



# AGENDA

FOR THE

AUDIT AND RISK COMMITTEE MEETING

**22 APRIL 2024**

# NOTICE OF MEETING

Dear Council Member,

The next Audit and Risk Committee of Council will be held on Monday, 22 April 2024 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 11:15 am.

Regards,



S MASTROLEMBO  
**Chief Executive Officer**

18/04/2024

## 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.

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

**SHIRE OF BROOME**  
**AUDIT AND RISK COMMITTEE MEETING**  
**MONDAY 22 APRIL 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 20 February 2024, as published and circulated, be confirmed as a true and accurate record of that meeting.*

**5. INFORMATION ITEMS**

**5.1 2023-24 AUDIT ENTRY MEETING**

Members of the RSM Australia Audit team and staff from the Office of the Auditor General will deliver information relating to the 2023-24 audit process.

Attachment provided separately.

**6. REPORT OF OFFICERS**

**6.1 3RD QUARTER FINANCE AND COSTING REVIEW 2023-24**

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

**SUMMARY:**  
 The Audit and Risk Committee is requested to consider results of the 3<sup>rd</sup> Quarter Finance and Costing Review (FACR) of the Shire’s budget for the period ended 31 March 2024, including forecast estimates and budget recommendations to 30 June 2024.

**BACKGROUND**

Previous Considerations

SMC 11 July 2023	Item 5.4.1
OMC 14 December 2023	Item 10.1
OMC 29 February 2024	Item 9.4.5

The Shire of Broome has carried out its 3<sup>rd</sup> Quarter Finance and Costing Review (FACR) for the 2023-24 financial year. This review of the 2023-24 Annual Budget is based on actuals and commitments for the first 9 months of the year from 1 July 2023 to 31 March 2024, 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 on 11 July 2023 as a balanced budget.

The Quarter 3 FACR commenced on 8 April 2024. At the start of the Q3 FACR, a net deficit of \$317,795 was forecast arising from past budget amendments adopted by Council, including the Quarter 1 and Quarter 2 FACR’s. Significant amendments approved through the FACR processes to date include:

- a new fully-funded grant program - the Remote Chance Project received \$70,000 grant funding from the Kimberley Development Commission;

- 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;
- savings within the Community Sponsorship program, including \$40,000 budgeted for Magabala Books (funding agreement expired), 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);
- an \$85,000 increase in corporate services consultant expenditure during extended periods of staff vacancies, to deliver the annual financial report, long term financial plan and 2024/25 annual budget, tied to statutory and organisation timeframes;
- a \$171,566 increase in budgeted interest on municipal investments, recognising favourable interest rates received on cash held;
- 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.

## COMMENT

The Q3 FACR identifies a cumulative net surplus forecast of **\$213,342**.

The above figure represents a budget forecast should all expenditure and income occur as expected. It does not represent the actual end-of-year position which can only be determined as part of the normal annual financial processes at the end of the financial year.

While officers make every effort to ensure the net impact of each FACR is minimal, the net surplus forecast mainly relates to the following proposed amendments:

- \$99,355 engineering fee income, recognising the Shire's role in the delivery of the new Broome Road Industrial Stage 2 subdivision;
- \$25,000 in unclaimed fuel tax credits following an external review;
- \$415,000 in increased interest revenue due to favourable interest rates combined with cash held for large capital projects;
- Savings after the completion of asset renewal projects including \$25,000 (Broome Visitor Centre air conditioner renewal) and \$15,000 (Japanese Cemetery works);
- \$30,000 income from planning fees higher than projected.

While the forecast for the 2023/24 financial year shows a positive result, it's crucial to acknowledge that the surplus isn't due to inadequate planning or budgeting. Staff turnover and vacancies have affected service delivery, prompting officers to fill gaps with contractors and defer non-essential tasks. Despite challenges, officers have strived to meet community expectations with the available resources. They face a rigorous review in the third quarter, aiming for realistic outcomes on all accounts and projects. Recognising that operating budgets reset at the start of the new financial year, officers strive to optimise their fund allocations to achieve the best outcomes for the community by 30 June.

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

**Quarter 3 FACR Result**

A summary of the results is as follows:

<b>SHIRE OF BROOME SUMMARY REPORT</b>							
<b>BUDGET IMPACT</b>							
	<b>2023/24 Adopted Budget (Income)/ Expense</b>	<b>YTD Adopted Budget Amendments (Income)/ Expense</b>	<b>FACR Q3 Overall (Income) / Expense</b>	<b>FACR Q3 Org (Savings) / Expenses</b>	<b>FACR Q3 Impact (Inc) / Exp (Org Savings subtracted)</b>	<b>YTD Impact (Org Savings Subtracted)</b>	<b>YTD Overall Position</b>
<b>Office of the CEO</b>	\$0	\$34,226	-\$57,075	-\$20,000	-\$37,075	-\$2,849	-\$22,849
<b>Corporate Services</b>	\$0	\$50,716	-\$359,405	-\$355,000	-\$4,405	\$46,311	-\$308,689
<b>Development Services</b>	\$0	\$883	-\$3,000	\$0	-\$3,000	-\$2,117	-\$2,117
<b>Infrastructure Services</b>	\$0	\$258,898	-\$111,657	-\$94,355	-\$17,302	\$241,596	\$147,241
<b>Council approved budget amendments</b>	\$0	\$53,909	\$0	\$0	\$0	\$53,909	\$53,909
<b>Adjustment of Grants received in advance</b>	\$0	-\$80,837	\$0	\$0	\$0	-\$80,837	-\$80,837
	<b>0,000*</b>	<b>\$317,795</b>	<b>-\$531,137</b>	<b>-\$469,355</b>	<b>-\$61,782</b>	<b>\$256,013</b>	<b>-\$213,342</b>

\*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 overall result of the **Quarter 3 FACR** is a surplus of **\$531,137**. Within this review process, officers identified \$469,355 of organisational savings.

Taking the existing net deficit of \$317,795 into consideration, being all budget amendments previously endorsed by Council, and the amendments proposed in the Quarter 3 FACR, the **net result** is a surplus of **\$213,342** (forecast to 30 June 2024).



The decision to allocate the surplus, identified as "organisation savings," rests with the Council. Officers recommend offsetting the current Quarter 2 deficit of \$317,795 with Quarter 3 Directorate savings of \$61,782, resulting in a projected end of year deficit of **\$256,013** by 30 June 2024. This is shown as the column "YTD Impact (Org Savings Subtracted)" in the Summary Report table above.

It is recommended that organisational savings of \$469,355 is used to reduce the \$2,966,000 approved borrowing to fund the Key Worker Housing project. This will reduce total borrowings to \$2,496,645 and reduce annual loan repayments from a projected \$443,887 to \$373,644, providing ongoing savings and improving Council's debt servicing ratio.

## **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 3 Finance and Costing Review Report for the period ended 31 March 2024;*
- 2. Adopts the operating and capital budget amendment recommendations for the year ended 30 June 2024 as attached (Attachment 2);*
- 3. Approves the allocation of \$469,355 of organisational savings as identified within this report to reduce planned borrowings required for Council's Key Worker Housing project (GL 95900); and*
- 4. Notes a forecast net end-of-year deficit position to 30 June 2024 of **\$256,013** including previously adopted budget amendments and the budget amendments in recommendations 2 and 3.*

**Attachments**

1. Quarter 3 Finance and Costing Review

<b>SHIRE OF BROOME SUMMARY REPORT</b>							
<b>BUDGET IMPACT</b>							
	<b>2023/24 Adopted Budget (Income)/ Expense</b>	<b>YTD Adopted Budget Amendments (Income)/ Expense</b>	<b>FACR Q3 Overall (Income)/ Expense</b>	<b>FACR Q3 Org (Savings) / Expenses</b>	<b>FACR Q3 Impact (Inc) / Exp (Org Savings subtracted)</b>	<b>YTD Impact (Org Savings Subtracted)</b>	<b>YTD Overall Position</b>
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<b>Council approved budget amendments</b>	\$0	\$53,909	\$0	\$0	\$0	\$53,909	\$53,909
<b>Adjustment of Grants received in advance</b>	\$0	-\$80,837	\$0	\$0	\$0	-\$80,837	-\$80,837
	<b>0,000*</b>	<b>\$317,795</b>	<b>-\$531,137</b>	<b>-\$469,355</b>	<b>-\$61,782</b>	<b>\$256,013</b>	<b>-\$213,342</b>

Finance and Costing Review - Quarter 1 2023/24  
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 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) / Expenses
<b>Office of the CEO</b>										
<b>ADMIN1 - Chief Executive Officer - S Mastrolembro</b>										
23450		34	Consultants - Op Exp - Other Governance	\$55,000	\$31,670	-\$10,000	\$45,000		Reduced \$10,000. Balance to be used to prepare flyers and brochures for special projects for lobbying.	
						-\$10,000		\$0		\$0
<b>ADMIN2 - Personal Assistant To CEO - J Wadge</b>										
23015		34	Executive Travel & Accom - Op Exp - Other Governance	\$12,000	\$2,968	-\$7,000	\$5,000		Savings due to more meetings being held via video conference.	
24160		34	Subscriptions Op Exp - Members	\$49,100	\$51,573	\$5,000	\$54,100		North West Defence Alliance Membership.	
						-\$2,000		\$0		\$0
<b>CS3 - Manager People and Culture - J Maccarone</b>										
142015		61	All Employee Centrelink Paid Parental Leave - Op Exp - Gen Admin O'Heads	\$20,000	\$30,929	\$30,000	\$50,000		Amended to capture actual staff on parental leave, including top-up payments.	
142395		14	All Employee Paid Parental Leave Reimb - Op Inc - Gen Admin O'Heads	-\$20,000	-\$26,553	-\$20,000	-\$40,000		Increased income for parental leave.	
142043		77	Organisational Training - General	\$256,517	\$108,044	-\$20,000	\$236,517		Savings primarily due to reduced conference attendance.	-\$20,000
						-\$10,000		\$0		-\$20,000
<b>ES7 - Special Projects Coordinator - A Clark- Hale</b>										
22218	ME01	11	McMahon Estate Business Case Grant Income	\$4,498	\$0	-\$4,498	\$0		The Finance and Costing Review 2 adjustment applied the budgeted to "grants" rather than "interest". Interest earned on grant funding for the year. Matching expenditure increase ME02.	
22218	ME01	20	McMahon Estate Business Case Grant Income	\$0	-\$5,962	-\$8,500	-\$8,500		Interest earned on grant funding for the year. Matching expenditure increase ME02.	
23449	ME02	34	McMahon Estate Business Case Grant Expenditure	\$250,000	\$23,075	\$8,500	\$258,500		Increase in expenditure reflecting the interest accrued on grant funding ME01.	

Finance and Costing Review - Quarter 1 2023/24  
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 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) / Expenses
1181425	WD02	34	Cable Beach Waterpark Detailed Design 23-24 Expenditure	\$300,000	\$0	-\$300,000	\$0		Project deferred pending outcome of stage 2 funding application.	
1367304	WD01	11	Cable Beach Waterpark Detailed Design Income	-\$300,000	\$0	\$300,000	\$0		Project deferred pending outcome of stage 2 funding application.	
132314		34	Sanctuary Caravan Park Op Exp	\$396,934	\$77,004	-\$283,934	\$113,000		Moving the Infrastructure Development Fund grant allocation to a separate account. The budget remaining in this account is municipal funded. The allocation supports engaging a consultant to assist with the preparation of the Developer RFT, marketing, development of lease documents and professional tender review from an external party.	
132315	SRIDF01	34	Sanctuary Road - IDF - 01 CAP Ex Grant Exp	\$0	\$0	\$283,934	\$283,934		Moving the Infrastructure Development Fund grant allocation (100% grant funded) to a newly created account to manage the funding milestones.	
						-\$4,498		\$0		\$0
<b>REQ80 - Place Activation &amp; Engagement Officer - S Fewster</b>										
23040		34	Youth Development Programme & Working Group - Op Exp - Other Governance	\$70,000	\$28,833	-\$10,000	\$60,000		Reduced budget by \$10,000 as Youth Forum rescheduled from April to September 2024 at the request of the schools.	
						-\$10,000		\$0		\$0
<b>REQ4 - Special Projects Coordinator - M Renton</b>										
0112054		34	Town Beach Café preliminary site investigation - Op Exp	\$25,077	\$9,355	-\$20,577	\$4,500		Savings of \$16,880 on marketing contract as no Lessee secured. Outstanding contract amount of \$4,500 to be paid for marketing services relating to re-advertisement of Expression of Interest.	
						-\$20,577		\$0		\$0
<b>Office of the CEO Directorate (Saving)/Expense</b>						-\$57,075		\$0		-\$20,000

Finance and Costing Review - Quarter 1 2023/24  
 List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 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) / Expenses
<b>Corporate Services</b>										
<b>BA - Coordinator Financial Services</b>										
104282		43	Transfer to Developer Contributions Drainage Reserve - Cap Exp	\$76,243	\$0	\$15,000	\$91,243		Roebuck Estate drainage headworks (income in GL 101044820) transfer developer contributions to reserve. Income reflected in Finance and Costing Review quarter 2.	\$15,000
142212		20	Interest Rec on Muni Investment - Op Inc - General Administration O'Heads	-\$402,003	-\$726,335	-\$415,000	-\$817,003		Anticipated Municipal interest to 30 June, officers secured high interest rates on the funding held in this quarter. Cash currently being held for budgeted large capital projects which are yet to commence or in progress.	-\$415,000
						-\$400,000		\$0		-\$400,000
<b>BRAC1 - Manager Community Facilities - C Zepnick</b>										
114105	114105	34	Tennis Court Lighting Renewal- Cap Ex	\$44,659	\$11,231	-\$20,000	\$24,659		Carry over project from 2022/23, the project has been finalised and savings identified.	
117009		34	Plant & Equip Maint - Aquatic	\$11,000	\$626	\$24,000	\$35,000		Replacement of two pool blankets.	
117010	117011	34	Aquatic Building & Pool General Maint Exp	\$30,000	\$19,191	\$5,000	\$35,000		Grandstand repairs and Tiling. Expenses increased due to unexpected chlorine pump failure. Offset by savings from Civic Centre.	
117015	117015	34	Chemicals - chemical related expenses Aquatic	\$45,000	\$45,051	\$10,000	\$55,000		Chlorine pricing increase. Lost chlorine due to spill.	
117280		02	Group Fitness by BRAC Inc - Aquatic	-\$35,000	-\$33,850	-\$10,000	-\$45,000		Extra classes commencing in quarter 4, income will be higher than budgeted.	

Finance and Costing Review - Quarter 1 2023/24

List of Proposed budget amendments by Directorate

<b>SHIRE OF BROOME FINANCE &amp; COSTING REVIEW QUARTER 3 2023/24</b>										
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) / Expenses
117218	117220	34	Medland Pavilion - Reactive Maint - Op Exp	\$5,562	\$2,109	\$7,000	\$12,562		Pavilion Kiosk flooring deteriorating, requiring replacement.	\$7,000
115281	115291	34	Library Reactive Maint - Op Exp	\$12,500	\$11,466	\$5,000	\$17,500		Additional funding requested following recent unexpected costs - airconditioning, plumbing, damage and vandalism, alarm issues, smoke detector, relocation of manhole.	\$5,000
116495		34	Performance Production Expenses - Broome Civic - Op Exp	\$123,000	\$46,535	-\$10,000	\$113,000		Saving offsetting Library and BRAC Reactive increases. There are 3 shows yet to be procured including - Youth Event, 3rd Wheel, Bad Feminist, which account for the currently low actual expenditure.	
117295	FC01	10	Western Australian Football Commission Grant Income - Medland	\$0	\$0	-\$60,000	-\$60,000		Western Australian Football Commission Grant income - upgrades to changeroom facilities at Medland Pavilion	
117400	FC02	34	Western Australian Football Commission Grant Expenditure - Medland	\$0	\$0	\$60,000	\$60,000		Western Australian Football Commission Grant expenditure - upgrades to changeroom facilities at Medland Pavilion	
						<b>\$11,000</b>		<b>\$0</b>		<b>\$12,000</b>
<b>CS2 - Manager Financial Services - E French</b>										
22200		34	Audit Fees Op Exp - Other Governance	\$148,000	\$162,645	\$33,000	\$181,000		2023 Financial audit was \$142,000. \$29,000 required for grant acquittals including 2 to be finalised and pensioner deferred rates for 8 prior financial years. \$10,000 fuel tax credit review, offset by increase in reimbursements.	\$33,000
30106		01	Interim Rates Broome - Op Inc - Rates	-\$150,000	-\$173,405	-\$23,405	-\$173,405		Interim rates ended higher than budgeted, comprising \$81,000 of property valuation changes that occurred before 30 June 2023, and \$92,000 valuation changes that occurred during 2023/24. Interim rates are now closed; all future rate revaluations will be levied in 2024/25.	

Finance and Costing Review - Quarter 1 2023/24  
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 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) / Expenses
30145		34	Debt Collection Recovery	\$35,000	\$31,274	\$10,000	\$45,000		Cost to progress debt recovery on outstanding rates. Fully recovered through income account.	
32490		14	Legal Expense Recovery No GST - Op Inc - Rates	-\$35,000	-\$24,719	-\$10,000	-\$45,000		Cost to progress debt recovery on outstanding rates. Offset by expense account.	
32250		34	General Expenditure - Op Exp - Rates	\$35,000	\$14,073	-\$10,000	\$25,000		Some expenditure still to be invoiced, but anticipate a saving with new provider in place.	
142004		61	Salary - Op Exp - Finance	\$943,347	\$673,863	-\$20,000	\$923,347		Coordinator Financial Services vacancy - support through contract services.	
142034		79	Other Employment Costs - Finance	\$7,000	\$0	-\$6,500	\$500		Not anticipated to be utilised by June. Reallocate to Relief staff.	
142193		34	Relief Staff - Op Exp - Finance - Corp. Gov. & Support	\$18,000	\$9,788	\$26,500	\$44,500		Employee costs redirected to contract support while recruiting; progressing audit findings, reconciliations and end of year preparation.	
143390		14	Reimb Received No GST Incl Diesel Fuel Rebate & Insurance - Op Inc	-\$56,400	-\$52,531	-\$25,000	-\$81,400		A recent fuel tax credit review uncovered unclaimed and overclaimed credits between 2019 and 2023. The ATO increased credit rates from the prior year.	
						<b>-\$25,405</b>		<b>\$0</b>		<b>\$33,000</b>
<b>CS4 - Acting Manager Governance, Strategy &amp; Risk</b>										
107370		02	Cemetery Fees Inc GST - Op Inc - Other Community Amenities	-\$14,000	-\$18,469	-\$5,000	-\$19,000		Exceeded budget estimates.	
						<b>-\$5,000</b>		<b>\$0</b>		<b>\$0</b>



Finance and Costing Review - Quarter 1 2023/24  
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 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) / Expenses
<b>CS6 - Manager Information Services - B Douglas</b>										
146102		34	License Maint and Support - IT Exp	\$767,155	\$780,451	\$100,000	\$867,155		Savings from 146111 of \$50,000. Shortfalls due to unbudgeted software and varying levels of CPI on cloud software subscriptions. Recommend funding \$30,000 from Governance salary savings.	
142010		61	Salary - Op Exp - Gen Admin	\$634,848	\$382,538	-\$30,000	\$604,848		Salary savings from extended Governance vacancy. \$30,000 to offset increase in software licensing costs.	
146105		61	Salary - Op Exp - IT	\$243,422	\$177,500	-\$10,000	\$233,422		Offset licensing costs through vacancy.	
						<b>\$60,000</b>		<b>\$0</b>		<b>\$0</b>
<b>Corporate Services Directorate (Saving)/Expense</b>						<b>-\$359,405</b>		<b>\$0</b>		<b>-\$355,000</b>
<b>Development Services</b>										
<b>DS1 - Director Development Services - K Williams</b>										
106038		341	Legal Expenses - Development Services	\$10,000	\$0	-\$5,000	\$5,000		Legal Fees for <i>Local Government Act</i> for Permits.	
						<b>-\$5,000</b>		<b>\$0</b>		<b>\$0</b>
<b>BS1 - Manager Planning &amp; Building Services - K Wood</b>										
106039		34	Planning Appeals - Op Exp - Town Planning/ Regional Devel	\$10,000	\$6,152	\$5,000	\$15,000		\$15,000 required to seek fire and coastal advice for Bidadanga (income for this from the Department of the Premier and Cabinet included below).	
106410		04	Planning Fees (GST Free) - Op Inc - Town Planning/Regional Devel	-\$100,000	-\$107,655	-\$30,000	-\$130,000		Income higher than projected. Based on tracking to date, additional \$30,000 income anticipated for quarter 4.	
						<b>-\$25,000</b>		<b>\$0</b>		<b>\$0</b>

Finance and Costing Review - Quarter 1 2023/24

List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 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) / Expenses
<b>HS1 - Manager Environmental Health, Emergency &amp; Ranger Services - S Kipkurgat</b>										
52442		18	Revenue Share - E-Scooters - Op Inc - Ranger Operations	-\$20,000	-\$17,122	-\$5,000	-\$25,000		Expected income from Beam Mobility Shared Revenue arrangement.	
53015		75	Relief Staff Housing Exp - Op Exp - Ranger Operations	\$0	\$2,168	\$5,000	\$5,000		Casual Contract Rangers backfill due to vacancies. Originally unbudgeted but is required to house Contractors.	
53018		34	Rangers Equipment - Op Exp - Ranger Operations	\$15,000	\$15,516	\$5,000	\$20,000		Additional funds required to improve signages around Town.	
74420		04	Health Licences - Op Inc - Preventive - Inspection/Admin	-\$92,000	-\$96,657	-\$8,000	-\$100,000		Fees generated are higher than budgeted.	
1140211		34	General Operating Exp - Swim Areas & Beach Life Guard	\$300,000	\$203,664	\$30,000	\$330,000		Aligning the timing of invoices to the current budget year. The lifeguard service season started on Good Friday, which fell earlier this year. The season will conclude on the last Sunday of October.	
						<b>\$27,000</b>		<b>\$0</b>		<b>\$0</b>
			<b>Development Services Directorate (Saving)/Expense</b>			<b>-\$3,000</b>		<b>\$0</b>		<b>\$0</b>
<b>Infrastructure Services</b>										
<b>ES9 - Manager Engineering - L McKenzie</b>										
107550	107550	34	Japanese Cemetery New Infrastructure by P & G - Cap Exp	\$49,768	\$20,060	-\$15,000	\$34,768		Planned works completed with a project saving.	
121550		58	Statutory Contribution for Crossovers - Op Exp - Crossovers & General	\$30,000	\$20,000	\$5,000	\$35,000		Increase in claims for crossover subsidy. All approvals in line with Shire Policy.	\$5,000
143485		02	Subdivision Engineering Supervision Charges - Op Inc - Eng Off	-\$10,000	-\$109,355	-\$99,355	-\$109,355		Recognition of fees from Shire's role in the delivery of the new Broome Road Industrial Stage 2 subdivision.	-\$99,355
						<b>-\$109,355</b>		<b>\$0</b>		<b>-\$94,355</b>

Finance and Costing Review - Quarter 1 2023/24  
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SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2023/24										
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<b>ES3 - Manager Operations- M Smith</b>										
143080		34	Works Protective Clothing - Op Exp - Works Operations	\$16,000	\$3,759	-\$10,000	\$6,000		Uniforms are now ordered through People and Culture. The annual top up of uniforms has occurred, and savings are available.	
145102		34	Plant Tyres & Tubes - Op Exp - Plant Operation	\$90,000	\$44,310	-\$25,000	\$65,000		Tracking under the prior year and estimates. Savings are available.	
						<b>-\$35,000</b>		<b>\$0</b>		<b>\$0</b>
<b>ES8 - Manager Waste- M Mitchell</b>										
101020		34	Kerbside Refuse Collection - Op Exp - Sanitation Gen Refuse	\$465,500	\$288,061	-\$50,000	\$415,500		Annual purchase order raised based on 100% presentation rates, actual presentation estimated to be 85-90%.	
101022		34	Kerbside Recycling Collection -Op Exp - San Gen Refuse	\$1,060,000	\$687,394	-\$120,000	\$940,000		Annual purchase order raised based on 100% presentation rates, actual presentation estimated to be 85-90%.	
101028	101090	34	Transfer Station Tyres	\$194,825	\$214,638	\$80,000	\$274,825		Additional removal of tyres required to comply with license conditions, processing of rims.	
101028	101091	34	Transfer Station Concrete	\$536,525	\$521	-\$200,000	\$336,525		RFT 24/01 awarded, lower than budgeted unit rate, contingency retained for additional product possibly processed and for moving stockpiles.	
101028	101093	34	Transfer Station Steel - Op Exp	\$14,700	\$4,800	-\$10,000	\$4,700		No further freight or materials needed to 30 June.	
101030	101033	34	Waste Facility Operations -Op Exp - San Gen Ref	\$500,672	\$338,027	\$35,000	\$535,672		Additional wet hire of machinery required due to staff vacancies & leave.	
101030	101054	34	Licence and Operations Expense - Sanitation Gen Refuse	\$64,000	\$63,056	\$34,000	\$98,000		Timing - Mandalay subscription for 24/25 due in May, pay for the year in advance, software upgrades current subscription allocated this financial year, new ground water monitoring contract at higher price.	
101423		18	Sundry Income (Inc. GST) - Op Inc - Sanitation Gen Refuse	-\$206,000	-\$215,796	-\$10,000	-\$216,000		Additional income from scrap steel and Container Deposit Scheme, batteries potentially higher if Contractor returns before 30 June.	

Finance and Costing Review - Quarter 1 2023/24

List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2023/24										
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101535	101536	34	Fixed Plant & Equip New Cap Exp - San Gen Refuse	\$6,500	\$6,445	\$58,922	\$65,422		Waste Sorted grant successful - \$58,922, matching income and expense.	
101642		10	Non-Operating Grant - Sanitation - General Refuse	-\$81,664	-\$81,664	-\$58,922	-\$140,586		Waste Sorted grant successful - \$58,922, matching income and expense.	
102010	102013	34	Urban Rubbish Bins Servicing - CCC Maint	\$29,967	\$4,032	-\$10,000	\$19,967		Bin bags and consumables ordered. Remaining amount not required in 2023/24.	
101515		43	Transfer to Refuse Reserve - Cap Exp - Sanitation Gen Refuse MUN	\$65,521	\$24,242	\$251,000	\$115,072	\$251,000	Net movements within the waste business unit, transfer to the reserve.	
						\$0		\$251,000		\$0
<b>PK3 - Parks &amp; Gardens Coordinator - A Batt</b>										
113000	113031	34	Palm Leaf Beetle- P&G Maint	\$0	\$5,327	\$10,000	\$10,000		Contract labour has been engaged, was budgeted as employee.	
113000	113581	34	Matsumoto Courts - P&G Maint	\$400	\$0	\$5,000	\$5,400		Backboards need replacing for High School use.	
113000	PR32PA	34	Palmer Road Park Maintenance - Op Ex - Parks	\$5,090	\$6,557	\$4,000	\$9,090		Replaced play set for more robust play set.	
113000	113037	34	Bedford Park - P&G Maint	\$14,116	\$4,844	-\$5,000	\$9,116		Material costs not incurred. Yet to order fertiliser.	
113000	113047	34	China Town - P&G Maint	\$22,010	\$4,459	-\$10,000	\$12,010		Material costs not incurred.	
113000	113043	34	Town Beach - P&G Maint	\$87,150	\$16,754	-\$45,000	\$42,150		Material costs not incurred.	
113000	113069	34	Demco Park - P&G Maint	\$3,800	\$33	-\$2,500	\$1,300		Material costs not incurred.	
113000	113583	34	Herbert St Park - P&G Maint	\$9,570	\$59,212	\$55,500	\$65,070		Tank Replacement invoice from 2022/23 paid in 2023/24. No carry over was requested by responsible officer.	
113005	113010	34	Weed Control- P&G Maint	\$14,200	\$32,270	\$23,000	\$37,200		Purchased all of the Pesticides for 2023/24, plus Contractor backfill for vacancy.	
117210	117211	34	BRAC Ovals - P&G Maint	\$62,832	\$39,950	-\$10,000	\$52,832		Material costs not incurred.	
126000	126124	34	Sector 7 LIA, HIA & Port - P&G Maint	\$2,000	\$7,020	\$15,000	\$17,000		Contractor required to cover vacancy.	
126051	126059	34	Roundabouts - P&G Maint	\$11,050	\$1,177	-\$5,000	\$6,050		Material costs not incurred.	

Finance and Costing Review - Quarter 1 2023/24  
 List of Proposed budget amendments by Directorate

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116283	PPART	34	Public Art, Monument & Plaque- P&G Maint	\$20,930	\$0	-\$20,000	\$930		Booked to Asset Public Art account.	
132078	132079	34	Promotional Signage Structures Maint Exp	\$4,500	\$0	-\$4,500	\$0		Material costs not incurred. Used Assets Art Account.	
143510		34	Protective Clothing & Equip Uniforms & Boots - Op Exp - P & G Ops	\$34,000	\$8,680	-\$12,000	\$22,000		Annual order complete, new starters through People and Culture.	
						-\$1,500		\$0		\$0
<b>PM2 - Asset and Building Coordinator - A Waddell</b>										
113000	113039	34	Streeters Jetty Park - P&G Maint	\$10,000	\$2,322	-\$5,000	\$5,000		Underspend due to good condition.	
113551	113795	34	Parks & Gardens Works Renewal Infra - Cap Exp	\$261,065	\$104,847	-\$75,000	\$186,065		Savings can be realised from underspend on budget allocated to BRAC fence renewal	
117450	117452	34	BRAC Oval Upgrade of Infra - Cap Exp	\$339,565	\$0	\$80,000	\$419,565		Savings from other AMP renewal projects to be reallocated to ensure project can be delivered to desired standard. These works will be delivered in quarter 4 or carried over.	
125140	125172	34	Footpaths - Various	\$6,236	-\$11,045	-\$17,281	-\$11,045		Correction of timing issue with invoices and carryover at end of 22/23 and start of 23/24 financial year.	
122000	121031	34	Lighting - Works Maint	\$34,000	\$36,901	\$88,000	\$122,000		Additional \$9,000 authorised by Director for painting poles in Chinatown. Further \$79,000 is required to account for the lightpole replacements from two insurance claims involving vehicles as well as the lightning strike at Town Beach. These shall be recouped through insurance.	
125225	125232	34	Street Lighting at Various Locations - Renewal	\$57,140	\$35,007	\$33,696	\$90,836		\$33,000 is required for the replacement of a light pole near Westpac which is being completed under an insurance claim.	
147585		14	Reimbursement of Insurable Claimable Costs - Op Inc - Unclassified General	-\$195,612	-\$196,468	-\$112,696	-\$308,308		Reimbursement of insurance claims for light poles at Town beach (\$79,000) and near Westpac \$33,000).	
						-\$8,281		\$0		\$0

Finance and Costing Review - Quarter 1 2023/24

List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2023/24										
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<b>PM3 - Property and Leasing Senior Officer - L Blunt</b>										
53340		14	Surf Club - Rent & Recoup Income - Op Inc	-\$7,000	\$0	\$7,000	\$0		Following the Redevelopment, Broome Surf Life Saving Club are now responsible for the building insurance.	
96204		28	2/46 Tanami Drive - Rent & Recoup Income - Op Inc	-\$6,900	-\$6,359	-\$10,000	-\$16,900		Property utilised for temporary accommodation for Contract Ranger.	
96205		28	4/46 Tanami Drive - Rent & Recoup Income - Op Inc	-\$5,308	\$0	\$5,308	\$0		Property continues to be held vacant for key Shire role under recruitment.	
132050	132051	58	Broome Visitor Centre - Operating Expense - Op Exp	\$0	\$23,671	\$23,671	\$23,671		Shire Rates expense was not budgeted. Recouped through the income account which was budgeted.	
						<b>\$25,979</b>		<b>\$0</b>		<b>\$0</b>
<b>REQ3 - Asset Coordinator - Building Infrastructure Property &amp; Assets - A Perry</b>										
132129		34	Visitor Centre Renewal (Inc plant & Furn) - Cap Building Exp	\$110,000	\$1,231	-\$25,000	\$85,000		Project has been completed with savings.	
147270	147274	34	KRO2 - Reactive Maint - Op Exp	\$16,590	\$16,994	\$8,000	\$24,590		Unplanned Airconditioner Breakdowns.	
147409	147410	34	Cable Beach House - Planned Maintenance & Minor Works - Op Exp	\$0	\$1,578	\$6,500	\$6,500		Urgent reactive works needed to external pond and other minor items to coincide lease assignment to new tenant.	
147409	147413	34	Cable Beach House - Reactive Maintenance - Op Ex	\$0	\$0	\$27,000	\$27,000		Reactive works required on refrigeration and air conditioning systems that have built up, change of tenant.	
148003	148007	34	Depot Building Construction Renewal - Cap Exp - Depot Operations	\$42,000	\$31,241	-\$10,000	\$32,000		Chemical shed repair project completed under budget.	
142000	142058	34	Haas St Office - Planned maintenance and minor work	\$18,365	\$10,805	\$10,000	\$28,365		Office partition modifications.	
						<b>\$16,500</b>		<b>\$0</b>		<b>\$0</b>
			<b>Infrastructure Services Directorate (Saving)/Expense</b>			<b>-\$111,657</b>		<b>\$251,000</b>		<b>-\$94,355</b>
						<b>-\$531,137</b>		<b>\$251,000</b>		<b>-\$469,355</b>

**6.2 PROGRESS UPDATE - AUDIT MANAGEMENT REPORT 2022/23**

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

**SUMMARY:**

The Audit and Risk Committee are presented a progress update on the findings identified in the 2022/23 financial audit (2023 Audit Management Report).

**BACKGROUND**Previous Considerations

SMC 21 December 2023

Item 5.4.1

Following the completion of the Shire's audit for the 2022/23 financial year, an Audit Exit meeting took place on 14 December 2023. This meeting brought together representatives from the Office of the Auditor General (OAG), the Shire's contracted auditing firm RSM Australia (RSM), and the Shire of Broome, including the Chair of the Audit and Risk Committee and the Chief Executive Officer (CEO). During the meeting, the Auditors delivered their concluding report, addressing critical audit areas, internal control observations, and identified mis-statements.

The Audit and Risk Committee was tasked with reviewing the Auditor's reports after receiving a report from the CEO on the matters presented. The Committee was required to:

- Assess whether any matters raised required action by the local government; and
- Ensure appropriate action is taken in response to those matters.

Furthermore, the Committee must examine a report prepared by the CEO on actions taken concerning matters raised in the Auditor's report and present this report to Council for adoption. A copy of the report must be forwarded to the Minister before the conclusion of the next financial year or within 6 months of receiving the last report prepared by the Auditor, whichever is applicable.

A total of 14 issues were raised during the 2023 audit. The Audit Management Report provides insights into identified risks related to operational controls within the Shire, accompanied by commentary from Management on each issue. This includes details on the planned mitigation measures for these concerns. The contents of the report are deemed confidential due to the potential risk of increased vulnerability to fraudulent or illegal activities if released publicly. Full details of each issue raised in the 2023 audit can be found in the complete report located in Confidential Attachment 3 of the Audit and Risk Committee Minutes (SMC 21 December 2023).

The 2023 audit demonstrated significant progress as officers worked diligently to enhance internal controls and practices within a short timeframe. Notably, the draft findings from 2022 were initially presented in April 2023, with the final version received in late June 2023. From the 2022 audit, 9 out of the 34 findings remain open, with 4 rated as moderate (indicating sufficient concern to necessitate prompt action by the entity) and 5 rated as minor (not of primary concern but still warranting action). A total of 25 findings were successfully resolved to a standard accepted by the Auditors in the period since April 2023. 5 new findings were issued and rated as moderate. No significant findings were issued, defined as potentially posing a significant risk to the entity if not promptly addressed.

Officers committed to addressing outstanding items, and to present updates at subsequent Audit and Risk Committee meetings until appropriately resolved.

## **COMMENT**

An update regarding the status of outstanding audit findings is provided in Confidential Attachment 1. Officers are actively addressing the issues highlighted in external audits.

The 14 findings from the 2023 audit have been categorised into sets of recommended actions. Among these, 4 findings are deemed highest priority due to their potential to escalate risk from moderate to significant. Each finding is categorised as not commenced, in progress, or completed.

Currently, 9 actions within the findings have been fulfilled, and several others are underway. Despite some actions yet to commence, progress has been achieved since the Audit Management Report was presented in December, despite the holiday period in December and January.

The interim audit for 2024 is currently in progress, and the auditors will issue a Management Letter in due course. This letter will reflect the status of the existing findings list as well as any newly identified findings.

## **CONSULTATION**

Office of the Auditor General (OAG)  
RSM

## **STATUTORY ENVIRONMENT**

### ***Local Government Act 1995***

- 6.4 Financial report
- 7.9 Audit to be conducted

### ***Local Government (Audit) Regulations 1996***

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

In accordance with section 7.9 of the *Local Government Act 1995 (the Act)*, an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is required to prepare a report by 31 December following the relevant financial year and send a copy of that report to:

- (a) The Mayor or President;



- (b) The Chief Executive Officer (CEO); and
- (c) The Minister.

Additionally, under Regulation 10(4) of the *Local Government (Audit) Regulations 1996 (Audit Regulations)*, the Auditor may, when deemed appropriate, prepare a Management Report to accompany the Auditor's Report. This Management Report is also to be forwarded to the individuals specified in section 7.9 of the Act.

## **POLICY IMPLICATIONS**

Nil.

## **FINANCIAL IMPLICATIONS**

No specific financial implications are associated with this item.

Remediation of any of the issues raised within the Audit Management Report may require budget allocations to resolve. Where this requires funding outside of the existing 2023/24 adopted annual budget, Responsible Officers would request budget allocations either through the Shire's Finance and Costing Review process, or as part of the 2024/25 annual budget process.

## **RISK**

The audit findings provide management with recommendations particularly to strengthen internal controls and reduce the likelihood of certain risks. Delays in progressing and completing the audit findings can be unfavourable to the organisation, but are also weighed against other demands on Shire resources, and the costs to the community.

## **STRATEGIC ASPIRATIONS**

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

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

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

**Outcome 14 - Excellence in organisational performance and service delivery**

**Objective** 14.3 Monitor and continuously improve performance levels.

## **VOTING REQUIREMENTS**

*Simple Majority*

### REPORT RECOMMENDATION:

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

- 1. Receive the progress update of findings as per Confidential Attachment 1; and*
- 2. Requests the Chief Executive Officer to progress the finalisation of all outstanding findings as soon as practicable.*

## **Attachments**

1. 2023 Audit Findings - Update April 2024 (*Confidential to Councillors and Directors Only*)

***This attachment is confidential in accordance with section 5.23(2) of the Local Government Act 1995 section 5.23(2)((f)(ii)) as it contains “a matter that if disclosed, could be reasonably expected to endanger the security of the local governments property”.***

**7. 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: .....