



AGENDA

FOR THE

AUDIT AND RISK COMMITTEE MEETING

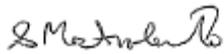
29 OCTOBER 2024

NOTICE OF MEETING

Dear Council Member,

The next Audit and Risk Committee of Council will be held on Tuesday, 29 October 2024 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 8.30 am.

Regards,



S MASTROLEMBO
Chief Executive Officer

25/10/2024

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
TUESDAY 29 OCTOBER 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 September 2024, as published and circulated, be confirmed as a true and accurate record of that meeting.

5. REPORT OF OFFICERS

5.1 2024/25 QUARTER 1 FINANCE AND COSTING REVIEW

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

SUMMARY:

The Audit and Risk Committee is requested to consider results of the Quarter 1 Finance and Costing Review (FACR) of the Shire's budget for the period ended 30 September 2024, including forecast estimates and budget recommendations to 30 June 2025.

BACKGROUND

Previous Considerations

SMC 22 August 2024 Item 5.4.1 Adoption of the 2024/25 Annual Budget

Quarter 1 Finance and Costing Review

The Shire of Broome has completed its first Quarter Finance and Costing Review (FACR) for the 2024/25 financial year. This review evaluates the 2024/25 Annual Budget by comparing actual income and expenses, as well as commitments, from 1 July 2024 to 30 September 2024, while also providing updated forecasts for the remainder of the financial year.

The primary goal of this review is to identify any over or under expenditure and to assess whether income targets are being met. This information supports Executive and Responsible Officers in ensuring effective financial management of their projects and programs.

Following the review, a report is prepared detailing any necessary budget amendments that require approval by an absolute majority of the Council. Additionally, a summary is provided to outline the overall financial impact of the proposed changes on the Shire of Broome's projected end-of-year financial position, helping Council make informed and responsible decisions.

It is important to note that the 2024/25 Annual Budget, adopted at the Special Meeting of Council on 22 August 2024, was a balanced budget, meaning that projected income matched projected expenditures.

COMMENT

Responsible officers completed their first quarter review on 3 October 2024. The executive team thoroughly reviewed and considered the budget requests, carefully weighing the impacts on service levels and potential delays to projects, against the overall annual budget.

The results project a **deficit** of **\$122,617** by 30 June 2025 if the proposed budget amendments are approved by Council. These figures represent a budget forecast based on expected income and spending. They do not reflect the actual financial position at the end of the year, which will be determined through the regular annual financial processes. The budget amendments previously approved by Council in 2024/25 have had no impact on municipal funds and are detailed in this report for totality.

A summary of the findings is as follows:

SHIRE OF BROOME SUMMARY REPORT						
BUDGET IMPACT						
	2024/25 Adopted Budget (Income)/ Expense	YTD Adopted Budget Amendments (Income)/ Expense	FACR Q1 Overall (Income) /Expense (Org Savings not subtracted)	FACR Q1 Org Expenses / (Savings)	YTD Impact (Org Savings Subtracted)	YTD Overall Position
Office of the CEO	\$0	\$0	\$45,732	\$22,732	\$23,000	\$45,732
Corporate Services	\$0	\$0	\$82,995	\$69,435	\$13,560	\$82,995
Development Services	\$0	\$0	-\$12,000	-\$20,000	\$8,000	-\$12,000
Infrastructure Services	\$0	\$0	\$5,890	-\$34,110	\$40,000	\$5,890
Council approved budget amendments	\$0	\$0	\$0	\$0	\$0	\$0
	\$0*	\$0	\$122,617	\$38,057	\$84,560	\$122,617

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

While officers aim to minimise budget impacts and balance savings with expenditures in their respective areas, this is not always fully achievable. A detailed list of accounts and explanations, organised by Directorate, has been provided for the committee's review (see Attachment 1), ensuring transparency and tracking of financial management across various departments.

It is important to note that financial management involves more than just balancing savings and expenses. The approach taken reflects prudent financial planning, combined with flexibility in using reserves to address financial challenges.

Use of Reserves:

Where feasible, reserve funds are utilised to cover unforeseen expenses. In quarter 1, the Leave Reserve is being used to offset costs associated with employee long service leave. This strategy leverages existing reserves appropriately, rather than seeking new funding.

Additional Income:

Any additional income streams that qualify for Council reserve funds are proposed to be transferred to the relevant reserve. In quarter 1, the net savings from the Waste business unit are proposed for allocation to the *Regional Resource Recovery Park Reserve* to fund future development of the Regional Resource Recovery Park.

Quarter 1 amendments:

The first quarter review examined how the proposed changes influence the overall budget and includes the following suggested amendments:

- **BRAC Importance Level 4 Upgrades Project (expense):** An additional \$100,000 in municipal funds is required due to an increased scope of work identified during project preparations. The original project budget consists of \$110,000 in grant funding and \$110,000 in municipal funding. No further funding is confirmed at this stage. If the additional municipal funds are not provided, the grant funding will need to be returned, and the project will not proceed.
- **Accounting Support (expense):** An additional \$81,600 is requested to engage contractors for the preparation of the 2025/26 annual budget and to review Council’s Long Term Financial Plan. Contractor support is required due to the long term vacancy in the Accountant position necessitating external support to ensure these statutory projects are completed.
- **Insurance (saving):** Actual annual insurance costs are \$93,984 lower than budgeted. Additionally, there is a \$27,000 insurance reimbursement for LGIS wage adjustments for 2023/24.
- **Planning and Building Fee Income (saving):** Additional income of \$70,000 is projected above budget, with income tracking ahead across both areas. This increase stems largely from increased solar applications.
- **Main Roads Direct Grant (saving):** Actual grant was confirmed to be \$34,110 more than the budget estimate.
- **Property Reactive Maintenance (expense):** An amount of \$40,000 is required for unplanned maintenance across the Administration building and two commercial properties.
- **Implementation of the Animal Management Plan (expense):** The Animal Management Plan was adopted at the Ordinary Council Meeting on 19 September 2024. Council Resolution Point 3 requested the allocation of \$50,000 through Quarter 1 FACR to cover costs for implementing actions in the plan, which includes:

Action	Action definition	Additional resources required
1.1	Create and implement a public education program to improve responsible pet ownership.	\$10,000
1.4	Review and update signage in public places to ensure clear, consistent messaging about where animals are permitted.	\$20,000
3.1	Change dog access on Cable Beach north to meet diverse community needs, including an area of beach where dogs are prohibited and an area where dog owners can continue to exercise early morning.	\$5,000
3.3	Revise dog access at Gantheaume Point for improved community and animal safety, with supporting signage and communications.	\$5,000
4.5	Host community events in sporting reserves and local parks to launch and enforce the change in use to ‘dog exercise area’ with educational talks and demonstrations on responsible dog ownership.	\$5,000
6.1	Collaborate with key partners to jointly provide new turtle signage and communication materials.	\$5,000
	Total 2024/25	\$50,000

Since the adoption of the 2024/25 annual budget, Council has approved the following budget amendments independent of the FACR process:

OMC 29 August 2024 Item 9.2.1 – Broome Housing Affordability Strategy And Master Planning:

The net impact on municipal funds for 2024/25 is \$0, as the budget amendments offset each other (\$98,428 in income and \$98,428 in expenditure). An agenda item was presented to the full Council, outside of the FACR process, to facilitate the proposed project. Council resolved the following:

COUNCIL RESOLUTION:
(REPORT RECOMMENDATION) **Minute No. C/0824/001**

Moved: Cr E Smith **Seconded: Cr S Cooper**

That Council:

- 1. Notes the successful outcome of application – Housing Support Program Stream 1 (Attachment 1);**
- 2. Endorses the proposed scope of works to develop a Broome Housing Affordability Strategy, in addition to offering concept master planning to help stimulate the development of undeveloped and underdeveloped land across the townsite of Broome; and**
- 3. Adopt the following budget amendments to the 2024/25 Annual Budget for the Broome Housing Affordability Strategy and Master Planning, noting a nil impact on municipal funds:**
 - a) Increase expenditure account 1367460 to \$98,428; and**
 - b) Increase budget account 1367304 by \$98,428.**

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

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 9/0

OMC 29 August 2024 Item 9.2.3 – Walmanyjun Cable Beach Foreshore Redevelopment - Waterpark Design Services (Stage3):

The net impact on municipal funds for 2024/25 is \$0, as the budget amendments offset each other (\$350,000 in income and \$350,000 in expenditure). An agenda item was presented to the full Council, outside of the FACR process, to facilitate the proposed project. Council resolved the following:

COUNCIL RESOLUTION:
(REPORT RECOMMENDATION) **Minute No. C/0824/002**

Moved: Cr D Male **Seconded: Cr P Taylor**

That Council adopt the following budget amendments to the 2024/25 Annual Budget for the detailed design of Stage 3 (Waterpark) of the Walmanyjun Cable Beach Foreshore redevelopment Project, noting a nil impact on municipal funds:

- 1. Increase expenditure account WD02 to \$350,000; and**
- 2. Increase grant income account WD01 of \$350,000.**

For: Shire President C Mitchell, Cr. D Male, Cr. S Cooper, Cr. J Lewis, Cr. P Matsumoto,

Cr. M Virgo, Cr. P Taylor, Cr. J Mamid.

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 9/0

OMC 19 September 2024 Item 9.4.3 – Monthly Financial Report - August 2024:

The net impact on municipal funds in 2023/24 is \$0, as the budget amendments offset each other (\$26,500 income and \$26,500 expenditure). An agenda item was presented to full Council, outside of the FACR process, given the critical timing of the Community Development Fund program. Council resolved the following:

COUNCIL RESOLUTION:

(REPORT RECOMMENDATION)

Minute No. C/0924/003

Moved: Cr J Lewis

Seconded: Cr E Smith

That Council:

- 1. Receives the Monthly Financial Report for the period ended 31 August 2024 as attached; and**
- 2. Approves the following 2024/25 budget amendments to implement Council's previous resolution, Minute No. C/0624/066, regarding the allocation of the 2024/25 Community Development Fund program and Energy Development Limited grant funding:**
 - a. Budget increase of \$26,500 for Account 100235930 Transfer from EDL Sponsorship Reserve;**
 - b. Budget increase of \$26,500 for Account 100221730 EDL Sponsorship Programme;**
 - c. Budget increase of \$19,500 for Account 100221720 Community Development Fund Stream 1 and Quick Response Grants; and**
 - d. Budget decrease of \$19,500 for Account 100221740 Community Development Fund Stream 2 and 3.**

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

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 9/0

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 (\$458,810) the Shire must formulate an action plan to remedy the over expenditure.

FINANCIAL IMPLICATIONS

The **net result** of the Quarter 1 FACR estimates is a budget deficit position of **\$122,617** to 30 June 2025. Budget amendments previously endorsed by Council have had no municipal impact.

This net result includes \$84,560 of additional expenditure requirements across directorates, and \$38,057 of additional organisational expenditure.

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 2025. 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 11 – Effective leadership, advocacy and governance:

11.2 Deliver best practice governance and risk management.

Outcome 13 – 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 1 Finance and Costing Review Report for the period ended 30 September 2024;*
- 2. Adopts the operating and capital budget amendment recommendations for the year ended 30 June 2025 as attached;*

3. *Notes a forecast net end-of-year deficit position to 30 June 2025 of **\$122,617** including previously adopted budget amendments.*

Attachments

1. 2024/25 Quarter 1 FACR - by Directorate

SHIRE OF BROOME SUMMARY REPORT							
BUDGET IMPACT							
	2024/25 Adopted Budget (Income)/ Expense	YTD Adopted Budget Amendments (Income)/ Expense	FACR Q1 Overall (Income)/ Expense	FACR Q1 Org (Savings) / Expenses	FACR Q1 Impact (Inc) / Exp (Org Savings subtracted)	YTD Impact (Org Savings Subtracted)	YTD Overall Position
Office of the CEO	\$0	\$0	\$45,732	\$22,732	\$23,000	\$23,000	\$45,732
Corporate Services	\$0	\$0	\$82,995	\$69,435	\$13,560	\$13,560	\$82,995
Development Services	\$0	\$0	-\$12,000	-\$20,000	\$8,000	\$8,000	-\$12,000
Infrastructure Services	\$0	\$0	\$5,890	-\$34,110	\$40,000	\$40,000	\$5,890
Council approved budget amendments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	0,000*	\$0	\$122,617	\$38,057	\$84,560	\$84,560	\$122,617

*Council adopted the annual budget with a predicted end-of-year balanced budget, which included previous year carried forward surplus
 **Please note that should the Forecast budget predict a deficit greater than 1% of budgeted operating revenue excluding grants and contributions for assets, and profit on sale of assets (\$458,810), an action plan to remedy the situation will be prepared in accordance with Item 5.4.1 of August SMC on Materiality Threshold.
 † Includes all additional Council adopted budget amendments year-to-date, including any previous FACRs

Finance and Costing Review - Quarter 1 2024/25
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 1 2024/25										
COA Code	Job Number	IE Code	Job Description	2024/25 Full Year Current Budget	2024/25 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org (Savings) / Expenses
Office of the CEO										
BC - Marketing & Communications Coordinator - D Bonnici										
22171		34	Council Newsletter & Community Info - Op Exp - Other Governance	\$55,000	\$42,518	\$10,000	\$65,000		The budget was set at \$55,000. Requesting an additional \$10,000 to accommodate rising expenses for radio and adhoc advertising.	
						\$10,000		\$0		\$0
CS3 - Manager People and Culture - Tribble										
142006		61	Salary - Op Exp - Human Resources	\$459,380	\$80,952	-\$22,500	\$436,880		Manager People and Culture role vacant for 3 mths - salary savings proposed to fund additional expense in HRM Consultancy budget for relief cover.	-\$22,500
142048		34	HRM Consultancy - Op Exp	\$90,000	\$46,500	\$22,500	\$112,500		Salary savings above to fund this additional expense for relief cover for Manager vacancy.	\$22,500
142015		61	All Employee Centrelink Paid Parental Leave - Op Exp - Gen Admin Overhead	\$0	\$15,890	\$34,511	\$34,511		Centrelink parental payments to two employees, including Shire top-up contribution.	\$34,511
142395		14	All Employee Centrelink Paid Parental Leave - Op Inc - Gen Admin Overhead	-\$20,000	-\$15,890	-\$11,779	-\$31,779		Centrelink parental payments revenue for two employees.	-\$11,779
						\$22,732		\$0		\$22,732
REQ54 - Activation & Engagement Coordinator - C Lawton										
82670		11	Grant Income - Comm Services	\$0	\$0	-\$20,000	-\$20,000		\$20k to reflect grant recieved from Regional Arts WA for the Man-gala Lanterns Project. Expenditure also added to Acct 101160860.	
116086	AC03	34	Arts & Culture Strategy Implementation - Op Exp	\$0	\$0	\$20,000	\$20,000		Increase by \$20,000 for grant income from Regional Arts WA for Man-gala Lantern Project. \$20,000 has also been added to Income account 0082670. Nil budget impact.	
82617		34	Community Development Strategy - Op Exp	\$32,000	\$32,000	\$13,000	\$45,000		Quotes received for review of Community Safety Plan. Additional \$13k required.	
						\$13,000		\$0		\$0
			Office of the CEO Directorate (Saving)/Expense			\$45,732		\$0		\$22,732

Finance and Costing Review - Quarter 1 2024/25
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 1 2024/25										
COA Code	Job Number	IE Code	Job Description	2024/25 Full Year Current Budget	2024/25 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org (Savings) / Expenses
Corporate Services										
CS1 - Director Corporate Services - J Watt										
142231		34	Consultants - Corporate Services	\$105,000	\$138,762	\$77,061	\$182,061		The contract appointment to cover the Director of Corporate Services' long service leave in the 2024/25 financial year. The portion for 2023/24 was already funded and addressed in that financial year.	\$77,061
142002		61	Salary - Op Exp - Corp Serv Directorate	\$241,450	\$50,611	-\$69,113	\$172,337		Budgeted salary reallocated to cover the cost of a contract appointment during the Director of Corporate Services' long service leave in the 2024/25 financial year.	-\$69,113
142002		76	Salary - Op Exp - Corp Serv Directorate	\$27,768	\$5,820	-\$7,948	\$19,820		Budgeted superannuation reallocated to cover the cost of a contract appointment during the Director of Corporate Services' long service leave in the 2024/25 financial year.	-\$7,948
142320		42	Transfer from Leave Reserve	\$0	\$0	-\$75,242	-\$75,242	-\$75,242	Transfer From Leave Reserve to offset the Director of Corporate Services leave in 2024/25.	-\$75,242
142002		61	Salary - Op Exp - Corp Serv Directorate	\$241,450	\$50,611	\$69,113	\$310,563		Salary for Director of Corporate Services' long service leave in the 2024/25 financial year, funded through the Leave Reserve.	\$69,113
142002		76	Salary - Op Exp - Corp Serv Directorate	\$27,768	\$5,820	\$7,948	\$35,716		Superannuation for Director of Corporate Services' long service leave in the 2024/25 financial year, funded through the Leave Reserve.	\$7,948
						\$1,819		-\$75,242		\$1,819
BRAC1 - Manager Community Facilities - C Zepnick										
117410		02	Entry Fees and Spectator Fees - Op Inc - BRAC Aquatic	-\$240,000	-\$14,651	-\$20,000	-\$260,000		Pool entries tracking well. Additional \$58k income to end of September yet to be journalled from Perfect Mind point of sale system. Expected to increase over wet season.	-\$20,000
117400	FC02	34	WA Football Commission Grant Expenditure - Medlend	\$60,000	\$0	\$27,000	\$87,000		Alterations to Medlend Pavilion to facilitate inclusive changerooms. WAFC funding will need to be returned in the event that municipal funds are not allocated to cover this shortfall.	\$27,000

Finance and Costing Review - Quarter 1 2024/25
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 1 2024/25										
COA Code	Job Number	IE Code	Job Description	2024/25 Full Year Current Budget	2024/25 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org (Savings) / Expenses
117310	117311	34	BRAC Building Upgrade - Cap Exp - BRAC Dry	\$220,000	\$0	\$100,000	\$320,000		Additional \$100k muni funds required due to increased scope of Importance Level 4 works identified during project preparations. No further grant funding available.	\$100,000
						\$107,000		\$0		\$107,000
CMS4 - Venue Supervisor - S Bowra										
116484	KA101	11	Exhibition Infrastructure for Kimberley Artwork Grant - Cap Inc	\$0	\$0	-\$69,788	-\$69,788		Public Regional Galleries Improvement Fund grant.	
116145	KA01	11	Exhibition Infrastructure for Kimberley Artwork Grant - Cap Exp	\$0	\$0	\$69,788	\$69,788		Public Regional Galleries Improvement Fund grant - expenditure on exhibition infrastructure for Kimberley Artwork.	
						\$0		\$0		\$0
LS1 - Library Coordinator - A Morris										
115281	115291	34	Library Reactive Maintenance - Op Exp	\$12,500	\$3,718	\$20,000	\$32,500		Main entry door failure required replacement. Urgent repair has exceeded available budget and exhausted funds for any further works.	
146555		26	Transfer from Building Reserve	\$0	\$0	-\$20,000	-\$20,000	-\$20,000	Reserve transfer to offset library works.	
						\$0		-\$20,000		\$0
CS2 - Manager Financial Services - E French										
142004		61	Salary - Op Exp - Finance	\$1,042,340	\$224,493	-\$51,158	\$991,182		To ensure timely delivery of core accounting functions, including the Annual Financial Report, we have engaged contractors using savings from key vacancies in the accounting team. The key position remains budgeted for the rest of the financial year.	-\$51,158
142004		76	Salary - Op Exp - Finance	\$143,470	\$28,881	-\$10,296	\$133,174		Superannuation savings from key vacancies in the accounting team. The key position remains budgeted for the rest of the financial year.	-\$10,296
142231		34	Consultants - Corporate Services	\$105,000	\$138,762	-\$75,000	\$30,000		Reallocating finance related budgets to GL 142193 (annual financial report and Chart of Account review).	-\$75,000

Finance and Costing Review - Quarter 1 2024/25
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 1 2024/25										
COA Code	Job Number	IE Code	Job Description	2024/25 Full Year Current Budget	2024/25 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org (Savings) / Expenses
142193		34	Consultants & Relief Staff	\$0	\$66,608	\$218,054	\$218,054		Reallocating \$75,000 from GL 142231 (annual financial report and Chart of Account review) and \$61,454 from GL 142004 (employment costs - savings from vacancies) to cover the preparation of year-end workpapers and the Annual Financial Report to an audit-ready state. Additional budget requested (\$81,600) to engage contractors for preparing the 2025/26 annual budget and reviewing the long-term financial plan.	\$218,054
						\$81,600		\$0		\$81,600
CS4 - Manager Governance, Strategy & Risk - R Doyle										
Multiple		39	Insurance	\$867,944	\$836,037	-\$31,907	\$836,037		The actual insurance premium across the organisation is lower than budgeted.	-\$31,907
Multiple		40	Insurance - Workers Comp	\$267,235	-\$329,312	-\$62,077	\$205,158		The actual workers compensation insurance premium across the organisation is lower than budgeted.	-\$62,077
147585		14	Reimbursement of Insurable Claimable Costs - Op Inc	\$0	\$60,790	-\$27,000	-\$27,000		Insurance reimbursement for LGIS Wage Adjustments 23/24.	-\$27,000
						-\$120,984		\$0		-\$120,984
CS6 - Manager Information Services - R Ali										
146105		61	Salary - Op Exp - IT	\$476,072	\$65,174	-\$16,285	\$459,787		Staff vacancy. Savings used to offset contractor.	-\$16,285
146111		34	IT Contract Consultants - Exp	\$136,100	\$93,945	\$16,285	\$152,385		October monthly payment for external helpdesk support recognising staff vacancy. Funded through salary savings.	\$16,285
146110		34	Minor Assets <\$5000 - IT Exp	\$25,000	\$16,182	\$13,560	\$38,560		Update to video conferencing capability in all council meeting rooms / offices. Includes TV, PCs and camera infrastructure.	
						\$13,560		\$0		\$0
			Corporate Services Directorate (Saving)/Expense			\$82,995		-\$95,242		\$69,435

Finance and Costing Review - Quarter 1 2024/25
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 1 2024/25										
COA Code	Job Number	IE Code	Job Description	2024/25 Full Year Current Budget	2024/25 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org (Savings) / Expenses
Development Services										
BS1 - Manager Planning & Building Services - K Wood										
106410		04	Planning Fees (GST Free) - Op Inc - Town Planning / Regional Development	-\$110,000	-\$43,834	-\$30,000	-\$140,000		Income tracking ahead of projects. Can increase \$30k.	-\$30,000
133410		04	Statutory Fees & Licences - Building Permits	-\$110,000	-\$47,004	-\$40,000	-\$150,000		Income tracking ahead. Large volume of solar applications. Added additional projected income of \$40k	-\$40,000
106030	106055	34	Consultants & Project Employees - Op Exp - Town Planning / Regional Development	\$114,141	\$13,880	\$8,000	\$122,141		Accommodation variation to the Precinct Structure Plan project. Additional costs due to additional hours to seek consent to advertise.	
						-\$62,000		\$0		-\$70,000
HS1 - Manager Environmental Health, Emergency & Ranger Services - S Kipkurgat										
53015		34	Relief Staff Exp - Op Exp - Ranger Operations	\$0	\$61,519	\$150,000	\$150,000		Relief ranger services utilised and anticipated for the 2024/25 financial year, essential to maintain service levels during the period of staff recruitment; this is offset by reduced salary and superannuation costs.	\$150,000
51010		61	Salaries - Op Exp - Fire Prevention	\$615,122	\$81,664	-\$134,529	\$480,593		Reduced salary costs during the period of staff recruitment, offsetting Relief ranger services.	-\$134,529
51010		76	Salaries - Op Exp - Fire Prevention - Superannuation	\$74,646	\$12,821	-\$15,471	\$59,175		Reduced superannuation costs during the period of staff recruitment, offsetting Relief ranger services.	-\$15,471
52012		34	Advertising Tags & Other Animal Control Exps - Op Exp - Animal Control	\$5,000	\$1,711	\$50,000	\$55,000		Implementation of Animal Management Plan as per Council Resolution of 19 Sept 2024 OMC. Further detail noted in the agenda item.	\$50,000
74011		34	Relief Staff Expenses - Op Exp - Preventative - Inspection/Admin	\$0	\$18,457	\$20,000	\$20,000		Additional relief staff covered by salary savings, superannuation and accommodation.	\$20,000
74010		61	Salary - Op Exp - Preventative - Inspection/Admin	\$529,826	\$121,160	-\$20,000	\$509,826		Savings from staff shortages utilised to engage Contract staff.	-\$20,000
						\$50,000		\$0		\$50,000
			Development Services Directorate (Saving)/Expense			-\$12,000		\$0		-\$20,000

Finance and Costing Review - Quarter 1 2024/25
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 1 2024/25										
COA Code	Job Number	IE Code	Job Description	2024/25 Full Year Current Budget	2024/25 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org (Savings) / Expenses
Infrastructure Services										
ES9 - Manager Engineering - L McKenzie										
121762		11	State Direct MRWA/RRG Road Maintenance Op Grant Received	-\$168,000	-\$202,110	-\$34,110	-\$202,110		Actual grant was confirmed to be more than the budget estimate.	-\$34,110
						-\$34,110		\$0		-\$34,110
ES8 - Manager Waste- M Mitchell										
101550	101552	34	Mobile Garbage Bin Replacement - Cap Exp	\$0	\$201,269	\$201,000	\$201,000		Previously unbudgeted amount agreed to in LTFP and waste resource based budget.	
101028	101093	34	Reuse and Recycle - Op Exp	\$1,700	\$1,055	\$52,000	\$53,700		Reactive - additional expense to provide static site security for the contractors property overnight whilst bailing occurs, includes lighting tower.	
101040		34	Sanitation General Project Consultancy - Op Exp	\$0	\$20,000	\$20,000	\$20,000		Development of Waste Services Financial Model.	
101410		02	Kerbside collection - Op Inc	-\$4,115,894	-\$4,156,825	-\$40,000	-\$4,155,894		Increase in rateable properties since budget calculation.	
101415		13	Waste Management Grant - Op Inc - Sanitation	\$0	-\$14,500	-\$14,500	-\$14,500		Cleanaway Community Sponsorship of \$14,500.	
101416		34	Waste Management Grant - Op Exp - Sanitation	\$0	\$0	\$14,500	\$14,500		To recognise the expenditure associated with the Cleanway Community Sponsorship received.	
101420		02	WMF Op Income - Op Inc	-\$2,300,000	-\$1,402,825	-\$500,000	-\$2,800,000		Recognition of additional income from asbestos waste disposal.	
101895		43	Transfer to Regional Resource Recovery Park Reserve - Cap Exp - Reg Res Rec Pk MUN	\$579,579	\$68,243	\$267,000	\$846,579	\$267,000	The net impact of budget changes in the Waste business unit will be transferred to the Regional Resource Recovery Park reserve.	
						\$0		\$267,000		\$0
PK3 - Parks & Gardens Coordinator - A Batt										
113000	113543	34	Town Beach Water Park - P&G Maint	\$21,770	\$9,065	\$32,700	\$54,470		Recruitment delays experienced for new team members. Scope of work to remain with Contractor. Switch from Salary cost to Contract cost.	\$32,700
113052		34	Public BBQs Cleaning - Op Exp	\$0	\$5,628	\$17,342	\$17,342		Recruitment delays experienced for new team members. Scope of work to remain with Contractor. Switch from Salary cost to Contract cost.	\$17,342

Finance and Costing Review - Quarter 1 2024/25
List of Proposed budget amendments by Directorate

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 1 2024/25										
COA Code	Job Number	IE Code	Job Description	2024/25 Full Year Current Budget	2024/25 YTD Actuals	Proposed Budget Amendment	Proposed Budget	Reserve Movement	Amendment Description	Org (Savings) / Expenses
113053		34	Pressure Washing of Public Infrastructure - Op Exp	\$0	\$11,059	\$42,433	\$42,433		Recruitment delays experienced for new team members. Scope of work to remain with Contractor. Switch from Salary cost to Contract cost.	\$42,433
102010	102013	61	Urban Rubbish Bins Servicing - Ccc Maint	\$389,568	\$51,288	-\$81,840	\$307,728		Salary reduction in recognition of vacancy for new team members in community cleanup crew. Offset increased Contract expenses in 113543, 113052, and 113053	-\$81,840
102010	102011	76	General Litter Control - Ccc Maint	\$75,944	\$0	-\$10,635	\$65,309		Superannuation reduction in recognition of vacancy for new team members in community cleanup crew. Offset increased Contract expenses in 113543, 113052, and 113053	-\$10,635
						\$0		\$0		\$0
REQ3 - Asset Coordinator - Building Infrastructure Property & Assets - A Perry										
142000	142056	34	Haas St Office - Reactive Maintenance - Op Exp	\$14,800	\$5,774	\$10,000	\$24,800		\$10k required due to unplanned breakdowns of AirCon and Electrical.	
147409	147413	34	Cable Beach Restaurant - Reactive Maintenance - Op Exp	\$0	\$5,970	\$15,000	\$15,000		Budget allocation required for reactive maintenance.	
147270	147274	34	KR02 - Reactive Maintenance - Op Exp	\$9,800	\$1,338	\$15,000	\$24,800		Unplanned building handrail repairs identified during an inspection conducted after the budget was set.	
						\$40,000		\$0		\$0
			Infrastructure Services Directorate (Saving)/Expense			\$5,890		\$267,000		-\$34,110
						\$122,617		\$171,758		\$38,057

5.2 PROGRESS UPDATE - AUDIT REPORTS	
LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	COA01
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:
 The Audit and Risk Committee are presented a progress update of the findings identified in the:

- a) 2022/2023 Final Audit Management Report;
- b) Interim Audit Management Report for year ended 30 June 2024; and
- c) Performance Audit 2024 – Local Government Physical Security Server Room Assets (Emerging Findings).

BACKGROUND

2022/2023 Final Audit Management Report

SMC 21 December 2023 Item 5.4.1
 ARC 22 April 2024 Item 6.2

The Shire's Final Audit Management Report for the 2022/2023 financial year was received by Council at the SMC 21 December 2023, in Confidential Attachment 3 of the Audit and Risk Committee Minutes of 19 December 2023.

An update of the progress of audit findings contained in the Shire's 2023 Final Audit Management Report was received by the Audit and Risk Committee at ARC 22 April 2024.

2023/2024 Interim Audit Management Report

ARC 28 August 2024 Item 5.2

The Shire's Interim Audit was conducted by RSM Australia (RSM) on behalf of the Office of the Auditor General (OAG) on 15-19 April 2024. The Interim Audit Management Report was received by the Audit and Risk Committee at ARC 28 August 2024.

2024 Performance Audit – Local Government Physical Security of Server Room Assets (Emerging Findings)

ARC 28 August 2024 Item 5.1

A Performance Audit of 16 non-metropolitan local government entities was undertaken by the OAG to assess whether each local government effectively managed their physical server assets to protect them from physical and environmental hazards. Each local government received an Emerging Findings Letter which contained specific findings to the

local government and a Summary of Findings Report which was tabled in State Parliament under sections 24 and 25 of the *Auditor General Act 2006*.

The Emerging Findings Letter and Summary of Findings Report were received by the Audit and Risk Committee at ARC 28 August 2024.

Progress Update – Audit Reports

ARC 28 August 2024

Item 5.3

The Audit and Risk Committee received an update on the status of all three audit findings at the ARC meeting on 28 August 2024. Of the 22 findings, 10 were completed, 6 were in progress, and 6 were overdue.

COMMENT

A progress update of audit findings identified in:

- a) 2022/2023 Final Audit Management Report;
- b) 2023/2024 Interim Audit Management Report; and
- c) 2024 Performance Audit – Local Government Physical Security Server Room Assets (Emerging Findings),

is presented in **Confidential Attachment 1**. Details contained within the report are considered confidential as releasing them publicly would increase the likelihood that identified risks could be the target of fraudulent or illegal activities.

Officers are actively addressing the issues highlighted in external audits. Each finding is categorised as completed, in progress, or overdue. Each audit finding is assigned a risk rating, facilitating the administration in prioritising and scheduling tasks for completion.

Since the last progress update to the Audit and Risk Committee on 28 August 2024, four findings have been completed. It is important to note that one of these findings appears twice. Originally identified in the Final Audit 2022/2023 (finding 6), it was not completed and became overdue by the time of the Interim Audit 2023/2024, where it was relisted (finding 4) with a revised completion timeframe. Both instances are currently in progress and not yet due.

Efforts to manage overdue actions have been undertaken. Accountable officers have provided updates regarding the tasks and progress to bring the actions to completion. Where required, new target completion dates are to be presented to OAG for mutual agreement.

A summary of the status of agreed management actions is found in the tables below:

OAG Audit Findings

Audit Type	Completed	In Progress – Not Due	Overdue	Total Findings
Final Audit 2022/2023	8	1	5	14
Interim Audit 2023/2024	4	2	0	6
2024 Performance Audit – Server Rooms	2	0	0	2
	14	3	5	22

CONSULTATION

Office of the Auditor General

RSM Australia has received the progress updates presented to the Audit and Risk Committee.

STATUTORY ENVIRONMENT

Local Government Act 1995

7.12A (3) Duties of local government with respect to audits

- (3) A local government must —
- (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters

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 Reports or Emerging Finding Letter may require budget allocations to resolve. Where this requires funding outside of the existing 2024/2025 adopted annual budget, Responsible Officers would request budget allocations either through the Shire's Finance and Costing Review process, or as part of the 2025/2026 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. Audit Findings Review Summary - October 2024 Update (*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”.

6. MEETING CLOSURE