



# Ordinary Council Meeting

## Notice of Meeting & Agenda

27 January 2022

*Meeting to be held at: The Council Chambers, Shire of Harvey, 7 Mulgara Street,  
Harvey on Thursday 27 January 2022, commencing at 4:15pm*

### Open Council Meetings – Procedures

1. All Council meetings are open to the public, except for matters raised by Council under “confidential items”.
2. Members of the public may ask a question at an ordinary Council meeting under “public question time”.
3. Members of the public who are unfamiliar with meeting procedures are invited to seek advice at the meeting. If unsure about proceedings, just raise your hand when the presiding member announces public question time.
4. All other arrangements are in accordance with the Council’s standing orders, policies and decisions of the Council.

**Undersigned**

**Chief Executive Officer**

**Bunbury-Harvey Regional Council**  
Lot 45 Stanley Road, Wellesley  
Western Australia 6233

*Correspondence to:*  
Post Office Box 111  
Australind WA 6233

## Table of Contents

1.	Declaration of Opening / Announcement of Visitors.....	5
2.	Attendances and Apologies .....	5
2.1.	Attendances.....	5
2.2.	Apologies .....	5
3.	Public Question Time.....	5
4.	Summary of Response to previous Questions taken on notice .....	5
5.	Applications for Leave of Absence.....	5
6.	Confirmation of Minutes .....	5
7.	Petitions / Memorials / Presentations.....	6
8.	Declarations of Interests.....	6
9.	Announcements (by the presiding member without discussion) .....	6
10.	Reports of Committees.....	6
11.	Reports of Officers.....	6
11.1.	Financial Statements for the period ending 30 November 2021.....	6
11.2.	Financial Statements for the period ending 31 December 2021 .....	9
11.3.	Summary of Accounts paid for period ending 30 November 2021.....	12
11.4.	Summary of Accounts paid for period ending 31 December 2021.....	13
11.5.	Auditor’s Report and Annual Financial Report for the Year Ending 30 June 2020.....	14
11.6.	2020/21 Annual Financial Report Audit Findings.....	18
11.7.	2021 Audit Management Report.....	19
12.	Elected Member motions of which previous notice has been given .....	20
13.	Urgent business approved by the person presiding or by decision of the Council.....	20
14.	Confidential Business (Meeting Closed to the Public) .....	20
15.	Next Meeting.....	21
16.	Close of Meeting.....	21

### ATTACHMENTS

<b>Attachment 1</b>	-	Financial Statements for the period ending 30 November 2021
<b>Attachment 2</b>	-	Financial Statements for the period ending 31 December 2021
<b>Attachment 3</b>	-	Summary of Accounts paid for period ending 30 November 2021
<b>Attachment 4</b>	-	Summary of Accounts paid for period ending 31 December 2021
<b>Attachment 5</b>	-	Auditors Report and Annual Financial Report for the year ending 30 June 2021
<b>Attachment 6</b>	-	Report Addressing 2020/21 Annual Financial Audit Findings
<b>Attachment 7</b>	-	2021 Management Report
<b>Attachment 8</b>	-	“Confidential Report CRUSC1”



To develop, implement and maintain innovative and sustainable waste reduction, recycling and landfilling services while managing waste facilities with best practice standards for the councils of the Wellington Region and beyond.

To provide sustainable waste minimisation, recycling and alternative waste treatment services to an informed community while reducing the environmental impact of waste and maximising the conservation of natural resources through reduced material use and increased resource recovery

## MISSION

To ensure the delivery of an integrated, cost-effective and environmentally sound waste management system and to promote sustainable community programs and policies ensuring that the health, diversity and productivity of the environment is maintained or enhanced for the benefit of future generations.

Reduce the environmental impact of waste and maximise conservation of natural resources through reduced overall material use and increased materials and energy recovery.

## VALUES

### *Excellence:*

To provide best practice facilities and waste services to our community through the development of quality controls and continuous improvements.

### *Leadership:*

Having a clear vision and direction, that engages with key stakeholders and our community.

### *Integrity:*

Acting with a level of trust, respect, honesty, hard work, communication and shared responsibility that is exhibited by its people.

### *Accountability:*

To ensure the collection and management of solid waste and recovered materials in an environmentally sound manner and in accordance with regulatory requirements and the Department of Water and Environmental Regulation licence conditions.

### *Innovation:*

Embrace new and better ways to achieve improved results through creativity, inventiveness and teamwork.

### *Respect*

We value diversity and respect and are committed to work towards integrating the principles of Equal Employment Opportunity and ensure that the work environment is free from harassment and discrimination. We value and respect all members of our community.



# Bunbury-Harvey Regional Council

## Notice of Meeting

The next Ordinary Meeting will be held at the Administration Complex, Stanley Road Waste Management Facility, Lot 45 Stanley Road, Wellesley on Thursday 31<sup>st</sup> March 2022, 4:15pm.



**Peter Keane**  
Chief Executive Officer  
(Date of Issue: 24 January 2022)

### AGENDA

**Note:** The recommendations contained in this document are not final and are subject to adoption, amendment (or otherwise) at the meeting.

<b><i>Council Members:</i></b>	<b>Representing</b>
Cr Tresslyn Smith ( <b>Chairperson</b> )	City of Bunbury
Cr Wendy Dickinson ( <b>Deputy Chairperson</b> )	Shire of Harvey
Cr Karen Turner	City of Bunbury
Cr John Bromham	Shire of Harvey
Cr Ben Andrew	City of Bunbury
<b><i>Executive Leadership Team (Non-Voting)</i></b>	<b>Representing</b>
Mr Peter Keane	Chief Executive Officer (BHRC)
Ms Annie Riordan	Chief Executive Officer (Shire of Harvey)
Mr Mal Osborne	Chief Executive Officer (City of Bunbury)
<b><i>Officers (Non-Voting)</i></b>	<b>Representing</b>
Mrs Karen McDonald	Finance Manager
Mrs Taryn York	Council Meeting Support Officer
<b><i>Others(Non-Voting)</i></b>	<b>Representing</b>
Cr Jaysen Miguel	City of Bunbury
Cr Dakota Krispyn	Shire of Harvey
Cr Kris Plumb	City of Bunbury
Cr Gabi Ghasseb	City of Bunbury

## 1. Declaration of Opening / Announcement of Visitors

The Presiding Member Declares Meeting open \_\_\_\_\_

## 2. Attendances and Apologies

### 2.1. Attendances

### 2.2. Apologies

## 3. Public Question Time

## 4. Summary of Response to previous Questions taken on notice

## 5. Applications for Leave of Absence

## 6. Confirmation of Minutes

The minutes of the Ordinary meeting of Council held on 25 November 2021, are confirmed as a true accurate record.

MOVED BY: \_\_\_\_\_ SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

The minutes of the Ordinary meeting of Council held on 13 December 2021, are confirmed as a true accurate record.

MOVED BY: \_\_\_\_\_ SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

The minutes of the Ordinary meeting of Council held on 21 January 2022, are confirmed as a true accurate record.

MOVED BY: \_\_\_\_\_ SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

## 7. Petitions / Memorials / Presentations

## 8. Declarations of Interests

## 9. Announcements (by the presiding member without discussion)

## 10. Reports of Committees

## 11. Reports of Officers

### 11.1. Financial Statements for the period ending 30 November 2021

<b>Applicant / Proponent:</b>	Internal			
<b>Responsible Officer:</b>	Karen McDonald, Finance Manager			
<b>Responsible Manager:</b>	Peter Keane, Chief Executive Officer			
<b>Executive:</b>	Peter Keane, Chief Executive Officer			
<b>Authority / Discretion:</b>	Advocacy	<input type="checkbox"/>	Review	<input type="checkbox"/>
	Executive/Strategic	<input type="checkbox"/>	Quasi-Judicial	<input type="checkbox"/>
	Legislative	<input checked="" type="checkbox"/>	Information Purposes	<input checked="" type="checkbox"/>
<b>Attachment(s):</b>	<b>Attachment 1</b> – Financial Statements for the period ending 30 November 2021			

### *Summary*

The following comments are provided on the key elements of Council's Financial Performance:

#### 1. Statement of Comprehensive Income (attached at Appendix 1)

##### a. Year-to-date Financial Performance to 30 November 2021

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date Income	2,109,351	1,928,685	180,666	Favourable
• Year-to-date Expenditure	(2,568,564)	(2,420,983)	(147,581)	Unfavourable
• Year-to-date Operating Surplus/(Deficit)	(459,213)	(492,297)	33,084	Favourable

2. Statement of Financial Activity (**attached at Appendix 3**)

Closing Funding Surplus to 30 June 2022 is forecast at \$39,179.

3. Capital Works (**attached at Appendix 4**)

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date Capital Expenditure	12,963	0	12,130	Unfavourable

4. Statement of Financial Position (**attached at Appendix 5**)

• Current Assets of \$2,787,808	Year-to-date	Forecast
○ Cash and Cash Equivalents	2,305,508	515,727
○ Trade and Other Receivables	460,572	564,509
○ Prepayments	13,742	14,483
○ Inventories	7,986	7,986

Current Liabilities of \$774,717 includes:		
○ Trade and Other Payables	310,140	469,353
○ Provisions	464,577	448,449

• Working Capital ( <b>Current Assets /less Current Liabilities</b> ) is:	2,013,091	184,903
• Equity ( <b>Total Assets /less Total Liabilities</b> ) is:	7,174,929	4,339,003
• Reserves of \$1,995,575 includes:		
○ Plant and Infrastructure Reserve	187,766	141,515
○ Site Post Closure Rehabilitation Reserve	1,807,809	1,348
○ Stanley Road Environmental Protection Lined Cell Construction Reserve	-	2864
○ Organics Processing Reserve	-	-

5. Investments

Total of \$2,001,526 includes:			
	Invested Funds \$	% of Total Funds	Max % of Total Funds Allowed
○ Commonwealth Bank	810,849	41	75
○ National Australia Bank	1,190,677	59	75
<b>TOTAL:</b>	2,001,526	100	

*Executive Recommendation*

**That Council:**

Receive and accept the Financial Statements for period ending 30 November 2021 as presented to Council.

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

### Background

A financial management report is provided to Councillors on a monthly basis which includes the following summaries:

- Statement of Comprehensive Income (attached at **Appendix 1**)
- Banksia Road Operations (attached at **Appendix 2**)
- Statement of Financial Activity (attached at **Appendix 3**)
- Capital Works Expenditure Summary (attached at **Appendix 4**)
- Statement of Financial Position (attached at **Appendix 5**)
- Statement of Net Current Assets (attached at **Appendix 6**)
- Fees and Charges Summary (attached at **Appendix 7**)
- Debtors Report (attached at **Appendix 8**)

### Legislative Compliance

In accordance with the provisions of Section 6.4 of the Local Government Act 1995 and Regulations 34(1) of the Local Government (Financial Management) Regulations 1996, a Local Government is to prepare each month a Statement of Financial Activity (Attached at Appendix 3) reporting on the revenue and expenditure as set out in the annual budget under Regulations 22 (1) (d) for this month.

At the Council Meeting on 18 August 2021, Council adopted that a variance between actual and budget-to-date of greater than or equal to 10% and \$15,000 is considered to be a material variance for reporting purposes in the Statement of Financial Activity for 2021/2022.

### Consultation

Nil

### Financial Implications

As per the 2021/2022 Financial Budget.

### Statutory Environment

Sections 12 and 13 of the Local Government (Financial Management) Regulations 1996 apply.

### Strategic Implications

Nil

### Policy Implications

Nil

### Officer Comment

The following is an explanation of significant variances identified in the Statement of Financial Activity:

Revenues by Nature and Type	
<b>Waste Education Contributions</b> - Favourable. Due to: <ul style="list-style-type: none"><li>• \$7.6k income from Grant received.</li><li>• Funds received for payment of Waste Education from Shire of Capel of Waste (\$8.8k)</li></ul>	\$13,832
<b>Fees and Charges</b> – Overall favourable. Due to: <ul style="list-style-type: none"><li>• higher volumes in the casual tipping fees and both the Stanley Rd facility and Banksia Rd facility</li><li>• the sale of Scrap Metal is unfavourable due primarily to timing issues, however there has been a further (approx.) \$69k of sales in December 2021 and will be reflected in the December financials.</li><li>• higher volumes of disposal from the City of Bunbury and Shire of Harvey</li></ul>	\$81,148 5%



<b>Other Revenue – Favourable.</b> Due to: <ul style="list-style-type: none"> <li>Insurance Reimbursements for the hire of the loader at Banksia Rd, although this is offset against the expense recorded in Organics expenses.</li> <li>T Battersby LSL obligations with City of Bunbury was recovered.</li> <li>CDS volumes higher than expected, although part of this is offset against Other Expenditure - CDS</li> </ul>	<b>\$87,218</b> 20%
<b>Expenses by Nature and Type</b>	
<b>Employee Costs: Administration – Unfavourable.</b> Due to: <ul style="list-style-type: none"> <li>Payout of AL &amp; LSL for T Battersby on resignation</li> </ul>	<b>(62,371)</b> (5%)
<b>Material and Contracts – Unfavourable.</b> Due to: <ul style="list-style-type: none"> <li>Admin – Legal fees. For the agreement of the FOGO facility and the potential claim for damages for Perkins for withdrawal of tender.</li> <li>Organics – Repairs to the Morbark Mulcher and hire of loader (offset by insurance reimbursements)</li> <li>Recycling Operations – Vehicle repairs and cost of transporting tyres for recycling.</li> <li>Site Rehabilitation – Repairs to CAT dozer.</li> <li>Other - Crushing of existing rubble by contractor to be used a future road base and site surveys.</li> </ul>	<b>(\$126,071)</b> (24%)
<b>Other Expenditure – Unfavourable.</b> Due to: <ul style="list-style-type: none"> <li>CDS – this is offset by Other Revenue</li> </ul>	<b>(\$73,744))</b> (29%)

### Voting Requirement

Simple Majority

## 11.2. Financial Statements for the period ending 31 December 2021

<b>Applicant / Proponent:</b>	Internal			
<b>Responsible Officer:</b>	Karen McDonald, Finance Manager			
<b>Responsible Manager:</b>	Peter Keane, Chief Executive Officer			
<b>Executive:</b>	Peter Keane, Chief Executive Officer			
<b>Authority / Discretion:</b>	Advocacy	<input type="checkbox"/>	Review	<input type="checkbox"/>
	Executive/Strategic	<input type="checkbox"/>	Quasi-Judicial	<input type="checkbox"/>
	Legislative	<input checked="" type="checkbox"/>	Information Purposes	<input checked="" type="checkbox"/>
<b>Attachment(s):</b>	<b>Attachment 2 - Appendices 1 - 8</b>			

### Summary

The following comments are provided on the key elements of Council's Financial Performance:

1. Statement of Comprehensive Income (**attached at Appendix 1**)

a. Year-to-date Financial Performance to 31 December 2021

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date Income	2,706,150	2,309,648	396,502	Favourable
• Year-to-date Expenditure	(3,220,705)	(2,955,630)	(265,075)	Unfavourable
• Year-to-date Operating Surplus/(Deficit)	(514,555)	(645,982)	(131,427)	Favourable

2. Statement of Financial Activity (**attached at Appendix 3**)

Closing Funding Surplus to 30 June 2022 is forecast at \$39,179.

3. Capital Works (**attached at Appendix 4**)

	ACTUAL	BUDGET	VARIANCE	
• Year-to-date Capital Expenditure	12,963	0	12,130	Unfavourable

4. Statement of Financial Position (**attached at Appendix 5**)

• Current Assets of \$2,892,231	Year-to-date	Forecast
○ Cash and Cash Equivalents	2,233,450	515,727
○ Trade and Other Receivables	637,827	564,509
○ Prepayments	12,968	14,483
○ Inventories	7,986	7,986

Current Liabilities of \$883,243 includes:		
○ Trade and Other Payables	418,667	469,353
○ Provisions	464,577	448,449

• Working Capital ( <b>Current Assets /less Current Liabilities</b> ) is:	2,008,988	184,903
• Equity ( <b>Total Assets /less Total Liabilities</b> ) is:	7,119,587	4,339,003
• Reserves of \$1,995,963 includes:		
○ Plant and Infrastructure Reserve	187,767	141,515
○ Site Post Closure Rehabilitation Reserve	1,808,196	1,348
○ Stanley Road Environmental Protection Lined Cell Construction Reserve	-	2864
○ Organics Processing Reserve	-	-

5. Investments

Total of \$2,001,914 includes:			
	Invested Funds \$	% of Total Funds	Max % of Total Funds Allowed
○ Commonwealth Bank	810,856	41	75
○ National Australia Bank	1,191,058	59	75
<b>TOTAL:</b>	2,001,914	100	

*Executive Recommendation*

**That Council:**

Receive and accept the Financial Statements for period ending 31 December 2021 as presented to Council.

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

### *Background*

A financial management report is provided to Councillors on a monthly basis which includes the following summaries:

- Statement of Comprehensive Income (attached at **Appendix 1**)
- Banksia Road Operations (attached at **Appendix 2**)
- Statement of Financial Activity (attached at **Appendix 3**)
- Capital Works Expenditure Summary (attached at **Appendix 4**)
- Statement of Financial Position (attached at **Appendix 5**)
- Statement of Net Current Assets (attached at **Appendix 6**)
- Fees and Charges Summary (attached at **Appendix 7**)
- Debtors Report (attached at **Appendix 8**)

### *Legislative Compliance*

In accordance with the provisions of Section 6.4 of the Local Government Act 1995 and Regulations 34(1) of the Local Government (Financial Management) Regulations 1996, a Local Government is to prepare each month a Statement of Financial Activity (Attached at Appendix 3) reporting on the revenue and expenditure as set out in the annual budget under Regulations 22 (1) (d) for this month.

At the Council Meeting on 18 August 2021, Council adopted that a variance between actual and budget-to-date of greater than or equal to 10% and \$15,000 is considered to be a material variance for reporting purposes in the Statement of Financial Activity for 2021/2022.

### *Consultation*

Nil

### *Financial Implications*

As per the 2021/2022 Financial Budget.

### *Statutory Environment*

Sections 12 and 13 of the Local Government (Financial Management) Regulations 1996 apply.

### *Strategic Implications*

Nil

### *Policy Implications*

Nil

### *Officer Comment*

The following is an explanation of significant variances identified in the Statement of Financial Activity:

<b>Revenues by Nature and Type</b>	
<b>Waste Education Contributions</b> - Favourable. Due to: <ul style="list-style-type: none"><li>• \$11.1k income from Grant received.</li><li>• Funds received for payment of Waste Education from Shire of Capel of Waste (\$8.8k)</li></ul>	\$16,318
<b>Fees and Charges</b> – Overall favourable. Due to: <ul style="list-style-type: none"><li>• higher volumes in the casual tipping fees and both the Stanley Rd facility and Banksia Rd facility</li><li>• the sale of Scrap Metal is favourable due to higher volume collected by J&amp;P Metals Group.</li><li>• higher volumes of disposal at the Banksia Rd facility</li></ul>	\$139,966 8%

<b>Other Revenue – Favourable. Due to:</b> <ul style="list-style-type: none"> <li>Insurance Reimbursements for the hire of the loader at Banksia Rd, although this is offset against the expense recorded in Organics expenses.</li> <li>T Battersby LSL obligations with City of Bunbury was recovered.</li> <li>CDS volumes higher than expected, although part of this is offset against Other Expenditure - CDS</li> </ul>	<b>\$396,502</b> 47%
<b>Expenses by Nature and Type</b>	
<b>Employee Costs: Administration – Unfavourable. Due to:</b> <ul style="list-style-type: none"> <li>Payout of AL &amp; LSL for T Battersby on resignation</li> </ul>	<b>(68,307)</b> (25%)
<b>Material and Contracts – Unfavourable. Due to:</b> <ul style="list-style-type: none"> <li>Admin – Professional Fees. ASK – SW Waste Group EOL, Whole of Life analysis, Cardno – Detailed Site investigation.</li> <li>Admin – Legal fees. For the agreement of the FOGO facility and the potential claim for damages for Perkins for withdrawal of tender.</li> <li>Organics – Repairs to the Morbark Mulcher and hire of loader (offset by insurance reimbursements).</li> <li>Recycling Operations – Vehicle repairs and cost of transporting tyres for recycling.</li> <li>Site Rehabilitation – Repairs to CAT dozer.</li> <li>Other - Crushing of existing rubble by contractor to be used a future road base and site surveys.</li> </ul>	<b>(\$289,537)</b> (41%)
<b>Other Expenditure – Unfavourable. Due to:</b> <ul style="list-style-type: none"> <li>CDS – Offset by Other Revenue.</li> </ul>	<b>(\$89,868)</b> (28%)

### Voting Requirement

Simple Majority

### 11.3. Summary of Accounts paid for period ending 30 November 2021

<b>Applicant / Proponent:</b>	Internal			
<b>Responsible Officer:</b>	Karen McDonald, Finance Manager			
<b>Responsible Manager:</b>	Karen McDonald, Finance Manager			
<b>Executive:</b>	Peter Keane, Chief Executive Officer			
<b>Authority / Discretion:</b>	Advocacy	<input checked="" type="checkbox"/>	Review	<input type="checkbox"/>
	Executive/Strategic	<input checked="" type="checkbox"/>	Quasi-Judicial	<input type="checkbox"/>
	Legislative	<input checked="" type="checkbox"/>	Information Purposes	<input type="checkbox"/>
<b>Attachment(s):</b>	<b>Attachment 3</b> - Summary of Accounts paid for period ending 30 November 2021			

### Summary

Section 13 (2) of Government (Financial Management) Regulations 1996 require that where Local Government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund or the trust fund, a list of accounts paid by the CEO is to be prepared each month showing detail for each account paid since such list was prepared. This item is presented to Council to advice of payments made for 30 November 2021.

### *Officer Recommendation*

#### **That Council:**

Receive and accept the Summary of Accounts paid for period ending 30 November 2021 as presented to Council.

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

### *Background*

As noted in Summary.

### *Officer Comment*

The attachment details all payments made for 30 November 2021.

### *Consultation*

Nil

### *Financial Implications*

As per the declaration within the schedule summary, the accounts have been checked and are fully supported by vouchers and invoices and which have been duly certified as to the receipt of goods and the rendition of service and as to prices, computation and costing(s). Sufficient allocations are contained within the 2021/2022 budget to cover payment of the accounts.

### *Statutory Environment*

Sections 12 and 13 of the Local Government (Financial Management) Regulations 1996 Apply.

### *Strategic Implications*

Nil

### *Policy Implications*

Nil

### *Voting Requirement*

Simple Majority

## 11.4. Summary of Accounts paid for period ending 31 December 2021

<b>Applicant / Proponent:</b>	Internal		
<b>Responsible Officer:</b>	Karen McDonald, Finance Manager		
<b>Responsible Manager:</b>	Karen McDonald, Finance Manager		
<b>Executive:</b>	Peter Keane, Chief Executive Officer		
<b>Authority / Discretion:</b>	Advocacy	<input checked="" type="checkbox"/>	Review <input type="checkbox"/>
	Executive/Strategic	<input checked="" type="checkbox"/>	Quasi-Judicial <input type="checkbox"/>
	Legislative	<input checked="" type="checkbox"/>	Information Purposes <input type="checkbox"/>
<b>Attachment(s):</b>	<b>Attachment 4</b> - Summary of Accounts paid for period ending 31 December 2021		

### *Summary*

Section 13 (2) of Government (Financial Management) Regulations 1996 require that where Local Government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund or the

trust fund, a list of accounts paid by the CEO is to be prepared each month showing detail for each account paid since such list was prepared. This item is presented to Council to advice of payments made for 31 December 2021.

*Officer Recommendation*

**That Council:**

Receive and accept the Summary of Accounts paid for period ending 31 December 2021 as presented to Council.

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

*Background*

As noted in Summary.

*Officer Comment*

The attachment details all payments made for 31 December 2021

*Consultation*

Nil

*Financial Implications*

As per the declaration within the schedule summary, the accounts have been checked and are fully supported by vouchers and invoices and which have been duly certified as to the receipt of goods and the rendition of service and as to prices, computation and costing(s). Sufficient allocations are contained within the 2021/2022 budget to cover payment of the accounts.

*Statutory Environment*

Sections 12 and 13 of the Local Government (Financial Management) Regulations 1996 Apply.

*Strategic Implications*

Nil

*Policy Implications*

Nil

*Voting Requirement*

Simple Majority

**11.5. Auditor’s Report and Annual Financial Report for the Year Ending 30 June 2020**

<b>Applicant / Proponent:</b>	Internal			
<b>Responsible Officer:</b>	Karen McDonald, Finance Manager			
<b>Executive:</b>	Peter Keane, Chief Executive Officer			
<b>Authority / Discretion:</b>	Advocacy	<input checked="" type="checkbox"/>	Review	<input type="checkbox"/>
	Executive/Strategic	<input checked="" type="checkbox"/>	Quasi-Judicial	<input type="checkbox"/>
	Legislative	<input checked="" type="checkbox"/>	Information Purposes	<input checked="" type="checkbox"/>
<b>Attachment(s):</b>	<b>Attachment 5</b> – Auditors Report and Annual Financial Report for the year ending 30 June 2021			

### *Summary*

The Auditor's Report and Annual Financial Report of the Bunbury-Harvey Regional Council for the financial year ending 30 June 2021 are attached for the information of Council. The Audit Committee reviewed these reports at their meeting on 13 December 2021 and recommends that they accepted by Council. There are no qualifications to the audit opinion.

### *Executive Recommendation*

**That the Council:**

Accept the Annual Financial Report including the Auditor's Report of the Bunbury-Harvey Regional Council for the financial year ending 30 June 2021.

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

### *Voting Requirement*

Simple Majority

### *Background*

The Auditor General has audited the 2020/2021 Annual Financial Report and have provided an Independent Auditor's Report (refer pages in the attached Annual Financial Report) as required under the relevant provisions of the Local Government Act 1995 (the Act). The draft Auditor's Report and Annual Financial Report are now presented to the Audit Committee for information.

Furthermore, section 7.12A(2) of the Act requires a local government to meet with its Auditor at least once in every year.

Ms Carly Meagher, Director Financial Audit, from the Office of the Auditor General WA, who is representing the Auditor General, participated by Zoom meeting in the Audit Committee meeting held on 13 December 2021 and discussed with the Committee the audit and the findings arising from the 2020/21 Audit.

### *Council Policy Compliance*

N/A

### *Legislative Compliance*

Section 7.9(1) of the Act requires the auditor to submit a report to the local government by 31 December each year.

Section 7.12A(2) of the Act requires a local government to meet with its Auditor at least once each year.

### *Officer Comments*

Council's financial management and internal control systems are sound. In addition to being monitored internally on a daily and monthly basis they are also strengthened by an independent assessment each year on the Council's financial management systems and external audit reporting. The independent assessment reviews Council's financial position, financial management practices and compliance with the requirements of the Local Government Act, the Local Government (Financial Management) Regulations, and Accounting Standards. The Financial Management Systems Review for 2021 is included in this Agenda at Item 10.3.

There are five (5) primary financial statements:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows

- Fee Setting Statement

**Statement of Comprehensive Income:** The Statement of Comprehensive Income (Pages 1 to 2 of the Financial Report) shows the extent to which operating expenditure has exceeded operating revenue during the financial year (i.e. operating deficit).

Key financial figures within the audited Annual Financial Report for the year ended 30 June 2021 include:

	<u>2021</u>	<u>2020</u>
Operating Revenue	\$ 5,692,597	\$ 4,525,153
Operating Expenses	\$ (6,453,672)	\$ (5,233,238)
Total Comprehensive Income	\$ (785,666)	\$ (715,484)

For the year ending 30 June 2021, the Total Comprehensive Income for the period increased from a deficit of \$715K to a deficit of \$785K an increase of \$70K. This is mainly due to increases in Materials & Contracts \$667K and Employee Costs \$713K; which was offset by an increases in fees and charges of \$398K and other revenue of \$649K.

**Statement of Financial Position:** The Statement of Financial Position (Page 3 of the Financial Report) shows the assets and liabilities which make up the Equity as at the 30 June 2021.

Key financial figures within the audited Annual Financial Report for the year ended 30 June 2021 include:

	<u>2021</u>	<u>2020</u>
Current Assets	\$ 3,165,234	\$ 4,234,312
Current Liabilities	\$ 933,930	\$ 825,101
Current Assets over Current Liabilities	\$ 2,231,304	\$ 3,409,211
Non-Current Assets	\$ 5,435,595	\$ 5,034,844
Non-Current Liabilities	\$ 32,758	\$ 24,248
Total Equity	\$ 7,634,141	\$ 8,419,807

Council's current assets exceed current liabilities by \$2.2M compared to \$3.4M in 2019/20. The total Equity as at 30 June 2021 was \$7.6M a decrease of \$785K from the 2019/20 financial year.

**Statement of Changes in Equity:** The Statement of Changes in Equity (Page 4 of the Financial Report) shows the extent to which the Equity has been decreased by the net result of the year's activities. For the year ending 30 June 2021, the Equity decreased from \$8.4M to \$7.6M.

**Statement of Cash Flows:** The Statement of Cash Flows (Page 5 of the Financial Report) shows the nature and amount of Council's cash inflows and out flows from all activities. Council's cash held at the end of the reporting period was \$2.5M compared to \$3.7M in 2019/2020.

**Fee Setting Statement:** The Fee Setting Statement (Page 6 of the Financial Report) shows the amount of fees and charges required to be raised to fund the Council's operating during 2020/21. In 2020/21, \$4.3M in Fees and Charges were raised, an increase of \$398K or 10% on 2019/20. This was mainly due to increases in casual tipping fees (\$271K).

<b>Financial Information by Ratio:</b>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Current Ratio</b>	1.07	1.37	2.32
<i>Current Assets as a ratio of Current Liabilities.</i>			

*(Measure of short term liquidity, i.e. the ability of Council to meet its liabilities when they fall due. A ratio of greater than 1.0 indicates Council has more current assets than current liabilities. Target is > 1.0)*

<b>Asset Sustainability Ratio</b>	1.23	0.65	0.57
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Capital renewal and replacement expenditure as a ratio of depreciation expense.

(Measures the extent to which assets are being renewed/replaced compared to the amount consumed i.e. depreciation. A ratio of greater than 1.0 indicates that council is investing in asset renewal/replacement greater than current consumption. Target is > 0.80)

<b>Asset Consumption Ratio</b>	0.71	0.73	0.81
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Depreciated replacement cost of assets as a ratio of Current replacement cost of assets.

(Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost. The Department of Local Government indicates that the standard is met if the ratio is greater than 0.50, and is improving if the ratio is between 0.60 and 0.75)

<b>Asset Renewal Funding Ratio</b>	1.00	1.00	0.81
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NPV of planning renewal over 10 years as a ratio of NPV of required capital expenditure over 10 years.

(Measures the ability of a local government to fund its projected asset renewal / replacements in the future. The Department of Local Government indicates that the standard is met if the ratio is between 0.75 and 0.95)

<b>Debt Service Cover Ratio</b>	Nil	Nil	Nil
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Operating Surplus before Interest and Depreciation as a ratio of principal and interest expense for borrowings. Council had no borrowings as at 30 June 2020.

(Measures Council's ability to service debt out of its uncommitted or general purpose funds available for its operations. The Department of Local Government indicates that a Basic standard is achieved if  $\geq 2.0$ . An Advanced standard is  $\geq 5.0$ . This ratio is not applicable as the Council has no debt.)

<b>Operating Surplus Ratio</b>	(0.15)	(0.16)	(0.16)
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Operating Revenue minus Operating Expenditure as a ratio of own source operating revenue.

(A result of lower than zero indicates that the Council has an operating deficit. The Department of Local Government indicates that a Basic standard is achieved if between 0.01 and 0.15).

<b>Own Source Revenue Ratio</b>	0.83	0.84	0.84
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Own source operating revenue as a ratio of operating expense.

(Measures Council's ability to cover operating expenses from own source revenue. The higher the ratio, the more self-reliant the local government is. The Department of Local Government indicates that an Advanced standard is achieved if the ratio is greater than 0.9. A basic standard is achieved if the ratio is between 0.4 and 0.6)

### **Analysis of Financial and Budget Implications**

There are no financial or budget implications for Council to accept the 2021 Annual Financial Report.

### **Elected Member/Officer Consultation**

This matter is presented to the Committee for consideration.

**11.6. 2020/21 Annual Financial Report Audit Findings**

<b>Applicant / Proponent:</b>	Internal			
<b>Responsible Officer:</b>	Karen McDonald, Finance Manager			
<b>Executive:</b>	Peter Keane, Chief Executive Officer			
<b>Authority / Discretion:</b>	Advocacy	<input type="checkbox"/>	Review	<input type="checkbox"/>
	Executive/Strategic	<input type="checkbox"/>	Quasi-Judicial	<input type="checkbox"/>
	Legislative	<input checked="" type="checkbox"/>	Information Purposes	<input type="checkbox"/>
<b>Attachment(s):</b>	<b>Attachment 6 – Report Addressing 2020/21 Annual Financial Audit Findings</b>			

**Summary**

The Auditor General in the Auditor’s Report for the 2021/22 financial year has identified that the Operating Surplus Ratio is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 2 to 3 years respectively. A report addressing these findings is attached at Attachment 6.

This report is to bring this matter to the attention of Council as required under Section 7.12A(4) of the Local Government Act.

**Officer Recommendation**

That Council:

Notes the findings by the Auditor General in the Auditor’s Report for the 2021/22 financial year, and receives the report addressing the 2020/21 Auditor’s Report finding.

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

**Voting Requirement**

Simple Majority

**Strategic Relevance**

Long Term Financial Plan objectives: financial sustainability in the long term, through sound financial management practices.

**Background**

The Auditor’s Report for the year ended 30 June 2021 indicates that the Asset Sustainability Ratio and Operating Surplus Ratio are below the Department’s standard for the last 2 years and 3 years respectively.

The Local Government Act, Section 7.12A(4) requires local governments to examine the audit report it receives and implements appropriate action in respect to the significant matters raised.

A report addressing the signification matters identified in the audit report must be prepared and then considered by the Audit Committee before being adopted by Council.

**Council Policy Compliance**

There are no Council policies relating to this report.

**Legislative Compliance**

Local Government Act, Section 7.12A(4) – Duties of local governments; with respect to matters identified as significant by the auditor.

### Officer Comments

A report has been prepared for Council's information on the adverse ratio trend identified in the 2021 Auditor's Report, their implications to the financial position of the Council and how this ratio can be improved (refer Attachment 6).

This report will be provided to the Minister within three months of receiving the audit report and within 14 days after giving the report to the Minister, the Council will publish a copy of this report on the Council's website as required by the Local Government Act.

### Analysis of Financial and Budget Implications

Nil

### Community Consultation

A copy of the report on the 2020/21 Audit Findings will be published on the Council's website.

### Councillor/Officer Consultation

This report is to bring this matter to the attention of Council from the Audit Committee.

## 11.7. 2021 Audit Management Report

<b>Applicant / Proponent:</b>	Audit Committee			
<b>Responsible Officer:</b>	Karen McDonald, Finance Manager			
<b>Executive:</b>	Peter Keane, Chief Executive Officer			
<b>Authority / Discretion:</b>	Advocacy	<input type="checkbox"/>	Review	<input type="checkbox"/>
	Executive/Strategic	<input type="checkbox"/>	Quasi-Judicial	<input type="checkbox"/>
	Legislative	<input checked="" type="checkbox"/>	Information Purposes	<input checked="" type="checkbox"/>
<b>Attachment(s):</b>	<b>Attachment 7 - 2021 Management Report</b>			

### Summary

The purpose of this report is for Council to receive the Audit Management Report for the year ended 30 June 2021 prepared by the Auditor General. This report stems from the 2020/21 financial audit of the Bunbury-Harvey Regional Council.

Ms Carly Meagher, Director Financial Audit, from the Office of the Auditor General WA, who is representing the Auditor General, participated by Zoom meeting in the Audit Committee meeting held on 13 December 2021 and discussed with the Committee the audit and the findings arising from the 2020/21 Audit.

### Committee Recommendation

#### That Council:

Receives the Audit Management Report from the Office of the Auditor General for the year ended 30 June 2021.

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

### Voting Requirement

Simple Majority

### Background

Findings Identified during the Year End Audit outlines any management or financial issues identified by the Auditor as part of the 2020/21 financial audit of the Bunbury-Harvey Regional Council that were not material enough to qualify the overall audit, but relevant enough to be brought to the attention of the Audit Committee.

### Council Policy Compliance

N/A

### Legislative Compliance

The Report is provided by the Council's Auditor as part of the Council's annual audit report completed under section 7.9(1) of the Local Government Act 1995.

### Officer Comments

The Management Report is attached at Attachment 7 and lists the following findings during the 2020/21 audit:

1. Auditors not notified of Department of Water and Environmental Regulation breach
2. High Leave Accruals at Year End

A management comment to each of these findings is included in the Audit Management Report.

### Analysis of Financial and Budget Implications

There are no financial or budget implications arising from the recommendations contained within this report.

### Elected Member/Officer Consultation

This report was presented to the Audit Committee meeting held 13 December 2021.

## 12. Elected Member motions of which previous notice has been given

## 13. Urgent business approved by the person presiding or by decision of the Council

## 14. Confidential Business (Meeting Closed to the Public)

This report is confidential in accordance with section 5.23(2)(d) of the Local Government Act 1995, which permits the meeting to be closed to the public.

A confidential report and recommendation have been circulated to members under a separate cover (Confidential Report CRUSC1).

<b>Applicant / Proponent:</b>	Internal			
<b>Responsible Officer:</b>	Peter Keane, Chief Executive Officer			
<b>Responsible Manager:</b>	-			
<b>Executive:</b>	Peter Keane, Chief Executive Officer			
<b>Authority / Discretion:</b>	Advocacy	<input type="checkbox"/>	Review	<input type="checkbox"/>
	Executive/Strategic	<input checked="" type="checkbox"/>	Quasi-Judicial	<input type="checkbox"/>
	Legislative	<input type="checkbox"/>	Information Purposes	<input type="checkbox"/>
<b>Attachment(s):</b>	<b>Attachment 8 – “Confidential Report CRUSC1”</b>			

*Officer Recommendation*

That Council:

Presiding Member Cr Smith declared the meeting was closed to the public at \_\_\_\_\_ pm to discuss **“Confidential Report CRUSC1”**.

MOVED BY: \_\_\_\_\_ SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST \_\_\_\_\_

RESOLUTION: \_\_\_\_\_

Presiding Member Cr Smith declared the meeting was opened to the public at \_\_\_\_\_ pm.

MOVED BY: \_\_\_\_\_ SECONDED BY: \_\_\_\_\_

RESULT: CARRIED / LOST

RESOLUTION: \_\_\_\_\_

**15. Next Meeting**

The next meeting is scheduled for Thursday, 31 March 2022 at the Administration Complex, Stanley Road Waste Management Facility, commencing at 4.15pm.

**16. Close of Meeting**

The Presiding Member declares meeting closed at \_\_\_\_\_