



## MISSION AND VALUES OF COUNCIL

*"A Sustainable Community that is inclusive, attractive, healthy and pleasant to live in, that uses our land so as to preserve our history and environment, respects the rights and equality of our citizens and manages our future growth wisely."*

# CONFIRMED MINUTES

OF THE

AUDIT AND RISK COMMITTEE MEETING

**13 FEBRUARY 2018**

## **OUR VISION**

***"A thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, whilst nurturing our unique natural and built environment."***

## **OUR MISSION**

***"To deliver affordable and quality Local Government services."***

## **CORE VALUES OF THE SHIRE**

***The core values that underpin the achievement of the mission will be based on a strong customer service focus and a positive attitude:***

**Communication**

**Integrity**

**Respect**

**Innovation**

**Transparency**

**Courtesy**

### **DISCLAIMER**

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the Local Government Act 1995 (Section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

**SHIRE OF BROOME**  
**AUDIT AND RISK COMMITTEE MEETING**  
**TUESDAY 13 FEBRUARY 2018**  
**INDEX – MINUTES**

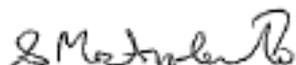
1.	OFFICIAL OPENING .....	5
2.	ATTENDANCE AND APOLOGIES .....	5
3.	DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY .....	5
4.	CONFIRMATION OF MINUTES .....	5
5.	REPORTS OF OFFICERS .....	6
	5.1 COMPLIANCE AUDIT RETURN 2017 .....	6
	5.2 AUDIT REGULATION 17 IMPROVEMENT PLAN BIENNIAL PROGRESS REPORT.....	23
	5.3 2ND QUARTER FINANCE AND COSTING REVIEW 2017-18 .....	59
6.	MATTERS BEHIND CLOSED DOORS .....	72
7.	MEETING CLOSURE.....	72

## NOTICE OF MEETING

Dear Council Member,

The next Audit and Risk Committee of the Shire of Broome will be held on Tuesday, 13 February 2018 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 3.30pm.

Regards



S MASTROLEMBO  
**Chief Executive Officer**

08/02/2018

**MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING OF THE SHIRE OF BROOME,  
HELD IN THE COUNCIL CHAMBERS, CORNER WELD AND HAAS STREETS, BROOME,  
ON TUESDAY 13 FEBRUARY 2018, COMMENCING AT 3.30PM.**

**1. OFFICIAL OPENING**

The Chairperson welcomed Councillors and Officers and declared the meeting open at 3.37pm.

**2. ATTENDANCE AND APOLOGIES**

Attendance: Cr D Male Chairperson  
Cr H Tracey Shire President  
Cr C Mitchell

Leave of Absence: Nil

Apologies: Nil

Officers: Mr S Mastrolembo Chief Executive Officer  
Mr J Watt Director Corporate Services  
Aletta Nugent Director Development and Community  
Steven Harding Director Infrastructure  
Alvin Santiago Manager Financial Services  
Rochelle Piggitt Manager Governance

**3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY**

Committee Member	Item No	Item	Nature of Interest
Nil.			

**4. CONFIRMATION OF MINUTES**

**COMMITTEE RESOLUTION:**  
**Moved: Cr C Mitchell** **Seconded: Cr H Tracey**  
***That the Minutes of the Audit and Risk Committee held on 6 December 2017, as published and circulated, be confirmed as a true and accurate record of that meeting.***  
**CARRIED UNANIMOUSLY 3/0**

**5. REPORTS OF OFFICERS**

**5.1 COMPLIANCE AUDIT RETURN 2017**

<b>LOCATION/ADDRESS:</b>	Nil
<b>APPLICANT:</b>	Nil
<b>FILE:</b>	LCR02
<b>AUTHOR:</b>	Manager Governance
<b>CONTRIBUTOR/S:</b>	Nil
<b>RESPONSIBLE OFFICER:</b>	Director Corporate Services
<b>DISCLOSURE OF INTEREST:</b>	Nil
<b>DATE OF REPORT:</b>	1 February 2018

**SUMMARY:** The purpose of this report is to present to the Audit and Risk Committee the 2017 Compliance Audit Return for review, and for a recommendation to Council to adopt the 2017 Compliance Audit Return for submission to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March 2018.

**BACKGROUND**

Previous Considerations

OMC 23 March 2004	Item 9.1.3
OMC 22 March 2005	Item 9.1.2
OMC 11 April 2006	Item 9.1.4
OMC 15 March 2007	Item 10.4
OMC 13 March 2008	Item 10.1
OMC 24 March 2009	Item 10.3
OMC 18 March 2010	Item 10.1
OMC 17 March 2011	Item 10.2
OMC 15 March 2012	Item 9.4.2
OMC 21 March 2013	Item 10.2
OMC 27 February 2014	Item 10.4
OMC 26 February 2015	Item 10.1
OMC 25 February 2016	Item 10.3
OMC 23 February 2017	Item 10.3

Section 7.13(1)(i) of the *Local Government Act 1995* requires that each local government carry out a compliance audit for the period 1 January to 31 December each year. The Compliance Audit is an in-house self audit that is undertaken by staff.

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996* the Audit and Risk Committee is to review the Compliance Audit Return (CAR), and is to report to Council the results of that review. The CAR is to be:

1. presented to an Ordinary Meeting of Council
2. adopted by Council; and
3. recorded in the minutes of the meeting at which it is adopted.

Following the adoption by Council of the CAR, a certified copy of the return, along with the relevant section of the minutes and any additional information detailing the contents of the return are to be submitted to the DLGSC by 31 March 2018.

The return requires the Shire President and the Chief Executive Officer to certify that the statutory obligations of the Shire of Broome have been complied with.

## COMMENT

The Compliance Audit Return for the period 1 January to 31 December 2017 continues in a reduced format introduced in 2011 with questions focused on high risk areas of compliance and statutory reporting as prescribed in Regulation 13 of the *Local Government (Audit) Regulations 1996*. This year the CAR has been extended to include 7 additional questions relating to Integrated Planning and Reporting. These questions are optional.

The 2017 CAR includes a total of 94 questions and focuses on the following areas of compliance:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting (optional)
- Local Government Employees
- Official Conduct
- Tenders for Providing Goods and Services.

The 2017 CAR has been completed in consultation with officers responsible for the various areas contained in the return, and reviewed by the Executive Management Group and the Chief Executive Officer.

The 2017 Compliance Audit reveals a compliance rating of 100%. This compares to:

2016 Compliance Audit – 1 area of non-compliance of the 87 areas audited (98.8%)  
 2015 Compliance Audit – 0 areas of non-compliance of the 87 areas audited (100%)  
 2014 Compliance Audit – 1 area of non-compliance of the 78 areas audited (98.7%)  
 2013 Compliance Audit – 0 areas of non-compliance of the 78 areas audited (100%)  
 2012 Compliance Audit – 8 areas of non-compliance of 78 areas audited (89.7%)  
 2011 Compliance Audit – 1 area of non-compliance of 78 areas audited (98.7%)  
 2010 Compliance Audit – 1 area of non-compliance of 283 areas audited (99.6%)  
 2009 Compliance Audit – 4 areas of non-compliance of 347 areas audited (98.8%)  
 2008 Compliance Audit – 2 areas of non-compliance of 311 areas audited (99.4%)  
 2007 Compliance Audit – 13 areas of non-compliance of 271 areas audited (96.1%)  
 2006 Compliance Audit – 21 areas of non-compliance of 271 areas audited (92.3%)  
 2005 Compliance Audit – 23 areas of non-compliance of 306 areas audited (92.5%)  
 2004 Audit – 18 areas of non-compliance and 147 areas audited (87.8%).

## CONSULTATION

Nil

Chairperson.....Date.....

**STATUTORY ENVIRONMENT**

**Local Government Act 1995**

**7.13 Regulations as to audits**

- (1) Regulations may make provision –
  - (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are –
    - (i) of a financial nature or not; or
    - (ii) under this Act or another written law.

**Local Government (Audit) Regulations 1996**

**13. Prescribed statutory requirements for which compliance audit needed (Act s. 7.13(1)(i))**

For the purposes of section 7.13(1)(i) the statutory requirements set forth in the Table to this regulation are prescribed.

**Table**

<b>Local Government Act 1995</b>		
s. 3.57	s. 3.58(3) and (4)	s. 3.59(2), (4) and (5)
s. 5.16	s. 5.17	s. 5.18
s. 5.36(4)	s. 5.37(2) and (3)	s. 5.42
s. 5.43	s. 5.44(2)	s. 5.45(1)(b)
s. 5.46	s. 5.67	s. 5.68(2)
s. 5.70	s. 5.73	s. 5.75
s. 5.76	s. 5.77	s. 5.88
s. 5.103	s. 5.120	s. 5.121
s. 7.1A	s. 7.1B	s. 7.3
s. 7.6(3)	s. 7.9(1)	s. 7.12A
<b>Local Government (Administration) Regulations 1996</b>		
r. 18A	r. 18C	r. 18E
r. 18F	r. 18G	r. 19
r. 22	r. 23	r. 28
r. 34B	r. 34C	
<b>Local Government (Audit) Regulations 1996</b>		

r. 7	r. 10	
<b>Local Government (Elections) Regulations 1997</b>		
r. 30G		
<b>Local Government (Functions and General) Regulations 1996</b>		
r. 7	r. 9	r. 10
r. 11A	r. 11	r. 12
r. 14(1), (3) and (5)	r. 15	r. 16
r. 17	r. 18(1) and (4)	r. 19
r. 21	r. 22	r. 23
r. 24	r. 24AD(2), (4) and (6)	r. 24AE
r. 24AF	r. 24AG	r. 24AH(1) and (3)
r. 24AI	r. 24E	r. 24F
<b>Local Government (Rules of Conduct) Regulations 2007</b>		
r. 11		

[Regulation 13 inserted in Gazette 23 Apr 1999 p. 1722-4; amended in Gazette 1 Jun 2004 p. 1917; 31 Mar 2005 p. 1042-3; 30 Sep 2005 p. 4418-20; 21 Dec 2010 p. 6758-61; 30 Dec 2011 p. 5579-80; 18 Sep 2015 p. 3813.

**14. Compliance audits by local governments**

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

[Regulation 14 inserted in Gazette 23 Apr 1999 p. 1724-5; amended in Gazette 30 Dec 2011 p. 5580-1.]

**15. Compliance audit return, certified copy of etc. to be given to Executive Director**

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —

- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
  - (b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Executive Director by 31 March next following the period to which the return relates.
- (2) In this regulation —
- certified** in relation to a compliance audit return means signed by —
- (a) the mayor or president; and
  - (b) the CEO.

[Regulation 15 inserted in Gazette 23 Apr 1999 p. 1725.]

## POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

Nil

## RISK

The *Local Government Act 1995* requires that each local government carry out a compliance audit for the period 1 January to 31 December each year. The Compliance Audit is an in-house self audit that is undertaken by staff and is to be submitted to the DLGSCI by 31 March each year.

The risk is Extreme if this date is not met as it results in non-compliance with the legislative requirements of the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*, and loss of reputation with the DLGSCI. The likelihood of this occurring is rare as the Compliance Audit Return has been prepared well in advance for presentation to Council on the 22 February 2018.

## STRATEGIC IMPLICATIONS

**Our Organisation Goal – Continually enhance the Shire’s organisational capacity to service the needs of a growing community:**

Improved systems, processes and compliance

## VOTING REQUIREMENTS

*Simple Majority*

### **COMMITTEE RESOLUTION:** **(REPORT RECOMMENDATION)**

**Moved: Cr H Tracey**

**Seconded: Cr C Mitchell**

**That the Audit and Risk Committee recommends Council:**

1. **Adopts the attached 2017 Compliance Audit Return as the official return for the Shire of Broome; and**
2. **Following certification of this document by the Shire President and Chief Executive Officer, forwards the return and a copy of the minutes relative to this report to the**

**Department of Local Government, Sport and Cultural Industries prior to 31 March 2018.**

**CARRIED UNANIMOUSLY 3/0**

**Attachments**

1. Compliance Audit Return 2017

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

**Broome - Compliance Audit Return 2017**

**Certified Copy of Return**

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

<b>Commercial Enterprises by Local Governments</b>					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2017.	N/A	No major trading undertakings in 2017.	Chief Executive Officer
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2017.	N/A		Chief Executive Officer
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	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 2017.	N/A		Chief Executive Officer
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2017.	N/A		Chief Executive Officer
5	s3.59(5)	Did the Council, during 2017, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Chief Executive Officer

<b>Delegation of Power / Duty</b>					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes	Only 1 Committee with delegated authority for the CEO Recruitment Advisory Committee - through Council's endorsement of the Terms of Reference. In accordance with DLGC Guideline #10 Appointing a CEO.	Senior Administration and Governance Officer
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Senior Administration and Governance Officer
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Senior Administration and Governance Officer
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Senior Administration and Governance Officer

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

No	Reference	Question	Response	Comments	Respondent
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	N/A	No committees with delegated authority, with the exception of the CEO Recruitment Advisory Committee - last meeting held 25 January 2017.	Senior Administration and Governance Officer
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Senior Administration and Governance Officer
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Senior Administration and Governance Officer
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Senior Administration and Governance Officer
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Senior Administration and Governance Officer
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes	OMC 23.2.2017 - Item 9.4.6 OMC 25.5.2017 - Item 9.2.2 OMC 7.9.2017 - Item 9.4.3 OMC 28.9.2017 - Item 9.4.3 OMC 14.12.2017 - Item 9.4.4	Senior Administration and Governance Officer
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Senior Administration and Governance Officer
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2016/2017 financial year.	Yes	OMC 23.2.2017 - Item 9.4.6 OMC 14.12.2017 - Item 9.4.4	Senior Administration and Governance Officer
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 as required.	Yes	As far as can be ascertained written records have been kept in accordance with the delegation	Senior Administration and Governance Officer

**Disclosure of Interest**

No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes	OMC 27.4.17 - Item 9.1.4 Cr E Foy disclosed a financial interest after her arrival at the meeting at 5.04pm. The Item had already been considered by Council.	Senior Administration and Governance Officer

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

No	Reference	Question	Response	Comments	Respondent
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	N/A	No member requested to remain present.	Senior Administration and Governance Officer
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Senior Administration and Governance Officer
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Senior Administration and Governance Officer
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Senior Administration and Governance Officer
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2017.	Yes		Senior Administration and Governance Officer
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes		Senior Administration and Governance Officer
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Senior Administration and Governance Officer
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Senior Administration and Governance Officer
10	s5.88(1)(2) 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 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Senior Administration and Governance Officer
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Senior Administration and Governance Officer
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Senior Administration and Governance Officer
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Senior Administration and Governance Officer

3 of 11

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

No	Reference	Question	Response	Comments	Respondent
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	N/A		Senior Administration and Governance Officer
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	N/A		Senior Administration and Governance Officer
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Senior Administration and Governance Officer

**Disposal of Property**

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes	Yes	Property & Leasing Senior Officer
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes	Two disposals in accordance with 3.58(3) public notices on: 19/10/2017 19/10/2017	Property & Leasing Senior Officer

**Elections**

No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates 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 candidates.	Yes		Manager Governance

**Finance**

No	Reference	Question	Response	Comments	Respondent
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 Act.	Yes	OMC 23/11/2017 Item 9.4.4	Manager Financial Services
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A		Manager Financial Services

4 of 11

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

No	Reference	Question	Response	Comments	Respondent
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	OMC 27/08/2015 Item 12.1	Manager Financial Services
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes	OMC 27/08/2015 Item 12.1	Manager Financial Services
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2017 received by the local government within 30 days of completion of the audit.	Yes	Audit report dated 3/10/2017. Received by Council OMC 19/10/2017 - Item 12.1	Manager Financial Services
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2017 received by the local government by 31 December 2017.	Yes	Received by Council OMC 19/10/2017 - Item 12.1	Manager Financial Services
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A	No matters raised.	Manager Financial Services
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A	No matters raised.	Manager Financial Services
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A	No matters raised.	Manager Financial Services
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	As specified in Tender Specifications accepted by Council OMC 27/08/2015 - Item 12.1	Manager Financial Services
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Manager Financial Services
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Manager Financial Services
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes		Manager Financial Services
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes		Manager Financial Services

5 of 11

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

<b>Integrated Planning and Reporting</b>						
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>	
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	OMC 14/12/2017 Item 9.4.6	Director Corporate Services	
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	N/A		Director Corporate Services	
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	OMC 15/12/2016 Item 9.4.6	Director Corporate Services	
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	N/A		Director Corporate Services	
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Asset Management Plan July 2017. Received OMC 14/12/2017 Item 9.4.7	Director Corporate Services	
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Noted OMC 15/12/2016 Item 9.4.6.	Director Corporate Services	
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	N/A	Current document under review.	Director Corporate Services	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	Yes	OMC 15/12/2016 Item 12.1	Director Corporate Services
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes	Council appointed WALGA as the recruitment consultant. WALGA undertook all advertising and compliance requirements.	Director Corporate Services
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 of CEO under section 5.36(4).	Yes	Yes as per Salary & Allowances Tribunal Determinations for Local Government CEOs	Director Corporate Services
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	Yes	Reference checks and sighting of original documents by WALGA	Director Corporate Services
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A		Director Corporate Services

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

Official Conduct						
No	Reference	Question	Response	Comments	Respondent	
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A		Chief Executive Officer	
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes	No complaints were received that resulted in action under s5.110(6) (b) or (c).	Chief Executive Officer	
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Chief Executive Officer	
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Chief Executive Officer	
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Chief Executive Officer	
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		Chief Executive Officer	

Tenders for Providing Goods and Services						
No	Reference	Question	Response	Comments	Respondent	
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into 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 Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes	Yes as far as can be ascertained with the exception of where goods and services with an expected value greater than the consideration under Reg 11(1) have been sourced in accordance with Reg 11(2)(b)	Senior Procurement, Risk & Governance Officer	
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	N/A		Senior Procurement, Risk & Governance Officer	
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Senior Procurement, Risk & Governance Officer	

8 of 11

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

No	Reference	Question	Response	Comments	Respondent
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes	All tenders were managed by WALGA.	Senior Procurement, Risk & Governance Officer
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		Senior Procurement, Risk & Governance Officer
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes	All tenders were managed by WALGA.	Senior Procurement, Risk & Governance Officer
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes		Senior Procurement, Risk & Governance Officer
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Senior Procurement, Risk & Governance Officer
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Senior Procurement, Risk & Governance Officer
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes	Two tenders currently being finalised through WALGA.	Senior Procurement, Risk & Governance Officer
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	No EOI's during 2017.	Senior Procurement, Risk & Governance Officer
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A		Senior Procurement, Risk & Governance Officer
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	N/A		Senior Procurement, Risk & Governance Officer
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	N/A		Senior Procurement, Risk & Governance Officer

9 of 11

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

No	Reference	Question	Response	Comments	Respondent
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A	No applicants invited for a panel of pre-qualified suppliers during 2017.	Senior Procurement, Risk & Governance Officer
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A		Senior Procurement, Risk & Governance Officer
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 F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	N/A		Senior Procurement, Risk & Governance Officer
18	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		Senior Procurement, Risk & Governance Officer
19	F&G Reg 24AH(1)	Did the local government reject the 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		Senior Procurement, Risk & Governance Officer
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application (s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	N/A		Senior Procurement, Risk & Governance Officer
21	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 F&G Reg 24AG.	N/A		Senior Procurement, Risk & Governance Officer
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	N/A		Senior Procurement, Risk & Governance Officer
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	N/A	Existing Policy 2.1.3	Senior Procurement, Risk & Governance Officer

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

No	Reference	Question	Response	Comments	Respondent
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	Yes	Existing Policy 2.1.3	Senior Procurement, Risk & Governance Officer
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes	Policy 2.1.2	Senior Procurement, Risk & Governance Officer

I certify this Compliance Audit return has been adopted by Council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor / President, Broome

\_\_\_\_\_  
Signed CEO, Broome

**5.2 AUDIT REGULATION 17 IMPROVEMENT PLAN BIENNIAL PROGRESS REPORT**

<b>LOCATION/ADDRESS:</b>	Nil
<b>APPLICANT:</b>	Nil
<b>FILE:</b>	COA01
<b>AUTHOR:</b>	Manager Governance
<b>CONTRIBUTOR/S:</b>	Nil
<b>RESPONSIBLE OFFICER:</b>	Director Corporate Services
<b>DISCLOSURE OF INTEREST:</b>	Nil
<b>DATE OF REPORT:</b>	1 February 2018

**SUMMARY:** The Audit and Risk Committee is presented with a report for review on the progress of the Audit Regulation 17 Improvement Plan (Improvement Plan), which was adopted by Council at the Ordinary Meeting of Council held 23 February 2017. The Improvement Plan contains a list of items identified by the auditors as requiring action to improve the appropriateness and effectiveness of the Shire of Broome's systems and processes in regard to risk management, internal control and legislative compliance.

The Audit and Risk Committee is required to review the attached updated Risk Management Improvement Plan prepared by the Audit Regulation 17 Technical Advisory Group, then report to Council on the result of the Audit and Risk Committee's review.

**BACKGROUND**Previous Considerations

SMC	27 June 2014	Item 9.4.6
OMC	28 August 2014	Item 10.2
OMC	27 November 2014	Item 10.3
OMC	2 June 2015	Item 10.1
OMC	26 May 2016	Item 10.3
OMC	23 February 2017	Item 10.3
OMC	25 May 2017	Item 10.1

The *Local Government Audit Regulations 1996* (the Regulations) include reviewing the appropriateness and effectiveness of a local government's Risk management systems and procedures. Specifically, Audit Regulation 17 (Audit Reg. 17) requires the Chief Executive Officer (CEO) to conduct a review and report the results to the Audit and Risk Committee on the effectiveness of risk management, internal control and legislative compliance. The Department of Local Government and Communities *Audit in Local Government Guideline No. 9* advises that the review can be undertaken either on an internal or external audit basis.

Initially the Shire of Broome appointed an external auditor to conduct a third party review of organisational practices in accordance with updated legislation contained within Audit Reg. 17. The Audit Reg. 17 Review Audit produced a comprehensive Improvement Plan separated into the three main compliance areas; Risk Management (RM), Legislative Compliance (LC) and Internal Controls (IC).

The Shire's Technical Advisory Group (TAG) effect the framework components identified in the Improvement Plan. The TAG enables the Shire to fulfil its responsibilities in relation to

reporting on risk management, internal control, and legislative compliance. The Improvement Plan action items contained within the Regulation 17 Review are allocated to members within the TAG and prioritised in accordance with organisational need and capacity. The TAG meets monthly to review and update specific actions contained in the Improvement Plan and report to the Executive Management Group (EMG) and Council.

The biannual report is to identify actioned items as detailed in the Improvement Plan. All actions are reported to the Audit and Risk Committee in May and November each year, after endorsement by EMG. Due to the Ordinary Local Government election being held in October 2017 and appointments to Committees not being considered until the November OMC the presentation of the biannual report to the Audit and Risk Committee was delayed.

## IMPROVEMENT PLAN

There are a number of actions that are completed or in progress with full details contained in the attached Improvement Plan.

The following action items have been completed in accordance with the Improvement Plan:

No	Framework Component Improvements
RM 1.1	Agenda template for Council agenda
RM 1.2	Adopted policy work safety health
RM 2.1	Risk matrix amended in accordance with ISO 31000 (international best practice standards)
RM 2.1	Risk management strategy and procedure
RM 2.1	Risk management strategy and procedure adopted by Council
RM 2.1	Risk management strategy and procedure uploaded to corporate Intranet
RM 2.3	Staff Housing Policy – Staff Housing Bonds procedures updated
RM 3.1	Risk management working group (Audit Reg 17 TAG) has been established and monthly meetings initiated
RM 3.1	Risk agenda topic included on fortnightly EMG agenda
RM 3.3	Records of inductions maintained on personnel files
RM 3.3	Completed organisational training and development in risk management principles
RM 3.4	OSH committee risk based assessment business operating procedure
RM 3.5	Draft Crisis Management and Business Continuity Response Plan
RM 3.6	Adopted local emergency management plan
RM 3.7	Adopted local recovery plan
RM 3.8	Completed records disaster management plan
RM 3.9	Hazard and accident reporting business operating procedure updated
RM 3.10	Draft contractor management system includes business operating Procedure, Toolkit and corporate Induction.
RM 3.10	Completed risk management strategy and procedure endorsed by Council
RM 3.11	Project Specific Risk Assessments endorsed by Council
RM 3.12	Developing Civic Centre Emergency Response and Evacuation Plan
RM 3.12	Reviewing BRAC Emergency Response and Evacuation Plan
RM 3.13	Asset Management Risk Assessment incorporated into Infrastructure Asset Management Plans
RM 3.14	Events risk assessment undertaken in risk management plan for large scale events

RM 3.14	Events Toolkit being reviewed by Local Government Insurance Services and developing online applications
RM 3.15	Volunteer inductions completed
RM 3.16	Workforce plan version 2.0 redeveloped to include Risk Management
RM 4.1	Audit and Risk Committee Risk Profiles developed and have replaced Improvement Plan. Next biannual report will utilise Risk Profiles
RM 4.3	Occupational Safety and Health Register captured in SynergySoft
RM 4.5	Minutes of Executive Management Group Meetings recorded to the Synergy Central Records system
RM 5.2	Media Training completed for Senior Staff. Councillor training scheduled.
LC 1.1	Completed legislative compliance policy
LC 1.2	Completed Council policy for records management
LC 2.1	Framework developed comprising Policy 1.1.11 – Legislative Compliance (Action LC1.1), the Legislative Compliance Register (Action LC5.1) and the Monitoring and Reporting Procedures for Legislative Compliance BOP (Action LC5.4)
LC 2.1	WALGA advice supports suitability of current Purchasing policy
LC 2.2	Procurement via Panels of Pre-Qualified Suppliers Policy developed
LC 2.4	Legislative compliance working group (Audit Reg 17 TAG) has been established and monthly meetings initiated
LC 4.1	Experienced Staff completed through review of procedure and management directive requirements
LC 5.1	Developed Legislative Compliance register to record known breaches
LC 5.1	Increased prominence of credit card payments in List of Payments
LC 5.4	Developed draft BOP 'Monitoring and Reporting Procedures for Legislative Compliance'
IC 1.1	Adopted policy internal control
IC 1.6	Council policy materiality in financial reporting adopted
IC 1.7	Council policy for Investment of surplus funds adopted
IC 2.1	Rate Exemption Charitable Use BOP developed
IC 2.1	Signatories Bank Transaction Processing BOP developed
IC 2.2	Internal controls working group (Audit Reg 17 TAG) has been established and monthly meetings initiated
IC 3.4	High risk Journals require approval and monitoring
IC 3.5	Trust Transfer procedures updated
IC 3.7	Links Training for BRAC and Civic Centre
IC 3.10	Completed review and update of End of Month checklist
IC 3.11	Debtors Reconciliation processes performed as part of end of month checklist
IC 6.1	BRAC receipting procedures documented
IC 6.2	Civic centre receipting included in staff manual for stock take
IC 6.2	Draft Cash Handling Business Operating Procedure
IC 6.3	Waste Facility banking procedures
IC 6.3	Developed Cash Handling BOP
IC 6.4	Developed BOP to control the authorised receipting points and establish processes to ensure appropriate controls at new, or ad hoc, points.
IC 6.5	Waste Facility debtor invoice captured in system
IC 6.6	Developed Bank Signatories BOP
IC 6.7	Separation of duties of debtors and creditors
Other	Reviewed the Technical Advisory Group Audit Regulation 17 Terms of Reference

The following items have been actioned from May 2017 to January 2018 in accordance with the Improvement Plan:

<b>No.</b>	<b>Framework Components</b>
RM1.1	Bi-Annual Risk Reporting <i>Officer Comment: Bi-annual reports to EMG and Council are provided through the Audit and Risk Committee as per Risk Management Policy 2.1.4</i>
RM3.3	Business Continuity Plan <i>Officer Comment: Draft document requires final review and amendments to ensure suitability and effectiveness. To be presented to the Audit and Risk Committee in May 2018.</i>
RM3.6	Local Emergency Management Plan 2014 Draft <i>Officers Comment: Following training provided on Managing Recovery Activities the Local Emergency Management Plan is being reviewed and will be tested once finalised.</i>
RM3.8	Workforce Plan <i>Officer Comment: The Workforce Plan is under review. Please note organisational risks have been identified in the external analysis section 2.1.1-2.1.15 and internal analysis section 3.3.1-3.3.14 and again in Workforce Planning 4.1.1 page 47. In order to satisfy the auditors, the risk section will itemise the known risks under 4.5.9 organisational risk management. An organisational survey was completed in late 2017 and will be used to form the basis of the review. Revised completion date of November 2018.</i>
RM3.9	Infrastructure Asset Management Plans <i>Officer Comments: Plans prepared in 2017 and received by Council at the December 2017 OMC.</i>
RM3.12	Emergency Response Procedures Shire Buildings <i>Officer Comment: Organisational responsibility for this action currently being reviewed. Procedures have been drafted for the Administration Building however require a review following the refurbishment.</i>
RM3.15	Volunteer and Contractor Inductions <i>Officer Comment: Volunteer inductions provided. Contractor Induction documentation has been reviewed by LGIS. Existing contractors required to attend induction in February 2018.</i>
RM4.1	Audit and Risk Committee <i>Officer Comment: Risk Profiles implemented. External Risk Audit to be undertaken by external auditor in December 2018.</i>
RM4.2	Monitoring Compliance <i>Officer Comment: This has been amended to an ongoing action.</i>
RM4.4	Risk Register <i>Officer Comment: Risk Profiles have been developed and implemented. Electronic systems are being investigated to further streamline the process and provide improved visibility and management of identified risks.</i>
RM4.5	EMG Minutes <i>Officer Comment: Process in place to ensure that EMG Minutes are recorded to Synergy Central Records System. All 2017 meeting minutes have been recorded to Synergy. EMG minutes will continue to be recorded to Synergy.</i>
RM5.2	Training <i>Officer Comment: Risk Management Training funds assigned through annual budget process for 17/18.</i>
LC1.1	Code of Conduct

	<i>Officer Comment: Revised Code of Conduct is being drafted and will include volunteers and contractors. To be presented to Council in April.</i>
LC 5.2	EMG Minutes <i>Officer Comment: Process in place to ensure that EMG Minutes are recorded to Synergy Central Records System. All 2017 meeting minutes have been recorded to Synergy. EMG minutes will continue to be recorded to Synergy</i>
LC5.3	Employee Complaints/Grievance Handling <i>Officer Comment: Employee complaints are addressed by the Manager of HR. This action will be reviewed as a priority on commencement of the Manager People and Culture.</i>
IC2.1	Management Policy – Internal Controls <i>Officers Comment: Internal Control Framework developed and in operation however leaving open until process is firmly established and embedded in across the organisation.</i>
IC2.2	Private and Community Works Policy <i>Officer Comment: The Finance Department have developed an internal finance procedure to ensure private works are only undertaken after an appropriate written agreement (signed letter or purchase order) has been received.</i>
IC2.3	Internal Audit <i>Officers Comment: The Senior Procurement, Risk and Governance Officer will coordinate an internal audit.</i>
IC3.2	Staff Training <i>Officers Comment: Inductions and specific on the job training for internal control areas i.e. cash handling, stock control as required. Training programmes to be developed for specific areas e.g. BRAC, Civic Centre and others as identified.</i> <i>Financial Services developed an induction pack that includes relevant information for each function in Finance.</i> <i>Governance, Records and IT inductions are undertaken with designated employees on their commencement. Other inductions are undertaken as requested. Information sessions on local government and the Local Government Act were held with internal and external staff in November 2017.</i>
IC3.3	Documented Procedures <i>Officers Comment: Standard operating procedures exist for selected, but not all, financial procedures. Procedure documentation is being developed by officers where it does not currently exist.</i>
IC3.7	Credit Card Procedures <i>Officer Comment: Only members of the BEST team may utilise the credit cards and the details of the card are not to be shared with others.</i>
IC3.8	Checklists <i>Officer Comment: Checklists exist and are in use by staff as part of endorsed procedures.</i>
IC4.1	Monitoring <i>Officers Comment: December 2016 review completed by external consultant. While internal review is recommended current staff resources do not permit the development of an internal audit function. An external consultant will provide a biennial review as per the Audit Reg 17 regulations with ongoing risk management functions monitored by the Risk TAG. Next external audit review December 2018.</i>
IC5.1	Ongoing Improvement Plan <i>Officers Comment: This improvement plan forms the basis of an all inclusive continual improvement process for all three areas.</i>

Other	<p>Lone Worker Risk Management  <i>Officer Comment: Lone Worker Risk Management consultation paper finalised. Procedure to follow.</i></p> <p>CCTV  <i>Officer Comment: BRAC and Depot CCTV systems implemented to eliminate identified staff safety risks</i></p>
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This report recommends the Audit and Risk Committee receive the updated Improvement Plan, and adopts the reviewed actions, timelines and responsible officers contained within the document.

**CONSULTATION**

Nil

**STATUTORY ENVIRONMENT**

**Local Government (Audit) Regulations 1996**

**16. Audit committee, functions of**

An audit committee —

- (a) is to provide guidance and assistance to the local government —
  - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and
  - (ii) as to the development of a process to be used to select and appoint a person to be an auditor;

and
- (b) may provide guidance and assistance to the local government as to —
  - (i) matters to be audited; and
  - (ii) the scope of audits; and
  - (iii) its functions under Part 6 of the Act; and
  - (iv) the carrying out of its functions relating to other audits and other matters related to financial management; and
- (c) is to review a report given to it by the CEO under regulation 17(3) (the CEO’s report) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO’s report to the council.

**17. CEO to review certain systems and procedures**

- (1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

**POLICY IMPLICATIONS**

Nil

**FINANCIAL IMPLICATIONS**

The Shire has received membership funds from the Local Government Insurance Scheme (LGIS) which has been allocated as a genuine rollover to fund organisational Risk Initiatives.

The financial implications of actioning individual items contained in the Improvement Plan in Attachment 1 will be implemented using existing, internal resources. If any additional resources are required they will be progressed via the quarterly Finance and Costing Review or presented to Council for consideration.

**STRATEGIC IMPLICATIONS**

**Our People Goal – Foster a community environment that is accessible, affordable, inclusive, healthy and safe:**

Effective communication

Affordable services and initiatives to satisfy community needs

Accessible and safe community spaces

A healthy and safe environment

**Our Prosperity Goal – Create the means to enable local jobs creation and lifestyle affordability for the current and future population:**

Affordable and equitable services and infrastructure

**Our Organisation Goal – Continually enhance the Shire’s organisational capacity to service the needs of a growing community:**

An organisational culture that strives for service excellence

Sustainable and integrated strategic and operational plans

Responsible resource allocation

Effective community engagement

Improved systems, processes and compliance

**VOTING REQUIREMENTS**

*Simple Majority*

**COMMITTEE RESOLUTION:  
(REPORT RECOMMENDATION)**

**Moved: Cr C Mitchell**

**Seconded: Cr H Tracey**

**That the Audit and Risk Committee recommends that Council:**

- 1. Receives the updated Audit Regulation 17 Improvement Plan; and**
- 2. Adopts the reviewed actions, timelines and responsible officers as detailed in the Audit Regulation 17 Improvement Plan.**

**CARRIED UNANIMOUSLY 3/0**

**Attachments**

1. Improvement Plan January 2018

# SHIRE OF BROOME 2016 AUDIT REGULATION 17 REVIEW

## RISK MANAGEMENT IMPROVEMENT PLAN

*\*\*Note shaded rows indicate that an item has been carried forward from the previous iteration of the Improvement Plan.*

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
<b>RM 1.0 MANDATE AND COMMITMENT</b>								
RM1.1	Council Policy <del>1.2.11</del> <b>2.1.4</b> Risk Management Policy	To create an environment where Council, management and staff apply risk management, techniques through consistent and effective risk management practices. Policy to document the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.	That the Audit <b>and Risk</b> Committee be provided with a risk report bi-annually.  Risk recording and reporting be undertaken in accordance with the Risk Management Policy.	Director Corporate Services  Manager Human Resources <b>Director Corporate Services</b>	April and November Annually  Ongoing	Report to be presented to <del>November 2016</del> <b>bi-annually to the Audit and Risk Committee</b>  <del>Risk Management Policy Requires six monthly reports to EMG, MCG and Council</del> <b>Bi-annual reports to EMG and Council are provided through the Audit and Risk Committee as per Risk Management Policy 2.1.4.</b>		

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
<b>RM 2.0 FRAMEWORK DESIGN</b>								
RM2.1	Enterprise-wide Risk Management Strategy and Framework	Defines and details the various practices to support Risk Management and establishes the risk management strategy and framework to be followed by all Shire staff.	That the Enterprise-wide Risk Management Strategy and Framework be made available to users of the Intranet.	<del>Manager Human Resources</del> Director Corporate Services	Complete	Documents uploaded to corporate intranet <b>Complete</b>	38	Extreme
RM2.2	Insurance Strategy or Policy	A policy to provide guidance to Officers as to the management of risk through insurance.	That an Insurance Strategy and Policy be developed to provide clarity on issues such as the level of self-insurance, the adequacy of cover and the basis of the valuation of the insured assets.	<del>Director Corporate Services</del> Manager Governance	<del>November 2017</del> November 2018	Draft document to be developed for presentation to the Audit and Risk Committee November <del>2017</del> 2018	16	Medium
RM2.3	<del>2.2.2</del> 1.3.4 Staff Housing Policy	Policy to provide direction on the provision of staff housing.	To help prevent damage to Shire properties we suggest housing bonds be paid in full prior to occupation of the house and lodged with the Bond Administrator.	<del>Manager HR</del> Director Corporate Services	Complete This is not complete – April 2018	The Policy allows for the deduction of a housing bond from an employee's payroll. Housing bonds are required to be lodged with the Bond Administrator. Housing bonds are now paid in advance to the Bond Administrator and Staff Housing BOP has been updated to reflect changes. <b>Policy requires rework and will be reviewed and</b>	6	High

presented to MCG, EMG and Council at the April OMC. BOP has been reviewed and issues surrounding Staff Housing Bonds have been addressed.

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
<b>RM 3.0 IMPLEMENTING RISK MANAGEMENT</b>								
RM 3.1	Executive Management Group	An effective Executive Management Group charged with implementation of Council policies.	That risks are regularly documented and monitored by the EMG in line with the RM Strategy and Framework and risk treatments are identified for events classified as high risk.	EMG	Ongoing	Risk is a discussion on the <del>weekly</del> <b>monthly</b> EMG agenda <b>(complete)</b> .	Ongoing	Medium
RM 3.2	Insurance Strategy or Policy	A policy to provide guidance to Officers as to the management of risk through insurance.	That an Insurance Strategy and Policy be developed to provide clarity on issues such as the level of self-insurance, the adequacy of cover and the basis of the valuation of the insured assets.	<del>Director</del> <b>Corporate Services Manager Governance</b>	November <del>2017</del> <b>2018</b>	Draft document to be developed for presentation to the Audit <b>and Risk</b> Committee November <del>2017</del> <b>2018</b> .	16	Medium
RM 3.3	Shire of Broome Business Continuity Plan	To plan for the prevention, response and recovery from events that may threaten the capacity of the Shire of Broome to	That, as high priority, an effective documented Business Continuity Plan be developed including relevant disaster recovery plans.	Director Corporate Services	April <del>2017</del> <b>2018</b>	Draft document still requires final review and amendment to ensure suitability and effectiveness. Presented to Audit <b>and Risk</b>	76	High

		continue to provide services and good governance to the District.	That, once adopted, the Plan's effectiveness be tested	Director Corporate Services	November <del>2017</del> 2018	Committee May <del>2017</del> 2018. Mock Exercise undertaken 16 June 2016. Further procedures required to ensure detailed operational testing is undertaken annually by responsible departments i.e. ICT, Health etc.	16	High
RM3.6	Local Emergency Management Plan 2014 Draft	A plan is prepared in accordance with the requirements of Emergency Management Act 2005 [s.41(4)] and State Emergency Management Policy 2.5	That the draft plan be finalised and once adopted, its effectiveness be tested in accordance with PART 5 of the plan.	Manager <b>Environmental Health, Emergency and Rangers</b>	November <del>2017</del> 2018	Following training provided on Managing Recovery Activities the Local Emergency Management Plan is being reviewed and will be tested once finalised. The current plan is compliant with the legislation. It is however considered inadequate by officers. Grant funding requests have been made to obtain a fixed term officer to assist in this project.	76	Extreme
RM3.8	Workforce Plan	A plan to make sure the Shire has the right people, in the right place, at the right time, to meet the objectives set out in the Strategic Community Plan.	Future reviews of the Workforce Plan contain an assessment and treatment plan for key identified risks in relation to the workforce.	Manager <b>HR Manager People and Culture</b>	November <del>2017</del> 2018	The Workforce Plan is under review and will incorporate feedback. Please note organisational risks have been identified in the external analysis section 2.1.1-2.1.15 and internal	76	High

RM3.9	Asset Management Plan	Plan prepared to assist the Shire to improve the way it delivers services from its infrastructure assets such as roads, drainage, footpaths, public open space and buildings.	Asset Management Plans be updated/ developed for all classes of assets and adopted by Council. Recording of risks identified within the plans in an appropriate risk register should help ensure follow up assessments of treated risks are undertaken.	Director Infrastructure	June 2017 Complete	<p>analysis section 3.3.1 - 3.3.14 and again in Workforce Planning 4.1.1 page 47. In order to satisfy the auditors, the risk section will itemise the known risks under 4.5.9 organisational risk management.</p> <p>CBP adopted December 2017; Organisational survey completed and will be used to form the basis of the next review.</p> <p>Building and Transport Asset Management Plans were prepared in 2013<del>7</del>. The plans were <del>not</del> received by Council as an informing strategy for the Shire's Integrated Planning and Reporting Framework suite of documents. The Infrastructure Asset Management Plan will be continually updated based on works done. and are marked "final draft". The plans contain a risk assessment and treatment plan. <del>although no follow up assessment of treated risks has been</del></p>	152	High
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						undertaken. No formal asset management plans were available for other asset classes for review.		
RM3.10	Risk Management Framework	A management framework to implement a risk management system throughout the Shire.	The development of consequence rating criteria based on the context of the risk assessment and inclusion of the criteria within the Risk Management Strategy and Procedures. This should assist in avoiding any need to redefine the risk assessment framework for each level of risk assessment.	Manager Human Resources Director Corporate Services	Complete	A Risk Management Strategy and Procedures <del>was</del> <del>were</del> <del>adopted</del> <del>endorsed</del> by Council in November 2015 2016 – Item 5.2. The strategy and procedures include a risk assessment matrix however, no criteria for rating the consequence of identified risk is provided. Consequence of risks (Risk Matrix) identified on Pages 14-16 <del>item</del> of the document.	38	Extreme
RM3.11	Project Specific Risk Assessments	A risk assessment undertaken as part of a major project.	Future assessments be undertaken in accordance with an entity wide Risk Management Framework (to be developed).	Director Corporate Services	Complete	This framework has been endorsed and the relevant risk assessments have been incorporated within Council reports, policy and project plan templates.	76	High
RM3.12	Emergency Response Procedures – Shire Buildings	To ensure uniformity in the handling of building related emergency situations.	That emergency response procedures for all Shire buildings be developed and implemented.	Manager Health, Rangers/ Manager Community Development	<del>December 2016</del> November 2018	Update required for procedures at the Admin Centre, Depot and Waste Management Facility. and Barker St Office. Procedures have been	3	High

				Organisational responsibility for this action currently being reviewed.		drafted for Admin building however require reviewing following administration office refurbishment Civic Centre – emergency response and evacuation plan in existence – to be updated to reflect cyclone procedures.	5	High
					December 2016 November 2018			
RM3.13	Asset Management Risk Assessment	Inclusion of a risk assessment undertaken as part of development and maintenance of the Shire of Broome Asset Management Plans (AMP)	That treatment plans be monitored to ensure risks are reduced to a medium level.	Asset Coordinator	July 2017 Complete	A risk assessment has been incorporated into the Infrastructure Asset Management Plan. to be included when reviewing existing Asset Management Plans and developing new Asset Management Plans.	76	Medium
RM3.14	Information Systems Plans	Plans to ensure the secure provision of information systems in the event of a disaster.	IT Disaster Recovery Plan and IT Security Plan be developed and tested on a regular basis to gauge their effectiveness.	Manager Information Services	April 2017 November 2018	No IT Disaster Recovery Plan or IT Security Plan are in place. Interim protection by relocating a replica of our current system to the civic centre. The backup is then copied offsite on a continuous basis. The replica is working and we also now have a GenSet to maintain power. This has been tested and passed	76	High

RM3.15	Volunteer and Contractor Inductions	Inductions of contractors and volunteers, to ensure they have an understanding of their roles and responsibilities when undertaking works on Shire property.	All contractors and volunteers undertake a basic induction of their roles and responsibilities prior to commencing work.	Manager HR Manager People and Culture	April 2017 - June 2018 - Ongoing	Induction of Volunteers are provided. Inductions of Contractors identified as risk and budget allocation to provide a free corporate induction service is being put through RFQ. Onsite induction paperwork has been updated. Roll out expected by commencement of new financial year. Volunteer inductions provided. Contractor Induction documentation has been reviewed by LGIS. Existing contractors required to attend induction in February 2018.	38	High
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No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
<b>RM 4.0 MONITORING AND REVIEW</b>								
RM4.1	Audit and Risk Committee	An Audit Committee is required by the Local Government (Audit) Regulations 1996, and its composition and role is prescribed.	That the Committee receive bi-annual reports containing information on extreme and high risk ratings in accordance with the Enterprise-wide Risk Management Strategy and Framework.	Manager Human Resources Director Corporate Services	April/November Annually	Working with LGIS to develop organisational profiles. Workshops by Directorate to capture corporate knowledge and use existing risk resources such as risk register to develop. Risk Register will	6	High

RM4.2	Monitoring Compliance	To ensure policies relating to risk management are adhered to by the organisation and their effectiveness is monitored.	That recording and reporting mechanisms to monitor risks be implemented in accordance with policy.	Manager Human Resources Director Corporate Services	Pending Ongoing	be defunct when Profiles are fully operational. Risk Profiles implemented. External Risk Audit to be undertaken by external auditor in December 2018. Ongoing
RM4.3	Occupational Safety and Health (OSH) Register	To maintain a hazard based register of OSH matters.	That the current outstanding OSH list be augmented by an OSH register capable of provide regular reports and identifying OSH trends.	Manager Human Resources Manager People and Culture	Ongoing	Ongoing OSH reporting has been included through electronic means and now captured in Synergy central records. In addition, a register is being developed to collate all outstanding items through the OSH Committee secretariat. OSH Register remains a concern having been raised at the previous 2 OSH meetings. Apparent that Synergy solution is not working in its current form.
RM4.4	Risk Register	Provide for the ongoing monitoring and treatment of identified risks.	Identified risks documented within Council Meeting Minutes and other risk assessments are recorded within the risk register. As a central register of	Manager Human Resources Manager People and Culture	Ongoing	Development of Risk Profiles underway to replace defunct Risk Register. Risk Profiles have been developed and implemented. Electronic systems are being

			identified risks, we suggest the risk register be available for all senior staff to update and review.			investigated to further streamline the process and provide improved visibility and management of identified risks.		
RM4.5	Minutes of Executive Management Group Meetings	To formally document identified risks, internal control and legislative compliance weaknesses raised by the Executive Management Group.	Minutes of the Executive Management Group meetings be maintained with risks, internal control and legislative compliance weaknesses identified in the minutes.	CEO-PA Executive Assistant to the CEO	April 2017 – Ongoing (Complete)	No minutes of the Executive Management Group meetings were available for inspection during the review.  <i>Minutes are taken at each meeting however, it is accepted that there has been a lack of effective record keeping in this area.</i> Process in place to ensure that EMG Minutes are recorded to Synergy Central Records System. All 2017 meeting minutes have been recorded to Synergy. EMG minutes will continue to be recorded to Synergy.	6	High
<b>No.</b>	<b>FRAMEWORK COMPONENTS</b>	<b>PURPOSE/GOAL</b>	<b>IMPROVEMENTS</b>	<b>Officer</b>	<b>Timing</b>	<b>Comments</b>	<b>Est. Hours</b>	<b>Priority</b>
<b>RM 5.0 CONTINUAL IMPROVEMENT OF THE FRAMEWORK</b>								
RM5.1	Ongoing Improvement Program	A program developed to plan and implement improvements in risk management practices and to guide the process of	That a risk management improvement plan be maintained into the future to support the process of continual improvement.	Audit Reg 17 TAG	Ongoing	This improvement plan forms the basis of an all inclusive continual improvement process for all three areas.		

RM5.2	Training	implementation. Structured risk management training be available for elected members and senior staff.	That risk management training be available to elected members and all senior staff undergo relevant risk management training.	Manager Human Resources Director Corporate Services	November – Annually	Media Training has been identified as a key priority and Councillors will be notified in May 2017. Risk Management Training funds assigned through annual budget process for 17/18 however may be deferred due to vacancies in HR department.	38	High
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**LEGISLATIVE COMPLIANCE IMPROVEMENT PLAN**

*\*\*Note shaded rows indicate an item has been carried forward from the previous iteration of the Improvement Plan.*

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
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**LC1.0 MANDATE AND COMMITMENT LEGISLATIVE COMPLIANCE**

LC1.1	Code of Conduct	To provide a documented expectation for the behaviour of elected members, staff, contractors and volunteers when performing their duties.	An expansion of the scope of the Code of Conduct to include actions by volunteers and contractors. Alternatively, a separate Code of Conduct be developed for volunteers and contractors.	Manager HR Director Corporate Services	April 2017-2018	Volunteers and contractors are not bound by a Code of Conduct when performing functions on behalf of the Shire. Revised Code of Conduct is being drafted and will include volunteers and contractors. To be presented to Council by April.	36	High
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No.	FRAMEWORK	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est.	Priority
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COMPONENTS							Hours	
LC2.0 FRAMEWORK DESIGN FOR LEGISLATIVE COMPLIANCE								
No.	FRAMEWORK	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est.	Priority
LC2.1	<del>2.3.7</del> 2.1.2 Purchasing Policy	Policy required by legislation to provide guidelines for a consistent approach for obtaining quotations and tenders for the provision of materials, services and consultants.	We suggest the Policy be amended to require each purchasing event to be considered independently when determining the thresholds, legislation prohibits the splitting of any contract for the purpose of avoiding the relevant purchasing threshold.	Manager Governance	Complete	No action required based on WALGA email advice dated 2 May 2017, <b>however policy under review in line with release of revised WALGA Purchasing Policy Template.</b>	6	High
LC2.2	<del>1.1.12</del> 2.1.7 Procurement via Panels of Pre-Qualified Suppliers Policy	A Policy required by legislation to make provision in respect of the matters set out in paragraph 24AC (2) of the <i>Local Government (Functions and General) Regulations 1996</i> .	The existing Panel of Suppliers should be cancelled and tenders called to establish a new compliant Panel of Suppliers. Pending appointment of a Panel of Suppliers standard contracts should be awarded in accordance with the Procurement Policy.	Manager Governance	Complete	A Pre-Qualified Supplier Policy was adopted in December 2016, following the change in the regulations in September 2015. Contracts with a Panel of Suppliers established prior to the change in the Regulations were extended subsequent to the introduction of the requirement to have a Policy in place when utilising a Panel of Suppliers. Previous Panel contracts have expired. No further action required.	38	High

**COMPONENTS**

Hours

**LC3.0 SENIOR MANAGEMENT COMMITMENT TO LEGISLATIVE COMPLIANCE**

LC3.1	Communications	To ensure staff, contractors and regular volunteers are aware of their obligation to report breaches of legislation to the appropriate Officer.	That the obligation to report compliance breaches be communicated to contractors and volunteers.	Manager HR Manager People and Culture	May 2017	The Shires current process is undertaken through OSH reporting and the onsite induction process. Further works to be Included in the Shires corporate contractor induction process pending finalisation.	16	High
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No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
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**LC4.0 STAFF EXPERIENCE AND TRAINING**

LC4.1	Experienced Staff	To ensure staff engaged at a senior level and on technical roles have an understanding of the legislative requirements relevant to their role.	Experienced senior staff are expected to have a sound understanding of the requirements of their roles. Given the level of staff turnover, it is important new senior and technical staff possess the required experience or quickly acquire a sound understanding of their role.	CEO/Manager Human Resources Manager People and Culture	Ongoing Complete	HR practices include a merit based recruitment process based on experience, skills and qualification relevant to the position. This has been formalised through a review of the Recruitment BOP and HR Directive.		
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No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
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**LC5.0 MONITORING AND REVIEW OF LEGISLATIVE COMPLIANCE**

LC5.1	List of Payments	List of payments presented to Council monthly.	To ensure transparency of payments made all payments made utilising credit cards are presented to Council along with the list of payments.	Manager Financial Services	Complete	Details of credit card payments have always been presented together with direct debit transactions on the Monthly Payment Listing presented to the Council. Credit card payment details will be given increased prominence in the report.	6	High
LC5.2	Minutes of Executive Management Group Meetings	To formally document identified risks, internal control and legislative compliance weaknesses raised by the Executive Management Group.	Minutes of the Executive Management Group meetings be maintained with risks, internal control and legislative compliance weaknesses identified in the minutes.	CEO-PA Executive Assistant to the CEO	April 2017 – Ongoing Complete	**Refer RM4.5 & IC4.3 Process in place to ensure that EMG Minutes are recorded to Synergy Central Records system. All 2017 meeting minutes have been recorded to Synergy. EMG minutes will continue to be recorded to Synergy.	6	High
LC5.3	Employee Complaints/Grievance Handling	Procedures for the handling of employee complaints and grievances.	Staff Complaints Register to be established and maintained.	Manager HR Manager People and Culture	April 2017 November 2018	Employee complaints are addressed by the Manager of HR. A Staff Complaints Register was not available for review. This action will be reviewed as a priority on the commencement of the Manager People and Culture.	6	High

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
<b>LC6.0 CONTINUAL IMPROVEMENT OF LEGISLATIVE COMPLIANCE</b>								
LC6.1	Ongoing Improvement Program	A program developed to plan and implement improvements in legislative compliance practices and to guide implementation.	That the improvement program contained within this report be used as an initial improvement program.	Audit Reg 17 TAG	Ongoing	This improvement plan forms the basis of an all inclusive continual improvement process for all three areas.		

**INTERNAL CONTROLS IMPROVEMENT PLAN**

*\*\*Note shaded rows indicate an item has been carried forward from the previous iteration of the Improvement Plan.*

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
<b>IC1.0 MANDATE AND COMMITMENT</b>								
IC1.1	<del>2.1.1</del> 2.2.2 Materiality in Financial Reporting Policy	Policy to clarify the Council's view on the tolerable threshold of material variances and to limit the volume of variance reporting to significant information.	To avoid confusion all risks be rated using one context based risk level matrix and assessment criteria.	Manager Financial Services	<del>April 2017</del> Complete	The Policy contains risk ratings for material variances which differ from those contained within the Risk Matrix attached as an Appendix to the Policy.  The Risk Rating for Material Variances as per policy <del>2.1.1</del> 2.2.2 is intended in assessing the nature and magnitude of the material variance and	6	High

the associated explanations. This threshold considers only financial factors.

The Risk Matrix on the other hand is intended for overall risk assessment of projects to be undertaken. This matrix considers financial and non-financial factors.

These two thresholds are therefore not designed to be the same.

**IC2.0 INTERNAL CONTROL FRAMEWORK DESIGN**

IC2.1	Management Policy - Internal Controls	To establish a risk based Internal Control Framework, Systems and practices to support the internal control environment.	That an internal control framework be developed reflecting a risk based approach to internal controls and providing the monitoring and reporting systems.	TAG	<del>October 2017</del> November 2018	Internal Control Framework developed and in operation however leaving open until process is firmly established and embedded in across organisation.	10	Medium
IC2.2	<del>3.1.5</del> 4.2.1 Private and Community Works Policy	Policy to set out the requirements for undertaking private works.	To ensure appropriate control and minimise potential liability, we suggest private works only be undertaken after an appropriate written agreement has been signed with the landowner.	Manager Infrastructure	<del>April 2017</del> Complete	<del>The Policy provides for works to be undertaken on private land with no requirement for a signed agreement detailing the scope of works and responsibilities to be in place or any other controls to be in place.</del> The Finance Department have developed an	6	High

IC2.3	Internal Audit	Internal audit monitors the level of compliance with internal procedures and process along with assessing the appropriateness of these procedures.	As the level of documented procedures increases, an expanded internal audit function to confirm adherence to documented policies and procedures may be required.	Director Corporate Services	<del>November 2017</del> December 2018	internal-finance procedure to ensure private works are only undertaken after an appropriate written agreement (signed letter or purchase order) has been received.  Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken. The Senior Procurement, Risk and Governance Officer will coordinate an internal audit.	76	High
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No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
<b>IC3.0 IMPLEMENTATION OF INTERNAL CONTROLS</b>								
IC3.1	Experienced Staff	To ensure all senior staff have an understanding of the inherent risks internal controls are addressing associated with, and relevant to, their role.	Refer to LC4.1	Manager Financial Services	<del>November 2014</del> – Ongoing Complete	Implemented as part of the Internal Control Policy & BOP through all employees. In addition to Internal Control Policy and BOPs, we take advantage of relevant training activities available.	7	High
IC3.2	Staff Training	To ensure the staff have access to ongoing training in internal controls and attend appropriate training sessions.	Refer to LC 5.2	Manager Governance/ Manager Financial Services	Ongoing	Inductions and specific on the job training for internal control areas ie cash handling, stock control as required.	22	High

						<p>Training programmes to be developed for specific areas eg BRAC, Civic Centre and others as identified.</p> <p>Financial Services developed an induction pack that includes relevant information for each function in Finance. Governance, Records and IT inductions are undertaken with designated employees on their commencement. Other inductions are undertaken as requested. Information sessions on the local government and the Local Government Act were held with internal and external staff in November 2017.</p>		
IC3.3	Documented Procedures	Use of documented procedures by officers helps establish a standard methodology and identifies key controls for processes undertaken by officers.	Opportunity exists to improve and document standard operating procedures with key controls clearly identified. Once these procedures are developed and implemented, they require constant monitoring for adherence and	Director Corporate Services	November 2017 - Ongoing	Standard operating procedures exist for selected, but not all, financial procedures. Procedure documentation is being developed by officers where it does not currently exist.	152	High

IC3.4	Journals	Controls around the passing of journals between accounts.	<p>efficiency. Given the high level of risk associated with journals we suggest documented controls be developed to ensure the monitoring and approval of journals processed within the accounting system.</p>	Manager Financial Services	Complete	<p>It would be impracticable to document the authorisation and approval of all journals processed within the accounting system. <del>and this will create inefficiency particularly on journal entries that are considered as mere "housekeeping" journal entries (e.g. reclassification entries among accounts).</del> In our view, the independent review of the period-end account balances, <del>regardless of any accruals, reversals, minor correction and reclassification entries that occurred in between,</del> <del>would remain to be</del> <b>is</b> the most efficient and effective control to prevent misstatements <del>either</del> due to fraud or error.</p> <p>Finance <b>staff</b> will <del>however</del> continue to utilise the Account Memos prepared in documenting journal entries involving account balance write-offs <del>which</del></p>	6	Medium
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IC3.5	Trust Transfers	Controls in relation to the transfer of funds between the Municipal and Trust Funds.	Unidentified deposits in the Municipal Fund remain within the Fund and are listed on the debtors' reconciliation until such time as they are identified and allocated to the appropriate debtor.	Manager Financial Services	Complete	<p>affect the P&amp;L, debtor balances, creditor balances and property balances such as:</p> <ul style="list-style-type: none"> <li>— Reversal of rates penalty charges raised in error</li> <li>— Credits applied to sundry debtors for identification of previously unallocated collections.</li> <li>— Write-off of assets disposed.</li> </ul> <p>We agree that journals should be monitored and approved but this should be directed towards high-risk areas and not to every single all journals. We acknowledge that the aforementioned practice of temporarily transferring unidentified deposits to trust had occurred in the past but this practice has long been discontinued. Subsequent to the discontinuance of such practice, we have since cleared off significant amount unallocated deposits temporarily transferred to the Trust account with only a few</p>	6	Medium
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IC3.6	Payroll System	A system for the recording and processing of employee timesheets and effecting payments to employees.	Processing of payroll should be undertaken in accordance with documented procedures and controls with system errors/issues reported. Systems or documented procedures should be in place for the pre- authorisation of all staff absentee time. In the circumstances where staff are not able to obtain pre-authorisation (sick leave) documented procedures should be developed to ensure staff acknowledge their absence as soon as practicable.	Manager Financial Services	November 2017 Complete and continuously monitored	<p>ageing and legacy items which we are continually investigating and following up with sundry debtors.</p> <p>Controls implemented to prevent unidentified funds from being deposited in the Municipal Fund</p> <p>In relation to leave procedures, a draft A Leave Management Business Operating Procedure (Leave BOP) has since been drafted which addresses:</p> <ul style="list-style-type: none"> <li>• OSH and work life balance</li> <li>• Manage and control leave balance and associated costs</li> <li>• Define excessive leave</li> <li>• Ensure any leave taken is recorded</li> <li>• Provide guidance for employees and managers</li> </ul> <p>The next step is to have the BOP reviewed by MFS and HR for recommendation for EMG review and approval.</p> <p>In relation to incorrect account numbers being</p>	76	High
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						charged by the online timesheet program, a Service Request (SR) has been raised to the software service provider (IT Vision) to resolve the issue with entities 00 and 62 being charged. For reference, the related SR is number SR161996. This has been prioritised with IT Vision.		
IC3.7	BOP <del>1.4.0</del> 2.1.6 Credit Card Procedures	To outline the approval process to be undertaken for use of the Corporate Credit Card and to ensure the appropriate handling and application of the card details	As credit cards are issued in the name of the signatory, we suggest credit card purchases are only utilised by the Officers to whom they are issued.	Manager Financial Services	<del>November 2017</del> Complete	BOP <del>1.4.0</del> 2.1.6 has since been developed to outline the approval process in the use of Corporate Credit Cards. Only members of the BEST team may utilise the credit cards and the details of the card are not to be shared with others.	6	High
IC3.8	Checklists	Checklists document the completion of multiple steps within an overall process.	Creation of standard checklists may assist in evidencing key points of control.	Director Corporate Services	<del>November 2017</del> Complete	Whilst some checklists are utilised by various staff, formal checklists for key functions are not always maintained. Checklists exist and are in use by staff as part of endorsed procedures.	152	High
IC3.9	Workflow Diagrams	Workflow diagrams create a visual representation of a process, clearly identifying key points of control and responsibility.	In conjunction with the development of documented procedures and checklists, development of workflow process	Director Corporate Services	<del>November 2017</del> April 2019	Workflow diagrams have not been compiled.	228	High

IC3.10	Procedures for the preparation of Monthly Reports	Documented procedures and checks for the preparation of the Monthly Statement of Financial Activity for presentation to Council.	diagrams may assist in clearly identifying controls and processes to be followed. All primary reconciliations be completed signed and reviewed prior to finalisation of the Monthly Statement of Financial Activity for presentation to Council.	Manager Financial Services	Complete	We developed an End of Month Checklist setting out the activities to be completed to achieve fully reconciled Balance Sheet GL accounts and cut-off procedures for Income Statement GL accounts. This checklist is continually developed for any new steps introduced or modified. This checklist and any resulting reconciliations is reviewed and approved by the Manager Financial Services prior to preparation of the Monthly Financial Reports.	76	High
IC3.11	Debtors Reconciliation	Reconciliation of outstanding debtors listing to the debtors' ledger.	Credit amounts should be fully investigated and resolved to help ensure individual debtor balances are accurately reflected.	Manager Financial Services	Complete	As part of the End of Month Checklist, reconciliations of general ledger with the subsidiary ledgers, identification and investigation of unusual balances such as credit balances in debtors are now performed on a regular basis.	76	High

No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
<b>IC4.0 MONITORING AND REVIEW OF INTERNAL CONTROLS</b>								
IC4.1	Monitoring	To ensure policies and other controls relating to internal controls are adhered to within the organisation and their effectiveness is monitored.	That an internal audit function be developed to monitor the appropriateness and effectiveness of financial and non-financial internal controls.	Audit Reg 17 TAG	November - <del>Annually</del> Biennially	December 2016 review completed by external consultant. While internal review is recommended current staff resources do not permit the development of an internal audit function. An external consultant will provide a biennial review as per the Audit Reg 17 regulations with ongoing risk management functions monitored by the Risk TAG. Next external audit review December 2018.		
IC4.2	Breach monitoring	To ensure a process exists to track breaches of internal controls and effectiveness of changes to internal controls.	That a process to track control breaches be developed as part of the wider risk management process.	Audit Reg 17 TAG	Ongoing	Monitoring processes to be developed.		
IC4.3	Minutes of Executive Management Group Meetings	To formally document identified risks, internal control and legislative compliance weaknesses raised by the Executive Management Group.	Minutes of the Executive Management Group meetings be maintained with risks, internal control and legislative compliance weaknesses identified in the minutes.	CEO-PA Executive Assistant to the CEO	<del>April 2017</del> Ongoing Complete	**Refer RM4.5 & LC5.2 Process in place to ensure that EMG Minutes are recorded to Synergy Central Records system. All 2017 meeting minutes have been recorded to Synergy. EMG minutes will		High

continue to be recorded to Synergy.

**IC5.0 CONTINUAL IMPROVEMENT OF INTERNAL CONTROLS**

IC5.1	Ongoing Improvement Program	A program developed to plan and implement improvements in internal controls practices and to guide the process of implementation.	That a documented program to implement improvements to internal controls be established as part of the wider risk management process.	Audit Reg 17 TAG	Ongoing	This improvement plan forms the basis of an all inclusive continual improvement process for all three areas.
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No.	FRAMEWORK COMPONENTS	PURPOSE/GOAL	IMPROVEMENTS	Officer	Timing	Comments	Est. Hours	Priority
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**IC6.0 INTERNAL CONTROLS IMPROVEMENT PLAN**

IC6.1	BRAC Receipting	To ensure that all funds received at the BRAC are receipted to the correct account in a timely manner.	That documented control procedures be developed and compliance with these procedures monitored.	Manager Financial Services/  Manager Community Development  Manager Sport and Recreation, BRAC	Ongoing Complete  Ongoing Complete	Procedures documented and monitored by BRAC Manager.  BOP accepted in July 2016. Financial Services working with BRAC regarding continuing receipting and balancing issues.  The Revenue Officer monitors BRAC activities after each month-end closing activities in order ensure completeness of	22	High
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IC6.2	Accounting Control Procedures	To ensure all financial transactions are appropriately recorded/ reported and the risk of fraud or error is minimised.	That the accounting procedures be expanded to more fully describe the task and its associated consequences and lines of authority.	Financial Services Team	<del>December 2017</del> Complete and continuously monitored	revenue. Detailed tasks lists have been developed which identify activities that are performed on a daily, weekly, fortnightly, monthly, quarterly and annual basis. Related procedures are being developed. Detailed procedures are however continually produced and developed.
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**APPENDIX 1: RISK MATRIX**

Shire of Broome Measures of Consequence							
Rating	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant 1	Near miss / minor injuries	Less than \$10,000	No material service interruption	Minor regulatory or statutory impact	Unsubstantiated, localised low impact on community / stakeholder trust, low profile or no media item	Inconsequential damage	Contained, reversible impact managed by on site response
Minor 2	First aid injuries/ Lost time injury <30 Days	\$10,001 - \$250,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, localised impact on community / stakeholder trust or low media item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate 3	Medical type injuries/ Lost time injury >30 Days	\$250,001 - \$2,000,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact on community/stakeholder trust or moderate media profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major 4	Long-term disability / multiple injuries	\$2,000,001 - \$4,000,000	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, widespread high impact on community / stakeholder trust, high media profile, third party actions	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Extreme 5	Fatality, permanent disability	More than \$4,000,000	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, widespread loss of community/stakeholder trust, high widespread multiple media profile, third party actions	Extensive damage requiring prolonged period of restitution	Uncontained, irreversible impact

Measures of Likelihood			
Rating	Definition	Frequency	Chance of Occurrence
<b>Almost Certain (5)</b>	The event is expected to occur in most circumstances	More than once per year	> 90% chance of occurring
<b>Likely (4)</b>	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurring
<b>Possible (3)</b>	The event should occur at some time	At least once in 5 years	40% - 60% chance of occurring
<b>Unlikely (2)</b>	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurring
<b>Rare (1)</b>	The event may only occur in exceptional circumstances	Less than once in 15 years	< 10% chance of occurring

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

**5.3 2ND QUARTER FINANCE AND COSTING REVIEW 2017-18**

<b>LOCATION/ADDRESS:</b>	Nil
<b>APPLICANT:</b>	Nil
<b>FILE:</b>	FRE02
<b>AUTHOR:</b>	Manager Financial Services
<b>CONTRIBUTOR/S:</b>	Senior Finance Officer
<b>RESPONSIBLE OFFICER:</b>	Director Corporate Services
<b>DISCLOSURE OF INTEREST:</b>	Nil
<b>DATE OF REPORT:</b>	29 January 2018

**SUMMARY:** The Audit Committee is requested to consider results of the 2nd Quarter Finance and Costing Review (FACR) of the Shire's budget for the period ended 31 December 2017, including forecast estimates and budget recommendations to 30 June 2018.

**BACKGROUND**Previous Considerations

OMC 29 June 2017	Item 9.4.4
OMC 19 Oct 2017	Item 9.4.3

Quarter 2 Finance and Costing Review

The Shire of Broome has carried out its 2nd Quarter Finance and Costing Review (FACR) for the 2017/18 Financial Year. This Review of the 2017-2018 Annual Budget is based on actuals and commitments for the first three months of the year from 1 July 2017 to 31 December 2017, and forecasts for the remainder of the financial year.

This process aims to highlight over and under expenditure of funds for the benefit of Executive and Responsible Officers to ensure good fiscal management of their projects and programs.

Once this process is completed, a report is compiled identifying budgets requiring amendments to be adopted by Council. Additionally, a summary provides the financial impact of all proposed budget amendments to the Shire of Broome's adopted end-of-year forecast, in order to assist Council to make an informed decision.

It should be noted that the 2017/2018 annual budget was adopted at the Ordinary Meeting of Council on 29 June 2017 as a balanced budget. There have been further amendments adopted by Council as part of the Annual Financial Statements for the use of additional carried forward surplus and as part of 1<sup>st</sup> Quarter FACR. The result of all amendments prior to the 2<sup>nd</sup> Quarter FACR is \$43,601 deficit upon the Shire of Broome's forecast end of year position.

**COMMENT**

The 2nd Quarter FACR commenced on 24 January 2018. The FACR process has identified a **deficit of \$70,296** and net organisational **savings of \$nil**.

Chairperson.....Date.....

The results from this process indicate a **deficit** forecast financial position to 30 June 2018 of **\$113,897** should Council approve the proposed budget amendments. This deficit is predominantly associated with the aforementioned drainage works estimated to cost \$400,000.

It is recommended that any surplus funds identified throughout the FACR process be quarantined to reserve which is \$nil for the quarter ended December 2017. This will carry a **deficit of \$113,897** forward to the next FACR meetings to be held in April 2018.

It should also be noted that this figure represents a budget forecast should all expenditure and income occur as expected. It does not represent the actual end-of-year position which can only be determined as part of the normal Annual Financial processes at the end of the financial year.

A comprehensive list of accounts (refer to Attachment 1) has been included for perusal by the committee and summarised by Directorate.

A summary of the results follows:

BUDGET IMPACT						
	2017/18 Adopted Budget (Income) / Expense	FACR Q2 Overall (Income) / Expense (Org Savings not subtracted)	FACR Q2 Org Savings (by Dept.)	FACR Q2 Impact (Income) / Expense (Org Savings subtracted)	YTD Adopted Budget Amendments (Income) / Expense	YTD Impact (Org Savings Subtracted)
Executive - Total	0	50,000	0	50,000	0	0
Corporate Services - Total	0	(109,825)	(95,000)	(14,825)	0	(14,825)
Development & Community - Total	0	(71,748)	(34,000)	(37,748)	43,601	5,853
Infrastructure Services - Total	0	201,869	129,000	72,869	0	122,869
	<b>0,000*</b>	<b>70,296</b>	<b>0</b>	<b>70,296</b>	<b>43,601†</b>	<b>113,897</b>

## CONSULTATION

All amendments have been proposed after consultation with Executive and Responsible Officers at the Shire.

## STATUTORY ENVIRONMENT

### *Local Government (Financial Management) Regulation 1996*

#### **r33A. Review of Budget**

- (1) Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.
- (2A) The review of an annual budget for a financial year must —
  - (a) consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and

- (b) consider the local government's financial position as at the date of the review; and
  - (c) review the outcomes for the end of that financial year that are forecast in the budget.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
- (3) A council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

\*Absolute majority required.

- (4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

Local Government Act 1995

### **6.8. Expenditure from municipal fund not included in annual budget**

- 1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
- (a) is incurred in a financial year before the adoption of the annual budget by the local government;
  - (b) is authorised in advance by resolution\*; or
  - (c) is authorised in advance by the mayor or president in an emergency.
- (1a) In subsection (1) —  
 "additional purpose" means a purpose for which no expenditure estimate is included in the local government's annual budget.

## **POLICY IMPLICATIONS**

### 2.1.1 Materiality in Financial Reporting

It should be noted that according to the materiality threshold set in Policy 2.1.1 Materiality in Financial Reporting, should a deficit achieve 1% of Shire's operating revenue (\$376,296) the Shire must formulate an action plan to remedy the over expenditure.

## **FINANCIAL IMPLICATIONS**

The **net result** of the 2nd Quarter FACR estimates is a **budget deficit position of \$113,897** to 30 June 2018 with organisational **savings of \$nil**.

## **RISK**

The Finance and Costing Review (FACR) seeks to provide a best estimate of the end-of-year position for the Shire of Broome at 30 June 2018. Contained within the report are recommendations of amendments to budgets which have financial implications on the estimate of the end-of-year position.

The review does not, however, seek to make amendments below the materiality threshold unless strictly necessary. The materiality thresholds are set at \$10,000 for operating budgets and \$20,000 for capital budgets. Should a number of accounts exceed their budget within these thresholds, it poses a risk that the predicted final end-of-year position may be understated.

In order to mitigate this risk, the CEO enacted the FACRs to run quarterly and executive examine each job and account to ensure compliance. In addition, the monthly report provides variance reporting highlighting any discrepancies against budget.

It should also be noted that should Council decide not to adopt the recommendations, it could lead to some initiatives being delayed or cancelled in order to offset the additional expenditure associated with running the Shire's operations.

## **STRATEGIC IMPLICATIONS**

**Our People Goal – Foster a community environment that is accessible, affordable, inclusive, healthy and safe:**

Effective communication

Affordable services and initiatives to satisfy community need

**Our Prosperity Goal – Create the means to enable local jobs creation and lifestyle affordability for the current and future population:**

Affordable and equitable services and infrastructure

Key economic development strategies for the Shire which are aligned to regional outcomes working through recognised planning and development groups/committees

**Our Organisation Goal – Continually enhance the Shire's organisational capacity to service the needs of a growing community:**

An organisational culture that strives for service excellence

Sustainable and integrated strategic and operational plans

Responsible resource allocation

Improved systems, processes and compliance

## **VOTING REQUIREMENTS**

*Absolute Majority*

### **COMMITTEE RESOLUTION: (REPORT RECOMMENDATION)**

**Moved: Cr D Male**

**Seconded: Cr C Mitchell**

**That the Audit and Risk Committee recommends that Council:**

- 1. Receive the 2nd Quarter Finance and Costing Review Report for the period ended 31 December 2017;**
- 2. Adopts the operating and capital budget amendment recommendations for the period ended 30 June 2018 as attached; and**
- 3. Notes a forecast end-of-year position to 30 June 2018 of a \$113,897 deficit position.**

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 3/0**

**Attachments**

- 1. QUARTER 2 FINANCE AND COSTINGS REVIEW REPORT 2017-18

<b>SHIRE OF BROOME SUMMARY REPORT</b>						
<b>BUDGET IMPACT</b>						
	<b>2017/18 Adopted Budget (Income) / Expense</b>	<b>FACR Q2 Overall (Income) / Expense (Org Savings not subtracted)</b>	<b>FACR Q2 Org. Savings (by Department)</b>	<b>FACR Q2 Impact (Income) / Expense (Org Savings subtracted)</b>	<b>YTD Adopted Budget Amendments (Income) / Expense</b>	<b>YTD Impact (Organisational Savings Subtracted)</b>
Executive - Total	0	50,000	50,000	0	0	0
Corporate Services - Total	0	(109,825)	(95,000)	(14,825)	0	(14,825)
Economic & Development - Total	0	(71,748)	(34,000)	(37,748)	43,601	5,853
Infrastructure Services - Total	0	201,869	79,000	122,869	0	122,869
Impact of Council approved budget amendments	0	0	0	0	0	0
Net impact of Organisation Savings/Expenditure	0	0	0	0	0	0
	<b>0,000*</b>	<b>70,296</b>	<b>0</b>	<b>70,296</b>	<b>43,601†</b>	<b>113,897</b>

\*Council adopted the annual budget with a predicted end-of-year balanced budget, which included previous year carried forward surplus

\*\*Please note that should the Forecast budget predict a deficit greater than 1% of budgeted operating revenue excluding grants and contributions for assets, and profit on sale of assets (\$348,358), an action plan to remedy the situation will be prepared in accordance with Finance Policy 2.1.1

† Includes all additional Council adopted budget amendments year-to-date, including any previous FACRs

<b>IMPACT ON RESERVES</b>				
	<b>Accumulated Reserve Balance (excluding Restricted Cash Reserve, Refuse Reserve &amp; RRRP Reserve)</b>	<b>Accumulated Reserve Balance (Refuse &amp; RRRP Reserve only)</b>	<b>Accumulated Reserve Balance (Restricted Cash)</b>	<b>Total</b>
Opening Balance	16,179,852	13,169,010	2,033,575	31,382,437
Amended Budget Movements	1,546,313	(1,041,349)	1,241,914	1,746,878
FACR Amendments	155,478	-	-	-
Closing Balance	17,881,643	12,127,661	3,275,489	33,129,315

**SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 2**

Account	Job	Description	2017/18 Current Budget	2017/18 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org. Savings / Expense
<b>EXECUTIVE</b>									
<b>ADMIN1 - Chief Executive Officer - S Mastrolemo</b>									
1367206		Salary - Op Exp - Economic Services Special Projects	111,874	51,147	31,063	142,937		Three months employment cost of Senior Project Engineer - Chinatown Revitalisation as per PRA 1807.	
1367207		Superannuation Employee Exp - Op Exp - Economic Services Special Projects	17,186	7,903	2,950	20,136		Three months employment cost of Senior Project Engineer - Chinatown Revitalisation as per PRA 1807.	
					1,500				
1367211		Chinatown Revitalisation Consultant and Other Expense - Op Exp - Economic Services Special Projects	3,044,328	112,079	(35,513)	3,008,815		<b>RO: ES7 - Special Projects Coordinator - T Graffen</b> - Three months employment cost of Senior Project Engineer - Chinatown Revitalisation as per PRA 1807 resulting in reduction in consultancy costs.	
23029		Community Communication Plan - Other Gov	-	-	50,000	50,000		Proposed to undertake community survey by end of the financial year to enable data to be analysed for SCP review in first half of 18/19 financial year.	50,000
					<b>50,000</b>		<b>0</b>		<b>50,000</b>
<b>OVERALL EXECUTIVE - DEPT. SAVINGS/EXPENSE</b>					<b>50,000</b>	<b>EXECUTIVE - ORG. SAVINGS/EXPENSE</b>			<b>50,000</b>
<b>RESERVE MOVEMENT - EXECUTIVE</b>							<b>0</b>		
<b>EXECUTIVE - NET IMPACT (EXC. ORG.SAVINGS/EXPENSE)</b>							<b>0</b>		
<b>CORPORATE SERVICES</b>									
<b>CS1 - Director Corporate Services - J Watt</b>									
23451		Staff EBA Review Provision - Op Exp - Other Gov	20,000	25,718	15,000	35,000		Additional \$15K required due to continued negotiations and associated IR and HR advice (\$35K). Currently \$28K	15,000
142012		Relieving Staff Exp - DCS - Gen Admin	98,000	45,843	(30,502)	67,498		MG LSL previously recorded to 142010 Salary - Op Exp - Gen Admin MUN was recognised in this account and the budget previously in IE 34 reclassified to IE 61. Double journal in Synergy. \$39,678 adjustment for MG LSL relief which was incorrectly charged to 142010 Salary - Op Exp - Gen Admin MUN. \$19,852 saving to be transferred back to Leave Reserve. \$21,300 assigned for rates relief - can halve to \$10,650.	
141997		Transfer to Leave Reserve - Cap Exp - Corp Gov & Support	34,700	1,477	19,852	54,552	19,852	<b>RO: BA - Coordinator Financial Services - L Dodds</b> Adjustment for MG LSL relief charged to 142010 Salary - Op Exp - Gen Admin MUN. \$19,852 saving to be transferred back to Leave Reserve.	
					<b>4,350</b>		<b>19,852</b>		<b>15,000</b>

Account	Job	Description	2017/18 Current Budget	2017/18 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org. Savings / Expense	
<b>CS2 - Manager Financial Services - A Santiago</b>										
30149		Legal & Rates Consulting Exp - Op Exp - Rates	175,000	44,795	(110,000)	65,000		\$155K budgeted for SAT legal fees however matter settled. Only \$45K actuals.	(110,000)	
32481		Rates Other Fees for Service (ex GST)- Op Inc - Rates	(2,200)	(6,375)	(4,175)	(6,375)		Higher than expected number of rates payment arrangements resulting in increased Payment Arrangement fees. Increased revenue from charges for reprint of rates notices.		
					<b>(114,175)</b>		<b>0</b>		<b>(110,000)</b>	
<b>CS6 - Manager Information Services - P Smith</b>										
146122		Software >\$5000 Cap Exp - IT	346,244	91,687	(50,000)	296,244		Funds allocated to implementation of Board Intelligence Reporting Software to be transferred to reserve. Project planning identified issues with suitability of product.		
148008		Transfer to Furniture & Equipment Reserve - Cap Exp	0	0	50,000	50,000	50,000	<b>RO: BA - Coordinator Financial Services - L Dodds:</b> Funds allocated to implementation of Board Intelligence Reporting Software to be transferred to reserve. Project planning identified issues with suitability of product.		
					<b>0</b>		<b>50,000</b>		<b>0</b>	
<b>OVERALL CORPORATE SERVICES - DEPT. SAVINGS/EXPENSE</b>					<b>(109,825)</b>	<b>CORPORATE SERVICES - ORG. SAVINGS/EXPENSE</b>				<b>(95,000)</b>
<b>RESERVE MOVEMENT - CORPORATE SERVICES</b>										<b>69,852</b>
<b>CORPORATE SERVICES - NET IMPACT (EXC. ORG.SAVINGS/EXPENSE)</b>										<b>(14,825)</b>
<b>DEVELOPMENT &amp; COMMUNITY</b>										
<b>BS1 - Manager Planning &amp; Building Services - K Wood</b>										
133015		Consultants - Op Exp - Building Control	10,000	345	(5,000)	5,000		Expenditure less than anticipated.		
					<b>(5,000)</b>		<b>0</b>		<b>0</b>	
<b>BRAC1 - Manager Sport &amp; Recreation - C Zepnick</b>										
113704		Consultants - Op Exp - Rec Services	30,000	10,000	15,000	45,000		Operational review charged to account 117017 and therefore need to align the budget. Funds committed for both operational review (carry over) and Review of Sport and Recreation Plan.		
117017		Consultants - Op Exp - BRAC - General	16,000	0	(15,000)	1,000		Budget for operational review originally budgeted in this account was charged to 113704 and therefore need to align the budget. Final payment to be made in February 2018.		
117003		Relieving Staff Exp - Op Exp - BRAC Aquatic	6,200	14,203	15,000	21,200		To cover secondment of YCDO and short term positions while HR vacancies affected recruitment (see 117057 and 117171).		
117004	117057	Salary & Related Customer Service Officer Expense	116,673	44,879	(10,000)	106,673		\$10k reallocated to 117003 for labour hire staff to cover YCDO secondment		
117171		Salary - Op Exp - Holiday Prog Exps - BRAC Dry	23,310	5,797	(5,000)	18,310		See account 117003 - Labour hire staff for short term placement for January program.		
113001	113002	Haynes Oval Pavilion General Maint - Op Exp	4,000	3,785	3,000	7,000		Additional funds required to undertake repairs to plumbing works. Additional expenditure relating to vandalism at the facility.		
113391		Haynes Oval & Pavilion Income - Op Inc	(96,078)	(4,946)	(5,000)	(101,078)		Broome Senior High School user fees have not yet been paid/invoiced. 16/17 financial year was \$100k.		
117081	117082	General Building & Facility Maint - BRAC Dry - Op Exp	20,000	20,831	10,000	30,000		Lighting works expected to be done for the indoor courts. Unexpected repairs have expended budget prematurely.		
117282		Swimming Lessons by BRAC Inc	(100,000)	(61,172)	(20,000)	(120,000)		Will exceed budget based on term 4 performance and capacity of term 1 lessons.		
					<b>(12,000)</b>		<b>0</b>		<b>0</b>	

Account	Job	Description	2017/18 Current Budget	2017/18 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org. Savings / Expense
<b>CMS2 - Manager Community &amp; Economic Development - M Davis</b>									
23040		Youth Development Programme & Working Group - Op Exp - Other Governance	42,543	1,918	(15,000)	27,543		Position has been vacant. Project plan for Q3 and Q4 suggests decreased budget and deliverables. Budget adjustment (reduction of \$15,000) to reflect revised project delivery post recruitment.	
23050		Grant Op - Youth Coordinating Committee Op Inc. - Other Governance	(16,000)	(1,545)	8,700	(7,300)		Budget adjustment to reflect revised project delivery as per 23040.	
82600		Salary - Op Exp - Community Services	365,167	122,344	(5,297)	359,870		Reduce by \$10594 - \$5149 savings from vacant position used for relief staff in GL 82610, \$148 to IE 000, \$5297 to IE 62 (wages allocated to incorrect IE code).	
82610		Relief Staff - Op Exp - Community Services	2,866	8,014	5,149	8,015		Match budget to actual for relief staff coverage. Total adjustment to be transferred from vacancy savings in 82600.	
					<b>(6,448)</b>		<b>0</b>		<b>0</b>
<b>CMS3 - Events and Economic Development Coordinator - R Chappell</b>									
113417		Event Application Fee (No GST) Male Oval & Concourse - Op Inc - Other Rec & Sport	(5,000)	(9,941)	(5,000)	(10,000)		Increased event revenue across various reserves.	
116071		Festival & Events Sundry Inc - Op Inc - Other Culture	0	(300)	(300)	(300)		Reimbursement for placing ad for Sun Pictures 100th Anniversary Event	
116184	116199	Christmas Deco and Street Party Works - Op Exp	21,174	24,770	5,000	26,174		Shire's final contribution confirmed after the event.	
116483		Brome Civic Centre Operational Grants & Contributions - Op Inc - Bme Civic Centre	(40,000)	(51,904)	(12,000)	(52,000)		<b>RO: CMS4 - Civic Centre Venue Supervisor - S Dobson</b> Received more from Audience Development Grant than expected. Grant needs to be spent and acquitted.	
					<b>(12,300)</b>		<b>0</b>		<b>0</b>
<b>HS1 - Manager Health &amp; Ranger Services - T Matson</b>									
51410		User Charges - Fire - Slashing Etc - Op Inc - Fire Prevention	(45,000)	(32,290)	10,000	(35,000)		Income was estimate only. Total contractor costs were less than anticipated due to some properties being completed by owners.	
52400		Animal Fines & Penalties - Op Inc - Animal Control	(10,000)	(10,843)	(5,000)	(15,000)		Account has been topped up by bulk FER referral and subsequent payments received. Rangers have also taken a stricter line in impounding wandering dogs.	
53060		Impounding of Vehicles Expense - Op Exp - Other Law Order & Public Safety	10,000	8,660	5,000	15,000		Increased number of cars impounded	
53400		Sundry (ORV Etc) Fines & Penalties - Op Inc - Other Law Order & Public Safety	(10,000)	(11,273)	(5,000)	(15,000)		Account has been topped up by bulk FER referral and subsequent payments received. Focus of 2018 camping season will be within this financial year.	
103480		Septic Tank Fees - Op Inc - Sewerage	(3,000)	(5,074)	(2,000)	(5,000)		Increase in septic tank applications - influx from one of the Aboriginal Communities	
124910		Parking Fines - Op Inc - Parking Facilities	(25,000)	(14,806)	(5,000)	(30,000)		Increased FER returns due to bulk referral. FER process will now result in increased level of payments.	
508216		Bush Fire Mitigation - Op Exp - Fire Prevention	66,135	33,030	(20,000)	46,135		Total contractor costs were less than anticipated due to some properties being completed by owners.	(20,000)
					<b>(22,000)</b>		<b>0</b>		<b>(20,000)</b>
<b>LS1 - Library Coordinator - S Eaton</b>									
115286		SLWA Travel & Accommodation Op Exp - Library	24,580	2,853	(14,000)	10,580		Amount includes wages of Library Coordinator. Posted to other expenses due to lapse in receiving grant money from SLWA	(14,000)
					<b>(14,000)</b>		<b>0</b>		<b>(14,000)</b>
<b>OVERALL DEVELOPMENT &amp; COMMUNITY - DEPT. SAVINGS/EXPENSE</b>					<b>(71,748)</b>			<b>DEVELOPMENT &amp; COMMUNITY - ORG. SAVINGS/EXPENSE</b>	<b>(34,000)</b>
<b>RESERVE MOVEMENT - DEVELOPMENT &amp; COMMUNITY</b>							<b>0</b>		
<b>DEVELOPMENT &amp; COMMUNITY - NET IMPACT (EXC. ORG.SAVINGS/EXPENSE)</b>									<b>(37,748)</b>

Account	Job	Description	2017/18 Current Budget	2017/18 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org. Savings / Expense
<b>INFRASTRUCTURE SERVICES</b>									
<b>ES1 - Director Infrastructure - S Harding</b>									
23094		Proceeds On Sale Of Assets - Cap Inc - Other Governance	0	(33,982)	(33,982)	(33,982)		DCEO Vehicle trade in - to be transferred to Plant Reserve.	
142988		Transfer to Plant Reserve - Cap Exp - Engineering Office	39,600	1,532	33,982	73,582	33,982	RO: BA - Coordinator Financial Services - L Dodds: DCEO vehicle trade in value	
122204		Street Lighting - Mnthly Elect Accts & Insurance - Op Exp - Road Operating Exp	500,000	179,797	(70,199)	429,801		Reduced street lighting costs to date.	(70,199)
143010		Salary - Op Exp - Engineering Office	599,137	160,485	24,196	623,333		3 months salary - Project Engineer and Senior Project Engineer in excess of the remuneration package of previous Senior Project Engineer	
143013		Superannuation Employee Expense - Engineering	70,933	35,689	366	71,299		3 months superannuation - Project Engineer and Senior Project Engineer in excess of the remuneration package of former Senior Project Engineer	
143029		Other Employment Costs - Engineering	30,230	17,036	3,000	33,230		3 months work of vehicle hire for Project Engineer and Senior Project engineer estimated at \$500 per month	
143395		Transfer From - Leave Reserve - Eng Office	-	-	(22,555)	(22,555)	(22,555)	RO: BA - Coordinator Financial Services - L Dodds: 345 hours of LSL cash out of former Senior Project Engineer now to be paid out from reserves rather than municipal funds.	
143038		Consultants Engineering Office	156,634	45,687	(100,000)	56,634		Boat Harbour Feasibility Study funds not required due to State government funding commitment.	(100,000)
					<b>(165,192)</b>		<b>11,427</b>		<b>(170,199)</b>
<b>ES3 - Manager Infrastructure Operations - B Edwards</b>									
117455	117456	BRAC Ovals Renewal - Infra Works - Cap Exp - BRAC Ovals	15,996	27,561	3,862	19,858		Additional expenditure for mainline irrigation work.	
148100	148295	Depot Build & Grounds - Works Maint	56,504	33,215	(10,000)	46,504		Cost savings to date not likely to be spent.	
148060		Relief Staff Op Exp - Depot Ops	57,200	24,228	37,000	94,200		Apprentice mechanic continuing until 30 June 2018 and to be reviewed during the budgeting period.	
					<b>30,862</b>		<b>0</b>		<b>0</b>
<b>ES5 - Works Coordinator - D Greaves</b>									
122000	121026	Sector 3 Old Broome - Works Maint	344,641	137,515	(25,000)	319,641		Amount not likely to be spent on traffic control, line marking and removal of old footpath.	
122000	121025	Sector 2 Cable Beach - Works Maint	239,080	96,511	(20,000)	219,080		Amount not likely to be spent on traffic control, line marking and removal of old footpath.	
122000	121028	Sector 5 Roebuck Est - Works Maint	207,421	60,472	(10,000)	197,421		Amount not likely to be spent on traffic control, line marking and removal of old footpath.	
104270	104299	Short St-Paspaley Camarvon Street New Drainage Const - Cap Exp	0	-	400,000	400,000		Cost of drainage upgrade needed on Short Street - Camarvon Street prior to construction related to Chinatown Revitalisation Project.	249,199
104480		Transfer From Drainage Reserve - Urban Stormwater Drainage - Cap Inc	(0)	-	(100,801)	(100,801)	(100,801)	RO: BA - Coordinator Financial Services - L Dodds: Reserve funding to be used for cost of drainage upgrade needed on Short Street - Camarvon Street prior to construction related to Chinatown Revitalisation Project.	

Account	Job	Description	2017/18 Current Budget	2017/18 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org. Savings / Expense
148281	148281	Works Staff Training - Op Exp	50,663	27,138	(12,000)	38,663		Amount previously budgeted for miscellaneous subcontractor no longer likely to be spent.	
					<b>232,199</b>		<b>(100,801)</b>		<b>249,199</b>
<b>ES6 - Senior Project Engineer - M Renwick</b>									
121501	RU12	Crab Creek Road - SLK 1.53 to 2.13 - New alignment from BR Ind. - Cap Ex - Upgrade	665,125	523,019	150,000	815,125		Cost overrun to be Muni funded. Additional cost required for additional 200mm topsoil which is now three times greater than normally encountered. Associated costs including plant hire, cultural monitoring and extra pindan constructions. Potential to claim part funds from WANNDRRA.	
					<b>150,000</b>		<b>0</b>		<b>0</b>
<b>ES8 - Waste Coordinator - VACANT</b>									
101550	101552	Other Infra Renewal Rubbish Services - Cap Exp - San Gen Refuse	295,723	0	(150,000)	145,723		Savings from reactive replacement of bins rather than automatic renewal. To be put into SANITATION RESERVE.	
101515		Transfer to Refuse Reserve - Cap Exp - Sanitation Gen Refuse	83,400	3,745	150,000	233,400	150,000	RO: BA - Coordinator Financial Services - L Dodds: Savings from reactive replacement of bins rather than automatic renewal.	
					<b>0</b>		<b>150,000</b>		<b>0</b>
<b>PK3 - Parks Coordinator - C Hankinson</b>									
113000	113543	Town Beach Water Park - P&G Maint	130,742	68,334	(10,000)	120,742		Reduction in maintenance activities to be performed in view of capital works and Town Beach Masterplan works.	
113000	113032	Male Oval - P&G Maint	144,750	97,797	(10,000)	134,750		Savings on power consumption.	
113000	PR36B	Magabala Park - P&G Maint	26,468	23,967	10,000	36,468		To cover increased requirement for water for the remainder of the year (Botanical Society)	
113000	113583	Herbert St Park - P&G Maint	84,051	28,288	10,000	94,051		Capital items misallocated to operational account. Capital budget exists for equipment renewal	
113000	113043	Town Beach - P&G Maint	200,015	53,677	(25,000)	175,015		Power and water savings.	
117210	117211	BRAC Ovals - P&G Maint	226,009	182,891	5,000	231,009		Frequency of mowing increased and extra attachments costs.	
126000	126015	Gubinge Road - P&G Maint	85,060	30,288	(10,000)	75,060		Water issue experienced in 16/17 resolved resulting in savings.	
					<b>(30,000)</b>		<b>0.0</b>		<b>0.0</b>
<b>PM2 - Asset and Building Coordinator - S Clark</b>									
103101	103102	Town Beach Sewerage - Reactive Maint - Op Exp	6,500	3,538	(2,000)	4,500		Maintenance works completed under budget.	
132310	132310	Roebuck Bay CP - Planned Maint & Minor Works - Op Exp	10,000	0	16,000	26,000		Additional cost associated with tree pruning safety works following TC Hilda.	
142000	142000	Haas St Office - Operating Expense - Op Exp	381,361	191,841	(20,000)	361,361		Power and other cost savings to date.	
142000	142058	Haas St Office - Planned Maint & Minor Works - Op Exp	36,000	2,982	(10,000)	26,000		Power and other cost savings to date.	
147100		Building Capital > \$5k - Cap Exp - Unclassified General	100,000	31,612	(10,000)	90,000		Reduction in reactive aircon maintenance. Savings to be put into building reserves.	
147372		Shire Office Barker St - Building Renewal - Cap Exp - Corp Gov Support	15,000	0	(15,000)	0		Roofing costs originally budgeted as capex to be recognised as minor repairs. Minor repairs account has sufficient budget for the works.	
141790		Transfer to Building Reserve - Cap Exp - General Administration O'Heads	94,400	4,481	25,000	119,400	25,000	RO: BA - Coordinator Financial Services - L Dodds: Reduction in reactive aircon maintenance. Roofing costs originally budgeted as capex to be recognised as minor repairs. Minor repairs account has sufficient budget for the works.	
					<b>(16,000)</b>		<b>25,000</b>		<b>0</b>
<b>PM3 - Property and Leasing Senior Officer - P McBride</b>									
107071	107077	Gantheaume Point Ablutions - Operating Expense - Op Exp	15,563	3,524	(5,000)	10,563		Cost savings to be used for Cable Beach.	
107071	107073	Cable Beach Ablutions - Operating Expense - Op Exp	46,244	26,460	5,000	51,244		Expected cost overrun to be funded by cost savings from Gantheaume Point ablutions.	
116175		Community Storage Shed Expenditure	4,264	16,623	10,000	14,264		Costs associated with end of lease.	
142050	142051	Barker St Offices - Operating Expense - Op Exp	95,723	43,409	(10,000)	85,723		Power cost savings to date.	
					<b>0</b>		<b>0</b>		<b>0</b>

Account	Job	Description	2017/18 Current Budget	2017/18 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org. Savings / Expense
		OVERALL INFRASTRUCTURE SERVICES - DEPT. SAVINGS/EXPENSE			201,869			INFRASTRUCTURE SERVICES - ORG. SAVINGS/EXPENSE	79,000
		RESERVE MOVEMENT - INFRASTRUCTURE SERVICES					85,626		
		INFRASTRUCTURE SERVICES - NET IMPACT (EXC. ORG.SAVINGS/EXPENSE)					122,869		



**6. MATTERS BEHIND CLOSED DOORS**

Nil

**7. MEETING CLOSURE**

There being no further business the Chairperson declared the meeting closed at 4.35pm.