



AGENDA

BUSINESS OF AN URGENT NATURE

FOR THE

ORDINARY MEETING OF COUNCIL

28 APRIL 2022

NOTICE OF MEETING

Dear Council Member,

The next Ordinary Meeting of Council will be held on Thursday, 28 April 2022 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 5:00PM.

Regards,



J WATT
Acting Chief Executive Officer

27/04/2022

Our Mission

"To deliver affordable and quality Local Government services."

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 in section 5.25 of the *Local Government Act 1995* 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.

Should you require this document in an alternative format please contact us.

SHIRE OF BROOME
ORDINARY MEETING OF COUNCIL
THURSDAY 28 APRIL 2022

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13. BUSINESS OF AN URGENT NATURE

13.1 MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING 27 APRIL 2022

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	FRE02
AUTHOR:	Director Corporate Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

This report requests the Council to consider outcomes of the Audit and Risk Committee (ARC) meeting held on 27 April 2022 and seek adoption of the Quarter 3 Finance and Costing Review (FACR).

BACKGROUND

Previous Considerations

OMC 24 February 2022	Item 10.1
OMC 18 November 2021	Item 9.4.7
OMC 24 June 2021	Item 9.3.1

The Shire of Broome has carried out its 3rd Quarter Finance and Costing Review (FACR) for the 2021-22 financial year. This review of the 2021-22 Annual Budget is based on actuals and commitments for the first 9 months of the financial year from 1 July 2021 to 31 March 2021, and forecasts for the remainder of the financial year.

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

COMMENT

The Quarter 3 FACR commenced on 6 April 2022. At the start of the Q3 FACR, a net deficit of \$53,691 was forecast arising from past budget amendments adopted by Council, and the Q1 and Q2 FACR results. The Q3 FACR identifies a net deficit of \$302,908 resulting in an overall cumulative net deficit forecast financial position of **\$356,599** should Council approve the proposed budget amendments.

There were a total of 155 budget amendments proposed at the Q3 FACR which made up the \$356,599 net deficit for the quarter. There is no single transaction to which this net deficit is attributed. While officers make every effort to ensure the net impact of each FACR is minimal, the net deficit forecast mainly relates to the following proposed amendments:

- \$293,849 reduction in rates income attributed to back rates for UV Rural Commercial (Pastoral) valuation objections dating back to 1 July 2020;
- \$473,694 reduction in Local Roads and Community Infrastructure grant funding due to income being carried over from 2020-21 while remaining budgeted in 2021-22;

Substantial savings have been identified in the Waste area following an in-depth review of accounts by the Director Infrastructure and the Manager Waste. The Shire's waste unit is operated as a "separate" business entity and as such these savings have been recommended for quarantine into the Sanitation reserve to offset costs associated with future strategic and operational waste activities.

A summary of the results is as follows:

SHIRE OF BROOME SUMMARY REPORT							
BUDGET IMPACT							
	2021/22 Adopted Budget (Inc) / Exp	YTD Adopted Budget Amendments (Inc) / Exp	FACR Q3 Overall (Inc) / Exp (Org Sav / Exp not subtracted)	FACR Q3 Org Exp / (Sav) (by Dept)	FACR Q3 Impact (Inc) / Exp (Org Sav / Exp subtracted)	YTD Impact (Org Sav / Exp subtracted)	YTD Overall Position (Org Sav / Exp not subtracted)
OCEO	0	136,892	(96,500)	(104,500)	8,000	144,892	40,392
Corporate Services	0	(14,000)	252,253	233,753	18,500	4,500	238,253
Development	0	(30,000)	(119,000)	(119,000)	0	(30,000)	(149,000)
Infrastructure	0	(848,591)	266,155	207,894	58,261	(790,330)	(582,436)
Council amendments	0	809,390	0	0	0	809,390	809,390
	0,000*	53,691	302,908	218,147	84,761	138,452	356,599

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

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

Nil.

It should be noted that according to the materiality threshold set at the budget adoption, should a deficit achieve 1% of Shire’s operating revenue (\$395,334) the Shire must formulate an action plan to remedy the over expenditure.

FINANCIAL IMPLICATIONS

The Quarter 3 FACR estimated net result is a budget deficit position of **\$356,599** to 30 June 2022.

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 2022. 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 ASPIRATIONS

Performance – We will deliver excellent governance, service and value, for everyone.

Outcome Eleven – Effective leadership, advocacy and governance:

11.2 Deliver best practice governance and risk management.

Outcome Thirteen - Value for money from rates and long term financial sustainability:

13.1 Plan effectively for short and long term financial sustainability.

VOTING REQUIREMENTS

Absolute Majority

REPORT RECOMMENDATION:
(COMMITTEE RESOLUTION)

The Audit and Risk Committee recommends that Council:

1. *Receives the Quarter 3 Finance and Costing Review Report for the period ended 31 March 2022;*
2. *Adopts the operating and capital budget amendment recommendations for the year ended 30 June 2022 as attached; and*
3. *Notes a forecast end-of-year deficit position to 30 June 2022 of **\$356,599**.*

Attachments

1. MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD 27 APRIL 2022



UNCONFIRMED MINUTES

OF THE

AUDIT AND RISK COMMITTEE MEETING

27 APRIL 2022

These minutes were confirmed at a meeting held and signed below by the Presiding Person, at the meeting these minutes were confirmed.

Signed:

SHIRE OF BROOME
AUDIT AND RISK COMMITTEE MEETING
WEDNESDAY 27 APRIL 2022
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**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 WEDNESDAY 27 APRIL 2022, COMMENCING AT 2:00PM.**

1. OFFICIAL OPENING

The Chairman welcomed Councillors and Officers and declared the meeting open at 3:02PM.

2. ATTENDANCE AND APOLOGIES

ATTENDANCE

Members:	Cr D Male Cr C Mitchell Cr B Rudeforth	Chair / Deputy Shire President From 2:27PM
Apologies:	Nil	
Leave of Absence:	Nil	
Officers:	Mr J Watt Mr K Williams Mr J Hall Mr D Kennedy Ms E French	Acting Chief Executive Officer Director Development Services Director Infrastructure Acting Director Corporate Services Manager Financial Services

3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY

Committee Member	Item No	Item	Nature of Interest
Nil			

4. CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION:
Minute No. AR/0422/001
Moved: Cr C Mitchell **Seconded: Cr D Male**
That the Minutes of the Audit and Risk Committee held on 17 February 2022, as published and circulated, be confirmed as a true and accurate record of that meeting.
CARRIED UNANIMOUSLY 2/0

5. REPORTS OF OFFICERS

5.1 3RD QUARTER FINANCE AND COSTING REVIEW 2021-22

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	FRE02
AUTHOR:	Director Corporate Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

The Audit and Risk Committee is requested to consider results of the 3rd Quarter Finance and Costing Review (FACR) of the Shire's budget for the period ended 31 March 2022, including forecast estimates and budget recommendations to 30 June 2022.

BACKGROUND

Previous Considerations

OMC 24 June 2021	Item 9.3.1
OMC 18 November 2021	Item 9.4.7
OMC 24 February 2022	Item 10.1

The Shire of Broome has carried out its 3rd Quarter Finance and Costing Review (FACR) for the 2021-22 financial year. This review of the 2021-22 Annual Budget is based on actuals and commitments for the first 9 months of the financial year from 1 July 2021 to 31 March 2021, and forecasts for the remainder of the financial year.

This process aims to highlight over and under expenditure of funds and over and under achievement of income targets 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, to assist Council to make an informed decision.

It should be noted that the 2021-22 annual budget was adopted at the Ordinary Meeting of Council on 24 June 2021 as a balanced budget.

COMMENT

The Quarter 3 FACR commenced on 6 April 2022. At the start of the Q3 FACR, a net deficit of \$53,691 was forecast arising from past budget amendments adopted by Council, and the Q1 and Q2 FACR results. The Q3 FACR identifies a net deficit of \$302,908 resulting in an overall cumulative net deficit forecast financial position of **\$356,599** should Council approve the proposed budget amendments.

The above 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.

There were a total of 155 budget amendments proposed at the Q3 FACR which made up the \$356,599 net deficit for the quarter. There is no single transaction to which this net deficit is attributed. While officers make every effort to ensure the net impact of each FACR is minimal, the net deficit forecast mainly relates to the following proposed amendments:

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Substantial savings have been identified in the Waste area following an in-depth review of accounts by the Director Infrastructure and the Manager Waste. The Shire's waste unit is operated as a "separate" business entity and as such these savings have been recommended for quarantine into the Sanitation reserve to offset costs associated with future strategic and operational waste activities.

Significant amendments from the Q1 and Q2 FACR processes included:

- \$708,000 Building Better Regions Funding received for the Cable Beach project;
- \$390,000 recognition of the increased Self-Supporting Loan for the Broome Surf Life Saving Club;
- \$350,000 recognition of the increased Lotterywest contribution towards the Broome Surf Life Saving Club;
- \$227,000 reduction in budgeted Western Australian Local Government Grant Commission Road Grants (Local Roads component of FAGS).

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

A summary of the results is as follows:

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11.2 Deliver best practice governance and risk management.

Outcome Thirteen - Value for money from rates and long term financial sustainability:

13.1 Plan effectively for short and long term financial sustainability.

VOTING REQUIREMENTS

Absolute Majority

COMMITTEE RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. AR/0422/002

Moved: Cr D Male

Seconded: Cr C Mitchell

That the Audit and Risk Committee recommends that Council:

- 1. Receives the Quarter 3 Finance and Costing Review Report for the period ended 31 March 2022;**

