



AGENDA

FOR THE

AUDIT AND RISK COMMITTEE MEETING


20 FEBRUARY 2024

NOTICE OF MEETING

Dear Committee Member,

The next Audit and Risk Committee Meeting will be held on Tuesday, 20 February 2024 in the Committee Meeting Room, Corner Weld and Haas Streets, Broome, commencing at 9.00am.

Regards,



S MASTROLEMBO
Chief Executive Officer

16/02/2024

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.

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SHIRE OF BROOME
AUDIT AND RISK COMMITTEE MEETING
TUESDAY 20 FEBRUARY 2024

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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 19 December 2023, as published and circulated, be confirmed as a true and accurate record of that meeting.

5. REPORT OF OFFICERS

5.1 COMPLIANCE AUDIT RETURN 2023

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	LCR02
AUTHOR:	Senior Administration & Governance Officer
CONTRIBUTOR/S:	Nil
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 2023 Compliance Audit Return (CAR) for review, and to request that the ARC recommend that Council adopt the 2023 CAR for submission to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March 2024.

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 2024.

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 2023 comprises a total of 94 questions. The questions are the same as the previous year.

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

Focus Area	2022 Q's	2023 Q's	Comments
Commercial Enterprises by Local Governments	5	5	No change.
Delegation of Power/Duty	13	13	No change.
Disclosure of Interest	25	25	No change.
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	5	5	No change.
Official Conduct	4	4	No change.
Optional Questions	9	9	No change.
Tenders for Providing Goods and Services	22	22	No change.
Total	94	94	

During 2023, 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 98% has been achieved for 2023 with one minor non compliance identified below.

Focus Area	Question	Comments
Tenders for Providing Goods and Services	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?	Reg 15 - For the following publicly invited tenders, RFT23/03, RFT23/04, RFT23/05, Statewide Notice was provided in Vendor Panel, The West Australian, Broome Advertiser and Public Noticeboards. However, notice on the Shire Website was overlooked. Non compliance with F&Gr15 (1)(a) Reg 16 - compliant

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 2023 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 2023 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 2024.*

Attachments

1. Compliance Audit Return 2023

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



Broome – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	No major trading undertaking considered by Council during 2023. DCS on behalf of Manager Governance, Strategy and Risk (MGRS).
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	Yes	Business Plan for the Town Beach Cafe Redevelopment endorsed by Council in November 2023 and subsequently advertised for public submissions through to 2 February 2024
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	Yes	Business Plan for the Town Beach Cafe Redevelopment endorsed by Council in November 2023 and subsequently advertised for public submissions through to 2 February 2024
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	Yes	Business Plan for the Town Beach Cafe Redevelopment advertised in the West 18/11/2023, Broome Advertiser 22/11/2023, Shire website and administration center.
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	Council did not resolve to proceed with any major land transaction or undertaking in 2023.

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	The Behavioural Complaints Committee established in 2021 is the only Committee

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



				with delegated authority. This was initially provided by Absolute Majority (Council resolution C/0422/017) and subsequently by Absolute Majority following the 2023 Ordinary Elections at the 16 November 2023 Ordinary Council Meeting (Council resolution C/1123/019).
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	Provided at OMC 16 April 2023 - C/1123/019.
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	Behavioural Complaints Committee has delegated authority through delegation 1.1.1 to, under Clause 12 and 13 of the Code of Conduct, deal with and / or dismiss a complaint. SAGO on behalf of MGRS.
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 online Attain system. No exercise of delegation in 2023.
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	Yes	Reviewed and approved by Council at the 30 March 2023 OMC - Minute No. C/0323/028 and OMC 16 April 2023 - Minute No. C/1123/019. SAGO on behalf of MGRS.
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	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 MGRS.
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Reviewed and approved by Council at the 30 March 2023 OMC - Minute No. C/0323/028. SAGO on behalf of MGRS.
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 MGRS.

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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.
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	30 March 2023 OMC - Minute No. C/0323/028 Annual Review. 28 Sept 2023 OMC Minute No. C/0923/005 amendments to various planning regulations following gazettal of Local Planning Scheme No 7. SAGO on behalf of MGSR.
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.
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	Reviewed and approved by Council at the 30 March 2023 OMC - Minute No. C/0323/028. SAGO on behalf of MGSR.
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.

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	Yes. Recorded in the minutes accordingly.
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	No participation approval required for any decisions.

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3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	All interest disclosures recorded in minutes and Synergy.
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.
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.
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.
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	Managed in the Attain system.
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	Recorded in File GOC02 within Synergy.
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	Managed in Attain system, removed from File GOC02 to GOC02.3 for retention of 5 years.
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	Managed in Attain system.
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	N/A	No gifts disclosed in 2023. One election gift donated and register published to website.
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	No gifts disclosed in 2023. One election gift donated and register published to website.
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.

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14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	N/A	No records required to be removed.
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	Yes. One disclosure made and disclosed in published agenda item.
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	No gifts received.
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	No gifts received.
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes	Adopted OMC 29 April 2021. Resolution C/0421/009. Review adopted 16 November 2023 OMC Min C/1123/041
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.
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 and again 17 November 2023 following Council review.
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Code of Conduct for Employees was approved by the CEO 17 February 2021. Up to date version published on website.

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

Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	Published 14 September 2023 - one gift disclosed.
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?	No	The only gift disclosed was from a successful candidate in 2023.
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?	Yes	Published 14 September 2023 - one gift disclosed.

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Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	Follow Local Government Elections in October 2023, new Committee members were appointed at the 16 November 2023 OCM - Min C/1123/018
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	The Audit and Risk Committee have no delegated authority.
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	No	Was adopted by Council at the 21 December 2023 SCM - Min C/1223/003
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	There were no significant matters raised in the auditor's report requiring action.
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	There were no significant matters raised in the auditor's report requiring action. The Shire of Broome did not prepare a report for the Minister.
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	A report was not required.
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	No	The audit report was received from the Office of the Auditor General 15/12/2023 and was adopted by Council at the 21 December 2023 SCM - Min C/1223/003

Local Government Employees				
No	Reference	Question	Response	Comments

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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 2023.
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	No CEO recruitment in 2023.
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	N/A	No CEO recruitment in 2023.
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	No senior employees recruited in 2023.
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 recruited in 2023.

Official Conduct				
No	Reference	Question	Response	Comments
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.
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	No complaints resulted in a finding under section 5.110(2)(a). SAGO on behalf of MGSR.
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	N/A	No minor breaches have been substantiated that require recording in the complaints register. SAGO on behalf of MGSR.
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.

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments

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



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)
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.
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.
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.
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 - all tenders are managed through Vendor panel. SAGO on behalf of SPRO.
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?	No	Reg 15 - For the following publicly invited tenders, RFT23/03, RFT23/04, RFT23/05, Statewide Notice was provided in Vendor Panel, The West Australian, Broome Advertiser and Public Noticeboards. However, notice on the Shire Website was overlooked. Non compliance with F&Gr15 (1)(a) Reg 16 - compliant
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	Yes	Identified that the local government must include an amount of the consideration, or as a minimum, a summary of the amount of consideration as per F&G.r.17(3)

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		register available for public inspection and publish it on the local government's official website?		
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	By utilising Vendor Panel for Tender publishing, potential respondents are unable to submit a response following the deadline. SAGO on behalf of SPRO
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.
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.
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes	Compliant. One (1) EOI undertaken. Second, EOI to be commenced in November 2023 and closing in 2024.
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	One (1) EOI undertaken, no expressions of interest received.
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	One (1) EOI undertaken, no expressions of interest received.
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	One (1) EOI undertaken, no expressions of interest received.
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	No panel of pre-qualified suppliers invited in the past 12 months.
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	No panel of pre-qualified suppliers invited in the past 12 months.

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17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	No panel of pre-qualified suppliers invited in the past 12 months.
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	No panel of pre-qualified suppliers invited in the past 12 months.
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	No panel of pre-qualified suppliers invited in the past 12 months.
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?	N/A	No panel of pre-qualified suppliers invited in the past 12 months.
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	No panel of pre-qualified suppliers invited in the past 12 months.
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.

Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	15/12/2022 Council completed 2 year desktop review of SCP at the 15 December 2022 Ordinary Meeting of Council. SCP document was updated and reprinted July 2023.
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan?	Yes	14/12/2023

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		If Yes, please provide the adoption date or the date of the most recent review in the Comments section?		Council completed annual review of CBP at the 14 December 2023 Ordinary Meeting of Council. CBP document to be updated and reprinted prior to 30 June 2024.
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).

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	15/12/2022 FMR completed by Stantons during 2022. Council resolution 15 December 2022 OMC - Min C/1222/20
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	16/12/2021 Internal review completed December 2021. Council resolution 16 December 2021 OMC - Min C/1221/033. Not due again until December 2024.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	N/A	No gifts disclosed in 2023.
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. Reviewed 31 August 2023 OMC - Min C/0823/028

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5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	Compliant.
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 election 16 Nov 2023 - Min No C/1123/042
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	Compliant. Website updated in July 2023.
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	Yes, submitted 2 October 2023. Submission of the 2022/23 Annual Financial Statements in accordance with s6.4 of the Local Government Act 1995 and s61 of the Interpretation Act 1984 is Monday 2 October 2023 as the 30 September falls on a Saturday.
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 2023/24 Annual Budget included consideration of the impact of carryovers from the prior year. SCM 11 July 2023 Item 5.4.1.

Chief Executive Officer

Date

Mayor/President

Date

5.2 2ND QUARTER FINANCE AND COSTING REVIEW 2023-24

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	FRE02
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Senior Finance Officer
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 2023, including forecast estimates and budget recommendations to 30 June 2024.

BACKGROUNDPrevious Considerations

SMC 11 July 2023	Item 5.4.1
ARC November 2023	Item 5.1

1st Quarter Finance and Costing Review

The 1st Quarter Finance and Costing Review was approved by Council at the OMC 14 December 2023. The Review contained a comprehensive list of budget amendments; of note, the 1st Quarter Review included the following proposed amendments:

- an \$85,000 increase in corporate services consultant expenditure during recruitment for key staff, to deliver the annual financial report, long term financial plan and 2024/25 annual budget, tied to statutory and organisation timeframes;
- a \$20,000 increase in expenditure to continue the Civic Centre Audio Visual renewal. The 5 year project brief was approved in a prior budget but the ongoing renewal was not captured within the current budget;
- a \$121,566 increase in budgeted interest on municipal investments, recognising favourable interest rates received on cash currently held;
- a \$43,594 increase in statutory fees and taxes following a statutory review of superannuation.
- a \$40,000 reduction in Tourism development funding expenditure as the budgeted applicant did not request funding this financial year;
- a net \$22,000 increase in expenditure, after reassigning employee savings through vacancies to relief ranger services in order to maintain service levels during staff recruitment.

The net result of the Quarter 1 FACR estimates was a budget deficit position of \$129,196.

The net result of budget amendments previously endorsed by Council was a budget deficit position of \$17,000 to 30 June 2024. This resulted in a total forecast budget deficit position of \$146,196 to 30 June 2024.

This net result excluded an organisational saving (surplus) of \$52,809.

The overall result indicated a total deficit position to 30 June 2024 of \$93,387, which included the budget amendments already adopted through Council in 2023/24.

Quarter 2 Finance and Costing Review

The Shire of Broome has carried out its 2nd Quarter Finance and Costing Review (FACR) for the 2023/24 financial year. This review of the 2023/24 adopted Annual Budget is based on actuals and commitments for the first six months of the year from 1 July 2023 to 31 December 2023, 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 2023/24 Annual Budget was adopted at the Special Meeting of Council (SMC) on 11 July 2023 as a balanced budget.

COMMENT

Council Approved budget amendments

The 1st Quarter FACR was reviewed and approved by the Audit and Risk Committee, and Council in November 2023, and also noted the budget amendments approved by Council since the adoption of the 2023/24 annual budget.

In instances where it is not practical to wait for the next quarterly FACR to seek Council approval, including time constraints, awarding contracts and new projects, budget amendments may be presented as stand-alone items to Council. For transparency, the following budget amendments have been approved by Council since the 1st Quarter FACR:

OMC 14 December 2023 Item 9.1.1 – Sister City Relationship and Taiji Delegation 2023

The Council resolution from the 14 December 2023 Ordinary Meeting of Council (OMC) is captured below. The resolution resulted in a \$5,000 deficit.

COUNCIL RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. C/1223/001

Moved: Cr D Male

Seconded: Cr P Taylor

That Council:

- 1. Approves a Council delegation to travel to Broome's Sister City of Taiji, Japan in April 2024 for the purposes of cultural, historical, social and educational exchange.**
- 2. Nominates the following Councillors to undertake the trip on behalf of Council:**
 - a. Councillor Male**
 - b. Councillor Virgo**
 - c. Councillor P Matsumoto**

- 3. Requests the Chief Executive Officer advise the Town of Taiji that a Broome Shire Council delegation will visit to coincide with the visit by St Mary’s College, Broome, in April 2024.**
- 4. Approves a budget amendment to increase GL 100222900 Sister City Relations from \$17,800 to \$22,800, noting this will have a \$5,000 deficit impact on the annual budget.**

For: Shire President C Mitchell, Cr D Male, Cr P Matsumoto, Cr P Taylor and Cr M Virgo.
Against: Cr E Smith, Cr J Mamid and Cr J Lewis.

CARRIED BY ABSOLUTE MAJORITY 5/3

OMC 14 December 2023 Item 9.4.4 – 2024 Extraordinary Election

The Council resolution from the 14 December 2023 Ordinary Meeting of Council (OMC) is captured below. The resolution resulted in a \$31,909 deficit (excluding GST).

COUNCIL RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. C/1223/002

Moved: Shire President C Mitchell

Seconded: Cr D Male

That Council:

- 1. Declare, in accordance with section 4.20(4) of the Local Government Act 1995, the Electoral Commissioner to be responsible for the conduct of the 23 March 2024 extraordinary election;**
- 2. Decide, in accordance with section 4.61(2) of the Local Government Act 1995, that the method of conducting the 23 March 2024 extraordinary election will be as an in-person election; and**
- 3. Approve a budget amendment of \$35,100 including GST to expense account 100240400 Election Expenses Op Exp – Members, noting this will result in a deficit position given the 2023/24 Annual Budget was adopted as a balanced budget.**

For: Shire President C Mitchell, Cr D Male, Cr J Lewis, Cr J Mamid, Cr P Matsumoto, Cr E Smith, Cr M Virgo, Cr P Taylor

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 8/0

OMC 14 December 2023 Item 9.2.3 – Regional Resource Recovery Park (RRRP) - Service Arrangements

The net impact on municipal funds in 2023/24 is \$0, as the budget amendments offset each other (\$770,000 income and \$770,000 expenditure). An agenda item was presented to full Council, outside of the FACR process, to permit officers to commence procurement and works, as the project transitions from the Design Phase to Project Delivery Phase. Council resolved the following:

COUNCIL RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. C/1223/003

Moved: Cr M Virgo

Seconded: Cr E Smith

That Council:

- 1. Authorises the Chief Executive Officer to undertake tender exempt procurement of power infrastructure for connection of the Regional Resource Recovery Park to Horizon Powers electrical network up to a maximum value of \$670,000.**
- 2. Approves a budget amendment of \$770,000 to expense account 101897, funded through a transfer from the RRRP Reserve account 100010020 of \$770,000.**

**For: Shire President C Mitchell, Cr D Male, Cr J Lewis, Cr J Mamid, Cr P Matsumoto,
Cr E Smith, Cr M Virgo, Cr P Taylor**

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 8/0

SMC 21 December 2023 Item 5.4.1 – Audit And Risk Committee Minutes - 19 December 2023

The 2022/23 audited Annual Financial Report presented the audited opening position for the 2023/24 annual budget, allocation of untied funds as specified in the resolution, and budget adjustments necessary to carry forward the remainder of funds required to support ongoing projects. Due to the timing of receiving the audited Annual Financial Report, an SMC was held. The Council resolution from the 21 December SMC is referenced below:

COUNCIL RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. C/1223/004

Moved: Cr D Male

Seconded: Cr P Taylor

That Council:

- 1. Receive the Chief Executive Officer's report relating to the audit.**
- 2. Receive the:**
 - (a) Audited Annual Financial Report as per Attachment 1 of the Audit and Risk Committee minutes from the 19 December 2023 meeting;**
 - (b) Audit Opinion Letter as per Attachment 2 of the Audit and Risk Committee minutes from the 19 December 2023 meeting;**
 - (c) Audit Management Report as per Confidential Attachment 3 of the Confidential Audit and Risk Committee minutes from the 19 December 2023 meeting; and**
 - (d) Management Representation Letter as per Attachment 4 of the Audit and Risk Committee minutes from the 19 December 2023 meeting.**
- 3. Adopt the Audited Annual Financial Report dated 14 December 2023 and the Audit Management Report for the year ended 30 June 2023 as per Attachment 1 and 4 of the Audit and Risk Committee minutes from the 19 December 2023 meeting.**
- 4. Confirms the allocation of the net surplus from the 2022/23 financial year as per Attachment 1 – Carry Over Projects to 2023/24, with the balance of \$1,280,646.**
- 5. Approves an allocation of \$397,211 of net 2022/23 surplus to the Public Open Space Reserve, allocated to the Cable Beach Foreshore Redevelopment project, to offset reductions arising from 2022 Annual Financial Report closing position Public Open Space Reserve adjustments.**
- 6. Approves the allocation of the remaining \$883,435 of net 2022/23 surplus to reduce planned 2023/24 borrowings required for the Cable Beach Foreshore Redevelopment project.**

**For: Shire President C Mitchell, Cr D Male, Cr J Lewis, Cr J Mamid, Cr P Matsumoto,
Cr E Smith, Cr M Virgo, Cr P Taylor**

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 8/0

SMC 21 December 2023 Item 6.1 – RFT 23/12 Cable Beach Foreshore Redevelopment Stage B1 and 1A

The net impact on municipal funds in 2023/24 is \$0, as the budget amendments offset each other (\$3,146,491 income and \$3,146,491 expenditure). An agenda item was presented to full Council, outside of the FACR process, to accept the tender. Council resolved the following:

COUNCIL RESOLUTION:**(REPORT RECOMMENDATION)****Minute No. C/1223/005****Moved: Cr P Taylor****Seconded: Cr D Male****That Council:**

1. **Note the recommendation in the Evaluation Report for RFT 23/12 Cable Beach Foreshore Redevelopment Stage B1 as presented in Attachment 1;**
2. **Accepts the Tender provided by CMA Contracting Pty Ltd as the most advantageous Respondent from which to form a Contract for both Stage B1 and 1A, after final contract negotiations for RFT23/12 Cable Beach Foreshore Redevelopment.**
3. **Authorises the Chief Executive Officer to negotiate and sign the contract documentation for Stage B1 and 1A, following final contract negotiations and the appropriate financial due diligence, and to negotiate minor contract variations required during the contract period, if necessary;**
4. **If a Contract cannot be executed or grant funding reallocations are not authorised for Stage B1 and 1A, authorises the Chief Executive Officer to negotiate and sign the contract documentation for Stage B1, following final contract negotiations and the appropriate financial due diligence, and negotiate minor contract variations required during the contract period, if necessary;**
5. **Approve a budget amendment of \$80,000 Ex GST to Income Account CB101 to reflect the Road Project Grant increase for 2023/24;**
6. **Approve a budget amendment of \$80,000 Ex GST to Expense Account CB01 to reflect the Road Project Grant increase for 2023/24;**
7. **Approve a budget amendment of \$2,100,000 Ex GST to Income Account CB103 to reflect the additional Preparing Australian Communities Grant drawn down;**
8. **Approve a budget amendment of \$2,100,000 Ex GST to Expense Account CB03 to reflect the additional Preparing Australian Communities Grant drawn down;**
9. **Approve a budget amendment of \$966,491 Ex GST to Income Account CB110 to reflect the Phase 4 Local Roads and Community Infrastructure Grant allocation;**
10. **Approve a budget amendment of \$966,491 Ex GST to Expense Account CB10 to reflect the Phase 4 Local Roads and Community Infrastructure Grant allocation.**

For: Shire President C Mitchell, Cr D Male, Cr P Matsumoto, Cr P Taylor, Cr M Virgo, Cr E Smith and Cr J Mamid.

Against the Motion: Cr J Lewis.

CARRIED BY ABSOLUTE MAJORITY 7/1

1 July 2023 Opening Position & FAG's Overpayment

The Shire receives a significant allocation of untied funds each year through an annual Financial Assistance Grant (FAG). FAG's is untied grant funding, meaning it can be used for any purpose that supports the operations of the Shire of Broome. FAG's is split into allocations for general purpose and roads rather than a specific project or purpose.

The budgeted allocations for each financial year, and any advance payments received, are estimates based on prior years. Historically 50% of FAG's is paid in advance by the Commonwealth, and subsequently the State through the WA Grants Commission. The remaining 50% is typically received in the following financial year.

The announcement of the Federal Budget in May 2023 highlighted that there would be no advance payments of the 2023/24 grant allocation. Based on this announcement, the Shire's 2023/24 annual budget accounted for receipt of the full grant allocation within the 2023/24 financial year.

Advice on the final FAG's allocation for each local government is provided in August each year, and requires a budget amendment to reflect the actual amount to be received that financial year. Advance payments are typically captured within the closing position of the prior year, and it is the responsibility of each individual local government to manage the cashflow implications of the grant at the time it is received.

Despite previously advising that no advance payment of FAG's would occur, the Commonwealth made a late decision to allocate advance payments following pressure from lobbying organisations nationwide (Attachments 3 and 4). Consequently the Shire received a significant advance FAG's payment of \$2,643,234 of the 2023/24 allocation (\$2,781,315) on 30 June 2023. This has resulted in a surplus within the 2023/24 opening position.

It should be noted that the budget for 2023/24 was based on the prior year's allocation of \$2,496,613.

Despite paying \$2,643,234 in advance the Commission advised that the Shire of Broome's 2023/24 FAG's allocation has been overpaid by \$341,946 (Attachment 5).

Budget adjustments are therefore necessary to balance out the variances in both the value of the allocation, the timing of receipt of the funding and the overpayment of the 2023/24 allocation. These amendments are summarised in the tables below. It is noted that this is purely to capture the budget impact of receipting this income source.

	General	Roads	Total allocation
Advance payment in 2022/23	1,967,904	675,330	2,643,234
Remaining grant to receive in 2023/24 (A)	82,975	55,106	138,081
Total 2023/24 Grant Allocation	2,050,879	730,436	2,781,315
2023/24 Budget (B)	1,859,543	637,070	2,496,613
Budget amendment required (A-B)	- 1,776,568	- 581,964	- 2,358,532

The 2023/24 FAG's allocations were based on the grant recommendations for the 2022/23 financial year with indexation in line with the increase in overall grant allocation to the State of Western Australia. This was an unexpected and unprecedented upfront payment amount. The Grants Commission is legislatively obligated to pay the full advance to local governments.

As the Commonwealth Government's allocations vary to that of the WA Grants Commission this created over and under payments to local governments. The Grants Commission is required to follow legislative requirements to distribute the Financial Assistance Grant and does not have legislative authority to recoup from the subsequent quarterly payments throughout 2023/24. Nor would there have been enough in the pool to allow for this.

To effect a recoup, local governments that were overpaid in 2023/24 will have their 2024/25 Financial Assistance Grant reduced by the 2023/24 overpayment amount. Conversely, local governments that were underpaid will have their 2024/25 Financial Assistance Grant increased by the underpayment amount.

As the Shire has received an overpayment in 2023/24 the Commission has advised that the 2024/25 FAG's allocation will be reduced by the overpayment amount (\$341,946).

Historic allocations of FAG's (smoothing out the effects of advance payments) show the Shire of Broome receives a smaller allocation every financial year, despite advice that the funding pool is increasing through indexation, and against the rising costs of all expenses required to maintain operations. Excluding the effect of the overpayment, the 2023/24

allocation was \$57,244 less than the 2022/23 allocation, and the 2024/25 allocation is expected to follow a similar trend.

Considering the declining value of annual FAG's allocations officers suggest the overpayment of 2023/24 be quarantined in the Restricted Cash Reserve to support the 2024/25 operating budget as intended. The alternative is to offset current budget requirements, which will adversely impact the capacity for service delivery in the 2024/25 budget.

An unintentional effect in the closing position for 2022/23 was the \$138,081 overstatement of the FAG's advance payment; the advanced funding was stated as \$2,781,315 in the closing position however this figure represents the entire 2023/24 FAG allocation. The advance payment was \$2,643,234 with \$138,081 to be received in 2023/24. The remaining \$138,081 to be received in 2023/24 offsets the \$57,244 decrease to the budgeted FAG allocation. This is due to the estimate of FAG's to be received in 2023/24 being less than the amount received in 2022/23. The \$80,837 variance can be considered "untied" surplus. Officers recommend that this surplus is used to offset the current deficit.

"Tied" surplus (FAG's)	2,781,315
Advance Payment 30 June 2023	-2,643,234
"Untied" portion of opening surplus 1 July 2023	138,081
FAG's grant allocation less than budgeted 2023/24	-57,244
Remaining surplus available for redistribution	80,837

Grant funding received from the Department of Planning Lands and Heritage (DPLH) for the McMahan Estate project (\$200,000) was budgeted for 2023/24, but received in 2022/23. The advance payment of this grant was accounted for in the final closing position for 2022/23, and a budget amendment is now required, as we no longer anticipate receipt of this grant within 2023/24.

The impact of these budget adjustments against the current budget surplus, is presented in the table below. Noting that the current surplus is the result of the advance payment of FAG's and the McMahan Estate Grant. Officers recommend that the untied surplus mentioned in the previous table is used to offset the current budget deficit of \$398,632.

Audited Opening Position at 1 July 2023 (increase)	2,138,370
Adjustments to Carry Over budgets	2,123,591
Net surplus available - transfer to POS Reserve	(397,211)
Net surplus available - reduction of Cable Beach proposed borrowings	(883,435)
<i>Surplus remaining, including \$200,00 McMahan Estate grant received in advance and \$2,781,315 FAG's received in advance</i>	2,981,315
Council approved budget amendments total \$130,296 deficit	
Net effect of FACR Quarter 1 budget amendments	(76,387)
BRAC Inflatable	(17,000)
Sister City Relationship and Taiji Delegation 2023	(5,000)
2024 Extraordinary Election	(31,909)
<i>Council approved budget amendments reduced the closing position to:</i>	2,851,019
Proposed budget amendments	
FAG's budget amendment (\$80,837 less than captured in closing position)	(2,358,532)
Transfer of FAG's overpayment to Restricted Cash Reserve	(341,946)
McMahan Estate - Grant received in advance	(200,000)
Total	\$2,900,478
<i>Current closing position \$2,851,019 after accounting for grants, the deficit of \$130,296 is reduced to:</i>	(49,459)
Net effect of FACR Quarter 2 budget amendments	(268,336)
Forecast closing position 30 June 2024	(317,795)

Quarter 2 Finance and Costing Review

Responsible officers completed their individual reviews with Director consultation on 2 February 2024. FACR workshops were conducted the following week with Responsible officers and the Executive Management Group discussing the proposed budget amendments. The results from this process were reviewed through the Executive Management Group, and indicate a deficit forecast financial position of **\$268,336** should Council approve the Quarter 2 proposed budget amendments. The overall result, including the proposed amendments in the above table and amendments already endorsed through Council, indicates a net deficit position to 30 June 2024 of **\$317,795**. This figure represents a budget forecast should all expenditure and income occur as expected.

While officers make every effort to ensure the net impact of each FACR is minimal, and offset savings and expenditure within their assigned budgets and directorates, this is not always achievable. The second quarter review has balanced the impact of the proposed variances within the full budget, including the following proposed amendments:

- a new fully-funded grant program - the Remote Chance Project has received \$70,000 from the Kimberley Development Commission;
- a \$43,000 increase in expenditure to finalise the Playground Strategy; timing of a change in the responsible officer for the project, a budget carry over was not requested, and the original budget estimate from 2021 was not adequate to cover the scope of the project;
- savings within the Community Sponsorship program, including \$40,000 budgeted for Magabala Books (agreement has ended), and realignment of the Community Development Fund so that the timing of Stream 1 and 2 payments will be made from July 2024 (\$62,100 saving);
- a \$16,460 increase in statutory fees and taxes following a statutory review of superannuation;
- a \$50,000 increase in budgeted interest on municipal investments, recognising favourable interest rates received on cash currently held;
- a \$25,098 increase in insurance reimbursements (not offset by expenditure associated with claims) as credit for the finalisation of the 2022/23 wages declaration;
- a \$65,000 increase in network expenditure, including CCTV repairs, bringing forward a 2024/25 project to investigate the future strategy and design for the management and maintenance of the CCTV network, and installation of security access control to the Shire's server room;
- a net \$237,303 decrease in commercial and residential property income resulting from commercial actuals tracking less than estimated, key staff vacancies and supplying housing for short-term contractor engagements.

A comprehensive list of accounts (refer to Attachment 2) has been included for perusal by the committee, presented by Directorate.

A summary of the results is as follows:

SHIRE OF BROOME SUMMARY REPORT					
BUDGET IMPACT					
	2023/24 Adopted Budget (Income)/ Expense	YTD Adopted Budget Amendments (Income)/ Expense	Grants received in advance (required Budget Amendments)	FACR Q2 Overall (Inc) / Exp	YTD Overall Position
Office of the CEO	\$0	\$7,000	\$0	\$27,226	\$34,226
Corporate Services	\$0	\$37,028	\$0	\$13,688	\$50,716
Development Services	\$0	-\$8,000	\$0	\$8,883	\$883
Infrastructure Services	\$0	\$40,359	\$0	\$218,539	\$258,898
Council approved budget amendments	\$0	\$53,909	\$0	\$0	\$53,909
<i>Budget Amendments Sub-total</i>	\$0	\$130,296	\$0	\$268,336	\$398,632
FAG's Grant received in advance	\$0	-\$2,781,315	\$2,700,478	\$0	-\$80,837
McMahon Estate Grant received in advance	\$0	-\$200,000	\$200,000	\$0	\$0
	0,000*	-\$2,851,019	\$2,900,478	\$268,336	\$317,795

*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 the last day of February 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; and*
 - (d) *include the following —*
 - (i) *the annual budget adopted by the local government;*
 - (ii) *an update of each of the estimates included in the annual budget;*

- (iii) the actual amounts of expenditure, revenue and income as at the date of the review;
 - (iv) adjacent to each item in the annual budget adopted by the local government that states an amount, the estimated end-of-year amount for the item.
- (2) The review of an annual budget for a financial year must be submitted to the council on or before 31 March in that financial year.
- (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 14 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

[Regulation 33A inserted: Gazette 31 Mar 2005 p. 1048-9; amended: Gazette 20 Jun 2008 p. 2723-4; SL 2023/106 r. 18.]

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 (\$441,595) the Shire must formulate an action plan to remedy the over expenditure.

FINANCIAL IMPLICATIONS

The result of the Quarter 2 FACR estimates is a budget deficit of **\$268,336**.

The **net result** of budget amendments previously endorsed by Council (including Quarter 1 FACR and carry over adjustments) is a budget deficit position of **\$130,296**. Council’s approval of the Quarter 2 FACR will have an overall closing position deficit of **\$398,632** to 30 June 2024.

After budget adjustments to recognise the early receipt of the FAG's and McMahon Estate Grants, and transferring the FAG's overpayment to Restricted Cash Reserve to support the 2024/25 annual budget, there is a saving of \$80,837.

Applying the saving of \$80,837, the overall result indicates a total deficit position to 30 June 2024 of **\$317,795**. This figure represents a budget forecast should all expenditure and income occur as expected.

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 2024. 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 2023;*
2. *Adopts the operating and capital budget amendment recommendations for the year ended 30 June 2024 as attached (Attachment 2);*
3. *Approve the following budget amendments:*
 - (a) *Decrease Account 100222180 McMahon Estate Grant Income by \$200,000, noting that the funding was received in June 2023 and is contained within the 1 July 2023 opening position;*
 - (b) *Decrease Account 100303010 Financial Assistance Grant (general) by \$1,776,568 and Account 101203050 Financial Assistance Grant (roads) by \$581,964 (total \$2,358,532 reduction), noting that the funding was received June 2023 and is contained within the 1 July 2023 opening position;*
4. *Recognise the overpayment of Financial Assistance Grant allocations in 2023/24 and transfer \$341,946 to Account 100236960 Transfer to Restricted Cash Reserve.*
5. *Note that Financial Assistance Grant allocations in 2024/25 will be reduced by \$341,946. \$341,946 will be drawn from the Restricted Cash reserve in the 2024/25 annual budget.*
6. *Notes a forecast net end-of-year deficit position to 30 June 2024 of **\$317,795** including previously adopted budget amendments and the budget amendments in recommendation 3;*
7. *Endorses the Report as the 2023/24 statutory mid-year budget review.*

Attachments

1. 2023-24 Statutory Budget Review
2. Quarter 2 Finance and Costing Review
3. Letter - lobbying for FAGs prepayment
4. Advice of FAGs Prepayment
5. Letter - Confirmation of 23-24 FAGs allocation and overpayment

SHIRE OF BROOME
BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2023

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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SHIRE OF BROOME
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Budget v Actual			Estimated Year at End Amount (b)	Predicted Variance (a) - (b)	
	Adopted Budget	Updated Budget Estimates (a)	Year to Date Actual			
	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Revenue from operating activities						
Rates	26,561,200	26,561,200	26,546,826	26,563,238	2,038	▲
Grants, subsidies and contributions	3,997,267	4,217,207	415,290	1,661,805	(2,555,402)	▼
Fees and charges	10,948,496	11,000,678	7,012,136	10,830,809	(169,869)	▼
Interest revenue	1,273,202	1,394,768	924,334	1,444,768	50,000	▲
Other revenue	1,275,664	1,292,664	904,280	1,539,276	246,612	▲
Profit on asset disposals	103,734	103,734	53,427	103,734	0	
	44,159,563	44,570,251	35,856,293	42,143,630	(2,426,621)	
Expenditure from operating activities						
Employee costs	(18,520,106)	(17,692,363)	(8,472,096)	(17,482,921)	209,442	▲
Materials and contracts	(14,726,176)	(14,209,531)	(5,120,351)	(14,750,467)	(540,936)	▼
Utility charges	(2,243,536)	(2,243,536)	(998,550)	(2,231,419)	12,117	▲
Depreciation	(15,510,953)	(15,510,953)	(7,921,366)	(15,510,953)	0	
Finance costs	(279,008)	(279,008)	(131,153)	(279,008)	0	
Insurance	(879,464)	(879,464)	(910,775)	(879,464)	0	
Other expenditure	(1,763,771)	(1,835,436)	(838,548)	(1,779,961)	55,475	▲
Loss on asset disposals	(57,034)	(57,034)	(87,639)	(57,034)	0	
	(53,980,048)	(52,707,325)	(24,480,478)	(52,971,227)	(263,902)	
Non-cash amounts excluded from operating activities	15,497,961	15,497,961	7,969,584	15,497,961		
Amount attributable to operating activities	5,677,476	7,360,887	19,345,399	4,670,364	(2,690,523)	
INVESTING ACTIVITIES						
Inflows from investing activities						
Capital grants, subsidies and contributions	10,650,596	15,563,058	3,208,165	15,839,003	275,945	▲
Proceeds from disposal of assets	718,644	822,144	296,109	822,144	0	
Proceeds from self supporting loans	96,154			0	0	
	11,465,394	16,385,202	3,504,274	16,661,147	275,945	
Outflows from investing activities						
Buildings - non-specialised	(2,294,292)	(6,607,488)	(1,259,458)	(6,956,152)	(348,664)	▼
Plant and equipment	(3,318,921)	(3,361,194)	(975,767)	(3,361,194)	0	
Furniture and Equipment	(155,500)	(356,356)	(230,992)	(402,676)	(46,320)	▼
Infrastructure Assets - Roads & Footpaths	(4,057,625)	(4,004,483)	(2,132,043)	(4,004,483)	0	
Infrastructure Assets - Recreation Areas	(15,341,069)	(19,475,591)	(2,262,094)	(19,611,381)	(135,790)	▼
Infrastructure Assets - Drainage	(25,000)	(25,000)	0	(25,000)	0	
Infrastructure Assets - Other	(1,082,350)	(470,695)	(177,146)	(470,695)	0	
	(26,274,757)	(34,300,807)	(7,037,500)	(34,831,581)	(530,774)	
Amount attributable to investing activities	(14,809,363)	(17,915,605)	(3,533,226)	(18,170,434)	(254,829)	
FINANCING ACTIVITIES						
Cash inflows from financing activities						
Self-Supporting Loan Principal	0	96,154	0	96,154	0	
Proceeds from new borrowings	2,350,507	4,433,072	0	4,433,072	0	
Transfers from reserve accounts	6,130,711	6,755,855	0	7,042,855	287,000	▲
	8,481,218	11,285,081	0	11,572,081	287,000	
Cash outflows from financing activities						
Repayment of Self Supporting Loan	0	(96,154)	(48,077)	(96,154)	0	
Repayment of borrowings	(551,027)	(454,874)	(226,080)	(454,874)	0	
Transfers to reserve accounts	(4,445,042)	(5,113,424)	(359,119)	(5,623,886)	(510,462)	▼
	(4,996,069)	(5,664,452)	(633,276)	(6,174,914)	(510,462)	
Amount attributable to financing activities	3,485,149	5,620,629	(633,276)	5,397,167	(223,462)	
MOVEMENT IN SURPLUS OR DEFICIT						
Surplus or deficit at the start of the financial year	5,646,738	7,785,108	7,785,108	7,785,108	0	
Amount attributable to operating activities	5,677,476	7,360,887	19,345,399	4,670,364	(2,690,523)	
Amount attributable to investing activities	(14,809,363)	(17,915,605)	(3,533,226)	(18,170,434)	(254,829)	
Amount attributable to financing activities	3,485,149	5,620,629	(633,276)	5,397,167	(223,462)	
Surplus or deficit after imposition of general rates	(0)	2,851,019	22,964,005	(317,795)	(3,168,814)	▼

SHIRE OF BROOME
 NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
 FOR THE PERIOD ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION

This budget review has been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996*, prescribe that the budget review be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 Leases which would have required the Shire of Broome to measure any vested improvements at zero cost.

Local Government (Financial Management) Regulations 1996, regulation 33A prescribes contents of the budget review.

Accounting policies which have been adopted in the preparation of this budget review have been consistently applied unless stated otherwise. Except for cash flow and statement of financial activity, the budget review has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Broome controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements.

Judgements and estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

SIGNIFICANT ACCOUNTING POLICES

Significant accounting policies utilised in the preparation of these statements are as described within the 2023-24 Annual Budget. Please refer to the adopted budget document for details of these policies.

SHIRE OF BROOME
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2023

2 NET CURRENT FUNDING POSITION
EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

(a) Composition of estimated net current assets	Audited Actual	Adopted Budget	Updated Budget	Year to Date Actual	Estimated Year at
	30 June 2023	30 June 2024	Estimates 30 June 2024	31 December 2023	End Amount 30 June 2024
	\$	\$	\$	\$	\$
Current assets					
Cash and cash equivalents	50,477,249	39,870,339	42,174,948	62,011,913	38,183,621
Other Financial assets	96,154	96,154	96,154	96,154	96,154
Trade and other receivables	1,813,447	901,245	901,245	5,998,880	909,447
Inventories	30,354	39,712	39,712	46,706	30,354
Other assets	160,912	10,349	10,349	9,469	79,000
	52,578,116	40,917,799	43,222,408	68,163,122	39,298,576
Less: current liabilities					
Trade and other payables	(3,264,285)	(2,182,038)	(2,182,038)	(3,330,410)	(1,060,285)
Contract liabilities	0	(1,881,760)	0	0	0
Capital grant/contribution liability	(5,489,456)	(4,135,725)	(4,135,725)	(5,489,456)	(4,135,725)
Developer Contributions	(1,867,402)	0	(2,231,081)	(1,867,402)	(2,350,046)
Borrowings	(551,033)	(608,961)	(608,961)	(324,952)	(608,961)
Employee related provisions	(1,772,619)	(2,783,876)	(1,738,911)	(1,767,485)	(1,738,911)
Other provisions	(234,420)	(91,147)	(91,147)	(234,420)	(234,420)
	(13,179,215)	(11,683,507)	(10,987,863)	(13,014,125)	(10,128,348)
Net current assets	39,398,901	29,234,292	32,234,545	55,148,997	29,170,228
Less: Total adjustments to net current assets	(31,613,793)	(29,234,292)	(29,383,526)	(32,184,992)	(29,488,023)
Closing funding surplus / (deficit)	7,785,108	(0)	2,851,019	22,964,005	(317,795)

(b) Non-cash amounts excluded from operating activities

The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual	Adopted Budget	Updated Budget	Year to Date Actual	Estimated Year at
	30 June 2023	30 June 2024	Estimates 30 June 2024	31 December 2023	End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	(92,049)	(103,734)	(103,734)	(53,427)	(103,734)
Less: Movement in liabilities associated with restricted cash	42,779	0	0	0	0
Less: Fair value adjustments to financial assets at fair value through profit or loss	(4,607)	0	0	0	0
Add: Loss on disposal of assets	96,025	57,034	57,034	87,639	57,034
Add: Loss on revaluation of fixed assets	482,322	0	0	0	0
Add: Depreciation on assets	16,806,742	15,510,953	15,510,953	7,921,366	15,510,953
Movement in current employee provisions associated with restricted	0	33,708	33,708	6,293	33,708
Non-cash movements in non-current assets and liabilities:					
Pensioner deferred rates	(8,702)	0	0	0	0
Employee benefit provisions	10,226	0	0	0	0
Other provisions	(264,795)	0	0	7,713	0
Non-cash amounts excluded from operating activities	17,067,941	15,497,961	15,497,961	7,969,584	15,497,961

(c) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	Audited Actual	Adopted Budget	Updated Budget	Year to Date Actual	Estimated Year at
	30 June 2023	30 June 2024	Estimates 30 June 2024	31 December 2023	End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(35,137,161)	(33,012,780)	(33,494,730)	(35,496,280)	(33,718,192)
Less: Financial assets at amortised cost - self supporting loans	(96,154)	(96,154)	(96,154)	(96,154)	(96,154)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	551,033	608,961	608,961	324,952	608,961
- Current portion of developer contributions held in reserve	1,701,173	1,881,760	2,231,081	1,701,173	2,350,046
- Current portion of Employee benefit provisions held in reserve	1,367,316	1,383,921	1,367,316	1,381,317	1,367,316
Total adjustments to net current assets	(31,613,793)	(29,234,292)	(29,383,526)	(32,184,992)	(29,488,023)

SHIRE OF BROOME
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2023

2 COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities.

FINANCIAL ASSETS AT AMORTISED COST

The Shire of Broome classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire of Broome applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

INVENTORIES

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

CONTRACT ASSETS

Contract assets primarily relate to the Shire of Broome's right to consideration for work completed but not billed at the end of the period.

CONTRACT LIABILITIES

Contract liabilities represent the Shire of Broome's obligation to transfer goods or services to a customer for which the Shire of Broome has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

PROVISIONS

Provisions are recognised when the Shire of Broome has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Broome's operational cycle. In the case of liabilities where the Shire of Broome does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire of Broome's intentions to release for sale.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire of Broome prior to the end of the financial year that are unpaid and arise when the Shire of Broome becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire of Broome recognises revenue for the prepaid rates that have not been refunded.

EMPLOYEE BENEFITS

Short-Term Employee Benefits

Provision is made for the Shire of Broome's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire of Broome's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the net current funding position. Shire of Broome's current obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the net current funding position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire of Broome's obligations for long-term employee benefits where the Shire of Broome does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, are presented as current provisions in the net current funding position.

Summary Report - by Directorate

SHIRE OF BROOME SUMMARY REPORT					
BUDGET IMPACT					
	2023/24 Adopted Budget (Inc) / Exp	YTD Current Budget Amendments (Inc) / Exp	Grants received in advance (required Budget Amendments)	FACR Q2 Overall (Inc) / Exp	YTD Overall Position
Office of the CEO	\$0	\$7,000	\$0	\$27,226	\$34,226
Corporate Services	\$0	\$37,028	\$0	\$13,688	\$50,716
Development Services	\$0	-\$8,000	\$0	\$8,883	\$883
Infrastructure Services	\$0	\$40,359	\$0	\$218,539	\$258,898
Council approved budget amendments	\$0	\$53,909	\$0	\$0	\$53,909
<i>Budget Amendments Sub-total</i>	\$0	\$130,296	\$0	\$268,336	\$398,632
FAG's Grant received in advance	\$0	-\$2,781,315	\$2,700,478	\$0	-\$80,837
McMahon Estate Grant received in advance	\$0	-\$200,000	\$200,000	\$0	\$0
	0,000*	-\$2,851,019	\$2,900,478	\$268,336	\$317,795

Quarter 2 Finance and Costing Review Budget Amendments
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 2023-24										
COA Code	Job Number	IE Code	Job Description	2023/24 Full Year Current Budget	2023/24 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org Savings
Office of the CEO										
ADMIN1 - Chief Executive Officer - S Mastrolembo										
23010		61	Salary - Op Exp - Other Governance	\$512,374	\$212,584	-\$101,181	\$411,193		Recognise salary of People and Culture Coordinator being moved from CEO account to People and Culture salary account.	
23010		76	Salary - Op Exp - Other Governance	\$56,361	\$23,603	-\$11,130	\$45,231		Recognise superannuation of People and Culture Coordinator being moved from CEO account to People and Culture salary account.	
142006		76	Salary - Op Exp - Human Resources	\$34,868	\$24,260	\$11,130	\$45,998		Recognise superannuation of People and Culture Coordinator being moved to People and Culture salary account. [RO: CS3 Manager People and Culture]	
142006		61	Salary - Op Exp - Human Resources	\$316,980	\$200,501	\$101,181	\$418,161		Recognise salary of People and Culture Coordinator being moved to People and Culture salary account. [RO: CS3 Manager People and Culture]	
						\$0		\$0		\$0
ADMIN2 - Personal Assistant T										
23015		34	Executive Travel & Accom - Op Exp - Other Governance	\$22,000	\$2,968	-\$10,000	\$12,000		Minimal travel has occurred to date and anticipated to end of the financial year.	
						-\$10,000		\$0		\$0
BC - Marketing & Communications Coordinator - D Bonnici										
11709		34	Quarterly Marketing Campaigns - CEO202209 - Op Ex	\$50,000	\$80	-\$30,000	\$20,000		Reduced \$30,000 to align with project brief and actuals to date	
						-\$30,000		\$0		\$0
CMS2 - Manager Community Engagement & Projects - N Roukens										
113704	113707	34	Public Open Space Strategy	\$0	\$16,158	\$43,000	\$43,000		Playground Strategy (previously Infrastructure account). Carryover from 22/23 not requested reducing budget by \$23,329 ex GST. Additional \$20,000 required to finalise strategy.	
						\$43,000		\$0		\$0
ES7 - Special Projects Coordinator - A Clark- Hale										
22218	ME01	11	McMahon Estate Business Case Grant Income	-\$200,000	\$0	\$4,498	-\$195,502		All grant income received 22 June 2023. Recognised additional grant income interest: \$2,306 Q1 interest and \$2,191 Q2 interest.	
132314		34	Sanctuary Caravan Park Op Exp - Tourism & Area Promotion	\$475,000	\$51,979	-\$78,066	\$396,934		23/24 budget included a \$75,000 municipal contribution carried forward from 22/23 towards engaging a consultant to assist with the preparation of the Developer RFT and marketing of the opportunity. Additional \$22,000 is required for the development of lease documents and a further \$16,000 for professional tender review from an external party.	

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132383	SR01	11	Sanctuary Road Detailed Design 23-24 Income	-\$400,000	\$0	\$116,066	-\$283,934		An initial \$400,000 was the expected amount for the first milestone of the grant funding sought to commence headworks. Funding under the IDF grant has now been confirmed to be \$283,934. Further milestones will be included when appropriate in the future for the full \$7.68M IDF grant	
1181425	1181426	34	Cable Beach Foreshore Upgrade	\$228,809	\$27,231	\$83,738	\$312,547		Funds committed for Art and Interpretation were utilised for the completion of the Engineering design in 2023/24. Additional \$33,012 required for Artist and Interpretation Engagement Fees. Stakeholder engagement has identified an opportunity to progress the design and approvals of the path through the Monsoonal Vine Thicket (MVT) - require \$5,000 Feature Survey, \$10,000 Design Fee, \$35,726 Environmental Permitting Fees Total required = \$83,738.	
						\$126,236		\$0		\$0
REQ54 - Activation & Engagement Coordinator - C Lawton										
1367304	PA01	11	Place Activation Income	-\$20,000	-\$28,000	-\$10,000	-\$30,000		\$10,000 Australia Day Grant.	
1367457		34	Place Activation Plan	\$90,000	\$51,045	\$10,000	\$100,000		\$10,000 Australia Day funding (new grant recieved). [RO: REQ1 - Place Activation & Engagement Officer]	
1367304	RC01	11	Remote Chance Project - Grant Income	\$0	\$0	-\$70,000	-\$70,000		\$70,000 grant income from Kimberley Development Commission – Remote Chance Project.	
1367460	RC02	34	Remote Chance Project - Grant Expenditure	\$0	\$0	\$70,000	\$70,000		Remote Chance Project expenditure.	
						\$0		\$0		\$0
REQ36 - Place Activation and Engagement Officer - S Power										
22172		58	Community Sponsorship Program (Community Development Fund Stream 1, QRG) - Op Exp - Other Governance	\$130,000	\$12,900	-\$102,010	\$27,990		Magabala Books agreement ended in 2022/23 financial year with final payment made June 23. \$40,000 not required. Review of the Community Development Fund has presented an opportunity to align Stream 1 and 2 budgets to have all payments made in July 2024 from 24/25 budget - \$62,100 saving.	-\$40,000
						-\$102,010		\$0		-\$40,000
			<i>Office of the CEO Directorate (Saving)/Expense</i>			\$27,226		\$0		-\$40,000
Corporate Services										
CS1 - Director Corporate Services - J Watt										
22124		58	Contribution to Kimberley Zone Secretariat	\$50,000	\$0	-\$5,000	\$45,000		Annual contribution \$45,000 as per Kimberley Regional Group budget. \$5,000 savings.	\$0
						-\$5,000		\$0		\$0
BRAC1 - Manager Community Facilities - C Zepnick										

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117010	117011	34	Aquatic Building & Pool General Maint Exp	\$20,000	\$15,959	\$10,000	\$30,000		General maintenance of pool area - expansion joints \$9,000.	
117081	117082	34	General Building & Facility Maint - BRAC Dry - Op Exp	\$30,000	\$31,522	\$25,000	\$55,000		Ongoing reactive maintenance required at the Recreation Centre.	
117148		34	Group Fitness Program - Op Exp - BRAC - Aquatic	\$23,000	\$18,278	\$15,000	\$38,000		Contract staff used due to lack of available qualified staff and increased costs associated with adjusted EBA - increasing costs. Equipment renewal at start of year.	
117266		02	Multipurpose Room Hire Inc - BRAC	-\$28,000	\$0	\$18,000	-\$10,000		PerfectMinds to 31 Dec - \$5,397. Budgeted to have childcare income. Need to remove this as unlikely to occur in 2023/24.	
117286		02	Inflatable Hire Fees - Op Inc - BRAC Aquatic	-\$18,000	\$0	\$5,000	-\$13,000		PerfectMinds to 31 Dec - \$3,646. Inflatable unavailable for significant portion of busy period.	
117339	TC02	10	Tennis Court Surface Renewal Income	-\$99,684	\$0	\$49,684	-\$50,000		CSRFF Application unsuccessful reducing expected income for project.	
117397	TC01	34	Tennis Court Surface Renewal Expenditure	\$298,221	\$576	-\$49,684	\$248,537		CSRFF application unsuccessful reducing available budget however tender came in under budget. Contract executed with Sport Services and project underway.	
117399	117422	34	BRAC Outdoor Court Scoreboard - Cap Ex	\$41,114	\$55,934	\$14,820	\$55,934		Additional expenditure associated with development of synchronised timing system.	
117410		02	Entry Fees and Spectator Fees - Op Inc - BRAC Aquatic	-\$210,000	\$0	-\$40,000	-\$250,000		PerfectMinds to 31 Dec - \$136,202. Increased visitation generally coupled with increased income resulting from school entry fees for in term swim lessons.	
						\$47,820		\$0		\$0
CMS4 - Venue Supervisor - S Bowra										
116470	116471	34	Broome Civic Centre Building General Maint Exps - Op Exp Bme Civic Centre	\$35,000	\$16,417	\$36,000	\$71,000		Requesting \$20,000 budget increase for reactive maintenance for remaining 6 months - projecting reactive maintenance costs to exceed budget. \$16,000 additional funds required for cleaning; unbudgeted due to new cleaning contract arrangements.	
113755		34	Civic Centre Building Renewal (Inc Plant & Furn) - Cap Exp - Public Halls	\$155,000	\$82,465	-\$20,000	\$135,000		Underspend in Building Asset Management Plan renewals to be used towards high priority lighting repair at Civic Centre. [RO: Asset Coordinator - Building]	
116483		11	Broome Civic Centre Operational Grants & Contributions - Op Inc - Bme Civic Centre	-\$30,000	\$0	-\$30,000	-\$60,000		Additional \$30,000 DLGSC In the House grant funding received (extension of existing grant to align with financial year rather than calendar year). \$14,000 to performance production account and \$16,000 to wages.	
116491		34	Minor Assets - Op Exp - Bme Civic Centre	\$113,350	\$28,088	-\$50,000	\$63,350		DLGSC In the House grant funding mistakenly put here. \$14,000 to performance production account and \$16,000 to wages. \$20,000 budget double up not required - used to fund additional cleaning costs in 116417.	
116486		61	Salary - Op Exp - Broome Civic Centre - Op Exp	\$217,398	\$113,124	\$32,000	\$249,398		DLGSC In the House grant funding mistakenly in 116491 Minor assets. \$14,000 to performance production account and \$16,000 to wages.	
116495		34	Performance Production Expenses - Broome Civic - Op Exp MUN	\$95,000	\$45,828	\$28,000	\$123,000		\$14,000 from 116491 and \$14,000 from 116486.	

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116541		27	Broome Civic Centre Venue Income - Op Income - Bme Civic Centre	-\$60,000	-\$43,896	-\$10,000	-\$70,000		PerfectMinds to 31 Dec - \$50,704. Increasing income forecast to end of year.	
						-\$14,000		\$0		\$0
CS2 - Manager Financial Services - E French										
30107		01	Rates Concessions - Op Inc - Rates	\$47,903	\$58,635	\$10,732	\$58,635		2 approved rates exemptions - Helping Minds (Council) and Catholic church (under Council Policy Rate Exemption Charitable Use and Delegation 1.1.29 Rate Record - Objections).	
32492		01	Back Rates - Op Inc - Rates	\$0	-\$12,770	-\$12,770	-\$12,770		Additional rates income from minor improvements and new buildings, where the new valuation was received after 30/06/23, and the change occurred prior to 30/06/23.	
142004		61	Salary - Op Exp - Finance	\$956,347	\$466,932	-\$13,000	\$943,347		Vacancy in Coordinator Financial Services since July 2023. Utilising contract services to support statutory and organisational requirements (including Annual Financial Statement, Long Term Financial Plan, 24/25 Budget development).	
142004		76	Salary - Op Exp - Finance	\$129,572	\$59,550	-\$5,000	\$124,572		Coordinator Financial Services vacancy since July 2023. Utilising contractor services to support statutory and organisational requirements including Annual Financial Report, Long Term Financial Report and Budget.	
142193		34	Relief Staff - Op Exp - Finance - Corp. Gov. & Support	\$0	\$4,350	\$18,000	\$18,000		Contract services to support statutory and organisational requirements while Coordinator Financial Services position is vacant. Savings originating from GL 142004.	
142122		58	Statutory fees and taxes - Op Exp - General Administration O'Heads	\$43,594	\$43,595	\$16,460	\$60,054		An ATO-prompted review established that, in the last five financial years, superannuation had been paid later than the quarterly due date on four pay fortnights. A budget amendment was made in FACR 1 for two of those instances. The proposed budget amendment allows for the remaining interest and administration charges payable to the ATO.	
142212		20	Interest Rec on Muni Investment	-\$352,003	-\$335,004	-\$50,000	-\$402,003		Municipal interest higher than budgeted due to increased interest rates.	
						-\$35,578		\$0		\$0
CS4 - Manager Governance, Strategy & Risk - VACANT										
142010		61	Salary - Op Exp - Gen Admin	\$674,848	\$276,920	-\$40,000	\$634,848		Savings used for Risk Management and Business Continuity Plan consultancy in lieu of manager vacancy.	
142233		34	Consultants Administration Dept - Op Exp - Corp Gov Support	\$5,000	\$3,525	\$40,000	\$45,000		\$20,000 Risk Management; \$20,000 Business Continuity Plan. Consultancy support in lieu of Manager vacancy.	
147585		14	Reimbursement of Insurable Claimable Costs - Op Inc - Unclassified General	-\$17,000	-\$187,314	-\$178,612	-\$195,612		\$149,751 storm damage to fields light towers - Haynes and BRAC; \$1,000 Solway shade sails; \$3,000 roller door claim; Depot burglary \$8,299. Corresponding expense accounts - nil impact. \$25,098 wage declaration credit - savings.	
113001	113002	34	Haynes Oval Pavilion General Maint - Op Exp	\$8,000	\$15,566	\$15,000	\$23,000		Haynes Oval light repairs. Recoup through Insurance.	

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117210	117213	34	Father McMahon Oval Lighting - Reactive Maint - Op Exp	\$4,200	\$93,376	\$134,000	\$138,200		Father McMahon light repairs. Recoup from Insurance - \$90,000 to counteract overspend - \$9,000 for lightning protection design - \$35,000 toward lightning protection implementation.	
						-\$29,612		\$0		\$0
CS6 - Manager Information Services - B Douglas										
107035		34	General CCTV & Wireless Network Maint - Op Exp - Other Comm Amen	\$5,000	\$1,993	\$65,000	\$70,000		\$15,000 backlog of repair and investigation work for Male Oval, Town Beach and Anne Street CCTV. \$35,000 Consultant work bought forward from FY 24-25 project brief to investigate current CCTV infrastructure and propose future strategy and design for the management and maintenance of >140 cameras across the Shire. \$15,000 to install security access control to Shire primary server rooms to increase physical security to assets and reduce OAG audit risk compliance.	
146120		34	Equip & H'Ware > \$5000 Cap Exp - IT	\$33,500	\$15,469	\$26,000	\$59,500		IntraMaps cloud transition costs increased \$26,000 over \$18,000 estimate provided.	
146105		76	Salary - Op Exp - IT	\$29,260	\$11,198	-\$3,428	\$25,832		Salary savings due to vacancies in ICT team used to offset ICT rectification costs \$15,000 Server Room Access and \$26,000 IntraMaps Upgrade.	
146105		61	Salary - Op Exp - IT	\$268,331	\$109,252	-\$24,909	\$243,422		Salary savings due to vacancies in ICT team used to offset ICT rectification costs \$15,000 Server Room Access and \$26,000 IntraMaps Upgrade.	
146106		61	Salary - Op Exp - Records	\$264,815	\$114,486	-\$17,920	\$246,895		Salary savings in Records team due to adjusted hours vs budget used to offset increased ICT Licensing.	
146106		76	Salary - Op Exp - Records	\$34,154	\$14,891	-\$2,185	\$31,969		Salary savings in Records team due to adjusted hours vs budget used to offset increased ICT Licensing.	
						\$42,558		\$0		\$0
LS1 - Library Coordinator - A Morris										
115280		34	Grant Program Expenses - Op Exp - Library (Income in 115480)	\$21,000	\$22,006	\$13,694	\$34,694		Gained a number of additional grants this year. Account revised to reflect the extra income in reciprocal account 115480.	
115480		11	Grant Program Income - Op Inc - Library (Expense in 115280)	-\$17,000	-\$32,068	-\$13,694	-\$30,694		Additional grants secured.	
115281	115291	34	Library Reactive Maint - Op Exp	\$5,000	\$9,049	\$7,500	\$12,500		Costs associated with ageing facilities and equipment. Multiple outages on AC units, plumbing issues etc. Additional adhoc cleaning requests. Request additional funds to cover potential repairs required in second half of the year.	
						\$7,500		\$0		\$0
Corporate Services Directorate (Saving)/Expense						\$13,688		\$0		\$0
Development Services										
DS1 - Director Development Services - K Williams										

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105546	105550	34	Town Beach Foreshore Management and Implementation Plan	\$0	\$13,808	\$13,808	\$13,808		Variation required to accommodate additional engagement with NBY as well as changes requested through Council workshop (second option developed).	
						\$13,808		\$0		\$0
CMS3 - Economic Development Coordinator - E Pendlebury										
22174		58	Event Development Fund (EDF) (Stream 2 and 3 Community Development Fund) Op Exp - Other Governance	\$361,387	\$237,887	\$15,075	\$376,462		Additional funds required as the 22/23 Inter-Regional Flight Network payment was made in 23/24 due to Nexus operational approvals being delayed. No request made to carryover 22/23 funds.	
						\$15,075		\$0		\$0
HS1 - Manager Environmental Health, Emergency & Ranger Services - S Kipkurgat										
52442		18	Revenue Share - E-Scooters - Op Inc - Ranger Operations	\$0	\$0	-\$20,000	-\$20,000		Beam e-scooter year 1 income.	
51010		61	Salaries - Op Exp - Fire Prevention	\$307,620	\$122,750	-\$30,000	\$277,620		Reduction in salaries to offset contract resources in Environmental Health and Ranger teams.	
74011		34	Relief Staff Expenses - Op Exp - Preventive - Inspection/Admin	\$0	\$15,216	\$30,000	\$30,000		6 months contract Environmental Health Officer to cover vacancy.	
53015		34	Relief Staff Exp - Op Exp - Ranger Operations	\$175,000	\$109,549	\$15,000	\$190,000		Additional contract staff required due to staff vacancies, reduction in salaries to offset.	
74420		04	Health Licences - Op Inc - Preventive - Inspection/Admin	-\$77,000	-\$90,391	-\$15,000	-\$92,000		Timing; annual fees raised September, review Q3.	
						-\$20,000		\$0		\$0
			Development Services Directorate (Saving)/Expense			\$8,883		\$0		\$0
Infrastructure Services										
ES3 - Manager Operations- M Smith										
143080		34	Works Protective Clothing - Op Exp - Works Operations	\$26,000	\$1,955	-\$10,000	\$16,000		Savings available based on current underspend.	
148019		58	Fees & Commission on Plant Sales - Depot Operations	\$0	\$9,179	\$20,000	\$20,000		Additional costs associated with selling of fleet through auction which was unbudgeted.	
148271		34	Workshop Consumables Exp - Depot	\$11,000	\$16,104	\$19,000	\$30,000		Replacement of small tools from Depot Burglary	
						\$29,000		\$0		\$0
ES5 - Operations Coordinator - L Anderson										
121990	121990	34	Carpark - Works Maint	\$36,506	\$11,367	-\$10,000	\$26,506		Savings available based on current underspend.	
122000	121011	62	Sector 1 Chinatown - Works Maint	\$43,695	\$0	-\$30,000	\$13,695		Funds from Salaries to be allocated to IE 34 for Footpath cleaning by contractor.	
122000	121011	34	Sector 1 Chinatown - Works Maint	\$89,682	\$5,516	\$30,000	\$119,682		Funds from Salaries to be allocated to IE 34 for Footpath cleaning by contractor.	

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122000	121029	34	Sector 6 Broome North / Blue Haze - Works Maint	\$41,170	\$7,607	-\$15,000	\$26,170		Savings available based on current underspend due to staff vacancies and lack of contractor availability.	
122000	121030	34	Sector 7 LIA, HIA and Port - Works Maint	\$73,047	\$24,600	-\$15,000	\$58,047		Savings available based on current underspend due to staff vacancies and lack of contractor availability.	
122000	121025	34	Sector 2 Cable Beach - Works Maint	\$64,488	\$20,324	-\$25,000	\$39,488		Savings available based on current underspend due to staff vacancies and lack of contractor availability.	
123000	123000	62	Mtce Strees, Rds - Rural Summary Budget Only -No Post-Op Exp	\$216,727	\$0	-\$75,000	\$141,727		Transfer of salaries to IE 34 to engage MRWA to complete works due to staff vacancies and efficiencies for MRWA to complete while in the area.	
123000	123000	34	Mtce Strees, Rds - Rural Summary Budget Only -No Post-Op Exp	\$300,156	\$0	\$75,000	\$375,156		Transfer of salaries to IE 34 to engage MRWA to complete works due to staff vacancies and efficiencies for MRWA to complete while in the area.	
						-\$65,000		\$0		\$0
ES8 - Manager Waste- M Mitchell										
101410		02	Kerbside collection - Op Inc - Sanitation Gen Refuse	-\$3,534,884	-\$3,552,171	-\$17,287	-\$3,552,171		Additional income from rates finalising billing & Annual Waste Disposal Passes.	
101411		02	C'van Pk & Additional Services - Op Inc - Sanitation Gen Refuse	-\$75,000	-\$85,264	-\$10,264	-\$85,264		Additional income from rates finalising billing & additional waste collection Services.	
101423		18	Sundry Income (Inc. GST) - Op Inc - Sanitation Gen Refuse	-\$156,000	-\$169,252	-\$50,000	-\$206,000		Additional income from metal recycler for light and heavy gauge steel. Additional income from Container Deposit Scheme agreement with Kerbside Collection Contractor.	
101516		34	Building New Const - Cap Exp - Sanitation Gen Refuse	\$0	\$65,335	\$81,664	\$81,664		Successful e-waste grant application, income received to account 101016420.	
101642		10	Non-Operating Grant - Sanitation - General Refuse	\$0	-\$81,664	-\$81,664	-\$81,664		Income recieved for the Waste Authority E-Waste Infrastructure Grant - for the construction of dedicated E-waste drop off area at the WMF.	
102556		34	Furniture & Equip New Cap Exp - San Gen Refuse	\$97,500	\$125,500	\$28,000	\$125,500		New excavator expense higher than budgeted. Equipment payback still positive.	
101515		43	Transfer to Refuse Reserve - Cap Exp - Sanitation Gen Refuse MUN	\$65,521	\$24,242	\$49,551	\$115,072	\$49,551	Net movements within the waste business unit, transfer to the reserve.	
						\$0		\$49,551		\$0
ES9 - Manager Engineering - L Mckenzie										
104482		12	Headworks Contribution - Non Op Inc - Urban Stormwater Drainage	\$0	-\$15,000	-\$15,000	-\$15,000		Drainage headwork payments for 15 lots released in Roebuck Estate WAPC 162970 and 162971.	
113027	113029	34	Skatepark New Infrs Const - Cap Exp - Other Rec & Sport	\$5,894	-\$2,370	-\$8,264	-\$2,370		Project completed and savings available.	
113131	CB03	34	Cable Beach Stage 1 PACP Grant Expenditure	\$3,100,000	\$0	\$110,000	\$3,210,000		Recognition of interest earned on funds already received by the Shire but yet to be acquitted through corresponding expenditure.	
113132	CB103	10	Cable Beach Stage 1 PACP Grant Income	-\$3,100,000	\$0	-\$110,000	-\$3,210,000		Recognition of interest earned on funds already received by the Shire but yet to be acquitted through corresponding expenditure.	

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121100	RU229	34	De Marchi Road Black Spot - Cap Exp	\$339,765	\$0	\$11,228	\$350,993		Minor top up based on the savings from 121100 and expected escalation in initial estimates due to contractor availability.	
121100	121716	34	Port Drive – Guy Street Intersection Upgrade	\$925,350	\$914,122	-\$11,228	\$914,122		Project completed and savings available.	
121782		12	Dev Contrib - Footpaths	-\$30,018	-\$148,983	-\$118,965	-\$148,983		Developer contribution received from Roebuck Estate subdivisions for future build out by the Shire for footpaths on Sandpiper Ave and Spoonbill Ave.	
0125141		43	Transfer to Developer Contributions Footpaths Reserve	\$663,665	\$0	\$118,965	\$782,630	\$118,965	Transfer to reserver for future footpath construction in Roebuck Estate (Sandpiper Ave and Spoonbill Ave)	
143038		34	Consultants Engineering Office	\$52,000	\$12,481	\$20,000	\$72,000		Consultant required to assist with a review of the Shire's fleet asset management planning which was not budgeted.	
107675	107676	34	Male Oval Toilets Renewal Cap Exp	\$0	\$0	\$225,000	\$225,000		Funding for renewal was triggered through 20/21 but delayed while Chinatown Redvelopment was completed and considerations were given to long term plans of Male Oval. EMG have confirmed that project should now proceed and RFT is underway.	
147589		26	Transfer From Building Reserve - Cap Inc - Other Buildings Leased MUN	-\$590,163	\$0	-\$225,000	-\$815,163	-\$225,000	Transfer from Reserve to fund Male toilets.	
						-\$3,264		-\$106,035		\$0
PM3 - Property and Leasing Senior Officer - L Blunt										
95400		28	Rented Staff Housing Annual Operating Income - Staff housing	-\$500,000	-\$194,873	\$50,000	-\$450,000		To ensure adequate supply of housing for short term contracts and new staff for any vacancies the Shire has taken on some private rentals. This is the current estimate for the cost of the rentals which is unable to be recouped directly from employees wages through to June 30 2024.	
96203		28	11/6 Ibis Way - Rent & Recoup Income - Op Inc	-\$16,900	-\$3,900	\$10,000	-\$6,900		Initial estimate of expected rental recoup is unable to be achieved due to property being held for Key Worker Roles.	
96204		28	2/46 Tanami Drive - Rent & Recoup Income - Op Inc	-\$16,900	-\$2,879	\$10,000	-\$6,900		Initial estimate of expected rental recoup is unable to be achieved due to property being held for Key Worker Roles.	
96205		28	4/46 Tanami Drive - Rent & Recoup Income - Op Inc	-\$30,308	\$0	\$25,000	-\$5,308		Initial estimate of expected rental recoup is unable to be achieved due to property being held for Key Worker Roles.	
101424		28	EDL Lease - Op Inc - Sanitation Gen Refuse	-\$37,618	-\$43,198	-\$5,580	-\$43,198		A rental increase has occurred which was not budgeted.	
132050	132051	50	Broome Visitor Centre - Operating Expense - Op Exp	\$12,117	\$0	-\$12,117	\$0		The power supply for the Broome Visitor Centre has been changed over to their name to allow direct billing.	
132410		28	Roebuck Bay CP - Rent & Recoup Income - Op Inc	-\$404,357	-\$163,876	\$150,000	-\$254,357		The lease with Discovery is based on \$103,000 per annum paid monthly and a further 7.5% of turnover which is billed each quarter. The turnover reported by Discovery is tracking well down on the 23-24 budget estimate. Consultation is to progress with Discovery on their expectations for next 18 months.	
142995		14	Reimbursement Property Dept Legal Fee - Op Inc - Corp Gov & Supp (Legal opex refer 144027)	-\$85,000	-\$2,151	\$10,000	-\$75,000		This is to address an error in the initial 23-24 budget - higher reimbursement than the corresponding exp account 144027.	

Quarter 2 Finance and Costing Review Budget Amendments
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 2023-24										
COA Code	Job Number	IE Code	Job Description	2023/24 Full Year Current Budget	2023/24 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org Savings
						\$237,303		\$0		\$0
REQ3 - Asset Coordinator - Building Infrastructure Property & Assets - A Perry										
53033		34	Security Beach Patrols - Op Exp - Ranger Operations	\$8,997	\$7,517	\$5,000	\$13,997		Additional security patrols required beyond budget estimates.	
117315	117316	34	BRAC Building Renewal - Cap Exp - BRAC Dry	\$104,400	\$0	\$62,000	\$166,400		The RFT for BRAC Fire Suppression System renewal has closed with one submission received which exceeds the budget. This renewal is urgent and necessary.	
117326		26	Transfer From Building Reserve - Cap Inc - BRAC Dry MUN	\$224,300	\$0	-\$62,000	\$162,300	-\$62,000	Additional costs are to be taken from AMP Reserve	
142000	142056	34	Haas St Office - Reactive Maint - Op Exp	\$13,915	\$15,997	\$21,500	\$35,415		Funds are required for the unexpected AC breakdown which occurred late 2023. \$10,500 required to replace all the LED lights under a partial warranty claim at 50% cost plus install. A further \$5K is proposed to allow for reactive maintenance through to the end of the FY.	
147270	147274	34	KRO2 - Reactive Maint - Op Exp	\$8,090	\$6,515	\$8,500	\$16,590		Funds are required to cover the unplanned breakdown of an AC unit and the sliding door motors.	
149420	149421	34	BOSCCA - Reactive Maint - Op Exp	\$1,250	\$548	\$16,000	\$17,250		Fencing Renewal is to be undertaken to address safety issues. 50% is to be recouped on 149410	
149410		14	BOSCCA - Rent & Recoup Income - Op Inc	-\$4,537	-\$4,537	-\$8,000	-\$12,537		This represents the 50% contribution for fencing renewal to be charged to 149421. [RO: Property and Leasing Senior Officer]	
						\$43,000		-\$62,000		\$0
REQ73 - Project Engineer- R Machell										
117399	117420	34	BRAC Grid Solar Connection	\$25,226	\$2,713	-\$22,500	\$2,726		Project has been completed with savings.	\$0
						-\$22,500		\$0		\$0
			Infrastructure Services Directorate (Saving)/Expense			\$218,539		-\$118,484		\$0
						\$268,336				



The Hon Jim Chalmers MP
Federal Treasurer
PO Box 6022
Parliament House
Canberra ACT 2600

Dear Treasurer,

Early payment of Financial Assistance Grants 2023-24

The Australian Local Government Association represents the interests of 537 local governments across the country.

On behalf of all of our councils and the communities they represent, I want to thank you for the \$3.1 billion in Financial Assistance Grants for local governments included in the 2023-24 Federal Budget. This funding will be invested in the provision of essential services and infrastructure for our communities right across the country, many of which are still recovering from natural disasters.

For the first time in many years this year's Federal Budget did not include a bring forward payment of FA Grants. I understand that bring forward payments of FA Grants have occurred for more than a decade, under both Labor and Coalition Governments. This has meant that we have received 50% of our annual payments brought forward as a lump sum at the end of the previous financial year, and in 2022-23 this was increased to 75% to help us manage the cumulative impacts of flood and the COVID-19 pandemic.

For many councils that have anticipated and developed budgets based on previous arrangements, not receiving this pre-payment will have a significant impact on our cash flow, and especially for rural, remote and First Nations councils who rely heavily on government grants.

I was pleased to see that the Budget Papers did acknowledge the pressures facing some of our local governments and supported advancing 75% of the 2023-24 Financial Assistance Grants earlier in the financial year than would usually occur.

I am writing to urge you to progress this commitment of an early payment of FA Grants next financial year to provide certainty for our councils and our communities.

ALGA and its member state and territory local government associations are committed to providing any support necessary to expedite this 75% payment as soon as possible.

Treasurer, will you commit to progressing the early payment of FA Grants to Australian councils as soon as practicable in 2023-24?

I can be contacted on mobile 0412 272 746 to discuss this further.

Yours sincerely,

A handwritten signature in black ink that reads "Linda Scott".

Cr Linda Scott
National President

cc The Hon Kristy McBain MP, Minister for Regional Development, Local Government and Territories

Libby French

From: James Watt
Sent: Wednesday, 21 June 2023 9:19 AM
To: Libby French
Subject: FW: FA Grants

Fyi

James Watt | Acting Chief Executive Officer
t: +61891913434 | +61428110405

From: Sam Mastrolembro <Sam.Mastrolembro@broome.wa.gov.au>
Sent: Wednesday, 21 June 2023 8:11 AM
To: James Watt <James.Watt@broome.wa.gov.au>
Subject: FW: FA Grants

fyi

Sam Mastrolembro | Chief Executive Officer
t: +61 8 9191 3459 | +61 0428 438 074

From: Grants Commission <grants.commission@dlgsc.wa.gov.au>
Sent: Tuesday, June 20, 2023 3:25 PM
Subject: FA Grants

Dear Local Government CEO

The Prime Minister announced a bring forward of 100% of the 2023-24 allocation for payment prior to 30 June 2023 please see - <https://www.pm.gov.au/media/australian-council-local-governments>

We are expecting that the 2022-23 allocations will be used for this bring forward payment.

The Treasurer's Determination process will continue as usual, and there is expected to be a significant positive adjustment that will form the remaining cash payment for 2023-24 which will be made in 4 equal quarterly instalments.

Kind regards

Local Government Grants Commission
Department of Local Government, Sport and Cultural Industries
140 William Street, Perth WA 6000
PO Box, 8349 Perth Business Centre, WA 6849.

Email Grants.Commission@dlgsc.wa.gov.au
Web www.dlgsc.wa.gov.au



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

Our ref E23107027
Enquiries Kathryn Christidis
Phone 08 6552 1673
Email Grants.commission@dlgsc.wa.gov.au

Mr Sam Mastrolembro
Chief Executive Officer
Shire of Broome
PO Box 44
BROOME WA 6725



Doc No: I231002-232311
File(s): AFA02
Date: 02 OCT 2023
Disposal: D



Dear Mr Mastrolembro

2023-24 FINAL FINANCIAL ASSISTANCE GRANT ALLOCATIONS

The WA Local Government Grants Commission (the Commission) has been advised by the Commonwealth Minister for Local Government, the Hon Kristy McBain MP, that the 2023-24 Commonwealth Financial Assistance Grants (FA Grants) have been formally approved.

In 2023-24, Western Australia's share of the final funding pool available for distribution is \$393,675,581 (includes adjustment for 2022-23). Of this \$241,099,199 is General Purpose funding (\$230,921,687 paid in advance in June 2023) and \$152,576,382 is Local Road funding (\$135,762,877 paid in advance in June 2023).

The FA Grants for the Shire of Broome in 2023-24 are as follows:

Advance Payment paid in June 2023

General Purpose Grant:	\$1,967,904.00
Local Roads Grant:	\$675,330.00

Remaining payment to be made in 2023-24 Financial Year

General Purpose Grant:	\$82,975.00
Local Roads Grant:	\$55,106.00
Special Project Grants	
Bridges:	\$ 0.00
Aboriginal Access Roads:	\$ 0.00
TOTAL FA Grants	\$2,781,315.00

Documentation outlining the FA Grant allocations including the calculations and FA Grant Schedules are available via the department's website.

Quarterly Payments to Local Governments

The first quarterly payment was made on 16 August 2023. The remaining three quarterly payments are expected to be deposited in the middle of November, February and May of the current financial year.

Special Projects Grants

Payment of Special Project allocations will be included with the four quarterly payments of the General Purpose Grants and Local Road Grants.

Main Roads WA contributes \$1 for every \$2 allocated to Special Projects by the Commission. This contribution is made on the condition that the Special Project funds are spent on the project to which the funds have been allocated. Your local government should consult Main Roads before commencing work.

Please ensure that proper records of these grants are kept for your local government's annual audit at the end of the financial year. Local governments can contact Dr Chris Berry by email on chris.berry@dlgsc.wa.gov.au regarding queries relating to the Aboriginal Access Roads and Bridge Special Projects Grants allocations and how these are determined.

Special Project Grants – Aboriginal Access Roads

The Commission has allocated \$3,409,371 of Commonwealth road funds for the improvement of local government access roads to remote Aboriginal Communities as part of its Special Project funding program.

The allocations have been based on advice from the Aboriginal Roads Committee, which includes representatives of the WA Local Government Association, Main Roads WA, Department of Planning, Lands and Heritage (formerly Department of Aboriginal Affairs), Department of Local Government, Sport and Cultural Industries and the Commonwealth Department of Prime Minister and Cabinet.

The Aboriginal Roads Committee has been advised that some Aboriginal Communities are concerned that road works are often carried out without proper consultation with them. It should be understood that the Special Project grants are made on the condition that local governments consult with Aboriginal Communities before decisions are made on road works.

Please note that the Special Project funds are allocated for road improvements and re-sheeting gravel roads, not routine maintenance. Provision for maintenance is made through the Commonwealth road funds allocated in accordance with asset preservation needs.

Special Project Grants – Bridges

The Commission has allocated \$6,812,628 of Commonwealth road funds for the preservation of bridges on local government roads as part of its Special Project funding program.

The allocations have been based on advice from the Bridge Committee, which includes representatives of the WA Local Government Association and Main Roads WA.

2023-24 General Purpose Grant and Road Allocations

In 2023-24, 30 metropolitan councils received the minimum grant general purpose grant allocation. The remaining general purpose grant funding pool allowed for 64 per cent of calculated grant need to be paid to the remaining local governments. Of the remaining 107 councils, there were 11 local governments that received a decrease in their general purpose grant and 96 local governments that received an increase.

Decreases were applied to local governments whose 2022-23 general purpose grant exceeded 64 per cent of their 2023-24 calculated grant need. The size of the decrease varied depending on how far above this figure they were.

Local governments that received an increase had a 2022-23 grant that was less than 64 per cent of their 2023-24 grant need. Due to an increase in the general purpose grant pool, the Commission was also able to ensure that in 2023-24 no local government is receiving less than 50 per cent of their grant need.

To allow local governments to budget with some certainty, the Commission continues to phase reductions in reductions to grants, whilst attempting to provide grant increases as quickly as possible.

Road grants were allocated based on the asset preservation model.

Impact of the 100 per cent advance payment for 2023-24 funding allocations

As you may be aware, the Commonwealth Government made an early payment of the 2023-24 estimated FA Grant entitlement to provide an immediate boost to local government cash reserves to help manage the cumulative impacts of the COVID-19 pandemic and recent natural disasters.

In June 2023, all councils were paid 100 per cent of the estimated 2023-24 entitlement in advance, as calculated at that point in time. Local Governments also received 25 per cent of the 2022-23 entitlement in the same year.

This has resulted in the adjusted quarterly instalments for 2023-24 being significantly less than in recent years, with the remainder of the 2023-24 grant entitlements totalling \$16,769,018 for the State.

The allocation to local governments from the Commonwealth is based on grant recommendations from the prior year (2022-23) with indexation in line with the growth to the grant allocation to WA. However, the WA Grants Commission methodology allocates funding based on a variety of other factors that reflect the specific needs of local governments across Western Australia, which ensures equitable and appropriate distribution of funds.

The Commission has reviewed the actual 2023-24 allocations with the entitlements calculated using the Commission's usual methodology. In doing so, the Commission has identified that the early

payment of 100 per cent of the estimated 2023-24 entitlement has resulted in some local governments being overpaid in 2023-24 and some being underpaid compared with what the Commission would have allocated in this financial year.

In order to ensure the Commission's methodology applies, and to ensure fairness between local governments, the Commission will need to reverse this difference in the 2024-25 FA Grant allocation. This will ensure that the over and under payments reconcile with actual entitlements bringing the net effect to zero (\$0) over the two years of FA Grant funding.

For many local governments, the Commission has identified that the difference is likely to be very small, and not materially impact on budgeting. Other local governments may need to consider the likely impact on the 2024-25 FA Grants.

Due to the Commonwealth's advance payment of 100 per cent of the estimated 2023-24 entitlement in advance, the Shire of Broome received \$2,781,315, excluding special projects.

The Commission has identified that the Shire of Broome has been overpaid by \$341,946 for this 2023-24 FA Grant allocation. This means that the Shire's 2024-25 FA Grant allocation is expected to be reduced by approximately that amount next year.

If the Shire of Broome was set to receive the same amount in 2024-25, the adjustment would result in the allocation being reduced to approximately \$2,439,369 for 2024-25's allocation.

Accordingly, the Commission is writing to you to request that the Shire proactively considers measures to reduce any impact of this expected adjustment. Impacts from the 100 per cent advance may need to be recognised by the Shire in a mid-year adjustment to the Shire's 2023-24 budget, and accordingly in setting the amended grant income amount for the 2024-25 budget.

The Commission is acutely aware of the impacts and unpredictability that advance payments create and is working to identify how any variance in future allocations can be prevented or reduced.

Of course, long-term and annual budgeting forecasts are always subject to change, and change impacts results reported in annual financial statements.

The Commission will continue to advocate for advance payments that do not impact on the financial sustainability of local governments and for normalisation and consistency in advance distribution.

You are receiving this notification of overpayment as your local government has been identified as having a variance greater than \$50,000, or less than \$50,000 but greater than 2% of your rates revenue.

If the Shire has any queries in relation to this matter, the Commission and the Department of Local Government, Sport and Cultural Industries (DLGSC) are available to assist.

Please do not hesitate to contact Kathryn Christidis, Senior Strategy and Research Officer for the Commission on grants.commission@dlgsc.wa.gov.au or 08 6552 1673.

Yours sincerely



Leah Horton
Manager, Board Governance and Reporting
11 September 2023

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: