

AGENDA

D2023/04119

Audit Committee

2 March 2023

Notice of Meeting

Dear Councillors

I wish to advise that the next meeting of the Audit Committee will be held on Thursday, 2 March 2023 at the EMRC Administration Centre, 1st Floor, 226 Great Eastern Highway, Ascot WA 6104 commencing at 6:00pm.



Marcus Geisler | Chief Executive Officer

24 February 2023

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 Committee Members

Cr Margaret Thomas	Committee Chair	City of Kalamunda
Cr Doug Jeans	Committee Deputy Chairman	Shire of Mundaring
Cr Hilary MacWilliam	Committee Member	Town of Bassendean
Cr Michelle Sutherland	Committee Member	City of Bayswater
Cr Mel Congerton	Committee Member	City of Swan

Audit Committee Deputies

Cr Kathryn Hamilton	Deputy Committee Member	Town of Bassendean
Cr Steven Ostaszewskyj	Deputy Committee Member	City of Bayswater
Cr Dylan O'Connor	Deputy Committee Member	City of Kalamunda
Cr John Daw	Deputy Committee Member	Shire of Mundaring
Cr Charlie Zannino	Deputy Committee Member	City of Swan

Audit Committee Second Deputies

Cr Emily Wilding	Committee Second Deputy Member	Town of Bassendean
Cr Giorgia Johnson	Committee Second Deputy Member	City of Bayswater
Cr Janelle Sewell	Committee Second Deputy Member	City of Kalamunda
Cr Jo Cicchini	Committee Second Deputy Member	Shire of Mundaring
Cr Rod Henderson	Committee Second Deputy Member	City of Swan

**Audit Committee
2 March 2023**

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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 future.

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

3 DISCLOSURE OF INTERESTS

4 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION

5 PETITIONS, DEPUTATIONS AND PRESENTATIONS

5.1 2023 FINANCIAL AUDIT PLAN

6 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

**6.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 6 OCTOBER 2022
(D2022/18294)**

That the minutes of the Audit Committee meeting held on 6 October 2022 which have been distributed, be confirmed.

AUDIT COMMITTEE RESOLUTION

MOVED

SECONDED

7 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

8 QUESTIONS BY MEMBERS WITHOUT NOTICE

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

10 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

11 REPORTS OF EMPLOYEES

11.1 COMPLIANCE AUDIT RETURN 2022(D2023/21987)

11.2 HALF YEAR BUDGET REVIEW 2022/2023 (D2023/02185)

11.3 RISK MANAGEMENT UPDATE (D2023/02185)

11.1 COMPLIANCE AUDIT RETURN 2022

D2022/21987

PURPOSE OF REPORT

The purpose of this report is to present to Council for adoption the Compliance Audit Return (CAR) for the year ending 31 December 2022.

KEY POINT(S)

- Each local government is required to complete a CAR at the end of each calendar year.
- The CAR is required to be reviewed by the Audit Committee (AC) before being adopted by Council, certified by the Chairman and Chief Executive Officer (CEO) and uploaded to the Department of Local Government, Sport and Cultural Industries portal by 31 March 2023.

RECOMMENDATION(S)

That Council adopts the draft Compliance Audit Return 2022, forming the attachment to this report, that it be certified by the Chairman and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2023.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

- 1 The audit and applicable return are completed in accordance with the requirements of Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*. It is a compliance audit for the period 1 January to 31 December 2022 against the requirements included in the Compliance Audit Return for that period.
- 2 Regulation 14 requires the Audit Committee to review the CAR and to report the results of the review to Council prior to adoption by Council.

REPORT

- 3 The CAR, as required by the *Local Government Act 1995* (the Act) and relevant Regulations, is now completed and is awaiting Council approval before lodgement via the Department of Local Government, Sport and Cultural Industries portal.
- 4 The CAR sought advice on the extent of compliance by the EMRC to a range of sections of the Act and the local government regulations.
- 5 The review process includes a rigorous assessment being undertaken by responsible officers for each section.
- 6 A high level of compliance was achieved. Where applicable, the details and explanations relating to the completion of the return appear in the relevant comment sections of the CAR.
- 7 After the CAR has been adopted by Council a certified copy of the return along with the relevant section of the minutes and additional information explaining or qualifying the compliance audit, is to be uploaded to the Department of Local Government, Sport and Cultural Industries portal by 31 March 2023.

STRATEGIC/POLICY IMPLICATIONS

8 Reporting on EMRC Strategic Policy implications align with the revised Strategic Plan 2017-2027 and the Sustainability Strategy:

Target - Sustainability integrated into management processes.

FINANCIAL IMPLICATIONS

9 Nil

SUSTAINABILITY IMPLICATIONS

10 Nil

RISK MANAGEMENT

Risk – Non-Compliance with the *Local Government Act 1995* and EMRC’s responsibility to maintain responsible and accountable governance and management of the organisation.

Consequence	Likelihood	Rating
Moderate	Unlikely	Moderate
Action/Strategy		
➤ Council to adopt the draft Compliance Audit Return 2022, that it be certified by the Chairman and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2023.		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

EMRC - Compliance Audit Return Regional Local Government 2022 (D2022/04135)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council adopts the draft Compliance Audit Return 2022, forming the attachment to this report, that it be certified by the Chairman and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2023.

AC RECOMMENDATION(S)

MOVED

SECONDED



Compliance Audit Return 2022

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022?	Yes	A business plan for the proposed regional waste collection was prepared.
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2022?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022?	Yes	A public notice was issued on 9 November 2022 in relation to the major trading undertaking for the proposed regional waste collection.
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16	Were all delegations to committees resolved by absolute majority?	Yes	Legal Committee established on 8 February 2021 and delegated powers were by absolute majority.
2	s5.16	Were all delegations to committees in writing?	Yes	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	Yes	Legal Committee was established on 8 February 2021 and complied with the requirements under section 5.17 of the <i>Local Government Act 1995</i>
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	Yes	
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	Yes	



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13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 19?	Yes	
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Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	N/A	
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required the <i>Local Government (Administration) Regulations 1996</i> regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	N/A	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	N/A	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	No	Two councillors did not meet the 31 August 2022 deadline for lodging annual returns and were reported to the CCC and DLGSC.
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	



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12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the <i>Local Government Act 1995</i> relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the <i>Local Government Act 1995</i> recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	The EMRC adopted a new code of conduct for Council Members, Committee Members and Candidates within 3 months of the prescribed model code of conduct coming into operation.
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the <i>Local Government Act 1995</i> ?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government in accordance with section 5.51A(1) of the <i>Local Government Act 1995</i> ?	Yes	



Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)?	N/A	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	N/A	

Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the <i>Local Government Act 1995</i> ?	N/A	Council members were last appointed to the Audit Committee on 4 November 2021. The Audit Committee was established before 4 November 2021.
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	N/A	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	Yes	
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	



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5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website?	Yes	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	Yes	



Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	The EMRC ten year strategic plan 2017-2027 was adopted by Council on 18 August 2016 and was reviewed by Council at its meeting of 25 August 2022.
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	The EMRC Corporate Business Plan 2022/2023 to 2026/2027 was adopted by Council by absolute majority on 23 June 2022.
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of <i>Local Government (Administration) Regulations 1996</i> 19DA(2) & (3)?	Yes	

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 18A?	N/A	There was no recruitment for CEO or senior employees in 2022.
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	N/A	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	

Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	No	A designated employee was appointed as a complaints officer prior to 2022.
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ?	N/A	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	N/A	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	N/A	



Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> regulations 5(2)(c) within the three years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.	Yes	Council resolved to accept the report on the CEO's review of the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) on 25 November 2021.
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with <i>Local Government (Audit) Regulations 1996</i> regulation 17 within the three financial years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report.	Yes	Council resolved to accept the report on the CEO's review of the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 on 25 November 2021.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	N/A	
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	Council previously resolved to adopt by absolute majority a policy dealing with the attendance of council members and CEO at events on 25 March 2021.
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ?	Yes	The CEO published information on the local government's website in accordance with sections 5.96A(1), (2), (3) & (4) where relevant to a regional local government.
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Council resolved to adopt by absolute majority a policy in relation to the continuing professional development of council members on 24 February 2022.
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	Yes	
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	



Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the <i>Local Government (Functions and General) Regulations 1996</i> , regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	
2	s3.57 F&G Reg 11	Subject to <i>Local Government (Functions and General) Regulations 1996</i> , regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the <i>Local Government Functions and General) Regulations 1996</i> , required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
4	F&G Reg 12	Did the local government comply with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Yes	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 15 and 16?	Yes	



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7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulations 21 and 22?	Yes	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	The EMRC did not conduct an Expression of Interest (EOI) process in 2022.
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24?	Yes	The EOI process from 2021 (EOI 2021-009) was finalised and each prospective tenderer was advised of the outcome of the EOI process.
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with <i>Local Government (Functions and General) Regulations 1996</i> , Regulations 24AD(4) and 24AE?	N/A	The EMRC did not invite applicants to a panel of pre-qualified suppliers.
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	The EMRC did not invite applicants to a panel of pre-qualified suppliers.
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	The EMRC did not invite applicants to a panel of pre-qualified suppliers.
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24AG?	N/A	The EMRC did not invite applicants to a panel of pre-qualified suppliers.
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	The EMRC did not invite applicants to a panel of pre-qualified suppliers.



Department of
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 and Cultural Industries**

20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	Yes	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Yes	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A	The EMRC does not have a regional price preference policy.

11.2 HALF YEAR BUDGET REVIEW 2022/2023

D2023/02185

PURPOSE OF REPORT

The purpose of this report is to provide Council, via the Audit Committee, with details of the Eastern Metropolitan Regional Council's (EMRC's) 2022/2023 half year budget review for adoption and subsequent submission to the Department of Local Government, Sport and Cultural Industries.

KEY POINT(S)

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

RECOMMENDATION(S)

That Council, by an absolute majority in accordance with r.33A of the *Local Government (Financial Management) Regulations 1996*, adopts the review of the 2022/2023 budget and approves its submission to the Department of Local Government, Sport and Cultural Industries within 30 days.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

- 1 It is a requirement of r.33A of the *Local Government (Financial Management) Regulations 1996* that a local government, between 1 January and 31 March in each year, is to carry out a review of its annual budget for that year.
- 2 Regulation 33A also states that within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the Council who is to consider the review submitted to it and is to determine, by absolute majority, whether or not to adopt the review, any parts of the review or any recommendation made to the review.
- 3 A financial report and summaries which provide an overview of year to date budget performance for operating activities and capital works are submitted to each meeting of Council. Variances greater than 10% or \$20,000, whichever is the greater, within each nature and type category on the Statement of Comprehensive Income are reported on in the body of the report. Also included are end of year forecasts by nature and type for operating activities and end of year forecasts for each capital works project. These forecasts are reviewed regularly in order to provide an accurate forecast of the end of year result.
- 4 The half year budget review was undertaken during January/February 2023 and is reflected in this report.

REPORT

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

Format of Budget Review

- 6 The format of the statutory review undertaken is based on an examination by officers of all EMRC accounts (operating income, operating expenditure and capital expenditure accounts) within their area of responsibility.
- 7 A review of the tonnages budgeted to be received at the Red Hill Waste Management Facility is also undertaken. Tonnage budgets are reviewed to provide a forecast of volumes expected to be received by 30 June 2023. These forecasts, when calculated against the previously adopted disposal rates, provide financial forecasts relating to the following:
 - Income from normal operations (including landfill levy);
 - Secondary Waste Income;
 - Landfill Levy Expenditure;
 - Waste Education Levy Income; and
 - Cell usage and depreciation.
- 8 All forecasts, which are an actual review of the budgets set against each account, are entered into the financial management system in order to provide a more accurate forecast of the end of year result.
- 9 The year to date monthly budget allocations are also reviewed in order to match the appropriate timing for the various projects budgeted to be undertaken. A review is undertaken to ensure that the year to date budget allocations best reflect the timing applicable either to expenditure expected to be incurred or income to be received. This process commences immediately following adoption of the budget and is constantly being monitored and reviewed based on current information and circumstances available. This process provides a better comparison between the year to date actual and year to date budget figures.

Adjustments resulting from Budget Review

- 10 EMRC officers undertook the latest review based on the actual financial data provided for the period ended 31 December 2022. The financial report relating to the period ended 31 January 2023 was submitted to Council at its meeting held on 23 February 2023. However, that report did not include the revised forecasts that have result from the half year budget review.
- 11 In accordance with the process followed in previous years, the original budget is not updated with the revised forecasts, as relevant regulations require the end of year results to be compared to the original adopted annual budget, rather than the reviewed budget.
- 12 Whilst it is accepted that many costs are incurred generally within a specific pattern, many are not. These include significant costs incurred relating to operating and capital projects, which depend solely on the timing of when the project is undertaken.

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

Changes In	Total
Increase / (Decrease) in Operating Income	(\$2,769,223)
(Increase) / Decrease in Operating Expenditure	\$5,108,928
Increase / (Decrease) in Realised Gain from change in fair value of Investments	\$613,506
Increase / (Decrease) in Net Assets from Operations	\$2,953,211

14 Provided below is a summary of changes between the original budget and the forecast for the financial year ending 30 June 2023. Comments are provided for significant variances using Council’s adopted criteria of 10% or \$20,000, whichever is the greater, as a guide:

Operating Income

15 User Charges

➤ Current Budget: \$38,358,338 Forecast Budget: \$36,706,660 Variance: (\$1,651,678); (4.31%)

16 Net User Charges (User Charges less Landfill Levy charges)

➤ Current Budget: \$29,785,295 Forecast Budget: \$23,461,963 Variance: (\$6,323,332); (21.23%)

17 The full year forecast for Net User Charges (User Charges less Landfill Levy charges) is below the annual budget by 6,323,332 (21.23%). This variance relates to lower than budgeted used charges resulting from the delay in the East Rockingham Waste to Energy Project (ERWTE) with greater tonnes being forecast to be disposed at the Redhill Waste Management Facility. This has resulted in an increase in Landfill Levy Charges and lower net disposal charges which have been off-set by an increase in the Secondary Waste Charge income.

18 Special Charges

➤ Current Budget: \$690,614 Forecast Budget: \$635,830 Variance: (\$54,784); (7.93%)

19 Secondary Waste Charge

➤ Current Budget: \$2,435,450 Forecast Budget: \$4,262,802 Variance: \$1,827,352; 75.03%

20 The full year forecast for the Secondary Waste Charge is above the annual budget by \$1,827,352. This variance relates to the delay in the East Rockingham Waste to Energy Project (ERWTE) resulting in greater tonnes being forecast to be disposed at the Redhill Waste Management Facility.

21 Contributions

➤ Current Budget: \$117,730 Forecast Budget: \$120,349 Variance: \$2,619; 2.22%

22 Operating Grants

➤ Current Budget: \$163,000 Forecast Budget: \$149,950 Variance: (\$13,050); (8.01%)

23 Interest Municipal Cash & Investments

➤ Current Budget: \$70,000 Forecast Budget: \$471,951 Variance: \$401,951; 574.22%

24 The full year Interest on Municipal Cash Investments has been forecast to be above the budget by \$401,951 (574.22%) due to the increase in investment rates during the year and the lower level of capital expenditure to date.

25 Interest Restricted Cash Investments

➤ Current Budget: \$809,453 Forecast Budget: \$1,946,599 Variance: \$1,137,146; 140.48%

26 The full year forecast for Interest on Restricted Cash Investments has been forecast to be \$1,137,146 (45.01%) above the budget of \$809,453. The variance is due to the increase in investment rates during the year and the lower level of capital expenditure to date.

27 Reimbursements

➤ Current Budget: \$1,611,291 Forecast Budget: \$2,008,421 Variance: \$397,130; 24.65%

28 The full year forecast for Reimbursements has been forecast to be \$397,130 (24.65%) above the budget of \$1,611,291. The principal variances are due to higher than budgeted income in the following areas:

- ⇒ \$250k - Unbudgeted recoup from participants for the purchase of FOGO caddies and liners;
- ⇒ \$146k - Higher recoup from Baywaste Transfer Station operations (based on the level of expenditure);
- ⇒ \$142k - Unbudgeted recoup relating to the Woodside Project;
- ⇒ \$45k - Unbudgeted recoup of legal expenses from the City of Belmont – the full recoup totalled \$50k inclusive of GST;
- ⇒ \$42k - Unbudgeted recoup of transport costs associated with the transport of Power Poles to Red Hill from Hazelmere; and
- ⇒ \$41k - Unbudgeted recoup of staff costs relating to the Portability of Long Service Leave.

This is offset by reimbursements lower than budget in the following areas:

- ⇒ \$249k - Lower recoup from Coppin Rd Transfer Station including the CDS project (linked to the level expenditure); and
- ⇒ \$47k - Lower recoup from Mathieson Rd Transfer Station (linked to the level of expenditure).

29 Other Income

➤ Current Budget: \$2,558,840 Forecast Budget: \$2,411,585 Variance: (\$147,255); (5.75%)

30 Proceeds from Sale of Assets

➤ Current Budget: \$360,000 Forecast Budget: \$363,000 Variance: \$3,000; 0.83%

Operating Expenditure

- 31 Salary Expenses
- Current Budget: \$11,862,596 Forecast Budget: \$10,690,873 Variance: \$1,171,723; 9.88%
- Contract Expenses
- Current Budget: \$9,117,051 Forecast Budget: \$8,658,871 Variance: \$458,180; 5.03%
- 32 Material Expenses
- Current Budget: \$1,939,704 Forecast Budget: \$1,590,931 Variance: \$348,773; 17.98%
- 33 The full year forecast for Material Expenses is \$348,773 (17.98%) below the budget of \$1,939,704. The variance is principally attributable to lower than budget for the following:
- ⇒ \$284k - Material Expenses - General;
 - ⇒ \$27k - Minor Equipment Purchased not Capitalised (Under \$5,000);
 - ⇒ \$20k - Printing expenses; and
 - ⇒ \$5k - Catering/Food/Beverage expenses;
- 34 Utility Expenses
- Current Budget: \$364,023 Forecast Budget: \$358,501 Variance: \$5,522; 1.52%
- 35 Fuel Expenses
- Current Budget: \$1,016,373 Forecast Budget: \$1,282,399 Variance: (\$266,026); (26.17%)
- 36 The full year forecast for Fuel Expenses is \$266,026 (26.17%) above the budget of \$1,016,373. The variance is attributable to the higher purchase price of diesel fuel compared to budget (approx. \$1.46/litre from 2022 to current price of approx. \$1.63/litre) together with additional diesel forecast to be used as a result of the increase in tonnages forecast to be disposed at the Red Hill Waste Management Facility by year end.
- 37 Insurance Expenses
- Current Budget: \$377,272 Forecast Budget: \$372,924 Variance: \$4,348; 1.15%
- 38 Depreciation Expenses
- Current Budget: \$4,286,463 Forecast Budget: \$3,699,157 Variance: \$587,306; 13.70%
- 39 The full year forecast for Depreciation Expenses is \$587,306 (13.70%) below the budget of \$4,286,463. The variance is attributable to the lower Depreciation Expenses - General by \$696k due to the lower level of capital expenditure as at 31 January 2023. This is partially offset by higher Depreciation Expenses - Cell Usage of \$110k due to the additional tonnages forecast to go to landfill as at year end (due to the delay in the ERWTE project) and additional commercial tonnages forecast to be received.

40 Miscellaneous Expenses (excluding Landfill Levy expenses)

➤ Current Budget: \$6,267,356 Forecast Budget: \$2,773,359 Variance: \$3,493,997; 55.75%

41 The full year forecast for Miscellaneous Expenses has been forecast to be \$3,493,997 (55.75%) below the budget of \$6,267,356. The principal variances are due to lower than budgeted expenditure in the following areas:

⇒ Other Expenses by \$5.06m which relates primarily to the disposal charges associated with the ERWTE project (\$4.9m);

⇒ Software Acquisition expenses by \$41k;

⇒ Training Course Fees / Conferences or Seminar Fee expenses by \$16k;

This is offset by Miscellaneous Expenses higher than budget in the following areas:

⇒ Contribution or Donation expenses by \$1.57m (this relates specifically to the contribution to participating member councils of the FOGO contribution adjustment of \$1,575,20);

⇒ Advertising expenses by \$39k; and

⇒ Airfare/Travel Expenses & Accommodation/Meal Expenses of \$22k.

42 Provision Expenses

➤ Current Budget: \$737,674 Forecast Budget: \$1,129,980 Variance: (\$392,306); (53.18%)

43 The variance is attributable to the additional tonnes from member Councils still going to the Red Hill Waste Management Facility (RHWMF) as a result of the delay in the ERWTE project together with additional commercial tonnes forecast to be received by year end.

44 Costs Allocated

➤ Current Budget: (\$188,696) Forecast Budget: (\$50,141) Variance: \$138,555; 73.43%

45 This variance relates to lower than budgeted internal costs allocated to various projects and specifically capital expenditure projects that have been budgeted to utilise the EMRC's plant and labour.

46 Carrying Amount of Assets Disposed Of

➤ Current Budget: \$244,487 Forecast Budget: \$408,520 Variance: (\$164,033); (67.09%)

47 The full year forecast for Carrying Amount of Assets Disposed Of (Other Expenses) is \$164,033 (67.09%) above the budget of \$244,487. This relates to the Written Down Value of Plant and Vehicles that have achieved their change over period and have been sold. Also included is an additional carrying amount of \$94k relating to the demolition of the Hazelmere site house.

Realised/Unrealised Gain/Loss from Change in Fair Value of Investments

➤ Current Budget: \$0 Forecast Budget: \$613,506 Variance: \$613,506; N/A

This amount was received during January 2023 and relates to a second payment associated with the Lehmann Brothers liquidation. No budget provision was provided for the receipt of this income.

Capital Expenditure

- Current Budget: \$25,690,906 Forecast Budget: \$22,012,857 Variance: \$3,678,049; 14.32%
- 48 The Capital Expenditure budgets as at year end have been reviewed throughout the year and in particular as part of the half year budget review undertaken during January/February 2023 in order to reflect the actual timing of various projects and match expenditure requirements in relation to tonnage forecasts.
- 49 Full Year Capital Expenditure has been forecast to be \$3,678,049 (14.32%) below the budget of \$25,690,906.
- 50 Significant reductions to capital budgets where savings have been achieved, or where project expenditure has been deferred due to delays and/or carried forward or not required include the following:
- ⇒ Liquid Waste Project Building and Plant - RHLF - \$2,325,807 (\$1,775,807 c/fwd);
 - ⇒ Air Pollution Control Residue Facility and Plant (APCR) - RHLF - \$1,944,000 (c/fwd);
 - ⇒ Construct Class IV Cell Stage 3 - RHLF - \$1,206,414 (c/fwd);
 - ⇒ Wood Waste to Energy Building Project (Pre-Commissioning Cost) - HRRP - \$1,115,000;
 - ⇒ Construct Access Road to Lots 8, 9 and 10 - RHLF - \$607,000 (c/fwd);
 - ⇒ Install Power to Lots 8, 9 and 10 - RHLF - \$492,000 (c/fwd);
 - ⇒ Capital Improvements - EMRC Administration Building - \$458,000 (c/fwd);
 - ⇒ Construct Class III Cell Stage 17 - RHLF - \$440,000 (c/fwd);
 - ⇒ Construct Workshop No 3 - RHLF - \$307,257;
 - ⇒ Sewer line from Lakes Rd to Mary St - HRRP - \$290,355 (c/fwd);
 - ⇒ Implementation of the FOGO Recovery Strategy - RHLF - \$260,000 (c/fwd);
 - ⇒ Purchase / Replace Plant - HRRP - \$150,000; and
 - ⇒ Construct Community Recycling Centre - \$129,906.
- 51 This is offset by an increase in the following Capital Expenditure budget provision (including new projects) following a review of the capital expenditure program:
- ⇒ Construct Waste Transfer Station - WTS (HRRP) - \$1,692,778;
At its meeting on 24 November 2022, Council approved a further 5% contingency on the contract sum as detailed in the Confidential Report for the changes to the design and any further contract variations to Tender 2021-006 – Construction of Hazelmere Resource Recovery Park – Waste Transfer Station. However, due to the further project variations, additional funds will be required. A separate Confidential Report will be tabled at the March 2023 Ordinary Meeting of Council providing more details and seeking Council’s approval of additional contingency sum.
 - ⇒ Wood Waste to Energy Project - HRRP - \$2,893,880;
At its meeting on 25 August 2022, Council approved Option 1 identified in the Confidential Report with the approved sum reflected in the forecast. Those funds not expected to be expended in this current financial year will be carried forward.
 - ⇒ Refurbish Plant - RHLF - \$450,709;
 - ⇒ Construct Hardstand No 2 - Old House Site HRRP (new project) - \$360,000;
 - ⇒ Hydrant Upgrade – HRRP (new project) - \$350,000;
 - ⇒ Purchase/Replace Security System - RHLF - \$200,000;
 - ⇒ Construct Hardstand No 1 - Old House Site HRRP (new project) - \$176,000;

- ⇒ Upgrade Power to Workshop No 2 - RHLF - \$150,000;
- ⇒ Leachate Pond Deepening - RHLF (new project) - \$100,000; and
- ⇒ Class IV Stage Remedial Works - Existing cell upgrade to ramp (new project) - RHLF - \$100,000.

STRATEGIC/POLICY IMPLICATIONS

52 Reporting on EMRC Strategic Policy implications align with the revised Strategic Plan 2017-2027 and the Sustainability Strategy:

Target - Sustainability integrated into management processes.

FINANCIAL IMPLICATIONS

53 As detailed in the report.

SUSTAINABILITY IMPLICATIONS

54 Nil

RISK MANAGEMENT

Risk – Non-compliance with Financial Regulations		
Consequence	Likelihood	Rating
Moderate	Unlikely	Moderate
Action/Strategy		
<ul style="list-style-type: none"> ➤ The financial report is scrutinised by the EMRC Council to ensure that all statutory requirements are met. ➤ Internal Audit reviews to ensure compliance with Financial Regulations. ➤ External Audit confirms compliance. 		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

1. Statement of Comprehensive Income by Nature and Type (D2023/04144)
2. Capital Expenditure Statement (D2023/04145)
3. Statement of Financial Position (D2023/04146)
4. Statement of Cash and Investments (D2023/04147)



VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That Council, by an absolute majority in accordance with r.33A of the *Local Government (Financial Management) Regulations 1996*, adopts the review of the 2022/2023 budget and approves its submission to the Department of Local Government, Sport and Cultural Industries within 30 days.

AC RECOMMENDATION(S)

MOVED

SECONDED



STATEMENT OF COMPREHENSIVE INCOME

Nature and Type

Year to Date				January 2023		Full Year		
Actual	Budget	Variance		Forecast	Budget	Variance		
Operating Income								
\$21,048,461	\$22,048,122	(\$999,661)	(U)	User Charges	\$36,706,660	\$38,358,338	(\$1,651,678)	(U)
(\$7,571,543)	(\$5,953,061)	(\$1,618,482)	(U)	<u>Less Landfill Levy Charges</u>	(\$13,244,697)	(\$8,573,043)	(\$4,671,654)	(U)
\$13,476,918	\$16,095,061	(\$2,618,143)	(U)	Net User Charges	\$23,461,963	\$29,785,295	(\$6,323,332)	(U)
\$374,532	\$413,768	(\$39,236)	(U)	Special Charges	\$635,830	\$690,614	(\$54,784)	(U)
\$2,510,972	\$1,906,145	\$604,827	(F)	Secondary Waste Charge	\$4,262,802	\$2,435,450	\$1,827,352	(F)
\$83,759	\$84,880	(\$1,121)	(U)	Contributions	\$120,349	\$117,730	\$2,619	(F)
\$149,950	\$140,000	\$9,950	(F)	Operating Grants	\$149,950	\$163,000	(\$13,050)	(U)
\$122,072	\$40,824	\$81,248	(F)	Interest Municipal Cash Investments	\$471,951	\$70,000	\$401,951	(F)
\$927,215	\$472,150	\$455,065	(F)	Interest Restricted Cash Investments	\$1,946,599	\$809,453	\$1,137,146	(F)
\$1,429,136	\$939,883	\$489,253	(F)	Reimbursements	\$2,008,421	\$1,611,291	\$397,130	(F)
\$1,370,420	\$1,429,548	(\$59,128)	(U)	Other	\$2,411,585	\$2,558,840	(\$147,255)	(U)
\$34,545	\$34,600	(\$55)	(U)	Proceeds from Sale of Assets	\$363,000	\$360,000	\$3,000	(F)
\$20,479,519	\$21,556,859	(\$1,077,340)	(U)	Total Operating Income	\$35,832,450	\$38,601,673	(\$2,769,223)	(U)
Operating Expenditure								
\$5,846,508	\$6,765,525	\$919,017	(F)	Salary Expenses	\$10,690,873	\$11,862,596	\$1,171,723	(F)
\$4,137,570	\$4,562,131	\$424,561	(F)	Contract Expenses	\$8,658,871	\$9,117,051	\$458,180	(F)
\$828,085	\$894,886	\$66,801	(F)	Material Expenses	\$1,590,931	\$1,939,704	\$348,773	(F)
\$183,661	\$206,693	\$23,032	(F)	Utility Expenses	\$358,501	\$364,023	\$5,522	(F)
\$825,886	\$592,603	(\$233,283)	(U)	Fuel Expenses	\$1,282,399	\$1,016,373	(\$266,026)	(U)
\$0	\$0	\$0	(F)	Interest Expenses	\$0	\$0	\$0	(F)
\$224,161	\$219,884	(\$4,277)	(U)	Insurance Expenses	\$372,924	\$377,272	\$4,348	(F)
\$2,091,249	\$2,274,858	\$183,609	(F)	Depreciation Expenses	\$3,699,157	\$4,286,463	\$587,306	(F)
\$587,736	\$2,614,848	\$2,027,112	(F)	Miscellaneous Expenses	\$2,773,359	\$6,267,356	\$3,493,997	(F)
\$646,168	\$521,252	(\$124,916)	(U)	Provision Expenses	\$1,129,980	\$737,674	(\$392,306)	(U)
(\$60,345)	(\$340,806)	(\$280,461)	(U)	Costs Allocated	(\$50,141)	(\$188,696)	(\$138,555)	(U)
\$23,359	\$18,000	(\$5,359)	(U)	Carrying Amount of Assets Disposed Of	\$408,520	\$244,487	(\$164,033)	(U)
\$15,334,038	\$18,329,874	\$2,995,836	(F)	Total Operating Expenditure	\$30,915,375	\$36,024,303	\$5,108,928	(F)
\$5,145,481	\$3,226,985	\$1,918,496	(F)	NET RESULT BEFORE OTHER COMPREHENSIVE INCOME	\$4,917,075	\$2,577,370	\$2,339,705	(F)
Surplus	Surplus				Surplus	Surplus		
Realised/Unrealised (Gain)/Loss From Change in Fair Value of Investments								
(\$613,506)	\$0	\$613,506	(F)	Unrealised (Gain)/Loss	(\$613,506)	\$0	\$613,506	(F)
(\$613,506)	\$0	\$613,506	(F)	Total (Gain)/Loss from change in Fair Value of Investments	(\$613,506)	\$0	\$613,506	(F)
Other Comprehensive Income								
\$0	\$0	\$0	(F)	Revaluation of Assets/Accumulated Depreciation Reversal	\$0	\$0	\$0	(F)
\$0	\$0	\$0	(F)	Total Other Comprehensive Income	\$0	\$0	\$0	(F)
\$5,758,987	\$3,226,985	\$2,532,002	(F)	CHANGE IN NET ASSETS FROM OPERATIONS	\$5,530,581	\$2,577,370	\$2,953,211	(F)
Surplus	Surplus				Surplus	Surplus		

Notes:

1. User Charges - include member Councils and casual users pertaining to waste, risk management and environmental services fees and charges;
2. Special Charges - Waste Education Levy;
3. Contributions - member Councils' contributions to projects and services;
4. Operating Grants - grant income predominantly from government agencies; and
5. Other Operating Income - includes income from the sale of products;

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



CAPITAL EXPENDITURE STATEMENT

JANUARY 2023

Year to Date			On Order	Full Year		
Actual	Budget	Variance		Forecast	Budget	Variance
CEO's Team						
\$0	\$0	\$0	\$0	Purchase Information Technology & Communication Equipment - Councillors (24550/01)	\$70,000	\$35,000 (\$35,000)
\$0	\$0	\$0	\$0	Purchase Art Works (24620/00)	\$0	\$10,000 \$10,000
\$0	\$0	\$0	\$0		\$70,000	\$45,000 (\$25,000)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2023

Year to Date			On Order	Full Year		
Actual	Budget	Variance		Forecast	Budget	Variance
Business Support						
\$45,445	\$186,000	\$140,555	\$0	Purchase Vehicles - Ascot Place (24440/00)	\$211,000	\$186,000 (\$25,000)
\$0	\$5,000	\$5,000	\$0	Purchase Furniture Fittings & Equipment - Corporate Services (24510/01)	\$5,500	\$10,000 \$4,500
\$34,427	\$64,000	\$29,573	\$595	Purchase Information Technology & Communication Equipment (24550/00)	\$40,000	\$105,000 \$65,000
\$0	\$50,000	\$50,000	\$0	Capital Improvement Administration Building - Ascot Place (25240/01)	\$0	\$458,000 \$458,000
\$0	\$0	\$0	\$0	Upgrade Security Equipment - Ascot Place (25530/01)	\$0	\$5,000 \$5,000
\$79,872	\$305,000	\$225,128	\$595		\$256,500	\$764,000 \$507,500



CAPITAL EXPENDITURE STATEMENT

JANUARY 2023

Year to Date			On Order		Full Year		
Actual	Budget	Variance			Forecast	Budget	Variance
Operations Team							
\$4,027	\$35,000	\$30,973	\$0	Construct Waste Management Facility Buildings - Red Hill Landfill Facility (24250/01)	\$50,000	\$68,700	\$18,700
\$432	\$45,000	\$44,568	\$0	Construct Leachate and Stormwaste Infrastructure and Siltation Ponds - Red Hill Landfill Facility (24350/01)	\$75,000	\$70,222	(\$4,778)
\$0	\$0	\$0	\$0	Leachate Pond Deepening - Red Hill Landfill Facility (24350/02)	\$100,000	\$0	(\$100,000)
\$14,276	\$40,000	\$25,724	\$2,420	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill Landfill Facility (24380/00)	\$50,000	\$75,000	\$25,000
\$0	\$0	\$0	\$0	Construct Hardstand 1 (Old House Site) - Hazelmere (24395/09)	\$176,000	\$0	(\$176,000)
\$0	\$0	\$0	\$0	Construct Hardstand 2 (Old House Site) - Hazelmere (24395/10)	\$360,000	\$0	(\$360,000)
\$0	\$25,000	\$25,000	\$0	Air Supply lines - Waste Management Structures - Red Hill Landfill Facility (24399/10)	\$25,000	\$50,000	\$25,000
\$1,880	\$40,000	\$38,120	\$0	Gas Extraction System Wells - Red Hill Landfill Facility (24399/20)	\$50,000	\$50,000	\$0
\$636,569	\$950,000	\$313,431	\$0	Purchase / Replace Plant - Red Hill Landfill Facility (24410/00)	\$950,000	\$950,000	\$0
\$395,000	\$1,400,000	\$1,005,000	\$1,913,753	Purchase / Replace Plant - Hazelmere (24410/01)	\$2,295,000	\$2,445,000	\$150,000
\$73,380	\$288,750	\$215,370	\$47,375	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility (24420/00)	\$495,000	\$495,000	\$0
\$59,613	\$160,000	\$100,387	\$0	Purchase / Replace Minor Plant and Equipment - Hazelmere (24420/02)	\$284,000	\$299,000	\$15,000
\$76,794	\$307,000	\$230,206	\$0	Purchase / Replace Vehicles - Red Hill Landfill Facility (24430/00)	\$250,000	\$307,000	\$57,000



CAPITAL EXPENDITURE STATEMENT

JANUARY 2023

Year to Date			On Order		Full Year		
Actual	Budget	Variance			Forecast	Budget	Variance
Operations Team							
\$0	\$5,000	\$5,000	\$0	Purchase Fire Fighting System/Equipment - Hazelmere (24520/07)	\$10,000	\$10,000	\$0
\$1,942	\$60,000	\$58,058	\$234,899	Purchase / Replace Security System - Red Hill Waste Management Facility (24530/08)	\$260,000	\$60,000	(\$200,000)
\$0	\$20,000	\$20,000	\$0	Purchase Information Technology & Communication Equipment - Hazelmere (24550/03)	\$40,000	\$30,000	(\$10,000)
\$23,939	\$12,831	(\$11,108)	\$0	Purchase Information Technology & Communication Equipment - Baywaste (24550/04)	\$31,825	\$22,000	(\$9,825)
\$0	\$0	\$0	\$0	Purchase Information Technology & Communication Equipment - Red Hill (24550/05)	\$10,000	\$22,000	\$12,000
\$0	\$120,000	\$120,000	\$10,909	Purchase / Replace Other Equipment - Red Hill Landfill Facility (24590/00)	\$120,000	\$120,000	\$0
\$0	\$10,000	\$10,000	\$990	Purchase Office Furniture and Fittings - Hazelmere Office (24610/10)	\$15,000	\$20,000	\$5,000
\$0	\$33,000	\$33,000	\$0	Purchase Furniture and Fittings - Hazelmere Workshop (24610/11)	\$20,000	\$55,000	\$35,000
\$8,119	\$1,200,000	\$1,191,881	\$625,591	Refurbish Plant - Red Hill Landfill Facility (25410/00)	\$1,650,709	\$1,200,000	(\$450,709)
\$1,295,971	\$4,751,581	\$3,455,610	\$2,835,937		\$7,317,534	\$6,348,922	(\$968,612)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2023

Year to Date			On Order		Full Year		
Actual	Budget	Variance			Forecast	Budget	Variance
Projects Team							
\$293,433	\$617,257	\$323,824	\$8,115	Construct Workshop No 3 - Red Hill Landfill Facility (24250/08)	\$310,000	\$617,257	\$307,257
\$1,274,749	\$459,459	(\$815,290)	\$511,419	Construct Wood Waste to Energy Building - HRRP (24259/05)	\$3,311,091	\$459,459	(\$2,851,632)
\$0	\$0	\$0	\$0	Construct Community Recycling Centre (CRC) - HRRP (24259/06)	\$0	\$129,906	\$129,906
\$1,708,001	\$2,668,372	\$960,371	\$20,322	Construct Commercial Transfer Station - HRRP (24259/10)	\$4,361,150	\$2,668,372	(\$1,692,778)
\$70,996	\$249,976	\$178,980	\$313,977	Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility (24259/15)	\$399,976	\$249,976	(\$150,000)
\$21,256	\$0	(\$21,256)	\$7,994	Install Power Supply to Lots 8 9 & 10 - Red Hill Landfill Facility (24259/16)	\$46,326	\$538,326	\$492,000
\$325,227	\$980,476	\$655,249	\$43,563	Construct Wood Waste to Energy Building (Pre-Commissioning) - HRRP (24259/18)	\$565,869	\$1,680,869	\$1,115,000
\$0	\$91,000	\$91,000	\$0	Construct Wood Waste to Energy Dry Char Storage Facility - HRRP (24259/19)	\$91,000	\$91,000	\$0
\$39,150	\$0	(\$39,150)	\$0	Construct Wood Waste to Energy Bucket Extension - HRRP (24259/20)	\$39,150	\$0	(\$39,150)
\$290,155	\$0	(\$290,155)	\$11,428	Construct Wood Waste to Energy Project (EMRC WWtE Step-In) - HRRP (24259/21)	\$296,115	\$0	(\$296,115)
\$0	\$200,000	\$200,000	\$0	Wood Waste to Energy Plant - Fire Protection - HRRP (24259/22)	\$200,000	\$200,000	\$0
\$32,006	\$150,000	\$117,994	\$576,706	Construct Class III Cell Stage 17 - Red Hill Landfill Facility (24310/21)	\$628,677	\$1,068,677	\$440,000
\$0	\$0	\$0	\$0	Design and Construct Class IV Cell Stage 2 - Red Hill Landfill Facility (24330/04)	\$100,000	\$0	(\$100,000)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2023

Year to Date			On Order		Full Year		
Actual	Budget	Variance			Forecast	Budget	Variance
Projects Team							
\$589	\$0	(\$589)	\$18,310	Design and Construct Class IV Cell Stage 3 - Red Hill Landfill Facility (24330/05)	\$90,589	\$1,297,003	\$1,206,414
\$0	\$50,000	\$50,000	\$0	Construct Roads / Carparks - Red Hill Landfill Facility (24370/00)	\$248,319	\$248,319	\$0
\$432	\$500,000	\$499,568	\$0	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility (24370/02)	\$75,751	\$682,751	\$607,000
\$0	\$29,500	\$29,500	\$0	Construct Litter Fence - Redhill Landfill Facility (24394/05)	\$0	\$50,000	\$50,000
\$3,242	\$198,842	\$195,600	\$0	Resource Recovery Park - Noise Control Fencing (24394/06)	\$198,842	\$198,842	\$0
\$128,719	\$90,000	(\$38,719)	\$27,631	Construct FOGO Processing Area - Red Hill Landfill Facility (24395/05)	\$150,000	\$90,000	(\$60,000)
\$0	\$0	\$0	\$0	Undertake FOGO Reference Site Tours (24395/06)	\$0	\$37,500	\$37,500
\$50,921	\$207,739	\$156,818	\$0	Implementation of the FOGO Recovery Strategy (24395/07)	\$96,144	\$356,144	\$260,000
\$0	\$0	\$0	\$0	Construct Monitoring Bores - Red Hill Landfill Facility (24396/00)	\$150,000	\$150,000	\$0
\$66,129	\$335,327	\$269,198	\$0	Wood Waste to Energy Utilities/Infrastructure - HRRP (24399/11)	\$66,330	\$335,327	\$268,997
\$124	\$0	(\$124)	\$0	Liquid Waste Project - Red Hill Landfill Facility (24399/16)	\$124	\$1,775,931	\$1,775,807
\$69,550	\$2,850,000	\$2,780,450	\$10,000	Air Pollution Control Residue Facility (APCR) - Red Hill Landfill Facility (24399/21)	\$1,520,000	\$2,850,000	\$1,330,000
\$1,236	\$120,000	\$118,764	\$0	Extension of Sewer Line from WWtE to Sewer Sump & existing ATU - HRRP (24399/23)	\$179,236	\$180,000	\$764
\$4,025	\$200,000	\$195,975	\$0	Sewer Line from Lakes Rd to Mary St - HRRP (24399/24)	\$4,050	\$294,405	\$290,355



CAPITAL EXPENDITURE STATEMENT

JANUARY 2023

Year to Date			On Order	Full Year		
Actual	Budget	Variance		Forecast	Budget	Variance
Projects Team						
\$0	\$99,900	\$99,900	\$0		\$99,900	\$99,900
\$0	\$0	\$0	\$0		\$50,000	\$50,000
\$0	\$0	\$0	\$0	\$350,000	\$0	(\$350,000)
\$0	\$24,020	\$24,020	\$0		\$24,020	\$24,020
\$0	\$0	\$0	\$0		\$25,000	\$25,000
\$0	\$0	\$0	\$0		\$550,000	\$550,000
\$0	\$25,000	\$25,000	\$0	\$31,084	\$25,000	(\$6,084)
\$0	\$300,000	\$300,000	\$0	\$350,000	\$964,000	\$614,000
\$0	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$0
\$0	\$150,000	\$150,000	\$0	\$150,000	\$150,000	\$0
\$0	\$0	\$0	\$0	\$25,000	\$25,000	\$0
\$0	\$0	\$0	\$0	\$30,000	\$60,000	\$30,000
\$0	\$30,000	\$30,000	\$0	\$30,000	\$30,000	\$0



CAPITAL EXPENDITURE STATEMENT

JANUARY 2023

Year to Date			On Order	Full Year			
Actual	Budget	Variance		Forecast	Budget	Variance	
Projects Team							
\$0	\$0	\$0	\$0	Purchase of Equipment for Testing of Basic Parameters - Waste Environment (24590/11)	\$24,000	\$30,000	\$6,000
\$4,379,941	\$10,876,868	\$6,496,927	\$1,549,463		\$14,368,823	\$18,532,984	\$4,164,161
\$5,755,784	\$15,933,449	\$10,177,665	\$4,385,995	TOTAL CAPITAL EXPENDITURE	\$22,012,857	\$25,690,906	\$3,678,049



STATEMENT OF FINANCIAL POSITION

JANUARY 2023

Actual June 2022	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Current Assets					
\$5,820,110	\$3,934,894	Cash and Cash Equivalents	\$8,245,441	\$3,147,244	\$5,098,197 (F)
\$75,253,152	\$75,862,639	Investments	\$69,501,097	\$68,000,000	\$1,501,097 (F)
\$4,089,645	\$3,837,376	Trade and Other Receivables	\$2,988,058	\$2,987,058	\$1,000 (F)
\$16,301	\$11,772	Inventories	\$39,035	\$39,035	\$0 (F)
\$28,039	\$483,373	Other Assets	\$67,382	\$67,382	\$0 (F)
\$85,207,247	\$84,130,054	Total Current Assets	\$80,841,013	\$74,240,719	\$6,600,294 (F)
Current Liabilities					
\$6,148,741	\$2,307,971	Trade and Other Payables	\$6,201,968	\$6,201,968	\$0 (F)
\$1,929,017	\$1,929,017	Provisions	\$1,920,181	\$1,920,181	\$0 (F)
\$8,077,758	\$4,236,988	Total Current Liabilities	\$8,122,149	\$8,122,149	\$0 (F)
\$77,129,489	\$79,893,066	Net Current Assets	\$72,718,864	\$66,118,570	\$6,600,294 (F)
Non Current Assets					
\$47,850,257	\$47,850,257	Land	\$47,850,257	\$47,850,257	\$0 (F)
\$7,813,771	\$7,666,869	Buildings	\$26,180,476	\$23,363,403	\$2,817,073 (F)
\$22,308,519	\$21,787,447	Structures	\$29,854,048	\$35,130,271	(\$5,276,223) (U)
\$12,431,581	\$12,447,635	Plant	\$18,104,193	\$19,079,688	(\$975,495) (U)
\$547,031	\$469,628	Equipment	\$1,917,169	\$1,689,881	\$227,288 (F)
\$178,276	\$165,343	Furniture and Fittings	\$183,087	\$230,507	(\$47,420) (U)
\$30,210,173	\$34,594,007	Work in Progress	\$17,536,763	\$17,536,763	\$0 (F)
\$121,339,608	\$124,981,186	Total Non Current Assets	\$141,625,993	\$144,880,770	(\$3,254,777) (U)
Non Current Liabilities					
\$27,709,744	\$28,355,912	Provisions	\$32,230,834	\$31,838,528	(\$392,306) (U)
\$27,709,744	\$28,355,912	Total Non Current Liabilities	\$32,230,834	\$31,838,528	(\$392,306) (U)
\$170,759,353	\$176,518,340	Net Assets	\$182,114,023	\$179,160,812	\$2,953,211 (F)
Equity					
\$71,139,293	\$77,146,185	Accumulated Surplus/Deficit	\$94,035,278	\$94,035,278	\$0 (F)
\$36,883,537	\$36,883,537	Asset Revaluation Reserve	\$37,157,892	\$37,157,892	\$0 (F)
\$56,729,631	\$56,729,631	Cash Backed Reserves	\$45,390,272	\$45,390,272	\$0 (F)
\$6,006,892	\$5,758,987	Net change in assets from operations	\$5,530,581	\$2,577,370	\$2,953,211 (F)
\$170,759,353	\$176,518,340	Total Equity	\$182,114,023	\$179,160,812	\$2,953,211 (F)



CASH AND INVESTMENTS JANUARY 2023

Actual June 2022	Actual Year to Date		Full Year			
			Forecast	Budget	Variance	
Municipal Cash and Investments						
5,816,060	3,930,844	Cash at Bank - Municipal Fund 01001/00	7,104,427	2,006,230	5,098,197	(F)
4,050	4,050	Cash on Hand 01019/00 - 02	4,050	4,050	0	(F)
18,270,369	16,783,870	Investments - Municipal Fund 02021/00	21,047,286	22,660,078	(1,612,792)	(U)
24,090,479	20,718,764	Total Municipal Cash	28,155,763	24,670,358	3,485,405	(F)
Restricted Cash and Investments						
2,207,861	2,220,220	Restricted Investments - Plant and Equipment 02022/01	744,742	10,681	734,061	(F)
4,509,687	4,534,932	Restricted Investments - Post Closure Site Rehabilitation Red Hill 02022/02	5,024,020	4,964,929	59,091	(F)
20,460,811	20,575,349	Restricted Investments - Future Development 02022/03	20,412,005	13,134,832	7,277,173	(F)
2,107,483	2,119,281	Restricted Investments - Environmental Monitoring Red Hill 02022/04	2,327,221	2,300,936	26,285	(F)
742,057	746,211	Restricted Investments - Class IV Cells Red Hill 02022/07	743,026	879,352	(136,326)	(U)
17,764,498	19,032,873	Restricted Investments - Secondary Waste Processing 02022/09	10,138,038	16,286,784	(6,148,746)	(U)
2,535,771	2,549,966	Restricted Investments - Class III Cells 02022/10	2,806,872	2,120,087	686,785	(F)
5,345,394	5,375,317	Restricted Investments - EastLink Relocation 02022/13	5,479,583	5,343,168	136,415	(F)
253,152	862,639	Restricted Investments - Accrued Interest 02022/19	813,643	349,503	464,140	(F)
1,056,069	1,061,981	Restricted Investments - Long Service Leave 02022/90	1,101,625	1,086,614	15,011	(F)
56,982,783	59,078,769	Total Restricted Cash	49,590,775	46,476,886	3,113,889	(F)
81,073,262	79,797,533	TOTAL CASH AND INVESTMENTS	77,746,538	71,147,244	6,599,294	(F)

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

11.3 RISK MANAGEMENT UPDATE

D2023/02178

PURPOSE OF REPORT

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

KEY POINT(S)

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

RECOMMENDATION(S)

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

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

- 1 At the Ordinary Council meeting on 3 December 2020 it was resolved that (D2020/21187):
THAT COUNCIL:
 1. *CANCELS 7.1 - RISK MANAGEMENT POLICY, FORMING ATTACHMENT 1 OF THIS REPORT.*
 2. *ADOPTS A NEW 7.1 - RISK MANAGEMENT POLICY, FORMING ATTACHMENT 3 OF THIS REPORT.*
 3. *ENDORSES THE NEW RISK MANAGEMENT FRAMEWORK, FORMING ATTACHMENT 4 OF THIS REPORT AND THE NEW RISK APPETITE STATEMENT, FORMING ATTACHMENT 5 OF THIS REPORT TO ENSURE THAT THE APPROPRIATE GOVERNANCE OF RISK MANAGEMENT WITHIN THE EMRC IS PROVIDED.*
- 2 The EMRC has quantified its broad risk appetite through the EMRC's risk assessment and acceptance criteria. The criteria are included within the EMRC's Risk Management Policy, Risk Management Framework and the Risk Appetite Statement.
- 3 The EMRC is to continue to monitor and review process and to report on the progress of its achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends.
- 4 The last risk performance objectives were reported to the Audit Committee and Council in October 2022.

REPORT

- 5 The EMRC's Risk Management Framework provides the guidance to integrate risk management into significant activities and functions performed by the EMRC and supporting the EMRC's ability to use risk management as part of the decision-making processes.

- 6 The current EMRC risk appetite accepts the taking of controlled risks, the use of innovative approaches and the development of new opportunities to improve service delivery and to achieve EMRC objectives provided that the risks are properly identified, evaluated and managed to ensure that any exposures are acceptable.
- 7 The current risk management profile (heat map report), forming attachment 1 to this report, is a heat map report generated using the CAMMS risk software and shows all of the EMRC’s strategic risks. The heat map offers a visualised, comprehensive view of the likelihood and impact of the EMRC’s strategic risks and helps the organisation improve its risk management and risk governance by prioritising risk management efforts.
- 8 The table below summarises the current risk management update associated with all of the EMRC’s strategic risks that are included in the attachment to this report.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-1	Excessive Employee Benefits leave liability	Chief Executive Officer	Maintaining constant oversight by ELT.
SR-2	Inadequate succession planning	Chief Executive Officer	Actively pursuing higher duties for training and a leadership training program was introduced.
SR-3	Ineffective Operational Reporting (timely and relevant)	Chief Operating Officer	All reports are effective with clear KPI’s. The effectiveness of the reports is tested regularly.
SR-4	Over-use of single-source suppliers	Chief Financial Officer	Supplier (Creditor) Reports continue to be reviewed monthly by the Executive Leadership Team to ensure compliance is met. The risk will remain major for non-compliance as it is a likely outcome. Continued vigilance is required.
SR-5	Legacy issues restricting innovation and performance	Chief Executive Officer	Many new quality improvement, efficiency and effectiveness initiatives are being pursued and implemented.
SR-6	Under/poor performance	Chief Executive Officer	Level 1 - 4 reports now widely used and P+L accountability and understanding is becoming the norm.
SR-7	Reduced Grant Funding	Chief Sustainability Officer	All opportunities are explored to secure external funding in order to deliver quality programs to member councils and to continue regional advocacy.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-8	Inadequate leachate control	Chief Operating Officer	All leachate controls put in place are adequate. The leachate ponds are monitored on a daily basis. To date there are no issues in this area as the current set- up meets all requirements.
SR-9	Odour, noise, dust and traffic complaints	Chief Operating Officer	There are internal processes that allow neighbours and others to report on any of the items highlighted in this code. All complaints are acted on within a timely manner and signed off by both the Site Manager and Chief Operating Officer and filed in accordance with EMRC's internal requirements.
SR-10	WWTE (Pyrolysis) Project underperformance	Chief Project Officer	<p>Additional funding was approved by Council, 26 May 2022 (\$990,000) with a further approval on 25 Aug 2023 (\$4,154,776) to complete the project. A DOCA (Deed of Company Agreement) was signed on 19 July 2022 from which the EMRC anticipates recovering \$1.5M from Actinon. It is of concern however that Actinon has not paid the \$1M which was due on 31 Dec 2022 – no further information on the DOCA available at this time (13/02/2023).</p> <p>Works have progressed as well as could be expected on site. The WWTE team continue to uncover elements of the plant which need to be redesigned / amended to comply with Australia Standards. Market place conditions are also making it difficult to appoint contractors and in particular consultants, as there is an abundance of work available at the moment, with limited resources. Works are continuing albeit slower than anticipated.</p>

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-11	Fire in operational sites	Chief Operating Officer	All inductions and internal processes are adequate to manage all EMRC sites in the unlikely event of a fire on site. This includes all reporting requirements.
SR-12	By-passing established Tender or Procurement procedures	Chief Financial Officer	Regular meetings are held with the various team reinforcing the procedures and improving the planning in key areas of level of operating and capital expenditure.
SR-13	Cyber attack	Chief Financial Officer	Following a review undertaken by the Internal Auditors, the IT team are continually improving the level of security and planning.
SR-14	Poor Stakeholder Engagement	Chief Executive Officer	Website, newsletters, media releases, social media as well as presentations at industry and LG sector forums are now more frequent.
SR-15	By-passing established administrative (non-financial) procedures	Chief Financial Officer	Ongoing monitoring and review and focusing on updating procedures where necessary, communication and training.
SR-16	Injury to Operational Field Officers	Chief Executive Officer	Moving to e-systems from paper systems to enable better tracking and trend identification.
SR-17	COVID-19 Infection	Chief Executive Officer	Regular COVID updates to business continuation plan.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-18	Capex project objectives/targets not achieved	Chief Project Officer	<p>DWER / EPA continue to only review one referral at a time delaying capital works as a consequence. There have also been other capital works which have been a priority e.g. extension of interim FOGO processing pad, so as to address concerns of adjacent local residents.</p> <p>As noted above, market conditions are also impacting upon our ability to appoint consultants and contractors to undertake work.</p>
SR-19	Licencing conditions breach	Chief Project Officer	<p>The Waste Compliance team continue to work with DWER / EPA to rationalize the level and type and reporting they required (there is some duplication).</p> <p>The EMRC still hasn't been able to rationalise it's licence conditions due to the constraint imposed by DWER / EPA that they are currently only assessing one referral at a time.</p> <p>The Waste Compliance Team is working hard to keep on top of all the testing and monitoring requirements detailed in our approvals, however this has been challenging due to an on-going high turnover of staff in that team, which is as consequence of market conditions (significantly larger salaries are being offered in the private sector).</p>
SR-20	Lack of interest from Member Councils regarding Sustainability Programs	Chief Sustainability Officer	<p>A focus on decarbonisation, circular economy and sustainability ensures relevant programs continue to be delivered, which are also in line with our Council endorsed Sustainability Strategy.</p>
SR-21	Employment related litigation	Chief Executive Officer	<p>No ongoing employment related litigation cases.</p>

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-22	Sub-surface landfill fires	Chief Operating Officer	There is a process in place to follow in the unlikely event there is a sub-surface fire. This process also includes the reporting of the actual incident as well.
SR-23	Methane gas explosion	Chief Operating Officer	All areas are monitored on a daily basis by the EMRC site contractor (EDL) as well as EMRC site leaders. All inductions as well as EMRC's site emergency plan covers the requirements in the event of an incident. The EMRC conducts regular drills on evacuation procedures etc. This is to ensure that all personnel understand what is required in the unlikely event of a methane gas explosion.
SR-24	Light vehicle or pedestrian interaction with heavy equipment	Chief Operating Officer	All external visitors are inducted to highlight all operational active areas as well as issued with two-way radios & escorted safely by an EMRC site employee. No one enters EMRC sites without being inducted first. Inductions cover off on all site requirements when it comes to light vehicles or pedestrian activity. There are set safety KPI's for all managers and leaders of the sites. This is to ensure that EMRC leaders auditing the process to ensure all process are followed and adhered too. These results and mitigations are highlighted in our regular operational reports.
SR-25	Fraudster changing a Creditor's bank account details	Chief Financial Officer	This risk remains the same as the initial risk rating of moderate & unlikely, reflecting the likelihood & risk level. The verification process continues to be reviewed to ensure appropriate risk management. This has been reinforced to ensure that any changes to a creditor's bank account details are not changed without first obtaining confirmation from the creditor.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-26	No scheduled maintenance program for all buildings	Chief Financial Officer	Ongoing maintenance plans have been developed with funding in the 2022/2023 Annual Budget. Medium and long term plans are reviewed and ensured to be strategically and financially responsible.
SR-27	Intentional activities in excess of delegated authority (PID Officer)	Chief Executive Officer	All within acceptable range. No non-conformances.
SR-28	Large numbers of Ibis and Pelicans scavenging on open tip face	Chief Operating Officer	There are internal procedures in place to ensure that this is managed in accordance with EMRC's requirements. The Operations team is also heavily supported by the Environmental team.

STRATEGIC/POLICY IMPLICATIONS

- 2 Reporting on EMRC Strategic Policy implications align with the revised Strategic Plan 2017-2027 and the Sustainability Strategy:

Target - Sustainability integrated into management processes.

FINANCIAL IMPLICATIONS

- 3 Nil

SUSTAINABILITY IMPLICATIONS

- 4 Nil

RISK MANAGEMENT

Risk – The EMRC is required to ensure that all risks are reviewed, monitored and controlled on a regular basis		
Consequence	Likelihood	Rating
Moderate	Likely	High
Action/Strategy		
➤ Council to note the update on the status of the Council's risk management objectives.		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

Current risk management profile (D2023/02178)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

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

AC RECOMMENDATION(S)

MOVED

SECONDED

Likelihood

Almost Certain

Likely

Possible

Unlikely

Rare

Insignificant

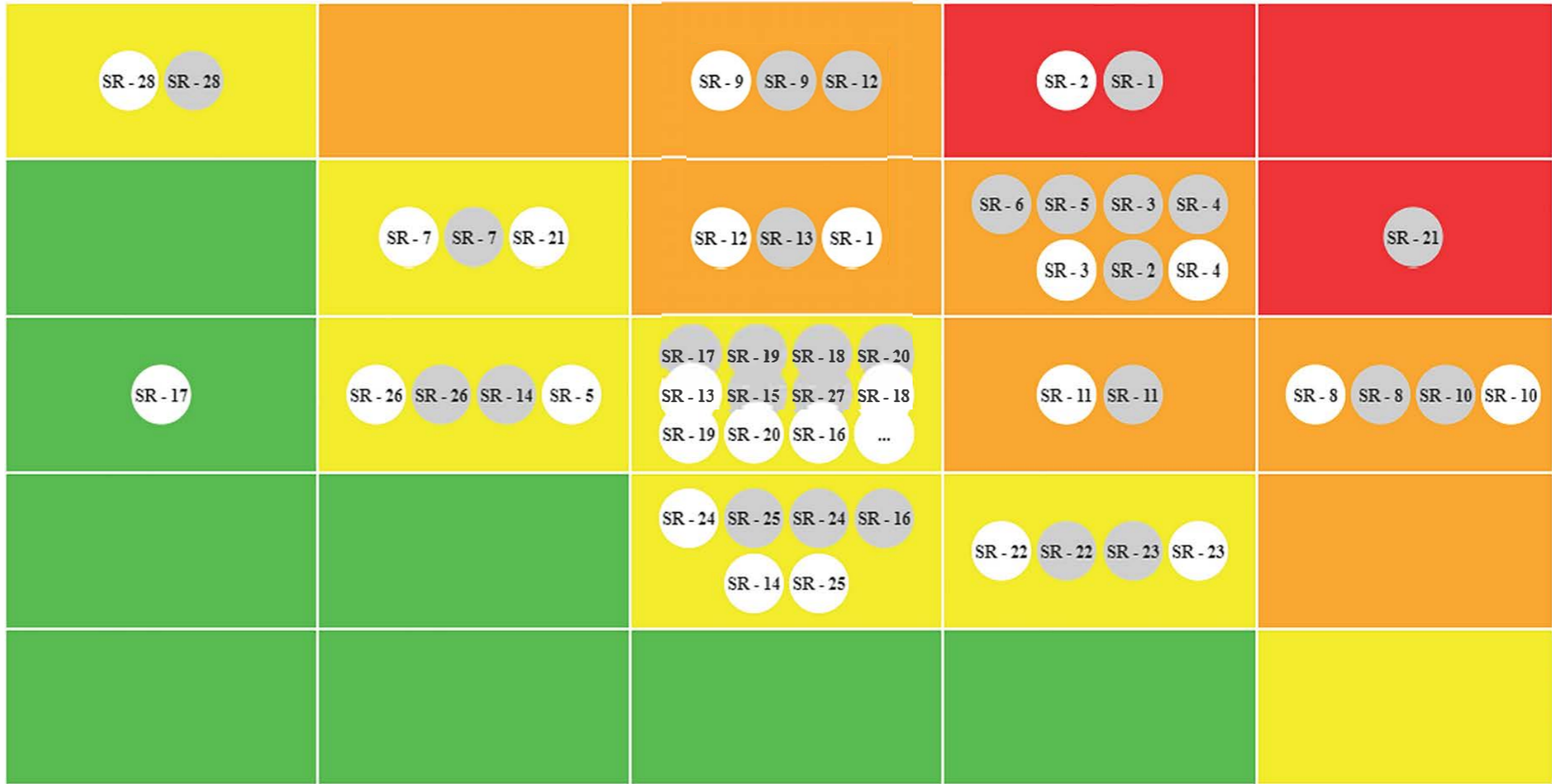
Minor

Moderate

Major

Catastrophic

Consequence



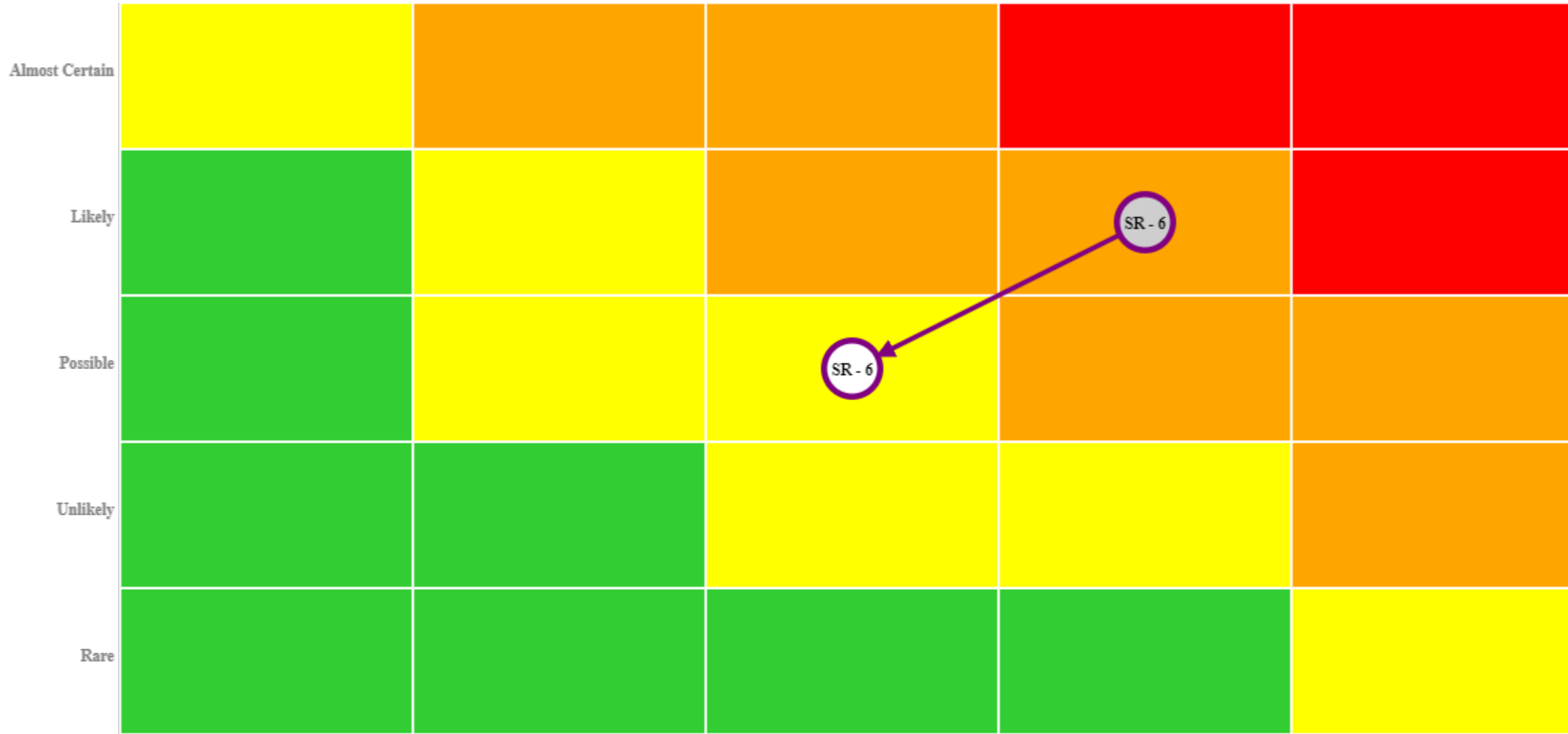
Risk Code	Risk Title
SR - 10	WWTE (Pyrolysis) Project underperformance
SR - 9	Odour, noise, dust and traffic complaints
SR - 18	Capex project objectives/targets not achieved
SR - 24	Light vehicle or pedestrian interaction with heavy equipment
SR - 13	Cyber attack
SR - 25	Fraudster changing a Creditor's bank account details
SR - 1	Excessive Employee Benefits leave liability
SR - 21	Employment related litigation
SR - 19	Licencing conditions breach
SR - 3	Ineffective Operational Reporting (timely and relevant)
SR - 12	By-passing established Tender or Procurement procedures
SR - 20	Lack of interest from Member Councils regarding Sustainability Programs
SR - 16	Injury to Operational Field Officers
SR - 8	Inadequate leachate control
SR - 5	Legacy issues restricting innovation and performance
SR - 14	Poor Stakeholder Engagement
SR - 23	Methane gas explosion
SR - 4	Over-use of single-source suppliers
SR - 28	Large numbers of Ibis and Pelicans scavenging on open tip face
SR - 22	Sub-surface landfill fires
SR - 7	Reduced Grant Funding
SR - 26	No scheduled maintenance program for all buildings
SR - 17	Covid-19 Infection
SR - 27	Intentional activities in excess of delegated authority (PID Officer)
SR - 6	Under/poor performance
SR - 11	Fire in operational sites
SR - 2	Inadequate succession planning
SR - 15	By-passing established administrative (non-financial) procedures



Initial Risk Rating

Residual Risk Rating

Likelihood



Insignificant Minor Moderate Major Catastrophic

Consequence

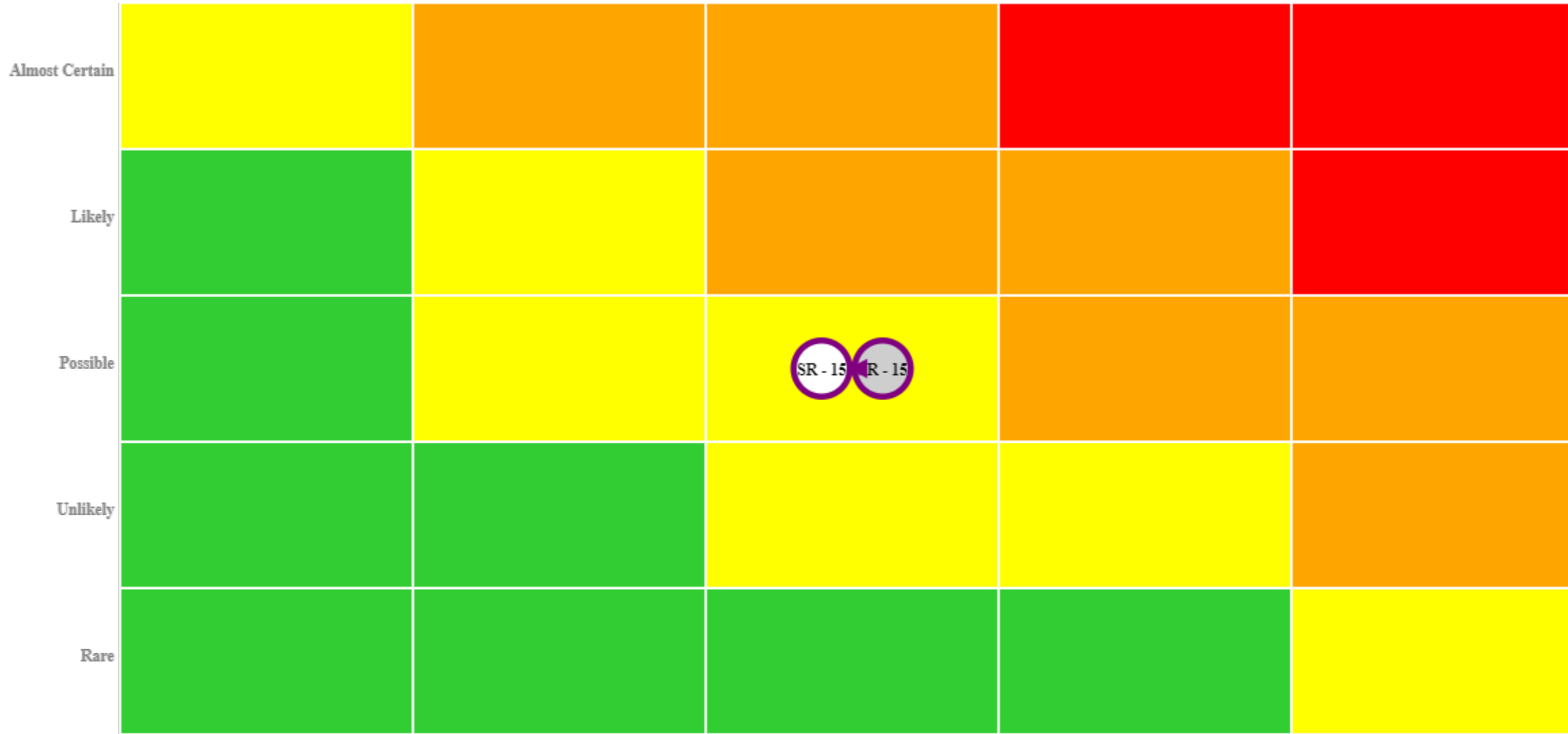
Risk Code	Risk Title
SR - 6	Under/poor performance



Initial Risk Rating

Residual Risk Rating

Likelihood



Insignificant Minor Moderate Major Catastrophic

Consequence

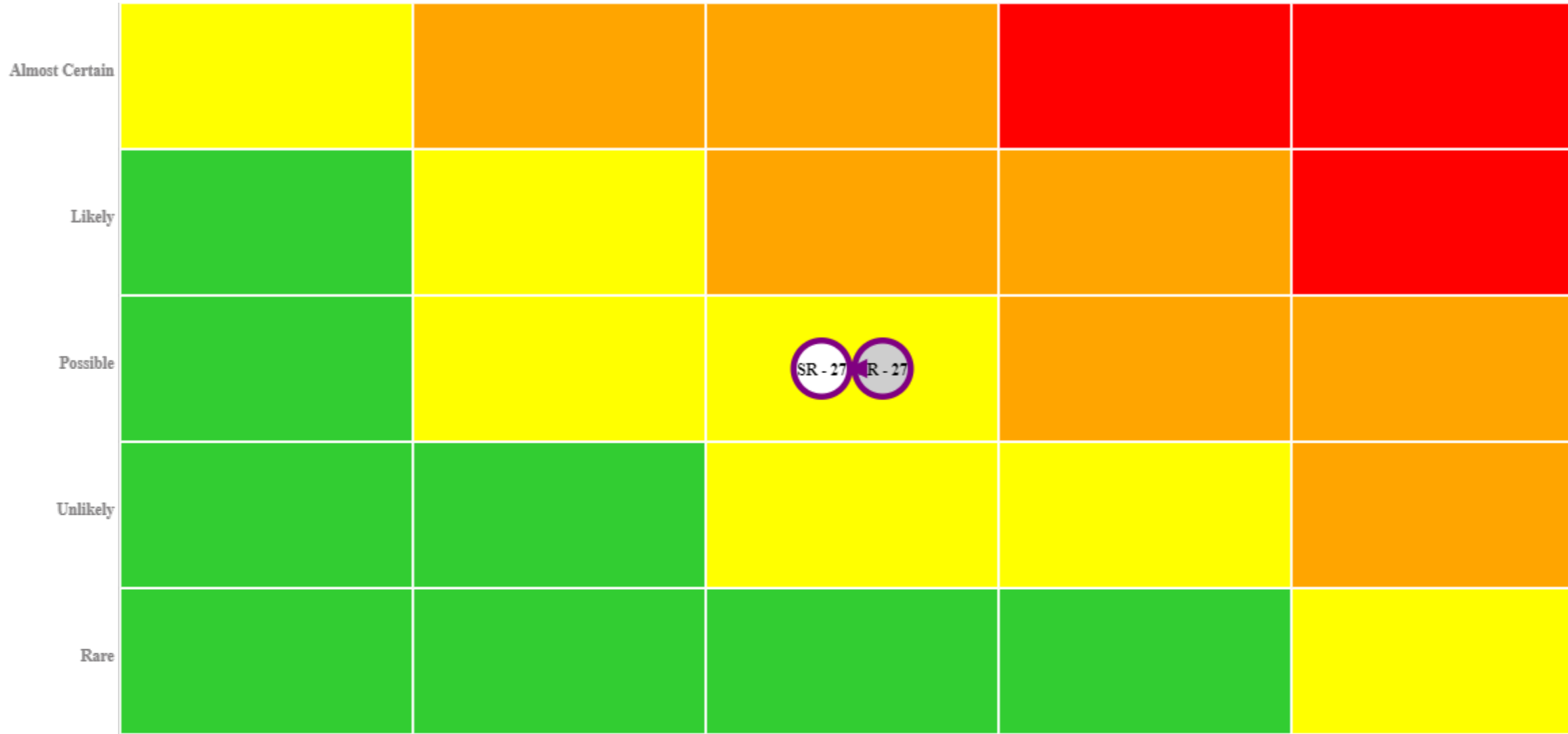
Risk Code	Risk Title
SR - 15	By-passing established administrative (non-financial) procedures



● Initial Risk Rating

○ Residual Risk Rating

Likelihood



Consequence

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

12 REPORTS OF DELEGATES

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

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

15 FUTURE MEETINGS OF THE AUDIT COMMITTEE

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

“4 Meetings

- 4.1 The Audit Committee will meet as required at the discretion of the chairperson of the committee and at least three times per year to coincide with:
- a. Approval of strategic and annual plans;
 - b. Approval of the annual budget; and
 - c. The auditor’s report on the annual financial report.”

Future Meetings 2023

Thursday	6	April	(If Required)	at	EMRC Administration Office
Thursday	4	May	(If Required)	at	EMRC Administration Office
Thursday	1	June		at	EMRC Administration Office
Thursday	6	July	(If Required)	at	EMRC Administration Office
Thursday	3	August	(If Required)	at	EMRC Administration Office
Thursday	7	September	(If Required)	at	EMRC Administration Office
Thursday	5	October	(If Required)	at	EMRC Administration Office
Thursday	9	November	(If Required)	at	EMRC Administration Office

16 DECLARATION OF CLOSURE OF MEETING