

SECTION 15

D2024/06899

Reports of Committees
Ordinary Meeting of Council
28 March 2024

Item 15.1

[D2024/07471]

Audit Committee Unconfirmed Minutes – 7 March 2024
(Meeting reconvened on 14 March 2023)

UNCONFIRMED MINUTES

D2024/07125

Audit Committee

7 March 2024

(meeting reconvened on 14 March 2024)



Audit Committee Members

Cr Paul Poliwka	Committee Member	Town of Bassendean
Cr Michelle Sutherland	Committee Member	City of Bayswater
Cr Doug Jeans	Committee Member	Shire of Mundaring
Cr Aaron Bowman	Committee Member	City of Swan

Audit Committee Deputies

Cr Tallan Ames	Deputy Committee Member	Town of Bassendean
Cr Filomena Piffaretti	Deputy Committee Member	City of Bayswater
Cr Luke Ellery	Deputy Committee Member	Shire of Mundaring
Cr Jennifer Catalano	Deputy Committee Member	City of Swan

Audit Committee Second Deputies

Cr Kathryn Hamilton	Committee Second Deputy Member	Town of Bassendean
Cr Giorgia Johnson	Committee Second Deputy Member	City of Bayswater
Cr John Daw	Committee Second Deputy Member	Shire of Mundaring
Cr Ian Johnson	Committee Second Deputy Member	City of Swan

Audit Committee Minutes

An Audit Committee Meeting of Council was to be held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, Ascot WA 6104 on 7 March 2024 at 6:00pm.

A quorum was not established at this meeting within 30 minutes after the meeting was due to begin. Consequently the meeting was adjourned in accordance with r.8 of the *Local Government (Administration) Regulations 1996*.

The meeting was reconvened on **Thursday 14 March 2024 at 5:00pm**.

Table of Contents

1	DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS	6
	1.1 ACKNOWLEDGEMENT OF COUNTRY	6
2	ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE (PREVIOUSLY APPROVED)	6
3	DISCLOSURE OF INTEREST	7
4	ANNOUNCEMENTS BY THE CHAIRPERSON OR PRESIDING MEMBER	7
5	ELECTION OF A CHAIRPERSON AND DEPUTY CHAIRPERSON OF THE AUDIT COMMITTEE (AC)	7
	5.1 ELECTION OF A CHAIRPERSON OF THE AUDIT COMMITTEE (AC) (D2023/04128)	8
	5.2 ELECTION OF A DEPUTY CHAIRPERSON OF THE AUDIT COMMITTEE (AC) (D2023/04130)	19
6	PETITIONS, DEPUTATIONS AND PRESENTATIONS	26
7	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	26
	7.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 5 OCTOBER 2023 (D2023/41244)	26
8	QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN	26
9	QUESTIONS WITHOUT NOTICE	26
10	ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETINGS MAY BE CLOSED TO THE PUBLIC	26
11	BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING	26
12	EMPLOYEE REPORTS	26
	12.1 COMPLIANCE AUDIT RETURN 2023 (D2024/03593)	27
	12.2 HALF YEAR BUDGET REVIEW 2023/2024 (D2024/03594)	70
	12.3 RISK MANAGEMENT UPDATE (D2024/03595)	90

Table of Contents continued

13	REPORTS OF DELEGATES	133
14	NEW BUSINESS OF AN URGENT NATURE	133
15	CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC	133
16	FUTURE MEETINGS OF THE AUDIT COMMITTEE	133
17	DECLARATION OF CLOSURE OF MEETING	133

1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chief Executive Officer (CEO) presided over the meeting until the office of Chairperson was filled.

1.1 ACKNOWLEDGEMENT OF COUNTRY

The CEO declared the meeting open at 5:00pm and welcomed Councillors to the meeting.

The CEO acknowledged the traditional custodians of the land on which we meet today and paid respect to the elders past, present and future.

1.2 RESUMPTION OF THE ADJOURNED AUDIT COMMITTEE MEETING – 7 MARCH 2024

The CEO advised that a quorum was not established at the Audit Committee meeting within the 30 minutes after the meeting was due to begin at 6pm Thursday 7 March 2024.

Cr Bowman and Cr Giorgia Johnson (deputising for Cr Sutherland) were in attendance.

Consequently, the meeting was adjourned in accordance with r.8 of the *Local Government (Administration) Regulations 1996*.

1.3 ANNOUNCEMENT OF VISITORS

Nil

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

Councillor Attendance

Cr Paul Poliwka	Committee Member	Town of Bassendean
Cr Michelle Sutherland	Committee Member	City of Bayswater
Cr Doug Jeans	Committee Member	Shire of Mundaring
Cr Aaron Bowman	Committee Member	City of Swan

EMRC Officers

Mr Marcus Geisler	Chief Executive Officer
Mr Hua Jer Liew	Chief Financial Officer
Miss Carmen Sadleir	Chief Operating Officer
Mrs Wendy Harris	Chief Sustainability Officer
Mrs Lee Loughnan	Personal Assistant to Chief Financial Officer/Council Support (Minutes)

EMRC Observers

Mrs Kasa Nakhonthat	Manager Financial Services
Mr David Schmidt	Manager Information Services
Ms Theresa Eckstein	Executive Assistant to the Chief Executive Officer

3 DISCLOSURE OF INTEREST

3.1 2023-2024 ANNUAL FINANCIAL AUDIT

The CEO advised that on 21 February 2024, along with the EMRC Chairperson, the CFO and Manager Financial Services, a 2024 Audit Entrance meeting took place with representatives from the Office of Auditor General and its audit contractor, Moore Australia. At this meeting, they presented the 2024 Audit Strategy, including the scope, the audit risks, the key deliverables and the timetable for this year's audit.

4 ANNOUNCEMENTS BY THE CHAIRPERSON OR PRESIDING MEMBER

Nil

5 ELECTION OF A CHAIRPERSON AND DEPUTY CHAIRPERSON OF THE AUDIT COMMITTEE (AC)

5.1 ELECTION OF A CHAIRPERSON OF THE AUDIT COMMITTEE (AC) (D2023/04128)

5.2 ELECTION OF A DEPUTY CHAIRPERSON OF THE AUDIT COMMITTEE (AC) (D2023/04130)

5.1 ELECTION OF A CHAIRPERSON OF THE AUDIT COMMITTEE (AC)

D2023/04128

PURPOSE OF REPORT

The purpose of this report is to provide for an election to be conducted for the Office of Chairperson of the Audit Committee (AC).

KEY POINT(S)

- It is a statutory requirement that the Committee elect a Chairperson at the first meeting of the Audit Committee after an ordinary Council elections day.

RECOMMENDATION(S)

That the members of the Audit Committee elect a Chairperson.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

- 1 At the Special Meeting of Council held on Thursday 9 November 2023, the EMRC Chairperson and Deputy Chairperson were elected and members to the EMRC Committees were appointed, including the AC.

AC Members 2023 – 2025

PARTICIPANT LOCAL GOVERNMENT	COMMITTEE MEMBER	DEPUTY MEMBER	SECOND DEPUTY MEMBER
BASSENDAN	CR POLIWKA	CR AMES	CR HAMILTON
BAYSWATER	CR SUTHERLAND	CR PIFFARETTI	CR G JOHNSON
MUNDARING	CR JEANS	CR ELLERY	CR DAW
SWAN	CR BOWMAN	CR CATALANO	CR I JOHNSON

- 2 In accordance with section 5.12(1) of the *Local Government Act 1995*, (the Act) the members of a committee are to elect a presiding member from amongst themselves in accordance with Schedule 2.3, Division 1.
- 3 It is a requirement of Schedule 2.3 of the Act that the election is conducted by the Chief Executive Officer (CEO) and the nominations for the Office are to be given to the CEO in writing before the meeting or during the meeting before the close of nominations. Furthermore, if a member is nominated by another member the CEO is not to accept the nomination unless the nominee has advised the CEO, orally or in writing, that he or she is willing to be nominated for the Office. Members are to vote on the matter by secret ballot.
- 4 The procedure outlined in Schedule 2.3 of the Act will be followed if there is an equality of votes.

REPORT

- 5 The CEO will preside at the meeting until the Office of Chairperson of the AC is filled.
- 6 The following material accompanies the agenda for this meeting as a means of assisting members of the Committee to nominate themselves or another member for the Office of Chairperson of the AC:
 - 1. AC Terms of Reference;
 - 2. A blank Nomination Form for the Office of Chairperson of the AC, nominate oneself;
 - 3. A blank Nomination Form for the Office of Chairperson of the AC, nominate another; and
 - 4. A blank Ballot Paper for Election of Chairperson of the AC.
 - 5. Declaration by Elected AC Chairperson.
- 7 Ballot papers will be made available prior to voting.
- 8 The completed nomination forms are to be given to the CEO before the meeting or when the CEO calls for them when dealing with this item at the meeting.

STRATEGIC/POLICY IMPLICATIONS

- 9 Council Policy 2.1 Committees of Council provides for the establishment of the Audit Committee.

The election of a Chairperson is in accordance with clause 7 of the *EMRC Establishment Agreement*.

FINANCIAL IMPLICATIONS

- 10 Nil

SUSTAINABILITY IMPLICATIONS

- 11 Nil

RISK MANAGEMENT

Risk - Failure to elect and appoint a presiding member will be a breach of s.5.12 of the Local Government Act 1995 and impact on the discharging role duties of the presiding member		
Consequence	Likelihood	Rating
Moderate	Unlikely	Moderate
Action/Strategy		
➤ Elect a Chairperson of the Audit Committee		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

1. AC Terms of Reference (D2024/05031)
2. A blank Nomination Form for the Office of Chairperson of the AC, nominate oneself (D2024/05045)
3. A blank Nomination Form for the Office of Chairperson of the AC, nominate another (D2024/05045)
4. Ballot Paper – Election of AC Chairperson (D2024/05046)
5. Declaration by Elected AC Chairperson (D2024/05186)

VOTING REQUIREMENT

Secret Ballot

RECOMMENDATION(S)

That the members of the Audit Committee elect a Chairperson.

The CEO advised that two nominations for the Office of Chairperson of the Audit Committee had been received from Cr Michelle Sutherland and Cr Doug Jeans and called for further nominations.

Cr Michelle Sutherland withdrew her nomination.

No further nominations were received and the CEO closed nominations.

ANNOUNCEMENT: RESULT OF THE BALLOT FOR OFFICE OF AC CHAIRPERSON

The CEO declared Cr Doug Jeans as Chairperson of the Audit Committee for the term commencing 14 March 2024 until 2026.

The CEO congratulated Cr Doug Jeans and vacated the Chair at 5:04pm.

At 5:04pm, Cr Doug Jeans took the Chair.



Terms of Reference

Audit Committee

1 Objectives of Committee

The Audit Committee (AC) is a formally appointed committee of Council and is responsible to that body. It has been established to assist Council with:

- (a) The effective conduct of its responsibilities for financial reporting, management of risk and maintaining a reliable system of controls.
- (b) The co-ordination of relevant activities of management, compliance, internal audit, external audit and to facilitate achieving overall organisational objectives in an efficient and effective manner.
- (c) The facilitation of:
 - The enhancement of the credibility and objectivity of internal and external financial reporting;
 - Effective management of financial and other risks and the protection of Council assets;
 - Compliance with laws and regulations as well as use of best practice guidelines;
 - The provision of an effective means of communication between the external auditor, internal audit, management and the Council;
 - The allocation of the EMRC's finances and resources.

2 Responsibilities

The duties of the Audit Committee include the following:

- 2.1 To review the scope of the internal audit plan and programme and the effectiveness of the function. This review should consider whether, over a period of years the internal audit plan systematically addresses:
 - (a) Internal controls over revenue, expenditure, assets and liability processes
 - (b) The efficiency, effectiveness and economy of significant EMRC programmes; and
 - (c) Compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements.
- 2.2 Critically analyse and follow up any internal or external audit report that raises significant issues relating to risk management, internal control, financial reporting and other accountability or governance issues, and any other matters relevant under the Committee's terms of reference. Review management's response to, and actions taken as a result of the issues raised.
- 2.3 Monitor the risk exposure of Council by determining if management has appropriate risk management processes and adequate management information systems.
- 2.4 Monitor ethical standards and related party transactions by determining whether the systems of control are adequate.

- 2.5 Review Council's draft annual financial report, focusing on:
 - (a) Accounting policies and practices;
 - (b) Changes to accounting policies and practices;
 - (c) The process used in making significant accounting estimates;
 - (d) Significant adjustments to the financial report (if any) arising from the audit process;
 - (e) Compliance with accounting standards and other reporting requirements; and
 - (f) Significant variances from prior years.
- 2.6 Recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the financial report is signed.
- 2.7 Discuss with the external auditor the scope of the audit and the planning of the audit.
- 2.8 Discuss with the external auditor issues arising from the audit, including any management letter issued by the auditor and the resolution of such matters.
- 2.9 Identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer, the internal auditor and the Council if appropriate.
- 2.10 Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's Terms of Reference.

3 Membership

- 3.1 The Audit Committee will comprise of:
 - (a) Four Councillors, one from each member Council; and
 - (b) Four Deputy Councillors, one from each member Council.
- 3.2 Members and Deputies will be appointed for a period of two years following each ordinary Council election.
- 3.3 The Chief Executive Officer and the Chief Financial Officer will attend all meetings except when the Committee chooses to meet in camera.
- 3.4 An Internal Auditor (whether a member of staff or contractor) will attend meetings where internal audit reports are being considered by the committee

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) The Compliance Audit Return;
 - (c) Approval of the annual budget; and
 - (d) The auditor's report on the annual financial report.
- 4.2 Additional meetings will be convened at the discretion of the Chairperson.

5 Operating Procedures

- 5.1 All meetings of the AC are to be conducted in accordance with the *Local Government Act 1995*, associated Regulations and the EMRC Meeting Procedures Local Law 2023.
- 5.2 A quorum for a meeting of the Committee shall be at least three of the number of offices (whether vacant or not) of members of the Committee.
- 5.3 Voting
 - (a) All decisions of the Committee shall be made on the basis of a simple majority decision of the members present or, if another kind of majority has been prescribed by regulations for the particular kind of decision, by that kind of majority;
 - (b) If the decision results in a tied vote, the person presiding is to cast a second vote;
 - (c) Persons other than Committee members are not entitled to cast a vote; and
 - (d) All other aspects related to voting procedure shall be consistent with relevant sections of the EMRC Meeting Procedures Local Law 2023.
- 5.4 Other EMRC staff or member Council staff may attend meetings, at the discretion of the Chief Executive Officer and/or the Committee Chairperson, to provide advice and information when required.
- 5.5 Representatives of the External Auditor will be invited to attend meetings at the discretion of the Committee but MUST attend meetings considering the draft annual financial report and results of the external audit.

6 Reporting

- 6.1 The Committee shall after every meeting forward the minutes of that meeting to the next Ordinary Meeting of Council, including a report explaining any specific recommendations and key outcomes.

7 Delegated Power

- 7.1 The Committee does not have authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility.

Related Documents

Policy 1.2 Meetings

Policy 2.1 Committees of Council

Policy 3.1 Annual Financial Reporting

Policy 7.1 Risk Management Policy

EMRC Meeting Procedures Local Law 2023

EMRC Code of Conduct



Administration

Adopted/Reviewed by Council

23 September 2010

18 September 2014

06 December 2018

Next Review

Following the Ordinary Elections in 2023

Responsible Directorate

Business Support Team



EASTERN METROPOLITAN REGIONAL COUNCIL

Nomination for Chairperson of the Audit Committee

To the Chief Executive Officer

I hereby nominate myself, _____
for the position of Chairperson of the Eastern Metropolitan Regional Council Audit Committee for the term of Office commencing on the date of the election and continuing until the next ordinary elections day and/or other circumstances occur in accordance with section 5.11 of the *Local Government Act 1995*.

Signed

Date



EASTERN METROPOLITAN REGIONAL COUNCIL

Nomination for Chairperson of the Audit Committee

To the Chief Executive Officer

I hereby nominate _____
for the position of Chairperson of the Eastern Metropolitan Regional Council Audit Committee for the term of Office commencing on the date of the election and continuing until the next ordinary elections day and/or other circumstances occur in accordance with section 5.11 of the *Local Government Act 1995*.

Signed

Date

* I _____ hereby certify that I accept the above nomination to the
the position of Chairperson of the Eastern Metropolitan Regional Council Audit Committee.

Signed

Date

* This certificate is to be completed when a Representative is nominated by another Representative.



EASTERN METROPOLITAN REGIONAL COUNCIL

7 March 2024

Ballot Paper for the Election of the Audit Committee Chairperson

How to Vote

(If there are 2 candidates)

Write the number 1 in the square next to the name of the candidate you want to vote for.

(If there are 3 or more candidates)

Write the number 1 in the square next to the name of the candidate who is your first choice.

If you want to, you may show more choices by writing consecutive numbers in the squares next to the names of other candidates in the order of your choice, starting with the number 2 up to the number of candidates listed below.

You do not need to write a number in all the squares.

Do not make any other marks on the Ballot Paper

Cr First Name, Last Name

Cr First Name, Last Name

Cr First Name, Last Name



Local Government Act 1995
Local Government (Constitution) Regulations 1998
Declaration by Elected Audit Committee Chairperson

I _____ of _____
have been elected to the Office of Chairperson of the Eastern Metropolitan Regional Council Audit Committee, declare that I take the office upon myself and will duly, faithfully, honestly and with integrity, fulfil the duties of the office for the people in the district according to the best of my judgement and ability, and will observe the *Local Government (Model Code of Conduct) Regulations 2021*.

Declared at the EMRC Administration Office
1st Floor
226 Great Eastern Highway
Ascot WA 6104

7 March 2024

Signed

Date

Witness

Date

5.2 ELECTION OF A DEPUTY CHAIRPERSON OF THE AUDIT COMMITTEE (AC)

D2024/05036

PURPOSE OF REPORT

The purpose of this report is to provide for an election to be conducted for the Office of Deputy Chairperson of the Audit Committee (AC).

KEY POINT(S)

- In accordance with section 5.12(2) of the *Local Government Act 1995*, the members of a committee may elect a deputy presiding member from amongst themselves.

RECOMMENDATION(S)

That the members of the Audit Committee elect a Deputy Chairperson.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

- 1 At the Special Meeting of Council held on Thursday 9 November 2023, the EMRC Chairperson and Deputy Chairperson were elected and members to the EMRC Committees were appointed, including the AC.

AC Members 2023 – 2025

PARTICIPANT LOCAL GOVERNMENT	COMMITTEE MEMBER	DEPUTY MEMBER	SECOND DEPUTY MEMBER
BASSENDAN	CR POLIWKA	CR AMES	CR HAMILTON
BAYSWATER	CR SUTHERLAND	CR PIFFARETTI	CR G JOHNSON
MUNDARING	CR JEANS	CR ELLERY	CR DAW
SWAN	CR BOWMAN	CR CATALANO	CR I JOHNSON

- 2 In accordance with section 5.12(2) of the *Local Government Act 1995*, (the Act) the members of a committee may elect a deputy presiding member from amongst themselves.
- 3 It is a requirement of Schedule 2.3 of the Act that the election of the Deputy Chairperson is conducted by the Chairperson and the nominations for the Office are to be given to the Chief Executive Officer (CEO) in writing before the meeting or the Chairperson during the meeting before the close of nominations. Furthermore, if a member is nominated by another member, the Chairperson is not to accept the nomination unless the nominee has advised the Chairperson, orally or in writing, that he or she is willing to be nominated for the Office. Members are to vote on the matter by secret ballot.
- 4 The procedure outlined in Schedule 2.3 of the Act will be followed if there is an equality of votes.

REPORT

- 5 The following material accompanies the agenda for this meeting as a means of assisting members of the Committee to nominate themselves or another member for the office of Deputy Chairperson of the AC:
1. A blank Nomination Form for the Office of Deputy Chairperson of the AC, nominate oneself;
 2. A blank Nomination Form for the Office of Deputy Chairperson of the AC, nominate another; and
 3. A blank Ballot Paper for Election of Deputy Chairperson of the AC
 4. Declaration by Elected AC Deputy Chairperson.
- 6 Ballot papers will be made available prior to voting.
- 7 The completed nomination forms are to be given to the CEO before the meeting or when called for by the Chairperson when dealing with this item at the meeting.

STRATEGIC/POLICY IMPLICATIONS

- 8 Council Policy 2.1 Committees of Council provides for the establishment of the Audit Committee.
- 9 The election of a Deputy Chairperson is in accordance with clause 7 of the *EMRC Establishment Agreement*.

FINANCIAL IMPLICATIONS

- 10 Nil

SUSTAINABILITY IMPLICATIONS

- 11 Nil

RISK MANAGEMENT

Risk – Failure to elect a Deputy Chairperson will impact the fulfillment of the Chairperson's role in the event the Chairperson is unavailable.

Consequence	Likelihood	Rating
Moderate	Unlikely	Moderate
Action/Strategy		
➤ Elect and appoint a Deputy Chairperson of the Audit Committee.		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

1. A blank Nomination Form for the Office of Deputy Chairperson of the AC, nominate oneself (D2023/04129)
2. A blank Nomination Form for the Office of Deputy Chairperson of the AC, nominate another (D2023/04129)
3. Ballot Paper – Election of AC Deputy Chairperson (D2023/04130)
4. Declaration by Elected AC Deputy Chairperson (D2023/04131)

VOTING REQUIREMENT

Secret Ballot

RECOMMENDATION(S)

That the members of the Audit Committee elect a Deputy Chairperson.

The Chairperson advised that one nomination for the Office of Deputy Chairperson of the Audit Committee had been received from Cr Michelle Sutherland and called for further nominations. No further nomination was received and the Chairperson closed nominations.

ANNOUNCEMENT: RESULT OF THE BALLOT FOR THE OFFICE OF AC DEPUTY CHAIRPERSON

The Chairperson declared, unopposed, Cr Michelle Sutherland as Deputy Chairperson of the Audit Committee of the EMRC for the term commencing 14 March 2024 until 2026

Cr Sutherland was congratulated.



EASTERN METROPOLITAN REGIONAL COUNCIL

Nomination for Deputy Chairperson of the Audit Committee

To the Chief Executive Officer

I hereby nominate myself, _____
for the position of Deputy Chairperson of the Eastern Metropolitan Regional Council for the term of Office commencing on the date of the election and continuing until a new Deputy Chairperson is elected in accordance with Clause 7.4 of the *EMRC Establishment Agreement*.

Signed

Date



EASTERN METROPOLITAN REGIONAL COUNCIL

Nomination for Deputy Chairperson of the Audit Committee

To the Chief Executive Officer

I hereby nominate _____
for the position of Deputy Chairperson of the Eastern Metropolitan Regional Council for the term of Office commencing on the date of the election and continuing until a new Deputy Chairperson is elected in accordance with Clause 7.4 of the *EMRC Establishment Agreement*.

Signed

Date

* I _____ hereby certify that I accept the above nomination to the
the position of Deputy Chairperson of the Eastern Metropolitan Regional Council.

Signed

Date

* This certificate is to be completed when a Representative is nominated by another Representative.



EASTERN METROPOLITAN REGIONAL COUNCIL

7 March 2024

Ballot Paper for the Election of the Audit Committee Deputy Chairperson

How to Vote

(If there are 2 candidates)

Write the number 1 in the square next to the name of the candidate you want to vote for.

(If there are 3 or more candidates)

Write the number 1 in the square next to the name of the candidate who is your first choice.

If you want to, you may show more choices by writing consecutive numbers in the squares next to the names of other candidates in the order of your choice, starting with the number 2 up to the number of candidates listed below.

You do not need to write a number in all the squares.

Do not make any other marks on the Ballot Paper

Cr First Name, Last Name

Cr First Name, Last Name

Cr First Name, Last Name



Local Government Act 1995
Local Government (Constitution) Regulations 1998

Declaration by Elected Deputy Chairperson
Audit Committee

I _____ of _____
have been elected to the Office of Deputy Chairperson of the Eastern Metropolitan Regional Council Audit Committee, declare that I take the office upon myself and will duly, faithfully, honestly and with integrity, fulfil the duties of the office for the people in the district according to the best of my judgement and ability, and will observe the *Local Government (Model Code of Conduct) Regulations 2021*.

Declared at the EMRC Administration Office
1st Floor
226 Great Eastern Highway
Ascot WA 6104

7 March 2024

Signed

Date

Witness

Date

6 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil

7 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

**7.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 5 OCTOBER 2023
(D2023/41244)**

That the minutes of the Audit Committee meeting held on 5 October 2023 which have been distributed, be confirmed.

AUDIT COMMITTEE RESOLUTION

MOVED CR SUTHERLAND SECONDED CR POLIWKA

THAT THE MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 5 OCTOBER 2023 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

CARRIED UNANIMOUSLY

8 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

9 QUESTIONS WITHOUT NOTICE

Nil

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

Nil

11 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil

12 EMPLOYEE REPORTS

12.1 COMPLIANCE AUDIT RETURN 2023 (D2024/03593)

12.2 HALF YEAR BUDGET REVIEW 2023/2024 (D2024/03594)

12.3 RISK MANAGEMENT UPDATE (D2024/03595)

12.1 COMPLIANCE AUDIT RETURN 2023

D2024/07686

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 2023.

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 Chairperson and Chief Executive Officer (CEO) and uploaded to the Department of Local Government, Sport and Cultural Industries portal by 31 March 2024.

RECOMMENDATION(S)

That Council adopts the draft Compliance Audit Return 2023, forming the attachment to this report, that it be certified by the Chairperson and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.

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 2023 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 2024.

STRATEGIC/POLICY IMPLICATIONS

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

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 2023, that it be certified by the Chairperson and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

- EMRC - Compliance Audit Return Regional Local Government 2023 – AC meeting version (D2024/07684)
- EMRC - Compliance Audit Return Regional Local Government 2023 – Amended with tracked changes (D2024/03797)
- EMRC - Compliance Audit Return Regional Local Government 2023 – Final (D2024/07685)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council adopts the draft Compliance Audit Return 2023, forming the attachment to this report, that it be certified by the Chairperson and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.

The Chairperson invited questions to the report item.

Discussion ensued.

Cr Bowman noted only the CEO, CFO, COO and CSO filed annual returns. He highlighted that employees with authorisation limits to raise purchase orders would be regarded as designated employees and will be required to do a return.

Cr Bowman also enquired about the breach identified in a previous audit report regarding the walking floor and whether it will be necessary to report this in the compliance audit return.

Cr Bowman moved an alternate motion.

The Chairperson seconded the motion.

Following discussion, the Chairperson put this to the vote.

AC ALTERNATE MOTION:

That Council:

1. Confirm date order for the walking floor (identified by the auditors for FY2023 audit) entered into on 14 October 2022.
2. Confirm details from the Audit and the date of payment of the walking floor.
3. Confirm whether non-designated employees are required to do a return.

AC RECOMMENDATION(S)

MOVED CR BOWMAN

SECONDED CR JEANS

That Council:

1. Confirm date order for the walking floor (identified by the auditors for FY2023 audit) entered into on 14 October 2022.
2. Confirm details from the Audit and the date of payment of the walking floor.
3. Confirm whether non-designated employees are required to do a return.

CARRIED UNANIMOUSLY

POST AC MEETING NOTE

The identified issue was around the awarding of a non-WALGA panel Request for Quote (RFQ) to the value of \$255,353.14. Unfortunately, this amount was not inclusive of GST, which meant that the value exceeded the threshold of \$250,000 under the *Local Government (Functions & General) Regulations 1996*.

At the time of the awarding of the Request for Quote (RFQ) in October 2022, the issue arose due to officers' belief that the amount was inclusive of GST.

Had this been identified at the time, and given that it was recognised that the walking floor could only be manufactured by this supplier to the required specifications, EMRC officers could have sought Council's approval for an exemption allowable under the *Local Government (Functions & General) Regulations 1996* before awarding the RFQ. This is especially the case as the walking floor was delivered 11 months later in September 2023.

The issue was not identified until the Internal Audit Report in August 2023, which was presented to the Audit Committee in October 2023.

While this amount is only slightly over the tender threshold, this has served as a timely reminder that no matter how strong the controls are already in place, stringent controls and vigilance will be required to be added to ensure that such oversights do not occur in the future.

The issue that arose from the mistake in October 2022 was not identified at the time of last year's 2022 Compliance Audit Return (covering the 2022 calendar event events) in March 2022.

Despite in the mistake occurring in 2022, it is recognised that the walking floor was delivered and paid for in September 2023 during the last calendar year which is covered under this year's return. Thus, it is prudent to reflect the mistake in the 2023 Compliance Audit Return.

Consequently, an amended 2023 Compliance Audit Return with tracked changes forming attachment 2 has been provided for Council's review.

A clean version without the tracked changes, forming attachment 3 to this report is for Council's adoption to enable its submission to the Department.

The original Compliance Audit Return that was submitted to the Audit Committee for its review in March 2024 is attached for administrative and referencing purposes only. It forms attachment 1 of this report.



The Chairperson advised that there is an alternate recommendation from the Audit Committee, wishing for Council to confirm the details of the walking floor as well as whether non-designated employees are required to do a return.

Officers have provided some post meeting notes and have recommended that it be reflected in the Compliance Audit Return. The changes are tracked in attachment 2 and the final draft for Council review and adoption is contained in attachment 3.

With regards to the requirement for non-designated employees being required to do a return, the EMRC has received advice confirming that non-designated employees are not required to do a return.

The Chairperson invited the CEO to speak on these items

The CEO confirmed that the details pertaining to the walking floor have now been included in the CAR 2023.

The CEO provided confirmation that following advice from WALGA and legal advice, employees who raise purchase orders or incur liabilities are not deemed to be given delegated powers and duties under the *Local Government Act 1995*. As such, employees are not regarded as designated employees or a relevant person that would be required to file a return.

The Chairperson called for a mover and seconder for the amended officer recommendation to allow for questions.

Cr Jeans moved the motion and Cr Ames seconded.

The Chairperson invited questions to the report item.

The Chairperson put the amended recommendation to the vote.

AMENDED RECOMMENDATION(S)

That Council adopts the draft amended Compliance Audit Return 2023 forming attachment 3 to this report, that it be certified by the Chairperson and Chief Executive Officer and submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.

COUNCIL RESOLUTION(S)

MOVED CR JEANS

SECONDED CR AMES

THAT COUNCIL ADOPTS THE DRAFT AMENDED COMPLIANCE AUDIT RETURN 2023 FORMING ATTACHMENT 3 TO THIS REPORT, THAT IT BE CERTIFIED BY THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER AND SUBMITTED TO THE DEPARTMENT OF LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES BY 31 MARCH 2024.

CARRIED UNANIMOUSLY



Eastern Metropolitan Regional Council – Compliance Audit Return

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 2023?	Yes	A business plan was prepared for the sale of unprocessed FOGO material.
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 2023?	Yes	A business plan was prepared for the Woodside Energy pilot ethanol plant.
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 2023?	Yes	
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 2023?	Yes	A public notice was issued on 5 April 2023 in relation to the major trading undertaking for the Woodside Energy pilot ethanol plant and a public notice was also issued on 7 September 2023 in relation to the sale of unprocessed FOGO material.
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	Council resolved on 22 June 2023 by absolute majority to proceed with the major trading undertaking for the Woodside Energy pilot ethanol plant. Council resolved on 23 November 2023 by absolute majority to proceed with the major trading undertaking for the sale of unprocessed FOGO material.

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	
2	s5.16 (2)	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 Local Government Act 1995?	Yes	
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 2022/2023 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 Local Government Act 1995?	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?	Yes	On 28 September 2023, Council resolved by absolute majority to amend delegation C5/2016 and C16/2021 increasing the authority limit of the CEO to accept tenders and contracts up to the value of \$1M (excluding GST).
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 2022/2023 financial year?	Yes	
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 Local Government (Administration) Regulations 1996, regulation 19?	Yes	

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 Local Government Act 1995, 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 by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
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?	Yes	One Councillor who was required to lodge their primary return did so within three months of their start date.
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	One former Councillor did not meet the 31 August 2023 deadline for lodging annual returns and was 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 Local Government Act 1995?	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 Local Government Act 1995, 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 Local Government Act 1995, 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 Local Government Act 1995 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 Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	



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 Local Government Act 1995, 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) of the Local Government Act 1995 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 section 5.71A(1) of the Local Government Act 1995 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 section 5.71B(6) of the Local Government Act 1995, 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 candidates that incorporates the model code of conduct?	Yes	The EMRC adopted a new code of conduct for Council Members, Committee Members and Candidates within three 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 Local Government Act 1995?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates 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? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	
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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 Local Government Act 1995 (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 Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), 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 Local Government (Elections) Regulations 1997?	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	N/A	



Department of
**Local Government, Sport
and Cultural Industries**

		least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?		
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 Local Government (Elections) Regulations 1997?	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 Local Government Act 1995?	Yes	Members were appointed to the Audit Committee on 9 November 2023 by absolute majority and the Audit Committee was established.
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, 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 2023 received by the local government by 31 December 2023?	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 Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	
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 Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	



7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	
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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 Local Government (Administration) Regulations 1996, regulation 18A?	N/A	
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 Local Government Act 1995?	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?	Yes	The CEO was appointed by the Council on 25 February 2021 to be the complaints officer. Council also by absolute majority delegated authority to the CEO to appoint an authorised complaints officer.
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 Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	



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?	Yes	
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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 Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
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 Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and	Yes	



Department of
**Local Government, Sport
and Cultural Industries**

		General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?		
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?	Yes	One tender submission for RFT 2023-005 Supply and Delivery of a Heavy Duty Mobile Vibrating Screen for Red Hill Waste Management Facility was rejected as it was not submitted at the place and within the time specified in the invitation to tender documents.
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 Local Government (Functions and General) Regulations 1996, 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	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	
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 Local Government (Functions & General) Regulations 1996 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	N/A	The EMRC did not invite applicants to a panel of pre-qualified suppliers.



		information about the proposed panel or each person who submitted an application notice of the variation?		
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 Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, 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.
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.

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	25/08/2022 The EMRC 10 year Strategic Plan 2017-2027 was adopted by Council by absolute majority on 18 August 2016 and was last reviewed by Council at its ordinary Council 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	22/06/2023 The EMRC revised Corporate Business Plan 2023-2024 to 2026-2027 was adopted by Council by absolute majority on 22 June 2023 and was last reviewed by Council on 23 November 2023.
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

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 Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	25/11/2021 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 r.5(2)(c) of the Local Government (Financial Management) Regulations 1996 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 Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	25/11/2021 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 r.5(2)(c) of the Local Government (Financial Management) Regulations 1996 on 25 November 2021.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, 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	



Department of
**Local Government, Sport
and Cultural Industries**

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	
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 Local Government Act 1995?	Yes	
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	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government’s official website by 31 July 2023?	Yes	
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	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	

Chief Executive Officer

Date

Chairperson

Date



Eastern Metropolitan Regional Council – Compliance Audit Return

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 2023?	Yes	A business plan was prepared for the sale of unprocessed FOGO material.
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 2023?	Yes	A business plan was prepared for the Woodside Energy pilot ethanol plant.
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 2023?	Yes	
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 2023?	Yes	A public notice was issued on 5 April 2023 in relation to the major trading undertaking for the Woodside Energy pilot ethanol plant and a public notice was also issued on 7 September 2023 in relation to the sale of unprocessed FOGO material.
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	Council resolved on 22 June 2023 by absolute majority to proceed with the major trading undertaking for the Woodside Energy pilot ethanol plant. Council resolved on 23 November 2023 by absolute majority to proceed with the major trading undertaking for the sale of unprocessed FOGO material.

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	



Department of
**Local Government, Sport
and Cultural Industries**

3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	
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 2022/2023 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 Local Government Act 1995?	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?	Yes	On 28 September 2023, Council resolved by absolute majority to amend delegation C5/2016 and C16/2021 increasing the authority limit of the CEO to accept tenders and contracts up to the value of \$1M (excluding GST).
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 2022/2023 financial year?	Yes	
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 Local Government (Administration) Regulations 1996, regulation 19?	Yes	

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 Local Government Act 1995, 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 by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
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?	Yes	One Councillor who was required to lodge their primary return did so within three months of their start date.
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	One former Councillor did not meet the 31 August 2023 deadline for lodging annual returns and was 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 Local Government Act 1995?	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 Local Government Act 1995, 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 Local Government Act 1995, 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 Local Government Act 1995 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 Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	



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 Local Government Act 1995, 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) of the Local Government Act 1995 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 section 5.71A(1) of the Local Government Act 1995 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 section 5.71B(6) of the Local Government Act 1995, 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 candidates that incorporates the model code of conduct?	Yes	The EMRC adopted a new code of conduct for Council Members, Committee Members and Candidates within three 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 Local Government Act 1995?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates 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? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	
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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 Local Government Act 1995 (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 Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), 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 Local Government (Elections) Regulations 1997?	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	N/A	



		least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?		
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 Local Government (Elections) Regulations 1997?	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 Local Government Act 1995?	Yes	Members were appointed to the Audit Committee on 9 November 2023 by absolute majority and the Audit Committee was established.
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, 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 2023 received by the local government by 31 December 2023?	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 Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	
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 Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	



7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	
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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 Local Government (Administration) Regulations 1996, regulation 18A?	N/A	
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 Local Government Act 1995?	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?	Yes	The CEO was appointed by the Council on 25 February 2021 to be the complaints officer. Council also by absolute majority delegated authority to the CEO to appoint an authorised complaints officer.
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 Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	



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?	Yes	
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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 Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, 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?	<u>No</u> Yes	<u>A mistake created in October 2022 had been overlooked that led to non-compliance with the <i>Local Government (Functions and General) Regulations 1996</i>. Contract RFQ 2022-110 for a walking-floor trailer was mistakenly awarded to Allroads Transport Engineers following a non-WALGA vendor panel RFQ process, after the value of the contract exceeded the tendering threshold of \$250,000 (ex GST) i.e. \$255,313.14 ex GST. Noting that, under regulation 11(1) of the <i>Local Government (Functions and General) Regulations 1996</i> specifies that tenders are to be publicly invited if the consideration under the contract is, or is expected to be, more or worth more than \$250,000 (exc. GST). However, the error was picked up in mid 2023 and therefore was not reported as part of last year's 2022 CAR process.</u>



3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
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 Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, 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?	Yes	One tender submission for RFT 2023-005 Supply and Delivery of a Heavy Duty Mobile Vibrating Screen for Red Hill Waste Management Facility was rejected as it was not submitted at the place and within the time specified in the invitation to tender documents.
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 Local Government (Functions and General) Regulations 1996, 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	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	
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 Local Government (Functions & General) Regulations 1996 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 Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, 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
**Local Government, Sport
 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.

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	25/08/2022 The EMRC 10 year Strategic Plan 2017-2027 was adopted by Council by absolute majority on 18 August 2016 and was last reviewed by Council at its ordinary Council 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	22/06/2023 The EMRC revised Corporate Business Plan 2023-2024 to 2026-2027 was adopted by Council by absolute majority on 22 June 2023 and was last reviewed by Council on 23 November 2023.
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions

No	Reference	Question	Response	Comments
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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 Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	25/11/2021 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 r.5(2)(c) of the Local Government (Financial Management) Regulations 1996 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 Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	25/11/2021 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 r.5(2)(c) of the Local Government (Financial Management) Regulations 1996 on 25 November 2021.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, 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	
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 Local Government Act 1995?	Yes	
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	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	



Department of
**Local Government, Sport
and Cultural Industries**

8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	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	

Chief Executive Officer

Date

Chairperson

Date



Eastern Metropolitan Regional Council – Compliance Audit Return

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 2023?	Yes	A business plan was prepared for the sale of unprocessed FOGO material.
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 2023?	Yes	A business plan was prepared for the Woodside Energy pilot ethanol plant.
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 2023?	Yes	
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 2023?	Yes	A public notice was issued on 5 April 2023 in relation to the major trading undertaking for the Woodside Energy pilot ethanol plant and a public notice was also issued on 7 September 2023 in relation to the sale of unprocessed FOGO material.
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	Council resolved on 22 June 2023 by absolute majority to proceed with the major trading undertaking for the Woodside Energy pilot ethanol plant. Council resolved on 23 November 2023 by absolute majority to proceed with the major trading undertaking for the sale of unprocessed FOGO material.

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	



Department of
**Local Government, Sport
and Cultural Industries**

3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	
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 2022/2023 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 Local Government Act 1995?	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?	Yes	On 28 September 2023, Council resolved by absolute majority to amend delegation C5/2016 and C16/2021 increasing the authority limit of the CEO to accept tenders and contracts up to the value of \$1M (excluding GST).
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 2022/2023 financial year?	Yes	
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 Local Government (Administration) Regulations 1996, regulation 19?	Yes	

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 Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	N/A	



Department of
**Local Government, Sport
and Cultural Industries**

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 by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
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?	Yes	One Councillor who was required to lodge their primary return did so within three months of their start date.
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	One former Councillor did not meet the 31 August 2023 deadline for lodging annual returns and was 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 Local Government Act 1995?	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 Local Government Act 1995, 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 Local Government Act 1995, 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 Local Government Act 1995 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 Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	



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 Local Government Act 1995, 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) of the Local Government Act 1995 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 section 5.71A(1) of the Local Government Act 1995 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 section 5.71B(6) of the Local Government Act 1995, 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 candidates that incorporates the model code of conduct?	Yes	The EMRC adopted a new code of conduct for Council Members, Committee Members and Candidates within three 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 Local Government Act 1995?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates 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? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	
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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 Local Government Act 1995 (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 Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), 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 Local Government (Elections) Regulations 1997?	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	N/A	



Department of
**Local Government, Sport
and Cultural Industries**

		least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?		
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 Local Government (Elections) Regulations 1997?	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 Local Government Act 1995?	Yes	Members were appointed to the Audit Committee on 9 November 2023 by absolute majority and the Audit Committee was established.
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, 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 2023 received by the local government by 31 December 2023?	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 Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	
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 Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	



7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	
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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 Local Government (Administration) Regulations 1996, regulation 18A?	N/A	
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 Local Government Act 1995?	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?	Yes	The CEO was appointed by the Council on 25 February 2021 to be the complaints officer. Council also by absolute majority delegated authority to the CEO to appoint an authorised complaints officer.
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 Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	



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?	Yes	
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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 Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, 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?	No	A mistake created in October 2022 had been overlooked that led to non-compliance with the <i>Local Government (Functions and General) Regulations 1996</i> . Contract RFQ 2022-110 for a walking-floor trailer was mistakenly awarded to Allroads Transport Engineers following a non-WALGA vendor panel RFQ process, after the value of the contract exceeded the tendering threshold of \$250,000 (ex GST) i.e. \$255,313.14 ex GST. Noting that, under regulation 11(1) of the <i>Local Government (Functions and General) Regulations 1996</i> specifies that tenders are to be publicly invited if the consideration under the contract is, or is expected to be, more or worth more than \$250,000 (exc. GST). However, the error was picked up in mid 2023 and therefore was not reported as part of last year's 2022 CAR process.



3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
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 Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, 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?	Yes	One tender submission for RFT 2023-005 Supply and Delivery of a Heavy Duty Mobile Vibrating Screen for Red Hill Waste Management Facility was rejected as it was not submitted at the place and within the time specified in the invitation to tender documents.
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 Local Government (Functions and General) Regulations 1996, 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	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	
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 Local Government (Functions & General) Regulations 1996 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 Local Government (Functions and General) Regulations 1996, 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 Local Government (Functions and General) Regulations 1996, 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.



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.

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	25/08/2022 The EMRC 10 year Strategic Plan 2017-2027 was adopted by Council by absolute majority on 18 August 2016 and was last reviewed by Council at its ordinary Council 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	22/06/2023 The EMRC revised Corporate Business Plan 2023-2024 to 2026-2027 was adopted by Council by absolute majority on 22 June 2023 and was last reviewed by Council on 23 November 2023.
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions

No	Reference	Question	Response	Comments
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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 Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	25/11/2021 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 r.5(2)(c) of the Local Government (Financial Management) Regulations 1996 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 Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	25/11/2021 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 r.5(2)(c) of the Local Government (Financial Management) Regulations 1996 on 25 November 2021.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, 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	
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 Local Government Act 1995?	Yes	
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	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	



Department of
**Local Government, Sport
and Cultural Industries**

8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	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	

Chief Executive Officer

Date

Chairperson

Date

12.2 HALF YEAR BUDGET REVIEW 2023/2024

D2024/03594

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) 2023/2024 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 absolute majority in accordance with r.33A of the *Local Government (Financial Management) Regulations 1996*, adopts the review of the 2023/2024 budget and approves its submission to the Department of Local Government, Sport and Cultural Industries within 14 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 14 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 2024 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 (RHWMF) is also undertaken. Tonnage budgets are reviewed to provide a forecast of volumes expected to be received by 30 June 2024. 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 2023. The financial report relating to the period ended 31 January 2024 was submitted to Council at its meeting held on 22 February 2024. However, that report did not include the revised forecasts that have resulted 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	\$4,118,116
(Increase) / Decrease in Operating Expenditure	\$2,084,955
Increase / (Decrease) in Net Assets from Operations	\$6,203,071

14 Provided below is a summary of changes between the original budget and the forecast for the financial year ending 30 June 2024. 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: \$43,897,155 Forecast Budget: \$55,457,907 Variance: \$11,560,752; 26.34%

The full year forecast for User Charges is above the annual budget by \$11,560,752 (26.34%). This variance is attributable to higher than budgeted tonnages forecast to be disposed at the RHWMF. This is due to the delay in the East Rockingham Waste to Energy Project (ERWTE) and an increase in tonnages forecast to be received from commercial clients. This has also resulted in an increase in Landfill Levy Charges.

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

➤ Current Budget: \$33,268,643 Forecast Budget: \$35,899,837 Variance: \$2,631,194; 7.91%

17 Special Charges

➤ Current Budget: \$591,096 Forecast Budget: \$566,432 Variance: (\$24,664); (4.17%)

18 Secondary Waste Charge

➤ Current Budget: \$1,746,632 Forecast Budget: \$2,878,728 Variance: \$1,132,096; 64.82%

The full year forecast for the Secondary Waste Charge is above the annual budget by \$1,132,096. This variance relates to the delay in the ERWTE project resulting in greater tonnes being forecast to be disposed at the RHWMF.

19 Contributions

➤ Current Budget: \$109,755 Forecast Budget: \$132,745 Variance: \$22,990; 20.95%

The full year forecast for Contributions is above the annual budget due to an unbudgeted contribution received for sponsorship of the Circular Economy Leadership Course.

20 Operating Grants

➤ Current Budget: \$690,000 Forecast Budget: \$394,603 Variance: (\$295,397); (42.81%)

The full year forecast for Operating Grants is below the annual budget by \$295,379. This variance is attributable to the change in the Electrical Vehicle charging type grant.

21 Interest Municipal Cash & Investments

➤ Current Budget: \$214,775 Forecast Budget: \$1,310,920 Variance: \$1,096,145; 510.37%

The full year Interest on Municipal Cash Investments has been forecast to be above the budget by \$1,096,145 (510.37%) due to the increase in investment rates during the year and the higher available funds for investments.

22 Interest Restricted Cash Investments

➤ Current Budget: \$1,815,590 Forecast Budget: \$1,764,117 Variance: (\$51,473); (2.84%)

23 Reimbursements

➤ Current Budget: \$1,939,340 Forecast Budget: \$2,607,292 Variance: \$667,952; 34.44%

The full year forecast for Reimbursements has been forecast to be \$667,952 (34.44%) above the budget of \$1,939,340. The primary variances are due to higher than budgeted income in the following areas:

- ⇒ \$227k - Higher recoup from Baywaste Transfer Station operations (based on the level of expenditure);
- ⇒ \$217k - Unbudgeted recoup from participants for the purchase of FOGO caddies and liners (Biobags);
- ⇒ \$153k - Unbudgeted recoup relating to Bin Management on Regional Waste Collection Project;
- ⇒ \$144k - Unbudgeted recoup relating to the Woodside Project;
- ⇒ \$60k - Unbudgeted recoup of transport costs associated with the transport of Power Poles to Red Hill from Hazelmere;
- ⇒ \$40k - Higher recoup from Mathieson Rd Transfer Station operations (based on the level of expenditure);
- ⇒ \$30k - Unbudgeted recoup of expenditure from Cleanaway; and
- ⇒ \$9k - 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:

- ⇒ \$188k - Lower recoup from APCR Project due to the delay on the project;
- ⇒ \$30k - Lower recoup from Coppin Road Transfer Station including the CDS project operations (linked to the level of expenditure); and

24 Other Income

➤ Current Budget: \$3,955,714 Forecast Budget: \$2,816,714 Variance: (\$1,139,000); (28.79%)

The full year forecast for Other Income of \$2,816,714 is \$1,139,000 (28.79%) below the budget of \$3,955,714. The major factors contributing to this variance include:

- ⇒ Income from Wood Waste to Energy Project forecast to be \$934,116 below the budget;
- ⇒ Income from Methane forecast to be \$564,160 below the budget; and

⇒ Income from the sale of laterite forecast to be \$355,222 above the budget.

25 Proceeds from Sale of Assets

➤ Current Budget: \$422,000 Forecast Budget: \$500,273 Variance: \$78,273; 18.55%

The full year forecast for Proceeds from Sale of Assets of \$500,273 has been forecast to be \$78,273 (18.55%) above the budget of \$422,000. This variance relates to the timing on the disposal by auction of fleet vehicles due for change over.

Operating Expenditure

26 Salary Expenses

➤ Current Budget: \$14,057,260 Forecast Budget: \$15,073,957 Variance: \$1,016,697; 7.23%

27 Contract Expenses

➤ Current Budget: \$10,391,841 Forecast Budget: \$9,967,977 Variance: (\$423,864); (4.08%)

28 Material Expenses

➤ Current Budget: \$1,936,086 Forecast Budget: \$2,025,718 Variance: \$89,632; 4.63%

29 Utility Expenses

➤ Current Budget: \$377,077 Forecast Budget: \$397,751 Variance: \$20,674; 5.48%

30 Fuel Expenses

➤ Current Budget: \$1,538,583 Forecast Budget: \$1,950,558 Variance: \$411,975; 26.78%

The full year forecast for Fuel Expenses is \$411,975 (26.78%) above the budget of \$1,950,558. The variance is attributable to the additional diesel fuel forecast to be consumed as a result of the increase in tonnages forecast to be disposed at the RHWMF by year end.

31 Interest Expenses

➤ Current Budget: \$0 Forecast Budget: \$369,408 Variance: \$369,408; N/A

The full year forecast for Interest Expenses is \$369,408 above the budget. The variance is attributable to the adjustment in the estimated unwinding of discount on Post Closure and Site Rehabilitation Provisions in response to the change in the Consumer Price Index (CPI).

32 Insurance Expenses

➤ Current Budget: \$427,647 Forecast Budget: \$551,688 Variance: \$124,041; 29.01%

The full year forecast for Insurance Expenses is \$124,041 above the budget of \$427,647. The variance is due to an increase in insurance premium and additional insurance required for Wood Waste to Energy Project.

33 Depreciation Expenses

➤ Current Budget: \$4,505,745 Forecast Budget: \$7,045,976 Variance: \$2,540,231; 56.38%

The full year forecast for Depreciation Expenses is \$2,540,231 (56.38%) above the budget of \$4,505,745. The variance is attributable to the higher Depreciation Expenses - Cell Usage of \$1.47m 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 and the higher Depreciation Expenses - General of \$1.07m due to additional plant purchased during the year.

34 Miscellaneous Expenses (excluding Landfill Levy expenses)

➤ Current Budget: \$8,030,117 Forecast Budget: \$2,517,369 Variance: (\$5,512,748); (68.65%)

The full year forecast for Miscellaneous Expenses has been forecast to be \$5,512,748 (68.65%) below the budget of \$8,030,117. The principal variances are due to lower than budgeted expenditure in the following areas:

- ⇒ Disposal charges associated with the ERWTE project by \$5.3m;
- ⇒ Membership expenses by \$68k;
- ⇒ Advertising expenses by \$17k; and
- ⇒ Airfare/Travel Expenses & Accommodation/Meal expenses by \$10k.

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

- ⇒ Internet Service Provider expenses of \$19k; and
- ⇒ Training Course Fees / Conferences or Seminar Fee expenses of \$14k.

35 Provision Expenses

➤ Current Budget: \$917,260 Forecast Budget: \$59,522 Variance: (\$857,738); (93.51%)

The variance relates to the adjustment in the estimated of future value of Post Closure and Site Rehabilitation Provisions in response to the change in the Consumer Price Index (CPI).

36 Costs Allocated

➤ Current Budget: (\$117,614) Forecast Budget: (\$390) Variance: (\$117,224); (99.67%)

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.

37 Carrying Amount of Assets Disposed Of

➤ Current Budget: \$234,062 Forecast Budget: \$253,575 Variance: \$19,513; 8.34%

Capital Expenditure

➤ Current Budget: \$28,409,629 Forecast Budget: \$28,047,650 Variance: (\$361,979); (1.27%)

38 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 2024 in order to reflect the actual timing of various projects and match expenditure requirements in relation to tonnage forecasts.

39 Full Year Capital Expenditure has been forecast to be \$361,979 (1.27%) below the budget of \$28,409,629.

40 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:

- ⇒ Design and Construct Class IV Cell Stage 3 – RHWMF - \$3,056,666;
- ⇒ Air Pollution Control Residue Facility and Plant (APCR) – RHWMF - \$3,362,034 (c/fwd);
- ⇒ Construct Wood Waste to Energy Building – HRRP - \$488,088 (c/fwd);
- ⇒ Construct Access Road to Lots 8 9 10 – RHWMF - \$460,000 (c/fwd);
- ⇒ Construct Drainage Works to Lots 8 9 10 – RHWMF - \$440,000 (c/fwd);
- ⇒ Purchase / Replace Plant – HRRP - \$389,216;
- ⇒ Construct Hardstand 2 (Old House Site) – HRRP - \$360,000;
- ⇒ Extend Ascot PV & EV Charging - \$228,397;
- ⇒ Construct Monitoring Bores – RHWMF - \$200,000;
- ⇒ Purchase Vehicles - Ascot Place (Electric Vehicles) - \$168,000;
- ⇒ Construct Waste Management Facility Buildings – RHWMF – \$164,802;
- ⇒ Extension of Sewer Line from WWtE to Sewer Sump & existing ATU – HRRP - \$145,885; and
- ⇒ Purchase / Replace Plant – RHWMF - \$126,981 (c/fwd).

41 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 Class III Cell Stage 17 – RHWMF - \$5,125,374;
At its meeting on 22 February 2024, Council approved additional budget funding for the construction of Stage 17 landfill cell which will be funded by the budget from Class IV cell construction as well as the surplus funds available in the Municipal Fund reserves.
- ⇒ Construct Waste Transfer Station – HRRP - \$1,618,756;
At its meeting on 22 June 2023, Council approved unbudgeted provisional sum includes additional 5% contingency funding to the value of \$342,779 on the contract sum and unbudgeted provisional sum of \$1,275,977 to address the final claims from the Contractor.
- ⇒ Sewer Line connection to Talloman – HRRP - \$470,885;
- ⇒ Hydrant Upgrade – HRRP - \$362,827;
- ⇒ Upgrade Power Supply to Workshop No 2 – RHWMF - \$328,456;
- ⇒ Purchase Vehicles - Ascot Place - \$227,204;
- ⇒ Regional Waste Collection Project - Plant Purchases - \$200,000;
- ⇒ Waste Transfer Station - Thermal Cameras – HRRP - \$175,738;
- ⇒ Purchase / Replace Other Equipment – RHWMF - \$175,000;
- ⇒ Purchase / Replace Vehicles – RHWMF - \$170,708;
- ⇒ Resource Recovery Park - Noise Control Fencing - \$154,249;
- ⇒ Purchase / Replace Minor Plant and Equipment – HRRP - \$133,741; and
- ⇒ Construct FOGO Processing Area – RHWMF - \$100,000.

STRATEGIC/POLICY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

43 As detailed in the report.


SUSTAINABILITY IMPLICATIONS

44 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 City of Bayswater Shire of Mundaring City of Swan	 As outlined in the report.

ATTACHMENT(S)

1. Statement of Comprehensive Income by Nature and Type (D2024/05360)
2. Capital Expenditure Statement (D2024/05361)
3. Statement of Financial Position (D2024/05362)
4. Statement of Cash and Investments (D2024/05363)
5. Statement of Financial Activity (D2024/05392)

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That Council, by absolute majority in accordance with r.33A of the *Local Government (Financial Management) Regulations 1996*, adopts the review of the 2023/2024 budget and approves its submission to the Department of Local Government, Sport and Cultural Industries within 14 days.

The CEO advised that he had a presentation on the half year review for Councillors. He enquired if the Audit Committee members wanted it presented at the Audit Committee meeting to the four members or to present it at the Information Session later in the evening to the full Council.

It was agreed that the presentation be made at the Information Session later that same evening.

Discussion ensued.

Cr Bowman highlighted his struggles to see what Committee Members are approving here as there are no schedule of account numbers for the capital expenditure. He also noted that salary costs are forecast to be more than \$1M against budget.

The CFO advised that the account codes are reflected in the attachment to the reports. He also explained that the increase in salary costs is attributable to the additional activities as a result of additional tonnages and income.

The CEO advised that the increases in some capital expenditure items have been represented to Council for its approval. In response to the query of higher than budgeted salary costs, the CEO highlighted that with volumes and income up, the EMRC needs more labour hours to sort, recover and process waste. It remains a challenge to get more staff at short notice and the team is working overtime to deliver the services.

There being no further questions or debate, the AC Chairperson expressed his satisfaction with the explanation provided and put the motion to the vote.

AC RECOMMENDATION(S)

MOVED CR SUTHERLAND SECONDED CR POLIWKA

That Council, by absolute majority in accordance with r.33A of the *Local Government (Financial Management) Regulations 1996*, adopts the review of the 2023/2024 budget and approves its submission to the Department of Local Government, Sport and Cultural Industries within 14 days.

MOTION CARRIED 3/1
For: Crs Jeans, Poliwka, Sutherland
Against: Cr Bowman

COUNCIL RESOLUTION(S)

MOVED CR JEANS SECONDED CR POLIWKA

THAT COUNCIL, BY ABSOLUTE MAJORITY IN ACCORDANCE WITH R.33A OF THE *LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*, ADOPTS THE REVIEW OF THE 2023/2024 BUDGET AND APPROVES ITS SUBMISSION TO THE DEPARTMENT OF LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES WITHIN 14 DAYS.

CARRIED UNANIMOUSLY



STATEMENT OF COMPREHENSIVE INCOME

Nature and Type

Year to Date

January 2024

Full Year

Year to Date			Full Year					
Actual	Budget	Variance		Forecast	Budget	Variance		
Operating Income								
\$34,177,378	\$26,763,036	\$7,414,342	(F)	User Charges	\$55,457,907	\$43,897,155	\$11,560,752	(F)
(\$12,643,574)	(\$9,408,225)	(\$3,235,349)	(U)	<u>Less</u> Landfill Levy Charges	(\$19,558,070)	(\$10,628,512)	(\$8,929,558)	(U)
\$21,533,804	\$17,354,811	\$4,178,993	(F)	Net User Charges	\$35,899,837	\$33,268,643	\$2,631,194	(F)
\$338,749	\$348,097	(\$9,348)	(U)	Special Charges	\$566,432	\$591,096	(\$24,664)	(U)
\$1,998,326	\$1,400,380	\$597,946	(F)	Secondary Waste Charge	\$2,878,728	\$1,746,632	\$1,132,096	(F)
\$95,420	\$92,105	\$3,315	(F)	Contributions	\$132,745	\$109,755	\$22,990	(F)
\$329,623	\$341,000	(\$11,377)	(U)	Operating Grants	\$394,603	\$690,000	(\$295,397)	(U)
\$751,580	\$125,279	\$626,301	(F)	Interest Municipal Cash Investments	\$1,310,920	\$214,775	\$1,096,145	(F)
\$1,457,931	\$1,059,065	\$398,866	(F)	Interest Restricted Cash Investments	\$1,764,117	\$1,815,590	(\$51,473)	(U)
\$1,387,680	\$1,021,517	\$366,163	(F)	Reimbursements	\$2,607,292	\$1,939,340	\$667,952	(F)
\$1,737,077	\$1,796,844	(\$59,767)	(U)	Other	\$2,816,714	\$3,955,714	(\$1,139,000)	(U)
\$182,273	\$180,000	\$2,273	(F)	Proceeds from Sale of Assets	\$500,273	\$422,000	\$78,273	(F)
\$29,812,463	\$23,719,098	\$6,093,365	(F)	Total Operating Income	\$48,871,661	\$44,753,545	\$4,118,116	(F)
Operating Expenditure								
\$8,315,116	\$8,052,163	(\$262,953)	(U)	Salary Expenses	\$15,073,957	\$14,057,260	(\$1,016,697)	(U)
\$4,945,608	\$5,120,368	\$174,760	(F)	Contract Expenses	\$9,967,977	\$10,391,841	\$423,864	(F)
\$1,231,734	\$934,441	(\$297,293)	(U)	Material Expenses	\$2,025,718	\$1,936,086	(\$89,632)	(U)
\$207,835	\$219,891	\$12,056	(F)	Utility Expenses	\$397,751	\$377,077	(\$20,674)	(U)
\$1,072,628	\$897,442	(\$175,186)	(U)	Fuel Expenses	\$1,950,558	\$1,538,583	(\$411,975)	(U)
\$0	\$0	\$0	(F)	Interest Expenses	\$369,408	\$0	(\$369,408)	(U)
\$278,483	\$249,291	(\$29,192)	(U)	Insurance Expenses	\$551,688	\$427,647	(\$124,041)	(U)
\$3,522,987	\$2,883,511	(\$639,476)	(U)	Depreciation Expenses	\$7,045,976	\$4,505,745	(\$2,540,231)	(U)
\$560,341	\$696,778	\$136,437	(F)	Miscellaneous Expenses	\$2,517,369	\$8,030,117	\$5,512,748	(F)
\$1,072,592	\$523,862	(\$548,730)	(U)	Provision Expenses	\$59,522	\$917,260	\$857,738	(F)
(\$227)	(\$508,557)	(\$508,330)	(U)	Costs Allocated	(\$390)	(\$117,614)	(\$117,224)	(U)
\$117,008	\$117,903	\$895	(F)	Carrying Amount of Assets Disposed Of	\$253,575	\$234,062	(\$19,513)	(U)
\$21,324,105	\$19,187,093	(\$2,137,012)	(U)	Total Operating Expenditure	\$40,213,109	\$42,298,064	\$2,084,955	(F)
\$8,488,358	\$4,532,005	\$3,956,353	(F)	NET RESULT BEFORE OTHER COMPREHENSIVE INCOME	\$8,658,552	\$2,455,481	\$6,203,071	(F)
Surplus	Surplus				Surplus	Surplus		
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)
\$8,488,358	\$4,532,005	\$3,956,353	(F)	CHANGE IN NET ASSETS FROM OPERATIONS	\$8,658,552	\$2,455,481	\$6,203,071	(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 2024

Year to Date			On Order	Full Year			
Actual	Budget	Variance		Forecast	Budget	Variance	
CEO's Team							
\$0	\$40,831	\$40,831	\$0	Purchase Information Technology & Communication Equipment - Councillors (24550/01)	\$70,000	\$70,000	\$0
\$0	\$40,831	\$40,831	\$0		\$70,000	\$70,000	\$0



CAPITAL EXPENDITURE STATEMENT

JANUARY 2024

Year to Date			On Order	Full Year			
Actual	Budget	Variance		Forecast	Budget	Variance	
Business Support							
\$0	\$164,493	\$164,493	\$0	Extend Ascot PV & EV Charging (24399/28)	\$53,603	\$282,000	\$228,397
\$107,954	\$40,103	(\$67,851)	\$0	Purchase Vehicles - Ascot Place (24440/00)	\$295,954	\$68,750	(\$227,204)
\$0	\$243,831	\$243,831	\$0	Purchase Vehicles - Ascot Place (Electric Vehicles) (24440/01)	\$250,000	\$418,000	\$168,000
\$0	\$5,831	\$5,831	\$0	Purchase Furniture Fittings & Equipment - Corporate Services (24510/01)	\$10,000	\$10,000	\$0
\$0	\$42,581	\$42,581	\$0	Purchase Information Technology & Communication Equipment (24550/00)	\$73,000	\$73,000	\$0
\$0	\$55,412	\$55,412	\$0	Capital Improvement Administration Building - Ascot Place (25240/01)	\$95,000	\$95,000	\$0
\$0	\$2,912	\$2,912	\$0	Upgrade Security Equipment - Ascot Place (25530/01)	\$5,000	\$5,000	\$0
\$107,954	\$555,163	\$447,209	\$0		\$782,557	\$951,750	\$169,193



CAPITAL EXPENDITURE STATEMENT

JANUARY 2024

Year to Date			On Order		Full Year		
Actual	Budget	Variance			Forecast	Budget	Variance
Operations Team							
\$83,698	\$41,666	(\$42,032)	\$0	Construct Waste Management Facility Buildings - Red Hill Landfill Facility (24250/01)	\$85,198	\$250,000	\$164,802
\$1,938,442	\$1,590,205	(\$348,237)	\$268,908	Construct Wood Waste to Energy Building - HRRP (24259/05)	\$2,239,500	\$2,727,588	\$488,088
\$2,395,273	\$849,858	(\$1,545,415)	\$23,945	Construct Waste Transfer Station - HRRP (24259/10)	\$2,468,614	\$849,858	(\$1,618,756)
\$2,360	\$0	(\$2,360)	\$0	Construct Weighbridge Office - HRRP (24259/12)	\$2,360	\$0	(\$2,360)
\$1,682	\$0	(\$1,682)	\$0	Construct Site Workshop - HRRP (24259/13)	\$1,700	\$0	(\$1,700)
\$281,977	\$0	(\$281,977)	\$0	Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility (24259/15)	\$328,456	\$0	(\$328,456)
\$40,288	\$56,850	\$16,562	\$49,509	Install Power Supply to Lots 8 9 & 10 - Red Hill Landfill Facility (24259/16)	\$250,000	\$250,000	\$0
\$0	\$51,007	\$51,007	\$0	Wood Waste to Energy Plant - Fire Protection - HRRP (24259/22)	\$200,000	\$200,000	\$0
\$32,590	\$89,129	\$56,539	\$68,838	Construct Class III Cell Stage 17 - Red Hill Landfill Facility (24310/21)	\$5,565,374	\$440,000	(\$5,125,374)
\$0	\$256,718	\$256,718	\$0	Design and Construct Class IV Cell Stage 2 - Red Hill Landfill Facility (24330/04)	\$639,050	\$600,000	(\$39,050)
\$44,564	\$547,007	\$502,443	\$0	Design and Construct Class IV Cell Stage 3 - Red Hill Landfill Facility (24330/05)	\$150,000	\$3,206,000	\$3,056,000
\$0	\$222,913	\$222,913	\$0	Construct Leachate and Stormwaste Infrastructure and Siltation Ponds - Red Hill Landfill Facility (24350/01)	\$375,000	\$375,000	\$0
\$229,843	\$1,099,162	\$869,319	\$1,319,012	Leachate Pond Deepening - Red Hill Landfill Facility (24350/02)	\$1,628,098	\$1,550,000	(\$78,098)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2024

Year to Date			On Order	Full Year		
Actual	Budget	Variance		Forecast	Budget	Variance
Operations Team						
\$211,134	\$74,022	(\$137,112)	\$0	Construct Roads / Carparks - Red Hill Landfill Facility (24370/00)	\$212,060	\$127,060 (\$85,000)
\$0	\$264,022	\$264,022	\$0	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility (24370/02)	\$200,000	\$660,000 \$460,000
\$33,725	\$43,750	\$10,025	\$220	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill Landfill Facility (24380/00)	\$100,000	\$75,000 (\$25,000)
\$0	\$256,624	\$256,624	\$0	Construct Drainage Works to Lots 8 9 10 - Red Hill Landfill Facility (24380/01)	\$0	\$440,000 \$440,000
\$0	\$17,500	\$17,500	\$0	Construct Litter Fence - Redhill Landfill Facility (24394/05)	\$30,000	\$30,000 \$0
\$153,022	\$0	(\$153,022)	\$0	Resource Recovery Park - Noise Control Fencing (24394/06)	\$154,249	\$0 (\$154,249)
\$17,700	\$116,662	\$98,962	\$0	Supply and Install Electronic Gates - Redhill Landfill Facility (24394/07)	\$150,000	\$200,000 \$50,000
\$12,013	\$0	(\$12,013)	\$0	Construct FOGO Processing Area - Red Hill Landfill Facility (24395/05)	\$100,000	\$0 (\$100,000)
\$0	\$20,412	\$20,412	\$0	Undertake FOGO Reference Site Tours (24395/06)	\$0	\$35,000 \$35,000
\$12,581	\$58,183	\$45,602	\$900	Implementation of the FOGO Recovery Strategy (24395/07)	\$58,550	\$100,000 \$41,450
\$0	\$60,000	\$60,000	\$0	Construct Hardstand 2 (Old House Site) - Hazelmere (24395/10)	\$0	\$360,000 \$360,000
\$0	\$183,332	\$183,332	\$424,750	FOGO Picking Station - Red Hill Landfill Facility (24395/11)	\$450,000	\$500,000 \$50,000
\$0	\$174,959	\$174,959	\$0	Construct Monitoring Bores - Red Hill Landfill Facility (24396/00)	\$100,000	\$300,000 \$200,000
\$19,128	\$0	(\$19,128)	\$0	Construct Storage Bunkers for Wood Fines (QA process) - Hazelmere (24399/09)	\$19,128	\$0 (\$19,128)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2024

Year to Date			On Order		Full Year		
Actual	Budget	Variance			Forecast	Budget	Variance
Operations Team							
\$0	\$29,162	\$29,162	\$93,195	Air Supply lines - Waste Management Structures - Red Hill Landfill Facility (24399/10)	\$100,000	\$50,000	(\$50,000)
\$4,560	\$116,650	\$112,090	\$0	Wood Waste to Energy Utilities/Infrastructure - HRRP (24399/11)	\$200,000	\$200,000	\$0
\$0	\$58,331	\$58,331	\$0	Gas Extraction System Wells - Red Hill Landfill Facility (24399/20)	\$50,000	\$100,000	\$50,000
\$3,087	\$454,537	\$451,450	\$111,967	Air Pollution Control Residue Facility (APCR) - Red Hill Landfill Facility (24399/21)	\$240,000	\$2,528,034	\$2,288,034
\$25,965	\$180,000	\$154,035	\$8,150	Extension of Sewer Line from WWtE to Sewer Sump & existing ATU - HRRP (24399/23)	\$34,115	\$180,000	\$145,885
\$0	\$16,650	\$16,650	\$0	Noise Barrier for Hammer Mill - HRRP (24399/26)	\$0	\$99,900	\$99,900
\$256,007	\$175,000	(\$81,007)	\$99,598	Hydrant Upgrade - HRRP (24399/29)	\$537,827	\$175,000	(\$362,827)
\$280,496	\$53,764	(\$226,732)	\$176,621	Sewer Line connection to Talloman - HRRP (24399/30)	\$524,649	\$53,764	(\$470,885)
\$570,308	\$655,000	\$84,692	\$2,602,000	Purchase / Replace Plant - Red Hill Landfill Facility (24410/00)	\$2,598,019	\$2,725,000	\$126,981
\$1,391,253	\$1,524,666	\$133,413	\$452,635	Purchase / Replace Plant - Hazelmere (24410/01)	\$2,398,784	\$2,788,000	\$389,216
\$564,404	\$584,661	\$20,257	\$0	Regional Waste Collection Project - Plant Purchases (24410/14)	\$1,200,000	\$1,000,000	(\$200,000)
\$0	\$179,000	\$179,000	\$0	Air Pollution Control Residue Facility (APCR) Plant & Equipment - Red Hill Landfill Facility (24410/15)	\$0	\$1,074,000	\$1,074,000
\$283,811	\$295,750	\$11,939	\$0	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility (24420/00)	\$507,000	\$507,000	\$0
\$538,450	\$271,978	(\$266,472)	\$75,355	Purchase / Replace Minor Plant and Equipment - Hazelmere (24420/02)	\$600,000	\$466,259	(\$133,741)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2024

Year to Date			On Order	Full Year		
Actual	Budget	Variance		Forecast	Budget	Variance
Operations Team						
\$332,958	\$171,059	(\$161,899)	\$0	Purchase / Replace Vehicles - Red Hill Landfill Facility (24430/00)	\$463,958	\$293,250 (\$170,708)
\$0	\$11,662	\$11,662	\$0	Purchase / Replace Office Equipment - Red Hill Landfill Facility (24510/08)	\$20,000	\$20,000 \$0
\$0	\$35,000	\$35,000	\$0	Purchase / Replace Security System - Red Hill Waste Management Facility (24530/08)	\$60,000	\$60,000 \$0
\$0	\$5,831	\$5,831	\$0	Purchase / Replace Security System - Hazelmere (24530/10)	\$10,000	\$10,000 \$0
\$13,260	\$29,162	\$15,902	\$0	Waste Transfer Station - CCTV and Network - HRRP (24530/11)	\$50,000	\$50,000 \$0
\$194,090	\$14,581	(\$179,509)	\$0	Waste Transfer Station - Thermal Cameras - HRRP (24530/12)	\$200,738	\$25,000 (\$175,738)
(\$1,494)	\$3,500	\$4,994	\$1,221	Purchase Information Technology & Communication Equipment - Projects (24550/02)	\$6,000	\$6,000 \$0
\$0	\$50,841	\$50,841	\$1,725	Purchase Information Technology & Communication Equipment - Hazelmere (24550/03)	\$70,363	\$87,166 \$16,803
\$611	\$7,000	\$6,389	\$1,725	Purchase Information Technology & Communication Equipment - Red Hill (24550/05)	\$16,803	\$12,000 (\$4,803)
\$8,250	\$160,412	\$152,162	\$312,283	Purchase / Replace Other Equipment - Red Hill Landfill Facility (24590/00)	\$450,000	\$275,000 (\$175,000)
\$6,225	\$0	(\$6,225)	\$0	Purchase / Replace Miscellaneous Equipment - Hazelmere (24590/02)	\$7,500	\$0 (\$7,500)
\$6,408	\$0	(\$6,408)	\$3,064	Purchase of Fume Hood at HRRP - Waste Environment (24590/10)	\$15,000	\$0 (\$15,000)



CAPITAL EXPENDITURE STATEMENT

JANUARY 2024

Year to Date			On Order	Full Year			
Actual	Budget	Variance		Forecast	Budget	Variance	
Operations Team							
\$0	\$11,662	\$11,662	\$0	Purchase / Replace Office Furniture and Fittings - Red Hill Landfill Facility (24610/08)	\$20,000	\$20,000	\$0
\$0	\$11,662	\$11,662	\$0	Purchase Office Furniture and Fittings - Hazelmere Office (24610/10)	\$20,000	\$20,000	\$0
\$16,893	\$15,750	(\$1,143)	\$0	Purchase Furniture and Fittings - Hazelmere Workshop (24610/11)	\$27,000	\$27,000	\$0
\$864,536	\$960,000	\$95,464	\$0	Refurbish Plant - Red Hill Landfill Facility (25410/00)	\$1,260,000	\$1,260,000	\$0
\$10,870,097	\$12,157,252	\$1,287,155	\$6,095,621		\$27,195,093	\$27,387,879	\$192,786
\$10,978,051	\$12,753,246	\$1,775,195	\$6,095,621	TOTAL CAPITAL EXPENDITURE	\$28,047,650	\$28,409,629	\$361,979



STATEMENT OF FINANCIAL POSITION

JANUARY 2024

Actual June 2023	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Current Assets					
\$26,624,162	\$5,921,937	Cash and Cash Equivalents	\$7,995,037	\$1,097,002	\$6,898,035 (F)
\$53,500,000	\$73,000,000	Investments	\$32,853,940	\$31,810,067	\$1,043,873 (F)
\$4,817,449	\$5,122,853	Trade and Other Receivables	\$2,988,058	\$2,988,058	\$0 (F)
\$32,949	\$78,488	Inventories	\$39,035	\$39,035	\$0 (F)
\$20,620	\$288,117	Other Assets	\$67,382	\$67,382	\$0 (F)
\$84,995,180	\$84,411,395	Total Current Assets	\$43,943,452	\$36,001,544	\$7,941,908 (F)
Current Liabilities					
\$6,798,058	\$3,969,386	Trade and Other Payables	\$5,473,282	\$6,201,968	\$728,686 (F)
\$2,139,838	\$2,161,833	Provisions	\$1,981,908	\$1,947,778	(\$34,130) (U)
\$8,937,896	\$6,131,219	Total Current Liabilities	\$7,455,190	\$8,149,746	\$694,556 (F)
\$76,057,284	\$78,280,176	Net Current Assets	\$36,488,262	\$27,851,798	\$8,636,464 (F)
Non Current Assets					
\$47,850,257	\$47,850,257	Land	\$47,850,257	\$47,850,257	\$0 (F)
\$9,172,808	\$20,745,567	Buildings	\$29,260,847	\$29,267,252	(\$6,405) (U)
\$21,117,026	\$20,162,804	Structures	\$39,076,498	\$40,495,127	(\$1,418,629) (U)
\$12,584,804	\$13,987,457	Plant	\$22,353,330	\$23,532,419	(\$1,179,089) (U)
\$399,739	\$524,238	Equipment	\$2,104,181	\$2,126,573	(\$22,392) (U)
\$156,319	\$160,541	Furniture and Fittings	\$231,743	\$164,972	\$66,771 (F)
\$37,743,167	\$32,931,314	Work in Progress	\$17,174,784	\$17,536,763	(\$361,979) (U)
\$129,024,120	\$136,362,178	Total Non Current Assets	\$158,051,640	\$160,973,363	(\$2,921,723) (U)
Non Current Liabilities					
\$27,407,664	\$28,480,256	Provisions	\$11,659,247	\$12,147,577	\$488,330 (F)
\$27,407,664	\$28,480,256	Total Non Current Liabilities	\$11,659,247	\$12,147,577	\$488,330 (F)
\$177,673,740	\$186,162,098	Net Assets	\$182,880,655	\$176,677,584	\$6,203,071 (F)
Equity					
\$81,382,357	\$88,296,745	Accumulated Surplus/Deficit	\$106,680,934	\$106,680,934	\$0 (F)
\$37,145,634	\$37,145,634	Asset Revaluation Reserve	\$37,157,892	\$37,157,892	\$0 (F)
\$52,231,361	\$52,231,361	Cash Backed Reserves	\$30,383,277	\$30,383,277	\$0 (F)
\$6,914,388	\$8,488,358	Net change in assets from operations	\$8,658,552	\$2,455,481	\$6,203,071 (F)
\$177,673,740	\$186,162,098	Total Equity	\$182,880,655	\$176,677,584	\$6,203,071 (F)



CASH AND INVESTMENTS JANUARY 2024

Actual June 2023	Actual Year to Date		Full Year			
			Forecast	Budget	Variance	
Municipal Cash and Investments						
26,620,112	5,917,887	Cash at Bank - Municipal Fund 01001/00	7,990,987	294,395	7,696,592	(F)
4,050	4,050	Cash on Hand 01019/00 - 02	4,050	4,050	0	(F)
1,268,639	24,687,919	Investments - Municipal Fund 02021/00	2,088,663	1,063,188	1,025,475	(F)
27,892,801	30,609,856	Total Municipal Cash	10,083,700	1,361,633	8,722,067	(F)
Restricted Cash and Investments						
1,347,454	415,772	Restricted Investments - Plant and Equipment 02022/01	232,961	256,568	(23,607)	(U)
4,263,318	4,365,152	Restricted Investments - Post Closure Site Rehabilitation Red Hill 02022/02	6,188,663	6,204,205	(15,542)	(U)
9,036,948	2,819,634	Restricted Investments - Future Development 02022/03	246,592	884,621	(638,029)	(U)
1,973,037	2,020,166	Restricted Investments - Environmental Monitoring Red Hill 02022/04	2,895,434	2,902,707	(7,273)	(U)
40,237	750,919	Restricted Investments - Class IV Cells Red Hill 02022/07	442,616	467,165	(24,549)	(U)
7,915,283	10,478,795	Restricted Investments - Secondary Waste Processing 02022/09	10,086,619	10,097,446	(10,827)	(U)
2,378,510	2,856,953	Restricted Investments - Class III Cells 02022/10	3,145,182	3,156,111	(10,929)	(U)
5,506,111	5,637,631	Restricted Investments - EastLink Relocation 02022/13	5,703,255	5,685,769	17,486	(F)
18,663,605	17,833,763	Restricted Investments - Committed Funds 02022/14	658,286	0	658,286	(F)
1,106,858	1,133,296	Restricted Investments - Long Service Leave 02022/90	1,165,669	1,162,158	3,511	(F)
52,231,361	48,312,081	Total Restricted Cash	30,765,277	30,816,750	(51,473)	(U)
80,124,162	78,921,937	TOTAL CASH AND INVESTMENTS	40,848,977	32,178,383	8,670,594	(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.



STATEMENT OF FINANCIAL ACTIVITY January 2024

Year to Date				Full Year			
Actual	Budget	Variance		Forecast	Budget	Variance	
				(F) = Favourable variation (U) = Unfavourable variation			
OPERATING ACTIVITIES							
Revenue from operating activities							
\$36,514,453	\$28,511,513	\$8,002,940	(F)	\$58,903,067	\$46,234,883	\$12,668,184	(F)
\$1,812,723	\$1,454,622	\$358,101	(F)	\$3,134,640	\$2,739,095	\$395,545	(F)
\$2,209,511	\$1,184,344	\$1,025,167	(F)	\$3,075,037	\$2,030,365	\$1,044,672	(F)
\$1,737,077	\$1,796,844	(\$59,767)	(U)	\$2,816,714	\$3,955,714	(\$1,139,000)	(U)
\$65,265	\$62,097	\$3,168	(F)	\$246,698	\$187,938	\$58,760	(F)
\$42,339,029	\$33,009,420	\$9,329,609	(F)	\$68,176,156	\$55,147,995	\$13,028,161	(F)
Expenditure from operating activities							
(\$8,315,116)	(\$8,052,163)	(\$262,953)	(U)	(\$15,073,957)	(\$14,057,260)	(\$1,016,697)	(U)
(\$6,177,342)	(\$6,054,809)	(\$122,533)	(U)	(\$11,993,695)	(\$12,327,927)	\$334,232	(F)
(\$207,835)	(\$219,891)	\$12,056	(F)	(\$397,751)	(\$377,077)	(\$20,674)	(U)
(\$3,522,987)	(\$2,883,511)	(\$639,476)	(U)	(\$7,045,976)	(\$4,505,745)	(\$2,540,231)	(U)
\$0	\$0	\$0	(F)	(\$369,408)	\$0	(\$369,408)	(U)
(\$278,483)	(\$249,291)	(\$29,192)	(U)	(\$551,688)	(\$427,647)	(\$124,041)	(U)
(\$15,348,908)	(\$11,017,750)	(\$4,331,158)	(U)	(\$24,085,129)	(\$20,996,858)	(\$3,088,271)	(U)
\$0	\$0	\$0	(F)	\$0	\$0	\$0	(F)
(\$33,850,671)	(\$28,477,415)	(\$4,999,826)	(U)	(\$59,517,604)	(\$52,692,514)	(\$6,121,951)	(U)
\$4,530,314	(\$11,623,642)	\$16,153,956	(F)	(\$14,141,717)	(\$15,765,450)	\$1,623,733	(F)
\$13,018,672	(\$7,091,637)	\$20,483,739	(F)	(\$5,483,165)	(\$13,309,969)	\$8,529,943	(F)
Amount attributable to operating activities							
INVESTING ACTIVITIES							
Inflows from investing activities							
\$182,273	\$180,000	\$2,273	(F)	\$500,273	\$422,000	\$78,273	(F)
\$182,273	\$180,000	\$2,273	(F)	\$500,273	\$422,000	\$78,273	(F)
Outflows from investing activities							
(\$8,777,103)	(\$9,183,307)	\$406,204	(F)	(\$15,015,947)	(\$15,742,871)	\$726,924	(F)
(\$2,200,950)	(\$7,388,906)	\$5,187,956	(F)	(\$12,931,703)	(\$12,666,758)	(\$264,945)	(U)
(\$10,978,053)	(\$16,572,213)	\$5,594,160	(F)	(\$27,947,650)	(\$28,409,629)	\$461,979	(F)
(\$10,795,780)	(\$16,392,213)	\$5,596,433	(F)	(\$27,447,377)	(\$27,987,629)	\$540,252	(F)
Amount attributable to investing activities							
FINANCING ACTIVITIES							
Inflows from financing activities							
\$23,497,001	\$16,461,739	\$7,035,262	(F)	\$28,220,137	\$28,220,137	\$0	(F)
\$23,497,001	\$16,461,739	\$7,035,262	(F)	\$28,220,137	\$28,220,137	\$0	(F)
Outflows from financing activities							
(\$19,577,721)	(\$7,291,564)	(\$12,286,157)	(U)	(\$12,448,420)	(\$12,499,893)	\$51,473	(F)
(\$19,577,721)	(\$7,291,564)	(\$12,286,157)	(U)	(\$12,448,420)	(\$12,499,893)	\$51,473	(F)
\$3,919,280	\$9,170,175	(\$5,250,895)	(U)	\$15,771,717	\$15,720,244	\$51,473	(F)
Amount attributable to financing activities							
MOVEMENT IN SURPLUS OR DEFICIT							
\$2,825,406	\$22,612,402	(\$19,786,996)	(U)	\$22,881,810	\$22,612,402	\$269,408	(F)
\$13,018,672	(\$7,091,637)	\$20,110,309	(F)	(\$5,483,165)	(\$13,309,969)	\$7,826,804	(F)
(\$10,795,780)	(\$16,392,213)	\$5,596,433	(F)	(\$27,447,377)	(\$27,987,629)	\$540,252	(F)
\$3,919,280	\$9,170,175	(\$5,250,895)	(U)	\$15,771,717	\$15,720,244	\$51,473	(F)
\$8,967,578	\$8,298,727	\$668,851	(F)	\$5,722,985	(\$2,964,952)	\$8,687,937	(F)
Surplus or deficit after imposition of general rates							

12.3 RISK MANAGEMENT UPDATE

D2024/03595

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 Copies of the report, the adopted Risk Management Policy, the Risk Management Framework, and Risk Appetite Statement form attachments 2, 3, 4 and 5 to this report.
- 3 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.
- 4 The EMRC continues 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.
- 5 The last risk performance objectives were reported to the Audit Committee in October 2023 and Council in November 2023 (D2023/33581).

REPORT

- 6 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.
- 7 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.
- 8 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.
- 9 The table below summarises the current risk management update associated with all of the EMRC's strategic risks that are included in the attachment to this report.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-1	Excessive Employee Benefits leave liability	Chief Executive Officer	Introduced Competency Framework Management Guideline, monthly Executive Leadership Team reporting and included this into performance reviews.
SR-2	Inadequate succession planning	Chief Executive Officer	Annual succession planning workshop scheduled for December 2024. Internal promotions are more common now.
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	On-going review is also undertaken by the Operations and Procurement Teams. Where possible, the EMRC will also include the use of WALGA Panel of suppliers to reduce over-reliance on single-source suppliers.
SR-5	Legacy issues restricting innovation and performance	Chief Executive Officer	Business improvement is now an agenda item at monthly Executive Leadership Team meetings. New revenue and value add to member councils observing budget restraints are mainstream now.
SR-6	Under/poor performance	Chief Executive Officer	Detailed performance reports are reviewed monthly.
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	Leachate controls put in place are deemed adequate. The leachate ponds are monitored on a daily basis. Due to two of the main leachate ponds being deepened there are no issues with the current storage 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 these issues. 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 Operating Officer	Contractors have been secured to continue with the project. Commissioning Stage 1 & 2 is likely to occur between June and October 2024. All targets and set KPIs are on track.
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	An online training for procurement procedures has been rolled out to team members to ensure understanding and knowledge of statutory requirements and to ensure that best practice principles are maintained.
SR-13	Cyber attack	Chief Financial Officer	Ongoing testing and system updates are undertaken to ensure a high level of security is maintained. The IT General Controls and vulnerability assessment will be audited in May 2024.
SR-14	Poor Stakeholder Engagement	Chief Executive Officer	2023 Stakeholder Perception Review showed remarkable year on year improvement.
SR-15	By-passing established administrative (non-financial) procedures	Chief Financial Officer	Team members are encouraged to highlight and escalate non-compliance to senior members, with appropriate remedial actions undertaken.
SR-16	Injury to Operational Field Officers	Chief Executive Officer	Introduction of revised pre-starts, a WHS focus at recruitment and accountability/corrective action, as well as communication/check-in tools have been implemented and continuously improved. Risk is being reviewed/reclassified.
SR-17	COVID-19 Infection	Chief Executive Officer	Still some sporadic cases of Covid-19 infections. Stay at home instructions are in place until staff test negative. Risk being reviewed/reclassified.

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-18	Capex project objectives/targets not achieved	Chief Sustainability Officer	<p>All Requests For Information (RFI) have been submitted and the Section 38 APCr plant Environmental Review Document (ERD) was updated by Talis and resubmitted in early October 2023. The Section 43A APCr Monocell has been accepted by EPA and will be considered simultaneously with the APCr plant application.</p> <p>The FOGO RRF Section 45C (changes in processing technology and expiry date) has been approved by EPA in November 2023.</p> <p>Section 38 Harmonisation application to be withdrawn and reassessed and updated to reflect recent changes.</p> <p>EMRC met with DWER to discuss the possibility of the next Class IV General Contaminated Waste cell being assessed under Part V of the EP Act. EPA has recommended application be made under Section 45C. Talis has been commissioned to complete the application which will be submitted March 2024.</p>
SR-19	Licencing conditions breach	Chief Sustainability Officer	<p>The Red Hill Licence has been reviewed and amended to include: all HHW categories, gas flare type and location, FOGO Interim Pad and increase acceptance of volumes and removal of dust conditions after successful dust monitoring regarding shredding of power poles. Site is now compliant with all current activities.</p> <p>The EMRC is in discussion with DWER on the possibility of changing Red Hill water monitoring requirements from being managed under Part IV to Part V to alleviate administrative burdens.</p> <p>Hazelmere Licence amendment to include newly constructed transfer station is being undertaken.</p> <p>No notices of non-compliance were received in 2023.</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>

Risk Code	Risk Title	Risk Owner	Risk Status Update
SR-21	Employment related litigation	Chief Executive Officer	Audits by LGIS and Internal auditors of management guidelines and procedures took place as well as training regarding employee relations, WHS and site procedures enforcement. Risk being reviewed/reclassified.
SR-22	Sub-surface landfill fires	Chief Operating Officer	There is a process in place in the unlikely event that 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 and contractors are inducted to ensure they are informed of all active operational areas. Suitable PPE must be worn if required and they are also issued with two-way radios and escorted safely by an EMRC site employee. No visitors and contractors are permitted to enter EMRC sites without being first inducted. 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 processes are being adhered too. These results and mitigations are highlighted in regular operational reports.
SR-25	Fraudster changing a Creditor's bank account details	Chief Financial Officer	The ongoing threats of phishing, scam emails remain a constant risk for the EMRC. The IT team is exploring generative AI solutions that may be used to fight and prevent fraud by analysing patterns in data and identifying risk factors.
SR-26	No scheduled maintenance program for all buildings	Chief Financial Officer	Funding in the 2023/2024 budget has factored in scheduled maintenance programs to improve asset conditions in an effort to reduce and minimise unscheduled repairs for all buildings.

Risk Code	Risk Title	Risk Owner	Risk Status Update
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 supported by the Environmental team.

STRATEGIC/POLICY IMPLICATIONS

- 2 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

- 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	
Shire of Mundaring	
City of Swan	



ATTACHMENT(S)

1. Current Risk Management Profile (D2024/05356)
2. Review of Council Policy 7.1 – Risk Management Policy Report (D2024/05616)
3. Council Policy 7.1 – Risk Management (D2024/05617)
4. EMRC Risk Management Framework (D2024/05618)
5. EMRC Risk Appetite Statement (D2024/05619)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

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

Discussion ensued.

AC RECOMMENDATION(S)

MOVED CR SUTHERLAND SECONDED CR POLIWKA

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

CARRIED UNANIMOUSLY

COUNCIL RESOLUTION(S)

MOVED CR JEANS SECONDED CR POLIWKA

THAT COUNCIL NOTES THE UPDATE ON THE STATUS OF THE COUNCIL’S RISK MANAGEMENT PROFILE.

CARRIED UNANIMOUSLY

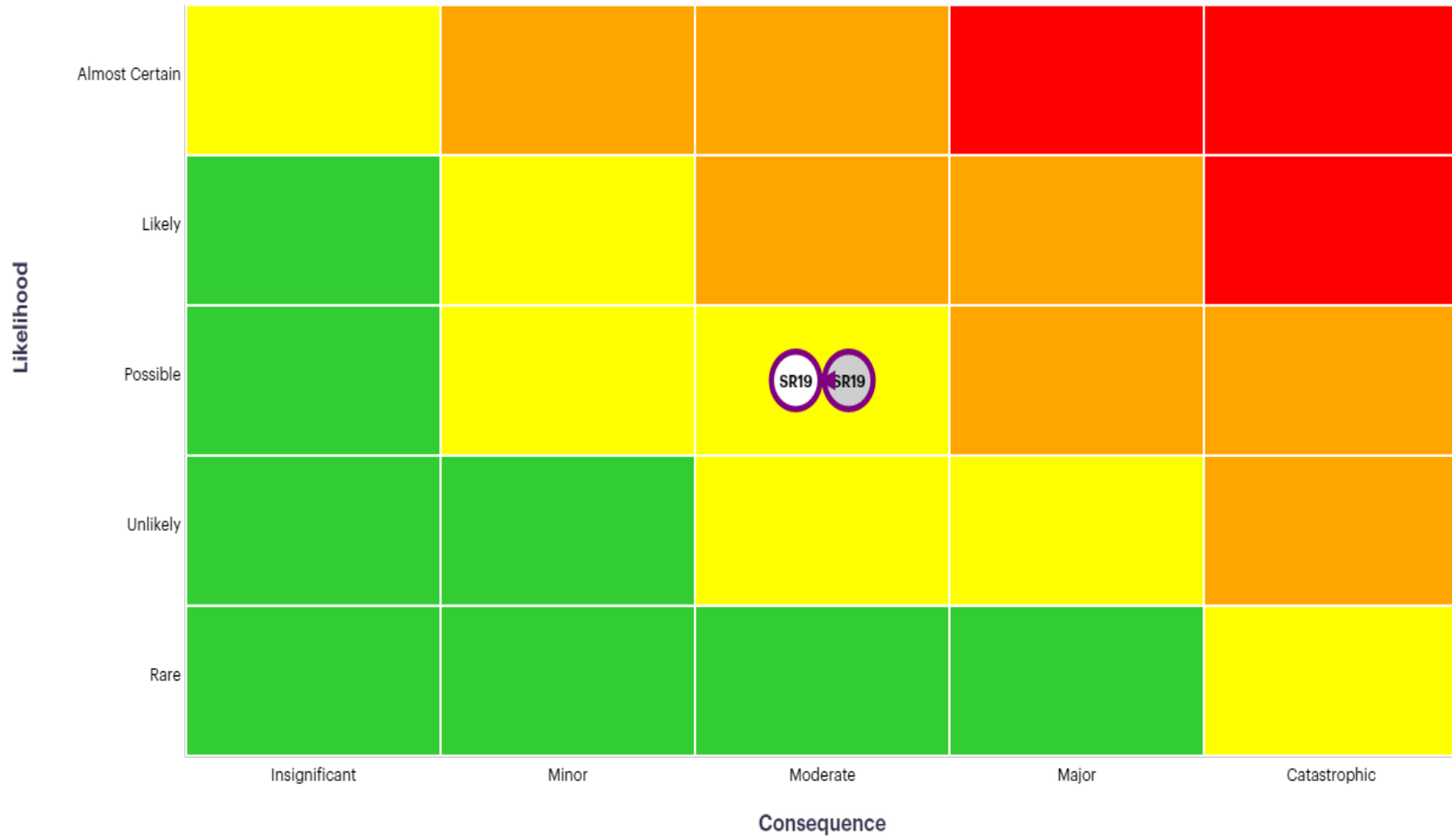




● Initial Risk Rating

○ Revised Risk Rating

● Future Risk Rating

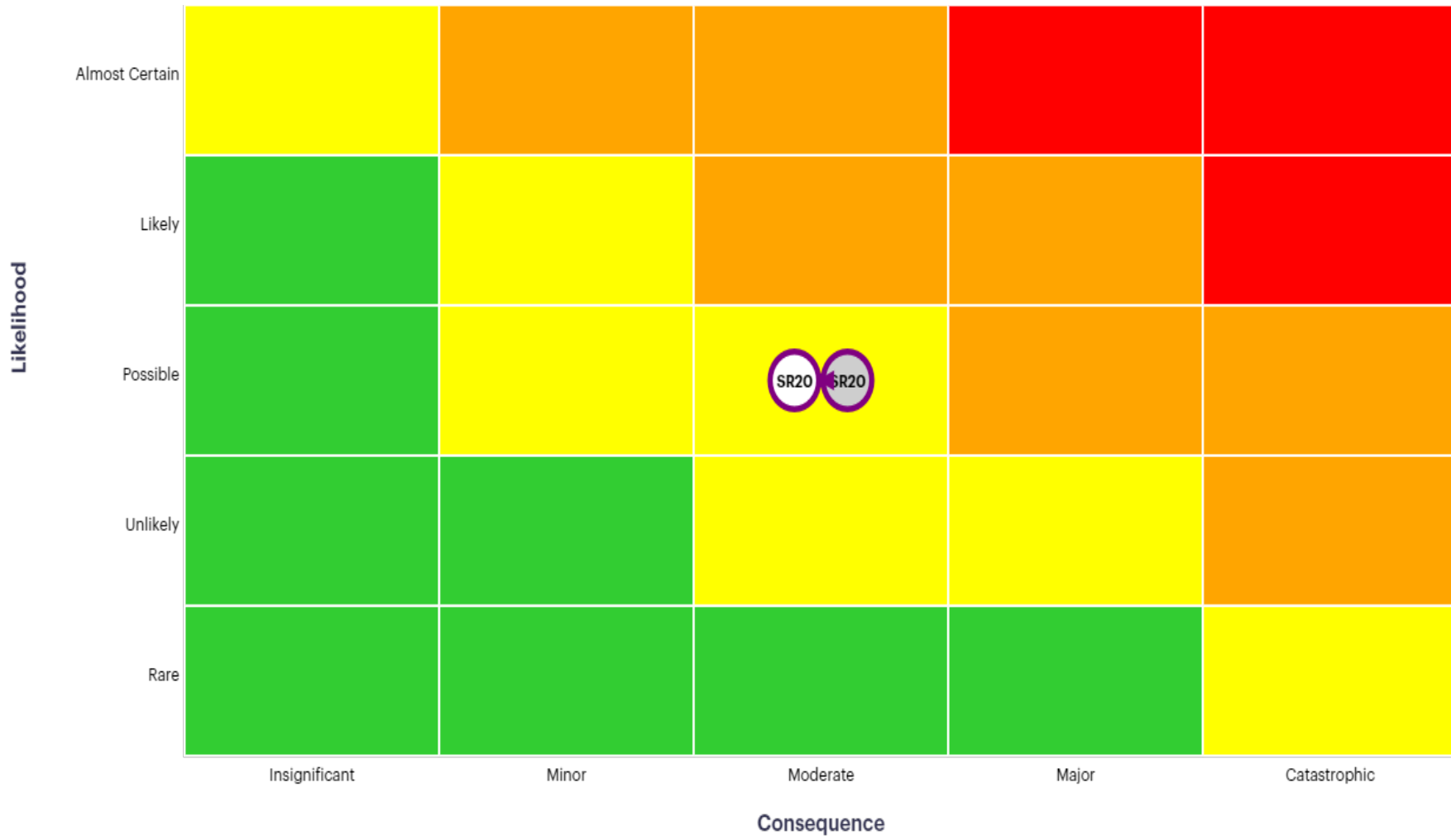




Initial Risk Rating

Revised Risk Rating

Future Risk Rating

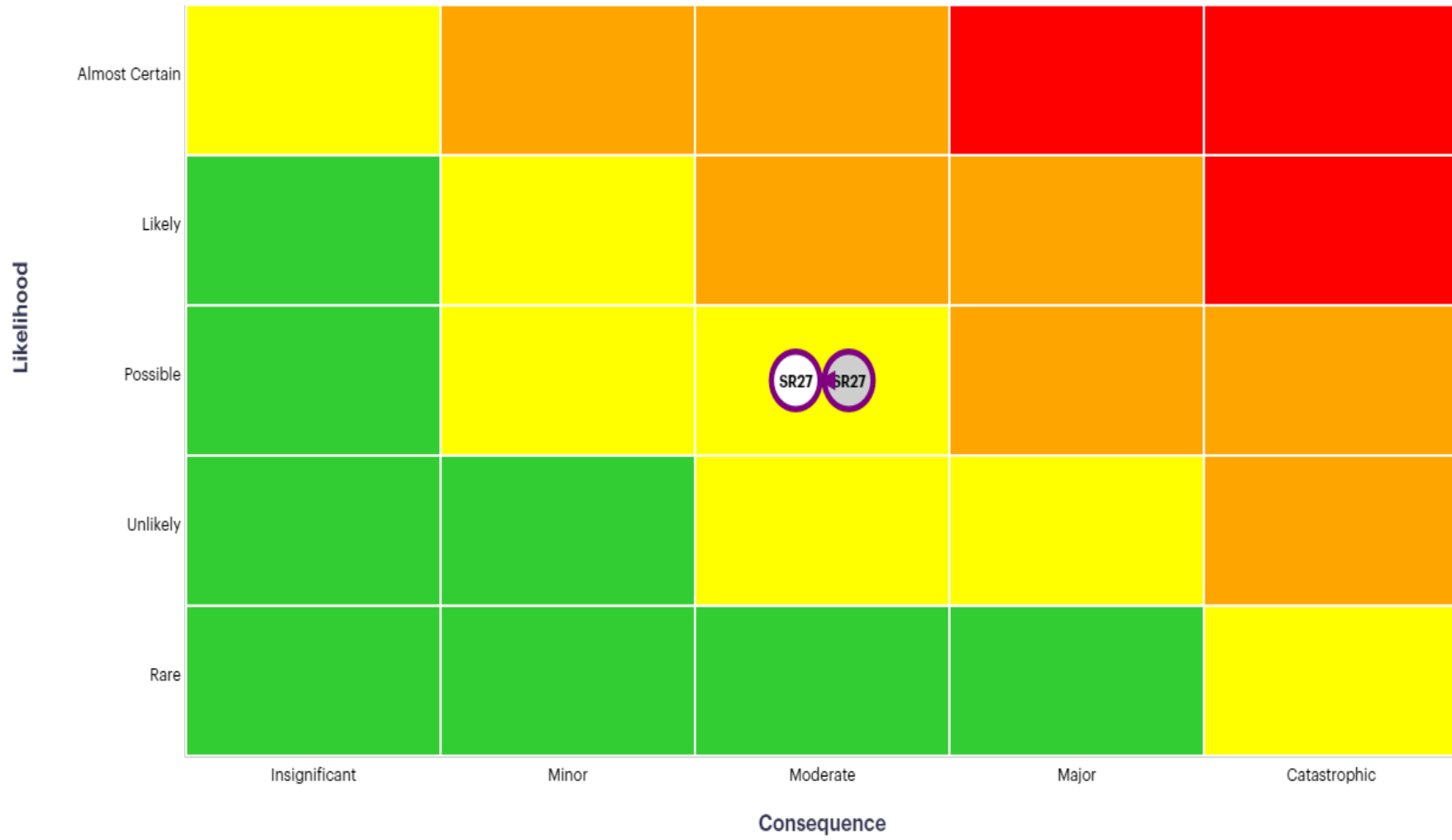




Initial Risk Rating

Revised Risk Rating

Future Risk Rating



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
SR7	Reduced Grant Funding
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
SR14	Poor Stakeholder Engagement
SR15	By-passing established administrative (non-financial) procedures
SR16	Injury to Operational Field Officers
SR17	Covid-19 Infection
SR18	Capex project objectives/targets not achieved
SR19	Licencing conditions breach
SR20	Lack of interest from Member Councils regarding Sustainability Programs
SR21	Employment related litigation
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



11.2 REVIEW OF COUNCIL POLICY 7.1 - RISK MANAGEMENT POLICY

REFERENCE: D2020/21187

PURPOSE OF REPORT

The purpose of this report is to revoke the EMRC Policy 7.1 - Risk Management Policy and to adopt a new and revised 7.1 - Risk Management Policy to achieve best practice in the management of all risks that may affect the EMRC in meeting its objectives.

KEY POINTS AND RECOMMENDATION(S)

- The EMRC's existing 7.1 - Risk Management Policy has been reviewed and a new Risk Management Framework has been created setting out the EMRC's approach to the management, reporting and monitoring of the EMRC's risks.
- The new and proposed 7.1 - Risk Management Policy aims to achieve best practice aligned with AS/NZS ISO 31000:2018 Risk management – Guidelines, in the management of all risks that may affect the EMRC in meeting its objectives.

Recommendation(s)

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.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

A review of the EMRC's risk management framework was recently conducted by a consultant from the Local Government Insurance Scheme (LGIS). The review included a revision of the EMRC's current risk management policy and updates to the procedural risk documentation including the formation of a new EMRC Risk Register, Risk Appetite Statement and Risk Profile document.

Training was also conducted by the LGIS consultant with the EMRC leadership and management teams in a workshop setting as well as one on one interviews.

As a result of the review a new risk management policy and framework was created to ensure a systematic application of management policies and procedures to manage and control the EMRC with regards to risk.



Item 11.2 continued

REPORT

It is the EMRC's Policy to achieve best practice, aligned with AS/NZS ISO 31000:2018 Risk management – Guidelines, in the management of all risks that may affect the EMRC in meeting its objectives.

The new proposed 7.1 - Risk Management Policy in conjunction with the Risk Management Framework document sets out the EMRC's approach to the identification, assessment, management, reporting and monitoring of the EMRC's risks.

A copy of the revised 7.1 - Risk Management Policy highlighting the changes is included, forming Attachment 2 of this Report.

The EMRC has quantified its broad risk appetite through the EMRC's risk assessment and acceptance criteria. The criteria are included within the proposed new Risk Management Policy, forming Attachment 2 of this report together with the Risk Management Framework, forming Attachment 4 of this report and a new Risk Appetite Statement, forming Attachment 5 of this report.

It is essential that the EMRC adopts these procedures to ensure:

- Strong corporate governance.
- Best practice aligned with AS/NZS ISO 31000:2018 Risk management – Guidelines
- Compliance with the relevant legislation, regulations and internal policies.
- Integrated planning and reporting requirements are met.
- Uncertainty and its effects on objectives is understood.

The EMRC is to implement and integrate a monitor and review process to report on the achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends. The proposed new policy and risk framework will be reviewed by the EMRC's Leadership Team at least once every three (3) years and any changes or modifications to the risk policy and framework are to be brought back to Council for consideration.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

FINANCIAL IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

Nil



Item 11.2 continued

RISK IMPLICATIONS

RISK: The EMRC is required to adopt a risk management policy and framework to ensure that all risks are reviewed, monitored and controlled.		
Consequence	Likelihood	Rating
Moderate	Likely	High
Action/Strategy		
Council to adopt the proposed Risk Management Policy, Framework and associated documents		

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

1. Council Policy 7.1 - Risk Management Policy (Ref: D2020/21396)
2. Council Policy 7.1 - Risk Management Policy with tracked changes (Ref: D2020/21398)
3. Proposed new Council Policy 7.1 - Risk Management Policy (Ref: D2020/21399)
4. Proposed new Risk Management Framework (Ref: D2020/24600)
5. Proposed Risk Appetite Statement (Ref: D2020/24601)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

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.



Item 11.2 continued

Discussion ensued.

Cr Jeans proposed an Audit Committee meeting be held quarterly to review the progress of the risk management treatment plan.

The CEO agreed that this request could be accommodated.

AC RECOMMENDATION(S)

MOVED CR JEANS

SECONDED CR HAMILTON

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.

CARRIED UNANIMOUSLY

COUNCIL RESOLUTION(S)

MOVED CR CONGERTON

SECONDED CR HAMILTON

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.

CARRIED UNANIMOUSLY



Council Policy 7.1

Risk Management

Policy Objective

The objective of this Policy is to state the Eastern Metropolitan Regional Council's ('EMRC's') intention to identify potential risks before they occur so that impacts can be minimised or opportunities realised; ensuring that the EMRC achieves its Strategic and Corporate objectives efficiently, effectively and within good corporate governance principles.

Legislation / Standards

AS/NZS ISO 31000:2018 Risk management – Guidelines

Policy Statement

It is the EMRC's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2018 Risk management – Guidelines), in the management of all risks that may affect the EMRC meeting its objectives.

Risk management functions will be resourced appropriately to match the size and scale of the EMRC's operations, and will form part of the Strategic, Operational, and Project responsibilities and be incorporated within the EMRC's Integrated Planning Framework.

This policy applies to Council Members, Executive Management and all employees and contractors involved in any EMRC operations.

The following points provide detail on the objective specifics:

- 1 Optimises the achievement of the EMRC's values, strategies, goals and objectives.
- 2 Aligns with and assists the implementation of EMRC Policies.
- 3 Provides transparent and formal oversight of the risk and control environment enabling effective decision-making.
- 4 Reflects risk versus return considerations within the EMRC's risk appetite.
- 5 Embeds appropriate and effective controls to mitigate risk.
- 6 Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- 7 Enhances organisational resilience.
- 8 Identifies and provides for the continuity of critical operations.

Key Policy Definitions

Risk	Effect of uncertainty on objectives. Note 1 An effect is a deviation from the expected – positive or negative. Note 2 Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Roles and Responsibilities

The CEO is responsible for the:

- Implementation of this Policy.
- Measurement and reporting on the performance of risk management.
- Review and improvement of this Policy and the EMRC's Risk Management Framework at least triennially, or in response to a material event or change in circumstances.

The EMRC's Risk Management Framework outlines in detail all roles and responsibilities under CEO delegation associated with managing risks within the EMRC.

Risk Assessment and Acceptance Criteria

The EMRC has quantified its broad risk appetite through the EMRC's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Framework and as a component of this policy.

All organisational risks are to be assessed according to the EMRC's Risk Assessment and Acceptance Criteria to allow consistency and informed decision-making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and are to be noted within the individual risk assessment.

Monitor and Review

The EMRC will implement and integrate a monitor and review process to report on the achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends.

This Policy will be kept under review by the EMRC's Leadership Team. It will be formally reviewed triennially.

Financial Considerations

Funding will be provided to properly resource risk management activities as identified through the annual budgeting process.

Risk Assessment and Acceptance Criteria

Eastern Metropolitan Regional Council Measures of Consequences									
Rating (Level)	Health / People	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment	Project Time	Project Cost
Insignificant (1)	Near miss. Minor first aid injuries	Less than \$20,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential damage.	Contained, reversible impact managed by on site response	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
Minor (2)	Medical type injuries	\$20,001 - \$500,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non-compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
Moderate (3)	Lost time injury <30 days	\$500,001 - \$1.5 Million	Medium term temporary interruption – backlog cleared by additional resources	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
Major (4)	Lost time injury >30 days	\$1.5 Mil - \$3 Million	< 1 week	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal and external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
Catastrophic (5)	Fatality, permanent disability	More than \$3 Million	Prolonged interruption of services – additional resources; performance affected	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment and building	Uncontained, irreversible impact	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

Measures of Likelihood			
Level	Rating	Description	Frequency
1	Almost Certain	The event is expected to occur in most circumstances (>90% chance)	More than once per year
2	Likely	The event will probably occur in most circumstances (>50% chance)	At least once per year
3	Possible	The event should occur at some time (20% chance)	At least once in 3 years
4	Unlikely	The event could occur at some time (<10% chance)	At least once in 10 years
5	Rare	The event may only occur in exceptional circumstances (<5% chance)	Less than once in 15 years

Risk Matrix											
Consequence		Insignificant		Minor		Moderate		Major		Catastrophic	
Likelihood		1		2		3		4		5	
Almost Certain	1	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)					
Likely	2	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)					
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)					
Unlikely	4	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)					
Rare	5	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)					

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
Low	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
Moderate	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager
High	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Executive Leadership Team
Extreme	Unacceptable	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO and Council

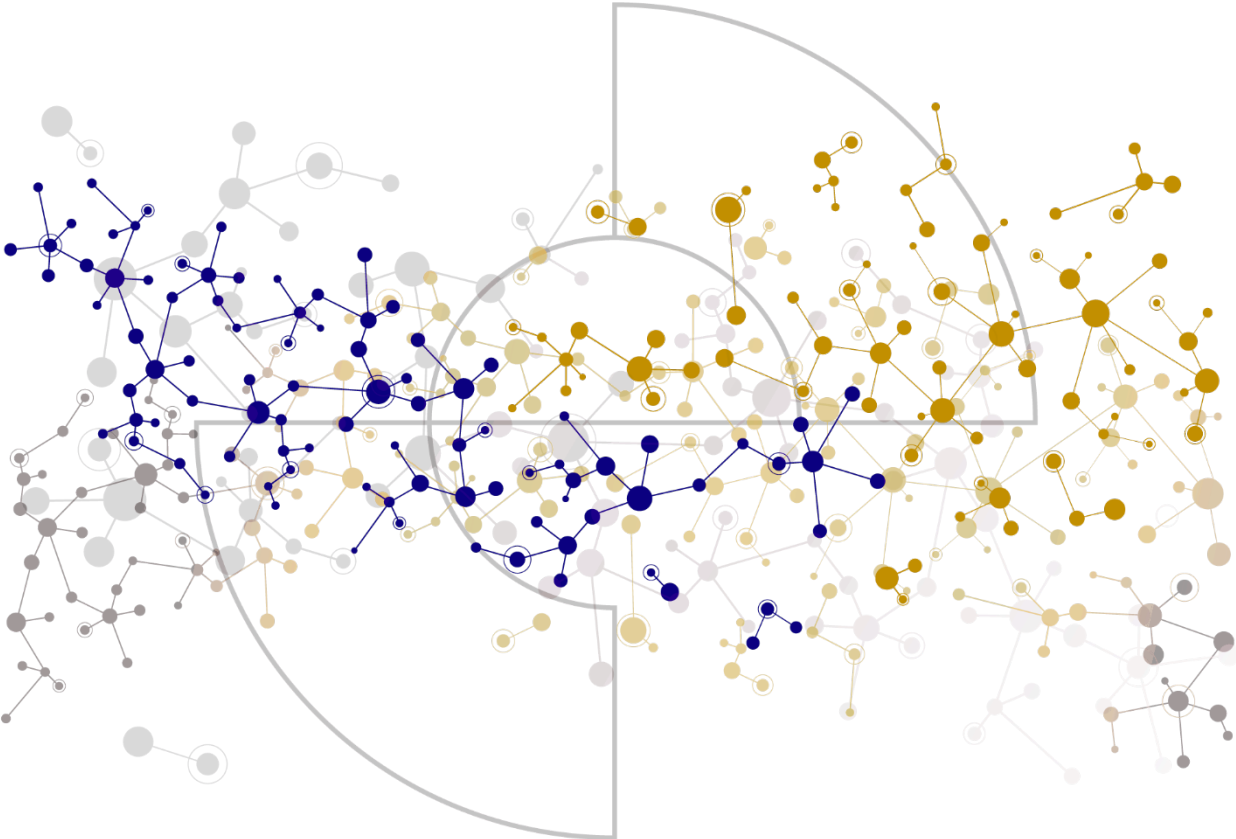
Existing Control Ratings

Rating	Foreseeable	Description
Effective	There is little scope for improvement	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is some scope for improvement	Processes (Controls) generally operating as intended, however inadequacies exist. Limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a need for improvement or action	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.

Adopted/Reviewed xx xx 2020
 Next Review Following the Ordinary Elections in 2021
 Responsible Team Business Support

Eastern Metropolitan Regional Council

Risk Management Framework



Contents

1	Introduction	3
2	Governance	4
3	Governance Structure	5
4	Roles and Responsibilities	6
5	Document Structure (Framework)	7
6	Risk Management Procedures	8
	A Scope, Context, Criteria	9
	B Risk Identification	10
	C Risk Analysis	11
	D Risk Evaluation.....	12
	E Risk Treatment	12
	F Communication & Consultation	13
	G Monitoring and Review	13
	H Recording and Reporting.....	14
7	Key Indicators	15

1 Introduction

The Eastern Metropolitan Regional Council's ('EMRC's') Risk Management Policy in conjunction with the components of this document encompasses the EMRC's Risk Management Framework. It sets out the EMRC's approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on AS/NZS ISO 31000:2018 Risk management - Guidelines.

It is essential that all areas of the EMRC adopt these procedures to ensure:

- Strong corporate governance.
- Compliance with relevant legislation, regulations and internal policies.
- Integrated Planning and Reporting requirements are met.
- Uncertainty and its effects on objectives is understood.

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the EMRC.

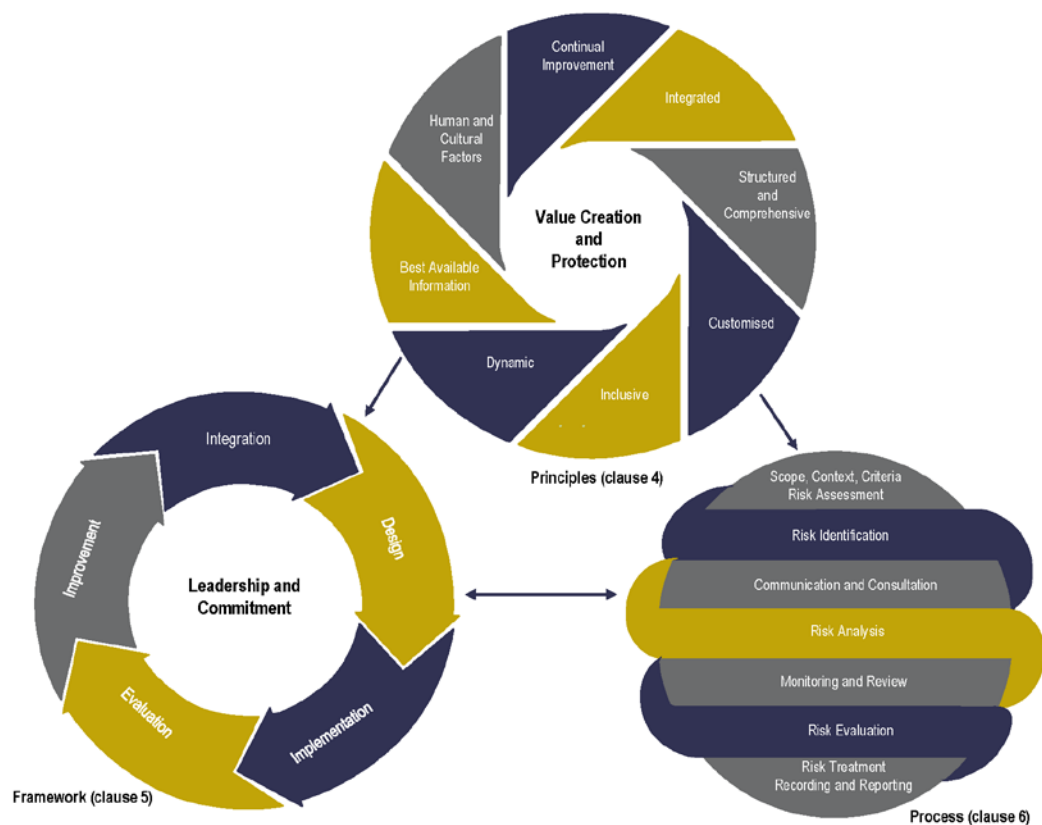


Figure 1 : Relationship between the Risk Management Principles, Framework and Process
(Source : ISO 31000:2018)

2 Governance

Appropriate governance of risk management within the EMRC provides:

- Transparency of decision-making.
- Clear identification of the roles and responsibilities of the risk management functions.
- An effective governance structure to support the risk framework.

Framework Review

The Risk Management Framework is to be reviewed for appropriateness and effectiveness at least every three years.

Operating Model

The EMRC has adopted a “Three Lines of Defence” model for the management of risk. This model ensures roles; responsibilities and accountabilities for decision-making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the Council, Management and Community will have assurance that risks are managed effectively to support delivery of the EMRC’s Strategic, Corporate and Operational Plans.

First Line of Defence

All operational areas of the EMRC are considered ‘1st Line’. They are responsible for ensuring that risks within their scope of operations are identified, assessed, managed, monitored and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk. Associated responsibilities include:

- Establishing and implementing appropriate processes and controls for the management of risk (in line with these procedures).
- Undertaking adequate analysis (data capture) to support the risk decision-making process.
- Prepare risk acceptance proposals where necessary, based on the level of residual risk.
- Retain primary accountability for the ongoing management of their risk and control environment.

Second Line of Defence

The Manager Procurement & Governance acts as the primary ‘2nd Line’. This position owns and manages the framework for risk management. They draft and implement the governance procedures and provide the necessary tools and training to support the 1st line process.

Maintaining oversight on the application of the framework provides a transparent view and level of assurance to the 1st and 3rd lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1st Line Teams (where applicable). Additional responsibilities include:

- Providing independent oversight of risk matters as required.
- Monitoring and reporting on emerging risks.
- Co-ordinating the EMRC’s risk reporting for the CEO and Senior Management Team and the Audit Committee.

Third Line of Defence

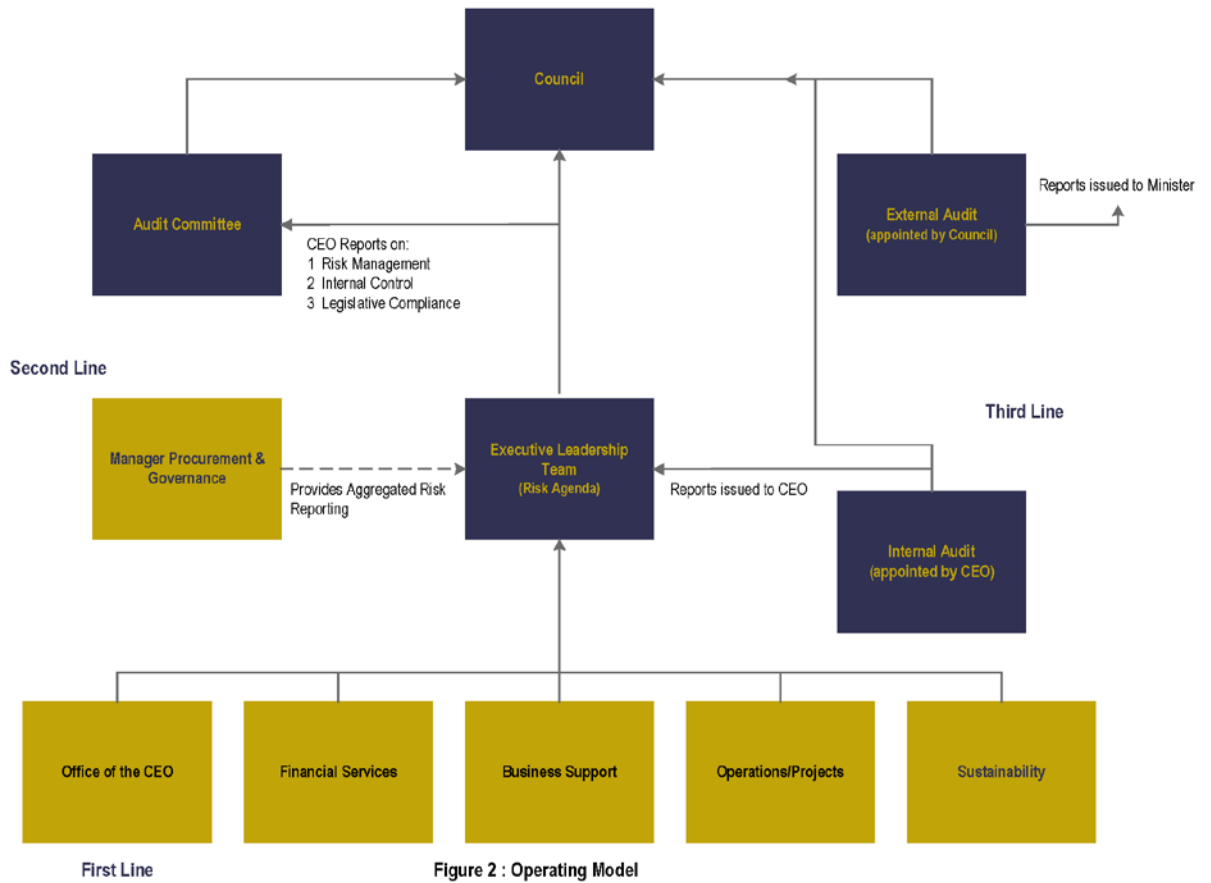
Internal and External Audit are the third line of defence, providing independent assurance to the Council, Audit Committee and EMRC Management on the effectiveness of business operations and oversight frameworks (1st and 2nd Line).

Internal Audit Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO with input from the Audit Committee.

External Audit Appointed by Council on the recommendation of the Audit Committee to report independently to the CEO on the annual financial statements only.

3 Governance Structure

The following diagram depicts the current operating structure for risk management within EMRC.



4 Roles and Responsibilities

Council

- Review and approve the EMRC's Risk Management Policy and Risk Assessment & Acceptance Criteria.
- Appoint / Engage external Auditors to report on financial statements annually.
- Establish and maintain an Audit Committee in terms of *the Local Government Act 1995*.

Audit Committee

- Regular review of the appropriateness and effectiveness of the Framework.
- Support Council to provide effective corporate governance.
- Oversight of all matters that relate to the conduct of External Audits.
- Independent, objective and autonomous in deliberations.

CEO/Senior Management Team

- Appoint Internal Auditors as required under the *Local Government (Audit) Regulations 1996*.
- Liaise with Council in relation to risk acceptance requirements.
- Approve and review the appropriateness and effectiveness of the Risk Management Framework.
- Drive consistent embedding of a risk management culture.
- Analyse and discuss emerging risks, issues and trends.
- Document decisions and actions arising from risk-related matters.
- Own and manage the Risk Framework.

Manager Procurement and Governance

- Oversee and facilitate the Risk Management Framework.
- Support reporting requirements for risk-related matters.

Work Areas

- Drive risk management culture within work areas.
- Own, manage and report on specific risk issues as required.
- Assist in the risk & control management process as required.
- Highlight any emerging risks or issues accordingly.
- Incorporate risk management into meetings, by incorporating the following agenda items;
 - ⇒ New or emerging risks.
 - ⇒ Review existing risks.
 - ⇒ Control adequacy.
 - ⇒ Outstanding issues and actions.

5 Document Structure (Framework)

The following diagram depicts the relationship between the risk management Policy, Procedures and supporting documentation and reports.

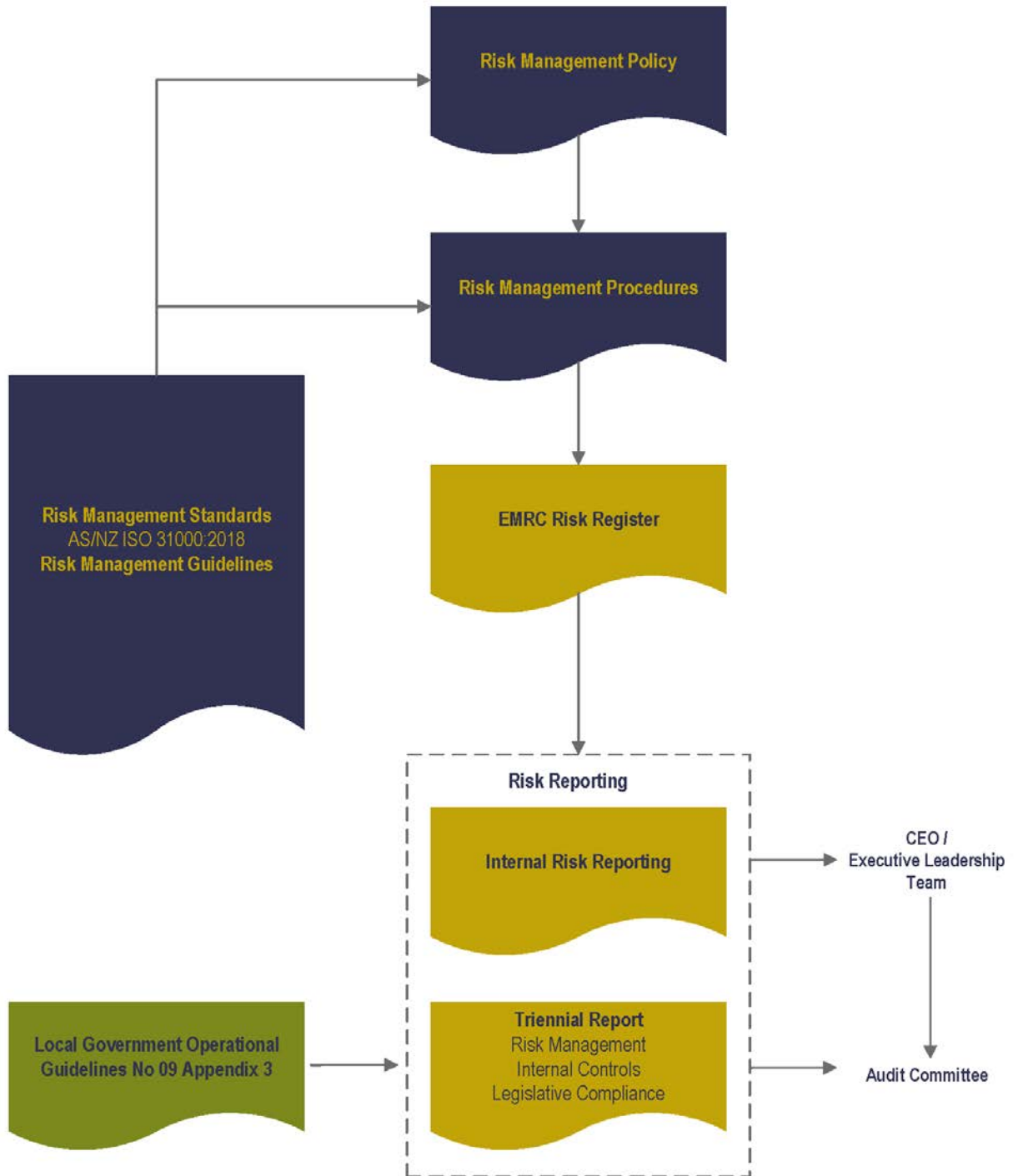


Figure 3 : Document Structure

6 Risk Management Procedures

All work areas of the EMRC are required to assess and manage risk on an ongoing basis.

Each manager, in conjunction with the Manager Procurement & Governance is accountable for ensuring that risk is:

- Reflective of the material risk landscape of the EMRC.
- Reviewed on at least a 12-month cycle, or sooner if there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format.

This process is supported by the use of key data inputs, workshops and ongoing business engagement.

The risk management process is standardised across all areas of the EMRC. The following diagram outlines that process with the following commentary providing broad descriptions of each step.

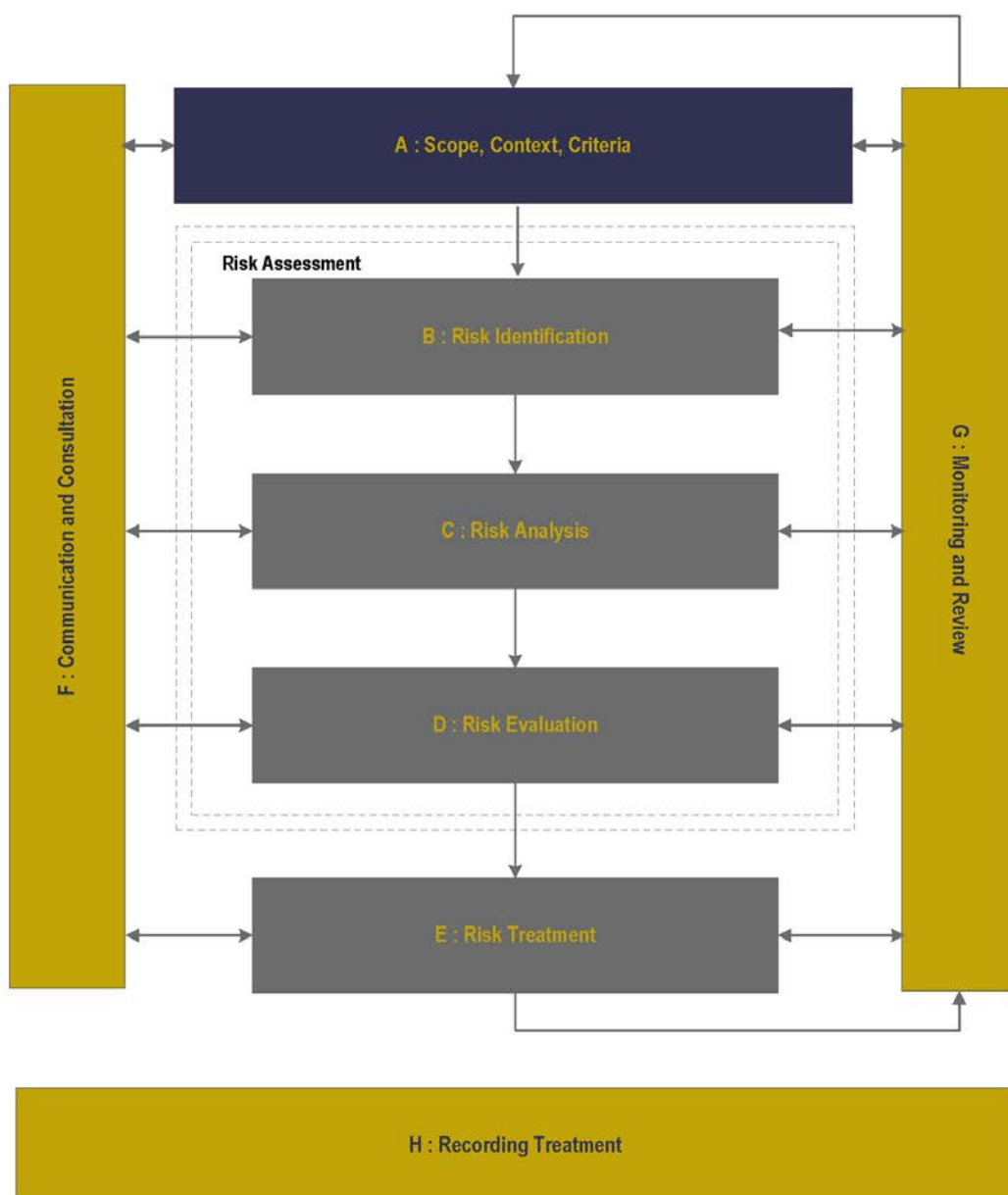


Figure 4: Risk Management Process ISO 31000:2018

A Scope, Context, Criteria

The first step in the risk management process is to understand the context within which risks are to be assessed and what is being assessed, this forms two elements:

Organisational Criteria

This includes the Risk Assessment and Acceptance Criteria (Appendix A) and any other tolerance tables as developed.

All risk assessments are to utilise these matrixes to allow consistent and comparable risk information to be developed and considered within planning and decision-making processes.

Scope and Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to the assessment and used within the risk assessment process. Risk sources can be internal or external.

For specific risk-assessment purposes, the EMRC has three levels of risk assessment context:

Strategic Context

These risks are associated with achieving the organisation's long-term objectives. Inputs to establishing the strategic risk assessment context may include;

- Organisational Values / Vision
- Stakeholder Analysis
- Environment Scan / SWOT Analysis
- Strategies / Objectives / Goals (Integrated Planning & Reporting)

Operational Context

The EMRC's day to day activities, functions, infrastructure and services. Prior to identifying operational risks, the operational area should identify its key activities i.e. what it is aiming to achieve. In addition, existing identified risks are to be utilised where possible to assist in the identification of related risks.

These risks are expected to change over time. In order to ensure consistency, the Executive Management Group must approve any amendments.

Project Context

Project Risk has two main components:

- Direct context refers to the risks that may arise because of project activity (i.e. impacting on process, resources or IT systems), which may prevent the EMRC from meeting its objectives.
- Indirect refers to the risks that threaten the delivery of project outcomes.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

B Risk Identification

Once the context has been determined, the next step is to identify risks. This is the process of finding, recognising and describing risks. Risks are described as the point along an event sequence where control has been lost. An event sequence is shown below:



Figure 5 : Event (Risk) Sequence

Using the specific risk assessment context as the foundation and in conjunction with relevant stakeholders, raise the questions listed below and then capture and review the information within each defined risk. The objective is to identify potential risks that could stop the EMRC from achieving its goals. This step is also where opportunities for enhancement or gain across the organisation can be found.

These questions / considerations should be used only as a guide, as unidentified risks can cause major losses through missed opportunities or adverse events occurring. Additional analysis may be required.

Risks can also be identified through other business operations including policy and procedure development, internal and external audits, customer complaints, incidents and systems analysis.

'Brainstorming' will always produce a broad range of ideas and all things should be considered as potential risks. Relevant stakeholders are considered to be the subject experts when considering potential risks to the objectives of the work environment and should be included in all risk assessments being undertaken. Key risks can then be identified and captured within risk categories.

- What can go wrong? / What are areas of uncertainty? (**Risk Description**)
- How may this risk eventuate? (**Potential Causes**)
- What are the current measurable activities that mitigate this risk from eventuating? (**Controls**)
- What are the potential consequential outcomes of the risk eventuating? (**Consequences**)

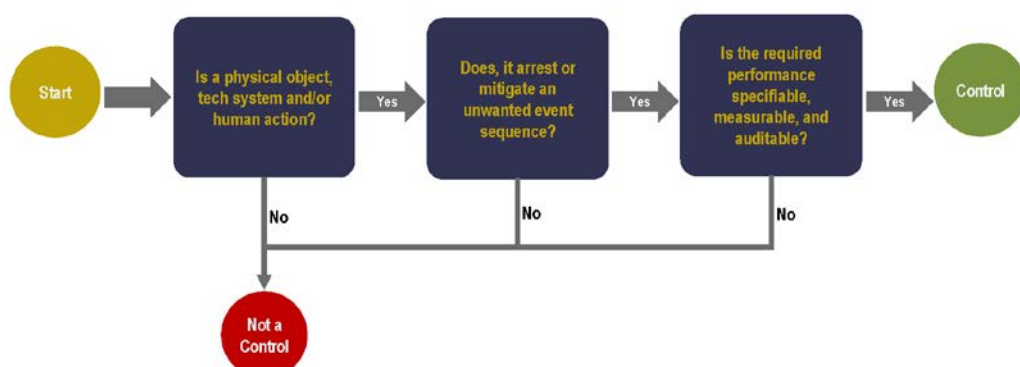
Risk Description Describe what the risk is and specifically where control may be lost. They can also be described as an event. They are not to be confused with outcomes following an event, or the consequences of an event.

Potential Causes Are the conditions that may present or the failures that may lead to the event, or point in time when control is lost (risk).

Controls Are measures that modify risk. At this point in the process, only existing controls should be considered. They must meet the following three tests to be considered controls:

1. Is it an object, technological system and / or human action?
2. Does it, by itself, arrest or mitigate an unwanted sequence?
3. Is the required performance specifiable, measurable and auditable?

Consequences Need to be impacts to the EMRC. These can be staff, visitor or contractor injuries; financial; interruption to services; non-compliance; damage to reputation or assets or the environment. There is no need to determine the level of impact at this stage.



C Risk Analysis

To analyse identified risks, the EMRC's Risk Assessment and Acceptance Criteria (Appendix A) is now applied.

Step 1 - Consider the Effectiveness of Key Controls

Controls need to be considered from three perspectives:

1. The design effectiveness of each individual key control.
2. The operating effectiveness of each individual key control.
3. The overall or combined effectiveness of all identified key controls.

Design Effectiveness

This process reviews the 'design' of the controls to understand their potential for mitigating the risk without any operating influences. Controls that have inadequate designs will never be effective, even if performed perfectly every time.

There are four components to be considered in reviewing existing controls or developing new ones:

1. Completeness – The ability to ensure the process is completed once. How does the control ensure that the process is not lost or forgotten, or potentially completed multiple times?
2. Accuracy – The ability to ensure the process is completed accurately, that no errors are made or components of the process missed.
3. Timeliness – The ability to ensure that the process is completed within statutory timeframes or internal service level requirements.
4. Theft or Fraud – The ability to protect against internal misconduct or external theft / fraudulent activities.

It is very difficult to have a single control that meets all the above requirements when viewed against a risk category. It is imperative that all controls are considered so that the above components can be met across a number of controls.

Operating Effectiveness

This process reviews how well the control design is being applied. Similar to above, the best-designed control will have no impact if it is not applied correctly.

As this generally relates to the human element of control application, four main approaches can be employed by management or the risk function to assist in determining the operating effectiveness and / or performance management.

- Re-perform – this is only applicable for those short timeframe processes where they can be re-performed. The objective is to re-perform the same task, following the design to ensure that the same outcome is achieved.
- Inspect – review the outcome of the task or process to provide assurance that the desired outcome was achieved.
- Observe – physically watch the task or process being performed.
- Inquire – through discussions with individuals / groups determine the relevant understanding of the process and how all components are required to mitigate any associated risk.

Overall Effectiveness

This is the value of the combined controls in mitigating the risk. All factors as detailed above are taken into account so that a considered qualitative value can be applied to the 'control' component of risk analysis.

The criterion for applying a value to the overall control is the same as for individual controls and can be found in Appendix A under 'Existing Control Ratings'.

Step 2 – Determine the Residual Risk rating

There are three components to this step:

1. Determine relevant consequence categories and rate the 'probable worst consequence' if the risk eventuated with existing controls in place. This is not the worst-case scenario but rather a qualitative judgement of the worst scenario that is probable or foreseeable. (Consequence)
2. Determine how likely it is that the 'probable worst consequence' will eventuate with existing controls in place. (Likelihood)
3. Using the EMRC's Risk Matrix, combine the measures of consequence and likelihood to determine the risk rating. (Risk Rating)

D Risk Evaluation

Risk evaluation takes the residual risk rating and applies it to the EMRC's Risk Acceptance Criteria (Appendix A) to determine whether the risk is within acceptable levels to the EMRC.

The outcome of this evaluation will determine whether the risk is low; moderate; high or extreme.

It will also determine using the Risk Acceptance Criteria, what (if any) high-level actions or treatments need to be implemented.

Note: Individual Risks or Issues may need to be escalated due to urgency, level of risk or of a systemic nature.

E Risk Treatment

There are generally two requirements following the evaluation of risks.

1. In all cases, regardless of the residual risk rating, controls rated 'Inadequate' must have a treatment plan (action) to improve the control effectiveness to at least 'Adequate'.
2. If the residual risk rating is high or extreme, treatment plans must be implemented to either:
 - a. Reduce the consequence of the risk materialising.
 - b. Reduce the likelihood of occurrence.
(Note: these should have the desired effect of reducing the risk rating to at least moderate)
 - c. Improve the effectiveness of the overall controls to 'Effective' and obtain approval to accept the risk as per the Risk Acceptance Criteria.

Once a treatment has been fully implemented, the Manager Procurement and Governance is to review the risk information and acceptance decision with the treatment now noted as a control, and those risks that are acceptable then become subject to the monitor and review process (Refer to Risk Acceptance section).

Risk Acceptance

Day to day operational management decisions are generally managed under the delegated authority framework of the EMRC. Risk Acceptance is a management decision to accept, within authority levels, risks that fall within EMRC's risk appetite (refer Appendix A – Risk Assessment and Acceptance Criteria).

For those identified risks that remain outside of appetite, the following process must be followed:

The 'Risk Acceptance' must be in writing, signed by the relevant Manager, copied to the CEO, and include;

- A description of the risk and the reasons for holding a risk outside appetite
- An assessment of the risk (e.g. Impact consequence, materiality, likelihood, working assumptions etc)
- Details of any mitigating action plans or treatment options in place
- An estimate of the expected remediation date.

A lack of budget / funding to remediate a material risk outside appetite is not sufficient justification in itself to accept a risk.

Accepted risks must be continually reviewed through standard operating reporting structure (i.e. Management Team).

F Communication & Consultation

Effective communication and consultation are essential to ensure that those responsible for managing risk, and those with a vested interest, understand the basis on which decisions are made and why particular treatment / action options are selected or the reasons to accept risks have changed.

As risk is defined as the effect of uncertainty on objectives, consulting with relevant stakeholders assists in the reduction of components of uncertainty. Communicating these risks and the information surrounding the event sequence ensures decisions are based on the best available knowledge.

G Monitoring and Review

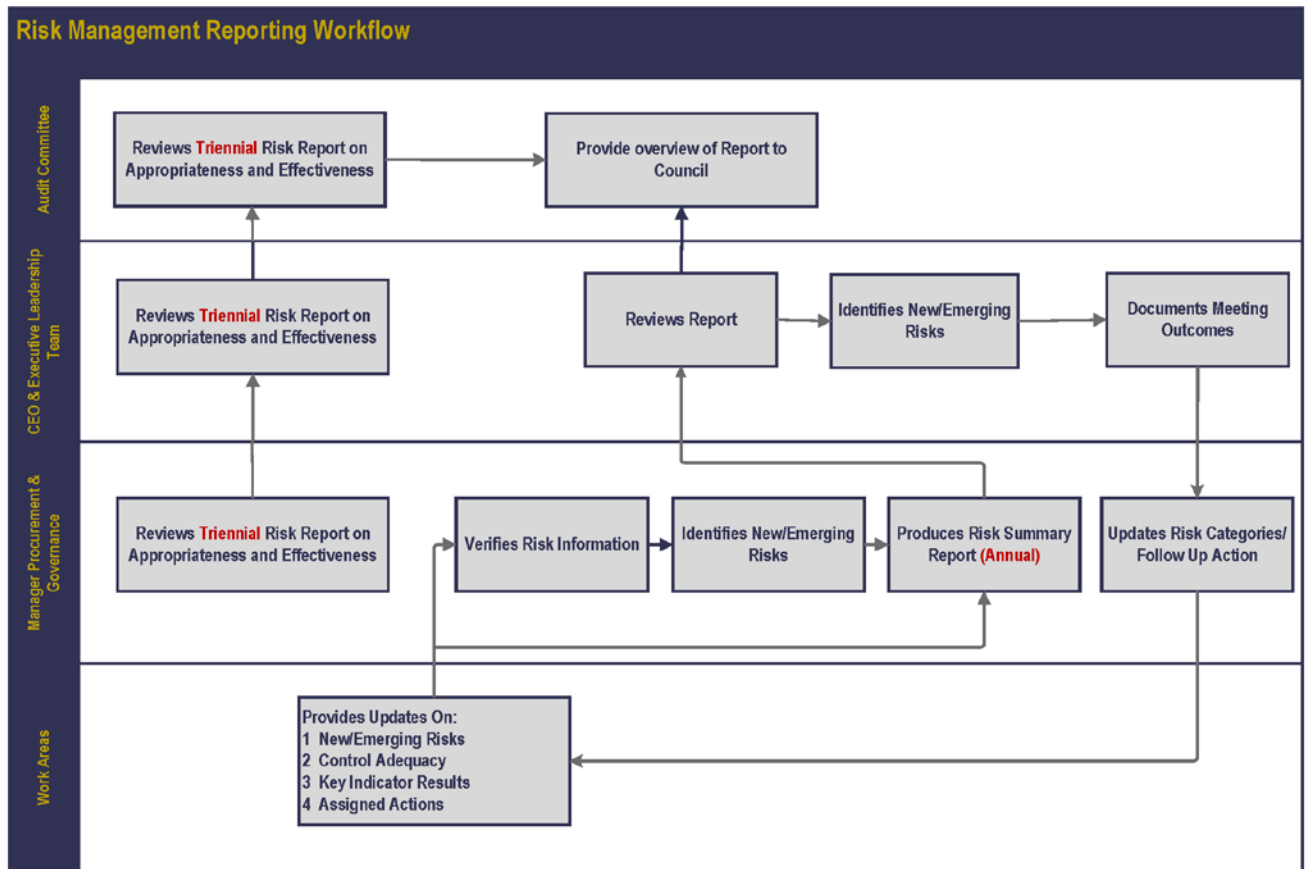
It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

By regularly reviewing the effectiveness and efficiency of controls and the appropriateness of treatment / action options selected, we can determine if the organisation's resources are being put to the best use possible.

During the reporting process, management are required to review any risks within their area and follow up on controls, treatments, and actions mitigating those risks. Monitoring and the reviewing of risks, controls and treatments also apply to any actions / treatments to originate from an internal audit. The audit report will provide recommendations that effectively are treatments for risks that have been tested during an internal review.

H Recording and Reporting

The following diagram provides a high-level view of the ongoing reporting process for risk management.



Each Work Area is responsible for ensuring:

- They continually provide updates in relation to new, emerging risks, control effectiveness and key indicator performance to the Manager Procurement & Governance.
- Work through assigned actions and provide relevant updates to the Manager Procurement & Governance.
- Risks / Issues reported to the CEO & Senior Management Team are reflective of the current risk and control environment.
- The Manager Procurement & Governance is responsible for:
- Ensuring EMRC risk categories are formally reviewed and updated, at least on a 12-month cycle or earlier when there has been a material restructure, change in risk ownership or change in the external environment.
- Annual risk reporting for the CEO & Senior Management Team is an overview of the risk summary for the EMRC.
- Annual Compliance Audit Return completion and lodgement.

7 Key Indicators

Key Indicators may be used for monitoring and validating key risks and controls. The following describes the process for the creation and reporting of Key Indicators:

- 7.1. Identification
- 7.2 Validity of Source
- 7.3 Tolerances
- 7.4 Monitor & Review

7.1. Identification

The following represent the minimum standards when identifying appropriate Key Indicators:

- The risk description and casual factors are fully understood
- The Key Indicator is fully relevant to the risk or control
- Predictive Key Indicators are adopted wherever possible
- Key Indicators provide adequate coverage over monitoring key risks and controls

7.2 Validity of Source

In all cases, an assessment of the data quality, integrity and frequency must be completed to ensure that the Key Indicator data is relevant to the risk or control.

Where possible the source of the data (data owner) should be independent to the risk owner. Overlapping Key Indicators can be used to provide a level of assurance on data integrity.

If the data or source changes during the life of the Key Indicator, the data is required to be re-validated to ensure reporting of the Key Indicator against a consistent baseline.

7.3 Tolerances

Tolerances are based on the EMRC's Risk Appetite. They are set and agreed over three levels:

- **Green** Within appetite, no action required.
- **Amber** The Key Indicators must be closely monitored and relevant actions set and implemented to bring the measure back within the green tolerance.
- **Red** Outside of risk appetite, the Key Indicator must be escalated to the CEO & Management Team. Where appropriate, management actions are to be set and implemented to bring the measure back within appetite.

7.4 Monitor and Review

All active Key Indicators are updated as per their stated frequency of the data source.

When monitoring and reviewing Key Indicators, the overall trend must be considered over a longer timeframe than that of individual data movements only. The trend of the Key Indicators is specifically used as an input to the risk and control assessment.

Risk Assessment and Acceptance Criteria

Eastern Metropolitan Regional Council Measures of Consequences									
Rating (Level)	Health / People	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment	Project Time	Project Cost
Insignificant (1)	Near miss. Minor first aid injuries	Less than \$20,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential damage.	Contained, reversible impact managed by on site response	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
Minor (2)	Medical type injuries	\$20,001 - \$500,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non-compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
Moderate (3)	Lost time injury <30 days	\$500,001 - \$1.5 Million	Medium term temporary interruption – backlog cleared by additional resources	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
Major (4)	Lost time injury >30 days	\$1.5 Mil - \$3 Million	< 1 week	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal and external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
Catastrophic (5)	Fatality, permanent disability	More than \$3 Million	Prolonged interruption of services – additional resources; performance affected	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment and building	Uncontained, irreversible impact	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

Measures of Likelihood			
Level	Rating	Description	Frequency
1	Almost Certain	The event is expected to occur in most circumstances (>90% chance)	More than once per year
2	Likely	The event will probably occur in most circumstances (>50% chance)	At least once per year
3	Possible	The event should occur at some time (20% chance)	At least once in 3 years
4	Unlikely	The event could occur at some time (<10% chance)	At least once in 10 years
5	Rare	The event may only occur in exceptional circumstances (<5% chance)	Less than once in 15 years

Risk Matrix											
Consequence		Insignificant		Minor		Moderate		Major		Catastrophic	
Likelihood		1		2		3		4		5	
Almost Certain	1	Moderate	(5)	High	(10)	High	(15)	Extreme	(20)	Extreme	(25)
Likely	2	Low	(4)	Moderate	(8)	High	(12)	High	(16)	Extreme	(20)
Possible	3	Low	(3)	Moderate	(6)	Moderate	(9)	High	(12)	High	(15)
Unlikely	4	Low	(2)	Low	(4)	Moderate	(6)	Moderate	(8)	High	(10)
Rare	5	Low	(1)	Low	(2)	Low	(3)	Low	(4)	Moderate	(5)

Risk Appetite Statement

Purpose

The EMRC is strongly committed to risk management as part of its corporate governance framework. The EMRC's Risk Management Strategy is focused on ensuring that the EMRC makes informed decisions in terms of its strategies and operations ensuring that risks and opportunities are adequately considered.

Risk Appetite

Risk Appetite relates to the amount and type of risk that the EMRC is willing to take in order to achieve its strategic objectives.

The EMRC's overall risk appetite is "risk averse". When discussing risk appetite, acceptable tolerances will be defined using the following terminology:

- No tolerance
- Low tolerance
- Moderate tolerance
- High tolerance

The EMRC's culture is focused on innovation and continuous improvement and delivering innovation and focusing on opportunities to enhance service delivery carry risk. What is important is that the EMRC takes calculated risks by ensuring that risks are properly identified, evaluated and managed to ensure that risk exposure is acceptable.

The EMRC's risk appetite is generally higher when it can be demonstrated that the benefits created through innovative concepts outweigh the associated risks.

The EMRC's Risk Appetite is assessed against the main areas of risk consequence expressed within the Risk Management Plan.

Health/People

The EMRC has a low appetite for workplace injury to employees and contractors, acknowledging that the nature and diversity of work undertaken may result in minor injuries. Work safety practices are subject to ongoing review and there is no tolerance for employees not following safe work practices.

The EMRC's safety management practices are designed to proactively identify and control workplace hazards and there is no appetite for the non-effective use of this process. In the event of injury or near miss, these events are to be reported as soon as practically possible in order to provide appropriate support and to reduce the opportunity for reoccurrences.

There is also no appetite for incidents that are reasonably foreseeable and issues that may impact public safety. The EMRC carries out routine inspections of land and public areas under the EMRC's care and control and facilities in order to identify potential hazards, with mitigation works carried out according to the risk. Public notifications of potential hazards are also prioritised and scheduled according to the risk.

Financial Impact

The EMRC has no appetite for any actions that are known, or upon reasonable investigation, ought to be known, to unacceptably threaten the long-term financial sustainability of the EMRC. So as to achieve financial sustainability, the EMRC may undertake investigation into alternate revenue streams hence there is a moderate appetite for activities that are likely to provide economic and revenue growth opportunities.

The EMRC's Investment Policy outlines the risk appetite which is aligned with Local Government Legislative requirements. Focus is on maintaining liquidity, for which there is a low appetite to risk.

Materiality will be a guiding principle in assessing financial risk appetite.

Service Interruption

The EMRC has no appetite for service disruptions exceeding one business day. There is a low appetite for ongoing disruption to core services that provide direct customer contact that exceed one business day.

In order to support service delivery across the business there is a low appetite for Information Technology and key corporate systems disruptions and the EMRC's IT Assets must be secure, routinely backed up and maintained.

Compliance

The EMRC is subject to a number of statutory and regulatory obligations and there is no appetite for deliberate unlawful actions by Employees or Elected Members.

The EMRC is reliant on a combination of policies, procedures and processes to maintain compliance. There is a low appetite for minor and unintentional breaches, or activities that may result in non-compliance by the EMRC Employees or Elected Members.

Reputational

The EMRC has no appetite for theft, fraud or misconduct by employees, Elected Members or external parties for which the EMRC is vicariously liable.

The EMRC has a low appetite for actions or activities that have a sustained adverse impact on the EMRC's reputation, where those risks are avoidable through the application of good governance and practices.

The EMRC regards customer service as vitally important and the appetite for inaccurate and untimely advice is low.

Property

There is a low appetite for extensive damage to property including plant and machinery requiring a prolonged period of restitution.

The EMRC has no appetite for complete loss of plant, equipment and building resulting in service disruptions of more than one day.

Environment

The EMRC operates within a diverse and complex natural environment. Maintaining its natural environment and focusing on long term sustainability is key focus for the EMRC.

As such the EMRC has no appetite for unauthorised activities that are known, or ought to be known to result in degradation of the natural environment.

The EMRC has a low appetite for inadequacies relating to natural hazard risk mitigation under its direct control and a medium appetite where risk is impacted by third parties and accordingly will seek to ensure proactive mitigation in all such risks in coordination with relevant state government agencies.

The EMRC has a low appetite for ineffective contaminated site management.

Project Time

The EMRC has a low appetite for variations for significant or high-risk projects that exceed 10% of time and has a medium appetite to variations for other projects.

Project Cost

The EMRC has a low appetite for project cost variances exceeding 10%.

Risk Appetite Summary

Risk Appetite Range	Low Appetite	Moderate Appetite	High Appetite
Approach to Risk	Accept as little risk as possible and take a cautious approach towards risk	Balanced and Informed approach to risk taking	A more aggressive approach for increased benefit or to achieve a key Strategic Outcome
Risk Category			
Health/People	'Office' based staff	'Outside' staff undertaking manual labour / plant	Staff undertaking emergency service activities
Financial Impact	Activities that impact financial liquidity	Activities with a low value	Activities with a low value that are likely to provide economic or revenue growth opportunities
Service Interruption	Activities that result in ongoing disruption to core services	Activities that result in minor disruption to a small number of services.	Minor service disruption that will enable improved delivery of services to the Member Councils and community in the future
Compliance	Minor un-intentional breaches of legislation Moderate unintentional breaches of policy or procedures Moderate unintentional breaches of process that occur in an emergency situation		
Reputational	Activities that impact a large part of the eastern region community	Activities that impact a small number of the eastern region community and are for the greater good.	Activities that impact minor groups with overall benefits that far outweigh the pain
Property	Activities that result in Extensive damage to property, plant and machinery resulting in service disruptions or complete loss of plant, equipment and building	Localised damage to property, plant and machinery requiring external resources to rectify	Inconsequential damage to property, plant and machinery
Environment	Inadequate Natural hazard risk mitigation	Activities that may result in minor environmental impacts or breaches	Activities that may result in minor environmental impacts whilst providing improved services to the wider community
Project Time & Cost	Activities that exceed 10% cost or time variations	Small value low profile	Innovation and ongoing Member Council benefits shared across the eastern region

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 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 2024

Thursday	4	April	(If Required)	at	EMRC Administration Office
Thursday	2	May	(If Required)	at	EMRC Administration Office
Thursday	6	June		at	EMRC Administration Office
Thursday	4	July	(If Required)	at	EMRC Administration Office
Thursday	1	August	(If Required)	at	EMRC Administration Office
Thursday	5	September	(If Required)	at	EMRC Administration Office
Thursday	3	October	(If Required)	at	EMRC Administration Office
Thursday	7	November	(If Required)	at	EMRC Administration Office

17 DECLARATION OF CLOSURE OF MEETING

The Chairperson declared the meeting closed at 5:53pm.