



AGENDA

BUSINESS OF AN URGENT NATURE

FOR THE

ORDINARY MEETING OF COUNCIL

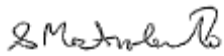
12 DECEMBER 2024

NOTICE OF MEETING

Dear Council Member,

The next Ordinary Meeting of Council will be held on Thursday, 12 December 2024 in the Council Chambers, Corner Weld and Haas Streets, Broome, commencing at 5.00PM.

Regards,



S MASTROLEMBO
Chief Executive Officer

10/12/2024

Our Mission

"To deliver affordable and quality Local Government services."

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SHIRE OF BROOME
ORDINARY MEETING OF COUNCIL
THURSDAY 12 DECEMBER 2024
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13. BUSINESS OF AN URGENT NATURE

13.1 MINUTES AND RECOMMENDATIONS FROM AUDIT AND RISK COMMITTEE MEETING HELD ON 10 DECEMBER 2024

LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	COA01
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Manager Governance, Strategy And Risk
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:

Council is requested to adopt the recommendations of the Audit and Risk Committee for the meeting held on Tuesday, 10 December 2024 as follows:

- a) That Council accepts the findings of the Regulation 17 Audit; and
- b) That Council adopts the 2024 Annual Financial Report, Audit Management Letter and applicable budget amendments.

BACKGROUND

Item 5.1 Regulation 17 Internal Audit Review

Previous Considerations

ARC 14 May 2019	Item 5.1	Audit Regulation 17 Risk Biannual Progress Report
OMC 30 May 2019	Item 10.3	Minutes Of The Audit And Risk Committee Meeting Held 14 May 2019
ARC 13 December 2021	Item 5.1	Audit Regulation 17 – CEO Review of Certain Systems and Procedures
OMC 16 December 2021	Item 13.1.1	Audit Regulation 17 - CEO Review Of Certain Systems And Procedures

Regulation 17 of the *Local Government (Audit) Regulations 1996* was introduced in early 2013. In June 2018, amendments to Regulation 17 changed the frequency of reviews from once every two financial years to at least once every three financial years. Both subsequent reviews were undertaken internally, with officers utilising tools such as the Department of Local Government's Operational Guidelines to assess internal controls and legislative compliance.

In line with Regulation 17 requirements, the Shire's last review was undertaken internally and was presented to the Audit and Risk Committee on 13 December 2021 and then subsequently endorsed by Council.

The risk management functions of the local government should manage the creation and protection of value within the Shire of Broome (Shire). Effective risk management improves performance, encourages innovation and supports the achievement of objectives.

Internal controls are the systematic measures (such as reviews, checks and balances, methods and procedures) instituted by an organisation to; conduct its business in an orderly and efficient manner, safeguard its assets and resources, deter and detect errors, fraud and theft, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans. Internal controls are a key component of a sound governance framework, which uses instruments such as policies, delegations, authorisations, audit practices, information systems and security, management and operation techniques and human resource practice to create a network of control mitigation to maintain appropriate levels of risk.

Legislative compliance involves monitoring compliance with legislation and regulations, reviewing the annual Compliance Annual Return, staying informed about how management is monitoring the effectiveness of its compliance, reviewing procedures that handle complaints, monitoring the local government's compliance framework, obtaining assurances against adverse trends, reviewing statutory and financial returns and other evaluating, monitoring and problem solving against significant compliance issues.

The review may relate to any or all the matters in the regulation however, each of those matters is subject to review no less than once every three financial years. In accordance with Regulation 16(c) of the *Local Government (Audit) Regulations 1996*, the Audit Committee is required to review a report prepared by the CEO, and subsequently report to the Council the results of the Committee's review.

Item 5.2 Annual Financial Report And Audit Report 2023/24

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 of a local government. Upon completion of the audit, the auditor must prepare a report and submit it by 31 December following the end of the financial year to:

- (a) The Mayor or President,
- (b) The Chief Executive Officer (CEO), and
- (c) The Minister.

Under *Regulation 10(4) of the Local Government (Audit) Regulations 1996*, the auditor may also prepare a Management Letter, which provides additional commentary on the audit process, internal control issues, or any other matters deemed relevant. While generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of the Shire. This Management Letter accompanies the auditor's report and is similarly forwarded to the individuals specified under section 7.9 of the Act.

The Office of the Auditor General (OAG), with RSM Australia as its contracted auditor for the second consecutive year, conducted the Shire's 2023/24 financial year audit. An Audit Entrance Meeting which outlined the audit process and timeline was held on 22 April 2024, attended by the Audit and Risk Committee, CEO, Shire Executive and officers.

The final audit occurred between 14 October 2024 and 1 November 2024, with follow-up discussions continuing into early December.

The Final Audit Exit Meeting was held on 27 November 2024, attended by the Audit and Risk Committee, CEO, Executive and Shire officers. This satisfies the requirement of section 7.12A(2) of the Act requiring a local government to meet with its auditor at least once every year. During the meeting, the auditors presented an overview of the audit, including:

1. Areas of focus
2. Prior year restatements
3. Management letter points

On 9 December 2024, the OAG issued the signed audit report, including their Opinion and Management Letter, which are attached to this report.

The Audit and Risk Committee (ARC), under its terms of reference, is required to:

1. Review the auditor's reports after considering a report from the CEO on the matters raised.
2. Assess whether any matters raised require action by the local government.
3. Ensure appropriate responses and remedial actions are implemented.

In the instance that the auditor raises findings considered significant in the audit report, the ARC must consider a report prepared by the CEO addressing those significant findings, and state what action the local government has taken or intends to take with respect to each of those findings. As per section 7.12A(4) of the Act:

- within three months of receiving the auditor's report it must be provided to the Minister, and
- a copy of the report published on the local government's official website within 14 days after a local government gives a report to the Minister.

This agenda item ensures compliance with the legislative requirements of the *Local Government Act 1995*, the *Local Government (Audit) Regulations 1996*, and the *Local Government (Financial Management) Regulations 1996*, while facilitating the necessary review and recommendation process for the adoption of the Annual Financial Report.

COMMENT

Item 5.1 Regulation 17 Internal Audit Review

The Shire engaged the external auditor, Paxon, on 12 September 2024 to conduct the Shire of Broome Regulation 17 Internal Audit Review. The review was conducted remotely via email, shared electronic folders and telephone correspondence during the period between 25 September 2024 and 25 November 2024. The findings and outcomes of the review are detailed in the attached report (**Attachment 1**).

As per the Executive Summary of findings (section 2 of **Attachment 1**), Paxon found that, subject to eight recommendations, "The Shire appears to be aware of its improvement requirements and has developed or commenced steps to address some of the points".

The table and breakdown below summarise the eight findings, with the review providing further detail and recommendations for each. As highlighted in the review, the findings are presented on an exception basis, reflecting identified issues while excluding areas tested where policies, procedures, and processes were found to be appropriate and in line with best practices. It is important to note that due to inherent limitations, the review was not designed to identify all weaknesses and does not assess the internal control structure in its entirety.

Risk Area	Finding	Paxon Risk Rating
Risk	5.1 Internal audit program	Medium Risk
	5.2 Operation of risk management processes	Medium Risk
Internal Control	6.1 Fraud control plan	High Risk
	6.2 Manual journal approval process and reconciliations	Medium Risk
	6.3 Asset stocktake Processes (fleet and IT assets)	Medium Risk
	6.4 Annual review of delegations	Low Risk
	6.5 Monitoring over procurement processes	Low Risk
Legislative Compliance	7.1 Public interest disclosure processes	Low Risk

Audit Finding – Internal Audit Program

Finding Rating: Medium

During the audit, it was noted that the Shire of Broome does not have an internal audit function in place. As a result, there is currently no internal audit program to review internal controls and key business areas, aside from the annual financial audits conducted by the Office of the Auditor General (OAG). Additionally, it was highlighted that in June 2024, the OAG conducted a performance audit focused on local government physical security of server room assets, which included the Shire of Broome.

Management Comment:

Management acknowledges the finding and has agreed to establish an internal audit program to provide assurance over key risk and internal control areas for the Shire with completion by 30 September 2025.

Audit Finding – Operation of Risk Management Processes

Finding Rating: Medium

The Shire has two risk management policies in place, addressing strategic and operational risks, with regular reporting to the Council and Audit and Risk Committee. These policies were last reviewed in 2023, and risk management plans were presented to the Audit and Risk Committee in November 2022. However, risk management is not yet fully operational, as the Shire is in the process of developing risk registers for both strategic and operational risks. These registers will include treatment action plans and responsible officers.

The Office of the Auditor General (OAG) identified this gap during the 2023 - 2024 interim audit, recommending that the Shire regularly update its risk registers and present them to the Audit and Risk Committee and Council for review.

The Shire's Business Continuity Plan, last reviewed in 2023, has yet to be tested for effectiveness, but the Shire plans to begin testing in early 2025.

Management Comment:

The Shire is advised to establish clear timelines and allocate resources for developing detailed risk registers to capture both strategic and operational risks, including treatment action plans and risk owners. The processes for obtaining endorsement from the Audit and Risk Committee and/or Council should also be considered. Additionally, the current Business Continuity Plan is currently in planning and will be procured for in December 2024 with expected completion by 30 April 2025.

Audit Finding – Fraud Control Plan

Finding Rating: High

The Shire has a Code of Conduct for employees and Governance Framework in place which describe some requirements and processes related to misconduct, conflict of interests and fraud. The Shire does not currently have a Fraud Control Plan or related documents in place. The Public Sector Management Act requires a formal integrity framework to be in place. The Shire is in the process of developing the following documents however no clear timelines for completion have been identified:

- Integrity Framework
- Fraud and Corruption Policy
- Fraud and Corruption Control Plan

Management Comment:

Management agrees with this recommendation. The policy will be developed by the Manager of Governance, Strategy and Risk, and the Manager of Information Services, with a target completion date of 30 March 2025.

Audit Finding – Manual Journal Approval Process and Reconciliations

Finding Rating: Medium

The recommendation is to implement clear record-keeping requirements for manual journals and reconciliations, including capturing essential details such as the names of officers performing checks, their approvers, and the dates these tasks are completed.

Management Comment:

Management agrees with this observation and will review current processes to ensure proper approvals are consistently documented. The action has a target completion date of 31 January 2025.

Audit Finding – Asset Stocktake Processes (Fleet and IT Assets)

Paxon identified that the Shire lacks formal procedures for conducting stocktakes of assets, and there are gaps in the processes for It Assets and Fleet Management. Specifically, no evidence was provided that a formal stocktake of IT devices was performed, and it was unclear whether asset records were consistently updated. For the fleet, the last stocktake

occurred in July 2023, but no verification evidence was recorded for the fleet items in the most recent listing.

Finding Rating: Medium

Management Comment:

Management acknowledges the need for formal stocktake procedures and plans to implement a policy that will define the requirements, frequency, and approval processes to ensure consistency and accountability. While staff vacancies and turnover in IT and the depot have impacted stocktake consistency, the Shire will reinforce organisational expectations to ensure regular and well-documented stocktakes in the future. The expected completion date of this policy is targeted for 30 June 2025.

Audit finding – Annual Review of Delegations

Finding Rating: Low

The Shire conducts annual reviews of its delegations as required by the *Local Government Act 1995* (s5.46), with the latest review of its delegated authority register completed in May 2024.

Paxon conducted a high-level review of the Shire's financial delegations, comparing them to the delegated authority register and performing sample testing to ensure alignment. No significant issues were identified. However, an opportunity for improvement was noted, suggesting that the Shire include a review of financial delegations within its system, such as purchase order and invoice approval delegations, during its annual review to ensure alignment with the delegated authority register.

Management Comment:

Management plans to consider the alignment the review of the Delegation Authority Register with the periodic review of the Expenditure Authorisation Policy to ensure consistent and efficient governance of financial delegations. This process will also involve reviewing the related system setup to identify and address any discrepancies or inefficiencies, with a target completion date of 30 June 2025.

Audit Finding – Monitoring Over Procurement Processes

Finding Rating: Low

The Shire has well-established procurement processes, including checklists, templates, and training for procurement officers, as well as support for business areas to ensure necessary documents and approvals are in place before finalising procurements. However, the Shire does not conduct periodic monitoring to ensure compliance with procurement requirements or to assess the effectiveness of its processes, such as identifying issues like split purchase orders or potential contravention of procurement principles.

Management Comment:

The recommendation is for the Shire of Broome to implement periodic monitoring of procurement processes and ensure that supporting documentation is retained to verify the completion of such monitoring. Management acknowledges this finding and agrees with

the need for periodic monitoring to reduce the risk of non-compliance, such as split purchase orders with a target completion date of 30 April 2025.

Audit Finding – Public Interest Disclosure Processes

Finding Rating: Low

Paxon identified gaps in information and reporting processes, leading to potential non-reporting of fraud or inadequate responses to fraud or misconduct reports.

Management Comment:

Management agrees with the comment to review and update the PID Procedure to include the PID officer contact details and has set a target completion date of 30 April 2025.

Overall, the review undertaken by Paxon concludes that the Shire has appropriate and effective systems and procedures in place to manage and mitigate risk; but identifies the areas for further improvement.

An update on the findings will be presented to the Audit and Risk Committee on a quarterly basis, starting in the first quarter of 2025.

Item 5.2 Annual Financial Report And Audit Report 2023/24

The 2024 financial statements were submitted to the OAG on 20 September 2024. The statutory requirement is to submit by 30 September 2024.

The Shire of Broome has received a clear (unmodified) audit opinion from the OAG, with an emphasis of matter highlighted.

The emphasis of matter pertains to the Restatement of Comparative Balances. Specifically, attention is drawn to Note 29 of the financial report, which outlines that amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The audit opinion remains unmodified regarding this matter. The two restatements are the result of a review of accounting treatment, summarised below:

- 1. Developer Contributions:** During the year, the Shire reviewed its accounting for developer contributions and determined that they did not meet the statutory definition of a "developer contribution." Instead, these are Standard Infrastructure Contributions under AASB 1058 and should be recognised as revenue upon receipt.

As a result, prior year contributions were corrected by removing the liability balance from the Balance Sheet and adjusting the Retained Surplus – Equity account. This is considered a material prior year error, corrected in the 2023/24 financial year with comparatives restated for 2022/23. The funds will continue to be transferred to the Shire's Reserve Fund as per Council policy.

A prior year correction recognised \$166,229 as revenue for the year ended 30 June 2023 and \$1,701,173 for the year ended 30 June 2022, with the latter adjustment reflected in opening retained earnings as of 1 July 2022. The collection and use of the funds remain unchanged, but the accounting treatment now accurately reflects their nature.

- 2. Self- Supporting Loan (BSLSC):** The Shire revised the recognition of a loan receivable for the construction of a clubhouse on Shire land. A \$1,000,000 loan was drawn in 2022/23 to part-fund the project. However, the self-supporting loan agreement was not signed by both parties, and the 2023 financial report recognised the loan liability but not the receivable.

As the agreement remains unsigned and there was uncertainty about the correct accounting treatment, external accounting advice, audit teams from RSM and OAG, and Shire management agreed to recognise part of the receivable in the 2024 financial report. \$690,746 of the loan has been recognised as self-supporting as a prior year adjustment, with an additional \$151,294 recognised in 2024, and the remaining \$157,960 to be recognised in the 2025 financials once the agreement is signed.

No significant issues were raised requiring a report to the Minister.

Audit Findings

The 2024 final audit raised eight internal control improvement recommendations, identified in the table below. The Management Letter (Confidential Attachment 3) provides further detail on each finding, including an audit recommendation and Management comment. No findings identified were determined to be significant. The contents of the report are deemed confidential due to the potential risk of increased vulnerability to fraudulent or illegal activities if released publicly.

Findings	Prior year finding	Rating	Target completion date
1. Incorrect recognition of Loan Receivable from the Broome Surf Life Saving Club		Moderate	30-Jun-25
2. Timeliness and evidence of review of general journals		Moderate	31-Jan-25
3. Non-timely reconciliation of key account balances	Yes	Moderate	30-Jun-25
4. Non-confirmation of goods received or services transferred		Minor	30-Jun-25
5. No testing of business continuity (BCP) and disaster recovery plan (DRP)		Minor	DRP: 31-Jan-25 BCP: 31-July-25
6. Portable and attractive assets register not maintained	Yes	Minor	30-Jun-25
7. Bonds and deposits register not maintained	Yes	Minor	28-Feb-25
8. No policies and procedures for Inventory management	Yes	Minor	31-Dec-25

Audit findings are rated as either significant, moderate or minor. Four of the findings are new (two moderate and two minor), and four have been identified in a prior audit, which are being progressed by Officers (one moderate, three minor). Officers have proposed completion dates for each item.

Outstanding items will be addressed and presented at each subsequent ARC meeting until appropriately resolved.

Identified Accounting Misstatements

The auditors identified two minor misstatements in the financial report that remain unadjusted. These items, detailed below, are included in the Management Representation Letter (Attachment 1) as required under Auditing Standard ASA 320, *Materiality and Audit Adjustments*:

1. **\$204,586** – Infringement notice revenue recognised in the current financial year but relating to the prior year.
2. **\$214,088** – Self-supporting loan contribution recognised in the current financial year but relating to the prior year.

Both items were thoroughly reviewed and discussed between the Shire, RSM, and OAG, with agreement reached on the presentation of these unadjusted items.

Other Matters

No instances of fraud were identified for reporting, and there were no disagreements with management regarding significant accounting matters.

2023/24 Operating Result

The Audited Financial Report for the year ended 30 June 2024 received audit signoff on 9 December 2024, and resulted in a \$5,913,170 carried forward operating surplus, which is summarised below:

	Budgeted Opening Position 2024/25	Actual Opening Position as per 2024 AFR
Expenditure budget carried over	22,244,377	21,237,420
Income budget carried over (inc plant sales)	-9,546,136	-9,770,364
Borrowings budget carried over	-3,963,081	-3,963,717
Reserve transfers budget carried over	-4,607,140	-3,604,839
FA grant received in advance	0	1,933,104
Net surplus/(deficit) available	0	81,566
Net surplus	4,128,020	5,913,170
<i>less reduction in 2024/25 Budget for FA Grant</i>		-1,895,841
		4,017,329

The actual surplus amount stated excludes non-cash transactions such as depreciation, gains or losses from asset revaluations, profit or loss from plant disposal, and provisions for credit losses.

Budget Overview: The 2024/25 Annual Budget, adopted at the Special Council Meeting on 22 August 2024, included an estimated carried-forward operating surplus of **\$4,128,020** from the 2023/24 financial year. This surplus comprised:

- \$22,244,377 for ongoing or externally funded projects.
- \$14,153,276 from cashflows linked to reserves, asset sales, and external grants.
- \$3,963,081 from proposed borrowings for Cable Beach Stage 1 and the Staff Housing project.

These figures were preliminary and calculated before the finalisation of the 2023/24 financial year.

Final Financial Position: After completing year-end processes, the confirmed carried-forward surplus is **\$5,913,170**, broken down as follows:

- \$1,933,104 from advance Financial Assistance Grant funding.
- \$3,017,638 net surplus from capital projects.
- \$880,862 net surplus from operating projects.
- \$81,566 untied surplus.

Advance Financial Assistance Grant Impact: The Federal Government provides an annual Financial Assistance Grant (covering general purpose and road funding) through the WA Local Government Grants Commission. The 2024/25 allocation was partially paid in advance on 26 June 2024, inflating the 2023/24 closing position. This requires an amendment to the 2024/25 budget to account for the advance payment (\$1,895,841 decrease in income). Additional grant funds are expected later in 2024/25 to complete the annual allocation.

Budget Compliance and Monitoring: The Shire of Broome is required to budget for an end-of-year closing position of \$0, or within 10% of the rates raised, as per statutory principles. The Shire adopts a \$0 closing balance position.

To ensure compliance, internal controls including quarterly budget reviews are in place. Responsible officers review expenditures and forecast potential variances. All budget amendments must be approved by an Absolute Majority of Council.

During the 3rd quarter budget review for 2023/24, a closing deficit of **\$213,342** was forecast for 30 June 2024, assuming all budgets were met. This forecast considered the cash needed to maintain services and projects and was detailed in quarterly reviews and monthly financial statements.

Following end-of-year reconciliations and audit, the final untied surplus is confirmed at **\$81,566**.

Carry-Over Projects: The Executive Management Group has reviewed the carry-over project list to ensure all retained projects are essential. These include:

- Grant or reserve-funded projects,
- Committed projects,
- Asset Management Plan (AMP) renewals, where funds are allocated to appropriate reserves for future use.

CONSULTATION

Item 5.1 Regulation 17 Internal Audit Review

Paxon Group for the purpose of undertaking the Regulation 17 Audit process.

Item 5.2 Annual Financial Report And Audit Report 2023/24

The preparation of the Annual Financial Report involved collaboration with key stakeholders to ensure compliance with statutory requirements and alignment with financial management best practices. This included:

- The **Office of the Auditor General (OAG)** and its contracted auditing firm, **RSM Australia (RSM)**, to oversee the audit process and address audit requirements.
- **Moore Australia**, which provided technical local government accounting advice and preparation of the statutory financial report.
- **Source Business Partners**, who prepared the financial workpapers and provided specialist advice on local government financial reporting.
- The **Department of Local Government, Sport and Cultural Industries**, for guidance on regulatory compliance.

These partnerships ensured a thorough and transparent process in the preparation and review of the Annual Financial Report.

STATUTORY ENVIRONMENT

Item 5.1 Regulation 17 Internal Audit Review

Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedure in relation to-*
 - (a) *Risk management; and*
 - (b) *Internal control; and*
 - (c) *Legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

Item 5.2 Annual Financial Report And Audit Report 2023/24

Local Government Act 1995

6.4. Financial report

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
 - (a) *be prepared and presented in the manner and form prescribed; and*
 - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
 - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
 - (b) *the annual financial report of the local government for the preceding financial year.*

s7.9 Audit to be conducted

- (1) *An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —*
 - (a) *the mayor or president; and*

- (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
- (a) there is any error or deficiency in an account or financial report submitted for audit; or
 - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
 - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
- (a) prepare a report thereon; and
 - (b) forward a copy of that report to the Minister, and that direction has effect according to its terms.
- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —
- (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (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
- (4) A local government must —
- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

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

POLICY IMPLICATIONS

Item 5.1 Regulation 17 Internal Audit Review

Shire of Broome Code of Conduct for Council Members, Committee Members and Candidates.

Shire of Broome Council Policy Risk Management.

Item 5.2 Annual Financial Report And Audit Report 2023/24

Nil.

FINANCIAL IMPLICATIONS**Item 5.1 Regulation 17 Internal Audit Review**

The cost of conducting the Regulation 17 Audit was included in the 2023 / 2024 Budget.

Item 5.2 Annual Financial Report And Audit Report 2023/24

Adopting the Annual Financial Report ensures compliance with statutory financial reporting obligations and promotes transparency for both Council and the community.

The committed expenditure and corresponding income sources detailed in Attachment 5 will require an absolute majority vote to approve any budget amendments for the 2024/25 financial year. Furthermore, reconciling the final financial position with proposed carryover projects will also necessitate an absolute majority decision to allocate the untied portion of the net surplus.

Officers recommend \$81,566 of the untied surplus funds are transferred to the Public Open Space (POS) Reserve to support the Walmanyjun Cable Beach Foreshore Redevelopment Stage 2.

RISK**Item 5.1 Regulation 17 Internal Audit Review**

There is reputational risk from non-compliance with the legislative requirement to complete an audit regulation 17 review triennially. The external Regulation 17 Audit being conducted mitigates this risk.

Item 5.2 Annual Financial Report And Audit Report 2023/24

The audited Annual Financial Report is a critical control tool, ensuring transparency and accountability in the Shire's financial management. It communicates to Council and stakeholders that the financial position, operational outcomes, cash flows, equity changes, and financial activities are free from material misstatements due to fraud or error.

The audit findings highlight areas where improvements are necessary, prompting management to either implement corrective measures or recommend reviews of existing processes. These actions support the Shire's ongoing efforts to maintain robust internal controls and sound financial governance.

The report also evaluates Council's financial capacity to meet its strategic and operational objectives. Identified variances or findings may highlight the need to reassess budget assumptions, workforce allocation, or overall resource capacity to achieve strategic goals effectively.

A recommendation from the Committee for Council to adopt the Annual Financial Report, Audit and Management Reports, and the CEO's Report is crucial to ensure compliance with statutory requirements. Failure to adopt these documents could delay the approval of the 2023/24 Annual Report, which would, in turn, impact the timely scheduling of the Annual Electors' Meeting (AEM). This represents a significant risk, as it could disrupt compliance with statutory obligations related to the AEM. Furthermore, such delays could have a substantial reputational impact, as the AEM attracts considerable attention from ratepayers and the community.

Should the Committee recommend alternative allocations for the 2023/24 surplus, aligned with Council's risk appetite, the associated risk is considered moderate. This risk can be effectively mitigated through adherence to the report recommendations, ensuring clarity and alignment with strategic priorities.

STRATEGIC ASPIRATIONS

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

Outcome 11 - Effective leadership, advocacy and governance

Objective 11.2 Deliver best practice governance and risk management.

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

Simple Majority

AUDIT AND RISK COMMITTEE RECOMMENDATION 2:

That Council:

1. *Accept the findings of the Chief Executive Officer's review of the Shire of Broome's systems and procedures concerning risk management, internal control, and legislative compliance in **Attachment 1**.*
2. *Requests the Chief Executive Officer provide quarterly progress reports to the Audit and Risk Committee on the implementation of the improvement recommendations identified in the review in Attachment 1 until all issues have been resolved.*

Absolute Majority

AUDIT AND RISK COMMITTEE RECOMMENDATION 3:

That Council:

1. Receive the Chief Executive Officer's report relating to the audit.
2. Receive the:
 - (a) Management Representation Letter as per **Attachment 1**;
 - (b) Audited Annual Financial Report including the Independent Auditor's Report as per **Attachment 1**; and
 - (d) Audit Management Letter as per **Confidential Attachment 2**.
3. Adopt the Audited Annual Financial Report dated 9 December 2024 and the Audit Management Letter for the year ended 30 June 2024 as per **Attachment 1**.
4. Confirms the allocation of the net surplus from the 2023/24 financial year as per **Attachment 1** with the balance of \$81,566.
5. Acknowledging the advance payment of the Financial Assistance Grant in June 2024, approves budget amendments to decrease GL 100303010 General Purpose Grant by \$1,429,836 and GL 101203050 Untied Roads Grant by \$466,005.
6. Approves an allocation of \$81,566 of net 2023/24 surplus to GL 101119890 Transfer to POS Reserve for Walmanyjun Cable Beach Foreshore Redevelopment Stage 2.

Attachments

1. Unconfirmed Minutes of the Audit and Risk Committee Meeting held 10 December 2024
2. Confidential Minutes of the Audit and Risk Committee Meeting held 10 December 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".



UNCONFIRMED MINUTES

OF THE

AUDIT AND RISK COMMITTEE MEETING

10 DECEMBER 2024

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

Signed:

**SHIRE OF BROOME
AUDIT AND RISK COMMITTEE MEETING
TUESDAY 10 DECEMBER 2024
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MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING OF THE SHIRE OF BROOME,
HELD IN THE COUNCIL CHAMBERS, CORNER WELD AND HAAS STREETS, BROOME,
ON TUESDAY 10 DECEMBER 2024, COMMENCING AT 09.00AM.

1. OFFICIAL OPENING

The Chair welcomed Councillors and officers and declared the meeting open at 9:04am.

2. ATTENDANCE AND APOLOGIES

ATTENDANCE

Members:	Cr D Male C Mitchell Cr M Virgo	Chair, Deputy Shire President Shire President
Observers:	Cr S Cooper Cr E Smith	
Apologies:	Nil.	
Leave of Absence:	Nil.	
Officers:	Mr S Mastrolembo Mr J Hall Ms R Doyle Ms E French Ms E Kerr	Chief Executive Officer Director Infrastructure Manager Governance, Strategy and Risk Manager Financial Services Creditors Officer

3. DECLARATIONS OF FINANCIAL INTEREST / IMPARTIALITY

Committee Member	Item No	Item	Nature of Interest
Nil.			

4. CONFIRMATION OF MINUTES

COMMITTEE RESOLUTION: *Minute No. AR/1224/001*
Moved: *Cr D Male* **Seconded:** *Shire President C Mitchell*
That the Minutes of the Audit and Risk Committee held on 29 October 2024, as published and circulated, be confirmed as a true and accurate record of that meeting.
CARRIED UNANIMOUSLY 3/0

5. REPORTS OF OFFICERS

5.1 REGULATION 17 INTERNAL AUDIT REVIEW	
LOCATION/ADDRESS:	Nil
APPLICANT:	Nil
FILE:	COA01
AUTHOR:	Manager Governance, Strategy And Risk
CONTRIBUTOR/S:	Nil
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF INTEREST:	Nil

SUMMARY:
 Regulation 17 of the *Local Government (Audit) Regulations* requires the Chief Executive Officer (CEO) to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to risk management, internal control and legislative compliance.
 The Shire of Broome (Shire) engaged Paxon Group (Paxon) to undertake this review on behalf of the CEO.
 This report presents the findings of that review to the Audit and Risk Committee and subsequently to Council.

BACKGROUND

Previous Considerations

ARC 14 May 2019	Item 5.1	Audit Regulation 17 Risk Biannual Progress Report
OMC 30 May 2019	Item 10.3	Minutes Of The Audit And Risk Committee Meeting Held 14 May 2019
ARC 13 December 2021	Item 5.1	Audit Regulation 17 – CEO Review of Certain Systems and Procedures
OMC 16 December 2021	Item 13.1.1	Audit Regulation 17 - CEO Review Of Certain Systems And Procedures

Regulation 17 of the *Local Government (Audit) Regulations 1996* was introduced in early 2013. In June 2018, amendments to Regulation 17 changed the frequency of reviews from once every two financial years to at least once every three financial years. Both subsequent reviews were undertaken internally, with officers utilising tools such as the Department of Local Government’s Operational Guidelines to assess internal controls and legislative compliance.

In line with Regulation 17 requirements, the Shire’s last review was undertaken internally and was presented to the Audit and Risk Committee on 13 December 2021 and then subsequently endorsed by Council.

The risk management functions of the local government should manage the creation and protection of value within the Shire of Broome (Shire). Effective risk management improves performance, encourages innovation and supports the achievement of objectives.

Internal controls are the systematic measures (such as reviews, checks and balances, methods and procedures) instituted by an organisation to; conduct its business in an orderly and efficient manner, safeguard its assets and resources, deter and detect errors, fraud and theft, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans. Internal controls are a key component of a sound governance framework, which uses instruments such as policies, delegations, authorisations, audit practices, information systems and security, management and operation techniques and human resource practice to create a network of control mitigation to maintain appropriate levels of risk.

Legislative compliance involves monitoring compliance with legislation and regulations, reviewing the annual Compliance Annual Return, staying informed about how management is monitoring the effectiveness of its compliance, reviewing procedures that handle complaints, monitoring the local government’s compliance framework, obtaining assurances against adverse trends, reviewing statutory and financial returns and other evaluating, monitoring and problem solving against significant compliance issues.

The review may relate to any or all the matters in the regulation however, each of those matters is subject to review no less than once every three financial years. In accordance with Regulation 16(c) of the *Local Government (Audit) Regulations 1996*, the Audit Committee is required to review a report prepared by the CEO, and subsequently report to the Council the results of the Committee’s review.

COMMENT

The Shire engaged the external auditor, Paxon, on 12 September 2024 to conduct the Shire of Broome Regulation 17 Internal Audit Review. The review was conducted remotely via email, shared electronic folders and telephone correspondence during the period between 25 September 2024 and 25 November 2024. The findings and outcomes of the review are detailed in the attached report (**Attachment 1**).

As per the Executive Summary of findings (section 2 of **Attachment 1**), Paxon found that, subject to eight recommendations, “The Shire appears to be aware of its improvement requirements and has developed or commenced steps to address some of the points”.

The table and breakdown below summarise the eight findings, with the review providing further detail and recommendations for each. As highlighted in the review, the findings are presented on an exception basis, reflecting identified issues while excluding areas tested where policies, procedures, and processes were found to be appropriate and in line with best practices. It is important to note that due to inherent limitations, the review was not designed to identify all weaknesses and does not assess the internal control structure in its entirety.

Risk Area	Finding	Paxon Risk Rating
Risk	5.1 Internal audit program	Medium Risk
	5.2 Operation of risk management processes	Medium Risk
Internal Control	6.1 Fraud control plan	High Risk
	6.2 Manual journal approval process and reconciliations	Medium Risk

Risk Area	Finding	Paxon Risk Rating
	6.3 Asset stocktake Processes (fleet and IT assets)	Medium Risk
	6.4 Annual review of delegations	Low Risk
	6.5 Monitoring over procurement processes	Low Risk
Legislative Compliance	7.1 Public interest disclosure processes	Low Risk

Audit Finding – Internal Audit Program

Finding Rating: Medium

During the audit, it was noted that the Shire of Broome does not have an internal audit function in place. As a result, there is currently no internal audit program to review internal controls and key business areas, aside from the annual financial audits conducted by the Office of the Auditor General (OAG). Additionally, it was highlighted that in June 2024, the OAG conducted a performance audit focused on local government physical security of server room assets, which included the Shire of Broome.

Management Comment:

Management acknowledges the finding and has agreed to establish an internal audit program to provide assurance over key risk and internal control areas for the Shire with completion by 30 September 2025.

Audit Finding – Operation of Risk Management Processes

Finding Rating: Medium

The Shire has two risk management policies in place, addressing strategic and operational risks, with regular reporting to the Council and Audit and Risk Committee. These policies were last reviewed in 2023, and risk management plans were presented to the Audit and Risk Committee in November 2022. However, risk management is not yet fully operational, as the Shire is in the process of developing risk registers for both strategic and operational risks. These registers will include treatment action plans and responsible officers.

The Office of the Auditor General (OAG) identified this gap during the 2023 - 2024 interim audit, recommending that the Shire regularly update its risk registers and present them to the Audit and Risk Committee and Council for review.

The Shire’s Business Continuity Plan, last reviewed in 2023, has yet to be tested for effectiveness, but the Shire plans to begin testing in early 2025.

Management Comment:

The Shire is advised to establish clear timelines and allocate resources for developing detailed risk registers to capture both strategic and operational risks, including treatment action plans and risk owners. The processes for obtaining endorsement from the Audit and Risk Committee and/or Council should also be considered. Additionally, the current Business

Continuity Plan is currently in planning and will be procured for in December 2024 with expected completion by 30 April 2025.

Audit Finding – Fraud Control Plan

Finding Rating: High

The Shire has a Code of Conduct for employees and Governance Framework in place which describe some requirements and processes related to misconduct, conflict of interests and fraud. The Shire does not currently have a Fraud Control Plan or related documents in place, The Public Sector Management Act requires a formal integrity framework to be in place. The Shire is in the process of developing the following documents however no clear timelines for completion have been identified:

- Integrity Framework
- Fraud and Corruption Policy
- Fraud and Corruption Control Plan

Management Comment:

Management agrees with this recommendation. The policy will be developed by the Manager of Governance, Strategy and Risk, and the Manager of Information Services, with a target completion date of 30 March 2025.

Audit Finding – Manual Journal Approval Process and Reconciliations

Finding Rating: Medium

The recommendation is to implement clear record-keeping requirements for manual journals and reconciliations, including capturing essential details such as the names of officers performing checks, their approvers, and the dates these tasks are completed.

Management Comment:

Management agrees with this observation and will review current processes to ensure proper approvals are consistently documented. The action has a target completion date of 31 January 2025.

Audit Finding – Asset Stocktake Processes (Fleet and IT Assets)

Paxon identified that the Shire lacks formal procedures for conducting stocktakes of assets, and there are gaps in the processes for It Assets and Fleet Management. Specifically, no evidence was provided that a formal stocktake of IT devices was performed, and it was unclear whether asset records were consistently updated. For the fleet, the last stocktake occurred in July 2023, but no verification evidence was recorded for the fleet items in the most recent listing.

Finding Rating: Medium

Management Comment:

Management acknowledges the need for formal stocktake procedures and plans to implement a policy that will define the requirements, frequency, and approval processes to ensure consistency and accountability. While staff vacancies and turnover in IT and the

depot have impacted stocktake consistency, the Shire will reinforce organisational expectations to ensure regular and well-documented stocktakes in the future. The expected completion date of this policy is targeted for 30 June 2025.

Audit finding – Annual Review of Delegations

Finding Rating: Low

The Shire conducts annual reviews of its delegations as required by the *Local Government Act 1995* (s5.46), with the latest review of its delegated authority register completed in May 2024.

Paxon conducted a high-level review of the Shire’s financial delegations, comparing them to the delegated authority register and performing sample testing to ensure alignment. No significant issues were identified. However, an opportunity for improvement was noted, suggesting that the Shire include a review of financial delegations within its system, such as purchase order and invoice approval delegations, during its annual review to ensure alignment with the delegated authority register.

Management Comment:

Management plans to consider the alignment the review of the Delegation Authority Register with the periodic review of the Expenditure Authorisation Policy to ensure consistent and efficient governance of financial delegations. This process will also involve reviewing the related system setup to identify and address any discrepancies or inefficiencies, with a target completion date of 30 June 2025.

Audit Finding – Monitoring Over Procurement Processes

Finding Rating: Low

The Shire has well-established procurement processes, including checklists, templates, and training for procurement officers, as well as support for business areas to ensure necessary documents and approvals are in place before finalising procurements. However, the Shire does not conduct periodic monitoring to ensure compliance with procurement requirements or to assess the effectiveness of its processes, such as identifying issues like split purchase orders or potential contravention of procurement principles.

Management Comment:

The recommendation is for the Shire of Broome to implement periodic monitoring of procurement processes and ensure that supporting documentation is retained to verify the completion of such monitoring. Management acknowledges this finding and agrees with the need for periodic monitoring to reduce the risk of non-compliance, such as split purchase orders with a target completion date of 30 April 2025.

Audit Finding – Public Interest Disclosure Processes

Finding Rating: Low

Paxon identified gaps in information and reporting processes, leading to potential non-reporting of fraud or inadequate responses to fraud or misconduct reports.

Management Comment:

Management agrees with the comment to review and update the PID Procedure to include the PID officer contact details and has set a target completion date of 30 April 2025.

Overall, the review undertaken by Paxon concludes that the Shire has appropriate and effective systems and procedures in place to manage and mitigate risk; but identifies the areas for further improvement.

An update on the findings will be presented to the Audit and Risk Committee on a quarterly basis, starting in the first quarter of 2025.

CONSULTATION

Paxon Group for the purpose of undertaking the Regulation 17 Audit process.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedure in relation to-*
 - (a) *Risk management; and*
 - (b) *Internal control; and*
 - (c) *Legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

POLICY IMPLICATIONS

Shire of Broome Code of Conduct for Council Members, Committee Members and Candidates.

Shire of Broome Council Policy Risk Management.

FINANCIAL IMPLICATIONS

The cost of conducting the Regulation 17 Audit was included in the 2023 / 2024 Budget.

RISK

There is reputational risk from non-compliance with the legislative requirement to complete an audit regulation 17 review triennially. The external Regulation 17 Audit being conducted mitigates this risk.

STRATEGIC ASPIRATIONS

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

Outcome 11 - Effective leadership, advocacy and governance

Objective 11.2 Deliver best practice governance and risk management.

VOTING REQUIREMENTS

Simple Majority

<u>COMMITTEE RESOLUTION:</u>	
(REPORT RECOMMENDATION)	Minute No. AR/1224/002
Moved: Cr M Virgo	Seconded: Shire President C Mitchell
That the Audit and Risk Committee recommends that Council:	
1. Accept the findings of the Chief Executive Officer's review of the Shire of Broome's systems and procedures concerning risk management, internal control, and legislative compliance in Attachment 1.	
2. Requests the Chief Executive Officer provide quarterly progress reports to the Audit and Risk Committee on the implementation of the improvement recommendations identified in the review in Attachment 1 until all issues have been resolved.	
CARRIED UNANIMOUSLY 3/0	

Attachments

1. Regulation 17 Report - Shire of Broome

Item 5.1 - REGULATION 17 INTERNAL AUDIT REVIEW

PAXON

SHIRE OF BROOME
Regulation 17 Internal Audit Review

Final | 26 November 2024

paxongroup.com.au

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1. INTRODUCTION

1.1 Background & Objective

The objective of our Regulation 17 Review was to provide a report, based on our understanding of the Shire of Broome, to assist the CEO in reporting to the Audit and Risk Committee on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance.

Regulation 17 of the Local Government (Audit) Regulations 1996 states:

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

(a) risk management; and

(b) internal control; and

(c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

1.2 Risks & Scope

The Regulation 17 Review focussed on the risk that the Shire's systems and procedures relating to risk management, internal control and legislative compliance are not appropriate and effective.

The fieldwork was performed in October and November 2024 and focussed on the processes and controls in place at that time, or their last point of operation.

Item 5.1 - REGULATION 17 INTERNAL AUDIT REVIEW



2. EXECUTIVE SUMMARY

Our work has highlighted several areas for improvement within the Shire’s processes and controls frameworks which are set out below. The Shire appears to be aware of its improvement requirements and has developed or commenced steps to address some of the points.

Risk

The Shire does not have an internal audit function to perform specific reviews to provide assurance over its internal control areas. The Shire’s strategic and operational risk registers are being developed however no clear completion timelines have been confirmed due to resourcing issues. The Shire’s current Business Continuity Plan has not been tested to ensure operational effectiveness.

Internal Control

The Shire does not have a Fraud Control Plan in place that addresses the requirements of the Public Service Commission and the OAG. Record keeping gaps were identified within the Shire’s journal entries and payroll reconciliation processes. Asset stocktake processes should be formalised and checks performed on a regular basis as our review identified gaps in the stocktake processes relating to the Shire’s IT assets and fleet. An annual review of delegations is performed however checks on the Shire’s system-based financial delegations could be included. Regular monitoring over procurement processes should also be performed.

Legislative Compliance

The Shire has processes in place to address Public Interest Disclosure requirements. However, its PID procedure was last reviewed in 2014 and details of its current PID officer should be confirmed to ensure accuracy and compliance with current legislative requirements.

All Paxon’s findings are summarised on the following page and documented in detail within sections 5-7 of this report.

We would like to thank all officers that have facilitated the performance of this review.

Risk Area	Finding	Paxon Risk Rating
Risk	5.1 Internal audit program	Medium Risk
	5.2 Operation of risk management processes	Medium Risk
Internal Control	6.1 Fraud control plan	High Risk
	6.2 Manual journal approval process and reconciliations	Medium Risk
	6.3 Asset stocktake Processes (fleet and IT assets)	Medium Risk
	6.4 Annual review of delegations	Low Risk
	6.5 Monitoring over procurement processes	Low Risk
Legislative Compliance	7.1 Public interest disclosure processes	Low Risk



3. METHODOLOGY

Our methodology for this review comprised of the following steps:

- Conducted an initial meeting with management to obtain an understanding of processes and potential issues;
- Developed overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluated the effectiveness of the design of controls to cover the identified risk and tested the operation of the key controls;
- Followed up and confirmed action taken on any previous business issues identified and recommendations made;
- Researched the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes and identified key controls;
- Developed appropriate recommendations for improvement for discussion with management;
- Drafted a report of findings and recommendations and obtained formal responses from management; and
- Finalised the report and issued it to Management for distribution to the Audit and Risk Committee.

Each finding detailed in section 5-7 is rated based on the following scale:

Rating	Definition
High	Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	Moderate contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.



4. INHERENT LIMITATIONS

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review conclusion and any opinion expressed in this report have been formed on the above basis.



5. RISK MANAGEMENT

5.1 Audit Finding – Internal Audit Program

The Shire does not have an internal audit function. Therefore no internal audit program is currently in place to perform reviews over internal controls and key business areas other than the annual financial audits performed by the OAG. Paxon noted that the OAG also performed an additional performance audit over Local Government physical security of server room assets in June 2024 that included the Shire of Broome.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**.

Possible Implications

- Lack of processes to provide ongoing assurance over key risk and internal controls areas
- Failure to identify and manage risks resulting in strategic or operational impacts or failure to achieve desired objectives and outcomes.

Recommendation

Consider the feasibility of developing an internal audit program to provide assurance over key risk and internal control areas for the Shire.

Management Comment:

Management agrees with the recommendation.

Action Owner:

Manager Governance, Strategy and Risk

Target Completion Date:

30 September 2025

Item 5.1 - REGULATION 17 INTERNAL AUDIT REVIEW



5.2 Audit Finding – Operation of Risk Management Processes

The Shire has two risk management policies in place. These provide the Shire’s approach to strategic and enterprise (operational) risks and regular reporting of key risks to the Council and Audit and Risk Committee. These were last reviewed in 2023, and risk management plans were last developed and presented to the Audit Committee in November 2022. However, risk management is not currently operational.

Paxon noted that the Shire is working to develop detailed risk registers to capture strategic and operational risks, as these are currently not in place. These are planned to include treatment action plans and responsible officers. As a result, we have not been able to review the operational effectiveness or maturity of the Shire’s current risk management processes.

The OAG has also raised this issue during the 2023/24 interim audit which included recommendations to update the Shire’s risk registers on a regular basis and provide these to the Audit and Risk Committee and Council for discussion and/or endorsement on a periodic basis.

The Shire’s Business Continuity Plan was last reviewed in 2023. However this has not yet been tested to ensure operational effectiveness. The Shire has indicated that this will commence in early 2025.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**.

Possible Implication

Failure to identify and manage risks resulting in strategic or operational impacts or failure to achieve desired objectives and outcomes.

Recommendations

- 5.2.1 Clear timelines and resourcing should be defined to undertake the work on developing detailed risk registers for capturing the Shire’s strategic and operational risks with treatment action plans and risk owners. Processes to obtain Audit and Risk Committee and/or Council endorsement should be considered accordingly.
- 5.2.2 The current Business Continuity Plan should be tested to ensure operational effectiveness.

Management Comments:

- 5.2.1 Management agrees with the recommendation.
- 5.2.2 Management agrees with the recommendation.

Action Owners:

- 5.2.1 Manager Governance, Strategy and Risk
- 5.2.2 Manager Governance, Strategy and Risk

Target Completion Dates:

- 5.2.1 30 June 2025
- 5.2.2 30 April 2025

6. INTERNAL CONTROL

6.1 Audit Finding – Fraud Control Plan

The Shire has a Code of Conduct for employees and Governance Framework in place which describe some requirements and processes related to misconduct, conflict of interests and fraud. The Shire does not currently have a Fraud Control Plan or similar in place. The Public Sector Management Act requires a formal integrity framework to be in place. The Shire is in the process of developing the following documents however no clear timelines for completion have been identified:

- Integrity Framework
- Fraud and Corruption Policy
- Fraud and Corruption Control Plan

Risk Rating

Paxon has determined this finding to be of **High Risk**.

Possible Implications

- Non-compliance with Public Sector Management Act.
- Failure to identify and manage risks (including fraud) resulting in strategic or operational impacts or failure to achieve desired objectives and outcomes.

Recommendation

Develop a Fraud Control Plan and related documents, leveraging guidance from the OAG and Public Sector Commission.

Management Comment:

Management agrees with the recommendation.

Action Owners:

Manager Governance, Strategy and Risk & Manager Information Services

Target Completion Date:

30 March 2025

Item 5.1 - REGULATION 17 INTERNAL AUDIT REVIEW



6.2 Audit Finding – Manual journal approval process and reconciliations

Review of journals

The Shire uses SynergySoft as its financial system which captures a listing of all manual journals processes, however the system does not allow for capturing details on the preparer and reviewer/approver for journals. As a workaround the Shire's Finance team uses a manual spreadsheet to record the details of the preparer and reviewer of journals processes. However the manual process only captured whether review/ approval was performed without details of the officer who performed the review/approval and the date.

Reconciliations

Paxon performed sample testing on the Shire's reconciliation of bank accounts and payroll. No issues were identified for the bank account reconciliations. For payroll reconciliations, each reconciliation is manually stamped by the officer performing the reconciliation and then by the officer approving it. We noted that for two of the three samples relating to payroll reconciliations performed for March and May 2024, evidence of review and approval was stamped at the time of our audit in October 2024. The Shire informed Paxon that it was unable to recover the original signed reconciliation documents and were therefore re-signed.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**.

Possible Implication

Poor record keeping practices resulting in non-compliance and/or inaccuracies in financial information.

Recommendation

Implement clear record keeping requirements for manual journals and reconciliations performed. This should include capturing key details such as names of the officers performing the checks and approving, as well as the date of these tasks performed.

Management Comment:

We understand and agree with the observation regarding the missing approval evidence for the journals and reconciliations sampled. We will review our current processes and procedures to ensure that proper approvals are consistently documented.

Action Owner:

Manager Financial Services

Target Completion Date:

31 January 2025

Item 5.1 - REGULATION 17 INTERNAL AUDIT REVIEW



6.3 Audit Finding – Asset Stocktake Processes (Fleet and IT assets)

Paxon identified that the Shire does not have any formal internal procedure describing its processes for stocktake of assets. In addition, gaps were identified in performing stocktake processes over the Shire's IT assets and fleet.

IT devices and equipment

No evidence or confirmation was provided on whether a formal stocktake of IT devices contained within the Shire's fixed asset listing was performed. Paxon performed a review of the Shire's IT device register however the Shire was not able to confirm whether records were proactively updated based on stocktakes performed or if records were only updated when devices changes hands.

Fleet

The last formal stocktake of fleet was performed and verified in July 2023. In reviewing the most recent fleet listing provided to Paxon dated October 2024, the Shire informed Paxon that the listing was up to date, however no evidence of checks performed on fleet items were recorded.

Risk Rating

Paxon has determined this finding to be of **Medium Risk**.

Possible Implication

Assets are incorrectly recorded and/or lost, resulting in financial loss.

Recommendations

- 6.3.1 Formalise a procedure to document stocktake requirements including frequency and approval.
- 6.3.2 Perform regular stocktakes of all assets including fleet and IT equipment and retain evidence of checks performed.

Management Comments:

- 6.3.1 Management acknowledges the finding and understands the importance of formalised stocktake procedures. We will develop and implement a Policy to define organisational stocktake requirements, including frequency and approval processes, ensuring consistency and accountability
- 6.3.2 Staff vacancies and turnover in IT and at the depot have impacted the consistency of stocktakes. However, the organisational expectation will be reinforced to ensure regular, well-documented stocktakes are conducted moving forward.

Action Owners:

- 6.3.1 Manager Financial Services
- 6.3.2 Manager Operations & Manager Information Services

Target Completion Dates:

- 6.3.1 31 December 2024
- 6.3.2 30 June 2025

Item 5.1 - REGULATION 17 INTERNAL AUDIT REVIEW



6.4 Audit Finding – Annual Review of Delegations

The Shire performs periodic reviews at least annually of its delegations in accordance with the requirements under the Local Government Act 1995 (s5.46). The Shire's delegated authority register was last reviewed in May 2024.

Paxon performed a high level review of the Shire's financial delegations within its system and compared it to the Shire's delegated authority register. Sample testing was also performed to confirm that system delegations were aligned with the delegated authority register including for acting positions/ higher duties. No specific issues were identified based on testing performed.

An improvement opportunity was noted for the Shire to include a review of the financial delegations within its system when performing its annual review including purchase order and invoice approval delegations to ensure alignment with the delegated authority register.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Inappropriate or incorrect delegations provided to employees.

Recommendation

Include a review of financial delegations within the Shire's system when performing the annual review of the delegated authority register.

Management Comment:

Management will explore aligning the review of the Delegation Authority Register with the periodic review of the Expenditure Authorisation Policy to promote consistent and efficient governance of financial delegations. This process will also include a review of the related system setup to identify and address any discrepancies or inefficiencies.

Action Owner:

Manager Governance, Strategy and Risk, Manager Financial Services

Target Completion Date:

30 June 2025

Item 5.1 - REGULATION 17 INTERNAL AUDIT REVIEW



6.5 Audit Finding – Monitoring over Procurement Processes

The Shire has clearly defined processes in place around procurement including checklists that provide templates and guidance for different procurement values as well as training for procurement officers. The procurement team also provides support to business areas to ensure that all relevant documents and necessary approved are obtained prior to procurements being finalised.

However, the Shire does not perform periodic monitoring to ensure that procurement requirements are met (including contravention of procurement principles such as split purchase orders), and processes are working effectively as defined by its policies and procedures.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Non-compliance with procurement requirements including split purchases.

Recommendation

Perform periodic monitoring over procurement processes and retain supporting documents to evidence completion of such monitoring.

Management Comment:

Management acknowledges the findings and agrees to the periodic monitoring over procurement processes to mitigate the risk of non-compliance including split purchase orders.

Action Owner:

Manager Governance, Strategy and Risk

Target Completion Date:

30 April 2025



7. LEGISLATIVE COMPLIANCE

7.1 Audit Finding – Public Interest Disclosure processes

The Shire has published a Public Interest Disclosure (PID) procedure on its website which documents the PID requirements under the Public Interest Disclosure Act 2003 and reporting breaches to the authorities including the Public Service Commission and Crime and Corruption Commission (CCC). However the policy is dated 2014 and so has not been updated since the Corruption Crime and Misconduct Act (CCM) distinguished between reporting requirements for major and minor breaches. The Shire also has a Code of Conduct for employees and a Complaints policy which was reviewed in October 2023.

The Shire's PID procedure identifies the Director of Corporate Services as the PID Officer. Paxon compared this to the published PSC's PID contact directory which identified the Shire's CEO as the PID officer.

Risk Rating

Paxon has determined this finding to be of **Low Risk**.

Possible Implication

Lack of information and reporting processes resulting in non-reporting of fraud or a failure to adequately address reports of fraud or misconduct.

Recommendation

Review and update the PID procedure including assessing the requirements of the CCM Act and confirm the details of the PID officer to be contacted.

Management Comment:

Management agrees with the comment to review and update the PID Procedure to include the PID officer contact details.

Action Owner:

Director Corporate Services, Manager Governance, Strategy and Risk

Target Completion Date:

30 April 2025

Item 5.1 - REGULATION 17 INTERNAL AUDIT REVIEW



5.2 ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24	
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 review and recommend to Council the adoption of the 2024 Annual Financial Report, Audit Management Letter and applicable budget amendments.

BACKGROUND

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 of a local government. Upon completion of the audit, the auditor must prepare a report and submit it by 31 December following the end of the financial year to:

- (a) The Mayor or President,
- (b) The Chief Executive Officer (CEO), and
- (c) The Minister.

Under *Regulation 10(4) of the Local Government (Audit) Regulations 1996*, the auditor may also prepare a Management Letter, which provides additional commentary on the audit process, internal control issues, or any other matters deemed relevant. While generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of the Shire. This Management Letter accompanies the auditor's report and is similarly forwarded to the individuals specified under section 7.9 of the Act.

The Office of the Auditor General (OAG), with RSM Australia as its contracted auditor for the second consecutive year, conducted the Shire's 2023/24 financial year audit. An Audit Entrance Meeting which outlined the audit process and timeline was held on 22 April 2024, attended by the Audit and Risk Committee, CEO, Shire Executive and officers.

The final audit occurred between 14 October 2024 and 1 November 2024, with follow-up discussions continuing into early December.

The Final Audit Exit Meeting was held on 27 November 2024, attended by the Audit and Risk Committee, CEO, Executive and Shire officers. This satisfies the requirement of section 7.12A(2) of the Act requiring a local government to meet with its auditor at least once every year. During the meeting, the auditors presented an overview of the audit, including:

1. Areas of focus
2. Prior year restatements
3. Management letter points

On 9 December 2024, the OAG issued the signed audit report, including their Opinion and Management Letter, which are attached to this report.

The Audit and Risk Committee (ARC), under its terms of reference, is required to:

1. Review the auditor's reports after considering a report from the CEO on the matters raised.
2. Assess whether any matters raised require action by the local government.
3. Ensure appropriate responses and remedial actions are implemented.

In the instance that the auditor raises findings considered significant in the audit report, the ARC must consider a report prepared by the CEO addressing those significant findings, and state what action the local government has taken or intends to take with respect to each of those findings. As per section 7.12A(4) of the Act:

- within three months of receiving the auditor's report it must be provided to the Minister, and
- a copy of the report published on the local government's official website within 14 days after a local government gives a report to the Minister.

This agenda item ensures compliance with the legislative requirements of the *Local Government Act 1995*, the *Local Government (Audit) Regulations 1996*, and the *Local Government (Financial Management) Regulations 1996*, while facilitating the necessary review and recommendation process for the adoption of the Annual Financial Report.

COMMENT

The 2024 financial statements were submitted to the OAG on 20 September 2024. The statutory requirement is to submit by 30 September 2024.

The Shire of Broome has received a clear (unmodified) audit opinion from the OAG, with an emphasis of matter highlighted.

The emphasis of matter pertains to the Restatement of Comparative Balances. Specifically, attention is drawn to Note 29 of the financial report, which outlines that amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. The audit opinion remains unmodified regarding this matter. The two restatements are the result of a review of accounting treatment, summarised below:

- 1. Developer Contributions:** During the year, the Shire reviewed its accounting for developer contributions and determined that they did not meet the statutory definition of a "developer contribution." Instead, these are Standard Infrastructure Contributions under AASB 1058 and should be recognised as revenue upon receipt.

As a result, prior year contributions were corrected by removing the liability balance from the Balance Sheet and adjusting the Retained Surplus – Equity account. This is considered a material prior year error, corrected in the 2023/24 financial year with comparatives restated for 2022/23. The funds will continue to be transferred to the Shire's Reserve Fund as per Council policy.

A prior year correction recognised \$166,229 as revenue for the year ended 30 June 2023 and \$1,701,173 for the year ended 30 June 2022, with the latter adjustment reflected in opening retained earnings as of 1 July 2022. The collection and use of

the funds remain unchanged, but the accounting treatment now accurately reflects their nature.

2. **Self- Supporting Loan (BSLSC):** The Shire revised the recognition of a loan receivable for the construction of a clubhouse on Shire land. A \$1,000,000 loan was drawn in 2022/23 to part-fund the project. However, the self-supporting loan agreement was not signed by both parties, and the 2023 financial report recognised the loan liability but not the receivable.

As the agreement remains unsigned and there was uncertainty about the correct accounting treatment, external accounting advice, audit teams from RSM and OAG, and Shire management agreed to recognise part of the receivable in the 2024 financial report. \$690,746 of the loan has been recognised as self-supporting as a prior year adjustment, with an additional \$151,294 recognised in 2024, and the remaining \$157,960 to be recognised in the 2025 financials once the agreement is signed.

No significant issues were raised requiring a report to the Minister.

Audit Findings

The 2024 final audit raised eight internal control improvement recommendations, identified in the table below. The Management Letter (Confidential Attachment 3) provides further detail on each finding, including an audit recommendation and Management comment. No findings identified were determined to be significant. The contents of the report are deemed confidential due to the potential risk of increased vulnerability to fraudulent or illegal activities if released publicly.

Findings	Prior year finding	Rating	Target completion date
1. Incorrect recognition of Loan Receivable from the Broome Surf Life Saving Club		Moderate	30-Jun-25
2. Timeliness and evidence of review of general journals		Moderate	31-Jan-25
3. Non-timely reconciliation of key account balances	Yes	Moderate	30-Jun-25
4. Non-confirmation of goods received or services transferred		Minor	30-Jun-25
5. No testing of business continuity (BCP) and disaster recovery plan (DRP)		Minor	DRP: 31-Jan-25 BCP: 31-July-25
6. Portable and attractive assets register not maintained	Yes	Minor	30-Jun-25
7. Bonds and deposits register not maintained	Yes	Minor	28-Feb-25
8. No policies and procedures for Inventory management	Yes	Minor	31-Dec-25

Audit findings are rated as either significant, moderate or minor. Four of the findings are new (two moderate and two minor), and four have been identified in a prior audit, which are being progressed by Officers (one moderate, three minor). Officers have proposed completion dates for each item.

Outstanding items will be addressed and presented at each subsequent ARC meeting until appropriately resolved.

Identified Accounting Misstatements

The auditors identified two minor misstatements in the financial report that remain unadjusted. These items, detailed below, are included in the Management Representation Letter (Attachment 1) as required under Auditing Standard ASA 320, *Materiality and Audit Adjustments*:

1. **\$204,586** – Infringement notice revenue recognised in the current financial year but relating to the prior year.
2. **\$214,088** – Self-supporting loan contribution recognised in the current financial year but relating to the prior year.

Both items were thoroughly reviewed and discussed between the Shire, RSM, and OAG, with agreement reached on the presentation of these unadjusted items.

Other Matters

No instances of fraud were identified for reporting, and there were no disagreements with management regarding significant accounting matters.

2023/24 Operating Result

The Audited Financial Report for the year ended 30 June 2024 received audit signoff on 9 December 2024, and resulted in a \$5,913,170 carried forward operating surplus, which is summarised below:

	Budgeted Opening Position 2024/25	Actual Opening Position as per 2024 AFR
Expenditure budget carried over	22,244,377	21,237,420
Income budget carried over (inc plant sales)	-9,546,136	-9,770,364
Borrowings budget carried over	-3,963,081	-3,963,717
Reserve transfers budget carried over	-4,607,140	-3,604,839
FA grant received in advance	0	1,933,104
Net surplus/(deficit) available	0	81,566
Net surplus	4,128,020	5,913,170
<i>less reduction in 2024/25 Budget for FA Grant</i>		-1,895,841
		4,017,329

The actual surplus amount stated excludes non-cash transactions such as depreciation, gains or losses from asset revaluations, profit or loss from plant disposal, and provisions for credit losses.

Budget Overview: The 2024/25 Annual Budget, adopted at the Special Council Meeting on 22 August 2024, included an estimated carried-forward operating surplus of **\$4,128,020** from the 2023/24 financial year. This surplus comprised:

- \$22,244,377 for ongoing or externally funded projects.
- \$14,153,276 from cashflows linked to reserves, asset sales, and external grants.

- \$3,963,081 from proposed borrowings for Cable Beach Stage 1 and the Staff Housing project.

These figures were preliminary and calculated before the finalisation of the 2023/24 financial year.

Final Financial Position: After completing year-end processes, the confirmed carried-forward surplus is **\$5,913,170**, broken down as follows:

- \$1,933,104 from advance Financial Assistance Grant funding.
- \$3,017,638 net surplus from capital projects.
- \$880,862 net surplus from operating projects.
- \$81,566 untied surplus.

Advance Financial Assistance Grant Impact: The Federal Government provides an annual Financial Assistance Grant (covering general purpose and road funding) through the WA Local Government Grants Commission. The 2024/25 allocation was partially paid in advance on 26 June 2024, inflating the 2023/24 closing position. This requires an amendment to the 2024/25 budget to account for the advance payment (\$1,895,841 decrease in income). Additional grant funds are expected later in 2024/25 to complete the annual allocation.

Budget Compliance and Monitoring: The Shire of Broome is required to budget for an end-of-year closing position of \$0, or within 10% of the rates raised, as per statutory principles. The Shire adopts a \$0 closing balance position.

To ensure compliance, internal controls including quarterly budget reviews are in place. Responsible officers review expenditures and forecast potential variances. All budget amendments must be approved by an Absolute Majority of Council.

During the 3rd quarter budget review for 2023/24, a closing deficit of **\$213,342** was forecast for 30 June 2024, assuming all budgets were met. This forecast considered the cash needed to maintain services and projects and was detailed in quarterly reviews and monthly financial statements.

Following end-of-year reconciliations and audit, the final untied surplus is confirmed at **\$81,566**.

Carry-Over Projects: The Executive Management Group has reviewed the carry-over project list to ensure all retained projects are essential. These include:

- Grant or reserve-funded projects,
- Committed projects,
- Asset Management Plan (AMP) renewals, where funds are allocated to appropriate reserves for future use.

CONSULTATION

The preparation of the Annual Financial Report involved collaboration with key stakeholders to ensure compliance with statutory requirements and alignment with financial management best practices. This included:

- The **Office of the Auditor General (OAG)** and its contracted auditing firm, **RSM Australia (RSM)**, to oversee the audit process and address audit requirements.
- **Moore Australia**, which provided technical local government accounting advice and preparation of the statutory financial report.
- **Source Business Partners**, who prepared the financial workpapers and provided specialist advice on local government financial reporting.
- The **Department of Local Government, Sport and Cultural Industries**, for guidance on regulatory compliance.

These partnerships ensured a thorough and transparent process in the preparation and review of the Annual Financial Report.

STATUTORY ENVIRONMENT

Local Government Act 1995

6.4. Financial report

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to —
 - (a) be prepared and presented in the manner and form prescribed; and
 - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
 - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
 - (b) the annual financial report of the local government for the preceding financial year.

s7.9 Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
 - (a) there is any error or deficiency in an account or financial report submitted for audit; or
 - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
 - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —

- (a) *prepare a report thereon; and*
- (b) *forward a copy of that report to the Minister, and that direction has effect according to its terms.*
- (4) *If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government*

7.12A. Duties of local government with respect to audits

- (1) *A local government is to do everything in its power to —*
 - (a) *assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and*
 - (b) *ensure that audits are conducted successfully and expeditiously.*
- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (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*
- (4) *A local government must —*
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.*

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

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

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

Adopting the Annual Financial Report ensures compliance with statutory financial reporting obligations and promotes transparency for both Council and the community.

The committed expenditure and corresponding income sources detailed in Attachment 5 will require an absolute majority vote to approve any budget amendments for the 2024/25 financial year. Furthermore, reconciling the final financial position with proposed carryover projects will also necessitate an absolute majority decision to allocate the untied portion of the net surplus.

Officers recommend \$81,566 of the untied surplus funds are transferred to the Public Open Space (POS) Reserve to support the Walmanyjun Cable Beach Foreshore Redevelopment Stage 2.

RISK

The audited Annual Financial Report is a critical control tool, ensuring transparency and accountability in the Shire’s financial management. It communicates to Council and stakeholders that the financial position, operational outcomes, cash flows, equity changes, and financial activities are free from material misstatements due to fraud or error.

The audit findings highlight areas where improvements are necessary, prompting management to either implement corrective measures or recommend reviews of existing processes. These actions support the Shire’s ongoing efforts to maintain robust internal controls and sound financial governance.

The report also evaluates Council’s financial capacity to meet its strategic and operational objectives. Identified variances or findings may highlight the need to reassess budget assumptions, workforce allocation, or overall resource capacity to achieve strategic goals effectively.

A recommendation from the Committee for Council to adopt the Annual Financial Report, Audit and Management Reports, and the CEO’s Report is crucial to ensure compliance with statutory requirements. Failure to adopt these documents could delay the approval of the 2023/24 Annual Report, which would, in turn, impact the timely scheduling of the Annual Electors’ Meeting (AEM). This represents a significant risk, as it could disrupt compliance with statutory obligations related to the AEM. Furthermore, such delays could have a substantial reputational impact, as the AEM attracts considerable attention from ratepayers and the community.

Should the Committee recommend alternative allocations for the 2023/24 surplus, aligned with Council’s risk appetite, the associated risk is considered moderate. This risk can be effectively mitigated through adherence to the report recommendations, ensuring clarity and alignment with strategic priorities.

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

Absolute Majority

<u>COMMITTEE RESOLUTION:</u>	
(REPORT RECOMMENDATION)	Minute No. AR/1224/003
Moved: Shire President C Mitchell	Seconded: Cr M Virgo

That the Audit and Risk Committee recommends that Council:

1. Receive the Chief Executive Officer's report relating to the audit.
2. Receive the:
 - (a) Management Representation Letter as per Attachment 1;
 - (b) Audited Annual Financial Report including the Independent Auditor's Report as per Attachment 2; and
 - (c) Audit Management Letter as per Confidential Attachment 3.
3. Adopt the Audited Annual Financial Report dated 9 December 2024 and the Audit Management Letter for the year ended 30 June 2024 as per Attachment 2 and 3 respectively.
4. Confirms the allocation of the net surplus from the 2023/24 financial year as per Attachment 4 with the balance of \$81,566.
5. Acknowledging the advance payment of the Financial Assistance Grant in June 2024, approves budget amendments to decrease GL 100303010 General Purpose Grant by \$1,429,836 and GL 101203050 Untied Roads Grant by \$466,005.
6. Approves an allocation of \$81,566 of net 2023/24 surplus to GL 101119890 Transfer to POS Reserve for Walmanyjun Cable Beach Foreshore Redevelopment Stage 2.

CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 3/0

Attachments

1. Management Representation Letter
2. 2024 Audited Annual Financial Report including Independent Auditor's Report
3. Audit Management Letter (*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".
4. 2023/24 Final Carried Forward Projects

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24



Our Ref: EF-ADM03

5 December 2024

Ms Caroline Spencer
Auditor General
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PERTH WA 6000

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Dear Ms Spencer

REPRESENTATION LETTER IN RESPECT OF THE SHIRE OF BROOME'S ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

This representation letter is provided in connection with your audit of the Shire of Broome's (the Shire) annual financial report for the year ended 30 June 2024 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended 30 June 2024 after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. General

- (a) We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- (b) We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- (c) There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report.
- (d) The prior period comparative information in the financial report has been restated as disclosed in Note 29 to the financial statements.
- (e) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.
- (f) We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
- (g) We have provided your auditors with:

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- (i) Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
- (ii) Additional information that your auditors have requested for the purpose of the audit.
- (iii) Unrestricted access to staff and councillors of the Shire from whom your auditors determined it necessary to obtain audit evidence.
- (h) All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- (i) All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- (j) We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- (k) We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- (l) No frauds or suspected frauds affecting the Shire involving:
 - (i) management
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statementshave occurred to the knowledge of management of the Shire.
- (m) To our knowledge no allegations of fraud or suspected fraud affecting the Shire's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- (n) We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. Fair value measurements and disclosures

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each revalued physical non-current asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions and data used by management in determining fair values are appropriate and have been consistently applied. We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. Going concern

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. Contingent liabilities

The contingent liabilities at year end that have been completely and adequately disclosed in Note 19 to the financial report.

5. Commitments for capital expenditure

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital expenditure contracts carrying over at year end.

6. Contaminated sites

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the Shire that is known to be, or is suspected of being, contaminated. All provisions or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

7. Related entities

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to you if any of the Shire's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2024.

8. Related parties

We have disclosed to your auditors the identity of the Shire's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the Shire's key management personnel and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

9. Key management personnel compensation

We confirm the Shire's key management personnel have not received any other remuneration, consideration or in-kind benefit (except amounts being reimbursements for out-of-pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.

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10. Subsequent events

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the Shire.

11. Internal control

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

12. Insurance

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

13. Risk management

We confirm that we have established and maintained a risk management framework that is appropriate to the Shire.

14. Accounting misstatements

The effects of uncorrected misstatements in the financial report are immaterial, both individually and in the aggregate, to the financial report taken as a whole. A summary of these uncorrected misstatements is listed below.

Account/Disclosure	Reported balance	Actual balance	Variance
	Dr (Cr) \$	Dr (Cr) \$	Dr (Cr) \$
Revenue – Infringement notices (P&L)	(237,107)	(32,521)	204,586
Retained earnings	(153,743,074)	(153,947,660)	(204,586)
<i>Being adjustment for prior year infringement revenue recognised in the current year</i>			
Revenue (capital contribution)	151,293	-	151,293
GST receivable / payable	310,368	247,573	62,795
Opening retained earnings	(155,622,151)	(155,408,063)	(214,088)
<i>Being recognition of revenue relating to self-supporting loan amount in FY2023 instead of FY2024</i>			

15. Electronic presentation of the audited annual financial report and auditor’s report

- (a) We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- (b) We will ensure that the electronic version of the audited annual financial report and the auditor’s report presented on the Shire’s website is the same as the final signed versions of the audited annual financial report and the auditor’s report.

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

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- (c) We have clearly differentiated between audited and unaudited information in the construction of the Shire's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- (d) We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- (e) We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

16. Other (unaudited) information in the annual report

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.



James Watt
Director Corporate Services

5/12/2024.

Date



Salvatore Mastrolembo
Chief Executive Officer

5/12/24

Date

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

**SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

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The Shire of Broome conducts the operations of a local government with the following community vision:

Broome - a future, for everyone

Principal place of business:
27 Weld Street
Broome WA 6725

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Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

**SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**


*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CEO

The accompanying financial report of the Shire of Broome has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position as at 30 June 2024.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 5th day of December 2024



Chief Executive Officer

Salvatore Mastrolembo

Name of Chief Executive Officer

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Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

NOTE	2024 Actual \$	2024 Budget \$	Restated * 2023 Actual \$	
Revenue				
Rates	2(a),25	26,585,004	26,561,200	24,990,045
Grants, subsidies and contributions	2(a)	2,853,130	3,997,267	5,071,704
Fees and charges	2(a)	10,260,381	10,948,496	10,249,483
Interest revenue	2(a)	3,307,419	1,273,202	1,843,730
Other revenue	2(a)	1,569,079	1,275,664	1,623,088
		44,575,013	44,055,829	43,778,050
Expenses				
Employee costs	2(b)	(17,721,170)	(18,520,106)	(16,566,290)
Materials and contracts		(11,155,993)	(14,726,176)	(9,739,714)
Utility charges		(2,454,887)	(2,243,536)	(2,142,307)
Depreciation		(15,410,833)	(15,510,953)	(16,806,742)
Finance costs		(447,837)	(279,008)	(273,946)
Insurance		(808,032)	(879,464)	(1,011,767)
Other expenditure	2(b)	(2,637,510)	(1,763,771)	(1,534,050)
		(50,636,262)	(53,923,014)	(48,074,816)
		(6,061,249)	(9,867,185)	(4,296,766)
Capital grants, subsidies and contributions	2(a)	7,698,360	10,650,596	5,648,997
Profit on asset disposals		100,022	103,734	92,049
Loss on asset disposals		(115,383)	(57,034)	(96,025)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,102	0	4,607
Loss on revaluation of Infrastructure - landfill assets	9(a)	0	0	(340,297)
		7,685,101	10,697,296	5,309,331
Net result for the period	24(b)	1,623,852	830,111	1,012,565
Total comprehensive income for the period		1,623,852	830,111	1,012,565

This statement is to be read in conjunction with the accompanying notes.

* Refer to Note 29 - Correction of Prior Period Error



Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

NOTE	2024 \$	Restated * 2023 \$	Restated * 2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	53,524,615	43,413,804
Trade and other receivables	5	2,570,892	2,015,721
Other financial assets	4(a)	96,154	0
Inventories	6	27,879	31,520
Other assets	7	576,111	225,940
TOTAL CURRENT ASSETS		56,795,651	45,686,985
NON-CURRENT ASSETS			
Trade and other receivables	5	134,560	48,671
Other financial assets	4(b)	2,003,696	1,347,255
Property, plant and equipment	8	87,529,274	86,054,785
Infrastructure	9	324,647,381	332,051,620
Right-of-use assets	11(a)	356,399	0
TOTAL NON-CURRENT ASSETS		414,671,310	419,502,331
TOTAL ASSETS		471,466,961	465,189,316
CURRENT LIABILITIES			
Trade and other payables	12	4,186,894	5,824,127
Other liabilities	13	7,112,533	2,628,768
Lease liabilities	11(b)	132,032	0
Borrowings	14	608,967	444,162
Employee related provisions	15	2,016,446	2,783,876
Other provisions	16	103,000	91,147
TOTAL CURRENT LIABILITIES		14,159,872	11,772,080
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	235,554	0
Borrowings	14	6,626,745	6,786,745
Employee related provisions	15	352,567	267,558
Other provisions	16	4,190,943	3,098,070
TOTAL NON-CURRENT LIABILITIES		11,405,809	10,152,373
TOTAL LIABILITIES		25,565,681	21,924,453
NET ASSETS		445,901,280	443,264,863
EQUITY			
Retained surplus		153,595,865	156,954,726
Reserve accounts	28	38,787,299	32,792,021
Revaluation surplus	17	253,518,116	253,518,116
TOTAL EQUITY		445,901,280	443,264,863

This statement is to be read in conjunction with the accompanying notes.

* Refer to Note 29 - Correction of Prior Period Error



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Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		155,253,553	32,792,021	253,518,116	441,563,690
Correction of error	29	1,701,173	0	0	1,701,173
Restated balance at the beginning of the financial year		156,954,726	32,792,021	253,518,116	443,264,863
Comprehensive income for the period					
Restated Net result for the period		1,012,565	0	0	1,012,565
Restated total comprehensive income for the period		1,012,565	0	0	1,012,565
Transfers from reserve accounts	28	865,430	(865,430)	0	0
Transfers to reserve accounts	28	(3,210,570)	3,210,570	0	0
Restated balance as at 30 June 2023		155,622,151	35,137,161	253,518,116	444,277,428
Comprehensive income for the period					
Net result for the period		1,623,852	0	0	1,623,852
Total comprehensive income for the period		1,623,852	0	0	1,623,852
Transfers from reserve accounts	28	3,357,078	(3,357,078)	0	0
Transfers to reserve accounts	28	(7,007,216)	7,007,216	0	0
Balance as at 30 June 2024		153,595,865	38,787,299	253,518,116	445,901,280

This statement is to be read in conjunction with the accompanying notes.



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Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

NOTE	2024 Actual \$	Restated 2023 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	26,299,580	25,124,787
Grants, subsidies and contributions	2,224,636	5,066,839
Fees and charges	10,031,607	10,223,565
Interest revenue	3,307,419	1,843,730
Goods and services tax received	2,567,995	2,059,329
Other revenue	1,569,079	1,623,088
	46,000,316	45,941,338
Payments		
Employee costs	(17,221,526)	(17,585,775)
Materials and contracts	(10,869,050)	(12,211,222)
Utility charges	(2,454,887)	(2,142,307)
Finance costs	(317,705)	(189,071)
Insurance paid	(808,032)	(1,011,767)
Goods and services tax paid	(2,265,374)	(2,404,945)
Other expenditure	(2,393,236)	(1,534,050)
	(36,329,810)	(37,079,137)
Net cash provided by operating activities	18(b) 9,670,506	8,862,201
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at amortised cost - self supporting loans	(151,294)	0
Payments for purchase of property, plant & equipment	8(a) (5,545,588)	(5,834,039)
Payments for construction of infrastructure	9(a) (11,203,382)	(5,150,713)
Capital grants, subsidies and contributions	10,257,715	8,248,905
Proceeds from financial assets at amortised cost - self supporting loans	96,154	0
Proceeds from sale of property, plant & equipment	570,564	381,253
Net cash (used in) investing activities	(5,975,831)	(2,354,594)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	27(a) (551,033)	(444,162)
Payments for principal portion of lease liabilities	27(c) (96,276)	0
Proceeds from new borrowings	27(a) 0	1,000,000
Net cash provided by (used in) financing activities	(647,309)	555,838
Net increase in cash held	3,047,366	7,063,445
Cash at beginning of year	50,477,249	43,413,804
Cash and cash equivalents at the end of the year	18(a) 53,524,615	50,477,249

This statement is to be read in conjunction with the accompanying notes.



Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024

NOTE	2024 Actual \$	2024 Budget \$	Restated 2023 Actual \$	
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	25	25,848,510	25,951,036	24,361,840
Rates excluding general rates	25	736,494	610,164	628,205
Grants, subsidies and contributions		2,853,130	3,997,267	5,071,704
Fees and charges		10,260,381	10,948,496	10,249,483
Interest revenue		3,307,419	1,273,202	1,843,730
Other revenue		1,569,079	1,275,664	1,623,088
Profit on asset disposals		100,022	103,734	92,049
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,102	0	4,607
		44,677,137	44,159,563	43,874,706
Expenditure from operating activities				
Employee costs		(17,721,170)	(18,520,106)	(16,566,290)
Materials and contracts		(11,155,993)	(14,726,176)	(9,739,714)
Utility charges		(2,454,887)	(2,243,536)	(2,142,307)
Depreciation		(15,410,833)	(15,510,953)	(16,806,742)
Finance costs		(447,837)	(279,008)	(273,946)
Insurance		(808,032)	(879,464)	(1,011,767)
Other expenditure		(2,637,510)	(1,763,771)	(1,534,050)
Loss on asset disposals		(115,383)	(57,034)	(96,025)
Loss on revaluation of non-current assets		0	0	(340,297)
		(50,751,645)	(53,980,048)	(48,511,138)
Non cash amounts excluded from operating activities	26(a)	16,931,769	15,497,961	17,067,941
Amount attributable to operating activities		10,857,261	5,677,476	12,431,509
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		7,698,360	10,650,596	5,648,997
Proceeds from disposal of assets		570,564	718,644	381,253
Proceeds from financial assets at amortised cost - self supporting loans	27(a)	96,154	96,154	0
		8,365,078	11,465,394	6,030,250
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		(151,294)	0	(690,746)
Right of use assets received - non cash	11(a)	(463,862)	0	0
Purchase of property, plant and equipment	8(a)	(5,545,588)	(5,768,713)	(5,834,039)
Purchase and construction of infrastructure	9(a)	(11,203,382)	(20,506,044)	(5,150,713)
		(17,364,126)	(26,274,757)	(11,675,498)
Non-cash amounts excluded from investing activities	26(b)	463,862	0	0
Amount attributable to investing activities		(8,535,186)	(14,809,363)	(5,645,248)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	27(a)	0	2,350,507	1,000,000
Proceeds from new leases - non cash	27(c)	463,862	0	0
Transfers from reserve accounts	28	3,357,078	6,130,711	865,430
		3,820,940	8,481,218	1,865,430
Outflows from financing activities				
Repayment of borrowings	27(a)	(551,033)	(551,027)	(444,162)
Payments for principal portion of lease liabilities	27(c)	(96,276)	0	0
Transfers to reserve accounts	28	(7,007,216)	(4,445,042)	(3,210,570)
		(7,654,525)	(4,996,069)	(3,654,732)
Non-cash amounts excluded from financing activities	26(c)	(463,862)	0	0
Amount attributable to financing activities		(4,297,447)	3,485,149	(1,789,302)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(d)	7,888,542	5,646,738	2,891,583
Amount attributable to operating activities		10,857,261	5,677,476	12,431,509
Amount attributable to investing activities		(8,535,186)	(14,809,363)	(5,645,248)
Amount attributable to financing activities		(4,297,447)	3,485,149	(1,789,302)
Surplus or deficit after imposition of general rates	26(d)	5,913,170	0	7,888,542

This statement is to be read in conjunction with the accompanying notes.

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

**SHIRE OF BROOME
FOR THE YEAR ENDED 30 JUNE 2024
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Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The financial report of the Shire of Broome which is a Class 2 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

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

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

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

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

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment - note 8
 - Infrastructure - note 9
- Expected credit losses on other receivables - note 5
- Measurement of employee benefits - note 15
- Measurement of provisions - note 16

Fair value hierarchy information can be found in note 23

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

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

Initial application of accounting standards
During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years.

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

These amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements

These amendments may result in additional disclosures in the case of applicable finance arrangements.

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2024

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	26,585,004	0	26,585,004
Grants, subsidies and contributions	2,096,564	0	0	756,566	2,853,130
Fees and charges	9,377,975	0	643,025	239,381	10,260,381
Interest revenue	28,132	0	298,374	2,980,913	3,307,419
Other revenue	1,104,126	0	0	464,953	1,569,079
Capital grants, subsidies and contributions	0	7,698,360	0	0	7,698,360
Total	12,606,797	7,698,360	27,526,403	4,441,813	52,273,373

Restated

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	24,990,045	0	24,990,045
Grants, subsidies and contributions	1,397,220	0	0	3,674,484	5,071,704
Fees and charges	9,614,390	0	610,616	24,477	10,249,483
Interest revenue	0	0	228,677	1,615,053	1,843,730
Other revenue	841,306	0	0	781,782	1,623,088
Capital grants, subsidies and contributions	0	4,331,130	0	1,317,867	5,648,997
Total	11,852,916	4,331,130	25,829,338	7,413,663	49,427,047

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2. REVENUE AND EXPENSES (Continued)

	2024	2023
	Actual	Actual
(a) Revenue (Continued)		
	\$	\$
Interest revenue		
Financial assets at amortised cost - self supporting loans	77,931	25,671
Interest on reserve account	1,779,336	1,046,705
Trade and other receivables overdue interest	298,374	228,676
Other interest revenue	1,151,778	542,678
	3,307,419	1,843,730
The 2024 original budget estimate in relation to: Trade and other receivables overdue interest was \$270,000.		
Fees and charges relating to rates receivable		
Charges on instalment plan	54,483	52,042
The 2024 original budget estimate in relation to: Charges on instalment plan was \$56,100.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	150,200	144,950
- Other services – grant acquittals	25,422	12,050
	175,622	157,000
Employee Costs		
Employee benefit costs	16,598,714	12,716,195
Other employee costs	1,122,456	3,850,085
	17,721,170	16,566,290
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	317,705	189,071
Provisions: unwinding of discount	130,132	84,875
	447,837	273,946
Other expenditure		
Impairment losses on other receivables	244,274	0
Estimated remediation costs	1,196,000	0
Sundry expenses	1,197,236	1,534,050
	2,637,510	1,534,050

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

3. CASH AND CASH EQUIVALENTS

Note	2024	2023
	\$	\$
Cash at bank and on hand	53,524,615	50,477,249
Total cash and cash equivalents	53,524,615	50,477,249
Held as		
- Unrestricted cash and cash equivalents	7,624,783	9,850,632
- Restricted cash and cash equivalents	45,899,832	40,626,617
	53,524,615	50,477,249

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

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

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Note	2024	2023
	\$	\$
Financial assets at amortised cost	96,154	96,154
	96,154	96,154
Other financial assets at amortised cost		
Self supporting loans receivable	96,154	96,154
	96,154	96,154
Held as		
- Unrestricted other financial assets at amortised cost	96,154	96,154
	96,154	96,154

(b) Non-current assets

Financial assets at amortised cost	1,899,732	1,844,592
Financial assets at fair value through profit or loss	103,964	101,862
	2,003,696	1,946,454
Financial assets at amortised cost		
Self supporting loans receivable	1,899,732	1,844,592
	1,899,732	1,844,592
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	101,862	97,255
Movement attributable to fair value increment	2,102	4,607
Units in Local Government House Trust - closing balance	103,964	101,862

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

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5. TRADE AND OTHER RECEIVABLES

Note	2024	2023
	\$	\$
Current		
Rates and statutory receivables	1,052,012	786,301
Trade receivables	1,336,602	663,392
Other receivables - infringements	244,390	32,860
GST receivable	132,815	435,436
Receivables for employee related provisions	49,347	61,437
Allowance for credit losses of rates and statutory receivables	0	(181,273)
Allowance for credit losses of trade receivables	0	(47,501)
Allowance for credit losses of other receivables	(244,274)	0
	2,570,892	1,750,652
Non-current		
Rates and statutory receivables	93,817	57,373
Receivables for employee related provisions	40,743	25,177
	134,560	82,550

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:	Note	30 June 2024	30 June 2023	1 July 2022
		Actual	Actual	Actual
		\$	\$	\$
Trade and other receivables from contracts with customers		1,244,172	663,392	1,172,126
Allowance for credit losses of trade receivables	5	0	(47,501)	(10,663)
Total trade and other receivables from contracts with customers		1,244,172	615,891	1,161,463

MATERIAL ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

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6. INVENTORIES

	2024	2023
Current	\$	\$
Fuel and materials	21,441	20,025
Other inventories	6,438	10,329
	27,879	30,354
The following movements in inventories occurred during the year:		
Balance at beginning of year	30,354	31,520
Inventories expensed during the year	(409,331)	(364,195)
Additions to inventory	406,856	363,029
Balance at end of year	27,879	30,354

MATERIAL ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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7. OTHER ASSETS

	2024	2023
	\$	\$
Other assets - current		
Prepayments	432,031	160,912
Accrued income	144,080	0
	576,111	160,912

MATERIAL ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Total Property			Plant and equipment				Total property, plant and equipment
	Land	Buildings	Total Property	Furniture and equipment	Plant and equipment	Buildings - work in progress	Furniture and equipment - work in progress	
	\$	\$	\$	\$	\$	\$	\$	
Balance at 1 July 2022	5,130,000	71,067,550	76,197,550	2,085,175	5,969,927	1,785,447	16,686	86,054,785
Additions	0	3,315,592	3,315,592	330,379	1,593,128	594,940	0	5,834,039
Disposals	0	0	0	0	(315,404)	(32,073)	0	(347,477)
Depreciation	0	(2,806,702)	(2,806,702)	(663,305)	(1,023,667)	0	0	(4,493,674)
Transfers	0	1,410,294	1,410,294	16,686	0	(1,410,294)	(16,686)	0
Balance at 30 June 2023	5,130,000	72,986,734	78,116,734	1,768,935	6,223,984	938,020	0	87,047,673
Comprises:								
Gross balance amount at 30 June 2023	5,130,000	75,793,436	80,923,436	4,558,758	14,484,230	938,020	0	100,904,444
Accumulated depreciation at 30 June 2023	0	(2,806,702)	(2,806,702)	(2,789,823)	(8,260,246)	0	0	(13,856,771)
Balance at 30 June 2023	5,130,000	72,986,734	78,116,734	1,768,935	6,223,984	938,020	0	87,047,673
Additions	842,303	589,266	1,431,569	77,850	2,492,675	1,543,494	0	5,545,588
Disposals	0	0	0	0	(585,925)	0	0	(585,925)
Depreciation	0	(3,152,005)	(3,152,005)	(268,292)	(1,077,898)	0	0	(4,498,195)
Transfers	0	240,263	240,263	(212,564)	0	(7,566)	0	20,133
Balance at 30 June 2024	5,972,303	70,664,258	76,636,561	1,365,929	7,052,836	2,473,948	0	87,529,274
Comprises:								
Gross balance amount at 30 June 2024	5,972,303	76,622,965	82,595,268	4,424,044	15,641,808	2,473,948	0	105,135,068
Accumulated depreciation at 30 June 2024	0	(5,958,707)	(5,958,707)	(3,058,115)	(8,588,972)	0	0	(17,605,794)
Balance at 30 June 2024	5,972,303	70,664,258	76,636,561	1,365,929	7,052,836	2,473,948	0	87,529,274

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Land and buildings					
Land - vested in and under the control of Council	2 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2022	Sales comparisons (level 2 and 3 inputs)
Buildings	2 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2022	Sales comparisons per lettable area (level 2 inputs), depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

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9. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads	Infrastructure - footpaths, carparks & bridges	Infrastructure - drainage	Infrastructure - recreation areas	Infrastructure - other	Work in progress - roads, footpaths and bridges	Infrastructure - landfill assets	Work in Progress - recreation areas	Work in Progress - other infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	203,973,379	24,698,820	42,714,555	38,777,498	16,849,841	599,152	2,711,510	1,726,865	0	332,051,620
Additions	1,232,329	561,146	72,314	750,508	395,850	656,096	0	1,453,446	29,024	5,150,713
(Disposals)	(37,752)	0	0	0	0	0	0	0	0	(37,752)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	(482,322)	0	0	(482,322)
Depreciation	(4,693,462)	(801,018)	(669,387)	(3,728,807)	(629,448)	0	(1,790,946)	0	0	(12,313,068)
Transfers	523,035	0	0	808,564	0	(523,035)	0	(808,564)	0	0
Balance at 30 June 2023	200,997,529	24,458,948	42,117,482	36,607,763	16,616,243	732,213	438,242	2,371,747	29,024	324,369,191
Comprises:										
Gross balance at 30 June 2023	205,690,991	25,259,966	42,786,869	40,336,570	17,245,691	732,213	3,067,695	2,371,747	29,024	337,520,766
Accumulated depreciation at 30 June 2023	(4,693,462)	(801,018)	(669,387)	(3,728,807)	(629,448)	0	(2,629,453)	0	0	(13,151,575)
Balance at 30 June 2023	200,997,529	24,458,948	42,117,482	36,607,763	16,616,243	732,213	438,242	2,371,747	29,024	324,369,191
Additions	4,297,690	1,246,310	853,926	1,489,303	223,093	144,735	0	2,908,875	39,450	11,203,382
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	(99,884)	0	0	(99,884)
Depreciation	(4,750,113)	(833,081)	(685,407)	(3,785,528)	(694,308)	0	(56,738)	0	0	(10,805,175)
Transfers	649,657	82,556	642,774	(91,896)	(732,213)	95,987	(642,774)	(24,224)	(20,133)	(20,133)
Balance at 30 June 2024	201,194,763	24,954,733	42,286,001	34,954,312	16,053,132	144,735	377,607	4,637,848	44,250	324,647,381
Comprises:										
Gross balance at 30 June 2024	210,638,337	26,588,833	43,640,796	42,468,647	17,374,930	144,735	3,065,757	4,637,848	44,250	348,604,133
Accumulated depreciation at 30 June 2024	(9,443,574)	(1,634,100)	(1,354,795)	(7,514,335)	(1,321,798)	0	(2,688,150)	0	0	(23,956,752)
Balance at 30 June 2024	201,194,763	24,954,733	42,286,001	34,954,312	16,053,132	144,735	377,607	4,637,848	44,250	324,647,381

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9. INFRASTRUCTURE (Continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value - as determined at the last valuation date					
Infrastructure - roads	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths, carparks & bridges	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - recreation areas	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using current replacement cost	Independent registered valuer	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - landfill assets	3	Cost approach using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

Level 2 inputs are based on directly or indirectly observable information in active markets for identical assets or liabilities that the entity can access at the measurement date.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

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10. FIXED ASSETS

(a) Depreciation

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	10 - 80 Years
Furniture and equipment	4 - 10 Years
Plant and equipment	2 - 16 Years
Infrastructure - Roads	8 - 100 Years
Infrastructure - Footpaths, carparks & bridges	15 - 80 Years
Infrastructure - Drainage	50 - 80 Years
Infrastructure - Recreation areas	4 - 100 Years
Infrastructure - Other	4 - 100 Years
Infrastructure - Landfill assets	7 - 50 Years

(b) Fully Depreciated Assets in Use

The gross carrying amount of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2024	2023
	\$	\$
Furniture and equipment	2,076,387	650,272
Plant and equipment	4,640,017	5,445,814
Infrastructure - recreation areas	0	281
	6,716,404	6,096,367

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10. FIXED ASSETS (Continued)

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Local Government (Financial Management) Regulation 17A(5). These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under Local Government (Financial Management) Regulation 17A(2). Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

Reportable Value

In accordance with Local Government (Financial Management) Regulation 17A(2), the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of Local Government (Financial Management) Regulation 17A(4) is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset,
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with Local Government (Financial Management) Regulations 17A(4C), the Shire is not required to comply with AASB 136 *Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

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11. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - plant and equipment \$	Right-of-use assets Total \$
Balance at 30 June 2023		0	0
Additions		463,862	463,862
Depreciation		(107,463)	(107,463)
Balance at 30 June 2024		356,399	356,399
Gross balance amount at 30 June 2024		463,862	463,862
Accumulated depreciation at 30 June 2024		(107,463)	(107,463)
Balance at 30 June 2024		356,399	356,399

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Shire is the lessee:

		2024 Actual \$	2023 Actual \$
Depreciation on right-of-use assets		(107,463)	0
Finance charge on lease liabilities	27(c)	(19,401)	0
Total amount recognised in the statement of comprehensive income		(126,864)	0
Total cash outflow from leases		(115,677)	0

(b) Lease Liabilities

Current		132,032	0
Non-current		235,554	0
	27(c)	367,586	0

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 27(c).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

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12. TRADE AND OTHER PAYABLES

	2024	2023
	\$	\$
Current		
Sundry creditors	2,100,926	1,657,216
Prepaid rates	560,344	543,613
Accrued payroll liabilities	276,723	70,512
Bonds and deposits held	846,171	641,896
Accrued liabilities	402,730	351,048
	4,186,894	3,264,285

MATERIAL ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

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

Prepaid rates

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

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13. OTHER LIABILITIES

	2024	Restated 2023
	\$	\$
Current		
Contract liabilities	259,722	0
Capital grant/contributions liabilities	6,852,811	5,489,456
	<u>7,112,533</u>	<u>5,489,456</u>
Reconciliation of changes in contract liabilities		
Opening balance	0	265,314
Additions	259,722	0
Revenue from contracts with customers included as a contract liability at the start of the period	0	(265,314)
	<u>259,722</u>	<u>0</u>
<p>The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$259,722 (Restated 2023: \$0)</p> <p>The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.</p>		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	5,489,456	2,363,454
Additions	1,363,355	3,126,002
	<u>6,852,811</u>	<u>5,489,456</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

MATERIAL ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

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14. BORROWINGS

	Note	2024			2023		
		Current	Non-current	Total	Current	Non-current	Total
		\$	\$	\$	\$	\$	\$
Loans - WATC		608,967	6,626,745	7,235,712	551,033	7,235,712	7,786,745
Total unsecured borrowings	27(a)	608,967	6,626,745	7,235,712	551,033	7,235,712	7,786,745

MATERIAL ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 27(a).

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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2024	2023
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	1,021,199	1,000,118
Long service leave	667,456	696,913
	1,688,655	1,697,031
Employee related other provisions		
Employment on-costs	327,791	75,588
	327,791	75,588
Total current employee related provisions	2,016,446	1,772,619
Non-current provisions		
Employee benefit provisions		
Long service leave	310,181	278,705
	310,181	278,705
Employee related other provisions		
Employment on-costs	42,386	24,256
	42,386	24,256
Total non-current employee related provisions	352,567	302,961
Total employee related provisions	2,369,013	2,075,580

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Note	2024	2023
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	1,154,915	941,279
More than 12 months from reporting date	1,214,098	1,134,301
	2,369,013	2,075,580
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5 (49,347)	(61,437)

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

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

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

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16. OTHER PROVISIONS

	Provision for remediation costs	Total
	\$	\$
Opening balance at 1 July 2023		
Current provisions	234,420	234,420
Non-current provisions	2,833,275	2,833,275
	3,067,695	3,067,695
Recognition of remediation liability	1,196,000	1,196,000
Unused amounts reversed	(99,884)	(99,884)
Charged to profit or loss		
- unwinding of discount	130,132	130,132
Balance at 30 June 2024	4,293,943	4,293,943
Comprises		
Current	103,000	103,000
Non-current	4,190,943	4,190,943
	4,293,943	4,293,943

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Provision for remediation costs

Shire of Broome recognised the future remediation liability for the waste management facility in the statement of financial position as it is probable that an outflow of obligation is certain and the amount at which the settlement will take place can be measured reliably. The liability is reported at the present value of the future net cash outflows that are expected to be required to settle the liability in the normal course of business as per AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The restoration obligation has been estimated by an independent industry professional and the present value of the future restoration costs is to be reviewed annually and any changes in the estimate are to be reflected in the restoration provision at each reporting date.

Investigation of a potential contaminated site located at 20 Cable Beach Rd, Djugun, Landfill, Crown Reserve 42502, Cable Beach Road, Broome, confirmed contamination of the site. A remediation plan has been developed and costs to remediate the site are currently estimated at \$1,196,000. A provision has been recognised for the value of the estimated remediation costs and expensed as other expenditure. Unused provision amounts reversed were allocated against the loss on revaluation of the associated landfill asset.

MATERIAL ACCOUNTING POLICIES

Provisions

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

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

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17. REVALUATION SURPLUS

	2024	2024	2023	2023
	Opening	Closing	Opening	Closing
	Balance	Balance	Balance	Balance
	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	26,803,337	26,803,337	26,803,337	26,803,337
Revaluation surplus - Furniture and equipment	201,314	201,314	201,314	201,314
Revaluation surplus - Infrastructure - roads	148,085,836	148,085,836	148,085,836	148,085,836
Revaluation surplus - Infrastructure - footpaths, carparks & bridges	11,799,526	11,799,526	11,799,526	11,799,526
Revaluation surplus - Infrastructure - drainage	38,398,458	38,398,458	38,398,458	38,398,458
Revaluation surplus - Infrastructure - recreation areas	28,229,645	28,229,645	28,229,645	28,229,645
	253,518,116	253,518,116	253,518,116	253,518,116

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18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

Note	2024 Actual \$	Restated 2023 Actual \$
Cash and cash equivalents	53,524,615	50,477,249
Restrictions		
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	45,899,832	40,626,617
	45,899,832	40,626,617
The restricted financial assets are a result of the following specific purposes to which the assets may be used:		
Restricted reserve accounts	38,787,299	35,137,161
Contract liabilities	259,722	0
Capital grant liabilities	6,852,811	5,489,456
Total restricted financial assets	45,899,832	40,626,617

(b) Reconciliation of Net Result to Net Cash Provided
By Operating Activities

Net result	1,623,852	1,012,565
Non-cash items:		
Adjustments to fair value of financial assets at fair value through profit or loss	(2,102)	(4,607)
Depreciation/amortisation	15,410,833	16,806,742
(Profit)/loss on sale of asset	15,361	3,976
Loss on revaluation of fixed assets	0	482,322
Assets received for substantially less than fair value	0	(627,951)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(872,250)	168,395
(Increase)/decrease in other assets	(415,199)	65,028
(Increase)/decrease in inventories	2,475	1,166
Increase/(decrease) in trade and other payables	922,609	(2,559,842)
Increase/(decrease) in employee related provisions	293,433	(975,854)
Increase/(decrease) in other provisions	1,326,132	(121,522)
Increase/(decrease) in other liabilities	1,623,077	2,860,688
Capital grants, subsidies and contributions	(10,257,715)	(8,248,905)
Net cash provided by/(used in) operating activities	9,670,506	8,862,201

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements		
Bank overdraft limit	700,000	700,000
Bank overdraft at balance date	0	0
Credit card limit	200,000	200,000
Credit card balance at balance date	(13,452)	(19,072)
Total amount of credit unused	886,548	880,928
Loan facilities		
Loan facilities - current	608,967	551,033
Loan facilities - non-current	6,626,745	7,235,712
Total facilities in use at balance date	7,235,712	7,786,745
Unused loan facilities at balance date	NIL	NIL

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19. CONTINGENT LIABILITIES

In relation to land owned, vested or leased the Shire of Broome has identified the following sites where there may be possible sources of contamination. At the date of this report the Shire is yet to conduct investigations to ascertain the value and timing of remediation works.

1. 8 Napier Tce, Broome, 6725, Former Landfill, Crown Reserve 8176 (Lot 1317) Napier Terrace, Broome.
2. 317 Kavite Rd, Minyirr, 6725, Broome Turf Club, Crown Reserve 22648, 317 Kavite Road Cnr Gantheaume Point Road, Broome.
3. 197 Port Dr, Minyirr, 6725, Broome Golf Course, Crown Reserve 29300, Port Drive, Broome (Source Site)
4. 223 Port Drive, Minyirr, 6725, Broome Golf Course, Crown Reserve 29300, Port Drive, Broome (Source Site)
5. 73 Wattle Dr, Roebuck, 6725, Former Landfill, Crown Reserve 30803, Lot 73 Wattle Drive, Broome.
6. 605 Clementson St, Minyirr, 6725, Asbestos, Lots 503 & 605 Clementson Street, Minyirr.

20. CAPITAL COMMITMENTS

	2024	2023
	\$	\$
Contracted for:		
- capital expenditure projects	12,559,737	2,162,384
- plant & equipment purchases	292,396	1,898,648
	<u>12,852,133</u>	<u>4,061,032</u>
Payable:		
- not later than one year	12,852,133	4,061,032

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21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

	Note	2024 Actual \$	2024 Budget \$	2023 Actual \$
Fees, expenses and allowances paid or reimbursed to elected council members.				
President's annual allowance		65,915	65,915	57,835
President's meeting attendance fees		32,410	32,410	41,803
President's annual allowance for ICT expenses		3,500	3,500	7,000
President's travel and accommodation expenses		0	0	100
President's annual allowance for travel and accommodation expenses		100	100	0
		101,925	101,925	106,738
Deputy President's annual allowance		16,479	16,479	3,044
Deputy President's meeting attendance fees		24,170	24,170	17,858
Deputy President's ICT expenses		3,500	3,500	3,500
Deputy President's travel and accommodation expenses		0	0	50
Deputy President's annual allowance for travel and accommodation expenses		100	100	0
		44,249	44,249	24,452
All other council member's meeting attendance fees		140,667	157,105	84,825
All other council member's annual allowance for ICT expenses		20,370	22,750	16,625
All other council member's annual allowance for travel and accommodation expenses		582	650	238
		161,619	180,505	101,688
	21(b)	307,793	326,679	232,878

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Shire during the year are as follows:				
Short-term employee benefits		1,158,564		1,079,567
Post-employment benefits		112,957		104,726
Employee - other long-term benefits		21,386		176,305
Council member costs	21(a)	307,793		232,878
		1,600,700		1,593,476

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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21. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2024 Actual \$	2023 Actual \$
Sale of goods and services	197,677	139,012
Purchase of goods and services	254,000	75,304
Amounts outstanding from related parties:		
Trade and other receivables	21,251	19,585
Amounts payable to related parties:		
Trade and other payables	115	25,327

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Shire, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b).

ii. Other Related Parties

Short-term employee benefits related to an associate person of the CEO who was employed by the Shire under normal employment terms and conditions.

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

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22. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance department under policies approved by the council. The finance department identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2024					
Cash and cash equivalents	3.95%	53,524,615	0	53,313,642	210,973
2023					
Cash and cash equivalents	3.82%	50,477,249	0	47,099,701	3,377,548

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2024	2023
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	533,136	470,997

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 27(a).

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22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies.

The level of outstanding receivables is reported to council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2023 or 1 July 2024 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2024 and 30 June 2023 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Specific provision	Total
30 June 2024						
Other receivables						
Expected credit loss	98.87%	99.17%	99.91%	100.00%	0.00%	
Gross carrying amount	7,430	3,119	6,274	227,568	0	244,390
Loss allowance	7,346	3,093	6,268	227,568	0	244,274
30 June 2023						
Trade receivables						
Expected credit loss	1.31%	5.00%	10.00%	16.89%	100.00%	
Gross carrying amount	365,738	206,983	102	109,593	13,836	696,252
Loss allowance	4,791	10,349	10	18,515	13,836	47,501
Rates receivables						
Expected credit loss	2.00%	5.00%	8.00%	10.00%	100.00%	
Gross carrying amount	23,592	457,785	120,468	107,137	134,692	843,674
Loss allowance	472	25,758	9,637	10,714	134,692	181,273

The loss allowances for trade, and other receivables as at 30 June reconcile to the opening loss allowances as follows:

	Trade receivables		Other receivables		Rates receivables	
	2024 Actual	2023 Actual	2024 Actual	2023 Actual	2024 Actual	2023 Actual
Opening loss allowance as at 1 July	\$ 47,501	\$ 10,663	\$ 0	\$ 0	\$ 0	\$ 181,273
Increase in loss allowance recognised in profit or loss during the year	0	0	244,274	0	0	0
Unused amount reversed	(47,501)	36,838	0	0	0	(181,273)
Closing loss allowance at 30 June	0	47,501	244,274	0	0	0

Trade, and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on rates and statutory receivables, trade, and other receivables are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

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22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

The contractual undiscounted cash flows of the Shire’s payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
2024					
Trade and other payables	4,186,894	0	0	4,186,894	4,186,894
Borrowings	816,059	3,864,741	4,018,822	8,699,622	7,235,712
Lease liabilities	132,032	235,554	0	367,586	367,586
	<u>5,134,985</u>	<u>4,100,295</u>	<u>4,018,822</u>	<u>13,254,102</u>	<u>11,790,192</u>
2023					
Trade and other payables	3,264,285	0	0	3,264,285	3,264,285
Borrowings	771,594	4,061,506	4,638,116	9,471,216	7,786,745
	<u>4,035,879</u>	<u>4,061,506</u>	<u>4,638,116</u>	<u>12,735,501</u>	<u>11,051,030</u>

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23. OTHER MATERIAL ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

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

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) Fair value hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116 Property, Plant and Equipment) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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24. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
<p>Governance</p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	Administration and operation of facilities and services to members of council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.
<p>General purpose funding</p> <p>To collect revenue to allow provision of services.</p>	Rates, general purpose government grants and interest revenue.
<p>Law, order, public safety</p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision of various by-laws, fire prevention, emergency services and animal control.
<p>Health</p> <p>To provide an operational framework for environmental and community health.</p>	Food quality, eating house inspection, pest control and child health clinics.
<p>Education and welfare</p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	Facilities and assistance towards other community services and development activities.
<p>Housing</p> <p>To provide and maintain staff housing.</p>	Provision of staff housing.
<p>Community amenities</p> <p>To provide services required by the community.</p>	Rubbish collection services, tip operation, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance, sanitation maintenance and environmental protection.
<p>Recreation and culture</p> <p>To establish and effectively manage infrastructure and resource which will help the social being of the community.</p>	Operation/maintenance of halls, Broome Recreation and Aquatic Centre (BRAC), various parks and reserves, beaches, library, museum and other cultural activities.
<p>Transport</p> <p>To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of streets, roads, bridges, footpaths and street lighting.
<p>Economic services</p> <p>To help promote the Council's economic well being.</p>	The regulation and provision of tourism facilities, area promotion and building control.
<p>Other property and services</p> <p>To monitor and control Council's overheads operating accounts.</p>	Private works and provision of unclassified civic building facilities. General Administration support for Council's operations, allocated to other functions. Engineering, works and parks and gardens management, allocated to construction and maintenance jobs. Plant and depot operation and maintenance, allocated to construction and maintenance jobs.

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24. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses	2024 Actual	Restated 2023 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	20,571	12,729
General purpose funding	27,052,162	25,363,549
Law, order, public safety	294,186	104,254
Health	222,442	190,308
Education and welfare	6,000	0
Housing	575,237	621,273
Community amenities	6,951,660	6,696,411
Recreation and culture	1,745,249	1,306,212
Transport	280,837	152,012
Economic services	756,928	753,139
Other property and services	3,918,736	3,603,115
	41,824,008	38,803,002
Grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	0	215,000
General purpose funding	1,372,560	2,553,543
Law, order, public safety	25,000	627,951
Health	7,169	6,977
Education and welfare	123,000	86,372
Community amenities	194,616	55,630
Recreation and culture	4,055,528	3,826,686
Transport	4,573,331	3,047,451
Economic services	200,285	203,096
Other property and services	0	97,995
	10,551,489	10,720,701
Total Income	52,375,497	49,523,703
Expenses		
Governance	(2,266,816)	(2,444,734)
General purpose funding	(128,949)	(298,982)
Law, order, public safety	(1,814,867)	(1,571,550)
Health	(885,911)	(799,105)
Education and welfare	(865,846)	(896,631)
Housing	(897,186)	(938,537)
Community amenities	(10,525,285)	(10,955,239)
Recreation and culture	(14,819,974)	(14,841,312)
Transport	(10,157,028)	(9,425,280)
Economic services	(2,621,308)	(2,651,475)
Other property and services	(5,768,475)	(3,688,293)
Total expenses	(50,751,645)	(48,511,138)
Net result for the period	1,623,852	1,012,565
(c) Total Assets		
Governance	1,400,359	582,488
General purpose funding	2,859,656	4,183,092
Law, order, public safety	6,397,798	6,776,475
Health	4,382	63,041
Education and welfare	37,500	0
Housing	4,298,538	4,265,733
Community amenities	68,670,330	67,752,711
Recreation and culture	86,100,832	88,252,806
Transport	239,557,435	242,340,522
Economic services	5,435,127	5,232,291
Other property and services	56,705,004	46,512,030
	471,466,961	465,961,189

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25. RATING INFORMATION

(a) General Rates

RATE TYPE		2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2022/23	
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value*	Actual Rate Revenue	Actual Interim Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$
Residential	Gross rental valuation	0.087268	5,095	165,862,767	14,423,160	184,965	14,608,125	14,423,585	150,000	14,573,585	13,587,127
Vacant	Gross rental valuation	0.184795	161	3,597,288	535,083	0	535,083	535,082	0	535,082	635,055
Commercial	Gross rental valuation	0.118501	558	59,862,942	7,075,586	0	7,075,586	7,075,589	0	7,075,589	6,570,660
Tourism	Gross rental valuation	0.141405	577	22,542,730	3,076,944	0	3,076,944	3,076,935	0	3,076,935	2,906,045
Commercial Rural	Unimproved valuation	0.035558	22	10,814,160	384,650	0	384,650	384,653	0	384,653	357,865
Mining	Unimproved valuation	0.143945	39	1,437,736	201,533	0	201,533	201,532	0	201,532	162,520
Rural	Unimproved valuation	0.00851	54	18,000,300	151,554	0	151,554	151,563	0	151,563	142,568
Total general rates			6,506	282,117,923	25,848,510	184,965	26,033,475	25,848,939	150,000	25,998,939	24,361,840
Minimum payment		\$									
Residential	Gross rental valuation	1,268.00	45	588,460	57,060	0	57,060	57,060	0	57,060	67,204
Vacant	Gross rental valuation	1,268.00	154	701,738	195,272	0	195,272	195,272	0	195,272	229,508
Commercial	Gross rental valuation	1,268.00	22	153,862	27,896	0	27,896	27,896	0	27,896	27,896
Tourism	Gross rental valuation	1,268.00	247	782,931	313,196	0	313,196	313,196	0	313,196	329,680
Commercial Rural	Unimproved valuation	1,268.00	1	3,300	1,268	0	1,268	1,268	0	1,268	2,536
Mining	Unimproved valuation	520.00	20	37,669	10,400	0	10,400	10,400	0	10,400	11,440
Rural	Unimproved valuation	1,268.00	4	191,300	5,072	0	5,072	5,072	0	5,072	5,072
Total minimum payments			493	2,459,260	610,164	0	610,164	610,164	0	610,164	673,336
Total general rates and minimum payments			6,999	284,577,183	26,458,674	184,965	26,643,639	26,459,103	150,000	26,609,103	25,035,176
Concessions							(58,635)			(47,903)	(45,131)
Total Rates							26,585,004			26,561,200	24,990,045
Rate instalment interest							130,025				113,278
Rate overdue interest							166,458				115,398

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

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26. DETERMINATION OF SURPLUS OR DEFICIT

Note	2023/24 (30 June 2024 Carried Forward) \$	2023/24 Budget (30 June 2024 Carried Forward) \$	Restated 2022/23 (30 June 2023 Carried Forward) \$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
	Less: Profit on asset disposals	(100,022)	(103,734)
	Less: Movement in liabilities associated with restricted cash	36,963	33,708
	Less: Fair value adjustments to financial assets at fair value through profit or loss	(2,102)	0
	Add: Loss on disposal of assets	115,383	57,034
	Add: Loss on revaluation of fixed assets	99,884	0
9(a)	Add: Depreciation	15,410,833	15,510,953
10(a)	Add: Unwinding of discount	130,132	0
Non-cash movements in non-current assets and liabilities:			
	Pensioner deferred rates	(36,444)	0
	Employee benefit provisions	49,606	0
	Other provisions	1,227,536	0
	Non-cash amounts excluded from operating activities	16,931,789	15,497,961
(b) Non-cash amounts excluded from investing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to investing activities			
	Right of use assets received - non cash	463,862	0
11(a)	Non-cash amounts excluded from investing activities	463,862	0
(c) Non-cash amounts excluded from financing activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to financing activities			
	Non cash proceeds from new leases	(463,862)	0
27(c)	Non-cash amounts excluded from financing activities	(463,862)	0
(d) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
	Less: Reserve accounts	(38,787,299)	(33,012,780)
28	Less: Financial assets at amortised cost - self supporting loans	(96,154)	(96,154)
4(a)	Less: Financial assets at amortised cost		
	Less: Current assets not expected to be received at end of year		
	- Receivables for employee related provisions	15,566	0
	Add: Current liabilities not expected to be cleared at end of year		
	- Current portion of borrowings	608,967	608,961
14	- Current portion of developer contributions held in reserve	0	1,881,760
	- Current portion of lease liabilities	132,032	0
11(b)	- Employee benefit provisions	1,404,279	1,383,921
	Total adjustments to net current assets	(36,722,609)	(29,234,292)
	Net current assets used in the Statement of Financial Activity		
	Total current assets	56,795,651	40,917,799
	Less: Total current liabilities	(14,159,872)	(11,683,507)
	Less: Total adjustments to net current assets	(36,722,609)	(29,234,292)
	Surplus or deficit after imposition of general rates	5,913,170	7,888,542

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27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal at July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at July 2023	New Loans During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
Town Beach Redevelopment		\$ 1,276,291	\$ 0	\$ (88,975)	\$ 1,187,316	\$ 0	\$ (90,419)	\$ 1,096,897	\$ 1,187,316	\$ 0	\$ (90,419)	\$ 1,096,897
Chinatown Revitalisation Project Stage 1		1,223,137	0	(165,029)	1,058,108	0	(168,163)	889,945	1,058,108	0	(168,163)	889,945
Chinatown Revitalisation Project Stage 2		1,681,479	0	(105,549)	1,575,930	0	(107,617)	1,468,313	1,575,930	0	(107,617)	1,468,313
Chinatown Contingency		1,800,000	0	(84,609)	1,715,391	0	(88,680)	1,626,711	1,715,391	0	(88,674)	1,626,717
Cable Beach Stage 1		0	0	0	0	0	0	0	0	2,350,507	0	2,350,507
Broome Life Saving Club		0	309,254	0	309,254	(151,294)	0	157,960	309,254	0	0	309,254
Total		5,980,907	309,254	(444,162)	5,845,999	(151,294)	(454,879)	5,239,826	5,845,999	2,350,507	(454,873)	7,741,633
Self Supporting Loans												
Broome Golf Club		1,250,000	0	0	1,250,000	0	(96,154)	1,153,846	1,250,000	0	(96,154)	1,153,846
Broome Life Saving Club		0	690,746	0	690,746	151,294	0	842,040	690,746	0	0	690,746
Total Self Supporting Loans		1,250,000	690,746	0	1,940,746	151,294	(96,154)	1,995,886	1,940,746	0	(96,154)	1,844,592
Total Borrowings	14	7,230,907	1,000,000	(444,162)	7,786,745	0	(551,033)	7,235,712	7,786,745	2,350,507	(551,027)	9,586,225

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ended 30 June 2024	Budget for year ended 30 June 2024	Actual for year ended 30 June 2023
Town Beach Redevelopment	195	WATC*	1.62%	15/06/2035	\$ (31,178)	\$ (18,829)	\$ (21,112)
Chinatown Revitalisation Project Stage 1	196	WATC*	1.89%	20/06/2029	(30,153)	(19,207)	(22,942)
Chinatown Revitalisation Project Stage 2	198	WATC*	1.95%	30/06/2036	(46,710)	(30,209)	(32,529)
Chinatown Contingency	201	WATC*	4.75%	21/06/2037	(98,368)	(80,524)	(86,817)
Broome Life Saving Club	200	WATC*	4.78%	27/06/2039	(5,217)	(47,843)	0
Total					(211,626)	(196,612)	(163,400)
Self Supporting Loans Finance Cost Payments							
Broome Golf Club	199	WATC*	1.95%	28/06/2036	(36,879)	(23,955)	(24,625)
Broome Life Saving Club	200	WATC*	4.78%	27/06/2039	(49,799)	0	(1,046)
Total Self Supporting Loans Finance Cost Payments					(86,678)	(23,955)	(25,671)
Total Finance Cost Payments					(298,304)	(220,567)	(189,071)

* WA Treasury Corporation

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27. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2023/24

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2024 Actual	2024 Budget	2024 Actual	2024 Budget		
Cable Beach Stage 1	WATC*	Semi-annual	15	5.00%	\$ 0	2,350,507	\$ 0	2,350,507	\$ 0	0
					0	2,350,507	0	2,350,507	0	0

* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024	Principal at 1 July 2023	New Leases During 2023-24	Principal Repayments During 2023-24	Principal at 30 June 2024
IT Equipment		\$ 0	\$ 0	\$ 0	\$ 0	\$ 311,646	\$ (80,815)	\$ 230,831	\$ 0	\$ 0	\$ 0	\$ 0
IT Equipment		0	0	0	0	152,216	(15,461)	136,755	0	0	0	0
Total Lease Liabilities	11(b)	0	0	0	0	463,862	(96,276)	367,586	0	0	0	0

Lease Finance Cost Payments

Purpose	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ended 30 June 2024	Budget for year ended 30 June 2024	Actual for year ended 30 June 2023	Lease Term
IT Equipment	BRO020123B	Vestone Capital	5.80%	20/09/2029	\$ (13,247)	\$ 0	\$ 0	3 Years
IT Equipment	BRO020124	Vestone Capital	5.80%	20/09/2029	(6,154)	0	0	5 Years
Total Finance Cost Payments					(19,401)	0	0	

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2024 Actual Opening Balance	2024 Actual Transfer to	2024 Actual Transfer (from)	2024 Actual Closing Balance	2024 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	
												\$
28. RESERVE ACCOUNTS												
Restricted by legislation/agreement												
(a) Developer Contributions - Footpaths (New)	0	838,790	(192,003)	646,787	0	551,696	(210,000)	341,696	0	0	0	0
(b) Developer Contributions - Drainage (New)	0	61,424	0	61,424	0	34,423	0	34,423	0	0	0	0
(c) Cash-in-lieu of Public Open Space (New)	0	180,587	0	180,587	0	180,587	0	180,587	0	0	0	0
	0	1,080,801	(192,003)	888,798	0	766,706	(210,000)	556,706	0	0	0	0
Restricted by council												
(d) Leave reserve	1,367,316	60,529	(23,566)	1,404,279	1,350,213	33,708	0	1,383,921	1,324,537	42,779	0	1,367,316
(e) Restricted cash	65,000	341,946	0	406,946	65,000	0	0	65,000	65,000	0	0	65,000
(f) Community sponsorship	84,290	3,731	0	88,021	83,235	2,080	0	85,315	81,722	2,568	0	84,290
(g) EDL sponsorship	28,133	51,246	0	79,379	27,781	1,584	0	29,365	62,229	1,504	(35,600)	28,133
(h) Road reserve	2,451,865	821,310	(38,645)	3,234,530	2,421,195	680,537	(231,981)	2,869,751	1,892,145	559,720	0	2,451,865
(i) Public Art Reserve	6,428	284	0	6,712	6,347	159	0	6,506	6,232	196	0	6,428
(j) BRAC (Leisure Centre) Reserve	60,541	2,680	(41,114)	22,107	59,784	1,494	(41,114)	20,164	58,697	1,844	0	60,541
(k) Public Open Space	5,126,978	624,172	(143,339)	5,607,811	5,062,846	96,451	(1,629,053)	3,530,244	3,789,991	1,336,987	0	5,126,978
(l) Drainage reserve	1,659,383	96,150	0	1,755,533	1,638,627	64,103	(34,423)	1,668,307	1,636,813	51,023	(28,453)	1,659,383
(m) Plant reserve	1,446,090	1,187,354	(353,284)	2,280,160	1,428,001	1,160,068	(353,284)	2,234,785	1,616,587	48,023	(218,520)	1,446,090
(n) Buildings reserve	3,556,699	729,458	(384,313)	3,901,844	3,512,209	655,730	(1,024,819)	3,143,120	3,289,749	266,950	0	3,556,699
(o) Refuse site reserve	2,367,508	405,355	(511,371)	2,261,492	2,337,893	65,521	(1,321,141)	1,082,273	2,574,623	77,289	(284,404)	2,367,508
(p) Regional resource recovery park reserve	13,313,641	1,016,129	(1,047,817)	13,281,953	13,147,103	398,903	(419,180)	13,126,826	12,815,817	497,824	0	13,313,641
(q) IT & equipment reserve	1,039,887	185,034	(15,470)	1,209,451	1,026,879	162,834	0	1,189,713	936,537	103,350	0	1,039,887
(r) Kimberley zone reserve	106,077	4,696	0	110,773	104,750	10,075	0	114,825	395,873	8,657	(298,453)	106,077
(s) Resilience Reserve (New)	0	96,465	0	96,465	0	96,465	0	96,465	0	0	0	0
(t) Carpark reserve*	424,719	74,988	0	499,707	419,406	66,147	(105,188)	380,365	391,357	33,362	0	424,719
(u) Footpath reserve*	2,032,606	224,888	(606,156)	1,651,338	2,007,180	182,478	(760,528)	1,429,130	1,854,112	178,494	0	2,032,606
	35,137,161	5,926,415	(3,165,075)	37,898,501	34,698,449	3,678,337	(5,920,711)	32,456,075	32,792,021	3,210,570	(865,430)	35,137,161
	35,137,161	7,007,216	(3,357,078)	38,787,299	34,698,449	4,445,042	(6,130,711)	33,012,780	32,792,021	3,210,570	(865,430)	35,137,161

* These reserves were incorrectly classified under Restricted by legislation/agreement in the previous year. They have been reflected under the correct category in the current year.

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SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

28. RESERVE ACCOUNTS (Continued)

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of reserve account Restricted by legislation/agreement	Purpose of the reserve account
(a) Developer Contributions - Footpaths (New)	New Reserve - to hold developer contributions for footpaths as required by State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6).
(b) Developer Contributions - Drainage (New)	New Reserve - to hold developer contributions for drainage as required by State Planning Policy 3.6 Infrastructure Contributions (SPP 3.6).
(c) Cash-in-lieu of Public Open Space (New)	New Reserve - maintained for the purpose of retaining and using funds in accordance with section 154 (2) of the Planning and Development Act 2005.
Restricted by council	
(d) Leave reserve	To be used to fund annual and long service leave requirements.
(e) Restricted cash	To be used for unspent grant and loan funds.
(f) Community sponsorship	To hold funds remaining as at 30 June after allocation of both Annual and Ad-hoc sponsorships and external donations to be spent on both annual and ad-hoc sponsorships in accordance with the Community Sponsorship Program Policy.
(g) EDL sponsorship	To hold funds to be spent on community projects as approved by Energy Development Limited.
(h) Road reserve	To be used for renewal, upgrade or new streets and roads.
(i) Public Art Reserve	To hold funds set aside annually to fund future public art projects and initiatives within the Shire.
(j) BRAC (Leisure Centre) Reserve	To be used for the construction of recreation infrastructure and facilities.
(k) Public Open Space	To be used for renewal, upgrade, replacement or new public open space facilities and garden areas associated with buildings and other freely accessible public recreational facilities. Any contributions from developers are held in Trust.
(l) Drainage reserve	To be used for the renewal, upgrade or construction of drainage services. Typically funds are from contributions made by developers.
(m) Plant reserve	To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment.
(n) Buildings reserve	To be used for renewal, upgrade, replacement or new building construction and associated infrastructure.
(o) Refuse site reserve	To be used for the current and future costs of maintaining and closing the refuse site in accordance with operational needs and environmental guidelines.
(p) Regional resource recovery park reserve	To hold funds set aside annually and any year end operational profit generated from refuse site business unit to fund: i) The future construction of a new facility; ii) the future subsequent and ongoing costs of maintaining the site in accordance with operational requirements and environmental guidelines; or iii) the costs of future rehabilitation of the site.
(q) IT & equipment reserve	To be used for renewal, upgrade or new office equipment, IT hardware and software.
(r) Kimberley zone reserve	To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups.
(s) Resilience Reserve (New)	New Reserve - to provide a level of self insurance for claims falling outside of Council's insurance coverage, particularly miscellaneous infrastructure.
(t) Carpark reserve*	To be used for renewal, upgrade or new carparks. Typically, funds are from "Cash In Lieu" payments from developers.
(u) Footpath reserve*	To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers.

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SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29. CORRECTION OF PRIOR PERIOD ERROR

During the year, the Shire reviewed the accounting treatment of the contributions from developers. Certain contributions from developers were identified as being received with no obligation to construct identifiable assets controlled by the Shire. The Shire places these contributions in a reserve account and utilises them for the construction of assets yet to be identified. In accordance with AASB 1058 *Income of Not-for-Profit Entities* the contributions are required to be recognised as revenue when received. Where these had previously been recognised as a liability a prior year correction is required to correct the error. The total developer contribution balance is \$1,867,402, out of which \$166,229 should have been recognised as revenue during the year ended 30 June 2023, and the remaining \$1,701,173 recognised as revenue for the period ended 30 June 2022 and before. The entire \$1,701,173 was adjusted against the opening retained earnings from 1 July 2022.

During the year the Shire had a loan agreement in place for a self supporting loan to a community organisation for the construction of a clubhouse on Shire land. The loan receivable from the sporting club was not previously recognised at 30 June 2023 despite the funds having already been used for the construction of the clubhouse. A prior year correction is required to reflect the financial asset at amortised cost of \$690,746 at 30 June 2023 and the associated in kind capital grants, subsidy and contribution and GST liability.

Statement of Financial Position (Extract)	30 June 2023 \$	Increase/ (Decrease) \$	30 June 2023 (Restated) \$	1 July 2022 \$	Increase/ (Decrease) \$	1 July 2022 (Restated) \$
Current assets						
Trade and other receivables	1,813,447	(62,795)	1,750,652			
Non-current assets						
Other financial assets	1,255,708	690,746	1,946,454			
Current liabilities						
Other liabilities	(7,356,858)	1,867,402	(5,489,456)	(4,329,941)	1,701,173	(2,628,768)
Net assets	441,782,075	2,495,353	444,277,428	441,563,690	1,701,173	443,264,863
Retained earnings	153,126,798	2,495,353	155,622,151	155,253,553	1,701,173	156,954,726
Total equity	441,782,075	2,495,353	444,277,428	441,563,690	1,701,173	443,264,863

Statement of Comprehensive Income (Extract)	2023 \$	Increase/ (Decrease) \$	2023 (Restated) \$
Capital grants, subsidies and contributions	4,854,817	794,180	5,648,997
Net result for the period	218,385	794,180	1,012,565
Total comprehensive income for the period	218,385	794,180	1,012,565

Statement of Changes in Equity (Extract)	30 June 2023 \$	Increase/ (Decrease) \$	30 June 2023 (Restated) \$	30 June 2022 \$	Increase/ (Decrease) \$	30 June 2022 (Restated) \$
Net result for the period	218,385	794,180	1,012,565			
Total comprehensive income for the period	218,385	794,180	1,012,565			
Retained surplus	153,126,798	2,495,353	155,622,151	155,253,553	1,701,173	156,954,726
Total equity	441,782,075	2,495,353	444,277,428	441,563,690	1,701,173	443,264,863

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SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29. CORRECTION OF PRIOR PERIOD ERROR (Continued)

Statement of Cash Flows
(Extract)

	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
	\$	\$	\$
Receipts			
Grants, subsidies and contributions	5,233,068	(166,229)	5,066,839
	46,107,567	(166,229)	45,941,338
Net cash provided by operating activities	9,028,430	(166,229)	8,862,201
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital grants, subsidies contributions	8,082,676	166,229	8,248,905
	(2,520,823)	166,229	(2,354,594)

Statement of Financial Activity
(Extract)

	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
	\$	\$	\$
Inflows from investing activities			
Capital grants, subsidies and contributions	4,854,817	794,180	5,648,997
Outflows from investing activities			
Payments for financial assets at amortised cost - self supporting loans	0	(690,746)	(690,746)
Amount attributable to investing activities	(5,748,682)	103,434	(5,645,248)
Surplus of deficit after imposition of general rates	7,785,108	103,434	7,888,542

Note 2
Revenue and Expenses
(Extract)

For the year ended 30 June 2023
Nature

	Capital grant/ contributions	Other	Total
	\$	\$	\$
Capital grants, subsidies and contributions	4,331,130	523,687	4,854,817
Total	4,331,130	6,619,483	48,632,867

Increase/(Decrease)
Nature

	Capital grant/ contributions	Other	Total
	\$	\$	\$
Capital grants, subsidies and contributions	0	794,180	794,180
Total	0	166,229	166,229

Restated
For the year ended 30 June 2023
Nature

	Capital grant/ contributions	Other	Total
	\$	\$	\$
Capital grants, subsidies and contributions	4,331,130	1,317,867	5,648,997
Total	4,331,130	6,785,712	48,799,096

Note 3
Cash and cash equivalents
(Extract)

	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
	\$	\$	\$
Held as			
- Unrestricted cash and cash equivalents	9,208,736	641,896	9,850,632
- Restricted cash and cash equivalents	41,268,513	(641,896)	40,626,617
	50,477,249	0	50,477,249

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SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29. CORRECTION OF PRIOR PERIOD ERROR (Continued)

Note 4	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
Other financial assets			
(Extract)	\$	\$	\$
Non-current assets			
Financial assets at amortised cost			
Self supporting loans receivable	1,153,846	690,746	1,844,592
	1,153,846	690,746	1,844,592
Note 5			
Trade and other receivables			
(Extract)	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
	\$	\$	\$
Current			
GST receivable	498,231	(62,795)	435,436
	1,813,447	(62,795)	1,750,652
Note 13			
Other liabilities			
(Extract)	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
	\$	\$	\$
Current			
Capital grant/contributions liabilities	5,489,456	0	5,489,456
Developer contributions	1,867,402	(1,867,402)	0
	7,356,858	(1,867,402)	5,489,456
Note 18			
Notes to the Statement of Cash Flows			
(Extract)	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
	\$	\$	\$
Restrictions			
- Cash and cash equivalents	41,268,513	(641,896)	40,626,617
Restricted reserve accounts	35,137,161	0	35,137,161
Capital grant liabilities	5,489,456	0	5,489,456
Bonds and deposits held	641,896	(641,896)	0
Total restricted financial assets	41,268,513	(641,896)	40,626,617
Reconciliation of Net Result to Net Cash Provided By Operating Activities			
Net result	218,385	794,180	1,012,565
Non-cash items:			
Assets received for substantially less than fair value	0	(627,951)	(627,951)
Changes in assets and liabilities:			
Increase/(decrease) in other liabilities	3,026,917	(166,229)	2,860,688
Capital grants, subsidies and contributions	(8,082,676)	(166,229)	(8,248,905)
Net cash provided by/(used in) operating activities	9,028,430	(166,229)	8,862,201
Note 24			
Function and Activity			
(Extract)	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
	\$	\$	\$
Grants, subsidies and contributions and capital grants, subsidies and contributions			
Law, order, public safety	0	627,951	627,951
Community amenities	12,600	43,030	55,630
Transport	2,924,252	123,199	3,047,451
	9,926,521	794,180	10,720,701
Net result for the period	218,385	794,180	1,012,565
Total Assets			
Recreation and culture	87,624,855	627,951	88,252,806
	465,333,238	627,951	465,961,189

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SHIRE OF BROOME
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

29. CORRECTION OF PRIOR PERIOD ERROR (Continued)

Note 26	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
Determination of Surplus or Deficit (Extract)	\$	\$	\$
Adjustments to net current assets			
- Current portion of developer contributions held in reserve	1,701,173	(1,701,173)	0
Total adjustments to net current assets	(31,613,793)	(1,701,173)	(33,314,966)
Net current assets used in the Statement of Financial Activity			
Total current assets	52,578,116	(62,795)	52,515,321
Less: Total current liabilities	(13,179,215)	1,867,402	(11,311,813)
Less: Total adjustments to net current assets	(31,613,793)	(1,701,173)	(33,314,966)
Surplus or deficit after imposition of general rates	7,785,108	103,434	7,888,542
Note 27			
Borrowings and Lease Liabilities (Extract)	30 June 2023	Increase/ (Decrease)	30 June 2023 (Restated)
	\$	\$	\$
New Loans			
Borrowings			
Chinatown Contingency	1,000,000	(1,000,000)	0
Broome Life Saving Club	0	309,254	309,254
Self Supporting Loans			
Broome Life Saving Club	0	690,746	690,746
Total Borrowings	1,000,000	0	1,000,000

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Shire of Broome

To the Council of the Shire of Broome

Opinion

I have audited the financial report of the Shire of Broome (Shire) which comprises:

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2024 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – Restatement of comparative balances

I draw attention to Note 29 of the financial report which states that the amounts reported in the previously issued 30 June 2023 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

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Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Broome for the year ended 30 June 2024 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
9 December 2024

Item 5.2 - ANNUAL FINANCIAL REPORT AND AUDIT REPORT 2023/24

SUMMARY OF 2023/24 SURPLUS

	Budgeted Opening Position 2024/25	Actual Opening Position as per 2024 AFR
Expenditure budget carried over	22,244,377	21,363,839
Income budget carried over (inc plant sales)	-9,546,136	-9,896,784
Borrowings budget carried over	-3,963,081	-3,963,717
Reserve transfers budget carried over	-4,607,140	-3,604,839
FA grant received in advance	0	1,933,104
Net surplus/(deficit) available	0	81,566
Net surplus	4,128,020	5,913,170
less reduction in 2024/25 Budget for FA Grant		-1,895,841
		4,017,329

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SHIRE OF BROOME
2024/25 BUDGET AMENDMENTS
SCHEDULE OF 23/24 FINAL CARRIED FORWARD PROJECTS

Operating / Capital	Project Description	COST		FUNDING			
		2023/24 Cost CFwd (\$)	Municipal Funding (\$)	Borrowings (\$)	Grants and Contributions (\$)	Proceeds from Sale of Assets (\$)	Tfr from Reserve (\$)
CAP	Medlend Pavilion - Changeroom alterations	60,000	-	-	60,000	-	-
CAP	Software Cap Exp - IT	73,926	73,926	-	-	-	-
CAP	Cable Beach Stage 1	27,891	27,891	-	-	-	-
CAP	Cable Beach Stage 1	3,066,131	143,869	-	3,210,000	-	-
CAP	Cable Beach Stage 1	2,862,504	726,505	-	3,589,008	-	-
CAP	Cable Beach Stage 1	919,482	-	-	919,482	-	-
CAP	Cable Beach Stage 1	750,000	-	-	750,000	-	-
CAP	Cable Beach Stage 1	2,347,463	1,349,746	997,717	-	-	-
CAP	Cable Beach Stage 1	1,752,851	0	-	-	-	1,752,851
CAP	Cable Beach Stage 1	608,942	0	-	608,942	-	-
CAP	Administration Building Air-Conditioning Upgrades	349,141	349,141	-	-	-	-
CAP	DeMarchi Blackspot	289,423	107,973	-	181,450	-	-
CAP	Frederick St Carpark	243,640	243,640	-	-	-	-
CAP	Shire Residential Houses	2,123,698	842,302	2,966,000	-	-	-
CAP	Male Oval Ablution	176,317	-	-	-	-	176,317
CAP	AMP Path Renewal	132,268	28,895	-	-	-	103,373
CAP	Drainage Grate Improvements	4,570	4,570	-	-	-	-
CAP	Sanctuary Road Project	270,984	-	-	270,984	-	-
CAP	Rear Load Compactor Truck	233,110	37,728	-	-	195,382	-
CAP	Works Light Fleet	476,322	476,322	-	-	-	-
CAP	Isuzu DMax 4x4 SX Single Bed with Dog Pod - Rangers	60,268	60,268	-	-	-	-
CAP	P12616 Hino 2630 500 series Truck with OHR IT20 Hooklift	257,202	257,202	-	-	-	-
CAP	BRAC Irrigation Mainline	361,825	361,825	-	-	-	-
CAP	Haynes Oval Infra Upgrade	15,000	15,000	-	-	-	-
CAP	Sam Male Luggage	28,700	28,700	-	-	-	-
CAP	Road Reseals	151,638	151,638	-	-	-	-
CAP	Subdivisional Footpaths	52,573	34,576	-	-	-	17,997
CAP	Civic Centre Capital Works	54,470	54,470	-	-	-	-
CAP	Building AMP - KRO 1 Capital Works	50,693	50,693	-	-	-	-
CAP	BRAC Booster Pump Renewal	-	-	-	-	-	-
CAP	Cape Leveque Carpark Shade	35,000	35,000	-	-	-	-
CAP	RFT23/01 BRAC Redevelopment Architectural Services	424,926	424,926	-	-	-	-
CAP	Broome Museum Complex Master Plan	72,500	72,500	-	-	-	-
CAP	Town Beach Café	64,225	64,225	-	-	-	-
CAP	Town Beach Café Redevelopment	590,163	-	-	-	-	590,163
CAP	MOLA Mapping	50,000	50,000	-	-	-	-
CAP	Cable Beach Foreshore Redevelopment	217,924	217,924	-	-	-	-
CAP	Regional Resource Recovery Park	130,547	-	-	-	-	130,547
OP	Consultants Administration Dept - Op Exp - Corp Gov Support	39,835	39,835	-	-	-	-
OP	IT Contract Consultants	55,527	55,527	-	-	-	-
OP	CCTV Uplift and maintenance strategy	40,545	40,545	-	-	-	-
OP	Father McMahon Sports Field - Lightning protection	26,506	26,506	-	-	-	-
OP	Broome Civic Centre Asset Management Plan	6,466	6,466	-	-	-	-
OP	Library Grants	18,598	-	-	18,598	-	-
OP	Precinct Structure Plan	42,616	42,616	-	-	-	-
OP	CHRMAP Review	30,000	30,000	-	-	-	-
OP	Animal Welfare Grant	-	-	-	-	-	-
OP	Replacement of Damaged Light Poles - Insurance Works	46,826	28,611	-	75,437	-	-
OP	Beagle Bay Road Shoulder reconstruction	195,957	195,957	-	-	-	-
OP	Home Composting / waste education	14,915	4,371	-	-	-	19,286
OP	Contaminated Site Remediation	636,869	117,995	-	-	-	518,874
OP	Asset Rehabilitation Obligation	209,844	2,656	-	-	-	212,500
OP	Haas St Office - Office partition modifications.	10,339	10,339	-	-	-	-
OP	Playground Strategy	26,842	26,842	-	-	-	-
OP	Animal Management Plan	12,573	12,573	-	-	-	-
OP	Sanctuary Road Detailed Design - Procurement	27,930	27,930	-	-	-	-
OP	McMahon LSP	176,012	176,012	-	-	-	-
OP	Remote Chance	60,000	60,000	-	-	-	-
New Carry forwards							
OP	Election Expenses	29,909	29,909	-	-	-	-
OP	Finance Consultants	17,449	17,449	-	-	-	-
OP	All Abilities Come and Try Day	17,500	-	-	17,500	-	-
CAP	Mobile Garbage Bin Replacement	82,931	-	-	-	-	82,931
CAP	Depot Light Fleet	151,534	151,534	-	-	-	-
Total 23/24 Carried Forward Projects - Operating		1,743,057	880,862	-	111,535	-	750,660
Total 23/24 Carried Forward Projects - Capital		19,620,783	3,017,638	3,963,717	9,589,867	195,382	2,854,179
Total 23/24 Carried Forward Projects		21,363,839	3,898,500	3,963,717	9,701,402	195,382	3,604,839

6. MATTERS BEHIND CLOSED DOORS

Nil.

7. MEETING CLOSURE

There being no further business the Chair declared the meeting closed at 10:03 AM.