



AGENDA

FOR THE

AUDIT AND RISK COMMITTEE MEETING

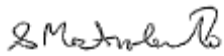
14 FEBRUARY 2023

NOTICE OF MEETING

Dear Council Member,

The next Audit and Risk Committee of Council will be held on Tuesday, 14 February 2023 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 3:00PM.

Regards,



S MASTROLEMBO
Chief Executive Officer

10/02/2023

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
AUDIT AND RISK COMMITTEE MEETING
TUESDAY 14 FEBRUARY 2023

INDEX – AGENDA

| | | |
|----|---|----|
| 1. | OFFICIAL OPENING | 4 |
| 2. | ATTENDANCE AND APOLOGIES..... | 4 |
| 3. | DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY | 4 |
| 4. | CONFIRMATION OF MINUTES | 4 |
| 5. | REPORT OF OFFICERS | 5 |
| | 5.1 COMPLIANCE AUDIT RETURN 2022 | 5 |
| | 5.2 RFQ22-34 SUPPLY AND DELIVERY OF THIRTEEN LIGHT VEHICLES - CONFIRMATION OF CONTRACT AWARDING..... | 16 |
| | 5.3 CARRY OVER BUDGETS FOR 2022/23 AND REVIEW OF CLOSING FINANCIAL POSITION | 20 |
| | 5.4 2ND QUARTER FINANCE AND COSTING REVIEW 2022-23 | 30 |
| 6. | MEETING CLOSURE..... | 52 |

1. OFFICIAL OPENING**2. ATTENDANCE AND APOLOGIES****3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY****4. CONFIRMATION OF MINUTES****RECOMMENDATION:**

That the Minutes of the Audit and Risk Committee held on 12 December 2022, as published and circulated, be confirmed as a true and accurate record of that meeting, subject to correction of the date in the confirmation of minutes resolution at item 4, by deleting "8 November" and inserting "27 April".

5. REPORT OF OFFICERS

5.1 COMPLIANCE AUDIT RETURN 2022

| | |
|--------------------------------|--|
| LOCATION/ADDRESS: | Nil |
| APPLICANT: | Nil |
| FILE: | LCR02 |
| AUTHOR: | Senior Governance & Administration Officer |
| CONTRIBUTOR/S: | Manager Governance, Strategy & Risk |
| RESPONSIBLE OFFICER: | Director Corporate Services |
| DISCLOSURE OF INTEREST: | Nil |

SUMMARY:

The purpose of this report is to present to the Audit and Risk Committee (ARC) the 2022 Compliance Audit Return (CAR) for review, and to request that the ARC recommend that Council adopt the 2022 CAR for submission to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March 2023.

BACKGROUND

Previous Considerations

Local governments are required to complete a compliance audit for the previous calendar year by the 31 March. The DLGSC provides the questions each year with the compliance audit being an in-house self audit that is undertaken by the appropriate responsible officer.

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996* the ARC is to review the 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 2023.

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 DLGSC continues to focus on high risk areas of compliance and statutory reporting as prescribed in Regulation 13 of the *Local Government (Audit) Regulations 1996*.

The CAR for the period 1 January to 31 December 2022 comprises a total of 94 questions, down from 98 questions the previous year. The majority of questions are similar to the previous year with the removal of four questions relating to the adoption of a mandatory Code of Conduct for elected members, committee members and employees in 2021 and

one question in relation to CEO recruitment. A new question has been added in relation to the complaints register.

The key focus areas covered in the CAR are as follows:

| Focus Area | 2021 Q's | 2022 Q's | Comments |
|---|-----------|-----------|--|
| Commercial Enterprises by Local Governments | 5 | 5 | No change. |
| Delegation of Power/Duty | 13 | 13 | No change. |
| Disclosure of Interest | 25 | 21 | Four questions were only applicable up until 2 Feb 2021 prior to the mandatory code of conduct for council members, committee members and candidates being implemented, therefore have been removed. |
| Disposal of Property | 2 | 2 | No change. |
| Elections | 3 | 3 | No change. |
| Finance | 7 | 7 | No change. |
| Integrated Planning and Reporting | 3 | 3 | No change. |
| Local Government Employees | 6 | 5 | Question removed in relation to Admin Reg 18C and the process for recruiting the CEO. |
| Official Conduct | 3 | 4 | New question relating to complaints register content. Reference to senior employee removed from question one (1). |
| Optional Questions | 9 | 9 | The word 'Financial' has been added to question two (2) between the words 'three' and 'years'. |
| Tenders for Providing Goods and Services | 22 | 22 | No changes. |
| Total | 98 | 94 | |

During 2022, responsible officers monitored compliance in each of the focus areas through the Shire's cloud-based compliance system, Attain. This has continued to increase the awareness of compliance obligations and allowed the capture of compliance evidence in one central repository throughout the year. This compliance system reduces the risk of non-compliance and streamlines compilation of the annual return.

A compliance rating of 96% has been achieved for 2022 with two minor non compliances identified below, however these are a result of the Office of Auditor General (OAG) not supplying the auditor's report by 31 December 2022. The DLGSC were notified of this on 14 December 2022.

| Focus Area | Question | Comments |
|------------|--|---|
| Finance | Was the auditor's report for the financial year ended 30 June 2022 | The Office of the Auditor General (OAG) advised that the auditor's report will be |

| | | |
|---------|---|---|
| | received by the local government by 31 December 2022? | completed Feb/March 2023. DLGSC were notified 14 December 2022. |
| Finance | Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit? | The Office of the Auditor General (OAG) advised that the auditor's report will be completed Feb/March 2023. DLGSC were notified 14 December 2022. |

The CAR result continues the Shire's strong history of compliance with the requirements of the *Local Government Act (1995)*, with minimal non compliances reported over the last 5 years and none of a significant risk nature.

It is important to emphasise that the CAR is limited in scope.

Local Governments are also required to comply with upwards of 200 other pieces of legislation. The use of the Attain Compliance system during 2022 provided the ability to continually improve the monitoring and assurance of other significant pieces of legislation on a prioritised basis.

CONSULTATION

Department of Local Government, Sport and Cultural Industries.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

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.

15. Compliance audit return, certified copy of etc. to be given to Departmental CEO

- (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 Departmental CEO by 31 March next following the period to which the return relates.

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

Nil.

RISK

There is a reputational risk with the DLGSC should the CAR not be completed on time or if significant non compliances are reported.

The likelihood of this occurring is rare.

STRATEGIC ASPIRATIONS

Performance - We will deliver excellent governance, service & value for everyone.

Outcome 11 - Effective leadership, advocacy and governance

Objective 11.2 Deliver best practice governance and risk management.

VOTING REQUIREMENTS

Simple Majority

REPORT RECOMMENDATION:

That the Audit and Risk Committee recommends that Council:

- 1. Adopt the attached 2022 Compliance Audit Return as the official return for the Shire of Broome; and*
- 2. Requests the Chief Executive Officer to submit the certified 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 2023.*

Attachments

1. Compliance Audit Return 2022



Compliance Audit Return 2022

| Commercial Enterprises by Local Governments | | | | | | |
|---|----------------------------------|---|----------|--|-----------------|--|
| No | Reference | Question | Response | Comments | Respondent | |
| 1 | s3.59(2)(a) F&G Regs 7,9,10 | Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022? | N/A | No major trading undertaking considered by Council during 2022. SAGO On behalf of Manager Governance, Strategy and Risk (MGSR). | Kristen Cookson | |
| 2 | s3.59(2)(b) F&G Regs 7,8A, 8, 10 | Has the local government prepared a business plan for each major land transaction that was not exempt in 2022? | Yes | Business Plan for the Sanctuary Road Caravan Park prepared and released April 2022. SAGO on behalf of MGSR. | Kristen Cookson | |
| 3 | s3.59(2)(c) F&G Regs 7,8A, 8, 10 | Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022? | Yes | Business Plan for the Sanctuary Road Caravan Park prepared and released April 2022. SAGO on behalf of MGSR. | Kristen Cookson | |
| 4 | s3.59(4) | Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022? | Yes | Business Plan advertised in the West 31/8/2022, Broome Advertiser 1/9/2022 and on the Shire website. SAGO on behalf of MGSR. | Kristen Cookson | |
| 5 | s3.59(5) | During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? | Yes | OMC 17 November 2022 C/1122/141 Council resolved to proceed with the Sanctuary Road Caravan Park, Key Worker and Over 55s Village Business Plan. SAGO on behalf of MGSR. | Kristen Cookson | |

| Delegation of Power/Duty | | | | | | |
|--------------------------|--------------------------------|---|----------|--|-----------------|--|
| No | Reference | Question | Response | Comments | Respondent | |
| 1 | s5.16 | Were all delegations to committees resolved by absolute majority? | Yes | The Behavioural Complaints Committee established in 2021 is the only Committee with delegated authority. This was provided by Absolute Majority C/0422/017. SAGO on behalf of MGSR. | Kristen Cookson | |
| 2 | s5.16 | Were all delegations to committees in writing? | Yes | Provided at OMC 28 April 2022 - C/0422/017. SAGO on behalf of MGSR | Kristen Cookson | |
| 3 | s5.17 | Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ? | Yes | Behavioural Complaints Committee has delegated authority under Clause 12 and 13 of the Code of Conduct to deal with and / or dismiss a complaint. SAGO on behalf of MGSR. | Kristen Cookson | |
| 4 | s5.18 | Were all delegations to committees recorded in a register of delegations? | Yes | Behavioural Complaints Committee delegated authority contained within the Shire delegation register maintained in Attain. SAGO on behalf of MGSR. | Kristen Cookson | |
| 5 | s5.18 | Has council reviewed delegations to its committees in the 2021/2022 financial year? | Yes | Reviewed and approved by Council at the 28 April 2022 OMC - C/0422/017. SAGO on behalf of MGSR. | Kristen Cookson | |
| 6 | s5.42(1) & s5.43 Admin Reg 18G | Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ? | Yes | Delegations register aligned to WALGA Delegations register template. No delegations in breach of s5.43 of LGA or s214 of Planning and Development Act 2005 provided. SAGO on behalf of MGSR. | Kristen Cookson | |
| 7 | s5.42(1) | Were all delegations to the CEO resolved by an absolute majority? | Yes | Reviewed and approved by Council at the 28 April 2022 OMC - C/0422/017. SAGO on behalf of MGSR. | Kristen Cookson | |

| | | | | | |
|----|---------------------------|---|-----|---|-----------------|
| 8 | s5.42(2) | Were all delegations to the CEO in writing? | Yes | Delegation register maintained in the cloud based Attain compliance system which provides electronic delivery of each delegation. SAGO on behalf of MGSR. | Kristen Cookson |
| 9 | s5.44(2) | Were all delegations by the CEO to any employee in writing? | Yes | Delegation register maintained in the cloud based Attain compliance system which provides electronic delivery to each officer with delegation. SAGO on behalf of MGSR. | Kristen Cookson |
| 10 | s5.16(3)(b) & s5.45(1)(b) | Were all decisions by the council to amend or revoke a delegation made by absolute majority? | Yes | OMC 28 April 2022 - C/0422/017 Annual review OMC 25 August 2022 - C/0822/109 reinstatement of delegation 5.1.10. SAGO on behalf of MGSR. | Kristen Cookson |
| 11 | s5.46(1) | Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees? | Yes | Delegation register maintained in the Attain online compliance system. SAGO on behalf of MGSR. | Kristen Cookson |
| 12 | s5.46(2) | Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year? | Yes | Reviewed and approved by Council at the 28 April 2022 OMC - C/0422/017. SAGO On behalf of MGSR. | Kristen Cookson |
| 13 | s5.46(3) Admin Reg 19 | Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19? | Yes | As far as can be ascertained. All delegations require delegate and/or sub delegate to maintain appropriate records in the Shire's Records Management System or in Attain. SAGO on behalf of MGSR. | Kristen Cookson |

Disclosure of Interest

| No | Reference | Question | Response | Comments | Respondent |
|----|------------------------------------|---|----------|--|-----------------|
| 1 | s5.67 | Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? | Yes | Yes. Recorded in the minutes accordingly. | Kristen Cookson |
| 2 | s5.68(2) & s5.69(5) Admin Reg 21A | Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required the <i>Local Government (Administration) Regulations 1996</i> regulation 21A, recorded in the minutes of the relevant council or committee meeting? | N/A | No participation approval required for any decisions. | Kristen Cookson |
| 3 | s5.73 | Were disclosures under section sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made? | Yes | All interest disclosures recorded in minutes and Synergy. | Kristen Cookson |
| 4 | s5.75 Admin Reg 22, Form 2 | Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? | Yes | Yes, primary and annual returns recorded and managed in Attain. | Kristen Cookson |
| 5 | s5.76 Admin Reg 23, Form 3 | Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022? | Yes | All annual returns lodged and recorded in Attain. | Kristen Cookson |
| 6 | s5.77 | On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return? | Yes | Managed in the Attain system. | Kristen Cookson |
| 7 | s5.88(1) & (2)(a) | Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ? | Yes | Managed in the Attain system. | Kristen Cookson |
| 8 | s5.88(1) & (2)(b) Admin Reg 28 | Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28? | Yes | Recorded in File GOC02 within Synergy. | Kristen Cookson |
| 9 | s5.88(3) | When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person? | Yes | Managed in Attain system, removed from File GOC02 to GOC02.3 for retention of 5 years. | Kristen Cookson |
| 10 | s5.88(4) | Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? | Yes | Managed in Attain system. | Kristen Cookson |
| 11 | s5.89A(1), (2) & (3) Admin Reg 28A | Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28A? | N/A | No gifts disclosed in 2022. | Kristen Cookson |
| 12 | s5.89A(5) & (5A) | Did the CEO publish an up-to-date version of the gift register on the local government's website? | N/A | Register not required to be updated due to no gift disclosures in 2022. | Kristen Cookson |

| | | | | | |
|----|-----------------------|--|-----|--|-----------------|
| 13 | s5.89A(6) | When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people? | N/A | No gifts were disclosed for any people ceasing to be a person required to disclose. | Kristen Cookson |
| 14 | s5.89A(7) | Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? | N/A | No records required to be removed. | Kristen Cookson |
| 15 | s5.70(2) & (3) | Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? | N/A | No such disclosures made in 2022. | Kristen Cookson |
| 16 | s5.71A & s5.71B(5) | Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? | N/A | No gifts received. | Kristen Cookson |
| 17 | s5.71B(6) & s5.71B(7) | Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered? | N/A | No gifts received. | Kristen Cookson |
| 18 | s5.104(1) | Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)? | Yes | Adopted OMC 29 April 2021. Resolution C/0421/009. | Kristen Cookson |
| 19 | s5.104(3) & (4) | Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995? | N/A | The Mandatory Code of Conduct as legislated was adopted without any additional requirements. | Kristen Cookson |
| 20 | s5.104(7) | Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? | Yes | Published 3 May 2021 following adoption at the April Ordinary Meeting of Council. | Kristen Cookson |
| 21 | s5.51A(1) & (3) | Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? | Yes | Code of Conduct for Employees was approved by the CEO 17 February 2021. Up to date version published on website. | Kristen Cookson |

Disposal of Property

| No | Reference | Question | Response | Comments | Respondent |
|----|-----------|---|----------|--|-----------------|
| 1 | s3.58(3) | Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)? | Yes | SAGO on behalf of Senior Property and Leasing Officer. | Kristen Cookson |
| 2 | s3.58(4) | Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property? | Yes | SAGO on behalf of Senior Property and Leasing Officer. | Kristen Cookson |

Elections

| No | Reference | Question | Response | Comments | Respondent |
|----|-------------------------|---|----------|---------------------------------|-----------------|
| 1 | Elect Regs 30G(1) & (2) | Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997? | N/A | No election took place in 2022. | Kristen Cookson |
| 2 | Elect Regs 30G(3) & (4) | Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? | N/A | No election took place in 2022. | Kristen Cookson |
| 3 | Elect Regs 30G(5) & (6) | Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? | N/A | No election took place in 2022. | Kristen Cookson |

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 Local Government Act 1995? | Yes | Audit Committee members appointed following October 2021 election at SMC held 28 October 2021. SAGO on behalf of MFS. | Kristen Cookson |

| | | | | | |
|---|-----------------------|---|-----|---|-----------------|
| 2 | s7.1B | Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority? | N/A | No delegated authority. SAGO on behalf of MFS. | Kristen Cookson |
| 3 | s7.9(1) | Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022? | No | No. Office of the Auditor General (OAG) advised the auditor's report will be completed Feb/March 2023. DLGSC were notified 14 December 2022. SAGO on behalf of MFS. | Kristen Cookson |
| 4 | s7.12A(3) | Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? | N/A | The auditor's report has not been received. Once received, any actions arising from the report will be actioned by the Shire of Broome. SAGO on behalf of MFS. | Kristen Cookson |
| 5 | s7.12A(4)(a) & (4)(b) | Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? | N/A | The auditor's report has not been received. Once received, any actions arising from the report will be actioned by the Shire of Broome. SAGO on behalf of MFS. | Kristen Cookson |
| 6 | s7.12A(5) | Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website? | N/A | The auditor's report has not been received. Once received, any actions arising from the report will be actioned by the Shire of Broome. SAGO on behalf of MFS. | Kristen Cookson |
| 7 | Audit Reg 10(1) | Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit? | No | No. Office of the Auditor General (OAG) advised the auditor's report will be completed Feb/March 2023. DLGSC were notified 14 December 2022. SAGO on behalf of MFS. | Kristen Cookson |

Integrated Planning and Reporting

| No | Reference | Question | Response | Comments | Respondent |
|----|-------------------------|---|----------|---|-----------------|
| 1 | Admin Reg 19C | Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | Council completed 2 year desktop review of SCP at the 15 December 2022 Ordinary Meeting of Council. SCP document to be updated and reprinted prior to 30 June 2023. SAGO on behalf of MGSR. | Kristen Cookson |
| 2 | Admin Reg 19DA(1) & (4) | Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | Council completed annual review of CBP at the 15 December 2022 Ordinary Meeting of Council. CBP document to be updated and reprinted prior to 30 June 2023. SAGO on behalf of MGSR. | Kristen Cookson |
| 3 | Admin Reg 19DA(2) & (3) | Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? | Yes | CBP valid for 4 year period and is updated annually. Meets requirements of Admin Reg 19DA (2) & (3). SAGO on behalf of MGSR. | Kristen Cookson |

Local Government Employees

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

| Official Conduct | | | Response | Comments | Respondent |
|------------------|-----------|----------|----------|----------|------------|
| No | Reference | Question | | | |

| | | | | | |
|---|-----------------|---|-----|--|-----------------|
| 1 | s5.120 | Has the local government designated an employee to be its complaints officer? | N/A | The CEO is currently the complaints officer for the purposes of s5.37. SAGO on behalf of MGSR. | Kristen Cookson |
| 2 | s5.121(1) & (2) | Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ? | Yes | No complaints resulted in a finding under section 5.110(2)(a). SAGO on behalf of MGSR. | Kristen Cookson |
| 3 | S5.121(2) | Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ? | N/A | No minor breaches have been substantiated that require recording in the complaints register. SAGO on behalf of MGSR. | Kristen Cookson |
| 4 | s5.121(3) | Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? | N/A | No minor breaches have been substantiated that require online register to be published. SAGO on behalf of MGSR. | Kristen Cookson |

Optional Questions

| No | Reference | Question | Response | Comments | Respondent |
|----|----------------------------------|---|----------|---|-----------------|
| 1 | Financial Management Reg 5(2)(c) | Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report. | Yes | FMR completed by Stantons during 2022. Audit recommendation resolution AR/1222/004 Council resolution C/1222/20. SAGO on behalf of MGSR. | Kristen Cookson |
| 2 | Audit Reg 17 | Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report. | Yes | Completed December 2021. Not due again until December 2024. SAGO on behalf of MGSR. | Kristen Cookson |
| 3 | s5.87C | Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act? | N/A | No gifts disclosed in 2022. SAGO on behalf of MGSR. | Kristen Cookson |
| 4 | s5.90A(2) & (5) | Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events? | Yes | Policy adopted on 23/9/2020. Not due for review until December 2023. SAGO on behalf of MGSR. | Kristen Cookson |
| 5 | s5.96A(1), (2), (3) & (4) | Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ? | Yes | Compliant. SAGO on behalf of MGSR. | Kristen Cookson |
| 6 | s5.128(1) | Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members? | Yes | Reviewed following October 2021 Election - C/1121/018. Will be reviewed again in November 2023 in accordance with s5.128(5)(a). SAGO on behalf of MGSR. | Kristen Cookson |
| 7 | s5.127 | Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022? | Yes | Compliant and all current elected members have completed the Council Members Essentials course. Website updated in July 2022. SAGO on behalf of MGSR. | Kristen Cookson |
| 8 | s6.4(3) | By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022? | Yes | Submitted to OAG. SAGO on behalf of MGSR. | Kristen Cookson |
| 9 | s.6.2(3) | When adopting the annual budget, did the local government take into account all its expenditure, revenue and income? | Yes | Adoption of 2022-23 Annual Budget included consideration of the impact of carryovers from the prior year. SCM 5 July 2022 Item 5.4.1. SAGO on behalf of MGSR. | Kristen Cookson |

Tenders for Providing Goods and Services

| No | Reference | Question | Response | Comments | Respondent |
|----|----------------------|---|----------|---|-----------------|
| 1 | F&G Reg 11A(1) & (3) | Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? | Yes | Compliant. SAGO on behalf of Senior Procurement and Risk Officer (SPRO) | Kristen Cookson |

| | | | | | |
|----|--|---|-----|--|-----------------|
| 2 | s3.57 F&G Reg 11 | Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? | Yes | Compliant with the regulation. Any tender over \$250,000 that was not publicly published was in compliance with F7G Reg 11(2.) SAGO on behalf of SPRO. | Kristen Cookson |
| 3 | F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4) | When regulations 11(1), 12(2) or 13 of the Local Government (Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? | Yes | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 4 | F&G Reg 12 | Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? | Yes | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 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 | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 6 | F&G Regs 15 & 16 | Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? | Yes | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 7 | F&G Reg 17 | Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? | Yes | Register updated regularly. SAGO on behalf of SPRO. | Kristen Cookson |
| 8 | F&G Reg 18(1) | Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? | N/A | By utilising VendorPanel for Tender publishing, potential respondents are unable to submit a responses following the deadline. SAGO on behalf of SPRO | Kristen Cookson |
| 9 | F&G Reg 18(4) | Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? | Yes | Extensive evaluation in tender responses undertaken. SAGO on behalf of SPRO. | Kristen Cookson |
| 10 | F&G Reg 19 | Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? | Yes | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 11 | F&G Regs 21 & 22 | Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22? | N/A | No EOI's undertaken in the past 12 months. SAGO on behalf of SPRO. | Kristen Cookson |
| 12 | F&G Reg 23(1) & (2) | Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? | N/A | No EOI's undertaken in the past 12 months. SAGO on behalf of SPRO. | Kristen Cookson |
| 13 | F&G Reg 23(3) & (4) | Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? | N/A | No EOI's undertaken in the past 12 months. SAGO on behalf of SPRO. | Kristen Cookson |
| 14 | F&G Reg 24 | Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24? | N/A | No EOI's undertaken in the past 12 months. SAGO on behalf of SPRO. | Kristen Cookson |
| 15 | F&G Regs 24AD(2) & (4) and 24AE | Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE? | Yes | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 16 | F&G Reg 24AD(6) | If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? | Yes | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 17 | F&G Reg 24AF | Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? | Yes | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 18 | F&G Reg 24AG | Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG? | Yes | Compliant. SAGO on behalf of SPRO. | Kristen Cookson |
| 19 | F&G Reg 24AH(1) | Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? | N/A | As we are utilising VendorPanel, respondents are not able to submit responses after the deadline. SAGO on behalf of SPRO. | Kristen Cookson |

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

5.2 RFQ22-34 SUPPLY AND DELIVERY OF THIRTEEN LIGHT VEHICLES - CONFIRMATION OF CONTRACT AWARDING

| | |
|--------------------------------|-------------------------------------|
| LOCATION/ADDRESS: | Nil |
| APPLICANT: | Nil |
| FILE: | RQT22-34 |
| AUTHOR: | Manager Operations |
| CONTRIBUTOR/S: | Manager Governance, Strategy & Risk |
| RESPONSIBLE OFFICER: | Director Infrastructure |
| DISCLOSURE OF INTEREST: | Nil |

SUMMARY:

This report considers quotes received from WALGA preferred suppliers for the supply and delivery of thirteen (13) light vehicles and seeks Council's retrospective endorsement of the recommendation contained within the attached confidential Evaluation Report.

BACKGROUND

Each year, as a part of the annual budget process the Shire of Broome allocates funds towards plant replacement. The allocations are made in accordance with the Long Term Financial Plan which is informed by the Shire's 10 Year Plant Replacement Program.

The Plant Replacement Program is reviewed annually to ensure plant replacement is optimised based on best practice replacement timeframes, plant utilisation rates and market conditions.

As part of the adopted budget for 2022/23 twelve (12) light vehicles were funded for replacement. Following the budget adoption and before seeking quotes a light vehicle was written off through a road accident and the replacement approved through our insurer.

The final request for quotation therefore included thirteen (13) light fleet vehicles.

COMMENT

Scope

On 3 November 2022 the Shire issued RFQ22-34 Supply and Delivery of Thirteen (13) Light Vehicles. The request was issued using Vendor Panel with a closing date of 30 November 2022.

Procurement Process

The request was sent to five reputable Kimberley and Perth based suppliers all deemed to have the capacity to supply and deliver the vehicles.

- Broome Motors
- Maddington Toyota
- City Toyota,
- Avon Valley Toyota and Isuzu
- North West Motor Group Pty Ltd

No clarifications were received during the request period and two quotations were received before the deadline. One from North West Motor Group Pty Ltd and the other from City Toyota.

Compliance / Qualitative Assessment

In accordance with the Request for Quotation document officers assessed the response against the Compliance and Qualitative Criteria.

| Compliance Criteria | Pass/ Fail |
|--|------------|
| Respondents are to provide acknowledgement that their organisation has submitted in accordance with the Conditions of this RFQ | Y/N |
| Compliance with the specification contained in the request | Y/N |
| Compliance with the delivery dates | Y/N |

| Qualitative Criteria | Weighting % |
|------------------------------------|-------------|
| Resources, Service and Maintenance | 40% |
| Operator & Mechanical Assessment | 30% |
| Demonstrated Understanding | 30% |

The formal evaluation process was completed separately by three (3) Shire officers considered to have the relevant qualifications and skills and the evaluation report completed (**Confidential Attachment1**).

An evaluation report was prepared with a recommendation that North West Motor Group (supplied by Broome Toyota) be selected as the preferred respondent. The evaluation report was approved by the Chief Executive Officer. (CEO)

Delegation Breach

The total purchase price for the 13 vehicles as outlined in the Financial Implications section below amounted to \$690,745 (ex GST).

Following approval of the evaluation report by the CEO, Shire officers incorrectly proceeded to commit the Shire contractually to the purchase by issuing thirteen separate purchase orders to the preferred respondent - North West Motor Group (Purchase order numbers 107434, 107435, 107466, 107467, 107477, 107478, 107479, 107480, 107482, 107484, 107487, 107488 & 107489). Separate orders were thought to be the best approach by officers at the time due to the differing specifications of each vehicle and the fact that several expenditure accounts were used.

Proceeding directly to purchase was in breach of Delegation 1.2.16 Tenders for Goods and Services which limits the CEO's authority to procurements less than \$500,000. Request for Tender (RFT) and Requests for Quotation (RFQ) above this amount require Council endorsement.

Officers are seeking retrospective endorsement of the confidential Evaluation Report in **Confidential Attachment 1**.

Governance staff have worked with the relevant staff involved to ensure that they understand the compliance issues surrounding this purchasing process and will continue to roll out purchasing training to staff in an effort to build capability in this area.

CONSULTATION

WALGA Governance

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Functions and General) Regulations 1996

11. When tenders have to be publicly invited

Shire of Broome Delegations Register

Delegation 1.2.16 Tenders for Goods and Services

POLICY IMPLICATIONS

Purchasing

The Purchasing Policy was complied with in terms of seeking the correct number of quotes etc. An administrative oversight resulted in purchase orders committing the Shire being released in excess of Delegation 1.2.16.

FINANCIAL IMPLICATIONS

The Plant Replacement Program budget for the thirteen light vehicles is spread across five expenditure accounts.

| Expenditure Account | Budget Expenditure (excl. GST) | Purchase amounts (excl. GST) |
|----------------------------|---|---|
| 148611 | \$120,000 | \$107,763 |
| 148611 (Write off) | \$42,272 | \$51,289 |
| 106184 | \$165,000 | \$151,791 |
| 148021 | \$60,000 | \$52,143 |
| 143610 | \$110,000 | \$106,544 |
| 1042510 | \$58,000 | \$70,042 |
| 148004 | \$165,000 | \$151,171 |
| TOTAL | \$720,272 | \$690,745 |

The overall budgeted expenditure for the replacement of the thirteen light vehicles is \$720,272 excluding GST. The quotation from North West Motor Group Pty Ltd for the thirteen vehicles was \$690,745 excluding GST or \$29,527 excluding GST under budget.

RISK

| Risk | Type | Rank | Mitigation |
|----------------|-----------------------|-------------|--|
| Non compliance | Compliance Reputation | Moderate | Obtain retrospective Council approval of the Evaluation Report |

| | | | |
|--------------------|-----------|----------|---|
| | | | Highlight the non-compliance with Auditors to evidence complete transparency. |
| Breach of Contract | Financial | Moderate | Purchase orders commit the Shire to purchase under contract law. Attempting to void the contract would potentially expose the Shire to Breach of Contract claim |

STRATEGIC ASPIRATIONS

Performance - We will deliver excellent governance, service & value for everyone.

Outcome 11 - Effective leadership, advocacy and governance

Objective 11.2 Deliver best practice governance and risk management.

VOTING REQUIREMENTS

Simple Majority

REPORT RECOMMENDATION:

That the Audit and Risk Committee recommends that Council:

1. Note the recommendation in the Evaluation Report for RFQ23-34 Supply and Delivery of Thirteen (13) Light Vehicles presented in **Confidential Attachment 1**;
2. Endorses retrospectively the Quotation provided by North West Motor Group Pty Ltd for RFQ23-34 Supply and Delivery of Thirteen (13) Light Vehicles to a maximum value of \$690,745 excluding GST as the preferred response; and
3. Notes that Delegation 1.2.16 Tenders for Goods and Services has been breached and endorses retrospectively the issuing of Purchase Orders 107434, 107435, 107466, 107467, 107477, 107478, 107479, 107480, 107482, 107484, 107487, 107488 & 107489.

Attachments

1. RFQ 23-34 Quotation Evaluation Report (*Confidential to Councillors and Directors Only*)

This attachment is confidential in accordance with section 5.23(2) of the Local Government Act 1995 section 5.23(2)(c) as it contains “a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting”, and section 5.23(2)((e)(ii)) as it contains “a matter that if disclosed, would reveal information that has a commercial value to a person, where the information is held by, or is about, a person other than the local government”.

5.3 CARRY OVER BUDGETS FOR 2022/23 AND REVIEW OF CLOSING FINANCIAL POSITION

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

SUMMARY:

To present the actual 2022/23 carry over list of income and expenditure to the Audit and Risk Committee for adoption, and present the closing position for the 2021/22 financial year, noting the findings of a review of prior financial year closing positions.

BACKGROUND

The 2021/22 annual financial report is awaiting signoff by the auditor (Office of the Auditor General, OAG) and is anticipated to be received in March. The delay has impacted the adoption of budget amendments to align the carry over income and expenditure budgets to the actual results. Officers require Council approval for all budget amendments.

As prescribed under the *Local Government Act 1995* and following the completion of the financial year to 30 June, the audited annual financial report is presented to the Audit and Risk Committee. Within the report is a breakdown of the items making up the closing position for the financial year, which are summarised as:

- income and expenditure carry overs (grant or reserve-funded projects, or expenditure which has been committed to, but not yet undertaken),
- Commonwealth financial assistance grant (FAGS – a significant portion of the annual grant is regularly paid in advance of the financial year it relates to and while it is “untied”, it is already committed to the following year’s budget operations), and
- If there is a difference between the closing position and the above commitments, there is either an untied surplus or deficit, and officers will recommend how best to proceed with the difference.

Moore Australia (Moore), an accounting firm specialising in local government, were engaged to update Council’s Long Term Financial Plan (LTFP) in November 2022. Based on their findings while assessing prior years financial statements as part of the LTFP review, Moore were engaged to undertake a detailed review of prior year opening and closing positions.

COMMENT*Closing Financial Position*

Late in 2020 accounting standards changed, affecting the treatment of contract liabilities associated with restricted cash and how they are reflected in municipal and reserve funds. The changes primarily relate to establishing the timing of when income should be recognised where there are obligations tied to the income, and apply mainly to grant funding received by Council. The standards stipulate that should contract obligations exist

and income is not spent in the year it is received, that revenue is required to be reflected as a contract liability and treated as income in the financial year in which it is expended.

The changes were required to take effect in the Annual Financial Report for the year ended 30 June 2020. The advice at the time was not clear and professional opinions in the industry were mixed given the late notice of the changes. Officers interpreted the changes with guidance from the auditors; the Shire of Broome is directly audited by OAG. The financials for 2020/21 were treated consistently with the prior year, and both annual financial reports for 2019/20 and 2020/21 were audited and signed off by the OAG.

The 2021/22 financials were positioned to follow the same treatment as prior years which would have presented an untied surplus similar to prior year closing positions, however following the review of the closing position for the last two financial years by Moore it was recognised that this approach was flawed.

Following their review Moore presented the adjusted closing positions as follows, with the amended position reflecting the adjustment to the treatment of contract liabilities over the 3 year period:

| | Audited Closing Position | Adjusted Closing Position | Variance |
|--------------------|---------------------------------|----------------------------------|-----------------|
| 2020 Actual | 4,188,392 | 2,828,740 | (1,359,652) |
| 2021 Actual | 4,839,446 | 4,535,688 | (303,758) |
| 2022 Actual | * 4,145,052 | 2,963,867 | (1,181,185) |

**2022 Budgeted closing position. The Adjusted closing position has been reflected in the current financials presented to OAG.*

It is important to note that the variances identified for each financial year are not cumulative; the new treatment of contract liabilities associated with restricted cash essentially reverse the previous treatments.

The closing position adjustments have effectively identified discrepancies in the Shire's financial position over this period and therefore it has become apparent that recommendations and decisions have been made to allocate surplus funds to Reserve, which were not available. A review of these Reserve transfers has been undertaken and there is the ability to reverse some of these transfers if required.

In the first instance however, and to confirm our 22/23 FY position, there are also adjustments to consider that have occurred between budgeted carry overs and the audited figures.

Maintaining commitments from 2021/22 (income and expenditure budget carry overs) and utilising advanced FAGS supporting the 2022/23 budget results in a closing position deficit of \$715,622. This deficit deals with the impacts of the historic variance in the 2021/22 annual financial report. The breakdown is summarised as follows:

| | Budgeted Closing Position 30/06/22 | Audited Closing Position 30/06/22 | Variance |
|--------------------------------------|---|--|------------------|
| Expenditure budget carry over | 9,706,606 | 9,682,820 | (23,786) |
| Income budget carry over | (7,099,034) | (7,540,811) | (441,777) |
| Advanced FAGS carry over | 1,537,480 | 1,537,480 | 0 |
| Actual deficit | | (715,622) | (715,622) |

| | | | |
|-------------------------|------------------|------------------|--------------------|
| Closing Position | 4,145,052 | 2,963,867 | (1,181,185) |
|-------------------------|------------------|------------------|--------------------|

The itemised carry over list has been scrutinised by the Executive Management Group to ensure every project is critical to keep. These are either grant or reserve funded projects, committed projects, or asset management plan (AMP) renewal (any expenditure committed through AMP renewal would transfer to the appropriate reserve for use in a future year).

Carry over projects

Carry over income and expenditure are presented in the budget with the best information on hand at the time of adoption, so there is potential for differences between the estimated and final remaining balances of these projects. Once the annual financial report is audited and presented to Council, there is certainty that these will not change further, and Council resolution is required to make the amendments to the adopted budget.

Given that the financial annual report for 2021/22 is currently with the auditors (OAG) and awaiting final signoff, the final carry over list has not previously been presented to Council. Officers have sought advice, and these adjustments can be recommended outside of the presentation of the annual financial report, with the understanding that the OAG may propose amendments which affect the closing position up to the point of signoff. The actual carry over adjustments are presented in Attachment 1. Endorsement of the carryover adjustments will give officers clarity and authorisation to finalise these outstanding projects.

Treatment of Deficit

Decisions that were made in prior financial years were correct to the best of the knowledge on hand at that point in time, and the interpretation of accounting standard changes and subsequent treatment of these funds were appropriate and received OAG sign off in relevant audits. It is not possible for those decisions to be reversed as funds were subsequently allocated to projects and expended in the relevant financial years. Instead, officers have sought the most appropriate resolution without reducing existing service levels.

To immediately reduce the deficit of \$715,622, officers propose to reverse transfers to the Public Open Space (POS) Reserve that were budgeted and actioned in 2021/22. The first proposal is to reverse \$350,830 relating to the 2020/21 net surplus, which was transferred to the POS reserve. Adjusted calculations established that an untied surplus of \$350,830 was not available and as such officers believe that reversing this allocation is a logical step in reducing the revised closing position deficit.

On review of the POS reserve an unspecified transfer of \$46,381 in the 2021-22 budget was not tied to a specific project. It is recommended that these funds are also utilised to further offset the closing position deficit.

These transfers from Reserve will reduce the actual untied deficit of \$715,622 down to \$318,411, as reflected in the table below. This deficit position aligns with the net result of the 2021-22 Quarter 3 FACR, which estimated a projected budget deficit position of \$356,599 to 30 June 2022.

These proposed actions reduce the closing deficit to a more manageable figure that is below the materiality threshold. To further reduce the deficit position officers recommend that organisational savings are identified through the quarter 2 and quarter 3 Finance and Costing Review (FACR) processes. Alternatively, the Audit and Risk Committee could recommend Council fund the deficit from Reserves, using funds allocated to projects

through savings identified during FACR processes in 2021-22. This would potentially reduce the funding available for future commitments (specified projects or asset renewal). Officers are confident that through astute management of the budget through to 30 June 2023 savings can be delivered to balance the deficit position by year end.

| | Audited Closing Position 30/06/22 |
|--|--|
| Expenditure Budget carry over | 9,682,820 |
| Income Budget carry over | (7,540,811) |
| Advanced FAGS carry over | 1,537,480 |
| <i>Reversal of transfer to POS Reserve (Net surplus from FY 2020/21 allocated for future projects)</i> | <i>(350,830)</i> |
| <i>Reversal of transfer to POS Reserve (Unallocated budget transfer)</i> | <i>(46,381)</i> |
| Actual deficit | (318,411) |
| Closing Position | 2,963,867 |

CONSULTATION

Moore Australia

Department of Local Government, Sport and Cultural Industries (DLGSC)

Office of the Auditor General (OAG)

STATUTORY ENVIRONMENT

Local Government Act 1995

6.4 *Financial report*

7.9 *Audit to be conducted*

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local governments are required to present to Council an audited annual financial report for the preceding financial year, within specified timeframes as prescribed.

The Office of the Auditor General advised that the audit report would not be received by 31 December 2022 as prescribed. Officers wrote to Department of Local Government, Sport and Cultural Industries to confirm that the timeframe would not be met.

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

The report presenting the 2022/23 annual budget (adopted at the Special Meeting of Council on 5 July 2022) identified the tolerable organisational deficit as 1% of operating revenues, or a deficit of \$402,749 which is more than twice the risk matrix financial impact threshold of \$150K, placing it beyond the extreme level. As per the risk matrix, the remedial outcome requires immediate intervention when the overall deficit is expected to exceed the \$150K risk matrix threshold.

To immediately reduce the deficit of \$715,622, officers propose to reverse transfers to the Public Open Space (POS) Reserve that were budgeted and actioned in 2021/22.

The first proposal is to reverse \$350,830 relating to the 2020/21 net surplus which was transferred to the POS reserve. Adjusted calculations established that an untied surplus of \$350,830 was not available and as such officers believe that reversing this allocation is a logical step in reducing the revised closing position deficit.

On review of the POS reserve an unspecified transfer of \$46,381 in the original budget was not tied to a specific project. It is recommended to utilise these funds to further offset the closing position deficit.

These transfers from Reserve will reduce the actual untied deficit of \$715,622 down to \$318,411, as reflected in the table below.

| | Audited Closing Position 30/06/22 |
|--|--|
| Expenditure Budget carry over | 9,682,820 |
| Income Budget carry over | (7,540,811) |
| Advanced FAGS carry over | 1,537,480 |
| <i>Reversal of transfer to POS Reserve (Net surplus from FY 2020/21 allocated for future projects)</i> | <i>(350,830)</i> |
| <i>Reversal of transfer to POS Reserve (Unallocated budget transfer)</i> | <i>(46,381)</i> |
| Actual deficit | (318,411) |
| Closing Position | 2,963,867 |

RISK

Should Council not endorse the officer recommendation there is a high risk of non-compliance and action by the OAG and DLGSC.

Additional risk is associated with officer compliance; officers are required to keep within adopted budgets, so delaying the adjustments to carry over budgets has the potential for further issues and non-compliance until the actual budgets are adopted, including:

- Officers spending in line with original budgets; where carry over budgets are less than expected, could lead to erroneously overspending,
- Officer spending in line with the know actual carry over budgets; where carry overs are larger than expected, could lead to non-compliance as Council have not authorised the amended budget,
- Officers delay the carry over project until Council have adopted the budget amendments, and the timing results in the project being a carry over into the next financial year,
- Where carry over projects have been completed, and there is overspend or savings to resolve, allowing Officers time to make appropriate recommendations within quarter 3 FACR.

Officers have assessed these risks, and the outcomes associated with delaying a Council resolution outweigh other risks. The risk matrix requires immediate action to reduce the deficit; delaying remediation potentially creates further and future issues, and there is a greater likelihood that audit suggested changes will be tabled as misstatements rather than actual adjustments within the annual financial report. Resolving these issues now also provides clarity for officers while preparing the 2023/24 annual budget.

There is a risk that the carryover adjustment figures change as a result of the finalisation of the 2021-22 audit. Should this risk eventuate officers will inform Council and update the relevant accounts. This is considered a low risk.

STRATEGIC ASPIRATIONS

Performance - We will deliver excellent governance, service & value for everyone.

Outcome 13 - Value for money from rates and long term financial sustainability

Objective 13.1 Plan effectively for short- and long-term financial sustainability

Actions 13.1.1 **Provide** sound long-term financial planning and transparent, regular financial reporting.

13.1.2 **Provide** annual budgets.

VOTING REQUIREMENTS

Absolute Majority

REPORT RECOMMENDATION:

That the Audit and Risk Committee recommends that Council:

1. *Adopt the actual carryover income and expenditure budgets for 2022/23 as presented in Attachment 1, and amend the General Ledger budgets accordingly;*
2. *Recognise the adjusted closing positions for the 2019/20 and 2020/21 financial years as \$2,828,740 and \$4,535,688 respectively, and the closing position for 2021/22 as \$2,963,867;*
3. *Notes a closing position deficit of \$715,622 for the 2021/22 financial year;*
4. *Adopts the officer recommendation to immediately reduce the deficit by transferring \$397,211 from the Public Open Space (POS) Reserve, and approving those changes in the 2022/23 annual budget, being:*
 - (a) Reversal of the \$350,830 2020/21 net surplus transferred to POS Reserve, accepting that there was no surplus available;*
 - (b) Reversal of the \$46,381 transfer to POS Reserve as budgeted in 2021/22 which was not specifically allocated;*
5. *Request the Chief Executive Officer to remediate the remaining untied deficit of \$318,411 within the Finance and Costing Review (FACR) process; and*
6. *Note that the audited annual financial report will be presented through the Audit and Risk Committee, and any variances to the outcome will be addressed through the Quarter 3 Finance and Costing Review process.*

Attachments

1. 2021/22 Carryover Adjustments

Item 5.3 - CARRY OVER BUDGETS FOR 2022/23 AND REVIEW OF CLOSING FINANCIAL POSITION

SHIRE OF BROOME
BUDGET CARRYOVER TO 2022/23
30 JUNE 2022

| Carryover Project | Account | Job | Expenditure | Grants | Reserves | Borrowings | Contributions | Total | Comments |
|---|---------|-------------|-------------|-------------|-----------|------------|---------------|-----------|--|
| Capital | | | | | - | - | | | |
| Community Recycling Centre (RRRP Detailed Design) | 101896 | 101897 | 447,137 | - | (447,137) | - | - | - | Fully reserve funded |
| Surf Club Building Upgrade | 53239 | | 2,689,197 | (1,305,823) | (94,240) | (690,746) | (495,884) | 102,504 | Shire's remaining muni contribution |
| Building Renewal AMP | 147500 | | 265,515 | - | - | - | - | 265,515 | 21/22 Muni funded AMP renewal Civic Centre Fire Suppression tanks renewal \$110,000 Public Library – air-conditioning \$120,000 Depot – ablution facilities \$5,476 Men's Shed – Air-conditioning \$30,039 |
| Relocation of public art Napier Terrace | 1367404 | 1367414 /16 | 43,900 | - | - | - | - | 43,900 | Three Wise Men Relocation |
| Lawrence Road Upgrade | 121501 | 121587 | - | - | - | - | - | - | Fully expended budget 21/22 |
| State Blackspot - Frederick Street Off-street Carpark | 125000 | 125045 | 1,034,915 | (490,721) | - | - | (259,881) | 284,313 | |
| Surf Club Bridge Upgrade | 125300 | 125921 | 82,700 | - | - | - | - | 82,700 | 21/22 Muni funded AMP renewal |
| Various Footpath renewals | 125300 | VARPAT H | 58,325 | - | - | - | - | 58,325 | 21/22 Muni funded AMP renewal |
| Town Beach Redevelopment | 1181407 | | 31,860 | (325,838) | - | - | - | (293,978) | Greenspace Stage 2 - Final expenditure and Lotterywest drawdown |
| Cable Beach Redevelopment | 1181425 | 1181426 | 233,274 | (68,988) | - | - | - | 164,286 | Detailed Design Phase |
| Nipper Roe Lighting Upgrade | 117450 | 117452 | 32,938 | - | - | - | - | 32,938 | Shire's remaining muni contribution |
| Pump Track (Tracks and Trails) | 1181420 | YBRA00 1 | 100,247 | - | - | - | - | 100,247 | |
| Skatepark Construction | 113027 | 113029 | 727,612 | (508,444) | (58,000) | - | - | 161,167 | Construction continued into 2022/23 |
| BRAC Ovals Renewal (Nipper Roe) | 117455 | 117456 | 208,214 | - | - | - | - | 208,214 | 20/21 and 21/22 carry forward budgets as per AMP allocation. If unspent, should be transferred to POS reserve. |
| BRAC Aquatic tank renewal | 113551 | 113795 | 111,359 | - | - | - | - | 111,359 | Remaining 21/22 Parks AMP budget including tank replacements. If unspent, should be transferred to POS reserve. |

SHIRE OF BROOME
BUDGET CARRYOVER TO 2022/23
30 JUNE 2022

| Carryover Project | Account | Job | Expenditure | Grants | Reserves | Borrowings | Contributions | Total | Comments |
|----------------------------------|---------|---------|-------------|-----------|-----------|------------|---------------|---------|--|
| Cape Leveque Tourist Bay Signage | 116125 | 116132 | 35,000 | - | - | - | - | 35,000 | Shire commitment to complete signage works. |
| Streeter's Jetty Refurbishment | 1367405 | 1367419 | - | - | - | - | - | - | Fully expended budget 21/22 |
| Broome Cemetery Fencing | 107550 | 107563 | 159,345 | (146,599) | - | - | - | 12,746 | LRCI Funded project |
| BRAC Grid Solar Connection | 117399 | 117420 | 224,300 | - | (224,300) | - | - | - | Fully reserve funded |
| Vehicle & Mobile Plant Renewal | 101510 | | 367,000 | - | (202,000) | - | (165,000) | - | Plant replacement fully funded through Reserves and trade-ins |
| Vehicle & Mobile Plant Renewal | 106184 | | 78,448 | - | - | - | (22,000) | 56,448 | P118. The reserve transfer of \$12,000 was completed in 21/22. |
| Vehicle & Mobile Plant Renewal | 117398 | | 45,000 | - | - | - | (13,000) | 32,000 | Plant replacement funded by muni and trade-in |
| Vehicle & Mobile Plant Renewal | 142550 | | 45,000 | - | - | - | - | 45,000 | Plant replacement funded by muni. No trade as it is a new vehicle. |
| Vehicle & Mobile Plant Renewal | 143610 | | 646,326 | - | (173,284) | - | (175,500) | 297,542 | Plant replacement partially muni funded. |
| Vehicle & Mobile Plant Renewal | 148611 | | 715,841 | - | - | - | (165,000) | 550,841 | Plant replacement funded by muni and trade-in |
| Vehicle & Mobile Plant Renewal | 1042510 | | 150,000 | - | (120,000) | - | (30,000) | - | Plant replacement fully funded through Reserves and trade-ins |

Item 5.3 - CARRY OVER BUDGETS FOR 2022/23 AND REVIEW OF CLOSING FINANCIAL POSITION

SHIRE OF BROOME
BUDGET CARRYOVER TO 2022/23
30 JUNE 2022

| Carryover Project | Account | Job | Expenditure | Grants | Reserves | Borrowings | Contributions | Total | Comments |
|--|---------|--------|-------------|-----------|-----------|------------|---------------|-----------|---|
| Operating | | | | | | | | | |
| Conti Foreshore Footpath | 125140 | 125183 | 142,584 | (47,221) | (50,757) | - | - | 44,607 | |
| Software projects - Altus Payroll Project, PerfectMinds | 146122 | | 73,926 | - | - | - | - | 73,926 | Committed projects implemented in 2022/23. |
| IT Contract Consultants | 146111 | | - | - | - | - | - | - | Operating budget not recommended for carry over. |
| Minor Assets<\$5000 - IT Exp | 146110 | | - | - | - | - | - | - | Operating budget not recommended for carry over. |
| Arts and Culture Strategy | 116085 | | 17,000 | - | - | - | - | 17,000 | |
| Broome Air Raid 80th Anniversary | 23017 | | 30,760 | - | - | - | - | 30,760 | Event was postponed in 21/22. Additional \$10k in contract liabilities |
| Old Broome and Cable Beach Precinct Plans | 106030 | 106055 | 75,000 | - | - | - | - | 75,000 | 21/22 Muni funded project - consultants engaged/in progress |
| Local Planning Scheme and Local Planning Strategy Review | 106030 | 106055 | 21,792 | - | - | - | - | 21,792 | 21/22 Muni funded project - consultants engaged/in progress |
| Public Open Space Strategy | 113704 | 113707 | 29,768 | - | - | - | - | 29,768 | 21/22 Muni funded project |
| Contaminated Site Remediation - Wattle Drive | 101050 | | 554,496 | - | (554,496) | - | - | - | Fully reserve funded |
| Financial Management Review Audit | 22200 | | 20,200 | - | - | - | - | 20,200 | Committed contract actioned in 2022/23. |
| Foreshore Development Plan | 105546 | 105550 | 37,500 | (12,500) | - | - | - | 25,000 | Coastwest funding 2nd payment |
| Risk Management Expenses | 142232 | | 17,894 | - | - | - | - | 17,894 | Committed contract actioned in 2022/23. |
| New Carryovers | | | | | | | | | |
| Footpath Various | 125140 | 125172 | 106,949 | - | - | - | - | 106,949 | Remaining 2021/22 Subdivisional footpath program. Reserve transfers completed 21/22 |
| Occupation Health & Safety - LGIS Consultant | 142261 | | 21,500 | - | - | - | - | 21,500 | Prior year commitment - LGIS |
| Dep't Premier & Cabinet Natural Disaster Grant - Cape Leveque Rd | 120306 | | - | (693,453) | - | - | - | (693,453) | ADDITIONAL CARRYOVER Remaining WANDRRA claims yet to be received at 30 June 2022 |
| | | | | | - | - | - | - | |

SHIRE OF BROOME
 BUDGET CARRYOVER TO 2022/23
 30 JUNE 2022

| Carryover Project | Account | Job | Expenditure | Grants | Reserves | Borrowings | Contributions | Total | Comments |
|-------------------|---------|-----|------------------|--------------------|--------------------|------------------|--------------------|------------------|----------|
| | | | | | - | - | | - | |
| Total | | | 9,682,821 | (3,599,587) | (1,924,214) | (690,746) | (1,326,265) | 2,142,009 | |

5.4 2ND QUARTER FINANCE AND COSTING REVIEW 2022-23

| | |
|--------------------------------|-----------------------------|
| LOCATION/ADDRESS: | Nil |
| APPLICANT: | Nil |
| FILE: | FRE02 |
| AUTHOR: | Manager Financial 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 2nd Quarter Finance and Costing Review (FACR) of the Shire's budget for the period ended 31 December 2022, including forecast estimates and budget recommendations to 30 June 2023.

BACKGROUNDPrevious Considerations

| | |
|-------------------|------------|
| SMC 5 July 2022 | Item 5.4.1 |
| ARC December 2022 | Item 5.3 |

The Shire of Broome has carried out its 2nd Quarter Finance and Costing Review (FACR) for the 2022-23 financial year. This review of the 2022-23 Annual Budget is based on actuals and commitments for the first six months of the year from 1 July 2022 to 31 December 2022, 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 2022-23 annual budget was adopted at the Special Meeting of Council on 5 July 2022 as a balanced budget.

The Quarter 2 FACR commenced on 23 January 2023. At the start of the Q2 FACR, a net deficit of \$111,933 was forecast arising from past budget amendments adopted by Council, including the Q1 FACR. Significant amendments approved through the Q1 FACR included:

- a \$180,000 reduction in property valuation expenses as the revaluations were completed in 2021/22;
- a \$213,549 reduction in budgeted Western Australian Local Government Grant Commission Road Grants (Local Roads component of FAGS);
- an \$50,000 increase in expenditure for maintenance on the Town Beach Cafe building to ensure compliance and allow it to continue operation under a new lease;

- a \$35,000 reduction in grant revenue associated with Discovery Festival, expenditure was removed from the adopted budget but the offsetting income was retained;
- an \$34,750 increase in rental revenue from new tenancy at the Broome Visitor Centre not included in the adopted budget.

COMMENT

The Q2 FACR identifies a cumulative net deficit forecast of **\$277,233**.

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.

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:

- \$185,000 in increased interest revenue due to higher than anticipated interest rates
- \$157,023 reduction of income identified within the Kimberley Regional Office budget due to a double up of budgeted income;
- \$150,000 savings in the Skatepark project;
- \$100,000 in increased revenue from Discovery Parks Broome;
- \$50,000 savings stemming from the deferral of the Broome Library Feasibility Study, the timing of which was adjusted by Council through the most recent review of the Corporate Business Plan;
- In addition, several budget upload errors were identified during the Q2 FACR resulting in proposed amendments totalling \$58,800. Where possible these have been offset by identified savings.

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

Adjusted Prior Year Capital Projects

In addition to the amendments identified through the Q2 FACR several capital projects were omitted from the budget despite gaining Council approval for inclusion during the adoption of the 2022/23 Annual Budget. These projects are listed within the report attached (Attachment 1) and have a cumulative deficit impact of \$209,424. This figure has been included in the cumulative net deficit forecast of **\$277,233**.

Adjusted 2021-22 Closing Position

The 2021-22 Closing Position has been adjusted to reflect the identification of the mistreatment of contract liabilities in the 2019-20 and 2020-21 financial years. The adjusted closing position deficit of \$318,411 is explained in detail in the "Carry Over Budgets for 2022/23 and Review of Closing Position" agenda item contained within this agenda (Agenda Item 5.3).

Quarter 2 FACR Result

A summary of the Q2 FACR results is as follows:

| SHIRE OF BROOME SUMMARY REPORT | | | | |
|--|---|--|--|--|
| BUDGET IMPACT | | | | |
| | 2022/23 Adopted Budget (Inc) / Exp | YTD Adopted Budget Amendments (Inc) / Exp | FACR Q2 Overall (Inc) / Exp | YTD Impact (Org Savings Subtracted) |
| Office of the CEO | \$0 | \$50,000 | -\$38,800 | \$11,200 |
| Corporate Services | \$0 | \$22,806 | -\$286,000 | -\$263,194 |
| Development Services | \$0 | \$46,563 | \$5,000 | \$51,563 |
| Infrastructure Services | \$0 | -\$21,436 | -\$42,735 | -\$64,171 |
| Council approved budget amendments | \$0 | \$14,000 | \$0 | \$14,000 |
| Prior year adjustments for Capital Projects | \$0 | \$0 | \$209,424 | \$209,424 |
| 2021-22 Adjusted Closing Position Deficit | \$0 | \$0 | \$318,411 | \$318,411 |
| | 0,000* | \$111,933 | \$165,299 | \$277,233 |

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 (\$402,749) the Shire must formulate an action plan to remedy the over expenditure.

FINANCIAL IMPLICATIONS

The overall result of the Quarter 2 FACR estimates a total budget deficit position of **\$277,233** to 30 June 2023.

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 2023. 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:

That the Audit and Risk Committee recommends that Council:

1. *Receives the Quarter 2 Finance and Costing Review Report for the period ended 31 December 2022;*
2. *Adopts the operating and capital budget amendment recommendations for the year ended 30 June 2023 as attached;*
3. *Notes a forecast end-of-year deficit position to 30 June 2023 of **\$277,233**.*

Attachments

1. Q2 FACR Results

| SHIRE OF BROOME SUMMARY REPORT | | | | |
|--|---|--|--|--|
| BUDGET IMPACT | | | | |
| | 2022/23 Adopted Budget (Inc) / Exp | YTD Adopted Budget Amendments (Inc) / Exp | FACR Q2 Overall (Inc) / Exp | YTD Impact (Org Savings Subtracted) |
| Office of the CEO | \$0 | \$50,000 | -\$38,800 | \$11,200 |
| Corporate Services | \$0 | \$22,806 | -\$286,000 | -\$263,194 |
| Development Services | \$0 | \$46,563 | \$5,000 | \$51,563 |
| Infrastructure Services | \$0 | -\$21,436 | -\$42,735 | -\$64,171 |
| Council approved budget amendments | \$0 | \$14,000 | \$0 | \$14,000 |
| Prior year adjustments for Capital Projects | \$0 | \$0 | \$209,424 | \$209,424 |
| 2021-22 Adjusted Closing Position Deficit | \$0 | \$0 | \$318,411 | \$318,411 |
| | 0,000* | \$111,933 | \$165,299 | \$277,233 |

6. MEETING CLOSURE

These minutes were confirmed at a meeting held (DD Month Year),
and signed below by the Presiding Person, at the meeting these minutes were confirmed.

Signed: