AGENDA

D2026/17257

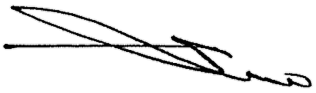
Audit, Risk and Improvement Committee

6 August 2026

Notice of Meeting

Dear Councillors

I wish to advise that the next meeting of the Audit, Risk and Improvement Committee will be held on Thursday, 6 August 2026 at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, Ascot WA 6104 commencing at 6:00pm.



Hua Jer Liew | Chief Executive Officer

31 July 2026

Please Note

If any member has a query regarding a report item or requires additional information in relation to a report item, please contact the responsible officer (SOURCE OF REPORT) prior to the meeting.

Audit, Risk and Improvement Committee Members

Mr Frederic Ong	Presiding Member	Independent Member
Cr Paul Poliwka	Committee Member	Town of Bassendean
Cr Kathryn Hamilton	Committee Member	Town of Bassendean
Cr Filomena Piffaretti	Committee Member	City of Bayswater
Cr Steven Ostaszewskyj	Committee Member	City of Bayswater

Audit, Risk and Improvement Committee Deputies

Mr Mainuddin Bhuiyan	Deputy to the Presiding Member	Independent Deputy Member
Cr Jennie Carter	Deputy Committee Member	Town of Bassendean
Cr Michelle Sutherland	Deputy Committee Member	City of Bayswater

Audit, Risk and Improvement Committee

6 August 2026

Table of Contents

1	DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS	1
2	ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE (PREVIOUSLY APPROVED)	1
3	DISCLOSURE OF INTERESTS	1
4	ANNOUNCEMENTS BY THE CHAIRPERSON OR PRESIDING MEMBER	1
5	PUBLIC QUESTION TIME	1
6	PETITIONS, DEPUTATIONS AND PRESENTATIONS	1
7	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	1
7.1	MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 4 JUNE 2026 (D2026/11103)	1
8	QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN	2
9	QUESTIONS WITHOUT NOTICE	2
10	ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETINGS MAY BE CLOSED TO THE PUBLIC	2
11	BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING	2
12	EMPLOYEE REPORTS	2
12.1	INTERIM AUDIT REPORT FOR THE YEAR ENDING 30 JUNE 2026 (D2026/13642)	3
12.2	INTERNAL AUDIT REPORT – 2025/2026 PROGRAMME (D2026/13644)	11
12.3	RISK MANAGEMENT UPDATE (D2026/14181)	133
13	REPORTS OF DELEGATES	146
14	NEW BUSINESS OF AN URGENT NATURE	146
15	CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC	146
16	FUTURE MEETINGS OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE	146
17	DECLARATION OF CLOSURE OF MEETING	146

1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

1.1 ACKNOWLEDGEMENT OF COUNTRY

We wish to acknowledge the traditional custodians of the land on which we meet today and to pay our respects to elders past, present and emerging.

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

3 DISCLOSURE OF INTERESTS

4 ANNOUNCEMENTS BY THE CHAIRPERSON OR PRESIDING MEMBER

5 PUBLIC QUESTION TIME

6 PETITIONS, DEPUTATIONS AND PRESENTATIONS

7 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

7.1 MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 4 JUNE 2026 (D2026/11103)

That the minutes of the Audit, Risk and Improvement Committee meeting held on 4 June 2026 which have been distributed, be confirmed.

AUDIT, RISK AND IMPROVEMENT COMMITTEE RESOLUTION

MOVED SECONDED

8 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

9 QUESTIONS WITHOUT NOTICE

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

11 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil

12 EMPLOYEE REPORTS

12.1 INTERIM AUDIT REPORT FOR THE YEAR ENDING 30 JUNE 2026 (D2026/13642)

12.2 INTERNAL AUDIT REPORT – 2025/2026 PROGRAMME (D2026/13644)

12.3 RISK MANAGEMENT UPDATE (D2026/14181)

12.1 INTERIM AUDIT REPORT FOR THE YEAR ENDING 30 JUNE 2026

D2026/13642

PURPOSE OF REPORT

The purpose of this report is for Council to note the contents of the Interim Audit Report for the year ending 30 June 2026 and the management comments provided in response.

KEY POINT(S)

- The auditors from the Office of the Auditor General (OAG), has completed the interim audit for the year ending 30 June 2026.
- The Interim Audit Report, inclusive of management comments provided in response, has been received from the OAG.

RECOMMENDATION(S)

That Council notes the contents of the Interim Audit Report and the management comments provided in response forming the attachment to this report.

SOURCE OF REPORT

Employee Disclosure under s.5.70 of the *Local Government Act 1995*		
Author(s)	Acting Chief Financial Officer	Nil
Responsible Officer	Chief Executive Officer	Nil

BACKGROUND

1 An interim audit is undertaken annually prior to the end of the financial year by the OAG.

2 The interim audit covers a review of the accounting and internal control procedures in operation as well as the testing of transactions and an examination of some compliance matters which are required under the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

3 The interim audit involves a test of controls (compliance tests), analytical procedures and some limited substantive tests. This will assist to ensure the design of the audit plan will contribute to the audit being done efficiently and effectively. The interim audit will identify high risk areas (if any) and provide the auditor with greater assurances.

4 The Interim Audit report is submitted to Council, via the Audit, Risk and Improvement Committee, and forms part of the report scheduled to be tabled in November this year relating to the adoption of the audited Financial Report and the Independent Auditor's Report on that Annual Financial Report.

REPORT

5 The Interim Audit for the year ending 30 June 2026 was undertaken by the OAG, between 15 and 26 June 2026. The interim audit covered a review of accounting and internal control procedures in place at the EMRC, as well as testing of transactions in the following areas:

- Bank Reconciliations;
- Investments;
- Purchases;
- Payments and Creditors;
- Receipts and Sundry Creditors;
- Payroll;
- General Accounting (including journals);
- IT Controls;
- Registers (including Tenders Register); and
- Minutes Review.

6 The interim audit also covered an examination of some compliance matters, which are required under the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996.*

7 The findings of the Interim Audit are detailed in the attached report. Management's comments in response to the matter raised are also included in the Interim Audit Report.

8 The auditor will be in attendance to provide an overview of the audit plan and respond to queries relating to the audit.

STRATEGIC/POLICY IMPLICATIONS

9 Reporting on the EMRC Strategic Policy implications align with the revised Strategic Plan 2017-2027 and the Sustainability Strategy 2022/2023 – 2026/2027.

FINANCIAL IMPLICATIONS

10 Nil

SUSTAINABILITY IMPLICATIONS

11 Nil

RISK MANAGEMENT

Risk: Non-Compliance with *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*		
Consequence	**Likelihood**	**Rating**
Moderate	Unlikely	Moderate
Action/Strategy		
➢ Interim Audit reviews are conducted to ensure controls are in place to ensure compliance with the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996.* ➢ External Audit confirms compliance. ➢ Internal Audit Program.		

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean City of Bayswater	Nil

ATTACHMENT(S)

Interim Audit Report for Year Ended 30 June 2026 (D2026/16020)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the contents of the Interim Audit Report and the management comments provided in response forming the attachment to this report.

AUDIT, RISK AND IMPROVEMENT COMMITTEE RECOMMENDATION(S)

MOVED SECONDED

ATTACHMENT

EASTERN METROPOLITAN REGIONAL COUNCIL

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating	Year first raised
1. Inadequate journal review and approval controls	No	**Significant**	2026
2. Employee termination process	No	**Moderate**	2026
3. Lack of independent review of fees and charges updates	No	**Moderate**	2026
4. Lack of evidence of investments approval	No	**Minor**	2026

Ratings

The ratings in this management letter reflect our assessment of risks based on the likelihood and potential impact if no action is taken. These outcomes consider both quantitative impact (such as financial loss) and qualitative impact (such as inefficiency, non-compliance, poor service to the public or loss of public confidence).

● **Significant** – Findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

● **Moderate** – Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

● **Minor** – Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

EASTERN METROPOLITAN REGIONAL COUNCIL

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Inadequate journal review and approval processes

Finding
As part of our review of journal entries processed during the period from 1 July 2025 to 31 May 2026, we noted the following:

- Manual journals are reviewed, approved and processed by the Manager of Financial Services but not reviewed by an independent officer
- Journal reviews are performed retrospectively at the end of each month. These reviews include journals processed by the Manager of Financial Services and other manually processed journals. As a result, journal entries may remain unreviewed for an extended period after being posted to the general ledger.

Rating: Significant

Implication
The absence of an independent review of journals increases the risk that errors, inappropriate adjustments, or fraudulent transactions may not be detected in a timely manner.

In addition, the retrospective review of journal entries reduces the effectiveness of the control and increases the risk of material misstatements in the financial statements.

Recommendation
We recommend that management review and strengthen journal review and approval procedures to ensure that:

- All journal entries are independently reviewed by an authorised officer
- Journals are reviewed within an appropriate timeframe depending on the nature and risk of transaction.

Management comment
Management acknowledges the significance of the auditors' recommendations and is committed to implementing these actions immediately. This will reduce the risk of errors or fraudulent activity being recorded and not detected, which could lead to material misstatements in the financial statements. The following actions has been identified and implemented to improve the integrity and accuracy of the journal posting:

- *Ad-hoc journals will be independently reviewed and approved by an authorised officer before posting, ensuring enhanced oversight and accountability; and*
- *Standard journals will be examined fortnightly by an authorised officer which will help mitigate the risks of errors, inappropriate adjustments or fraudulent entries impacting the integrity of the financial statements.*

Responsible person: Manager Financial Services
Completion date: Immediate

ATTACHMENT

EASTERN METROPOLITAN REGIONAL COUNCIL

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Employee termination process

Finding
From our enquiry with management, we noted that there is no established formal employee termination process, including a documented termination checklist, to guide and document termination activities.

We tested three employee terminations that occurred during the period from 1 July 2025 to 31 May 2026 and noted that the termination tasks were not consistently documented or evidenced.

Rating: Moderate

Implication
Without a formal employee termination process and supporting documentation, there is a risk that termination procedures may not be completed in a timely or consistent manner. Additionally, there is an increased risk of fraud, misappropriation or loss of assets or unauthorised access to information.

Recommendation
We recommend that management develop and implement a formal employee termination process, including a documented termination checklist. The checklist should be completed and retained for all employee cessations to ensure that key terminations activities are consistently performed in a timely manner.

Management comment
Management acknowledges the auditors' recommendations and recognises the risk of material misstatement that may arise from non-compliance with labour laws, financial fraud or severe data security breaches. Management is cognisant that the lack for follow-ups to ensure the completion of the termination checklist can leave the company exposed to unauthorised asset and information access as well as payroll leakage, underscoring the importance of robust controls and consistent documentation. The Human Resources team has implemented the following procedure with immediate effect:

- *The Human Resources (HR) team has implemented a new termination procedure. The termination notification email sent by Human Resources team will include a link to the relevant OneDrive/SharePoint file for all staff responsible for completing employee termination tasks.*
- *The team will review and follow up on the termination checklist to ensure all required actions have been completed and to maintain accountability throughout the termination process. Once the actions have been reviewed for its completeness by the HR Team, the completed checklist is confirmed by the supervisor in the HR Team and saved as a record in the Content Management system for the specific terminated employee. This will ensure evidence is readily available for audit and review purposes.*

Responsible person: Manager Human Resources
Completion date: Immediate

ATTACHMENT

EASTERN METROPOLITAN REGIONAL COUNCIL

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

3. Lack of independent review of fees and charges updates

Finding
During our walkthrough of the Mandalay system, which is EMRC's waste management and customer billing system maintaining customer records and calculating fees and charges for waste disposal and related services, we noted that there was no evidence of an independent review or authorisation of updates made to fees and charges within the system.

Rating: Moderate

Implication
The absence of an independent review increases the risk that the fees and charges may be updated inaccurately or without prior appropriate approval resulting in incorrect billing and revenue recognition. This could also result in material misstatement in the financial statements.

In addition, incorrect or unauthorised fees updates may adversely impact customers, resulting in customer complaints, legal disputes and reputational damage to EMRC.

Recommendation
We recommend that management implement an independent review process for all updates made to fees and charges within the Mandalay system. The review should be timely, appropriately documented and retained as evidence.

Management comment
Management concurs with the auditors' recommendations and has established the following procedures and controls:

- *Access levels within Mandalay are now categorised as Data Administration and System Administration. Only users with System Administration privileges may alter fees and charges, thereby ensuring appropriate segregation of duties.*
- *Upon completion of any changes, the relevant site managers will conduct a review and grant approval for updates to the fees and charges.*
- *The Finance Team will periodically assess updates to fees and charges, documenting, authorising, and securely storing this review for record-keeping purposes.*

The immediate implementation of the above review process not only strengthens oversight but also ensures that fees and charges are fair, reasonable, and transparent. This process aligns with our objective for validation, helping to avoid bias or conflicts of interest.

Responsible person:	Managers and authorised Team members within assigned ability to update fees and charges
Completion date:	Immediate

ATTACHMENT

EASTERN METROPOLITAN REGIONAL COUNCIL

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Lack of evidence of investments approval

Finding
The Council's Management of Investments Policy requires all investments to be authorised in writing by the CEO or their delegate, the CFO, prior to investments being made.

As part of our review of investments activities, we identified an instance where there was no written evidence that an investment had been approved by the CEO, or their delegate, prior to the investment being made.

Further to the above, we tested an additional five samples of investments entered during the period from 1 July 2025 to 22 June 2026 and noted they were appropriately approved.

Rating: Minor

Implication
The absence of documented approval increases the risk that investments may be made without appropriate authorisation. In addition, this represents non-compliance with the Council's Management of Investments Policy.

Recommendation
We recommend that management review the current investment approval process to ensure that evidence of approval is consistently obtained and retained prior to investments being made. This review should consider whether existing procedures, documentation requirements and record-keeping practices are sufficient to demonstrate compliance with the investments policy.

Management comment
The standard process of obtaining physical evidence of approval following verbal approval was not followed to the required standard in one identified instance.

Management acknowledged that this falls below the acceptable standard expected of ensuring that physical evidence of approval is required in all instances. This provides a verifiable, tamper-resistant record of who authorised what, when and why. This creates an audit trail that can be reviewed, reproduced and defended.

To ensure that evidence of approval is obtained prior to investments being made, Finance Team members will ensure that approval from the CEO or his delegate, is obtained and documented in a timely manner, with immediate effect.

Responsible person:	Chief Executive Officer, Chief Financial Officer and Finance Team members
Completion date:	Immediate

12.2 INTERNAL AUDIT REPORT – 2025/2056 PROGRAMME

D2026/13644

PURPOSE OF REPORT

The purpose of this report is to present the Audit, Risk and Improvement Committee (ARIC) with the internal audit report of the 2025/2026 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 represents the final year of the three-year (plus three-year) programme.
- The internal audit programme for this year commenced in May 2026 for the 9 auditable areas as set out in this report.
- The audits were finalised by July 2026 and internal audit reports are now ready to be presented to Council.
- 8 auditable areas have achieved or mostly achieved their overall risk rating outcomes.
- 1 of the auditable areas has been deferred to the near future due to an issue with the software vendor.
- A summary of the findings, recommendations and business improvements for the various auditable areas is set out in the table contained within this report.

RECOMMENDATION(S)

That:

1. Council notes the internal audit reports forming attachments 1 to 8 to this report.
2. Attachment 4 remains confidential and be certified by the Chairperson and the CEO.

SOURCE OF REPORT

Employee Disclosure under s.5.70 of the *Local Government Act 1995*		
Author(s)	Acting Chief Financial Officer	Nil
Responsible Officer	Chief Executive Officer	Nil

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		•		•		•
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		•			•	

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

REPORT

3 The internal audit programme for the 2025/2026 financial year commenced in May 2026 for the following audit areas:

- Accounts Payable (Transactional);
- Accounts Receivable;
- Investment Policies;
- IT General Controls;
- IT Vulnerability Assessment;
- Payroll (Transactional);
- Procurement;
- Taxation; and
- Waste Management Facility (Landfill Operations).

4 The internal audit for IT Vulnerability Assessment could not be performed this time and has been deferred for future due to the issue with software vendor.

5 The last set of internal audits (2024/2025) were presented at the 7 August 2025 Audit Committee meeting and the 28 August 2025 Council meeting.

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
Accounts Payable (Transactional)	Achieved	None	None	1. Delegation limits within SynergySoft are currently managed by the Manager Information Services, with limited evidence of a formal change control process or tracking mechanism for changes to system-based delegation limits. EMRC should implement monthly audit trail reports to track changes to system-based approval limits, including the date of change, officer affected, nature of change, approving officer, and reason for change. 2. Relevant management guidelines should be reviewed and updated to ensure they remain current, reflect existing payment practices, and address contemporary fraud and cyber related payment risks. EMRC should establish a periodic review schedule for key finance management guidelines to ensure they remain current and aligned with legislative requirements, business practices, and emerging fraud and cyber risks.
Accounts Receivable	Achieved	None	None	None
Investment Policies	Achieved	None	None	None
IT General Controls	Achieved	None	None	As detailed in the confidential attachment 4 to this report.
IT Vulnerability Assessment	Deferred	N/A	N/A	N/A
Payroll (Transactional)	Achieved	None	None	None
Procurement	Achieved	None	None	None
Taxation	Achieved	None	None	None

Auditable Area	Overall Risk Rating Outcomes	Summary of Findings	Recommendations	Business Improvements
Waste Management Facility (Landfill Operations)	Achieved	Audit noted that one of the two daily Till Check Reports reviewed was completed before 4:00pm, with several reports completed at approximately 3:30pm. As a result, the Till Check Report amount did not reconcile to the Mandalay Summary Report amount due to customer transactions being processed after the close-out of one till machine. Audit also noted that, in some cases, scanned Till Check Reports were partially obscured by other documents, which meant that the amount on the covered report could not be clearly determined from the scanned record.	EMRC should: ➢ Reinforce the requirement for Till Check Reports to be completed after the final relevant transaction has been processed or ensure that any transactions processed after till close-out are clearly documented and reconciled. ➢ Ensure that scanned reconciliation records are complete, legible, and not obscured by other documents before being saved.	1. Given training for new weighbridge officers is currently provided by experienced weighbridge officers based on operational experience, EMRC should consider developing structured training materials for new and relief weighbridge officers. The training materials should focus on practical operational matters that are not fully covered by existing procedures, including but not limited to: ➢ common waste types and corresponding till machine selections; ➢ customer and vehicle scenarios; ➢ tipping ticket processing; ➢ contaminated wastes; ➢ escalation points for unusual transactions or customer issues; and ➢ practical examples or screenshots from relevant systems.

7 The audit results of each of the auditable areas are covered in attachments 1 to 8 as part of this report.

8 The EMRC is reviewing all the findings, recommendations, suggested business improvement opportunities highlighted in the final audit report and progressively being implemented.

9 On the recommendation of the Internal Auditor, attachment 4 is marked as confidential due to the content of the document containing security matters in accordance with s.5.23(2) of the *Local Government Act 1995*.

STRATEGIC/POLICY IMPLICATIONS

10 Reporting on the EMRC Strategic Policy implications align with the revised Strategic Plan 2017-2027 and the Sustainability Strategy 2022/2023 – 2026/2027.

FINANCIAL IMPLICATIONS

11 The annual budget provides for the internal audit function.

SUSTAINABILITY IMPLICATIONS

12 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	Unlikely	Moderate
Action/Strategy		
➢ Council to note the internal audit reports.		

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean City of Bayswater	Nil

ATTACHMENT(S)

1. Internal Audit Report - Accounts Payable (Transactional) (D2026/13738)
2. Internal Audit Report - Accounts Receivable (D2026/13739)
3. Internal Audit Report – Investment Policies (D2026/13740)
4. Confidential Internal Audit Report - IT General Controls (D2026/13741)
5. Internal Audit Report - Payroll (Transactional) (D2026/13742)
6. Internal Audit Report – Procurement (D2026/13743)
7. Internal Audit Report - Taxation (D2026/13746)
8. Internal Audit Report - Waste Management Facility (Landfill Operations) (D2026/13744)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That:

1. Council notes the internal audit reports forming attachments 1 to 8 to this report.
2. The attachment 4 remains confidential and be certified by the Chairperson and the CEO.

AUDIT, RISK AND IMPROVEMENT COMMITTEE RECOMMENDATION(S)

MOVED SECONDED

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Eastern Metropolitan Regional Council
Accounts Payable (Transactional Processing)

Internal Audit

June 2026

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 3
INTRODUCTION 3
AUDIT OBJECTIVE: 3
SCOPE OF WORKS 4
2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS 5
OVERALL RISK RATING 5
3. SUMMARY OF FINDINGS 5
4. RECOMMENDATIONS 5
5. BUSINESS IMPROVEMENTS 5
6. OVERALL COMMENTS 6
STANTONS - AUDIT MANAGEMENT COMMENTS 6
7. RISK RATING AND DEFINITIONS 7
RISK RATINGS AND INTERPRETATIONS 7
DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS 7
8. DETAILED AUDIT ASSESSMENT 8

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of two member Councils located in Perth's Eastern Region: Town of Bassendean and City of Bayswater. 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 Accounts Payable (Transactional) 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 2025 to 30 April 2026. This audit will examine reliability and integrity of information, compliance and safeguarding of assets.

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 are as follows:

Reliability and Integrity of Information

- Determine whether payments are accurate, complete, made in a timely manner and have adequate substantiation
- Determine whether adequate controls exist to provide reasonable assurance that payments are only made to approved creditors
- Determine whether controls over record keeping provide reasonable assurance that accounts are posted to correct general ledger account in a timely manner.

Compliance

- Identify whether payments are made in accordance with approved policy.

Safeguarding of Assets

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

Risks Identified

- Authorisation (including receipt of goods/services)
- Accuracy (including coding)
- Timeliness.

Scope of works

The audit period was 1 July 2025 to 30 April 2026.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine whether payments are accurate, complete, made in a timely manner and have adequate substantiation.	Achieved	N/A
8.2	Determine whether adequate controls exist to provide reasonable assurance that payments are only made to approved creditors.	Achieved	N/A
8.3	Determine whether controls over record keeping provide reasonable assurance that accounts are posted to correct general ledger account in a timely manner.	Achieved	N/A
8.4	Identify whether payments are made in accordance with approved policy.	Achieved	N/A
8.5	Determine whether there are adequate procedures in place to mitigate the risk of fraudulent payments.	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. Delegation limits within SynergySoft are currently managed by the Manager Information Services, with limited evidence of a formal change control process or tracking mechanism for changes to system-based delegation limits. EMRC should implement monthly audit trail reports to track changes to system-based approval limits, including the date of change, officer affected, nature of change, approving officer, and reason for change.

2. Relevant management guidelines should be reviewed and updated to ensure they remain current, reflect existing payment practices, and address contemporary fraud and cyber-related payment risks. EMRC should establish a periodic review schedule for key finance management guidelines to ensure they remain current and aligned with legislative requirements, business practices, and emerging fraud and cyber risks.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

We thank the Audit team for their diligence and work undertaken for the Internal Audit on the Accounts Payable module.

We acknowledge the suggested areas of Business Improvements listed. We have implemented the monthly review of expenditure authority limits audit trail and are currently in the process of reviewing the management guidelines.

Stantons - Audit Management Comments

Stanonts acknowledge the management comments from EMRC and note the implementation of a monthly review of expenditure authority limits audit trail and reviewing the management guidelines. We would like to thank the Finance team for all 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
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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.

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Report Release

Released by (Name): James Cottrill *Signature:* James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting *Date: 01 June 2026*

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER PAYMENTS ARE ACCURATE, COMPLETE, MADE IN A TIMELY MANNER AND HAVE ADEQUATE SUBSTANTIATION.

Overall Outcome	Payments reviewed were generally accurate, complete, appropriately substantiated, and processed in accordance with supporting documentation and delegated approval requirements.

As part of the audit procedures performed, a sample of twenty (20) expenditure transactions was selected from the Expenditure Invoice List covering the period 1 July 2025 to 30 April 2026. The sample included a range of expenditure types, including corporate credit card expenditure, labour hire, contractor services, utilities, vehicle and equipment-related services, waste recovery services, professional services, and other operational expenditure, as follows:

- 01/07/2025 - WBC - Corporate Mastercard - David Schmidt - $29.98
- 01/07/2025 - Industrial Recruitment Partners - $2,390.85
- 01/08/2025 - Quad Services Pty Ltd -$2,213.00
- 04/08/2025 - Joint Construction Group Pty Ltd - $4,664.77
- 01/09/2025 - Truckline - Specialist Wholesalers Pty Ltd T/As - $50.04
- 04/09/2025 - Av Truck Services Pty Ltd - $1,120.68
- 13/10/2025 - Civil Auto Electrics Pty Ltd - $282.00
- 14/10/2025 - Crossland & Hardy Pty Ltd - $2,777.50
- 07/11/2025 – Synergy - $6,699.43
- 06/11/2025 - Hoseforce Pty Ltd - $36.92
- 04/12/2025 - Skill Hire Wa Pty Ltd - $3,497.86
- 03/12/2025 - Nessco Group - $1,226.72
- 13/01/2026 - Pinnacle Coachlines - $439.00
- 13/01/2026 - Civil Auto Electrics Pty Ltd - $2,077.35
- 04/02/2026 - Westrac Equipment Pty Ltd- $425.70
- 22/02/2026 - Quik Gas Recovery - $686.40
- 16/03/2026 - Quik Gas Recovery -$884.40
- 25/03/2026 - Choiceone Pty Ltd - $2,422.28
- 05/04/2026 - Commercial Care -$1,721.50
- 20/04/2026 - Vision Intelligence Pty Ltd - $1,601.60.

For each sampled transaction, audit testing was performed against the relevant purchase order, tax invoice, and remittance advice to confirm whether the payment was adequately supported, accurately processed, and appropriately authorised. Based on the sample reviewed, payments were consistent with supporting documentation and were approved by officers with appropriate delegation authority.

The audit confirmed that invoices were reviewed prior to payment and that payments were generally processed in accordance with supporting tax invoices. No material exceptions were identified in relation to the accuracy or completeness of payments tested.

However, audit testing identified instances where invoiced amounts differed from the approved purchase order values. These exceptions were noted for the following transactions:

- 6 November 2025 – Hoseforce Pty Ltd – $36.92;
- 4 December 2025 – Skill Hire Wa Pty Ltd – $3,497.86; and
- 25 March 2026 – Choiceone Pty Ltd – $2,422.28.

These variances were primarily associated with labour hire and service-related arrangements, where final invoiced amounts may differ from initial estimates due to actual hours worked or services delivered.

Management advised that EMRC has an established process whereby site managers are authorised to approve variations of up to 5% of the purchase order value. Variations above 5% require justification and the authorising officer may only approve this purchase order with the variation's value up to the officer's authorisation limit as set out in the Management Guideline – Authorisation of Expenditure. In instances where the value exceeds the officer's authorisation limit, it is required to be escalated to a higher authority, together with appropriate justification. This provides a compensating control to ensure purchase order variations are reviewed and approved before payment.

The audit also noted that certain purchase orders did not include specified order values. These primarily related to recurring or standing order arrangements, including the following transactions:

- 22 February 2026 – Quik Gas Recovery – $686.40;
- 16 March 2026 – Quik Gas Recovery – $884.40; and
- 5 April 2026 – Commercial Care – $1,721.50.

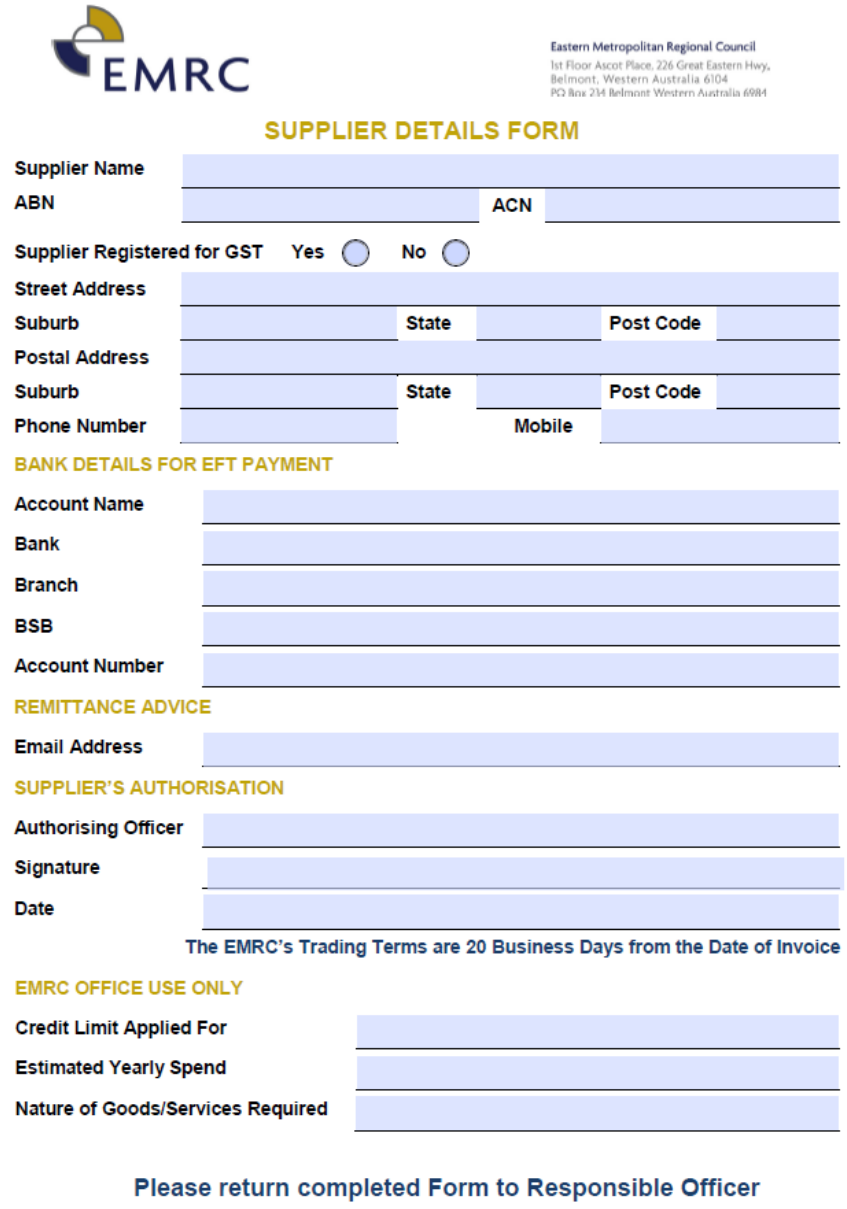
Management advised that, under this process, invoices are reviewed and approved by the relevant department head upon completion of the service prior to payment. This ensures oversight is maintained despite the absence of a predefined purchase order value.

No issues were noted.

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

Overall Outcomes	EMRC has established adequate controls to provide reasonable assurance that payments are only made to approved creditors. The controls in place include supplier onboarding procedures, verification of supplier details, documented bank account change processes, management review and approval requirements, system audit trails, and periodic review of creditor changes.

Audit procedures included obtaining and reviewing the Supplier Details Form used by EMRC for new supplier setup. The form requires each new supplier to provide key identifying information, including supplier name, ABN, address, contact details, and bank account details. This information is required to be completed and returned to EMRC prior to the supplier being established in the accounts payable system.



EMRC

Eastern Metropolitan Regional Council
1st Floor Ascot Place, 226 Great Eastern Hwy,
Belmont, Western Australia 6104
PO Box 234 Belmont Western Australia 6984

SUPPLIER DETAILS FORM

Supplier Name
ABN ACN
Supplier Registered for GST Yes No
Street Address
Suburb State Post Code
Postal Address
Suburb State Post Code
Phone Number Mobile

BANK DETAILS FOR EFT PAYMENT

Account Name
Bank
Branch
BSB
Account Number

REMITTANCE ADVICE

Email Address

SUPPLIER'S AUTHORISATION

Authorising Officer
Signature
Date

The EMRC's Trading Terms are 20 Business Days from the Date of Invoice

EMRC OFFICE USE ONLY

Credit Limit Applied For
Estimated Yearly Spend
Nature of Goods/Services Required

Please return completed Form to Responsible Officer

Through enquiry with the Finance Team, it was noted that EMRC has implemented a documented process for managing changes to supplier bank account details. Where a request to change a supplier's bank account details is received, the responsible finance officer is required to assess whether the request is legitimate and not fraudulent. Requests may be received through written communication, such as email or mail, or identified where bank details on a supplier invoice differ from those recorded in SynergySoft.

Prior to updating supplier bank account details in SynergySoft, the finance officer is required to verify the authenticity of the request by contacting the supplier directly via telephone or email. The contact details used for verification are sourced from SynergySoft creditor records and cross-checked against the supplier's website where available. Details of the verification, including the contact person's name, position, and the date and time of communication, are recorded on the "Change to Creditor Bank Account Details – Official Form".

In addition to supplier verification, EMRC seeks third-party verification from the relevant banking institution to further confirm the legitimacy of requested bank account changes. Once the request has been confirmed as genuine, the finance officer completes the official change form, attaches relevant supporting documentation, and submits the request to the Finance Team Leader or Manager Financial Services for review and approval.

The Finance Team Leader or Manager Financial Services reviews the supporting documentation to confirm the authenticity of the supplier request before authorising the change. Once approved, the finance officer updates the bank account details in SynergySoft. An audit trail is then printed and retained with the supporting documentation in the relevant creditor file.

The process also includes a post-change review control. The Manager Financial Services receives an automatic system-generated email notification whenever supplier banking details are changed in SynergySoft. The Manager Financial Services forwards the notification to the Finance Team Leader for verification. The Finance Team Leader reviews the amendments made in SynergySoft and confirms whether the changes were authorised and consistent with the supplier's advice.

In addition, the Manager Financial Services obtains and reviews the accounts payable audit trail on a monthly basis to confirm that creditor amendments are supported by appropriate approvals and documentation. Creditors audit trails are retained in the Creditors Audit File in TRIM.

Overall, the supplier setup and creditor bank account change controls are appropriately designed and include key preventative and detective controls, such as independent verification, delegated approval, audit trail review, and record retention. These controls provide reasonable assurance that payments are made only to approved creditors and reduce the risk of fraudulent or unauthorised payment redirection.

No issues were noted.

8.3 DETERMINE WHETHER CONTROLS OVER RECORD KEEPING PROVIDE REASONABLE ASSURANCE THAT ACCOUNTS ARE POSTED TO CORRECT GENERAL LEDGER ACCOUNT IN A TIMELY MANNER.

Overall Outcome	EMRC has established controls over record keeping and accounts payable processing that provide reasonable assurance that accounts are posted to the correct general ledger account in a timely manner.

Through enquiry with the Finance Team, it was noted that it was noted that the general ledger account is assigned when the requisition is raised. This provides an upfront control to ensure expenditure is coded to the appropriate account before the purchase order is generated and before invoices are processed for payment.

The Authorising Officer is responsible for reviewing the purchase order and confirming whether it has been fully invoiced. Once the purchase order is marked as fully invoiced, the Finance Team proceeds with payment processing. Where the purchase order has not been marked as fully invoiced, the Finance Team follows up with the Authorising Officer to confirm whether the invoice is appropriate for payment.

Where discrepancies are identified between the invoice amount and the purchase order value, the Finance Team applies an additional review process. For invoice amounts exceeding the purchase order value by 5% or more, the Finance Team requests an explanation from the Authorising Officer to determine whether the payment should be processed. This provides an additional control over accuracy, budget monitoring, and appropriate authorisation of variances.

The audit also noted that accounts payable processing is generally performed through a physical workflow, with printed tax invoices stamped as part of the review and approval process. Physical accounts payable documents, including purchase orders, tax invoices, and remittance advice, are stored in a locked cabinet. Original digital tax invoices are retained in Content Manager to support record keeping and future retrieval.

Access to physical accounts payable documentation is controlled through secure storage arrangements. Disposal of accounts payable files requires authorisation from the CEO and is performed by the Records Officer, supporting appropriate records retention and disposal practices.

In addition, EMRC restricts access to the SynergySoft Accounts Payable module to the Finance Team and the Manager Information Services. This access restriction supports segregation of duties and reduces the risk of unauthorised changes to accounts payable records or general ledger posting information.

Overall, the controls in place provide reasonable assurance that expenditure is coded to the correct general ledger account, reviewed by appropriate officers, supported by retained documentation, and processed in a timely manner.

No issues were noted.

8.4 IDENTIFY WHETHER PAYMENTS ARE MADE IN ACCORDANCE WITH APPROVED POLICY.

Overall Outcome	Payments were made in accordance with approved policy.

Audit procedures included sample testing of twenty (20) expenditure transactions selected from the Expenditure List for the period 1 July 2025 to 30 April 2026. The sample included a range of expenditure types, including corporate credit card expenditure, labour hire, contractor services, utilities, vehicle and equipment services, waste recovery services, and other operational expenditure.

For each sampled transaction, audit procedures were performed to confirm whether the payment was appropriately authorised, supported by relevant documentation, and processed in accordance with the Management Guideline – Authorisation of Expenditure. The audit confirmed that all sampled payments were authorised by delegated officers within their approved delegation limits.

The sample tested included the following transactions:

- 01/07/2025 - WBC - Corporate Mastercard - David Schmidt - $29.98
- 01/07/2025 - Industrial Recruitment Partners - $2,390.85
- 01/08/2025 - Quad Services Pty Ltd -$2,213.00
- 04/08/2025 - Joint Construction Group Pty Ltd - $4,664.77
- 01/09/2025 - Truckline - Specialist Wholesalers Pty Ltd T/As - $50.04
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- 25/03/2026 - Choiceone Pty Ltd - $2,422.28
- 05/04/2026 - Commercial Care -$1,721.50
- 20/04/2026 - Vision Intelligence Pty Ltd - $1,601.60.

Based on the testing performed, all sampled payments were found to be appropriately authorised and consistent with approved policy requirements.

However, through enquiry and review of system administration arrangements, it was noted that delegation limits within SynergySoft are currently maintained by the Manager Information Services. There is limited evidence of a formal documented process for periodically reviewing changes to delegation limits within the system. In addition, there is no specific tracking process in place to evidence changes made to system-based approval limits or to confirm that system delegations remain consistent with approved delegation instruments.

Suggested Business Improvement 1	Delegation limits within SynergySoft are currently managed by the Manager Information Services, with limited evidence of a formal change control process or tracking mechanism for changes to system-based delegation limits. EMRC should implement monthly audit trail reports to track changes to system-based approval limits, including the date of change, officer affected, nature of change, approving officer, and reason for change.

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

Overall Outcome	EMRC has established procedures and controls that provide reasonable assurance that the risk of fraudulent payments is appropriately mitigated. Key controls include delegated approval limits, segregation of payment authorisation responsibilities, supplier payment authorisation requirements, review of supporting documentation, and dual authorisation for cheque and EFT payments.

Audit procedures included obtaining and reviewing the Management Guideline – Authorisation of Expenditure. The Guideline was endorsed on 29 October 2021, last reviewed on 28 February 2024, and is next due for review on 1 July 2025. The Guideline sets out authority limits for EMRC capital and operational expenditure in accordance with *the Local Government Act 1995* and the *Local Government (Financial Management) Regulations*, as presented in the table below.

Item	Positions Applicable	Capital Expenditure Applicable Bands (Amount Excluding GST)	Operational Expenditure Applicable Bands (Amount Excluding GST)	Functional Areas of Responsibility
1.	Chief Executive Officer	➢ ≤ $1,000,000 (contracts which have undergone a tender or request for quote process)	➢ ≤ $1,000,000 (contracts which have undergone a tender or request for quote process)	All
2.	Chief Financial Officer	≤ $50,000	≤ $50,000	All
3.	Chief Operating Officer	≤ $37,500	≤ $100,000 (fuel only for operations at Hazelmere) ≤ $37,500 (general expenditure)	Operations Team
4.	Chief Project Officer	≤ $37,500	≤ $37,500	Projects Team
5.	Chief Sustainability Officer	≤ $37,500	≤ $37,500	Sustainability Team
6.	Manager Engineering	≤ $15,000	≤ $15,000	Functional area of responsibility
7.	Manager Environmental & Waste Compliance Operations	Nil	≤ $10,000	Functional area of responsibility
8.	Manager Financial Services	Nil	≤ $15,000	Functional area of responsibility
9.	Manager Human Resources	Nil	≤ $10,000	Functional area of responsibility
10.	Manager Information Services	≤ $10,000	≤ $10,000	Functional area of responsibility
11.	Manager Operations (Hazelmere)	Nil	≤ $40,000 (fuel only for operations at Hazelmere) ≤ $15,000 (general expenditure)	Functional area of responsibility
12.	Manager Procurement and Governance	Nil	≤ $10,000	Functional area of responsibility
13.	Manager Wood Waste to Energy Plant	Nil	≤ $15,000	Functional area of responsibility
14.	Site Manager (Red Hill)	Nil	≤ $40,000 (fuel only for operations at Red Hill)	Functional area of responsibility
			≤ $15,000 (general expenditure)	
15.	Administration Officer (Sustainability)	Nil	≤ $1,500	Functional area of responsibility
16.	Administration Supervisor (Hazelmere)	Nil	≤ $1,500	Functional area of responsibility
17.	Administration Supervisor (Red Hill)	Nil	≤ $2,000	Functional area of responsibility
18.	Communications Coordinator	Nil	≤ $5,000	Functional area of responsibility
19.	Coordinator Administration	Nil	≤ $5,000	Functional area of responsibility
20.	Coordinator Urban Environment	Nil	≤ $5,000	Functional area of responsibility
21.	Coordinator Waste Education	Nil	≤ $5,000	Functional area of responsibility
22.	Executive Assistant to Chief Executive Officer	Nil	≤ $2,000	Functional area of responsibility
23.	Senior Human Resources Advisor	Nil	≤ $1,500	Functional area of responsibility
24.	Waste and Resources Recovery Specialist	Nil	≤ $15,000	Functional area of responsibility
25.	Works Co-Ordinator (Hazelmere)	Nil	≤ $8,000	Functional area of responsibility

The Guideline provides a key preventative control by ensuring that expenditure is authorised by officers with appropriate delegated authority and within approved financial limits. This assists in reducing the risk of unauthorised expenditure, inappropriate approvals, and payments being processed without appropriate oversight.

Audit procedures also included obtaining and reviewing the Management Guideline – Cheque Signatories and Online (EFT) Supplier Payments. The Guideline was endorsed in December

2008, last reviewed in February 2024, and is next due for review in February 2025. The Guideline establishes the authority requirements for signing Council cheques and authorising online supplier payments via Electronic Funds Transfer.

The Guideline requires supplier EFT payments to be authorised by any two authorised officers from the approved list, including the Chief Executive Officer, Chief Financial Officer, Chief Sustainability Officer, Manager Financial Services, Manager Information Services, and Finance Team Leader. This dual authorisation requirement provides an important control over payment release and reduces the risk of fraudulent or unauthorised payments.

Suggested Business Improvement 2	Relevant management guidelines should be reviewed and updated to ensure they remain current, reflect existing payment practices, and address contemporary fraud and cyber-related payment risks. EMRC should establish a periodic review schedule for key finance management guidelines to ensure they remain current and aligned with legislative requirements, business practices, and emerging fraud and cyber risks.

Through enquiry with the Finance Team, it was confirmed that online supplier payments via EFT are generally processed weekly. EFT files are uploaded to the banking platform and are then authorised by two officers from the approved authority list before payment is released. Cheque payments are processed on a monthly basis and require signatures from two authorised officers.

The combination of expenditure authorisation limits, supporting documentation review, delegated approval requirements, and dual payment authorisation provides a sound control framework to mitigate fraudulent payment risk. These controls help ensure that payments are supported, reviewed, approved, and released only by authorised personnel.

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EMRC

Eastern Metropolitan Regional Council
Accounts Receivable

Internal Audit

June 2026

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 3
INTRODUCTION 3
AUDIT OBJECTIVE: 3
SCOPE OF WORKS 4
2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS 5
OVERALL RISK RATING 5
3. SUMMARY OF FINDINGS 5
4. RECOMMENDATIONS 5
5. BUSINESS IMPROVEMENTS 5
6. OVERALL COMMENTS 6
STANTONS - AUDIT MANAGEMENT COMMENTS 6
7. RISK RATING AND DEFINITIONS 7
RISK RATINGS AND INTERPRETATIONS 7
DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS 7
8. DETAILED AUDIT ASSESSMENT 8

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of two member Councils located in Perth's Eastern Region: Town of Bassendean and City of Bayswater. 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 Accounts Receivable 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 2025 to 30 April 2026. This audit will examine reliability and integrity of information, compliance and safeguarding of assets.

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 are as follows:

Reliability and Integrity of Information

- Determine whether accounts receivable are calculated accurately, completely and in a timely manner.

Compliance

- Determine whether policies and procedures are documented, understood by staff, and followed.

Safeguarding of Assets

- Identify whether the Council has procedures in place assess customer's ability to service debt before granting credit
- Review procedure for debt collection for efficiency and effectiveness.

Risks Identified:

- Credit checks – ongoing & review
- Payment procedures
- Debt incurred
- Timeliness
- Accuracy
- Authorisation
- Approval of bad debts and write-offs

- Lack of outstanding debtors follow up.

Scope of works

The audit period was 1 July 2025 to 30 April 2026.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine whether accounts receivable are calculated accurately, completely and in a timely manner.	Achieved	N/A
8.2	Determine whether policies and procedures are documented, understood by staff, and followed.	Achieved	N/A
8.3	Identify whether the Council has procedures in place to assess customer's ability to service debt before granting credit.	Achieved	N/A
8.4	Review procedure for debt collection for efficiency and effectiveness.	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. There were no business improvements suggested.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

We thank the Audit team for their diligence and work undertaken for the Internal Audit on the Accounts Receivable module.

Stantons - Audit Management Comments

Stantons acknowledge EMRC's management comment and would like to thank the Finance team for all their assistance.

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
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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.

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Report Release

Released by (Name): James Cottrill *Signature:* James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting *Date: 1 June 2026*

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER ACCOUNTS RECEIVABLE ARE CALCULATED ACCURATELY, COMPLETELY AND IN A TIMELY MANNER.

Overall Outcome	Accounts receivable transactions at EMRC are generally calculated accurately, completely, and in a timely manner.

Audit procedures included selecting a sample of ten (10) transactions from the Revenue Invoices List for the period 1 July 2025 to 30 April 2026. The sample included the following customers and invoice transactions:

- 1/07/2025 - C.D. Dodd Scrap Metal Recyclers (Rcti)
- 5/08/2025 - Veolia Environmental Services (Australia) P/L
- 12/08/2025 - Bluescope Steel Limited
- 4/09/2025 - Shire Of Mundaring
- 7/10/2025 - City Of Swan
- 11/11/2025 - City Of Kalamunda
- 9/12/2025 - Cg Waters & Cl Anderson
- 6/01/2026 - Koppers Wood Products Pty Ltd
- 30/03/2026 - Coppin Road Transfer Station (Aka Mundaring)
- 20/04/2026 - C.D. Dodd Scrap Metal Recyclers (Rcti).

For each sampled transaction, audit procedures were performed to confirm whether the invoice was accurately calculated, supported by relevant documentation, and raised in a timely manner. Testing confirmed that the majority of tax invoices were generated at facility sites, including Red Hill Waste Management Facility and Baywaste Community Recycling Centre. Invoices relating to prepayments, contributions, and other non-site-based transactions were generated by Head Office.

The audit noted that invoices were calculated in accordance with the relevant schedule of fees and charges or contracted rates. Based on sample testing performed, no calculation exceptions were identified. Invoices were also raised in a timely manner, consistent with the weekly invoice cycle or specific agreement requirements.

Audit also obtained and reviewed the Credit Notes List for the period 1 July 2025 to 30 April 2026 and noted that fifty-three (53) credit notes were processed during the period. Through enquiry with the Finance Team, it was noted that the Finance Team Leader is responsible for verifying discrepancies or errors identified between tax invoices and journal accounts. This provides a review control over corrections and adjustments to revenue transactions.

Overall, the accounts receivable process includes controls over invoice generation, calculation against approved rates, review of discrepancies, and timely processing of revenue invoices.

No issues were noted.

8.2 DETERMINE WHETHER POLICIES AND PROCEDURES ARE DOCUMENTED, UNDERSTOOD BY STAFF AND FOLLOWED.

Overall Outcomes	EMRC has documented procedures and processes in place for debtor management, invoicing, receipting, credit control, debt management, and SynergySoft debtor processing.

EMRC has established a number of debtor-related procedures and process documents to support the consistent management of accounts receivable activities. These include the Receipting of Direct Debt process, Standard Operating Procedure – Mandalay Invoicing including Data Extract, Management Guideline – Credit Control and Debt Management, Process for Preparing Weekly Debtors Report, and SynergySoft User Guide – Debtors.

Through enquiry with the Finance Team, it was noted that Mandalay is currently used at Red Hill Waste Management Facility and Hazelmere Resource Recovery Park to capture relevant transaction data. A CSV file is extracted from Mandalay and imported into SynergySoft on a weekly basis to support invoice creation. This process assists in ensuring that site-based transactions are transferred into the financial system for debtor invoicing in a consistent and timely manner.

Audit obtained and reviewed the Standard Operating Procedure – Mandalay Invoicing including Data Extract. The procedure provides a step-by-step process for Finance and Administration Officers at facility sites to generate the original CSV files, separate special customers and prepaid transactions, and create invoices in SynergySoft. The procedure includes written instructions and screenshots, which appear sufficient to assist staff in performing the process consistently.

Review of the SynergySoft User Guide – Debtors noted that the guide provides detailed instructions for staff performing debtor-related functions within SynergySoft. The guide includes processes for debtor account creation and maintenance, debtor invoicing, debtor parameters, code maintenance, credit notes, recurring invoices, licences and leases, receipting, payment options, interest, statement production, and debtor reporting.

The audit also noted that the Management Guideline – Credit Control and Debt Management provides guidance over debt recovery and debtor management practices. In addition, the Process for Preparing Weekly Debtors Report supports regular monitoring and reporting of debtor balances and outstanding amounts.

Based on sample testing performed in Section 8.1, invoices reviewed were accurately calculated in accordance with approved fees, charges, or contracted rates, and were raised in a timely manner. This provides evidence that debtor processes are being followed by staff and that the documented procedures are operating effectively in practice.

Overall, the documentation reviewed provides staff with adequate guidance over debtor processing, and audit testing did not identify any exceptions indicating that procedures were not understood or followed.

No issues were noted.

8.3 IDENTIFY WHETHER THE COUNCIL HAS PROCEDURES IN PLACE TO ASSESS CUSTOMER'S ABILITY TO SERVICE DEBT BEFORE GRANTING CREDIT.

Overall Outcome	EMRC has established procedures to assess a customer's ability to service debt before granting credit. The process is documented within the Management Guideline – Credit Control and Debt Management and requires prospective customers to complete an Application for Credit Account Form before a credit account is established.

Audit obtained and reviewed the Management Guideline – Credit Control and Debt Management and noted that the Guideline was endorsed in April 2018, last reviewed by the Executive Leadership Team in February 2024, and is next scheduled for review in February 2025. The Guideline outlines the process for assessing prospective customers before granting credit and establishes requirements for credit account applications, customer assessment, approval limits, payment terms, and debtor monitoring.

We have noted in the Accounts Payable (Transactional) report a business improvement pertaining to the need to ensure guidelines are reviewed in accordance with the review date and have not repeated that in this report.

The Guideline requires prospective customers to complete and return an Application for Credit Account Form prior to a credit account being established with EMRC. Upon receipt of the completed application form, the Finance Team undertakes trade reference checks by phone and obtains an online credit reference check to assess the customer's creditworthiness. Where required, applicants may also be requested to provide additional financial information, such as a copy of their Balance Sheet, to support assessment of their ability to pay.

The Application for Credit Account Form provides two credit account options. Where the requested credit limit is equal to or less than $5,000 per month, the account is required to operate under direct debit terms, with invoice amounts deducted automatically from the nominated bank account on the 14th day from the invoice date. Where the requested credit limit is greater than $5,000 per month, the account is subject to strict 14-day payment terms, with payment required no later than fourteen days from the invoice date.

Applicants are also required to complete the Direct Debit Request, where applicable, and acknowledge the Direct Debit Terms and Conditions and Direct Debit Request Service Agreement. These requirements support timely recovery of debtor balances and reduce credit risk for lower-value credit accounts.

The Guideline establishes delegated approval limits for credit account applications based on the requested monthly credit limit. Credit limit requests up to and including $15,000 are approved by the Manager Financial Services. Credit limit requests over $15,000 and up to and including $50,000 are approved by the Chief Financial Officer. Credit limit requests over $50,000 require approval by the Chief Executive Officer. This provides an appropriate escalation framework based on credit exposure.

Each applicant is informed in writing of the outcome of their application. Successful applicants are advised of EMRC's trading terms, accepted payment methods, and the consequences of late or non-payment. Unsuccessful applicants are advised that they may still make purchases or access EMRC services on a cash, credit card, or debit card basis.

The audit also noted that EMRC has established controls to support ongoing management of credit accounts. These include offering a range of payment methods, applying credit card

processing fees where applicable, providing direct debit options, and allowing payment plans where customers experience difficulty meeting payment obligations.

Debtor monitoring is performed through regular debtor reporting. The Debtors Report is generated for review by the Manager Financial Services and Chief Financial Officer, including credit limits and outstanding debtor balances for each credit account. This provides ongoing visibility over debtor exposure and supports management of overdue accounts.

Overall, EMRC has documented procedures and approval controls in place to assess customer creditworthiness before granting credit and to monitor debtor balances after credit accounts are established.

8.4 REVIEW PROCEDURE FOR DEBT COLLECTION FOR EFFICIENCY AND EFFECTIVENESS.

Overall Outcome	EMRC has established debt collection procedures through the Management Guideline – Credit Control and Debt Management. The procedure sets out clear escalation steps for overdue accounts, including reminder notices, verbal follow-up, final demand, stop credit, account closure, referral to debt collection agencies, and payment plan options where appropriate.

Audit obtained and reviewed the Management Guideline – Credit Control and Debt Management and noted that EMRC has documented procedures for managing overdue debtor accounts. The Guideline requires written and verbal reminders to be issued when accounts become overdue, including communication of potential consequences for continued non-payment, such as account suspension, closure of account, referral to debt collection agencies, and possible legal action.

The debt collection process includes a staged escalation approach. Initial follow-up is performed through telephone or email reminders in relation to overdue amounts. Where contact is made with the debtor, EMRC may negotiate and agree on a specific payment date. If the debt is not settled within the agreed timeframe, a final demand email or letter is issued. Where payment remains outstanding following final demand, the debtor account may be placed on Stop Credit. This action requires authorisation by the relevant Chief Officer or the Chief Financial Officer. Where the debt remains unresolved, the account may be closed and referred to a debt collection agency for recovery, including legal action where necessary.

The Guideline also allows payment plan options to be offered to customers experiencing difficulty paying their account. This provides a practical mechanism to support recovery of overdue balances while also assisting customers to meet their payment obligations.

Audit obtained and reviewed the Debtors Trial Balance as at 31 July 2025 and 30 April 2026. As at 31 July 2025, total outstanding debtors were $5,236,272.83, including $420,133.75 overdue by thirty (30) days and $1,278,151.87 overdue by ninety (90) days. As at 30 April 2026, total outstanding debtors had reduced to $4,841,526.76, including $45,450.94 overdue by thirty (30) days and $1,282,215.85 overdue by ninety (90) days.

The reduction in total outstanding debtors and significant decrease in thirty-day overdue debtors indicates that debt collection processes are operating effectively during the audit period. While ninety-day overdue debtors remained relatively consistent, this may indicate the presence of longer-term or more complex debtor balances requiring ongoing monitoring and recovery action.

Overall, EMRC has documented debt collection procedures and evidence of debtor balance reduction during the audit period, indicating that the debt collection process is generally effective and appropriately monitored.

No issues were noted.

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Eastern Metropolitan Regional Council
Investment Policies

Internal Audit

June 2026

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 3
INTRODUCTION 3
AUDIT OBJECTIVE: 3
SCOPE OF WORKS 3
2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS 4
OVERALL RISK RATING 4
3. SUMMARY OF FINDINGS 4
4. RECOMMENDATIONS 4
5. BUSINESS IMPROVEMENTS 4
6. OVERALL COMMENTS 5
STANTONS - AUDIT MANAGEMENT COMMENTS 5
7. RISK RATING AND DEFINITIONS 6
RISK RATINGS AND INTERPRETATIONS 6
DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS 6
8. DETAILED AUDIT ASSESSMENT 7

1. EXECUTIVE SUMMARY

Introduction

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

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 Investment Policies 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 2025 to 30 April 2026. This audit will examine reliability and integrity of information, compliance and safeguarding of assets.

Audit Objective:

This 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 are as follows:

Reliability and Integrity of Information

- Determine whether there are adequate reporting processes in place to provide reasonable assurance that investment information is useful and received in a timely manner.

Compliance

- Identify whether an investments policy exists, is authorised and available to relevant staff.

Safeguarding of Assets

- Identify whether investments are authorised in accordance with approved policy.

Efficiency / Effectiveness

- Identify whether processes are in place to provide reasonable assurance that the Council is receiving the best possible return on investment.

Risks Identified

- Compliance with legislation
- Unauthorised investment
- Lack of return on investment.

Scope of works

The audit period will be 1 July 2025 to 30 April 2026.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine whether there are adequate reporting processes in place to provide reasonable assurance that investment information is useful and received in a timely manner.	Achieved	N/A
8.2	Identify whether an investments policy exists, is authorised and available to relevant staff.	Achieved	N/A
8.3	Identify whether investments are authorised in accordance with approved policy.	Achieved	N/A
8.4	Identify whether processes are in place to provide reasonable assurance that the Council is receiving the best possible return on investment.	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. No business improvement suggestions were made.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

We thank the Audit team for their diligence and work undertaken for the Internal Audit on the Investment Policies.

Stantons - Audit Management Comments

Stantons acknowledge the management comment from EMRC and would like to thank the Finance team for all 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.

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.

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Report Release

Released by (Name): James Cottrill *Signature:* James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting *Date: 1 June 2026*

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER THERE ARE ADEQUATE REPORTING PROCESSES IN PLACE TO PROVIDE REASONABLE ASSURANCE THAT INVESTMENT INFORMATION IS USEFUL AND RECEIVED IN TIMELY MANNER.

Overall Outcome	EMRC has adequate investment reporting processes in place to provide reasonable assurance that investment information is useful, relevant, and received in a timely manner to support informed decision-making.

Audit procedures included review of the investment reporting processes in place between EMRC and Prudential Finance. Through discussions with management, it was confirmed that the Manager Financial Services and Chief Financial Officer receive monthly reports from Prudential Finance summarising the status and performance of EMRC's investment portfolio.

The monthly investment reports provide management with information relating to investment holdings and performance, including graphical analysis of investment performance and monthly returns. The reports also provide information on compliance with the EMRC Investment Policy, including portfolio exposure to different investment types, individual institution exposure, credit ratings, and term-to-maturity status.

The reports include detailed information on individual investment holdings, including face value, current rate, selected financial institution, credit rating, purchase price and date, current value, accrued interest, and next interest or maturity dates. This information assists EMRC in monitoring the status of each investment and assessing expected cash inflows.

The audit also noted that the reports include analysis of authorised deposit-taking institution exposure, credit exposure, individual institution exposure, and maturity profile. This provides visibility over concentration risk and assists management in confirming whether investments remain within approved policy limits.

In addition, the monthly reports include cash flow forecasts for the current and following month. This supports management decision-making regarding whether funds should be reinvested upon maturity or retained to meet upcoming cash flow requirements.

Management advised that the Manager Financial Services and Chief Financial Officer rely on these reports to monitor investment performance, policy compliance, and cash flow requirements. Prudential Finance also presents compliance information within the reports and would notify EMRC where a compliance breach is identified.

Overall, the content and frequency of the monthly reporting process provide EMRC with sufficient and timely information to monitor investment holdings, assess compliance, and make informed investment decisions.

No issues were noted.

8.2 IDENTIFY WHETHER AN INVESTMENT POLICY EXISTS, IS AUTHORISED AND AVAILABLE TO RELEVANT STAFF.

Overall Outcomes	EMRC has an authorised Management of Investment Policy in place, which is available to relevant staff and member Councils through the EMRC website. The Policy provides an appropriate framework for the management of EMRC's surplus funds, with a focus on achieving favourable investment returns while giving due consideration to risk, security, liquidity, and legislative compliance.

Audit procedures included obtaining and reviewing EMRC's Management of Investment Policy. The purpose of the Policy is to guide the investment of EMRC's surplus funds at the most favourable rate of return available, while ensuring prudent consideration is given to investment risk, security, and liquidity requirements. The Policy also requires investments to be managed with care, diligence, and skill, and makes clear that the investment portfolio is to be managed to safeguard funds rather than for speculative purposes.

The Policy establishes investment guidelines intended to ensure investments meet legislative requirements, optimise investment income and returns within acceptable risk parameters, and align with EMRC's liquidity needs. The Policy also requires investments to be made at the most favourable rate of interest available at the time, while considering the risk and security of the investment type.

The Policy identifies the relevant legislative framework applicable to EMRC's investment activities, including the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996*, *Local Government (Financial Management) Amendment Regulations 2017*, and *the Trustees Act 1962*. This demonstrates that the Policy has been developed with consideration of applicable statutory requirements.

The Policy also includes requirements relating to conflicts of interest. Officers involved in investment activities are required to refrain from personal activities that may conflict with the proper execution and management of EMRC's investment portfolio. Any actual or potential conflict of interest is required to be brought to the attention of the Chief Executive Officer.

In relation to investment risk management, the Policy requires investments to be assessed using recognised credit rating frameworks, including Standard & Poor's ratings or equivalent Fitch or Moody's ratings where Standard & Poor's ratings are not available. Where the rating of an investment held by EMRC falls below the rating permitted under the Policy for new investments, the affected investment must be assessed and a recommendation made to the Investment Committee as to whether the investment should be liquidated, where permitted, or held to maturity.

The Policy identifies approved investments as those permitted under section 6.14(1) of the *Local Government Act 1995*, as specified in Part III of the *Trustees Act 1962*, subject to limitations under Regulation 19C of the *Local Government (Financial Management) Regulations 1996*. This assists in ensuring EMRC's investment activities remain within permitted legislative boundaries.

The Policy further establishes risk management guidelines requiring investments to be considered against key criteria including preservation of capital, diversification, market risk, liquidity risk, maturity risk, and minimum credit rating requirements. The Policy also sets limits relating to overall portfolio exposure, single entity exposure, and term to maturity. These limits support prudent investment management and reduce the risk of overexposure to particular institutions, products, or maturity profiles.

The Policy requires investment returns to be regularly reviewed, with market values and investment maturities assessed at least monthly to coincide with management reporting. Investments placed by authorised advisers or managers must be appropriately documented at the time of placement. The Policy also requires procedures and controls relating to recordkeeping, reconciliation, authorisation forms, and accounting for investments to be prepared and maintained.

Portfolio Limits

To control the credit quality on the entire portfolio, the following credit framework limits the percentage of the portfolio exposed to any particular credit rating category.

S&P Long Term Rating	Portfolio Maximum %
AAA	100%
AA & A	100%
BBB	40%

Single Entity Exposure

Exposure to an individual institution will be restricted by its credit rating so that single entity exposure is limited, as detailed in the table below:

S&P Long Term Rating	Portfolio Maximum %
AAA	45%
AA & A	35%
BBB	20%

Term to Maturity

Term	Minimum %	Maximum %
Portfolio % ≤1 year	40%	100%
Portfolio % >1 year ≤ 3 year	0%	60%

All investments must be authorised in writing by the Chief Executive Officer or EMRC's authorised managers in accordance with delegated authority prior to investment placement. In addition, an investment report is required to be prepared each month detailing compliance with the Policy criteria. The monthly investment report is required to be presented to Council at the next ordinary Council meeting following the end of the month to which the report relates, or at the next available meeting if the report is not prepared in time.

Overall, the Policy provides a clear and structured framework for investment management, including legislative compliance, risk management, authorisation, monitoring, and reporting requirements.

No issues were noted.

8.3 IDENTIFY WHETHER INVESTMENTS ARE AUTHORISED IN ACCORDANCE WITH APPROVED POLICY.

Overall Outcome	Investments reviewed were generally authorised in accordance with EMRC's approved Management of Investment Policy.

EMRC provided monthly Investment Reports for the period under review. Audit selected five investment samples and reviewed the supporting process to determine whether investments were authorised and placed in accordance with the Management of Investment Policy.

Through review and enquiry, it was noted that EMRC obtains advice from Prudential Finance regarding available investment options and interest rates offered by authorised deposit-taking institutions at the time of investment. The Manager Financial Services reviews the available options and considers the recommendation before referring the preferred option to the Chief Financial Officer for review. Following confirmation from the Chief Financial Officer, the recommendation is submitted to the Chief Executive Officer for approval. Approval is evidenced through written confirmation prior to the investment being placed.

The process reviewed demonstrates that investment decisions are subject to management review and approval prior to placement. This is consistent with the Investment Policy requirement that investments be authorised in writing by the Chief Executive Officer or authorised managers in accordance with delegated authority.

The audit also noted that EMRC monitors investment compliance through monthly reporting, including compliance with policy limits relating to credit ratings, authorised deposit-taking institution exposure, portfolio composition, and term to maturity. The monthly reporting process provides visibility over whether the investment portfolio remains within the limits set by the Investment Policy.

One matter noted during the audit relates to temporary portfolio movements when term deposits mature and EMRC requires the funds for operational expenditure. In these circumstances, the total capital invested may reduce, which can cause the percentage exposure of remaining investments to increase. This may result in temporary non-alignment with portfolio limits, particularly in relation to individual credit rating categories or institutional exposure percentages.

Management advised that these situations are monitored and addressed when funds are next available for reinvestment or when other term deposits mature. For example, where exposure to a lower-rated investment category temporarily exceeds the policy limit due to withdrawal of capital, EMRC will seek to rebalance the portfolio at the next available investment opportunity by reinvesting funds across other authorised deposit-taking institutions to restore compliance with policy limits.

The audit noted that the underlying investments remain term deposits with authorised deposit-taking institutions. Accordingly, the issue relates primarily to temporary portfolio composition and proportional exposure following cash withdrawals, rather than investment in unauthorised products or absence of approval.

Overall, the investment authorisation process is operating effectively, and no significant issues were identified in relation to investment approvals.

No issues were noted.

8.4 IDENTIFY WHETHER PROCESSES ARE IN PLACE TO PROVIDE REASONABLE 'ASSURANCE THAT THE COUNCIL IS RECEIVING THE BEST POSSIBLE RETURN ON INVESTMENT.

Overall Outcome	EMRC has established investment processes that provide reasonable assurance that Council is receiving an appropriate return on investment, while ensuring compliance with the requirements of the Management of Investments Policy and applicable risk parameters. The process includes cash flow forecasting, consideration of liquidity requirements, advice from an external financial advisor, comparison of available rates from authorised deposit-taking institutions, assessment against policy limits, management approval, and monthly reporting to Council.

Audit procedures included obtaining and reviewing the Management Guideline – Investments, dated February 2024. The Guideline provides operational guidance for the day-to-day management of investments and supports compliance with the Management of Investments Policy. The Guideline outlines the process to be followed when determining whether surplus funds are available for investment, selecting investment terms, obtaining market rates, assessing investment options, and obtaining approval prior to placement.

We have noted in the Accounts Payable (Transactional) report a business improvement pertaining to the need to ensure guidelines are reviewed in accordance with the review date and have not repeated that in this report.

The investment process commences with the Manager Financial Services reviewing EMRC's cash flow forecast to determine the amount available for investment and the appropriate maturity profile. This review considers expected cash outflows, including capital expenditure, landfill levy payments, GST obligations, maturing term deposits, and other significant periodic payments. The Manager Financial Services is also required to liaise with responsible managers regarding capital expenditure timing, carry-forward requirements, changes to budgeted expenditure, and any cancellations or reallocations of capital items.

Based on the cash flow profile, a recommendation is prepared for the Chief Executive Officer or delegated officer, generally the Chief Financial Officer. The recommendation sets out the amount to be invested, the proposed investment maturity, and the type of investment instrument. This process assists in ensuring that investment decisions are aligned with EMRC's liquidity requirements and operational cash flow needs.

Once it is determined that funds are available for investment or rollover into a term deposit, EMRC requests investment rate advice from its contracted financial advisor, Prudential Finance. Prudential Finance provides comparative rates from various authorised deposit-taking institutions for the relevant investment term. This allows EMRC to compare available rates at the time of investment and consider the most favourable option within the constraints of the Investment Policy.

The basis for the investment recommendation includes consideration of the credit rating of the deposit-taking institution, the level of interest rates offered, the percentage of the portfolio already held with that institution, and the percentage of the portfolio within the relevant credit rating category. These considerations support compliance with the Investment Policy and help manage risk across the investment portfolio.

The audit noted that adherence to the three key policy criteria is central to the investment decision-making process. These include overall portfolio limits, the counterparty credit framework, and the term-to-maturity framework. As such, the investment process is not solely focused on achieving the highest available rate, but also on ensuring that investments remain within approved risk, credit exposure, and maturity parameters.

Once the preferred investment option is identified, approval is sought from the Chief Executive Officer or delegated officer. Following approval, the decision is communicated to the Manager Financial Services and Finance Team Leader to action the investment. This provides a clear approval pathway and supports accountability over investment decisions.

The audit noted that the process enables the Manager Financial Services, Chief Financial Officer, and Chief Executive Officer to consider the best available rate of return from authorised deposit-taking institutions at the time of investment. However, due to the constraints within the Investment Policy, such as credit rating limits, counterparty exposure limits, and maturity restrictions, EMRC may not always be able to select the absolute highest interest rate available in the market. This is appropriate, as the objective of the policy is to optimise returns within acceptable risk parameters rather than pursue return without regard to security and liquidity.

Council oversight is provided through the monthly investment report, which includes information on overall portfolio limits, single entity exposure, term-to-maturity profile, and fossil fuel divestment considerations. The monthly investment report is presented to the Ordinary Meeting of Council for review, providing transparency over investment holdings, performance, compliance, and portfolio composition.

Overall, the investment process provides reasonable assurance that EMRC is obtaining competitive returns while maintaining compliance with policy requirements and managing investment risk appropriately.

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EMRC

Eastern Metropolitan Regional Council
Payroll (Transactional)

Internal Audit

June 2026

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 3
INTRODUCTION 3
AUDIT OBJECTIVE: 3
SCOPE OF WORKS 3
2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS 4
OVERALL RISK RATING 4
3. SUMMARY OF FINDINGS 4
4. RECOMMENDATIONS 4
5. BUSINESS IMPROVEMENTS 4
6. OVERALL COMMENTS 5
STANTONS - AUDIT MANAGEMENT COMMENTS 5
7. RISK RATING AND DEFINITIONS 6
RISK RATINGS AND INTERPRETATIONS 6
DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS 6
8. DETAILED AUDIT ASSESSMENT 7

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of two member Councils located in Perth's Eastern Region: Town of Bassendean and City of Bayswater. 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 Payroll (Transactional) 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 2025 to 30 April 2026. This audit will examine reliability and integrity of information, compliance and safeguarding of assets.

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 are as follows:

Reliability and Integrity of Information

- Review controls in place in place for approval of overtime and allowances
- Identify controls over the accuracy and timeliness of payments.

Compliance

- Determine whether employees are paid in accordance with applicable awards, contracts, and legislation.

Safeguarding of Assets

- Determine whether adequate security exists over payroll records.
- Identify whether the fortnightly payroll is appropriately authorised.

Risks Identified

- Authorisation of data being processed
- Inaccurate time and attendance data
- Unauthorised overtime and allowances.

Scope of works

The audit period was 1 July 2025 to 30 April 2026.

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 in place for approval of overtime and allowances.	Achieved	N/A
8.2	Identify controls over the accuracy and timeliness of payments.	Achieved	N/A
8.3	Determine whether employees are paid in accordance with applicable awards, contracts, and legislation.	Achieved	N/A
8.4	Determine whether adequate security exists over payroll records.	Achieved	N/A
8.5	Identify whether the fortnightly payroll is appropriately authorised.	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. There were no business improvements raised.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

We thank the Audit team for their diligence and work undertaken for the Internal Audit on the Payroll module.

Stantons - Audit Management Comments

Stantons acknowledge EMRC's management comment and would like to thank the Finance team for all their assistance.

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

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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.

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Report Release

Released by (Name): James Cottrill *Signature:* James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting *Date: 1 June 2026*

8. DETAILED AUDIT ASSESSMENT

8.1 REVIEW CONTROLS IN PLACE IN PLACE FOR APPROVAL OF OVERTIME AND ALLOWANCES.

Overall Outcome	EMRC has established adequate controls over the approval, processing, and review of overtime and allowances. The controls are supported by a documented Payroll Procedure, approved timesheets and claim forms, manager/supervisor review, payroll system processing controls, and independent review of payroll reports by the Manager Financial Services and Finance Team Leader.

Audit obtained and reviewed the EMRC Payroll Procedure and noted that the procedure was updated by the Payroll Officer, reviewed by both the Manager Financial Services and Finance Team Leader, and approved by the Manager Financial Services in April 2025. The procedure is next scheduled for review in April 2027. The procedure provides step-by-step guidance for payroll processing, including the application of allowances and overtime payments within SynergySoft in accordance with employee contracts, applicable awards, approved timesheets, and supporting claim forms.

The payroll process requires employees to complete and submit relevant documentation, including timesheets, leave forms, overtime or additional hours claim forms, time-in-lieu forms, and motor vehicle travel claim forms. These documents are required to be submitted through Content Manager and approved by the relevant manager or supervisor. Managers and supervisors are responsible for verifying that working hours, leave, overtime, and claim forms are accurate prior to forwarding approved records to the Payroll Officer for processing.

The Payroll Officer processes payroll based on the approved documentation received. Prior to each pay run, the Timesheet Checklist and payroll documents are printed and made available for review by the Manager Financial Services and Finance Team Leader. This review includes payroll setup, payroll calculations, employee movements, terminations, back-pay, new employees, employee deductions, allowances, and other payroll variations.

When commencing payroll processing, the Payroll Officer cross-references and reconciles the total number of employees recorded on the Timesheet Checklist to the number of timesheets loaded into the SynergySoft Payroll system. This control assists in ensuring completeness of payroll input and reduces the risk of omitted or duplicated employee records.

The Payroll Officer also generates key payroll reports for review prior to finalising payment. These reports include the Payroll Employee History Detail Report, Allowances Report, and Payroll Report. These reports are provided to the Manager Financial Services and Finance Team Leader for verification before payroll is finalised.

A Gross Comparison Report is generated at the end of each pay period to identify and explain variances between employees' gross pay and their standard fortnightly pay. Variances may relate to overtime hours, allowances, termination payments, acting higher duties, leave loading, or other payroll adjustments. The Gross Comparison Report is required to be reviewed and signed off by both the Manager Financial Services and Finance Team Leader.

In addition, an Overtime Analysis Report is prepared for each fortnightly pay period and forwarded to Human Resources, the Chief Financial Officer, and the Manager Financial Services for review. This provides additional oversight over overtime trends and supports monitoring of overtime payments across the organisation.

Overall, the payroll control framework provides multiple layers of review and approval over overtime and allowances, including employee submission, manager/supervisor approval, payroll officer processing, reconciliation to timesheets, independent review of payroll reports, and post-payroll reporting to management.

No issues were noted.

8.2 IDENTIFY CONTROLS OVER THE ACCURACY AND TIMELINESS OF PAYMENTS.

Overall Outcomes	EMRC has adequate controls in place over the accuracy and timeliness of payroll payments. The controls are supported by a documented Payroll Procedure, payroll processing checklists, review of payroll reports, variance analysis, and dual authorisation of payroll payments prior to release.

Review of the EMRC Payroll Procedure noted that it sets out a step-by-step process for the Payroll Officer to process employee payroll payments. The procedure requires the Payroll Officer to compile and provide payroll documentation to the Finance Team Leader and Manager Financial Services for review prior to finalising each pay run.

The documentation provided for review includes the Payslip Report, Plant Utilisation Report, Leave and Allowances Report, Gross Variation Report, Payroll Employee Net Listing Report, Payroll Allowance Listing Report, and the fortnightly pay run file. The pay run file includes supporting records such as printed timesheets, leave forms, claim forms, higher duties documentation, new starter information, terminated employee records, and the Payroll Checklist.

The review process requires payroll information to be cross-referenced across the various payroll reports and supporting documents. This includes checking ordinary hours, overtime, weekend penalty rates, public holiday payments, standard monthly allowances, fortnightly vehicle allowances, motor vehicle travel allowances, higher duties, workers compensation claims, meal allowances, AWC allowances, annual leave cash-outs, employee deductions, child support payments, salary sacrifice, employee recoups, new starters, terminated employees, and contract variations.

Ordinary hours are reviewed to confirm that standard full-time hours are appropriately recorded as 76 hours per fortnight, and any hours beyond the relevant threshold are assessed to determine whether overtime rates should apply. Overtime payments are required to be cross-referenced against approved Claim for Official Overtime / Additional Hours / Time In Lieu forms, with consideration given to the different overtime rates applicable to eligible employees. Allowances are also reviewed as part of the payroll checking process. Standard monthly allowances, such as mobile phone and first aid allowances, are checked for eligible employees. Vehicle allowances, motor vehicle travel allowance claims, meal allowances, AWC allowances, and pro-rata allowances for part-time employees are also reviewed against supporting documentation and payroll allowance reports.

The audit noted that the Payroll Officer generates a Gross Comparison Report to explain variances between an employee's actual gross pay and standard fortnightly pay. Variances may relate to overtime, allowances, termination payments, acting higher duties, leave loading, public holiday payments, or other approved payroll adjustments. The Gross Comparison Report is reviewed and signed off by both the Finance Team Leader and Manager Financial Services.

Once the payroll review is completed, the Finance Team Leader and Manager Financial Services are required to sign off the relevant payroll reports, including the Payroll Employee History Detail Report and Payroll Reconciliation Report. The net payroll amount on the Payroll Reconciliation Report is checked against the Payroll Employee History Detail Report to confirm payment accuracy prior to release.

Payroll payment release is subject to dual authorisation. Either the Finance Team Leader or Manager Financial Services uploads the ABA file to the bank and authorises the transfer, with the other officer required to co-authorise the payment. A Payment File Details Report is then

printed from Westpac Corporate Online as confirmation of payment. This provides an important control over payment release and supports segregation of duties.

Audit also reviewed Gross Comparison Reports for the period ending 1 July 2025 to 30 April 2026 and noted that the reports included detailed variations between actual and standard salary amounts by individual employee and department. This provides evidence that payroll variances are being identified, reviewed, and explained prior to payment finalisation.

Overall, the payroll process includes appropriate controls over accuracy and timeliness, including supporting documentation, independent review, variance analysis, reconciliation, and dual authorisation of payment files.

No issues were noted.

8.3 DETERMINE WHETHER EMPLOYEES ARE PAID IN ACCORDANCE WITH APPLICABLE AWARDS, CONTRACTS AND LEGISLATION.

Overall Outcome	EMRC employees are paid in accordance with applicable awards, contracts, and legislation.

Audit selected ten (10) current employees from the List of Current Employees as at 30 April 2026 for sample testing. The sample included employees from a range of positions and business areas, comprising:

- A141 – Finance Team Leader
- A231 – Chief Financial Officer
- A298 – Project Engineer
- A361 – PA to COO
- A367 – Manager Engineering
- A422 – Accounts Officer
- A452 – Procurement Team Leader
- A468 – Procurement Officer
- A478 – Graduate WHS Advisor
- A502 – Accounts Officer.

For each sampled current employee, audit procedures included review of payslips for the periods ending 29 June 2025 and 19 April 2026. Testing confirmed that base salaries were paid in accordance with the applicable standard pay rates. Where relevant, allowances, higher duties, and overtime were correctly applied. Tax was also withheld at the relevant rate. Leave Application Forms were reviewed where leave had been taken and were found to have been completed and authorised.

Audit also selected five (5) new starters from the period 1 July 2025 to 30 April 2026 to confirm whether new employees were paid accurately and only after commencement. The sample comprised:

- R286– Truck Driver – Domestic Waste
- A496 – Accounts Officer
- A499 – Senior Graphic Designer
- A502 – Accounts Officer
- A503 – Weighbridge Officer.

For each new starter, audit reviewed the first two payslips and confirmed that payments were made in accordance with the applicable standard pay rate and only after the employee's commencement date. Testing also confirmed that relevant allowances and overtime were correctly applied where applicable, and tax was withheld at the appropriate rate.

In relation to employee separations, audit obtained and reviewed the list of employee separations and selected five (5) terminated employees for testing. The sample comprised:

- A477 – Weighbridge Officer (Part-time)
- A458 – Graphic Design, Communications and Social Media Officer
- A398 – Manager Human Resources
- A382 – Urban Environment Officer
- A449 – Sales and Marketing Representatives.

For each terminated employee, audit reviewed the final two payslips and confirmed that employees were paid in accordance with their standard pay rate and only up to their termination date. Accrued annual leave was paid out where applicable, and tax was withheld at the applicable higher rate for termination-related payments.

Overall, the sample testing confirmed that payroll payments for current employees, new starters, and terminated employees were calculated and processed in accordance with applicable employment arrangements, supporting documentation, and payroll requirements.

No issues were noted.

8.4 DETERMINE WHETHER ADEQUATE SECURITY EXISTS OVER PAYROLL RECORDS.

Overall Outcome	EMRC has adequate controls in place over the security of payroll records. Payroll information is protected through restricted system access, role-based permissions within SynergySoft, controlled access to physical payroll files, secure storage of electronic records, encryption of sensitive payroll documentation, and management review of payroll audit trail reports.

Review of the EMRC Payroll Procedure noted that EMRC generates a number of payroll reports that contain sensitive employee and payroll information. These include the Award Classification Audit Trail Report, Employee Details Audit Trail Report, and wages comparison reports. These reports are used to monitor changes to employee pay rates, employee records, allowances, deductions, hours worked, overtime, new employees, and terminated employees.

The Award Classification Audit Trail Report is generated monthly for review by the Manager Financial Services and records changes made to pay rates. The Employee Details Audit Trail Report is also generated monthly and records changes made to employee records. These reports provide a key detective control by allowing management to review payroll changes and identify any unauthorised or unusual amendments.

Audit obtained and reviewed the Audit Trail Report for April 2026 and noted that the report included details of changes made to pay rates and employee records, the employees who made the changes, and the associated actions performed. Review confirmed that both the Award Classification Audit Trail Report and Employee Details Audit Trail Report had been reviewed by the Manager Financial Services.

Review of the Payroll Procedure also identified a range of controls over payroll record security, including restricted access to payroll reports, controls over payroll records stored in Content Manager and shared network folders, limited access to the SynergySoft Payroll module, and encryption of payroll records to prevent unauthorised access.

The Finance Team confirmed that access to the SynergySoft Payroll module is restricted based on user roles. Five users have enquiry-only access, which allows them to view payroll information but does not allow them to make changes. These users include the Finance Manager, Administrator, Human Resources Officers, Chief Financial Officer, and Chief Sustainability Officer.

In addition, only two users have full access to the SynergySoft Payroll module: the Finance Team Leader and Payroll Officer. Limiting full access to these officers reduces the risk of unauthorised changes to payroll records and supports segregation of duties over payroll processing and review.

The audit also noted that physical payroll records are securely stored. Current paper records are kept in locked filing cabinets, with access limited to the Payroll Officer and Finance Team Leader. Historical payroll records are also maintained in locked filing cabinets, with access limited to the Payroll Officer, Finance Team Leader, and Records Officer. These controls support appropriate confidentiality and physical security over payroll documentation.

Overall, EMRC has established appropriate system, electronic, and physical security controls to protect payroll records and restrict access to authorised officers only.

No issues were noted.

8.5 IDENTIFY WHETHER THE FORTNIGHTLY PAYROLL IS APPROPRIATELY AUTHORISED.

Overall Outcome	The fortnightly payroll is appropriately authorised. EMRC has documented payroll procedures that define the required tasks, supporting documentation, review steps, and authorisation requirements prior to each fortnightly pay run.

Audit obtained and reviewed the EMRC Payroll Procedure and noted that the procedure clearly defines the tasks and documentation required prior to each fortnightly pay run. The process includes obtaining and reviewing relevant payroll documentation, including timesheets, leave forms, employee change records, new starter documentation, contract variations, remuneration changes, and other payroll-related forms.

The procedure requires Payroll to contact Human Resources on the Friday before pay week to confirm that all paperwork for the upcoming pay run has been checked, authorised, and placed in the HR-Payroll shared folder. Once confirmed, payroll documentation is moved from the current folder to the relevant historical folder, which provides confirmation that Payroll has received the required documentation for the fortnight.

A further copy of payroll documentation is retained within the payroll working folder. Payroll documents are then printed and reviewed. Where new employees or changes to staff payroll details and remuneration occur during the pay period, the Payroll Officer is required to ensure that related approvals and authorisations are received from Human Resources prior to processing.

The procedure also requires the Payroll Officer to verify details contained in Offer of Employment Letters and Contracts of Employment before entering the information into SynergySoft. Handwritten banking and superannuation details are required to be verified by email before being entered into the system. This provides an additional control over the accuracy and legitimacy of new employee payroll information.

Any required payroll maintenance is prepared for checking and approval by the Finance Team Leader. The HR Documents Checklist column on the Timesheet Checklist spreadsheet is also updated to record the status of supporting documentation received.

Audit obtained and reviewed Payroll Reports and noted that payroll reports had been authorised by the Finance Team Leader and Manager Financial Services on the relevant payment dates. This demonstrates that payroll review and approval processes are performed prior to payroll payment.

Audit also obtained and reviewed Gross Comparison Reports for the periods ending 29 June 2025 and 19 April 2026. The reports explained differences between employee gross pay and standard fortnightly pay, including overtime, allowances, termination payments, acting higher duties, leave loading, and other payroll variations. These reports provide evidence that payroll variances are reviewed and authorised before payroll is finalised.

Testing confirmed that payroll authorisation processes are consistent with the documented Payroll Procedure.

No issues were noted.

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EMRC

Eastern Metropolitan Regional Council

Procurement

Internal Audit

June 2026

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 3
INTRODUCTION 3
AUDIT OBJECTIVE: 3
SCOPE OF WORKS 3
2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS 4
OVERALL RISK RATING 4
3. SUMMARY OF FINDINGS 5
4. RECOMMENDATIONS 5
5. BUSINESS IMPROVEMENTS 5
6. OVERALL COMMENTS 6
STANTONS INTERNATIONAL - AUDIT MANAGEMENT COMMENTS 6
7. RISK RATING AND DEFINITIONS 7
RISK RATINGS AND INTERPRETATIONS 7
DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS 7
8. DETAILED AUDIT ASSESSMENT 8

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of two member Councils located in Perth's Eastern Region: Town of Bassendean and City of Bayswater. 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 199*5. 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 Procurement is conducted every second year. The audit will cover the period 1 July 2025 to 31 May 2026. This audit will examine compliance, safeguarding of assets and efficiency / effectiveness.

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 are as follows:

Compliance

- Determine whether the procurement process is conducted in accordance with applicable policies and legislation
- Review IT based procurement controls for compliance with delegated authorities.

Safeguarding of Assets

- Identify whether there is adequate probity over the procurement process.

Reliability and Integrity of Information

- Determine whether the procurement process facilitates the Council achieving best value for money in its decision making.

Risks Identified

- Efficiency
- Probity on tenders
- Compliance with Local Government Act and Regulations
- Compliance with delegations and authorities.

Scope of works

The audit period was 1 July 2025 to 31 May 2026.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine whether the procurement process is conducted in accordance with applicable policies and legislation.	Achieved	N/A
8.2	Review IT based procurement controls for compliance with delegated authorities.	Achieved	N/A
8.3	Identify whether there is adequate probity over the procurement process.	Achieved	N/A
8.4	Determine whether the procurement process facilitates the Council achieving best value for money in its decision making.	Achieved	N/A

3. SUMMARY OF FINDINGS

1. No findings were made.

4. RECOMMENDATIONS

1. No recommendations were made.

5. BUSINESS IMPROVEMENTS

1. No business improvements were made.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

We thank the Audit team for their diligence and work undertaken.

Stantons - Audit Management Comments

Stantons would like to thank the Procurement Team Leader and her staff for all 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.

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.

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Report Release

Released by (Name): James Cottrill *Signature:* James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting *Release date: 29 June 2026*

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER THE PROCUREMENT PROCESS IS CONDUCTED IN ACCORDANCE WITH APPLICABLE POLICIES AND LEGISLATION.

Overall Outcome	The procurement process is conducted in accordance with applicable policies and legislation.

Audit obtained and reviewed Council Policy 3.5 – *Purchasing*. The policy was endorsed by Council on 29 March 2007 and was last reviewed on 22 August 2024. The policy is expected to be reviewed on a four-year cycle.

The policy requires EMRC employees to ensure fair and equitable treatment of all parties throughout the purchasing process. This is achieved through the application of principles, standards, and behaviours requiring that:

- all purchasing practices comply with relevant legislation, regulations, EMRC policies, procedures, and the Code of Conduct;
- accountability is maintained for all purchasing decisions;
- procurement processes, evaluations, and decisions are transparent, free from bias, and fully documented to provide a clear audit trail; and
- actual or perceived conflicts of interest are identified, disclosed, and appropriately managed.

The extract table below illustrates the purchasing thresholds and process to be followed by EMRC employees where the total value of goods and/or services (excluding GST) for the contract or purchase order over the full contract period (including options to extend) is and/or is expected to be. However, in circumstances where there are not sufficient quotations received as per the minimum requirements of the Policy, then best endeavours must be applied to obtain as many quotes as possible.

Amount of Purchase ex GST	Policy Minimum Requirement
Up to $1,999	No quotation is required
$2,000 to $4,999	Multiple quotations are not required when purchasing. A single written or verbal quotation must be obtained
$5,000 - $9,999	Seek at least two (2) written quotes
$10,000 - $49,999	Seek at least three (3) written quotes
$50,000 - $249,999	Seek at least three (3) formal written quotes containing price and specification of goods or services
$250,000 and above	Conduct public tender process

The policy also provides for exemptions from public tender requirements in specific circumstances, including where:

- goods or services are obtained through WALGA Preferred Supplier Arrangements, State or Commonwealth Government agencies, local government, or regional local government;
- there is good reason to believe that, due to the unique nature of the goods or services required, there is unlikely to be more than one potential supplier;
- goods or services are supplied by an Aboriginal business registered on the Aboriginal Business Directory WA or Supply Nation, provided the contract value is $250,000 or less and value for money is demonstrated;

- goods or services are supplied by an Australian Disability Enterprise, subject to value for money being demonstrated;
- the purchase is from a pre-qualified supplier under a panel established by EMRC; or
- other exclusions under Regulation 11 of the *Local Government (Functions and General) Regulations 1996* apply.

At the time of review, Council had delegated purchasing-related powers in accordance with section 5.42 of the *Local Government Act 1995*. These delegations included:

- authority to accept tenders and non-tender procurements, including requests for quotation, where the total consideration under the resulting contract is $1,000,000 excluding GST or less, excluding machinery;
- authority to purchase plant or machinery up to the Council-approved budget allocation set aside for that specific purpose, subject to the requirements of the *Local Government (Functions and General) Regulations 1996*; and
- authority to exercise a contract extension option included in the original tender specification and contract, in accordance with Regulation 11(2)(j) of the *Local Government (Functions and General) Regulations 1996*, where the contractor's performance has been reviewed and the rationale for entering into the extended term has been documented.

Audit obtained the creditors listing by delegation limits and performed a walkthrough with the Procurement Team Leader for selected samples from each delegation category.

For creditors between $30,000 and below $75,000, the policy requires at least three written quotations. Audit selected:

- All Industries Electrical Pty Ltd, totalling $47,839; and
- Foster Plumbing and Gas, totalling $42,117.

For both samples, audit sighted records of written quotations. Three quotations were sighted for All Industries Electrical Pty Ltd, and four quotations were sighted for Foster Plumbing and Gas. No exceptions were noted.

For creditors between $100,000 and $150,000, the policy requires at least three formal written quotations containing price and specifications of the goods or services. Audit selected Pinnacle Hire WA Pty Ltd, totalling $107,805. Audit sighted evidence that three written quotations were obtained. No exceptions were noted.

Audit also reviewed a CEO Request Form relating to the exemption process for JRM Resources – Hire of Hammel 850 Shredder, totalling $119,886. As exemptions require CEO approval, audit confirmed that the exemption was approved by the CEO. No exceptions were noted.

Audit obtained and reviewed the Contract Register as at 31 May 2026 and noted that nine new contracts were entered into during the period 1 July 2025 to 31 May 2026. Audit randomly selected two contracts for sample testing:

- RFQ 2025-007 – Purearth, totalling $4,229,386.50; and
- RFQ 2024-023 – Talis Consultants Pty Ltd, totalling $74,320.

Testing noted that a Request for Quotation or Request for Tender is required to be completed by the relevant employee, depending on the value of the procurement, and approved by the Chief Financial Officer and Chief Executive Officer. Each quotation or tender received is evaluated against qualitative criteria, with an Evaluation Report generated for authorisation by the relevant Business Unit Chief, Manager Procurement, Chief Financial Officer, and Chief Executive Officer.

Audit also noted that an Award Letter is issued to the successful supplier, including relevant information such as schedule of rates, payment details, contract term, and the principal representative. Unsuccessful suppliers are informed of the procurement outcome and the successful supplier.

Audit obtained and reviewed the list of contract variations during the period 1 July 2025 to 31 May 2026. It was noted that EMRC does not maintain a specific central register for contract variations. Instead, contract variation records are stored in separate folders within Shared Folders and Content Manager. One contract variation was identified during the period:

- RFT 2024-002 – B&J Catalano Pty Ltd, totalling $697,000.

Audit tested this variation and noted that it had been authorised by both the Chief Financial Officer and Chief Executive Officer. Audit also sighted a variation letter acknowledged and signed by the supplier.

Audit also obtained and reviewed the list of contract exemptions during the period 1 July 2025 to 30 April 2026. It was noted that EMRC does not maintain a specific central register for contract exemptions. Instead, exemption records are stored in separate folders within Shared Folders and Content Manager.

Audit randomly selected three exemptions for testing:

- CSS Equipment Hammel International;
- Talis Consultants Pty Ltd; and
- Slewrig Constructions.

Audit noted that the selected exemptions were approved by CEO.

No exceptions were noted.

8.2 REVIEW IT BASED PROCUREMENT CONTROLS FOR COMPLIANCE WITH DELEGATED AUTHORITIES.

Overall Outcomes	EMRC has in place adequate controls over procurement to ensure compliance with delegated authorities, including IT based procurement controls.

Audit obtained and reviewed the EMRC Delegation Register and noted that the following functions have been delegated to the Chief Executive Officer (CEO) as at 28 May 2026 in compliance with the *Local Government Act 1995*. These included, but were not limited to:

- Tenders for goods and services – call tenders
- Tenders or Non-tenders for Goods and Services – Accepting and Rejecting Tenders; Varying Contracts
- Payments from the municipal or trust funds
- Disposing of property
- Contracts for the sale of products
- Contracts for Waste Disposal Related to Operations
- Legal matters relating to Anergy Australia Pty Ltd
- Complaints officer
- Air pollution control residue disposal
- Procurement of spare parts and repairs of HAAS Grinder
- East Rockingham Wate to Energy Project; and
- Disposal of Property – Waste Collection Service Assets.

Audit also obtained and reviewed the Management Guideline – *Authorisation of Expenditure*. The guideline was endorsed by the Executive Leadership Team on 29 October 2021 and was last reviewed on 30 May 2024, with the next review due on 1 July 2025. The extract below from the Guideline illustrates authority limits against the broader Capital and Operational expenditure in relation to EMRC budget approvals.

Item	Positions Applicable	Capital Expenditure Applicable Bands (Amount Excluding GST)	Operational Expenditure Applicable Bands (Amount Excluding GST)	Functional Areas of Responsibility
1.	Chief Executive Officer	➢ ≤ $1,000,000 (contracts which have undergone a tender or request for quote process)	➢ ≤ $1,000,000 (contracts which have undergone a tender or request for quote process)	All
2.	Chief Financial Officer	≤ $50,000 (General Expenditure) ≤ $60,000 (Purchase of fleet vehicles)	≤ $50,000	All
3.	Chief Operating Officer	≤ $37,500	≤ $100,000 (fuel only for operations at Hazelmere) ≤ $37,500 (general expenditure)	Operations Team
4.	Chief Sustainability Officer	≤ $37,500	≤ $37,500	Sustainability Team
5.	Manager Engineering	≤ $15,000	≤ $15,000	Functional area of responsibility
6.	Manager Environmental & Waste Compliance Operations	Nil	≤ $10,000	Functional area of responsibility
7.	Manager Financial Services	Nil	≤ $15,000	Functional area of responsibility
8.	Manager Human Resources	Nil	≤ $10,000	Functional area of responsibility
9.	Manager Information Services	≤ $10,000	≤ $10,000	Functional area of responsibility
10.	Manager Operations (Hazelmere)	Nil	≤ $40,000 (fuel only for operations at Hazelmere) ≤ $15,000 (general expenditure)	Functional area of responsibility
11.	Manager Procurement and Governance	Nil	≤ $10,000	Functional area of responsibility
12.	Manager Wood Waste to Energy Plant	Nil	≤ $15,000	Functional area of responsibility
13.	Site Manager (Red Hill)	Nil	≤ $40,000 (fuel only for operations at Red Hill) ≤ $15,000 (general expenditure)	Functional area of responsibility
14.	Administration Officer (Sustainability)	Nil	≤ $1,500	Functional area of responsibility
15.	Administration Supervisor (Hazelmere)	Nil	≤ $1,500	Functional area of responsibility
16.	Coordinator Administration (Red Hill)	Nil	≤ $5,000	Functional area of responsibility
17.	Communications Coordinator	Nil	≤ $5,000	Functional area of responsibility
18.	Procurement Team Leader	Nil	≤ $5,000	Functional area of responsibility
19.	Coordinator Administration (Hazelmere)	Nil	≤ $5,000	Functional area of responsibility
20.	Coordinator Urban Environment	Nil	≤ $5,000	Functional area of responsibility
21.	Coordinator Waste Education	Nil	≤ $5,000	Functional area of responsibility
22.	Executive Assistant to Chief Executive Officer	Nil	≤ $2,000	Functional area of responsibility
23.	Senior Human Resources Advisor	Nil	≤ $1,500	Functional area of responsibility
24.	Waste and Resources Recovery Specialist	Nil	≤ $15,000	Functional area of responsibility
25.	Coordinator Transport and Assets	Nil	≤ $5,000	Functional area of responsibility
26.	Project Engineer (Hazelmere)	Nil	≤ $2,000	Functional area of responsibility

Through enquiry with the Procurement Team, audit noted that spending limits have been configured within SynergySoft. As a result, expenditure can only be authorised within the relevant officer's approved delegation or authority limit.

Audit conducted sample testing against two contracts selected from the Contract Register as at 31 May 2026:

- RFQ 2025-007 – Purearth - $4,229,386.50
- RFQ 2024 -023 – Talis Consultants Pty Ltd - $74,320.

RFQ 2025-007 – Purearth, totalling $4,229,386.50, was noted to exceed the general CEO delegation limit of $1 million, and was approved by the Council and then authorised by the CEO. Through enquiry with the Procurement Team, audit was advised that the CEO may approve procurements exceeding $1 million where the expenditure is included within the approved annual budget and relates to operational purposes, such as capital works or IT services.

No issues were noted.

8.3 IDENTIFY WHETHER THERE IS ADEQUATE PROBITY OVER THE PROCUREMENT PROCESS.

Overall Outcome	EMRC has probity requirements in place to support ethical, transparent, and impartial procurement decision-making.

As per Council Policy 3.5 Purchasing, all EMRC employees are expected to observe the highest standards of ethics and integrity in undertaking purchasing activities and act in an honest and professional manner with any actual or perceived conflicts of interest to be identified, disclosed, and appropriately managed through all stages of the purchasing process.

Audit conducted sample testing against four (4) contracts below selected from the Contract Register as at 31 May 2026:

- RFQ 2025-007 Purearth - $4,229,386.50
- RFQ2024-023 – Talis Consultants Pty Ltd - $74,320.

We noted that conflict of interest declaration requirements applies to members of the procurement evaluation panel for all procurements. No significant probity exceptions were identified from the documentation reviewed.

No issues were noted.

8.4 DETERMINE WHETHER THE PROCUREMENT PROCESS FACILITATES THE COUNCIL ACHIEVING BEST VALUE FOR MONEY IN ITS DECISION MAKING.

Overall Outcome	The procurement process facilitates Council achieving value for money in its decision-making.

Council Policy 3.5 Purchasing requires value for money to be considered as part of procurement decision-making. The policy specifies that value for money is not limited to price and should include consideration of relevant qualitative and whole-of-life factors.

The policy requires the following criteria to be considered when assessing value for money:

- quality of the goods and services
- fitness for purpose of the proposal
- potential supplier's relevant experience and performance history
- flexibility of the proposal, including innovation and adaptability over the lifecycle of the procurement
- environmental sustainability of the proposed goods and services, i.e., emergency efficiency, environmental impact, and use of recycled products
- whole-of-life costs.

Audit conducted sample testing against 2 (2) contracts below selected from the Contract Register as at 31 May 2026:

- RFQ 2025-007 – Purearth - $4,229,386.50
- RFQ 2024 -023 – Talis Consultants Pty Ltd - $74,320.

Audit noted that quotations and tenders received were evaluated against qualitative criteria. Evaluation Reports were prepared to document the assessment process and procurement recommendation. These reports were provided for review and approval by the Chief Executive Officer.

The use of qualitative evaluation criteria and documented Evaluation Reports supports transparent decision-making and assists EMRC in demonstrating that procurement outcomes are based on value for money rather than price alone. No exceptions were identified from the samples reviewed.

No issues were noted.

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Eastern Metropolitan Regional Council

Taxation

June 2026

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 3
INTRODUCTION 3
AUDIT OBJECTIVE: 3
SCOPE OF WORKS 4
2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS 5
OVERALL RISK RATING 5
3. SUMMARY OF FINDINGS 6
4. RECOMMENDATIONS 6
5. BUSINESS IMPROVEMENTS 6
6. OVERALL COMMENTS 7
STANTONS - AUDIT MANAGEMENT COMMENTS 7
7. RISK RATING AND DEFINITIONS 8
RISK RATINGS AND INTERPRETATIONS 8
DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS 8
8. DETAILED AUDIT ASSESSMENT 9

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of two member Councils located in Perth's Eastern Region: Town of Bassendean and City of Bayswater. 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 – 2025/26 an audit of Taxation 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 2025 to 30 April 2026. This audit 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:

The primary objective of the audit was 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 are to ascertain that there are adequate controls over three key areas as follows:

Reliability and Integrity of Information

- GST is accurately charged against creditor and debtor invoices and creditable supplies
- Creditable and input tax credits are appropriately calculated.

Compliance

- Determine whether procedures meet the requirements of the respective Acts
- Withholding tax is charged where no ABN is provided
- GST adjustments are in accordance with legislation.

Efficiency / Effectiveness

- Timely reconciliation of control accounts is performed.

Risks Identified

- Non-compliance with legislation
- GST accounted Creditor may be incorrect or incomplete.

Scope of works

The audit period was 1 July 2025 to 30 April 2026.

2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS

Overall Risk Rating

Scope Report Reference	Audit Scope	Outcomes	Risk Rating
8.1	Determine whether procedures meet the requirements of respective Acts.	Achieved	N/A
8.2	GST is accurately charged against creditor and debtor invoices and creditable supplies.	Achieved	N/A
8.3	Creditable and input tax credits are appropriately calculated.	Achieved	N/A
8.4	Withholding tax is charged where no ABN is provided.	Achieved	N/A
8.5	GST adjustments are in accordance with legislation.	Achieved	N/A
8.6	Timely reconciliation of control accounts is performed.	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. There were no business improvements made.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council (EMRC) - Management Comments

We thank the Audit team for their diligence and work undertaken for the Internal Audit on Taxation area.

Stantons - Audit Management Comments

Stantons acknowledge the management comment from EMRC and would like to thank the Finance team for all 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 LAWA if not appropriately and timely addressed.	Commence remedial action immediately
Major	The finding poses significant risk to LAWA if not appropriately and timely addressed.	Commence remedial action within 3 months
Moderate	The finding poses less significant risk to LAWA if not appropriately and timely addressed.	Commence remedial action within 6 months
Minor	The finding poses minimal risk to LAWA 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 LAWA'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 LAWA 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:* James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting *Date: 1 June 2026*

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE WHETHER PROCEDURES MEET THE REQUIREMENTS OF THE RESPECTIVE ACTS.

Overall Outcome	EMRC has procedures in place to support compliance with applicable taxation requirements, including Goods and Services Tax (GST) and Fringe Benefits Tax (FBT). Based on the procedures reviewed, the processes generally align with the requirements of the relevant Acts and provide guidance to staff on the identification, processing, reporting, and monitoring of GST and FBT obligations.

Audit obtained and reviewed the BMS – GST Processing Procedure and noted that the procedure provides guidance on EMRC's GST obligations under the *Goods and Services Tax Act 1999*. The procedure recognises that, as EMRC is registered for GST, it is required to collect GST at the rate of 10% on taxable supplies and is entitled to claim input tax credits for GST paid on eligible acquisitions.

The procedure identifies the four main GST supply classifications relevant to GST processing, being taxable supplies, GST-free supplies, input-taxed supplies, and out-of-scope supplies. This classification assists staff in determining the appropriate GST treatment of transactions and supports accurate recording of GST on purchase orders, invoices, and financial records.

The procedure also outlines EMRC's requirement to report GST collected and input tax credits claimed to the Australian Taxation Office through lodgement of a monthly Business Activity Statement. Where GST collected exceeds GST paid, the net amount is remitted to the ATO. Where GST paid exceeds GST collected for the relevant tax period, EMRC may be entitled to a refund. The procedure also notes that BAS lodgement and payment are due by the twenty-first day of the month following the end of each tax period.

Audit also reviewed the FBT procedure and noted that EMRC recognises FBT obligations in relation to fleet vehicles, entertainment-related expenditure such as coffee, breakfasts, lunches, dinners, and other expenses including recognition and reward programs. The Finance Team maintains FBT worksheets for the FBT year from 1 April to 31 March, including records relating to vehicles, meals, Christmas functions, and employee service recognition or awards.

The procedures reviewed demonstrate that EMRC has considered GST and FBT implications and has established processes to capture, record, and report relevant taxation information. These processes are important as GST and FBT obligations require accurate financial coding and supporting documentation across the organisation. Staff involved in procurement, accounts payable, accounts receivable, payroll, fleet management, and employee-related expenditure need to understand these requirements to ensure transactions are treated correctly.

Overall, the procedures reviewed provide a reasonable basis for supporting compliance with taxation obligations. However, the GST procedure should be formally finalised and approved to ensure staff are relying on an endorsed procedure rather than a draft document.

No issues were noted.

8.2 GST IS ACCURATELY CHARGED AGAINST CREDITOR AND DEBTOR INVOICES AND CREDITABLE SUPPLIES.

Overall Outcomes	GST was accurately applied to both creditor and debtor transactions reviewed. Audit testing confirmed that GST was correctly charged on taxable supplies, appropriately claimed on creditable acquisitions, and not applied to GST-free supplies.

Audit obtained and reviewed the BAS reports for August 2025 and February 2026. The reports included the Summarised GST Report, together with separate supporting reports for GST collected and GST paid. The reports included relevant BAS reporting categories such as total sales and income, GST-free supplies, input-taxed sales and income, GST payable, capital acquisitions, other acquisitions, acquisitions with no GST in the price, and total GST credits.

Audit randomly selected six (6) expenditure transactions from the reports on GST paid and five (5) revenue transactions from the reports on GST collected respectively, comprising:

Expenditure Transactions:

- 1/07/2025 – IN129766 – CAVALIER PORTABLES & PARK HOMES – $1,954.34
- 19/08/2025 – INV-2135 – ENVIRAPEST PTY LTD – $2,450.00
- 19/09/2025 – INV-00062560 – ODOUR CONTROL SYSTEMS INTERNATIONAL LTD – $19,608.00
- 13/10/2025 – INV-1782 – OFFICE OF THE AUDITOR GENERAL (OAG) – $62,587.80
- 3/11/2025 – INV-1728 – FOSTER PLUMBING AND GAS – $2,766.50
- 22/12/2025 – INV-1952 – ALL INDUSTRIES ELECTRICAL PTY LTD – $10,505.00.

Revenue Transactions:

- 4/12/2025 – EMRC67648 – MALAGA TRADE SUPPLIES T/A SOIL WORLD MALAGA – $2,850.00
- 6/01/2026 – 179632 – C.D. DODD SCRAP METAL RECYCLERS (RCTI) – $1,430.00
- 1/02/2026 – WP1125A – WESTERN POWER – $58,374.20
- 10/03/2026 – EMRC69182 – KING SCRAP METALS PTY LTD – $2,315.40
- 7/04/2026 – EMRC69737 – ALLMETRO BINS PTY LTD – $3,098.55.

Testing confirmed that all sampled expenditure and revenue transactions were supported by valid tax invoices or relevant supporting documentation. GST was correctly applied to taxable supplies and creditable acquisitions. Where supplies were GST-free, no GST was charged.

The audit also noted that the Finance Team generates GST reports to support preparation of the BAS, including reports for GST collected and GST paid. These reports provide a basis for reconciling GST activity and ensuring GST amounts are captured appropriately for BAS reporting purposes.

Overall, based on the transactions tested, GST treatment was accurate and consistent with the nature of the supplies and acquisitions reviewed.

No issues were noted.

8.3 CREDITABLE AND INPUT TAX CREDITS ARE APPROPRIATELY CALCULATED.

Overall Outcome	Creditable acquisitions and input tax credits were appropriately calculated and applied. Audit review of the BAS reports for August 2025 and February 2026 confirmed that GST collected and GST paid were calculated correctly in accordance with applicable GST treatment.

Audit obtained and reviewed the BAS reports for August 2025 and February 2026. The review noted that the total GST collected amount was calculated at the rate of 10% of total taxable supplies, while the total GST paid amount was calculated at the rate of 10% of total creditable acquisitions.

Audit performed recalculations of GST collected and GST paid amounts against the relevant taxable supplies and creditable acquisitions. The recalculations confirmed that GST amounts were accurately calculated and were consistent with the amounts reported in the ATO lodgement statements.

In addition, audit performed sample testing of creditable acquisitions and taxable supplies as outlined in Section 8.2. Testing confirmed that transactions were supported by valid tax invoices and that GST was correctly applied based on the nature of the transaction. GST was applied to taxable supplies and creditable acquisitions, while GST was not applied to GST-free supplies.

Overall, the procedures performed confirmed that creditable and input tax credits were calculated accurately and appropriately reported.

No issues were noted.

8.4 WITHHOLDING TAX IS CHARGED WHERE NO ABN IS PROVIDED.

Overall Outcome	No instances were identified where withholding tax was required to be charged against suppliers that had not provided an ABN. Through discussion with the Finance Team, it was confirmed that EMRC requires suppliers to provide their ABN as part of the supplier setup process.

Through discussions with the Finance Team, audit was advised that EMRC requires suppliers to provide their ABN before supplier details are established and payments are processed. This requirement assists in ensuring suppliers are appropriately identified and that GST and withholding tax obligations are correctly assessed.

Audit was informed that, during the period 1 July 2025 to 30 April 2026, no instances were noted where a supplier failed to provide an ABN and required withholding tax to be applied. As a result, no withholding tax was charged or reported for suppliers without an ABN during the audit period.

The requirement for suppliers to provide an ABN as part of supplier onboarding provides a preventative control to reduce the likelihood of payments being made to suppliers without appropriate tax identification details.

No issues were noted.

8.5 GST ADJUSTMENTS ARE IN ACCORDANCE WITH LEGISLATION.

Overall Outcome	No GST adjustments were noted or reported during the period 1 July 2025 to 30 April 2026. Based on discussions with the Finance Team and review of BAS reports for August 2025 and February 2026, no GST adjustments were identified for the months reviewed.

Through discussions with the Finance Team, audit was advised that no GST adjustments were reported during the period 1 July 2025 to 30 April 2026. This indicates that EMRC did not identify any GST corrections, adjustment events, bad debt adjustments, or other GST-related amendments requiring adjustment through the BAS during the audit period.

Audit obtained and reviewed the BAS reports for August 2025 and February 2026. The review confirmed that no GST adjustments were recorded in the BAS reports for these months. GST amounts reported were based on GST collected and GST paid in relation to taxable supplies and creditable acquisitions.

As no GST adjustments were identified, audit was unable to perform detailed testing over adjustment calculations or legislative treatment. However, based on the BAS reports reviewed and discussions with Finance, there were no indications of GST adjustments being required or processed during the audit period.

No issues were noted.

8.6 TIMELY RECONCILIATION OF CONTROL ACCOUNTS IS PERFORMED.

Overall Outcome	EMRC has performed timely reconciliation of GST control accounts. The reconciliation process is documented within the BMS – GST Processing Procedure and requires reconciliation between GST collected and GST paid to be completed monthly, on or before the twenty-first day of the month following the end of each tax period.

Per the BMS – GST Processing Procedure, EMRC is required to perform monthly reconciliations between GST collected and GST paid. The reconciliation is expected to be completed on or before the twenty-first day of the month following the end of each tax period, in line with BAS lodgement timing requirements.

Audit obtained and reviewed the GST Reconciliation Reports for August 2025 and February 2026. Review confirmed that the reconciliations were completed before the twenty-first day of the following month for each tax period reviewed.

The audit also confirmed that the GST Reconciliation Reports were prepared by the Accounts / Payroll Officer and reviewed and approved by the Manager Financial Services. This provides evidence of appropriate segregation between preparation and review and supports oversight of GST reporting prior to lodgement.

Overall, the reconciliation process appears to be operating effectively and supports timely review of GST control accounts.

No issues were noted.

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Eastern Metropolitan Regional Council
Waste Management Facility (Landfill Operations)

Internal Audit

June 2026

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY 3
INTRODUCTION 3
AUDIT OBJECTIVE: 3
SCOPE OF WORKS 4
2. OVERALL AUDIT OUTCOMES AGAINST AUDIT SCOPE OF WORKS 5
OVERALL RISK RATING 5
3. SUMMARY OF FINDINGS 5
4. RECOMMENDATIONS 5
5. BUSINESS IMPROVEMENTS 5
6. OVERALL COMMENTS 6
STANTONS INTERNATIONAL - AUDIT MANAGEMENT COMMENTS 6
7. RISK RATING AND DEFINITIONS 7
RISK RATINGS AND INTERPRETATIONS 7
DISCLAIMER, BASIS OF AUDIT AND LIMITATIONS 7
8. DETAILED AUDIT ASSESSMENT 8

1. EXECUTIVE SUMMARY

Introduction

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of two member Councils located in Perth's Eastern Region: Town of Bassendean and City of Bayswater. 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 199*5. 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 Facility (Landfill Operations) 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 2025 to 30 April 2026. This audit will examine compliance and efficiency / effectiveness.

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 are 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 or calibration certificates as required.

Efficiency / Effectiveness

- Assess whether processes are undertaken in an efficient manner.

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 2025 to 31 May 2026.

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 or calibration certificates as required.	Achieved	N/A
8.4	Assess whether processes are undertaken in an efficient manner.	Mostly Achieved	Minor

3. SUMMARY OF FINDINGS

1. Audit noted that one of the two daily Till Check Reports reviewed was completed before 4:00pm, with several reports completed at approximately 3:30pm. As a result, the Till Check Report amount did not reconcile to the Mandalay Summary Report amount due to customer transactions being processed after the close-out of one till machine.

Audit also noted that, in some cases, scanned Till Check Reports were partially obscured by other documents, which meant that the amount on the covered report could not be clearly determined from the scanned record.

4. RECOMMENDATIONS

1. EMRC should:
- Reinforce the requirement for Till Check Reports to be completed after the final relevant transaction has been processed or ensure that any transactions processed after till close-out are clearly documented and reconciled.
- Ensure that scanned reconciliation records are complete, legible, and not obscured by other documents before being saved.

5. BUSINESS IMPROVEMENTS

1. Given training for new weighbridge officers is currently provided by experienced weighbridge officers based on operational experience, EMRC should consider developing structured training materials for new and relief weighbridge officers. The training materials should focus on practical operational matters that are not fully covered by existing procedures, including but not limited to:
- common waste types and corresponding till machine selections;
- customer and vehicle scenarios;
- tipping ticket processing;
- contaminated wastes;
- escalation points for unusual transactions or customer issues; and
- practical examples or screenshots from relevant systems.

6. OVERALL COMMENTS

Eastern Metropolitan Regional Council - Management Comments

We thank the Audit team for their diligence and work and we acknowledge the recommendations and suggestions for business improvements. We will implement them accordingly.

Stantons - Audit Management Comments

Stantons acknowledges the implementation of the recommendation and business improvement and extend our thanks to the Site Manager and her team for all 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

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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
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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.

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****

Report Release

Released by (Name): James Cottrill *Signature:* James Cottrill
Title: Principal, Internal Audit, IT Audit & Risk Consulting *Date: 29 June 2026*

8. DETAILED AUDIT ASSESSMENT

8.1 DETERMINE COMPLIANCE WITH LEGISLATIVE REQUIREMENTS AND COUNCIL POLICY.

Overall Outcome	EMRC generally complies with relevant legislative requirements, licence conditions, and Council policy requirements relating to environmental management and waste management operations.

A review of Council Policy 5.1 – *Eastern Metropolitan Regional Council Environment Policy* noted that the policy identifies key environmental legislation and standards relevant to EMRC's operations, including:

- *Environmental Protection Act 1986*;
- *Contaminated Sites Act 2003*; and
- *Environment Protection and Biodiversity Conservation Act 1999*.

The policy is supported by EMRC's Environmental Management System, which is aligned with ISO 14001. The Environmental Management System provides the framework for managing environmental responsibilities, supporting decision-making, and promoting accountability across EMRC's operations.

The Environment Policy sets out EMRC's commitment to:

- complying with applicable environmental laws, regulations, licence conditions, and other relevant requirements;
- preventing pollution through the management of emissions, leachate, landfill gas, waste handling, storage, and disposal activities;
- continually improving environmental performance through risk identification, measurable objectives, new technologies where feasible, and periodic review;
- maintaining transparency with regulators, stakeholders, and the community; and
- ensuring employees and contractors understand and comply with EMRC's environmental responsibilities and objectives.

The waste management facility operates under Department of Water and Environmental Regulation Licence No. L8889/2015/2. The licence permits EMRC to undertake a range of waste management, resource recovery, transfer, recycling, landfill gas capture, and material processing activities, including:

- landfilling of power pole waste, Class III and Class IV waste, putrescible waste, clean fill, hazardous waste, inert waste, special waste, and contaminated solid waste;
- processing of garden organics and Food Organics and Garden Organics;
- operation of a Household Hazardous Waste Facility;
- transfer and recycling activities, including metals, glass, tyres, e-waste, gas bottles, car batteries, cardboard, clothing, fluorescent tubes, mattresses, waste oil, plastics and white goods;
- Drum Muster activities;
- landfill gas capture and electricity generation through the onsite power station; and
- extracting, screening, crushing, grinding, milling, sizing and separating of material from the site.

As part of the audit, the Environmental Management System Certification Audit Report was reviewed. The report noted that EMRC has established, implemented, and maintained an Environmental Policy. The policy is reviewed at least every three years, following Ordinary Council Elections, and any changes are communicated to relevant staff.

The policy is publicly available on EMRC's website, with hard copies also available at facilities or upon request. The content of the policy is included in new worker inductions and is also displayed in the workplace.

EMRC applies a lifecycle perspective when identifying environmental aspects and associated impacts. Environmental aspects relating to current or planned operational activities, products, and services are identified, evaluated, and managed through the Risk Management Framework.

Environmental risks for operational facilities are recorded in the Environmental Aspects and Risks tab of the Environmental Management System Register, which is maintained in Content Manager. Environmental risks are also identified and documented for distinct projects or services where the risks or associated controls differ from normal operational risks.

The Environmental Risk Register and Synergy database are reviewed annually as part of the business planning process. They are also reviewed in response to material environmental incidents, changes in legal requirements, new environmental approvals obtained by EMRC, or significant changes to the scope of operations.

The risk registers support continual improvement by assisting EMRC to identify and mitigate environmental risks. They are also used as a basis for setting environmental objectives and developing procedures for activities assessed as high or very high risk.

EMRC sets environmental objectives at relevant functions and levels to support its environmental commitments. High-level objectives are defined in the Sustainability Strategy, with detailed objectives and targets established annually through the business planning process.

The waste management facility is subject to Ministerial Statements issued under Part IV of the *Environmental Protection Act 1986* and prescribed premises licensing requirements under Part V of the Act. EMRC is responsible for ensuring applicable licences and approvals remain current and that new or changed requirements are reflected in the compliance register and communicated to relevant personnel.

Periodic compliance audits are undertaken, with legal requirements associated with significant environmental risks audited every two years, and other requirements audited every three years.

Based on the documentation reviewed, no major exceptions were identified in relation to EMRC's compliance framework regarding legislative requirements and Council policy.

No issues were noted.

8.2 REVIEW ADMINISTRATIVE CONTROLS FOR COMPLIANCE WITH MANAGEMENT GUIDELINES.

Overall Outcomes	The Red Hill Waste Management Facility has adequate administrative controls in place to support compliance with applicable management guidelines and environmental compliance obligations.

Review of the Red Hill Environmental Management System (EMS) noted that EMRC maintains a master spreadsheet to support the management and monitoring of environmental compliance activities at the Red Hill Waste Management Facility. The spreadsheet provides a centralised mechanism for tracking key compliance obligations, monitoring activities, risk management processes, audit schedules, incidents, complaints, contractor licences, training requirements, equipment calibration, and documentation records.

The EMS includes monitoring and tracking of Ministerial Statement conditions and commitments, including requirements relating to implementation, pest, fire and disease control, visual impacts, industrial waste, decommissioning, time limits on approvals, water monitoring, rehabilitation and end use, community involvement, recycling, fire management, site monitoring, and site closure.

The EMS also captures ongoing compliance requirements against relevant regulatory obligations, as well as objectives and targets relating to continual improvement, pollution prevention, environmental protection, and meeting community expectations. These objectives include maintaining an EMS that is communicated and supported across the organisation, preventing pollution and environmental degradation, and supporting community expectations.

The system includes an Environmental Aspects and Risk Register, which identifies a broad range of environmental risks relevant to the facility. These include risks relating to landfill gas emissions, noise from construction and operational activities, sedimentation from stormwater runoff, odour, fauna impacts, leachate management, chemical leaks or spills, dust, acceptance of waste outside licence conditions, and other environmental impacts. The EMS is supported by documented risk matrices, including measures of consequence, likelihood, and overall risk rating.

Audit also noted that an internal audit schedule was maintained to cover key procedures and compliance areas, including water monitoring, NGER reporting, odour monitoring, contaminated waste acceptance, landfill cover, equipment calibration and maintenance, nest box monitoring, NPI reporting, revegetation monitoring, surface landfill gas monitoring, asbestos contaminated waste acceptance, feral animal management, kangaroo management, bird monitoring, leachate management, EDL Power Plant, FOGO operations, contractor audits, and EMS documentation and process audits.

The EMS further records audits and inspections, non-conformances, environmental incidents, complaints, contractor licences, training and awareness requirements, equipment calibration schedules, and key documentation records. This provides a structured framework for monitoring compliance, identifying issues, and tracking actions.

In addition to the EMS master spreadsheet, EMRC maintains registers for contaminated waste and approved waste tonnages. These registers support monitoring of approved waste acceptance limits, waste classes, client details, tonnage disposed, approved tonnage allowances, tonnage remaining, disposal dates, and approval status.

Compliance with legislative and management guideline requirements is managed by the Waste Management Services directorate. High-level or critical matters are discussed through operational meetings. Audit reviewed minutes from the Red Hill Waste Management Facility

Operations Meeting No. 21, held on 12 May 2026, and noted that the minutes captured discussion of operational, compliance, and action-tracking matters. This indicates that EMRC has an established process to monitor compliance with legislative and management guideline requirements and to review actions to ensure compliance objectives are being progressed.

Based on the procedures and records reviewed, the administrative controls in place are considered adequate to support compliance with management guidelines at the Red Hill Waste Management Facility.

No issues were noted.

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

Overall Outcome	The weighbridges at the Red Hill Waste Management Facility are calibrated annually. Plant and equipment are subject to daily pre-start checks and servicing as required.

Review of the Standard Operating Procedure – Weighbridge Calibrations – Red Hill noted that EMRC has a documented process for the annual calibration of the two weighbridges at the Red Hill Waste Management Facility. The procedure requires the weighbridges to be calibrated each year, generally on a Saturday in March, by a contracted service provider, Aust-Weigh. The procedure also requires regular inspections of the weighbridge load cells to confirm they are operating appropriately and to identify whether any adjustments or further action are required.

Once calibration has been completed, calibration certificates are required to be displayed at the Weighbridge Office to demonstrate that the weighbridges have been appropriately calibrated.

Review of the Aust-Weigh Weighbridge Report noted that the weighbridge was tested on 14 March 2026 up to a 90-tonne capacity in increments and was found to be within National Measurement Institute tolerances. This indicates that the weighbridge calibration was current at the time of review.

The weighbridge process supports the charging of customers based on the difference between vehicle entry and exit weights. Vehicles are weighed on entry and again on exit, with charges calculated based on the net weight of waste disposed. Different waste types and vehicle types are subject to different handling and charging requirements. Trucks are required to dispose of waste at the tip face, and first-time truck drivers are provided with an induction and site guide map. Drivers are also required to provide details on entry and pay at the exit weighbridge.

In relation to plant and equipment, each item of plant has a plant file that records relevant servicing, warranties and registration information. The Red Hill facility has on-site mechanics, and servicing requirements are recorded for action. Regular servicing is scheduled in accordance with relevant servicing requirements.

Audit further noted that daily pre-start checks are completed by operators responsible for plant and machinery. These checks include items such as oil levels, lights, alarms, fire extinguishers and tyres to confirm that equipment is safe and operating correctly before use.

No issues were noted.

8.4 ASSESS WHETHER PROCESSES ARE UNDERTAKEN IN AN EFFICIENT MANNER.

Overall Outcome	Processes at the Red Hill Waste Management Facility are generally undertaken in an efficient and controlled manner.

Audit performed walkthroughs of the administration centre and weighbridge to assess the efficiency and effectiveness of waste management processes, cash management processes, and risk management arrangements relating to Red Hill's operations. Audit observed the key procedures undertaken at the weighbridge, including:

- End of Day Cash Sales Reconciliation;
- Float Preparation;
- Manual Dockets;
- Overloaded Vehicles;
- Wash Down Bay Use and Maintenance;
- Weighbridge Annual Calibrations – Red Hill;
- Weighbridge Equipment;
- Weighbridge Failure;
- Weighbridge Shut Down; and
- Weighbridge Start Up.

The daily cash sales process involves a comparison and verification process to support the accuracy and integrity of cash handling. This includes counting cash and comparing it against the Daily Cash Sales Summary Sheet, Mandalay report, and Red Hill Settlement Summary Report. Any discrepancies between cash, card, and manual card totals are identified and adjusted where required.

Till reports are also checked against the Summary of Cash Sales and Tip Passes Report, and prepaid sales are verified against recorded figures. Cash is then bagged and prepared for weekly Armaguard collection and banking, with a second staff member performing a check to support accuracy.

As part of audit procedures, testing was performed for the following dates:

- 13 May 2026;
- 14 May 2026;
- 15 May 2026;
- 16 May 2026;
- 17 May 2026;
- 18 May 2026; and
- 19 May 2026.

Audit noted that the selected transactions reconciled and that charges reflected the current Red Hill Fees and Charges schedule effective 1 September 2025. The use of tipping tickets was also noted as being correctly processed.

Audit reviewed the following documents to assess the compliance and monitoring process for cash management:

- Daily Cash Sales Summary Sheet;
- Cash Sales and Tip Passes Report;
- Mandalay Summary Report; and
- Till Check Report.

Audit noted that one of the two daily Till Check Reports reviewed was completed before 4:00pm, with several reports completed at approximately 3:30pm. As a result, the Till Check Report amount did not reconcile to the Mandalay Summary Report amount. This appears to

have occurred due to customer transactions being processed after the close-out of one till machine.

It was also noted that, when the Weighbridge Officer scanned the Till Check Reports, in some cases one of the printed reports was partially covered by another report. As a result, the amount on the covered report could not be clearly determined from the scanned record.

Audit's walkthrough also identified that there are practical training challenges for new weighbridge officers. Current training appears to be provided by experienced weighbridge officers based on operational experience, rather than through structured documented training materials that clearly link waste types to associated till machine processes. It was also noted that customers or drivers occasionally become lost when entering the site, despite Driver Induction Notes being available for new drivers.

In relation to incident management, audit noted that an Incident Register is maintained for incidents at the Red Hill Waste Management Facility. Incident reporting and management is guided by the Management Incident Reporting and Investigation process.

The following categories are collectively referred to as incidents and are required to be reported:

- community complaints;
- environmental incidents;
- personal injuries;
- equipment or property damage;
- vehicle accidents;
- psychosocial incidents;
- non-conformances;
- near misses; and
- non-work-related matters logged for recordkeeping or injury management purposes.

The incident notification process requires workers to notify their Team Leader, Supervisor, or Coordinator at the earliest opportunity. The Site WHS Advisor and Manager are also required to be notified where relevant. Immediate action is required to assist affected parties and minimise further injury or damage, provided the worker is appropriately trained and it is safe to do so.

For fatalities or notifiable incidents, the CEO, relevant Chief, Manager, and HR Manager are required to be notified immediately. The relevant area must be secured and left undisturbed where required to support investigation by authorities.

Where an incident involves environmental impact, the Manager Environmental and Waste Compliance is required to be notified to ensure that applicable reporting obligations are met, including reporting to DWER or the EPA where required.

The incident investigation process requires incident statements, photographs, and reporting in myosh. Supervisors or Coordinators are required to submit a new incident report in myosh within 60 minutes of the incident occurring, where practicable.

The level of investigation is determined by the actual or potential severity of the incident using the EMRC Risk Matrix. Insignificant, minor, and moderate incidents are investigated by the Supervisor, Coordinator, or Manager, with WHS support available. Major and severe incidents are investigated by the WHS Team. Environmental incident investigations are completed with assistance from the Environmental and Waste Compliance Team.

The investigation process requires root cause analysis and corrective actions to prevent recurrence. Standard investigations are required for insignificant, minor, and moderate incidents, while Incident Cause Analysis Methodology investigations are required for major and severe incidents. Investigation timeframes are five working days for standard investigations and 15 working days for ICAM investigations.

Corrective actions are required to be SMART, with evidence of completion retained. Completed investigations are reviewed by the relevant Manager or Chief to ensure that contributing factors have been identified, corrective actions are appropriate, and evidence has been attached.

Audit also sighted the Red Hill Risk Register and noted that risks are managed in line with the Red Hill Environmental Health and Safety Management Plan objectives, including consideration of legal obligations under the *Work Health and Safety Act 2020* and *Work Health and Safety Regulations 2022*. Based on discussions with the Site Coordinator and Site Manager, risks appear to be managed appropriately. Audit also noted that the gatehouse includes security cameras and physical barriers to protect staff from irate customers.

Finding 1	Audit noted that one of the two daily Till Check Reports reviewed was completed before 4:00pm, with several reports completed at approximately 3:30pm. As a result, the Till Check Report amount did not reconcile to the Mandalay Summary Report amount due to customer transactions being processed after the close-out of one till machine. Audit also noted that, in some cases, scanned Till Check Reports were partially obscured by other documents, which meant that the amount on the covered report could not be clearly determined from the scanned record.
Risk Rating	Minor
Recommendation 1	EMRC should: • Reinforce the requirement for Till Check Reports to be completed after the final relevant transaction has been processed or ensure that any transactions processed after till close-out are clearly documented and reconciled. • Ensure that scanned reconciliation records are complete, legible, and not obscured by other documents before being saved.

Suggested Business Improvement 1	Given training for new weighbridge officers is currently provided by experienced weighbridge officers based on operational experience, EMRC should consider developing structured training materials for new and relief weighbridge officers. The training materials should focus on practical operational matters that are not fully covered by existing procedures, including but not limited to: • common waste types and corresponding till machine selections; • customer and vehicle scenarios; • tipping ticket processing; • contaminated wastes;

	• escalation points for unusual transactions or customer issues; and • practical examples or screenshots from relevant systems.

12.3 RISK MANAGEMENT UPDATE

D2026/14181

PURPOSE OF REPORT

The purpose of this report is to update the Audit, Risk and Improvement Committee and Council 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, Risk and Improvement Committee.

RECOMMENDATION(S)

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

SOURCE OF REPORT

Employee Disclosure under s.5.70 of the *Local Government Act 1995*		
Author(s)	Manager Information Services	Nil
Responsible Officer	Chief Executive Officer	Nil

BACKGROUND

1 At the Ordinary Council meeting on 22 August 2024, it was resolved inter alia that (D2024/21002):

2. COUNCIL ADOPTS THE COUNCIL POLICY 7.1 - RISK MANAGEMENT AS REVIEWED AND AMENDED FORMING ATTACHMENT 5 TO THIS REPORT.

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 continues to monitor and review processes 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, Risk and Improvement Committee and Council in the June 2026 round of meetings (D2026/09816).

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 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 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	The Executive Leadership Team conducts monthly reviews and reporting of excessive leave liability, resulting in substantial progress toward reducing outstanding balances and fostering a healthier organisational environment.
SR-2	Inadequate succession planning	Chief Executive Officer	Prioritising investment in our workforce remains fundamental to our organisational strategy. Through ongoing professional development initiatives and enhancements to our organisational structure, we are continuously expanding opportunities for internal advancement and promotion. These efforts not only drive continuous improvement, but also contribute to a positive and empowering environment for our team members.
SR-3	Ineffective Operational Reporting (timely and relevant)	Chief Operating Officer	Operational reports are consistently effective and contain clearly defined Key Performance Indicators (KPIs). To ensure continuous improvement, the effectiveness of these reports is subject to regular assessment. Outcomes and data from these evaluations are systematically entered into the MYOSH System, supporting timely and relevant operational oversight.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-4	Over-use of single-source suppliers	Chief Financial Officer	In order to address and minimise the risks associated with an excessive reliance on single-source suppliers, the organisation has adopted a comprehensive approach incorporating the utilisation of the WALGA Panel, the issuance of Requests for Quotation (RFQs), as well as the conduct of formal tender processes. These measures are undertaken to systematically identify areas where sole-source dependencies exist. Furthermore, the EMRC is committed to the ongoing diversification of its supply chain, thereby strengthening operational resilience and promoting greater cost efficiency across all procurement activities.
SR-5	Legacy issues restricting innovation and performance	Chief Executive Officer	Continuous improvement initiatives have significantly strengthened operational efficiency and promoted a culture of innovation. By systematically addressing legacy challenges, the organisation has established structured opportunities for staff to contribute meaningfully and responsibly. These efforts have not only improved team morale, but also laid the foundation for a more sustainable future, ensuring ongoing resilience and adaptability.
SR-6	Under/poor performance	Chief Executive Officer	Through a proactive approach to addressing underperformance, the EMRC has strengthened accountability and optimised core operational platforms. Furthermore, the introduction of performance-based remuneration has enhanced the alignment between individual performance assessments and both operational efficiency and financial outcomes. These measures have resulted in a substantial improvement in team effectiveness and a positive impact on the organisation's financial results.
SR-7	Reduced Grant Funding	Chief Transformation Officer	All opportunities are explored to secure external funding and deliver quality outcomes to member councils that is aligned to the strategic plan.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-8	Inadequate leachate control	Chief Operating Officer	Leachate management controls in place are deemed adequate. The leachate ponds are subject to daily monitoring, with all inspections and controls operating as required. The organisation is currently in the middle of winter and leachate management is presently operating at approximately half capacity, which is more than sufficient to manage current volumes through the remainder of winter until forced evaporation can be reinstated.
SR-9	Odour, noise, dust and traffic complaints	Chief Operating Officer	Internal processes enable neighbours and stakeholders to report issues. All complaints are promptly addressed, reviewed and approved by the Site Manager and Chief Operating Officer, and recorded in accordance with EMRC requirements. Improvements to FOGO processing have reduced odour-related issues. There has been a significant reduction in the intake of FOGO waste, which is expected to reduce odour, noise, dust and traffic impacts at the site, and should lead to a corresponding reduction in related complaints.
SR-10	WWTE (Pyrolysis) Project underperformance	Chief Operating Officer	At the November 2025 Ordinary Council meeting it was resolved that the project be cancelled.
SR-11	Fire in operational sites	Chief Operating Officer	Inductions and site procedures are in place to manage fire risk across EMRC sites and to ensure compliance with reporting requirements.
SR-12	By-passing established Tender or Procurement procedures	Chief Financial Officer	Our procurement framework is anchored in stringent authority thresholds and comprehensive internal audits, meticulously designed to mitigate risks such as purchase order splitting. These protocols undergo continual evaluation and refinement, with approval mechanisms being diligently fortified through transparent and constructive discourse at every echelon of leadership from team coordinators, to managers, and up to the executive suite.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-13	Cyber attack	Chief Financial Officer	Rigorous and ongoing system testing, coupled with systematic updates, underpin the organisation's robust cyber security posture. In preparation for the future, the internal audit for 2026 and the annual review of our cyber security insurance have both been duly concluded, further strengthening our commitment to operational resilience and risk mitigation.
SR-14	Poor Stakeholder Engagement	Chief Executive Officer	Regular meetings are convened with member Council Mayors, Chief Executive Officers, and Officers to foster robust engagement. These sessions play a critical role in ensuring ongoing alignment with the needs and strategic objectives of our member Councils, strengthening collaborative relationships and supporting effective outcomes for all stakeholders.
SR-15	By-passing established administrative (non-financial) procedures	Chief Financial Officer	A comprehensive and continuous review process is being conducted, accompanied by systematic enhancements to both operational procedures and protocols. These refinements are strategically designed to bolster accountability and elevate organisational efficiency.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-16	Injury to Operational Field Officers	Chief Executive Officer	Regular health and safety meetings are convened, attended by representatives from all levels of staff—including Executives, Managers, Team Leaders and Coordinators—to reinforce the critical importance of risk management. These meetings are essential for safeguarding the wellbeing of our operational field officers, ensuring that workplace safety remains a top organisational priority. Enhanced pre-start procedures have been implemented, with a strong focus on Work Health and Safety (WHS) during recruitment, accountability measures, and corrective actions. Additionally, communication and check-in tools are regularly refined to support ongoing safety initiatives. Systematic recording of hazards, incidents, and risks provides valuable insights and data, which are used to continually strengthen our safety procedures and protocols—underscoring our commitment to protecting operational field officers. WH&S guidelines are also subject to ongoing review and improvement, ensuring that reporting, accountability and procedural enhancements are continually addressed. This sustained focus is vital for maintaining a safe working environment and minimising risk for our operational field officers.
SR-18	Capex project objectives/targets not achieved	Chief Transformation Officer	Continuous review of the project deliverables against project objectives have seen more recent capital projects achieved on time and within budget.
SR-19	Licencing conditions breach	Chief Transformation Officer	There are no changes to the Hazelmere licence and there have been no notices of non-compliance at Red Hill or Hazelmere facilities during this financial year. The EMRC continues to monitor its licence conditions on a regular basis to ensure strict compliance.
SR-20	Lack of interest from Member Councils regarding Sustainability Programs	Chief Transformation Officer	This has been captured in the revised Corporate Business Plan 2025/2026 - 2028/2029, which will flow on to the EMRC's Strategic Plan 2017-2027 when it is reviewed in late 2026.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-21	Employment related litigation	Chief Executive Officer	Audits of management guidelines and procedures were conducted by LGIS and internal auditors. Additionally, training sessions were held covering employee relations, work health and safety (WHS), and enforcement of site procedures. The associated risks are currently under review and reclassification.
SR-22	Sub-surface landfill fires	Chief Operating Officer	A formal process is in place to manage the unlikely event of a sub-surface fire, including incident reporting and notification to the regulator in accordance with licence conditions. The risk has been reassessed, resulting in reduced likelihood and consequence ratings. The Environmental Team prepares an incident report, and all incidents are recorded in MYOSH for investigation.
SR-23	Methane gas explosion	Chief Operating Officer	All site areas are monitored daily by the EMRC site contractor and EMRC operations team leaders. Inductions and the EMRC site emergency plan are in place to manage incident response requirements. Regular evacuation drills are conducted to ensure personnel are prepared in the unlikely event of a methane gas explosion, reinforcing site-wide emergency preparedness.
SR-24	Light vehicle or pedestrian interaction with heavy equipment	Chief Operating Officer	All external visitors and contractors are inducted prior to site access to ensure awareness of active operational areas. Where required, appropriate PPE is worn, two-way radios are issued, and individuals are escorted by an EMRC site employee. Access to EMRC sites is not permitted without prior induction or escort. Inductions address all requirements relating to light vehicle and pedestrian movements. Safety KPIs are in place for site managers and leaders, with compliance monitored through audits. Outcomes and mitigation actions are documented and reported through regular operational and safety reporting.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-25	Fraudster changing a Creditor's bank account details	Chief Financial Officer	Comprehensive reviews of organisational procedures, complemented by rigorous internal audits, have been conducted to address areas of concern, notably the persistent risks posed by phishing attempts, fraudulent emails, and the protocols governing the amendment of creditors' banking information. These measures underscore a proactive commitment to safeguarding financial integrity and operational resilience.
SR-26	No scheduled maintenance program for all buildings	Chief Financial Officer	The annual budget has been strategically allocated to incorporate comprehensive scheduled maintenance programs, thereby ensuring the ongoing preservation of asset quality and significantly mitigating the occurrence of unplanned repairs across all buildings.
SR-27	Intentional activities in excess of delegated authority (PID Officer)	Chief Transformation Officer	No public intent disclosure has been received.
SR-28	Large numbers of Ibis and Pelicans scavenging on open tip face	Chief Operating Officer	Internal procedures are in place to manage this risk in accordance with EMRC requirements, with operational support provided by the Environmental team. No changes are required. Bird numbers remain stable, and the tip face is effectively managed through compaction and daily cover. Ibis numbers have significantly dropped over the period of March to June 2026.
SR-29	Lack of interest for future participation from Member Councils in EMRC Services	Chief Executive Officer	Through enhanced engagement with senior officers and Mayors from member Councils, the organisation has cultivated meaningful opportunities for improved collaboration and strengthened working partnerships.

STRATEGIC/POLICY IMPLICATIONS

9 Reporting on EMRC Strategic Policy implications align with the Revised 10 Year Strategic Plan 2017 - 2027 and the Sustainability Strategy 2022/2023 – 2026/2027.

FINANCIAL IMPLICATIONS

10 Nil

SUSTAINABILITY IMPLICATIONS

11 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	Unlikely	Moderate
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	Nil direct implications

ATTACHMENT(S)

Current Risk Management Profile (D2026/16532)

VOTING REQUIREMENT

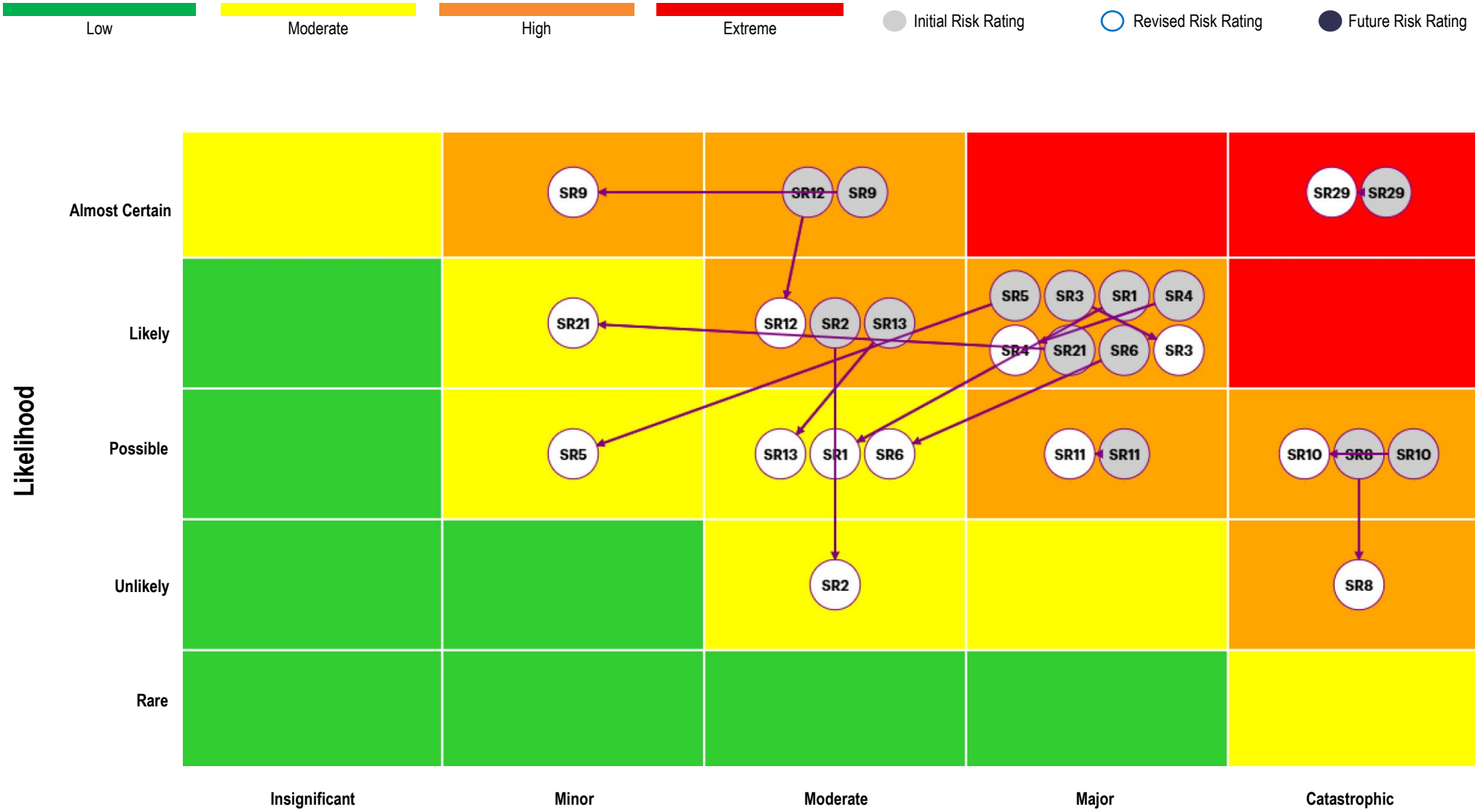
Simple Majority

RECOMMENDATION(S)

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

AUDIT, RISK AND IMPROVEMENT COMMITTEE RECOMMENDATION(S)

MOVED SECONDED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Extreme
Initial Risk Rating
Revised Risk Rating
Future Risk Rating
Likelihood
Almost Certain
Likely
Possible
Unlikely
Rare
Insignificant
Minor
Moderate
Major
Catastrophic
SR9
SR12
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SR5
SR13
SR1
SR6
SR11
SR11
SR10
SR8
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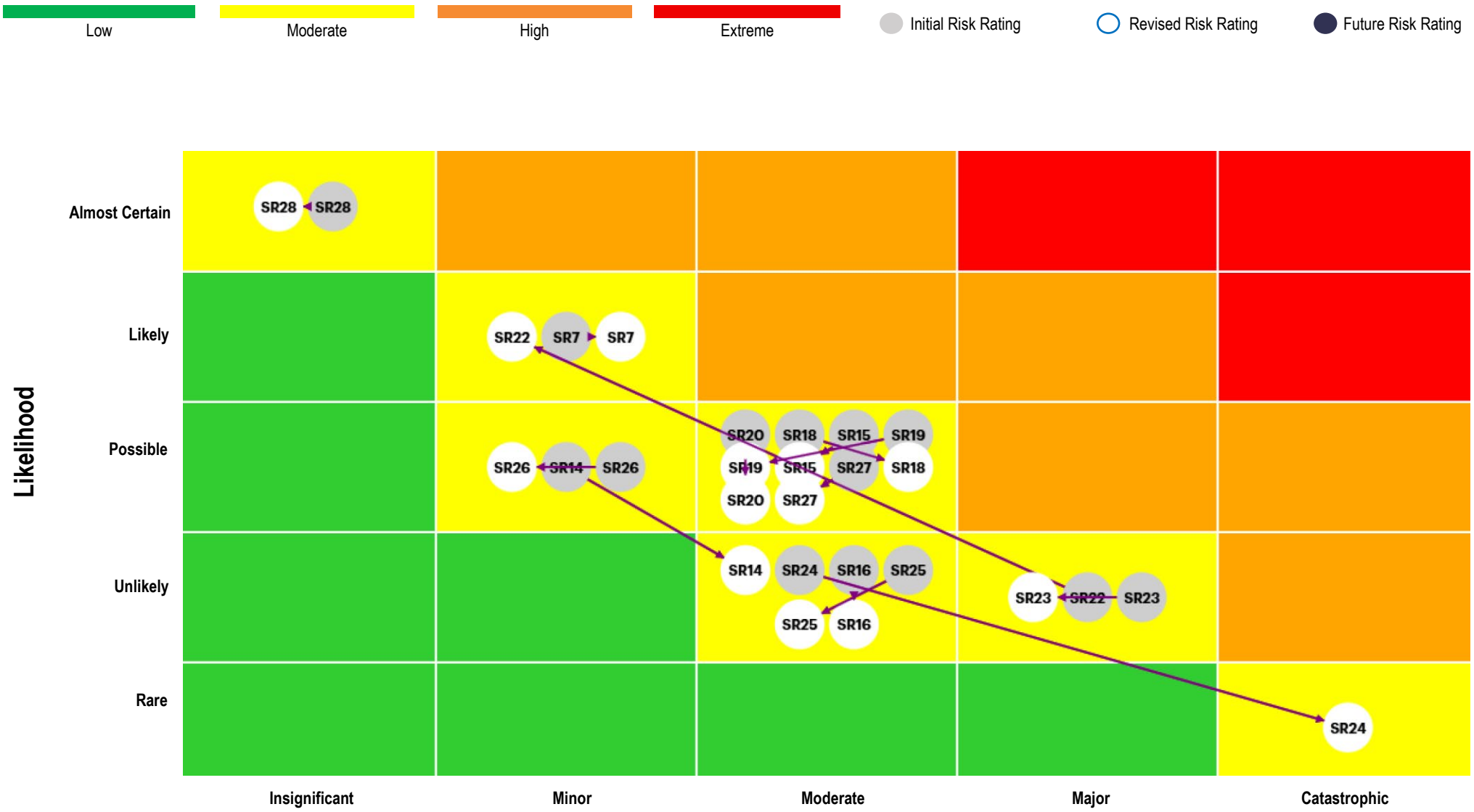
SR8

Risk Code	Risk Title
SR1	Excessive Employee Benefits leave liability
SR2	Inadequate succession planning
SR3	Ineffective Operational Reporting (timely and relevant)
SR4	Over-use of single-source suppliers
SR5	Legacy issues restricting innovation and performance
SR6	Under/poor performance
SR8	Inadequate leachate control
SR9	Odour, noise, dust and traffic complaints
SR10	WWTE (Pyrolysis) Project underperformance
SR11	Fire in operational sites
SR12	By-passing established Tender or Procurement procedures
SR13	Cyber attack
SR21	Employment related litigation
SR29	Lack of interest in EMRC Services from Member Councils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Moderate
High
Extreme
Initial Risk Rating
Revised Risk Rating
Future Risk Rating
Likelihood
Almost Certain
Likely
Possible
Unlikely
Rare
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Minor
Moderate
Major
Catastrophic
SR28
SR28
SR22
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Risk Code	Risk Title
SR7	Reduced Grant Funding
SR14	Poor Stakeholder Engagement
SR15	By-passing established administrative (non-financial) procedures
SR16	Injury to Operational Field Officers
SR18	Capex project objectives/targets not achieved
SR19	Licencing conditions breach
SR20	Lack of Member Councils participating in Sustainability Programs
SR22	Sub-surface landfill fires
SR23	Methane gas explosion
SR24	Light vehicle or pedestrian interaction with heavy equipment
SR25	Fraudster changing a Creditor's bank account details
SR26	No scheduled maintenance program for all buildings
SR27	Intentional activities in excess of delegated authority (PID Officer)
SR28	Large numbers of Ibis and Pelicans scavenging on open tip face

13 REPORTS OF DELEGATES

Nil

14 NEW BUSINESS OF AN URGENT NATURE

Nil

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

Nil

16 FUTURE MEETINGS OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE

Meetings of the Audit, Risk and Improvement Committee are covered under the Audit, Risk and Improvement Committee Terms of Reference as follows:

"**5 Meetings**

5.1 The Audit, Risk and Improvement 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) The Compliance Audit Return;

(c) Approval of the annual budget; and

(d) The auditor's report on the annual financial report.

5.2 Additional meetings will be convened at the discretion of the Chairperson."

Future Meetings 2026

Thursday	3 September	(if required)	at	EMRC Administration Office
Thursday	1 October	(if required)	at	EMRC Administration Office
Thursday	5 November	(if required)	at	EMRC Administration Office

17 DECLARATION OF CLOSURE OF MEETING