPROVEMENTS

1. There were no business improvements made.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

The EMRC welcomes the opportunity to review our record keeping practices and controls. It is pleasing to note there were no deficiencies noted at this time.

Stantons - Audit Management Comments

We wish to thank the records area for all their assistance with the audit and commend their good record keeping practices.

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

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Report Release

Released by (Name): James Cottrill

Signature: 

Title: Principal, Internal Audit, IT Audit & Risk Consulting

Date: 23 September 2022

8. DETAILED AUDIT ASSESSMENT

8.1 REVIEW CONTROLS IN PLACE FOR THE SAFEGUARDING AND SECURING OF RECORDS

Overall Outcome	Audit noted the controls in place for the safeguarding and securing of physical and electronic records are adequate.
------------------------	--

Physical Records

Audit obtained and reviewed the EMRC's "Records Disaster Prevention and Recovery Plan – Final – Signed – as at 27 08 2020". Audit noted that closed records are stored in an area established for records storage on the ground floor of the EMRC Ascot administration building. It is accessible by keys held by the Records Officer, Human Resources Team, and the Chief Projects Officer. This is due to records contents of this compactus being within the subject matter of the individual officers in addition to the Records Officer, and to ensure that there are multiple keys available to access this compactus in case of staff members not being available.

Due to the audit being conducted remotely, we were not able to physically review the EMRC Ascot's records storage facility but have reviewed it on previous occasions. We noted per the Record Keeping Plan (RKP) under section 4.1.1 "On Site Storage", the records storage facility includes:

- Metal compactus
- Fire retardant rooms for significant and vital records
- Fire retardant safe
- Secure premises
- Secure server rooms
- Smoke alarms throughout the building and a temperature sensor operating in the server room
- Air-conditioning in the records storage areas
- Two air-conditioning units operating continuously in the server rooms
- 24/7 monitoring through the EMRC's security monitoring company for fire and forced entry.

Audit also notes that records are stored at two other EMRC facilities, Red Hill Waste Management Facility, and the Hazelmere Recycling Facility. The administration offices of these facilities keep records for the current financial year and are these are moved to locked sea containers at the end of each period. As the Records Management audit was conducted simultaneously with the Waste Management audit, the Audit team was able to visit the Red Hill Facility and verified that the administration office adequately stored their records with:

- Laminated shelving in administration office
- Smoke alarms in administration office
- Air conditioning within the administration office
- Fenced secure premises.

Electronic Records

Per the "Records Disaster Prevention and Recovery Plan – Final – Signed – as at 27 08 2020", we note that in an event of a disaster, electronic records are replicated to a remote site as well as backed up to tape daily on a two-week cycle and held off site by the EMRC's back up support service "Compu-Stor". Additionally, the organisation uses multiple disparate virus checkers on the servers, workstations, firewall server and internet gateway routers. A quarterly back-up of all systems is also conducted and stored on site for 12 months. The location of the EDRMS Offline Records has been set to user H: Drives on the file server so that documents

stored there are backed up daily. We note that the local C: Drive is not backed up; however, staff are instructed not to store vital data on their desktop or C: Drive but instead to store it in the following network drives:

- H: (Personal)
- L: (Graphics)
- O: (Drawings)
- P: (Publisher)
- S: (Database).

Collaborative software/short term records storage such as One Drive and SharePoint is also utilised by EMRC. However, staff are advised to store final versions of documents on Content Manager (EMRC's Approved Electronic Document Records Management System).

Audit were also informed by the Records Officer that the results of each backup are emailed to the IT staff at EMRC by the backup software. These emails are checked daily to rectify any issues. Restoration from backup tapes is tested on an annual basis and the backup tapes and drives are replaced on a four-to-five-year replacement cycle. This allows for low usage to minimise potential data loss from deteriorated tapes.

No issues were noted.

8.2 DETERMINE THE EXTENT TO WHICH LEGISLATION, AUSTRALIAN STANDARDS, POLICIES, AND PROCEDURES HAVE BEEN COMPLIED WITH

Overall Outcomes	Audit confirmed full compliance with the relevant legislation, Australian standards, policies, and procedures regarding records management.
------------------	---

As part of assessing, Audit obtained the “Council Policy 7.3 – Records Management Policy” which was last reviewed on 17 September 2020. It is noted that the policy is not due for review as it is still within the four years established by the EMRC for regular reviews of policies. The policy refers to compliance with the following legislation and standards:

- *State Records Act 2000*
- *Freedom of Information Act 1992*
- *Local Government Act 1995*
- *Criminal Code 1913*
- *Evidence Act 1906*
- *Public Sector Management 1994*
- *Financial Management Act 2006*
- *National Trade Measurement Regulations 2009*
- State Records Commission Standards 2002
- AS ISO 15489.1:2017 Information and Documentation – Records Management Concepts and Principles.

The Policy states that all EMRC officers including councillors and contractors employed under a contract of service or otherwise are individually and personally liable and responsible for adhering to the approved EMRC Record Keeping Plan (RKP), and its associated policies and procedures. This is communicated to staff members when they first join as part of the records induction program. We note that RKP is supported through various policies and procedures which cover the creation of records, capture and control, security and protection, appraisal, retention, and disposal of records. We concluded that all legislative requirements pertaining to the *State Records Act 2000* and other relevant standards have been met.

No issues were noted.

8.3 A SUITABLE AND CURRENT RECORD KEEPING PLAN (RKP) AND SUPPORTING DISPOSAL SCHEDULE IS IN PLACE

Overall Outcome	Audit found that the EMRC's current Record Keeping Plan is suitable and appropriate disposal schedules are in place.
------------------------	--

Audit obtained and reviewed the "Amended Record Keeping Plan RKP 2020027". We note that the RKP was approved by the State Records Commission (SRC) on 2 December 2020 and is to be reviewed within five years per section 28 of the *State Records Act 2000*. As part of our testing, Audit assessed EMRC's RKP using the Better Practice Principles as recommended by the Office of the Auditor General (OAG) and the State Records Commission (see Appendix 1) and found full alignment.

The following table provides a summary of our assessment:

Principles	Observations	Adequacy
Principle 1: Proper and Adequate Records	<ul style="list-style-type: none"> • The RKP provides information about EMRC's historical background, mission statement, strategic focus, and main business activity of the organisation • RKP is supported by Appendix 1 Functions of the Local Government • Major Stakeholders are listed (primary, secondary, and tertiary) • Appendix 2-4 lists the enabling legislation, other affecting legislation, and major government or industry standards and codes of practice • Appendix 5-7 Records Management Policy, Guidelines and Manual is in place • RKP is approved by the SRC • Records of important business decisions are properly stored and can easily be found physically and digitally. 	✓
Principle 2: Policies and Procedures	<ul style="list-style-type: none"> • Policies and procedures are established, authorised at an appropriate senior level • Policies and procedures are available to all employees via the EMRC intranet • Coverage of all aspects of records management in the EMRC's policies and procedures, including: <ul style="list-style-type: none"> ○ Creation of records ○ Capture and control of records ○ Security and protection of records ○ Access to records ○ Appraisal, retention, and disposal of records • Policies and procedures are also in place for each business area (e.g., IT, Procurement, Finance, OSH/HR, Payroll, CEO Team, Executive Leadership Team, Communications, and Sustainability Team etc.). 	✓
Principle 3: Language Control	<ul style="list-style-type: none"> • EMRC Records Classification Scheme – List of Thesaurus Terms is in place • The classification scheme was adopted and implemented based on the NSW State Records Keyword for Council Records Classification Scheme 	✓

	<ul style="list-style-type: none"> Document Titling Guidelines are in place and can be found via the EMRC intranet. 	
Principle 4: Preservation	<ul style="list-style-type: none"> As noted in Section 8.1, records are adequately safeguarded Records Disaster Recovery Plan is developed and reviewed every two years and is desk tested every two years as well Storage facilities are adequate and secured from environmental threats. 	✓
Principle 5: Retention and Disposal	<ul style="list-style-type: none"> Records are retained and disposed in accordance with the following schedules: <ul style="list-style-type: none"> SRC WA General Disposal Authority for Local Government Records (DA 2015-001/1, Status Date: 24/10/2017) SRC WA General Disposal Authority for Source Records, (RD 2016002, Status Date: June 2016) SRC WA Ad Hoc Disposal Authority – COVID-19 (DA 2021-010, Status Date: 21/12/2021) <i>Protection of Information (Entry Registration Information Relating to COVID-19 and Other Infectious Diseases) Act 2021</i> Obtained the latest disposal listing (dated 03/02/2022) and verified that: <ul style="list-style-type: none"> Records identified as due for destruction is appropriately reviewed Chief Executive Request Form is signed by the relevant Manager, CFO, and CEO Certificate of Destruction is provided as evidence. 	✓
Principle 6: Compliance	<ul style="list-style-type: none"> Recordkeeping Induction and Content Manager Training Program is provided to all staff members There is an annual refresher online course relating to records management obligations offered to EMRC staff Online Content Manager induction and refresher course, without Records Officer tuition, is in development Staff receive business area specific training as part of their induction during training session with the Records Officer or Manager Information Services Staff surveys available for Records Management and Content Manager. 	✓

Based on the observations noted above, audit has determined that there is sufficient evidence to demonstrate the suitability of the EMRC's current Record Keeping Plan and its supporting policies and procedures. No issues were noted.

8.4 A RECORDS MANAGEMENT SYSTEM IS IN USE

Overall Outcome	In relation to the EMRC's Records Management System, a suitable system is in use.
------------------------	---

As per the RKP section 2.1.1 "Records Management System", the EMRC's records management system is a hybrid system, with documents pre-dating 2003 held as hardcopy documents and post 2003 documents held electronically in Content Manager. Content Manager is the EMRC's approved Electronic Document and Records Management System (EDRMS).

As per the Records Officer, it is noted that there are at least two user profiles that the EMRC uses within Content Manager. The basic user, or "Knowledge Worker", is granted the following access controls:

- Log in to Content Manager and use of the software
- Search and retrieve records, both folders and documents
- View the metadata and the document themselves
- Create documents and save them to folders within Content Manager, except Personnel Folders
- Update and save changes to documents
- Modify access to documents by group and by person.

The higher level "Administrator" user profile type grants the user with all of the access controls that a "Knowledge Worker", with the addition of the following controls:

- Create documents and save them to folders within Content Manager, including Personnel Folders
- Delete records from Content Manager once authorised approval has been granted
- Grants them the access controls to override all access control settings on any record.

Audit also noted that Knowledge Worker users within the Human Resources Team have the security caveat titled "Personnel" attached to their user accounts as they are required to update, save, and retrieve records in the Personnel Folders as part of their roles.

As noted in section 8.1 above, there are appropriate back-up and security procedures in place for the safeguarding of records including those held in Content Manager. Per the Management Guideline Records Management, security can be applied to corporate records at a document level or at a folder/container level. Per the Records Officer, we were informed that there is a total of 65 Security Groups in Content Manager.

In relation to staff termination/transfer, audit noted that the Records Officer will be tasked with the following items to be actioned in conjunction with the departing employee:

- De-activate the employee's Content Manager User Account, after the employee has officially left the organisation
- Ensure that all Content Manager documents, being edited by the departing employee, have been returned to Content Manager by the departing employee
- If relevant, ensure that all documents stored in OneDrive/SharePoint have been saved to Content Manager by the departing employee.

No issues were noted.

9. APPENDIX 1: BETTER PRACTICE PRINCIPLES

The following table provides a high-level summary of the State Records Commission Standard 2 for Recordkeeping Plans. The six principles represent good practice expectations of the SRC and the OAG's Better Practice Principles (Our expectation) from their "Records Management in Local Government", Report 17: April 2019.

Recordkeeping plans		
Principles	SRC expectation	Our expectation
Principle 1 Proper and Adequate Records	<ul style="list-style-type: none"> records are created and kept which properly and adequately record the performance of the organisation's functions records are consistent with any written law to which the organisation is subject when performing its functions 	<ul style="list-style-type: none"> recordkeeping plan approved records of important business decisions or activities can be easily found
Principle 2 Policies and Procedures	<ul style="list-style-type: none"> recordkeeping programs are supported by policy and procedures 	<ul style="list-style-type: none"> policy and procedures are up-to-date policy and procedures are in place for each business area
Principle 3 Language Control	<ul style="list-style-type: none"> appropriate controls are in place to identify and name government records 	<ul style="list-style-type: none"> an appropriate tool is used to systematically and consistently identify and name records
Principle 4 Preservation	<ul style="list-style-type: none"> records are protected and preserved 	<ul style="list-style-type: none"> Records disaster recovery plans are developed and tested storage facilities are assessed in line with SRC Recordkeeping Maturity Model
Principle 5 Retention and Disposal	<ul style="list-style-type: none"> records are retained and disposed of in accordance with an approved disposal authority 	<ul style="list-style-type: none"> an approved disposal authority is adopted and regularly used
Principle 6 Compliance	<ul style="list-style-type: none"> employees comply with the recordkeeping plan 	<ul style="list-style-type: none"> staff receive regular records refresher training staff receive business area specific records training staff record keeping practice is monitored



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**Eastern Metropolitan Regional Council
Waste Management – Landfill Operations
Internal Audit**

August 2022

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1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of five member Councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, 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.

EMRC 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 (Landfill Operations) is conducted every second year. This includes landfill, leachate collection, and other processing/transfers. The audit covered the period 1 July 2021 to 31 March 2022.

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 this audit were as follows:

Compliance

- Determine compliance with legislative requirements and Council policy
- Review administrative controls for compliance with Management Guidelines
- Ensure that equipment used on site has current certification of calibration certificates as required.

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

- Escape of leachate impacting on the surrounding environment and leading to substantial clean-up costs
- Inability to develop new disposal areas quickly enough to keep ahead of the waste
- 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 1 July 2021 to 31 March 2022.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine compliance with legislative requirements and Council policy	Achieved	N/A
8.2	Review administrative controls for compliance with Management Guidelines	Achieved	N/A
8.3	Ensure that equipment used on site has current certification of calibration certificates as required	Achieved	N/A
8.4	Assess whether processes are undertaken in an efficient manner	Achieved	N/A
8.5	Determine whether processes facilitate the achievement of waste management objectives and resource recovery	Achieved	N/A

3. SUMMARY OF FINDINGS

1. There were no findings raised.

4. RECOMMENDATIONS

1. There were no recommendations made.

5. BUSINESS IMPROVEMENTS

1. Audit suggests that the risks are appropriately monitored as per the stated review date and the risk register is updated as per the review process.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - 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

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.

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 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.

Report Release

Released by (Name): James Cottrill

Signature: 

Title: Principal, Internal Audit, IT Audit & Risk Consulting

Date: 17 August 2022

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE COMPLIANCE WITH LEGISLATIVE REQUIREMENTS AND COUNCIL POLICY

Overall Outcome	Audit confirmed full compliance with the requirements regarding the site operating licence, and other legislative requirements, and Council Policy.
------------------------	---

Audit obtained the Environmental Management System (EMS) Manual – Red Hill and Hazelmere EMS – 2021. This document contains a comprehensive listing of all regulations, legislation, and other imposed requirements (e.g., site licence – Red Hill). Through assessing the legislative requirements within the EMS Manual, we noted the following specified as requirements:

- Site operating licence L8889/2015/1
- Ministerial Statement #462
- *Wildlife Conservation Act 1950*
- *AS/NZS ISO 14001:2015 – Environmental Management Systems*
- *Environmental Protection Act 1986*
- *Landfill Waste Classification and Waste Definitions 1996*
- *Rights in Water and Irrigation Act 1914*
- *Bush Fires Act 1954*
- *Local Government Act 1995*
- *National Greenhouse and Energy Reporting Act 2007*
- *National Environment Protection Measure 1998*
- *Clean Energy Act 2011*
- *Occupational Safety and Health Act 1984*
- *Waste Avoidance and Resource Recovery Act 2007.*

Per discussions with the Red Hill Site Manager, Audit noted that the main compliance requirement falls under the Department of Water and Environmental Regulation (DWER) licence requirements as this enables operations of the Red Hill site and landfill operations. Every three months, the DWER will conduct a quarterly inspection to evaluate whether certain licence conditions have been met. The Red Hill facility is required to maintain compliance with the licence conditions at all times as the DWER will conduct a full inspection at least once a year. Audit sighted the DWER Licence Compliance Inspection Register created by the Site Manager.

There were no issues noted.

8.2 REVIEW ADMINISTRATIVE CONTROLS FOR COMPLIANCE WITH MANAGEMENT GUIDELINES

Overall Outcomes	Audit noted that there are adequate administrative controls in place to ensure compliance with Management Guidelines.
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Per discussion with the Red Hill Site Manager, Audit notes that compliance with legislative requirements is managed by the Waste Management Services directorate. Items are only brought up to the Council if they relate to either high level or critical issues. Audit notes that there are monthly operations meetings held with the team at Red Hill to discuss the day-to-day operations, as well as monthly Team Leader Meetings held with the Chief Operating Officer (COO). In the Team Leader Meetings, the Team Leader provides a report to the COO highlighting any significant occurrences, budget related issues or matters related to the licence requirements such as, ensuring that Red Hill is meeting the tonnage limits as well as plant replacements. Audit obtained a sample of the recent monthly meeting minutes titled “Minutes – Red Hill – Operations Meeting No. 4 – 07 04 2022” and noted there is adequate processes in place to ensure that EMRC are monitoring compliance with legislative requirements and actively reviewing actions to ensure that objectives are met.

Audit also held discussions with the Co-ordinator Waste and Environmental Compliance to understand the purpose of the Waste Management Services division as well as the compliance monitoring process to ensure Red Hill is meeting the environmental legislative requirements. We noted that the Co-ordinator has an advisory role and oversees leading two Environmental Officers that conduct analysis of the site facilities. Monitoring procedures include odour, dust, water, and leachate monitoring. Some monitoring procedures may also be outsourced to receive an external expert report.

The monitoring procedures help to ensure compliance with the licence requirements is always met and to generate annual reports for EMRC’s various stakeholders. Audit noted the following reports are produced as part of monitoring compliance with legislative requirements:

- Internal EMS Audits (licence audit)
- Six Year Environmental Performance Report (scheduled for this year)
- Red Hill Monitoring and Compliance Report.

It is also worth noting that the Red Hill Waste Management Facility EMS is certified to the ISO standard 14001:2015 – Environmental Management Systems guidelines to ensure best practice standards are in place to meet compliance requirements.

No issues were noted.

8.3 ENSURE THAT EQUIPMENT USED ON SITE HAS CURRENT CERTIFICATION OF CALIBRATION CERTIFICATES AS REQUIRED

Overall Outcome	Audit found that the weighbridge is calibrated on an annual basis and inspected monthly. Plant and other equipment are checked daily and serviced as required.
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As part of our assessment of the calibration certificates, Audit discussed with the Red Hill Site Manager to gain an understanding of the calibration process. Audit noted that the calibration of the weighbridge is conducted annually each March by the contracted service provider “Aust-Weigh”. The process involves making sure the load cells are functioning appropriately and making sure nothing needs to be changed. The following day, the weighbridge calibrators will arrive with a vehicle carrying weights to calibrate the weighbridge. The weighbridge is calibrated to approximately 20 to 80 tonnes. During the discussion, Audit sighted the recent weighbridge calibration certification (Ref#D2022/06281 and 06283). This certificate is required to be displayed at the weighbridge to demonstrate that it is appropriately calibrated.

Additionally, Audit was informed that the weighbridge officers will conduct a monthly visual checklist. This inspection involves checking the load cell placement gap measurement and debris build up to ensure maintenance is carried out as needed. Audit sighted the latest inspection report conducted on 21 April 2022 carried out by one of the weighbridge officers as well as the inspection conducted on the previous month on 11 March 2022. No issues were noted.

As for the plant equipment, Audit sighted the full plant equipment list of all plants in operation at Red Hill. Audit also notes that each plant equipment has its own plant file which documents the servicing, warranties, and registration. The Red Hill facility has their own mechanics so that any servicing required will be put on a register and the mechanics will action. Regular servicing is scheduled as per the servicing agreements.

We also note that every morning, the operators who oversee a plant equipment/machinery must conduct a daily prestart. The prestart involves checking the oil levels, lights, alarms, fire extinguishers, tyres etc., of equipment to ensure it is safe and operating correctly. Audit obtained a sample daily prestart sheet completed on 13 May 2022 and found all items passed inspection.

No issues were noted.

8.4 ASSESS WHETHER PROCESSES ARE UNDERTAKEN IN AN EFFICIENT MANNER

Overall Outcome	We found based on our walkthrough, sampling, and discussion that processes are undertaken in an efficient manner.
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As part of our audit testing, Audit assessed the efficiency and effectiveness of waste management process and risk management processes in relation to Red Hill's weighbridge operations, cash management, and risk management. Audit travelled to the Red Hill Waste Management Facility between 16 and 17 May 2022 to conduct our fieldwork.

We performed walkthroughs and direct observations around the key processes involved at the weighbridge. Audit documented the following processes as part of the walkthrough:

- Weighbridge start-up
- Float preparation
- End of day cash sales reconciliation
- Docket reconciliation and checking off summary
- Weighbridge shutdown
- Weighbridge traffic management
- Accounts receivable process.

Based on our walkthroughs as noted above, the processes and procedures performed by Red Hill staff are efficient and have been designed for the purpose of what the procedures are required to achieve. Audit also obtained a sample Daily Cash Reconciliation dated 10 May 2022 and verified that the reconciliation was performed by the Weighbridge Attendant and reviewed separately by the Administration Officer. The totals of the cash summary matched accordingly to the Mandalay Summary Report. We also obtained a sample Weekly Cash Reconciliation dated 13 May 2022 and verified that all cash and card amounts matched the Mandalay summary report and was appropriately prepared/checked by separate administration officers to ensure segregation of duties. No issues were noted.

For the complaints process, Audit noted that each complaint is completed on a complaint form detailing the name and address of the complainant, nature of the complaint, date and time, and the prevailing weather conditions. The Site Manager is required to investigate the report and discuss with the COO on any immediate actions to be taken as well as any outstanding action required. Audit sighted the Complaints Register for 2022 and each of the corresponding complaints forms. We note that all complaints have been appropriately recorded and all complaint forms have been signed off by the Site Manager and COO with no issues were noted.

EMRC also obtained and reviewed SynergySoft Operation Risk Report – Waste Services. We note that the risks recorded in the SynergySoft Report applies to the specific operational sites (Red Hill, Hazelmere, Central Administration etc.). Our assessment of risks relevant to the Red Hill Waste Facility indicated that there is an effective process in place for identifying, assessing, and treating the risks identified.

However, Audit noted that many of the risks noted in the report, have overdue review dates. This may indicate that risks are not being monitored in a timely manner or the risk register has not been updated. Audit discussed with the Site Manager regarding certain risks that Audit has identified such as escape of leachate, security of gatehouse operators, fraud, and the inability to develop new disposal areas quickly. Based on the discussions, we noted that risks are being appropriately managed and regularly reviewed and the register requires updating.

We understand that the in the SynergySoft Risk Register are subject to a review process and the operational risks will be migrated to the new CAMMS risk system which accommodates Strategic Risks, Operational Risks and Project Risks.

Suggested Business Improvement

Audit suggests that the risks are appropriately monitored as per the stated review date and the risk register is updated as per the review process.

8.5 DETERMINE WHETHER PROCESS FACILITATE THE ACHIEVEMENT OF WASTE MANAGEMENT OBJECTIVES AND RESOURCE RECOVERY

Overall Outcome	Audit found that processes in place to facilitate the achievement of waste management objectives and resource recovery are effective.
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Per discussions with the Site Manager, we noted that the main objective of the Red Hill Waste Management Facility is to process landfill for commercial and residential customers of the Member Councils. Landfill is the facility's core business operation; however, Red Hill also processes green waste, food, and organic waste as well as selling a by-product of crushed rocks, called ferricrete.

Based on our evaluation of the Red Hill Waste Management Facilities processes, we recognised that EMRC has demonstrated appropriate processes to facilitate the achievement of waste management objectives. The Red Hill facility and Waste Management directorate has demonstrated that:

- Waste management guidelines, policies, and procedures exist and are effective
- There was adequate compliance with waste management guidelines, policies, procedures, and legislative requirements (specifically with the Red Hill site license)
- Waste management processes were identified as effective and efficiently operating as required.

No issues were noted.

11.3 RISK MANAGEMENT UPDATE

D2022/16774

PURPOSE OF REPORT

The purpose of this report is to provide Council with an update on the EMRC's risk management profile.

KEY POINT(S)

- Sound corporate governance requires an integrated risk management approach including management processes, strategic planning, reporting and performance management.
- In accordance with the Risk Management Framework, an overview of the management of risk is reported approximately 3 – 4 times a year to the Audit Committee.

RECOMMENDATION(S)

That Council notes the update on the status of the Council's risk management profile.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

- 1 At the Ordinary Council meeting on 3 December 2020 it was resolved that (D2020/21187):
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.*
- 2 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.
- 3 The EMRC is to continue to 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.
- 4 The last risk performance objectives were reported to the Audit Committee and Council in June 2022.

REPORT

- 5 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.

- 6 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.
- 7 The current risk management profile (heat map report), forming attachment 1 to this report, is a heat map report generated using the CAMMS risk software 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.
- 8 The table below summarises the current risk management update associated with all of the EMRC’s strategic risks that are included in the attachment to this report.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-1	Excessive Employee Benefits leave liability	Chief Executive Officer	Introduced Competency Framework Management Guideline, monthly Executive Leadership Team reporting and included this into performance reviews.
SR-2	Inadequate succession planning	Chief Executive Officer	Annual succession planning workshop scheduled in October.
SR-3	Ineffective Operational Reporting (timely and relevant)	Chief Operating Officer	All reports are effective with clear KPI’s. The effectiveness of the reports is tested regularly.
SR-4	Over-use of single-source suppliers	Chief Financial Officer	Supplier (Creditor) Reports continue to be reviewed monthly by the Executive Leadership Team to ensure compliance is met. The risk will remain major for non-compliance as it is a likely outcome. Continued vigilance is required.
SR-5	Legacy issues restricting innovation and performance	Chief Executive Officer	Business improvement is now an agenda items at monthly Executive Leadership Team meetings. New revenue and value add to member councils observing budget restraints are main stream now
SR-6	Under/poor performance	Chief Executive Officer	Monthly P&L management reporting and review process in place.
SR-7	Reduced Grant Funding	Chief Sustainability Officer	All opportunities are explored to secure external funding in order to deliver quality programs to member councils and to continue regional advocacy.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-8	Inadequate leachate control	Chief Operating Officer	All leachate controls put in place are adequate. The leachate ponds are monitored on a daily basis. To date there are no issues in this area as the current set- up meets all requirements.
SR-9	Odour, noise, dust and traffic complaints	Chief Operating Officer	There are internal processes that allow neighbours and others to report on any of the items highlighted in this code. All complaints are acted on within a timely manner and signed off by both the Site Manager and Chief Operating Officer and filed in accordance with EMRC's internal requirements.
SR-10	WWTE (Pyrolysis) Project underperformance	Chief Project Officer	Council at its meeting of 25 August 2022 approved unbudgeted expenditure to complete the project. Additional resources have been sought to assist the existing project team deliver and complete the project. Current market conditions are impacting on the teams' ability to obtain quotes and responses to tender queries due to plentiful work being available.
SR-11	Fire in operational sites	Chief Operating Officer	All inductions and internal processes are adequate to manage all EMRC sites in the unlikely event of a fire on site. This includes all reporting requirements.
SR-12	By-passing established Tender or Procurement procedures	Chief Financial Officer	Regular meetings are held with the various team reinforcing the procedures and improving the planning in key areas of level of operating and capital expenditure.
SR-13	Cyber attack	Chief Financial Officer	Following a review undertaken by the Internal Auditors, the IT team are continually improving the level of security and planning.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-14	Poor Stakeholder Engagement	Chief Executive Officer	More focus on communications frequency and content. Restructured reporting lines.
SR-15	By-passing established administrative (non-financial) procedures	Chief Financial Officer	Ongoing monitoring and review and focusing on updating procedures where necessary, communication and training.
SR-16	Injury to Operational Field Officers	Chief Executive Officer	Introduction of revised pre-starts, an OHS focus at recruitment and accountability/corrective action.
SR-17	COVID-19 Infection	Chief Executive Officer	Regular COVID updates to business continuation plan.
SR-18	Capex project objectives/targets not achieved	Chief Project Officer	This issue continues to impact on the Projects Team, as DWER has advised they are only looking at one referral per organization at a time – EMRC has three referrals currently submitted, the priority being APCR. DWER / EPA is exacerbating the problem by seeking a lot of additional information when they do consider a referral. EMRC is unable to commence work on a number of projects, without having approvals in place. We are reprioritizing what DWER / EPA look at – construction of Class IV APCr monocell has been pulled into the APCr referral.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-19	Licencing conditions breach	Chief Project Officer	The Environmental and Waste Management Team is developing a good working relationship with DWER (Part V) / EPA (Part IV). They are working together to consolidate the number and format of reports the EMRC has to provide as part of our licence requirements, to streamline the reporting process. EPA / DWER ask very detailed questions with regard to EMRC's operations which is placing an additional burden on the Team, but this is being managed by the new Manager – Waste and Environment.
SR-20	Lack of interest from Member Councils regarding Sustainability Programs	Chief Sustainability Officer	A focus on decarbonisation, circular economy and sustainability ensures relevant programs continue to be delivered, which are also in line with our Council endorsed Sustainability Strategy.
SR-21	Employment related litigation	Chief Executive Officer	Audits by LGIS and Internal auditors of management guidelines and procedures took place as well as training regarding employee relations, OHS and site procedures enforcement.
SR-22	Sub-surface landfill fires	Chief Operating Officer	There is a process in place to follow in the unlikely event there is a sub-surface fire. This process also includes the reporting of the actual incident as well.
SR-23	Methane gas explosion	Chief Operating Officer	All areas are monitored on a daily basis by the EMRC site contractor (EDL) as well as EMRC site leaders. All inductions as well as EMRC's site emergency plan covers the requirements in the event of an incident. The EMRC conducts regular drills on evacuation procedures etc. This is to ensure that all personnel understand what is required in the unlikely event of a methane gas explosion.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-24	Light vehicle or pedestrian interaction with heavy equipment	Chief Operating Officer	All external visitors are inducted to highlight all operational active areas as well as issued with two-way radios & escorted safely by an EMRC site employee. No one enters EMRC sites without being inducted first. Inductions cover off on all site requirements when it comes to light vehicles or pedestrian activity. There are set safety KPI's for all managers and leaders of the sites. This is to ensure that EMRC leaders auditing the process to ensure all process are followed and adhered too. These results and mitigations are highlighted in our regular operational reports.
SR-25	Fraudster changing a Creditor's bank account details	Chief Financial Officer	This risk remains the same as the initial risk rating of moderate & unlikely, reflecting the likelihood & risk level. The verification process continues to be reviewed to ensure appropriate risk management. This has been reinforced to ensure that any changes to a creditor's bank account details are not changed without first obtaining confirmation from the creditor.
SR-26	No scheduled maintenance program for all buildings	Chief Financial Officer	Ongoing maintenance plans have been developed with funding in the 2022/2023 Annual Budget. Medium and long term plans are reviewed and ensured to be strategically and financially responsible.
SR-27	Intentional activities in excess of delegated authority (PID Officer)	Chief Executive Officer	All within acceptable range. No non-conformances.
SR-28	Large numbers of Ibis and Pelicans scavenging on open tip face	Chief Operating Officer	There are internal procedures in place to ensure that this is managed in accordance with EMRC's requirements. The Operations team is also heavily supported by the Environmental team.

STRATEGIC/POLICY IMPLICATIONS

- 3 Key Result Area 3 – Good Governance
 - 3.3 To provide responsible and accountable governance and management of the EMRC

FINANCIAL IMPLICATIONS

- 4 Nil

SUSTAINABILITY IMPLICATIONS

- 5 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	} Nil
City of Bayswater	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Current risk management profile (D2022/16774)

VOTING REQUIREMENT

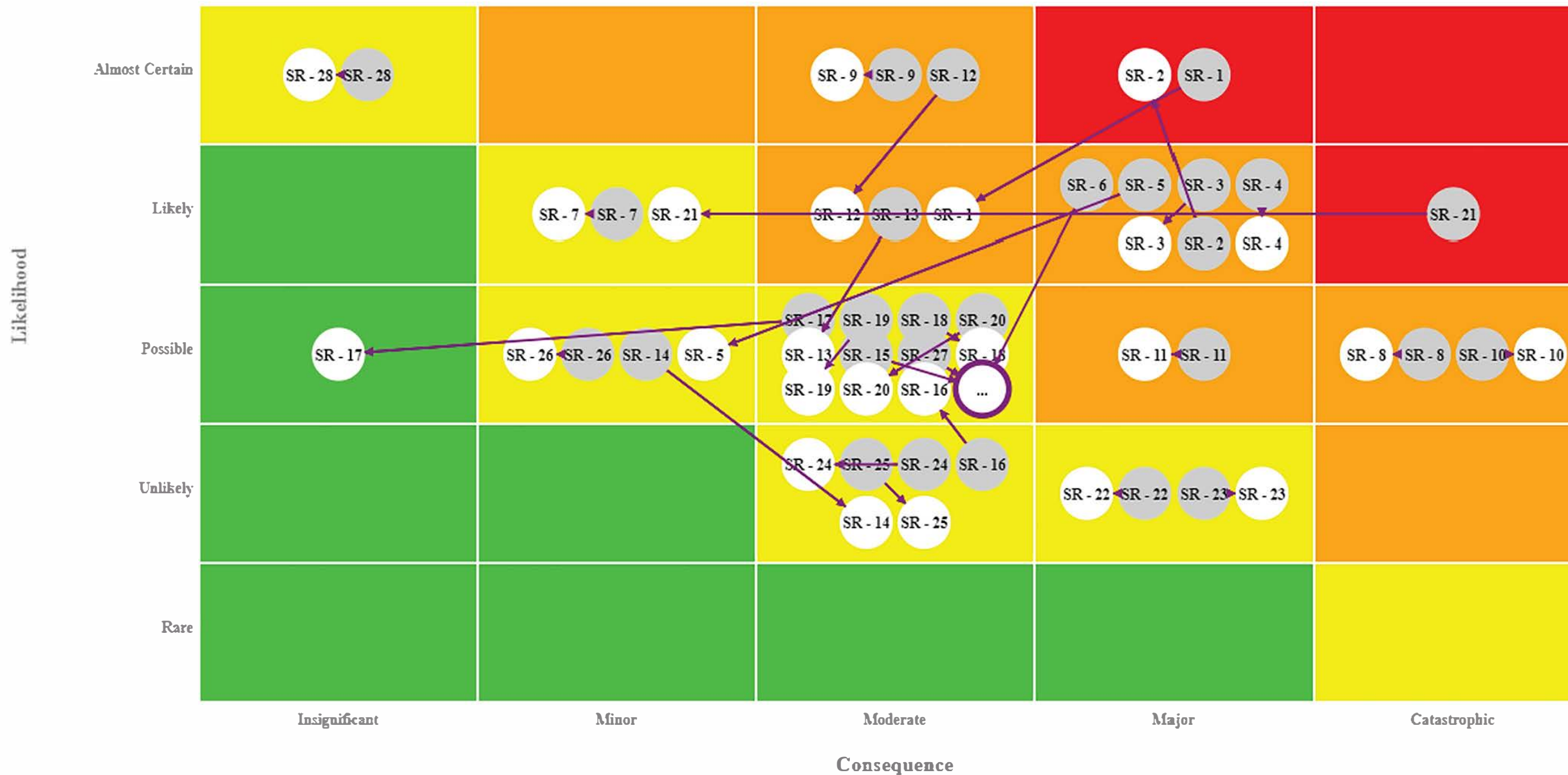
Simple Majority

RECOMMENDATION(S)

That Council notes the update on the status of the Council’s risk management profile.

AC RECOMMENDATION(S)

MOVED SECONDED



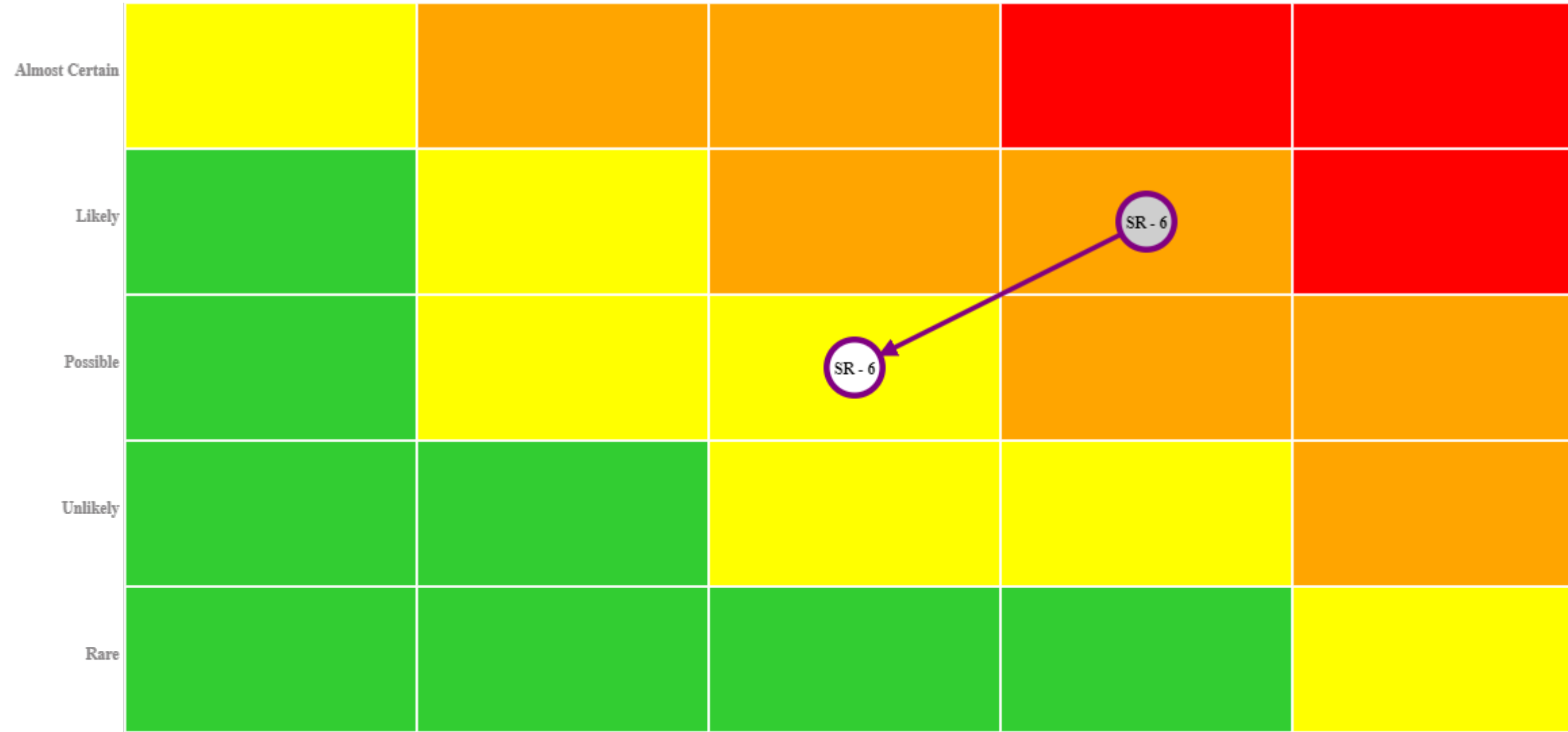
Risk Code	Risk Title
SR - 10	WWTE (Pyrolysis) Project underperformance
SR - 9	Odour, noise, dust and traffic complaints
SR - 18	Capex project objectives/targets not achieved
SR - 24	Light vehicle or pedestrian interaction with heavy equipment
SR - 13	Cyber attack
SR - 25	Fraudster changing a Creditor's 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	Under/poor performance
SR - 11	Fire in operational sites
SR - 2	Inadequate succession planning
SR - 15	By-passing established administrative (non-financial) procedures



Initial Risk Rating

Residual Risk Rating

Likelihood



Insignificant Minor Moderate Major Catastrophic

Consequence

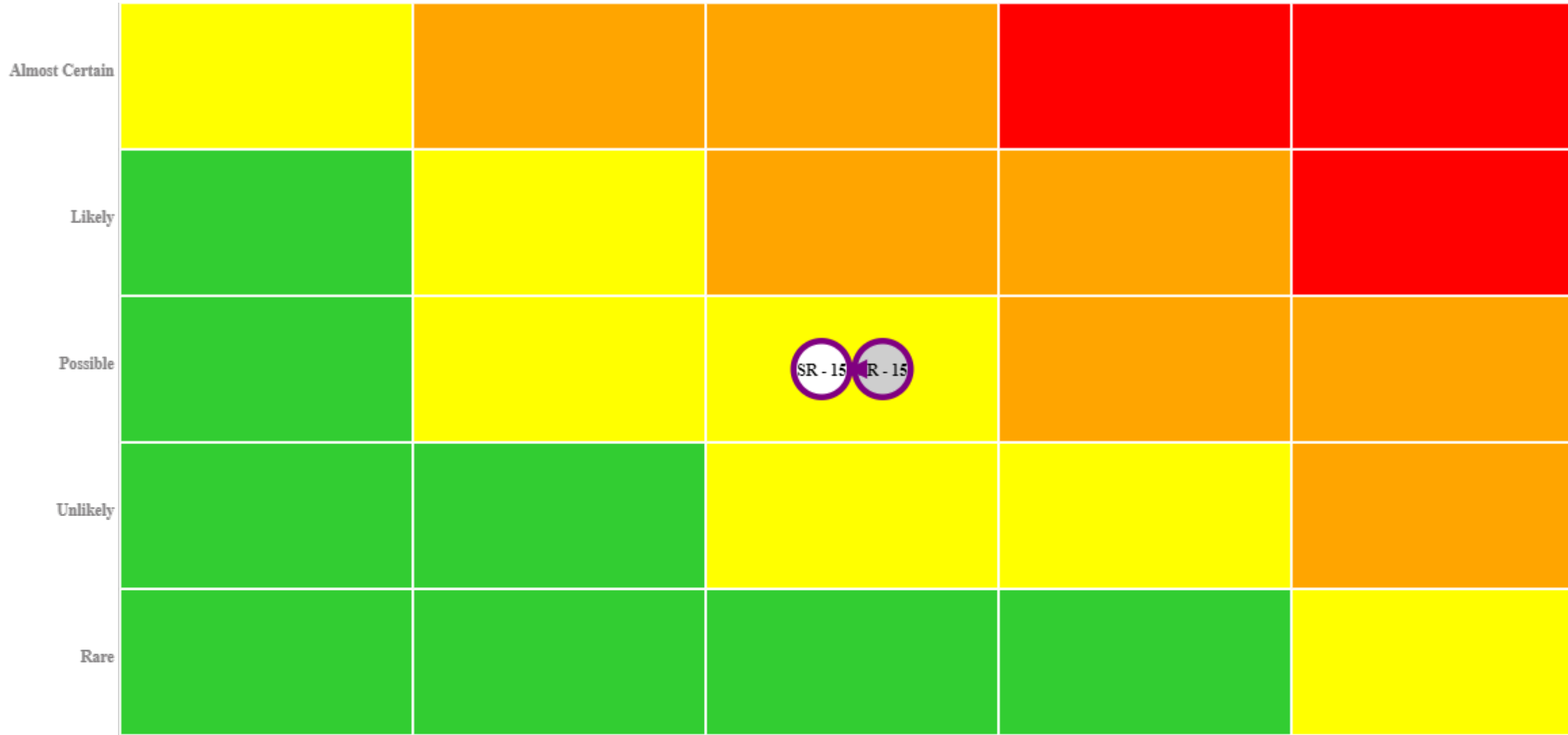
Risk Code	Risk Title
SR - 6	Under/poor performance



Initial Risk Rating

Residual Risk Rating

Likelihood



Insignificant Minor Moderate Major Catastrophic

Consequence

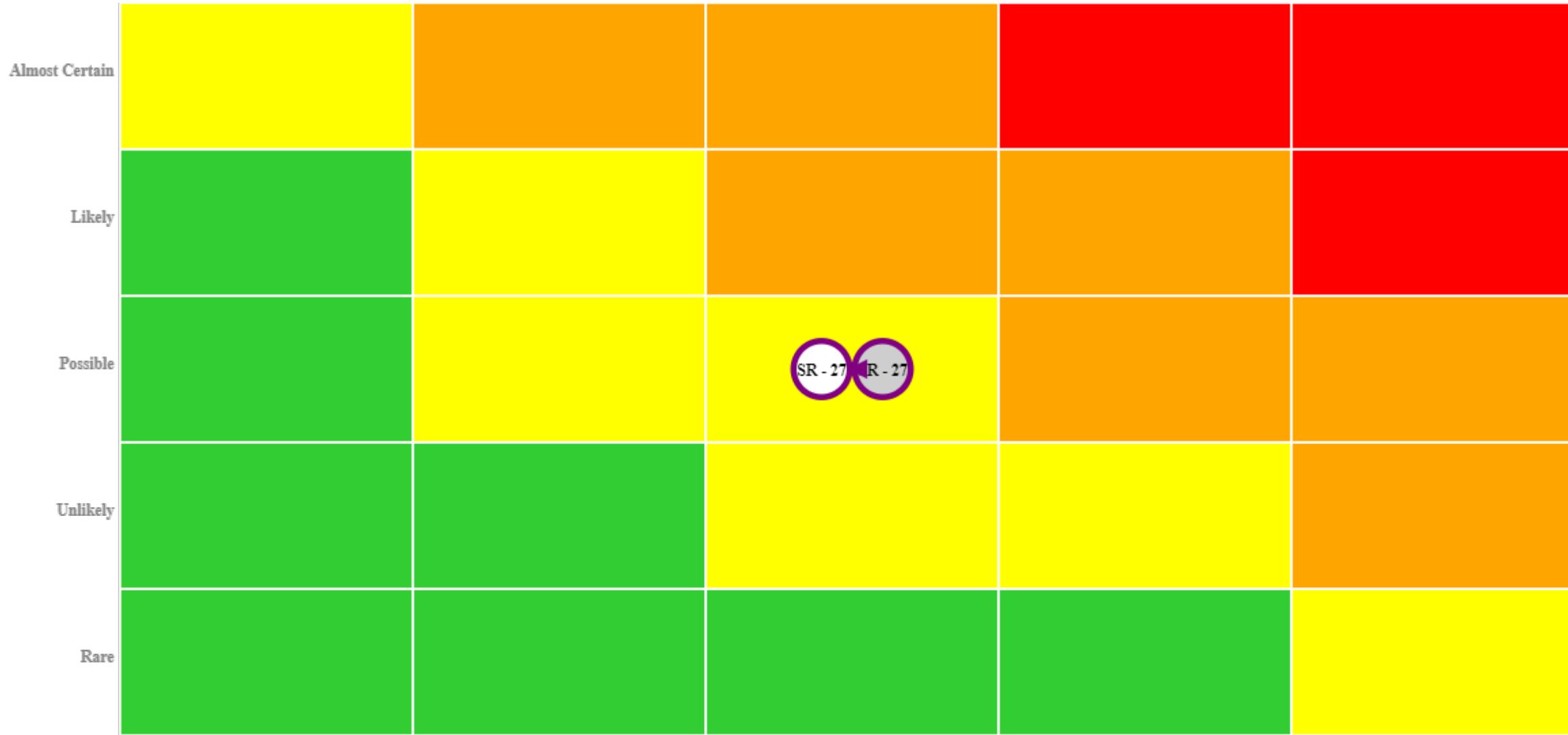
Risk Code	Risk Title
SR - 15	By-passing established administrative (non-financial) procedures



Initial Risk Rating

Residual Risk Rating

Likelihood



Insignificant Minor Moderate Major Catastrophic

Consequence

Risk Code	Risk Title
SR - 27	Intentional activities in excess of delegated authority (PID Officer)

12 REPORTS OF DELEGATES

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

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

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 2022

Thursday 3 November (If Required) at EMRC Administration Office

16 DECLARATION OF CLOSURE OF MEETING