



# **UNCONFIRMED MINUTES**

**OF THE**

**AUDIT RISK IMPROVEMENT COMMITTEE  
MEETING**

**28 APRIL 2026**

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 RISK IMPROVEMENT COMMITTEE MEETING**  
**TUESDAY 28 APRIL 2026**  
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**MINUTES OF THE AUDIT RISK IMPROVEMENT COMMITTEE MEETING OF THE SHIRE OF BROOME,  
HELD IN THE COMMITTEE ROOM, CORNER WELD AND HAAS STREETS, BROOME, ON TUESDAY 28 APRIL 2026, COMMENCING AT 10:30 AM.**

**1. OFFICIAL OPENING**

The Chair welcomed Councillors and officers and declared the meeting open at 10:54AM

**2. ATTENDANCE AND APOLOGIES**

**ATTENDANCE**

**Members:**

Shire President C Mitchell	Shire President
Cr D Male	Deputy Shire President ( <i>electronic via Regulation 14C</i> )
Cr M Virgo	Councillor

**Apologies:** Nil

**Leave of Absence:** Nil

**Officers:**

Mr S Mastrolembo	Chief Executive Officer
Mr J Watt	Director Corporate Services
Ms K Wood	Acting Director Development and Community
Ms K Hill	Acting Director Infrastructure
Mr F Mammone	Manager Financial Services
Mr J Dodds	Accountant
Mr S Santoro	Senior Finance Officer
Ms E Kerr	Senior Procurement & Risk 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/0426/001**

**Moved: Shire President C Mitchell**

**Seconded: Cr M Virgo**

***That the Minutes of the Audit Risk Improvement Committee held on 19 February 2026, as published and circulated, be confirmed as a true and accurate record of that meeting.***

**CARRIED UNANIMOUSLY 3/0**

#### 5. MATTERS FOR WHICH MEETING MAY BE CLOSED

Under section 5.23 (2)(d) of the *Local Government Act 1995* Council may resolve to move the meeting behind closed doors.

#### 6. REPORTS OF OFFICERS

##### **6.1 FINANCIAL MANAGEMENT REVIEW 2025/26**

<b>LOCATION/ADDRESS:</b>	Nil
<b>APPLICANT:</b>	Nil
<b>FILE:</b>	FIN006
<b>AUTHOR:</b>	Coordinator Financial Operations
<b>CONTRIBUTOR/S:</b>	Accountant
<b>RESPONSIBLE OFFICER:</b>	Director Corporate Services
<b>DISCLOSURE OF INTEREST:</b>	Nil

##### **SUMMARY:**

The Audit and Risk Committee is provided with the results of the triennial Financial Management Review, in accordance with Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

#### **BACKGROUND**

##### Previous Considerations

OMC 21 November 2019 Item 12.1  
OMC 12 December 2022 Item 5.3

*Local Government (Financial Management) Regulations 1996* - Reg 5(2)(c) requires the Chief Executive Officer (CEO) to undertake reviews of the appropriateness and effectiveness of the Local Government's financial management systems and procedures, at least every three years, and to report the results to Council.

To meet this legislative requirement and provide assurance, the CEO recently engaged Paxon Business and Financial Services, a Perth based audit firm with extensive experience in the local government sector, to undertake the review.

#### **COMMENT**

The Financial Management Review (FMR) covers the period 1 July 2025 to 31 December 2025. The review focuses on providing assurance that the financial management system, internal controls and procedures are in place and are effective and appropriate for the Shire's operations in accordance with Regulation 5(1).

Accordingly, the Regulation 5 review assesses the risk that the Shire's financial management systems and procedures may not be appropriate or effective. This includes a review of processes and key controls across the following areas:

- Proper collection of all money owing to the local government;
- Safe custody and security of all money collected or held;
- Maintenance and security of financial records (whether in written, electronic, or other formats);
- Accurate accounting for all income, expenditure, assets, and liabilities of municipal and trust funds;
- Appropriate authorisation for incurring liabilities and making payments;
- Maintenance of payroll, stock control, and costing records; and
- Preparation of budgets, budget reviews, accounts, and statutory reports required under the Act and Regulations.

To obtain assurance over the above areas, the auditor applied a combination of process documentation and policy reviews, interviews and sampling across the identified focus areas. Overall, the review found that the Shire has generally sound financial management systems, supported by appropriate policies, procedures, reconciliations, oversight processes, and delegations of authority.

Paxon identified five findings relating to gaps or non-compliance with internal requirements, primarily in procurement (5.1 and 5.2), and to a lesser extent in cash handling (5.3), payroll (5.4), and credit card processes (5.5). These issues largely relate to incomplete documentation and missed procedural steps required under existing policies.

One high-rated finding (5.1) was identified where segregation of duties was not maintained in one of ten procurement samples. In this instance, the same officer evaluated, approved, and processed a purchase order and payment totalling \$89,000.

Focus Area	Outcomes	Risk Rating
Proper collection of all money owing to the local government.	Achieved	N/A
Safe custody and security of all money collected or held by the local government.	Partially Achieved	Medium
Maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process).	Achieved	N/A
Ensure proper accounting for all income, expenditure, assets, and liabilities of the municipal or trust funds.	Achieved	N/A
Ensure proper authorisation for the incurring of liabilities and the making of payments.	Not Achieved	High
	Mostly Achieved	Low
	Mostly Achieved	Low
Maintenance of stock control and costing records.	Partially Achieved	Medium

Preparation of budgets, budget reviews, accounts and reports required by the Act or regulations	Achieved	N/A
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Attachment 1 contains Paxon's detailed report, including 5 findings, the auditors' specific recommendations in relation to each finding and management's proposed response to each finding, summarised below:

**5.1 Lack of Segregation of Duties in the Procurement Process**

**Risk Rating - High Risk**

**Potential Implication**

A lack of segregation of duties may increase the risk of fraud and financial implications as a result.

**Recommendations**

Audit recommends reviewing current controls to ensure segregation of duties within procurement processes, including evaluation and purchase order request and approval. Where staffing constraints and resources are identified, the approver role should be re-allocated to the next level with the appropriate delegation.

Implement monitoring controls over procurement and payment processes, including to ensure appropriate segregation of duties.

**Shire of Broome Management Comment**

It is acknowledged that the procurement evaluation and approval were undertaken by a single officer in this instance, with no evidence of additional staff involvement in the assessment or evaluation process prior to the Purchase Order stage. Management acknowledges this gap and the need to strengthen probity controls, particularly in relation to segregation of duties during the evaluation phase of procurement.

To address this, management will implement a procedural control by updating the Brief Evaluation Report templates to require that the recommending officer and the approving Director are different individuals, ensuring an independent level of review and oversight prior to progression to the Purchase Order stage.

Example provided.

Recommendation			
Requesting Officer's *Name:		Signature:	
Position:		Date:	
Approval of Budget Holder (in accordance with Delegated Authority)			
Responsible Officer's Name:		Signature:	
Position:		Date:	

\*Please note the Requesting Officer must be different from the Responsible Officer

## **5.2 Conflict of Interest Declarations**

### ***Risk Rating - Low Risk***

#### ***Potential Implication***

Conflict of interest requirement not completed and therefore not assessed.

#### ***Recommendation***

Audit recommends conflict of interest declarations should be included as a requirement for all procurement processes where supplier quotes are obtained. This should be reflected within the Shire's Purchasing Policy.

#### ***Shire of Broome Management Comment***

Management acknowledges the recommendation to include conflict of interest declarations within procurement processes where supplier quotes are obtained and should be reflected within the Shire's Purchasing Policy.

However, Under the Shire's Purchasing Policy adopted by Council on 28 August 2025, conflict of interest declarations are required for procurements in excess of \$50,000, with lower value procurements not subject to the same formal requirements.

Management considers the current approach to reflect a practical, risk-based application of controls, consistent with the intent of the Purchasing Policy. The procurement was undertaken in accordance with the relevant value thresholds, and all

Shire employees remain bound by the Code of Conduct for Employees, which requires the ongoing disclosure of any actual or perceived conflicts of interest.

Management will continue to monitor this area and consider whether any enhancements to conflict of interest controls for lower-value procurements are warranted, taking into account risk and administrative practicality.

## **5.3 No Documentation to Ensure Oversight of Reconciliations**

### ***Risk Rating - Medium Risk***

#### ***Potential Implication***

Lack of evidence to confirm proper oversight and segregation of duties for cash counts, resulting in potential loss or mismanagement of monies collected.

#### ***Recommendation***

Audit recommends to ensure that reconciliation preparer and approver details and the date of performance are evidenced and recorded.

#### ***Shire of Broome Management Comment***

Management acknowledges the findings and notes that, while a process exists requiring reconciliations to include documented preparer and reviewer details, this was not consistently evidenced in the sampled period. This indicates that the approved process has not been followed as intended.

Management confirms that reconciliations are being completed in practice, with physical copies printed and co-signed; however, the absence of consistent documented evidence represents a control breakdown that requires attention.

Management will review the reconciliation process to identify and implement improvements to ensure consistent compliance with documentation requirements. This will include reinforcing expectations through refresher training and considering further

enhancements, such as strengthening oversight and progressing the digitalisation of cash collection and reconciliation records to improve traceability and accountability.

#### **5.4 Lack of Oversight for Payroll Reconciliation**

##### ***Risk Rating - Medium Risk***

##### ***Potential Implication***

Lack of evidence to confirm proper oversight and segregation of duties for payroll reconciliations, resulting in potential errors.

##### ***Recommendation***

Audit recommends to reinforce requirements for reconciliations to be properly approved and evidence of this to be documented to ensure a clear audit trail.

##### ***Shire of Broome Management Comment***

Management acknowledges the finding and notes that approver details were not captured for the November 2025 reconciliation sample. This occurred due to delays in completion and balancing issues which led to the reconciliation being finalised retrospectively, during the initial implementation phase of developing the payroll reconciliation procedure.

Management advises that this control is currently under review for formal inclusion in the end-of-month testing process to ensure consistent and timely documentation of both preparation and approval is maintained going forward.

#### **5.5 Credit Card Agreements**

##### ***Risk Rating - Low Risk***

##### ***Potential Implication***

Non-compliance with internal requirements, resulting in lack of staff acknowledgment of responsibilities relating to corporate credit card usage.

##### ***Recommendation***

Audit recommends to reinforce requirements for timely completion of all credit card agreements. These should be retained as part of the Shire's recordkeeping processes.

##### ***Shire of Broome Management Comment***

Management has undertaken a full review of corporate credit card holder profiles and related documentation within ExpenseMe Pro and confirms that the issue identified is an isolated instance.

The exception relates to an employee who has held a corporate credit card since 2022, for whom the user agreement could not be located. Since that time, the Shire has strengthened its controls through the use of dedicated credit card management software (ExpenseMe Pro), with all cardholder documentation and correspondence now retained within individual user profiles, improving record keeping and oversight for all current and future cardholders.

In response, management is investigating the possibility of an annual re-signing requirement within Attain to ensure all cardholders reaffirm their responsibilities and ongoing compliance with the corporate credit card policy.

#### **November 2024 - Regulation 17 Review Audit Findings**

Below are two areas previously raised in the Regulation 17 work undertaken by Paxon's in November 2024. The recommendations relating to these matters have not yet been fully implemented within the original timeframes.

As management has advised that these actions are currently in progress. As such, Paxon has not raised additional findings in this current review, as these matters are already being progressed in response to the previous Regulation 17 recommendations. It is also noted that these matters should be completed in a timely manner to ensure compliance with the updated Regulation 17 of the *Local Government (Financial Management) Regulations 1996*.

### **6.3 Asset Stocktake Processes (Fleet and IT Assets)**

#### **Risk Rating - Medium Risk**

Procedures for documenting inventory/ stocktake requirements have not been formalised. However our current review noted that stocktakes are being performed by the Shire on a monthly basis, which are properly documented and reviewed.

#### **Possible Implication**

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

#### **Recommendations**

Audit recommends to formalise a procedure to document stocktake requirements including frequency and approval. Perform regular stocktakes of all assets including fleet and IT equipment and retain evidence of checks performed.

#### **Shire of Broomes Management Comments**

Management acknowledges that formal procedures for documenting inventory and stocktake requirements have not yet been finalised. However, it is noted that stocktakes are currently being performed on a monthly basis, with appropriate documentation and evidence of review in place.

Management advises, two separate policies are being developed, one specifically for inventory management and another for stocktake procedures. These policies will establish clear guidelines and expectations, including roles and responsibilities, frequency and methodology of stocktakes, documentation standards, reconciliation processes, and review and approval requirements. This will include coverage of all relevant assets, including fleet and IT equipment, where applicable.

### **6.4 Asset Stocktake Processes (Fleet and IT assets)**

#### **Risk Rating - Low Risk**

Financial delegations within the Shire's finance system are not reviewed annually to ensure consistency with the delegated authority register. However our current review did not note any exceptions or inconsistencies in the financial delegations based on testing performed.

#### **Possible Implication**

Inappropriate or incorrect delegations provided to employees.

#### **Recommendation**

Audit recommends to include a review of financial delegations within the Shire's system when performing the annual review of the delegated authority register.

#### **Shire of Broomes Management Comments**

Management acknowledges that financial delegations within the Shire's finance system are not currently subject to a formal annual review to confirm alignment with the Delegated

Authority Register. However, based on the testing performed, no exceptions or inconsistencies were identified.

In practice, the Accountant regularly updates the finance system to reflect changes such as new starters, terminations, and higher duties arrangements, providing an ongoing control to maintain the accuracy and appropriateness of access and approval limits.

Management will incorporate a review of financial delegations within the end-of-month testing process. This will ensure a comprehensive and documented review is undertaken at least annually. The review will include a preparer and an approver to ensure appropriate segregation of duties and oversight, confirming consistency between the finance system and the Delegated Authority Register.

## **CONSULTATION**

Paxon Business and Financial Services.

## **STATUTORY ENVIRONMENT**

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

Regulation 5. CEO's duties as to financial management

## **POLICY IMPLICATIONS**

Nil

## **FINANCIAL IMPLICATIONS**

The Financial Management Review is conducted every three years, and represents a separate cost to Council's annual audit undertaken by RSM Australia and the Office of the Auditor General (OAG).

The FMR cost of \$19,800 is provided for within the Municipal Budget.

## **RISK**

The triennial Financial Management Review is, in itself, a key risk mitigation process that identifies areas for improvement. Management responses have been provided for each issue raised, and actions will continue to be progressed as a priority to address any outstanding matters.

## **STRATEGIC ASPIRATIONS**

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

**Outcome 9 - Effective leadership, advocacy and governance**

**Objective** 9.1 Strengthen leadership, advocacy and governance capabilities.

## **VOTING REQUIREMENTS**

*Simple Majority*

<b>COMMITTEE RESOLUTION:</b>
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**(REPORT RECOMMENDATION)**

**Minute No. AR/0426/002**

**Moved: Cr D Male**

**Seconded: Cr M Virgo**

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

- 1. Receives the 2025-26 Financial Management Review Report as attached;**
- 2. Notes the Management Comments; and**
- 3. Requests the Chief Executive Officer to continue to progress finalisation of any outstanding matters with a progress report to be provided to the Audit and Risk Committee prior to 31 October 2026.**

**CARRIED UNANIMOUSLY 3/0**

**Attachments**

1. 2025-26 Financial Management Review Report

# PAXON

## SHIRE OF BROOME

Regulation 5 Internal Audit Review  
Final Report

22 April 2026

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## 1. INTRODUCTION

### 1.1 Background & Objective

Paxon were engaged by the Shire of Broome (Shire) to perform the Financial Management Review on the CEO's behalf. Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 states:

*"The CEO is to – undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews."*

- *Proper collection of all money owing to the local government*
- *Safe custody and security of all money collected or held by the local government*
- *Maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process)*
- *Ensure proper accounting for all income, expenditure, assets, liabilities of the municipal or trust funds*
- *Ensure proper authorisation for the incurring of liabilities and the making of payments*
- *Maintenance of payroll, stock control and costing records*
- *Preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations*

This included review of processes and key controls within these areas.

The period of review covered 1 July 2025 to 31 December 2025, with information received from the Shire between January and March 2026.

## 2. EXECUTIVE SUMMARY

Overall, our review identified that the Shire generally has good processes and controls in terms of the design of its financial management systems and procedures. Policies and procedures are in place to formalise internal and legislative requirements. Controls in the form of reconciliations, processes for review and oversight and delegations of authority for accounting and financial processes are in place.

Paxon identified a total of 5 findings, which relate to gaps and non-compliances with prescribed internal requirements. The exceptions and gaps identified were in relation to procurement processes (5.1 and 5.2) where there was a gap in internal controls and monitoring to ensure appropriate segregation of duties and strengthening conflict of interest requirements.

We also noted gaps in the processes for the collection of monies (5.3), payroll (5.4), and credit card (5.5) processes. These exceptions were related to gaps in staff completing required steps and documentation which were part of internal requirements within established policies, procedures and templates available.

We identified one high-rated finding (5.1) where there was a lack of segregation of duties for 1 out of 10 procurement processes. The evaluation process was performed and approved by the same officer, who also raised and approved the purchase order. The value of the procurement and payment made to the supplier was \$89,000. It was noted that the purchase order was released by a different officer.

Two medium-rated findings were noted as follows:

- The Shire performs reconciliations for cash counts on a monthly basis. For all 3 instances tested we could not verify evidence of preparer and reviewer details, which are required sections within the Shire's reconciliation template (5.3); and
- The Shire performs payroll reconciliations on a monthly basis. We could not verify approval details for 1 of the 3 reconciliations tested (5.4).

Two low-rated findings were noted as follows:

- We noted for 1 out of 10 procurements tested, that the conflict of interest form was not completed as this is not a current requirement within the Shire's Purchasing Policy for lower value purchases. The procurement value was \$22,000 (5.2). Management have accepted this risk; and
- We could not obtain evidence of the credit card agreement that should have been completed in line with internal requirements for 1 out of 4 credit card holders tested (5.5).

Our review also identified two areas for which findings were previously noted within our Regulation 17 work performed in November 2024. The recommendations for these findings have not been fully addressed by the Shire within the original timeframes. Management has indicated that these actions are currently In progress:

- Procedures for documenting inventory/ stocktake requirements have not been formalised. However, our current review noted that stocktakes are being performed by the Shire on a monthly basis, which are properly documented and reviewed; and
- Financial delegations within the Shire's finance system are not reviewed annually to ensure consistency with the delegated authority register. However, our current review did not note any exceptions or inconsistencies in the financial delegations based on testing performed.

Paxon has not included findings for the above two areas within our current review as these are already being progressed by management to address the previous Regulation 17 recommendations raised by Paxon. The Shire should ensure that these are properly addressed to ensure that the requirements under the updated Regulation 17 of the Local Government (Financial Management) Regulations 1996 are met.

Findings are summarised below and documented in detail within section 5 of this report.

Risk Area	Finding	Risk Rating
Procurement	5.1 Lack of Segregation of Duties in Procurement Process	High
	5.2 Conflict of Interest Declarations	Low
Collection of Monies	5.3 No Documentation to Ensure Oversight of Reconciliations	Medium
Payroll	5.4 Lack of Oversight for Payroll Reconciliation	Medium
Credit Cards	5.5 Credit Card Agreements	Low

**Good Practice**

The following areas had good processes and controls, both in terms of design and operation. We did not identify any findings for these areas based on the work performed within our review:

- All policies and procedures relating to financial management reviewed were appropriately designed and kept up to date. These include the Purchasing Policy, Transaction Card Policy, Investment Policy, Asset Management Policy, Disposal of Assets Policy and Debt Collection Policy. These are supported by procedures and work instructions to provide further guidance to staff for areas such as cash collections and payroll;
- Processes for proper collection of monies are in place. Reconciliations are performed on a monthly basis as well as analysis of bad debts and aged debts, which are presented to Council regularly;
- Roles and responsibilities for financial processes and tasks are defined, including checklists and a task calendar in place;
- Investments are appropriately managed, with an investment register in place, as well as reconciliations performed and presented to Council;
- There is appropriate oversight and independent review of adjusting journals based on testing performed;
- Financial records have good controls for regular data backups for appropriate data security;
- The Shire uses Commonwealth Bank for managing its corporate cards. All corporate cards held by staff were acquitted and approved in a timely manner based on testing performed;
- Documentation and records are properly maintained to evidence supplier responses to tender and quotation processes including the Shire’s evaluation and approval that meet the Shire’s internal procurement requirements;
- Stock counts are performed on a monthly basis; and
- The Shire has appropriately designed processes for the preparation of budgets including internal review and approval by Council annually. Fees and charges are also approved as part of the budget process.

We would like to thank all officers that assisted with the performance of this review.

### 3. METHODOLOGY

Our methodology for this review comprised of the following steps:

- Conduct an initial meeting with management to obtain an understanding of processes and potential issues
- Develop overview documentation of the processes including key controls by discussion with staff and review of the processes
- Evaluate the effectiveness of the design of controls to cover the identified risk and test the operation of the key controls
- Develop appropriate recommendations for improvement for discussion with management
- Draft a report of findings and recommendations and obtain formal responses from management
- Finalise the report and issue it to management for distribution to the Audit, Risk and Improvement Committee and relevant management.

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. DETAILED AUDIT FINDINGS

### 5.1 Lack of Segregation of Duties in Procurement Process

#### Audit Finding

Based on testing performed for 10 procurements completed by the Shire, we noted that for one of the procurement processes the evaluation was performed and approved by the same officer. The same officer also raised and approved the related purchase order. However, we noted that a separate Procurement Officer was involved in the order being released. The value of the procurement was \$89,000 in relation to waste services.

We also could not identify any monitoring controls in place by the Shire to perform checks over compliance of procurement processes in line with internal requirements, which would have identified the lack of segregation of duties for the procurement process and payment made to the supplier. Paxon previously raised a finding within our Regulation 17 work in 2024 in relation to this. Management accepted the finding to implement procurement monitoring processes, however this has not yet been completed.

#### Risk Rating

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

#### Potential Implication

A lack of segregation of duties may increase the risk of fraud and financial implications as a result.

#### Recommendation

- 5.1.1 Review current controls to ensure segregation of duties within procurement processes including evaluation and purchase order request and approval. Where staffing constraints and resources are identified, the approver role should be re-allocated to the next level with the appropriate delegation.
- 5.1.2 Implement monitoring controls over procurement and payment processes, including to ensure appropriate segregation of duties.

#### Management Comment

It is acknowledged that the procurement evaluation and approval were undertaken by a single officer in this instance, with no evidence of additional staff involvement in the assessment or evaluation process prior to the Purchase Order stage. Management acknowledges this gap and the need to strengthen probity controls, particularly in relation to segregation of duties during the evaluation phase of procurement.

To address this, management will implement a procedural control by updating the Brief Evaluation Report templates to require that the recommending officer and the approving Director are different individuals, ensuring an independent level of review and oversight prior to progression to the Purchase Order stage.

Example provided.

Recommendation			
Requesting Officer's *Name:		Signature:	
Position:		Date:	
Approval of Budget Holder (in accordance with Delegated Authority)			
Responsible Officer's Name:		Signature:	
Position:		Date:	

\*Please note the Requesting Officer must be different from the Responsible Officer

#### Action Owner

5.1.1 and 5.1.2: Manager Financial Services

#### Target Completion Date

5.1.1 and 5.1.2: 30 June 2026

## 5.2 Conflict of Interest Declarations

### Audit Finding

The Shire has a “Declaration of Confidentiality and Interest” form that is required to be completed for procurement processes.

Based on testing performed for 10 procurements completed by the Shire, we noted that the Form was not completed for one of the samples. The procurement was in relation to a survey developed for community services for an amount of \$22,000.

While we note that the Shire’s current requirements within the Purchasing Policy do not specifically require conflict of interest declarations to be made for lower value purchases, where request for quotes are sent and received, there is a risk for potential conflicts in the procurement and purchasing process that should be considered and managed.

### Risk Rating

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

### Potential Implication

Conflict of interest requirements not completed and therefore not assessed.

### Recommendation

5.2 Conflict of interest declarations should be included as a requirement for all procurement processes where supplier quotes are obtained. This should be reflected within the Shire’s Purchasing Policy.

### Management Comment

Management acknowledges the recommendation to include conflict of interest declarations within procurement processes where supplier quotes are obtained and should be reflected within the Shire’s Purchasing Policy.

However, Under the Shire’s Purchasing Policy adopted by Council on 28 August 2025, conflict of interest declarations are required for procurements in excess of \$50,000, with lower value procurements not subject to the same formal requirements.

Management considers the current approach to reflect a practical, risk-based application of controls, consistent with the intent of the Purchasing Policy. The procurement was undertaken in accordance with the relevant value thresholds, and all Shire employees remain bound by the Code of Conduct for Employees, which requires the ongoing disclosure of any actual or perceived conflicts of interest.

Management will continue to monitor this area and consider whether any enhancements to conflict of interest controls for lower-value procurements are warranted, taking into account risk and administrative practicality.

### Action Owner

Manager Financial Services

### Target Completion Date

30 June 2026

### 5.3 No Documentation to Ensure Oversight of Reconciliations

#### Audit Finding

Paxon performed testing of three monthly reconciliations performed by the Shire over cash counts between July and December 2025. We identified that all the reconciliations tested did not have evidence of the preparer and reviewer details. We noted that the reconciliation templates developed by the Shire included a section for these details to be captured, however they were not completed by the relevant officers.

#### Risk Rating

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

#### Potential Implication

Lack of evidence to confirm proper oversight and segregation of duties for cash counts, resulting in potential loss or mismanagement of monies collected.

#### Recommendation

- 5.3 Ensure that reconciliation preparer and approver details and the date of performance are evidenced and recorded.

#### Management Comment

Management acknowledges the findings and notes that, while a process exists requiring reconciliations to include documented preparer and reviewer details, this was not consistently evidenced in the sampled period. This indicates that the approved process has not been followed as intended.

Management confirms that reconciliations are being completed in practice, with physical copies printed and co-signed; however, the absence of consistent documented evidence represents a control breakdown that requires attention.

Management will review the reconciliation process to identify and implement improvements to ensure consistent compliance with documentation requirements. This will include reinforcing expectations through refresher training and considering further enhancements, such as strengthening oversight and progressing the digitalisation of cash collection and reconciliation records to improve traceability and accountability.

#### Action Owner

Manager Financial Services

#### Target Completion Date

30 June 2026

#### 5.4 Lack of Oversight for Payroll Reconciliation

##### Audit Finding

Paxon performed testing of three monthly reconciliations performed over payroll between July and December 2025. We could not verify approver details for one of the reconciliations relating to November 2025.

We noted that the reconciliation templates developed by the Shire included a section for these details to be captured (through a system-driven timestamp), however they were not completed by the relevant officer in this instance.

##### Risk Rating

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

##### Potential Implication

Lack of evidence to confirm proper oversight and segregation of duties for payroll reconciliations, resulting in potential errors.

##### Recommendation

5.4 Reinforce requirements for reconciliations to be properly approved and evidence of this to be documented to ensure a clear audit trail.

##### Management Comment

Management acknowledges the finding and notes that approver details were not captured for the November 2025 reconciliation sample. This occurred due to delays in completion and balancing issues which led to the reconciliation being finalised retrospectively, during the initial implementation phase of developing the payroll reconciliation procedure.

Management advises that this control is currently under review for formal inclusion in the end-of-month testing process to ensure consistent and timely documentation of both preparation and approval is maintained going forward.

##### Action Owner

Manager Financial Services

##### Target Completion Date

30 September 2026

## 5.5 Credit Card Agreements

### Audit Finding

The Shire has a "Transaction Card Employee Agreement and Approval" form that is completed for all new cardholders to confirm their card limit and responsibilities. The form is completed by the employee and approved by the CEO or Director prior to use of the credit card.

The Shire has a total of 34 corporate credit cards currently in use. Paxon performed testing of four corporate credit card holders and could not obtain evidence of the credit card user agreement for one of the card holders.

### Risk Rating

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

### Potential Implication

Non-compliance with internal requirements, resulting in lack of staff acknowledgment of responsibilities relating to corporate credit card usage.

### Recommendation

5.5 Reinforce requirements for timely completion of all credit card agreements. These should be retained as part of the Shire's recordkeeping processes.

### Management Comment

Management has undertaken a full review of corporate credit card holder profiles and related documentation within ExpenseMe Pro and confirms that the issue identified is an isolated instance.

The exception relates to an employee who has held a corporate credit card since 2022, for whom the user agreement could not be located. Since that time, the Shire has strengthened its controls through the use of dedicated credit card management software (ExpenseMe Pro), with all cardholder documentation and correspondence now retained within individual user profiles, improving record keeping and oversight for all current and future cardholders.

In response, management is investigating the possibility of an annual re-signing requirement within Attain to ensure all cardholders reaffirm their responsibilities and ongoing compliance with the corporate credit card policy.

### Action Owner

Manager Financial Services

### Target Completion Date

30 September 2026

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**6.2 3RD QUARTER FINANCE AND COSTING REVIEW 2025-26**

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

**SUMMARY:**

The Audit Risk and Improvement Committee is requested to consider the results of the 3<sup>rd</sup> Quarter Finance and Costing Review (FACR) of the Shire's budget for the period ended 31 March 2026, including forecast estimates and budget recommendations to 30 June 2026.

**BACKGROUND**Previous Considerations

OMC	26 June 2025	Item 9.4.2 Adoption of the 2025/26 Annual Budget
ARIC	7 October 2025	Item 5.1 1 <sup>st</sup> Quarter Finance and Costing Review 2025-26
SMC	3 November 2025	Item 6.1 Contract Variation – Contract 24/08 Contaminated Sites Remediation
ARIC	4 December 2025	Item 5.1 Annual Financial Report and Audit Report 2024-25
OMC	16 December 2025	Item 14.1 RFT25/11 Old Broome Road Upgrade Item 14.2 RFT25/10 Supply and Delivery of 9 Light Vehicles
ARIC	16 February 2026	Item 5.1 2 <sup>nd</sup> Quarter Finance and Costing Review 2025-2026

1<sup>st</sup> Quarter Finance and Costing Review 2025-26

The 1<sup>st</sup> Quarter Finance and Costing Review (FACR) review was approved by Council at the Ordinary Council Meeting held on 16 October 2025. The Q1 FACR estimated a closing financial year deficit of **\$422,183**. It was noted by Council and the Audit Risk and Improvement Committee that steps would need to be taken to offset this loss of untied grant funding at subsequent FACR's.

The Q1 FACR contained a comprehensive list of budget amendments, with the key proposed amendment being in relation to the Shire's Financial Assistance Grant Funding, which had an overall \$293,771 reduction on the previous year (and budget position).

Council Approved Budget Amendments

Since the adoption of the 2025/26 Annual Budget Council have approved the following budget amendments:

### **OMC 3 November 2025 Item 6.1: Contract Variation – Contract 24/08 Contaminated Sites Remediation**

The net impact on municipal funds for 2025/26 is \$0, as the budget amendments offset each other (\$850,000 in Transfer from Reserve income and \$850,000 in expenditure). An agenda item was presented to the full Council, outside of the FACR process, to facilitate the proposed project. Council resolved the following:

**COUNCIL RESOLUTION:**

**(REPORT RECOMMENDATION)**

**Minute No. C/1125/011**

**Moved: Cr M Virgo**

**Seconded: Cr S Cooper**

**That Council:**

- 1. Authorise the Chief Executive Officer to vary Contract 24/08 Contaminated Site Remediation Reserve 42502 up to a maximum contract value of \$2,975,000 Ex GST.**
- 2. Approve a budget amendment of \$850,000 Ex GST to Expense Account 101010500 for the delivery of Contract 24/08 Contaminated Site Remediation Reserve 42502**
- 3. Approve a budget amendment of \$850,000 Ex GST to Account 101015250 Transfer From Reuse Site Reserve – Sanitation Gen Refuse Mun.**

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

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 8/0**

### **ARIC 4 December 2025 Item 5.1 - Annual Financial Report and Audit Report 2024-25**

This report contained the Auditors' Report to finalise the accounts for 2024-25 and subsequently allowed for calculation of the final 2024-25 surplus, including final figures for the Carry Forward projects that were incomplete as at 30 June 2025.

There were several amendments required to the 2025-26 Annual Budget resulting from the finalisation of the 2024-25 Audit, which effected a cumulative net surplus of \$53,161.

**COMMITTEE RESOLUTION:**

**(REPORT RECOMMENDATION)**

**Minute No. AR/1225/002**

**Moved: Cr M Virgo**

**Seconded: Cr D Male**

**That the Audit Risk and Improvement 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 3; and**
  - (c) Audit Management Letter as per Confidential Attachment 4 and 5.**

3. **Adopt the Audited Annual Financial Report dated 2 December 2025 and the Audit Management Letter for the year ended 30 June 2025 as per Attachment 2,3,4 and 5 respectively.**
4. **Approves the Budget Amendment detailed as per Attachment 6 to finalise the correct amounts for Carry Forwards from 2024-2025.**
5. **Acknowledging the advance payment of the Financial Assistance Grant in June 2025, approves budget amendments to decrease GL 100303010 General Purpose Grant by \$256,871 and GL 101203050 Untied Roads Grant by \$399,881.**
6. **Approves a budget amendment to allocate \$360,903.50 of net 2024/25 surplus to GL 101474570 Transfer to Building Reserve to offset costs of new capital building projects contained within the Council Plan; and**
7. **Approves a budget amendment to allocate \$360,903.50 of net 2024/25 surplus to GL 101419950 Transfer to IT & Equipment Reserve for Replacement of ERP Software and systems.**

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 2/0**

### **OMC 16 December 2025 Item 14.1- RFT25/11 Old Broome Road Upgrade**

Budget Amendment relating to the Old Broome Road project recognising increased grant funding and corresponding increases in project expenditure. The amendment had no overall financial impact.

#### **COUNCIL RESOLUTION:**

**(REPORT RECOMMENDATION)**

**Minute No. C/1225/023**

**Moved: Cr P Taylor**

**Seconded: Cr S Cooper**

**That Council:**

1. **Note the recommendation in the Evaluation Report for RFT25/11 Old Broome Road Upgrade as presented in Attachment 2;**
2. **Accepts the Tender provided by Roadline Contracting Pty Ltd as the most advantageous Respondent from which to form a Contract, after final contract negotiations including considered collaboration on the most efficient programme to minimise traffic interruption to a maximum value of \$3,458,072 Ex GST.**
3. **Requests the Chief Executive Officer seek an amendment from the Australian Government's Department of Infrastructure, Transport, Regional Development, Communications and the Arts to allocate the unallocated funds from the 2025/26 and 2026/27 Roads to Recovery years to the 2025/26 Roads to Recovery year for the Old Broome Road project**
4. **Authorises the Chief Executive Officer to negotiate and sign the contract documentation following final contract negotiations and the appropriate financial due diligence, and negotiate contract variations during the works/project if necessary;**
5. **Approve a budget amendment of \$53,159 Ex GST to increase Income Account 121719B RPG Old Broome Road for the delivery of RFT25/11 Old Broome Road Upgrade**
6. **Approve a budget amendment of \$693,518.50 Ex GST to increase Income Account 121719A RTR Old Broome Road for the delivery of RFT25/11 Old Broome Road Upgrade.**

7. **Approve a budget amendment of \$166,658.50 Ex GST to undertake a transfer from the Shire' s Footpath Reserve, Account 121719D, for expenditure on 121719 Old Broome Road for the delivery of RFT25/11 Old Broome Road Upgrade.**
8. **Approve a budget amendment of \$860,177 Ex GST to increase Expense Account 121719 Old Broome Road for the delivery of RFT25/11 Old Broome Road Upgrade.**
9. **Requests the Chief Executive Officer seek an increase to the grant agreement from the Department of Transport's West Australian Bicycle Network grant program for 50% of the project increase.**

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

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 8/0**

### **OMC 16 December 2025 Item 14.2 - RFT25/10 Supply and Delivery of 9 Light Vehicles**

Approval of a Budget Amendment to increase expenditure and to recognise increased income due to proceeds of sale. The amendments had no overall financial impact.

#### **COUNCIL RESOLUTION:**

**(RECOMMENDATION)**

**Minute No. C/1225/024**

**Moved: Cr M Virgo**

**Seconded: Cr P Taylor**

#### **REPORT RECOMMENDATION:**

**That Council:**

1. **Note the recommendation in the Evaluation Report for RFT25/10 for Supply and Delivery of Nine (9) Light Vehicles as presented in Attachment 1.**
2. **Notes the removal of one Dual Cab Tipper Utility (P18118) from the Contract in order to review usage and refine vehicle specifications prior to replacement.**
3. **Accepts the Tender provided by North West Motor Group Pty Ltd as the most advantageous Respondent from which to form a Contract for RFT 25/10 Supply and Delivery of 9 Light Vehicles, after final contract negotiations to a maximum value of \$497,553 Ex GST, subject to minor variations.**
4. **Authorises the Chief Executive Officer to negotiate and sign the contract documentation following final contract negotiations and the appropriate financial due diligence, and negotiate contract variations during the works/project if necessary.**
5. **Approves the budget amendments contained in Attachment 2, totalling \$33,553 Ex GST for the RFT25/10 Supply and Delivery of 9 Light Vehicles.**

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

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 8/0**

### Quarter 2 Finance and Costing Review

After completing the Council Approved Budget Amendments and at the commencement of the 2<sup>nd</sup> Quarter FACR there was an estimated end of year **deficit of \$369,022**. The deficit is primarily the result of a \$293,00 reduction to the Shire's allocation of untied Financial Assistance Grants from the WA State Government Grant Commission recognised in Q1.

In recognition of the need to address the shortfall of budgeted Financial Assistance Grants the executive team undertook an internal review of capital projects. Several projects were proposed to be deferred to deliver savings, including the Library Feasibility Study and the Depot and Animal Management Facility Masterplan. In addition to addressing the budget shortfall resulting from the reduction in Financial Assistance Grants, deferral allowed the diversion of internal resources to progress activities supporting the Shire's response to the Housing Crisis, including the finalisation of business cases, grant applications and advocacy.

Of the amendments approved by Council at the Q2 FACR, the following were of note:

<b>Increased Fees and Charges Revenue</b>	<b>-\$206,000</b>
Forecast increases in fees and charges revenue in various business units. Notably, an estimated \$125,000 increase in Subdivision Engineering Supervision Charges, recognising a peak in subdivision works within the Shire area.	
<b>Business Continuity and Risk Management Framework</b>	<b>\$110,000</b>
Following RFQ processes further funds are required to finalise the Business Continuity and Risk Management Framework (\$30K and \$80K respectively). The proposed budget amendments will provide a completed Business Continuity Management Framework by the end of the financial year, and will allow a Risk Management Framework review to be progressed significantly.	
<b>Library Feasibility Study</b>	<b>-\$100,000</b>
Following budget deliberations Tourism WA advised they had secured \$200,000 to deliver a Kimberley Events Centre Feasibility Study. Shire officers have successfully requested that the feasibility include co-location options and performing arts centre capabilities are included within the scope. The outcome of the study has the potential to impact a number of strategic projects currently in the feasibility or early planning stages including the Broome Library. Officers recommend that the project is deferred pending the outcomes of the Kimberley Event Centre Feasibility Study. Deferred to assist in addressing Financial Assistance Grant reduction.	
<b>Depot Relocation and Animal Management Masterplan</b>	<b>-\$60,000</b>
Land tenure assurance is yet to be clarified and has resulted in delays to the project. It is proposed to defer these works to 26/27 with funding to be split across the 26/27 and 27/28 financial years. Deferred to assist in addressing Financial Assistance Grant reduction.	

After the completion of the 2<sup>nd</sup> Quarter Finance and Costing Review (FACR), the Shire had an overall projected **deficit of \$46,410**.

Since that time, there have been the following budget amendments approved by Council.

**OMC 26 March 2026 Item 14.1 - Business of Urgent Nature - OBJECTION TO THE RATE RECORD - NON-RATEABLE LAND UNDER SECTION 6.26(2)(g) - FOUNDATION HOUSING LIMITED**

Budget Amendment recognising the Rates exemption provided for Foundation Housing properties that are used exclusively for charitable purposes as per section 6.26 (2)(g) of the Local Government Act 1995.

**COUNCIL RESOLUTION:**

*Minute*

**No. C/0326/024**

**Moved: Cr S Cooper  
Taylor**

**Seconded: Cr P**

**That Council:**

1. ***Notes the benefits that public housing delivers to the wider community and supports the provision of appropriate public housing to those in need by the State Government;***
2. ***Notes that the provision and management of public housing is a State Government responsibility funded by State and Federal Government;***
3. ***Notes that public housing comprises over 16% of all residential property within the Shire of Broome in comparison to Perth Metropolitan benchmark figures of 3%;***
4. ***Allows Foundation Housing Limited's application for rate exemption for the following properties for the 2024/25 financial year on the overarching basis that the properties are used exclusively for charitable purposes as per section 6.26(2)(g) of the Local Government Act 1995:***
  - (a) A101230
  - (b) A103837
  - (c) A113840
  - (d) A114084
  - (e) A118180
  - (f) A119713
  - (g) A304172
  - (h) A305462
  - (i) A305463
  - (j) A305464
  - (k) A306171;
5. ***Allows Foundation Housing Limited's application for rate exemption for the following properties for the 2025/26 financial year on the overarching basis that the properties are used exclusively for charitable purposes as per section 6.26(2)(g) of the Local Government Act 1995:***
  - (a) A101230
  - (b) A103837
  - (c) A114084
  - (d) A119713

**(e) A304172**

**(f) A305462**

**(g) A305463**

**(h) A305464**

**(i) A306171;**

- 6. Approve a budget revenue reduction of \$240,496.41 from Account 30105 Rates Broome – Op Inc – Rates;**
- 7. Request the Chief Executive Officer review the delivery of services and identify savings across the organisation through the third quarter Finance and Costing Review to offset the loss of rates revenue associated with Foundation Housing Limited’s charitable use exemptions for 2024/25 and 2025/26;**
- 8. Notes that the provision of rates exemptions for Community Housing Providers will result in an ongoing reduction in rates revenue which will need to be recovered through a general rates increase across existing Shire of Broome ratepayers.**
- 9. Request the Chief Executive Officer advise the Ministers for Housing and Local Government of the financial impact of charitable use exemptions for Community Housing Providers and request that:**
  - (a) Community Housing Agreement’s for public housing properties in the Shire of Broome include provision for the payment of rates given the significant proportion of public housing delivered by the State within the district, and the impost that the removal of rate revenue for those properties would have on the remaining rate base;**
  - (b) Legislative reform is considered to address the complexity and uncertainty of the charitable use exemption clauses within the Local Government Act 1995 specifically in relation to Community Housing Providers;**
  - (c) Community Housing Providers are adequately funded to contribute to the rate base on properties leased from the Department of Communities in recognition of their impact on local government; and**
  - (d) The State government collaborate with local government to develop sustainable funding arrangements that support public housing outcomes while maintaining the financial sustainability of local government.**
- 10. Acknowledges the disproportionately high concentration of public housing across the Kimberley and the growing and unsustainable burden on the Shire of Broome’s rating base, should rates not be payable on public housing properties.**
- 11. Requests the Chief Executive Officer to work with the Kimberley Regional Group and all Kimberley local governments to highlight the significant financial risk to all Kimberley local governments should this model of rate exemptions for public housing expand.**
- 12. Requests the Chief Executive Officer to actively advocate, both through the Kimberley Regional Group and directly, for a united regional position that:**
  - a. Calls on the WA Minister for Housing and relevant State Members of Parliament to urgently address the inequity created by these exemptions; and**

**b. Seeks immediate legislative reform to ensure local governments are not financially disadvantaged by public housing properties deemed non rateable.**

**13. Requests the CEO and Shire President to publicly communicate this issue by:**

- a. Engaging with local media to clearly articulate the financial impact of these exemptions; and**
- b. Informing Broome ratepayers that the cost of unpaid rates by public housing providers is ultimately being shifted onto the broader community.**

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 9/0**

## COMMENT

The Quarter 3 FACR identifies a net cumulative **deficit** forecast of **\$195,460** to 30 June 2026.

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

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

- A \$388,000 reduction in forecast Salaries and Wages, reflecting vacancies in key positions throughout the organisation. This is offset by a \$210,000 increase in funds allocated to the planned engagement of relief contracting staff in order to maintain service levels wherever possible. A further \$128,000 of salary savings has been allocated materials to ensure planned service works are able to be completed successfully.
- A \$170,000 reduction in planned mobile plant and equipment replacement cost, reflecting the decision taken to hire equipment with low forecast utilisation rather than to replace.
- A \$75,000 reduction in forecast expenditure for training, recruitment, and related expenses. These reductions are a by-product of vacancies across the organisation throughout the year, which have resulted in fewer training opportunities, and reduced cost of uniforms and equipment required.
- A \$62,000 reduction in forecast expenditure relating to the planned upgrade of security gates at the depot facility. This carryover project required an amended scope and will be re-examined and re-evaluated for a future business case.
- Funds totalling \$69,070 are available from the Cable Beach Design works budget due to the Monsoonal Vine Thicket Boardwalk and Pathway not proceeding, and are proposed to be used to reduce the loan from \$2,234,782 to \$2,165,712.

The Q2 FACR identified \$416,380 of Organisational Savings. It is proposed to use these savings to reduce the Walmanyjun Cable Beach Stage 2 Redevelopment borrowings down to \$1,749,383. If the same interest rate is achieved, the reduced loan amount will decrease the annual repayment by \$46,507 per annum.

While the forecast for the 2025/26 financial year shows a positive result, it's crucial to acknowledge that the surplus isn't due to inadequate planning or budgeting.

Staff turnover and vacancies have affected service delivery, prompting officers to redirect salary savings to engage casual / contract staff and external contractors to maintain service delivery. Non-essential activities have also been deferred to ease pressure and focus resources on critical deliverables. Despite challenges, officers have strived to meet community expectations with available resources. Recognising that operating budgets reset at the start of the new financial year, officers strive to optimise their fund allocations to achieve the best outcomes for the community by 30 June.

### Quarter 3 FACR Result

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

A summary of the results is as follows:

SHIRE OF BROOME SUMMARY REPORT							
BUDGET IMPACT							
	2025/26 Adopted Budget (Inc) / Exp	YTD Adopted Budget Amendments (Inc) / Exp	FACR Q3 Overall (Inc) / Exp	FACR Q3 Org Expenses / (Savings)	FACR Q3 Impact (Inc) / Exp (Org Savings subtracted)	YTD Impact (Org Savings Subtracted)	YTD Overall Position
Office of the CEO	\$0	-\$14,389	-\$65,000	-\$75,000	\$10,000	-\$4,389	-\$79,389
Corporate Services	\$0	\$427,245	-\$35,000	\$40,000	-\$75,000	\$352,245	\$392,245
Development Services	\$0	-\$77,434	-\$62,894	-\$39,380	-\$23,514	-\$100,948	-\$140,328
Infrastructure Services	\$0	-\$235,851	-\$344,932	-\$342,000	-\$2,932	-\$238,783	-\$580,783
Council approved budget amendments	\$0	\$187,335	\$0	\$0	\$0	\$187,335	\$187,335
	<b>\$0</b>	<b>\$286,906</b>	<b>-\$507,826</b>	<b>-\$416,380</b>	<b>-\$91,446</b>	<b>\$195,460</b>	<b>-\$220,920</b>

\*Council adopted the annual budget with a predicted end-of-year balanced budget.

### CONSULTATION

All amendments have been proposed after consultation with Executive and Responsible Officers at the Shire.

### STATUTORY ENVIRONMENT

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

#### **r33A. Review of Budget**

(1) Between 1 January and the last day of February in each financial year a local government is to carry out a review of its annual budget for that year.

- (2A) The review of an annual budget for a financial year must —
- (a) consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
  - (b) consider the local government's financial position as at the date of the review; and
  - (c) review the outcomes for the end of that financial year that are forecast in the budget; and
  - (d) include the following —
    - (i) the annual budget adopted by the local government;
    - (ii) an update of each of the estimates included in the annual budget;
    - (iii) the actual amounts of expenditure, revenue and income as at the date of the review;
    - (iv) adjacent to each item in the annual budget adopted by the local government that states an amount, the estimated end-of-year amount for the item.
- (2) The review of an annual budget for a financial year must be submitted to the council on or before 31 March in that financial year.
- (3) A council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or any recommendations made in the review.
- \*Absolute majority required.
- (4) Within 14 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

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

## **Local Government Act 1995**

### **6.8. Expenditure from municipal fund not included in annual budget**

- 1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
- (a) is incurred in a financial year before the adoption of the annual budget by the local government;
  - (b) is authorised in advance by resolution\*; or
  - (c) is authorised in advance by the mayor or president in an emergency.
- (1a) In subsection (1) —
- “additional purpose” means a purpose for which no expenditure estimate is included in the local government's annual budget.

## **POLICY IMPLICATIONS**

Nil.

It should be noted that according to the materiality threshold set at the budget adoption, should a deficit achieve 1% of Shire's operating revenue (\$497,043) the Shire must formulate an action plan to remedy the over expenditure.

## FINANCIAL IMPLICATIONS

The **net result** of budget amendments previously endorsed by Council (including Quarter 1 FACR and Quarter 2 FACR) is a budget deficit position of **\$286,906**.

The **net result** of budget amendments proposed through the Quarter 3 FACR will result in a surplus of **\$507,826**. As mentioned in the body of the report, the officer recommendation proposes using Organisational Savings of \$416,380 to reduce the Walmanyjun Cable Beach Stage 2 Redevelopment loan. This will result in an overall closing position **deficit of \$195,460** to 30 June 2026. The result is in line with the Q1 FACR deficit resulting from the reduction in Financial Assistance Grants.

The **\$195,460** Deficit figure represents a budget forecast should all expenditure and income occur as expected.

Executive staff will monitor budgets over the closing 2 months of the financial year and are confident that the remaining deficit can be offset by the end of the year.

## RISK

The Finance and Costing Review (FACR) seeks to provide a best estimate of the end-of-year position for the Shire of Broome at 30 June 2026. Contained within the report are recommendations of amendments to budgets which have financial implications on the estimate of the end-of-year position.

The review does not, however, seek to make amendments below the materiality threshold unless strictly necessary. The FACR thresholds are based on 50% of the materiality thresholds of \$5,000 for operating budgets and \$10,000 for capital budgets (the full materiality thresholds set by Council are \$10,000 for operating budgets and \$20,000 for capital budgets). Should a number of accounts exceed their budget within these thresholds, it poses a risk that the predicted final end-of-year position may be understated.

In order to mitigate this risk, the CEO enacted the FACRs to run quarterly and Executive examine each job and account to ensure compliance. In addition, the monthly report provides variance reporting, highlighting any discrepancies against budget.

It should also be noted that should Council decide not to adopt the recommendations, it could lead to some initiatives being delayed or cancelled in order to offset the additional expenditure associated with running the Shire's operations.

## STRATEGIC ASPIRATIONS

**Performance – We will deliver excellent governance, service and value, for everyone.**

**Outcome Eleven – Effective leadership, advocacy and governance:**

11.1 Strengthen leadership, advocacy and governance capabilities.

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

13.1 Plan effectively for short and long term financial sustainability.

**VOTING REQUIREMENTS**

*Absolute Majority*

**COMMITTEE RESOLUTION:**

**(REPORT RECOMMENDATION)**

**Minute No. AR/0426/003**

**Moved: Cr M Virgo**

**Seconded: Cr D Male**

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

- 1. Receives the Quarter 3 Finance and Costing Review Report for the period ended 31 March 2026;**
- 2. Adopts the operating and capital budget amendment recommendations for the year ended 30 June 2026 as attached (Attachment 1) noting removal of proposed amendments to the Cable Beach Monsoonal Vine Thicket (Account 1181426);**
- 3. Approves a budget amendment to reduce the proposed loan for Account 1486562 – Loan Funds - Cable Beach Stage 2 by \$416,380 being the amount of Organisational Savings identified in this review; and**
- 4. Notes a forecast net end-of-year deficit position to 30 June 2026 of \$195,460.**

**CARRIED UNANIMOUSLY BY ABSOLUTE MAJORITY 3/0**

**Attachments**

1. Quarter 3 Finance and Costing Review 2025-2026

<b>SHIRE OF BROOME SUMMARY REPORT</b>							
<b>BUDGET IMPACT</b>							
	<b>2025/26 Adopted Budget (Inc) / Exp</b>	<b>YTD Adopted Budget Amendments (Inc) / Exp</b>	<b>FACR Q3 Overall (Inc) / Exp</b>	<b>FACR Q3 Org Expenses / (Savings)</b>	<b>FACR Q3 Impact (Inc) / Exp (Org Savings subtracted)</b>	<b>YTD Impact (Org Savings Subtracted)</b>	<b>YTD Overall Position</b>
<b>Office of the CEO</b>	\$0	-\$14,389	-\$65,000	-\$75,000	\$10,000	-\$4,389	-\$79,389
<b>Corporate Services</b>	\$0	\$427,245	-\$35,000	\$40,000	-\$75,000	\$352,245	\$392,245
<b>Development Services</b>	\$0	-\$77,434	-\$62,894	-\$39,380	-\$23,514	-\$100,948	-\$140,328
<b>Infrastructure Services</b>	\$0	-\$235,851	-\$344,932	-\$342,000	-\$2,932	-\$238,783	-\$580,783
<b>Council approved budget amendments</b>	\$0	\$187,335	\$0	\$0	\$0	\$187,335	\$187,335
	<b>\$0</b>	<b>\$286,906</b>	<b>-\$507,826</b>	<b>-\$416,380</b>	<b>-\$91,446</b>	<b>\$195,460</b>	<b>-\$220,920</b>

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

\*\*Please note that should the Forecast budget predict a deficit greater than 1% of budgeted operating revenue excluding grants and contributions for assets, and profit on sale of assets (\$497,043), an action plan to remedy the situation will be prepared in accordance with Item 9.4.2 of July SMC on Materiality Threshold.

† Includes all additional Council adopted budget amendments year-to-date, including any previous FACRs

SHIRE OF BROOME FINANCE & COSTING REVIEW QUARTER 3 2025-26										
COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
<b>Office of the CEO</b>										
<b>ADMIN1 - Chief Executive Officer - S Mastrolembo</b>										
23450		34	Consultants - Op Exp - Other Governance	\$127,020	\$120,715	\$10,000	\$137,020		Further funding required for McMahon Estate business case.	\$0
						\$10,000		\$0		\$0
<b>CS3 - Manager People and Culture - C Tribble</b>										
142042		34	Performance Based Awards - General Admin - Op Exp	\$35,000	\$16,276	-\$8,000	\$27,000		Nil impact - reallocating from IE 34 to IE 79 to reflect nature of expense incurred.	\$0
142042		79	Performance Based Awards - General Admin - Op Exp	\$0	\$7,049	\$8,000	\$8,000		Nil impact - reallocating from IE 34 to IE 79 to reflect nature of expense incurred.	\$0
142043	142143	77	Organisational Training - General (uncategorised) - Op Exp	\$90,000	\$31,043	-\$20,000	\$70,000		Fewer training opportunities than budgeted due to vacancies across the organisation, as well as a reallocation between directorates.	-\$20,000
142043	142143	79	Organisational Training - General (uncategorised) - Op Exp	\$17,144	\$13,124	-\$5,000	\$12,144		Fewer training opportunities than budgeted due to vacancies across the organisation.	-\$5,000
142043	142145	77	Organisational Training - Corporate Services - Op Exp	\$50,000	\$31,229	-\$10,000	\$40,000		Fewer training opportunities than budgeted due to vacancies across the organisation.	-\$10,000
142043	142147	77	Organisational Training - Infrastructure - Op Exp	\$32,000	\$23,869	\$10,000	\$42,000		Reallocating training budget between directorates.	\$10,000
142044		79	Uniform - Op Exp - General Admin O'Heads	\$71,000	\$33,881	-\$20,000	\$51,000		Reduced expenditure due to recycling of uniforms.	-\$20,000
142046		79	Recruitment Expenses - Op Exp - General Admin O'Heads	\$80,004	\$40,268	-\$10,000	\$70,004		Lower recruitment expense than original forecast.	-\$10,000
142048		34	HRM Consultancy - Op Exp	\$70,000	\$18,690	-\$10,000	\$60,000		Savings due to lower legal expenses than planned.	-\$10,000
142191		79	Relocation & Removal Costs - All Staff - Op Exp - Corp Gov	\$40,000	\$3,919	-\$10,000	\$30,000		Fewer employee relocations than original forecast.	-\$10,000
142261		34	Occupational Health & Safety - Op Exp - General Admin O'Heads	\$0	\$10,586	\$15,000	\$15,000		Nil impact - reallocating from IE 34 to IE 79 to reflect nature of expense incurred.	\$0
142261		79	Occupational Health & Safety - Op Exp - General Admin O'Heads	\$35,000	\$14,022	-\$15,000	\$20,000		Nil impact - reallocating from IE 34 to IE 79 to reflect nature of expense incurred.	\$0
						-\$75,000		\$0		-\$75,000
			<i>Office of the CEO Directorate (Saving)/Expense</i>			-\$65,000		\$0		-\$75,000
<b>Corporate Services</b>										
<b>BRAC1 - Manager Community Facilities - C Zepnick</b>										

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
113001	113002	34	Haynes Oval Pavilion General Maint	\$12,000	\$10,919	\$5,000	\$17,000		Lights and pavilion maintenance - Start of WKFL season	\$0
117235		36	Cost of Goods Sold Kiosk - Op Exp - BRAC	\$66,000	\$68,584	\$25,000	\$91,000		Greater sales than budgeted at BRAC Kiosk.	\$0
117234		02	Kiosk Sales - Op Inc - BRAC	-\$90,000	-\$62,946	-\$45,000	-\$135,000		Greater sales than budgeted at BRAC Kiosk.	\$0
117015	117015	34	Chemicals - Chemical related expenses Aquatic	\$60,000	\$64,724	\$16,500	\$76,500		A number of unplanned shutdowns and storms have required increased chemical usage.	\$0
117282		02	Swimming Lessons by BRAC - Op Inc	-\$110,000	-\$108,278	-\$20,000	-\$130,000		Increase to term two swimming lessons.	\$0
117410		02	Entry Fees and Spectator Fees - Op Inc - BRAC Aquatic	-\$300,000	-\$235,599	-\$10,000	-\$310,000		Increased entry fees seen in early 2026.	\$0
117272		02	Holiday Program Enrolment Fees Rec'd	-\$40,000	-\$40,943	-\$6,500	-\$46,500		April and mid year holidays	\$0
117218	117220	34	Medlend Pavilion - Reactive Maint - Op Exp	\$15,000	\$13,694	\$5,000	\$20,000		Additional required for start of peak season	\$0
						-\$30,000		\$0		\$0
<b>CS2 - Manager Financial Services - F Mammone</b>										
32250		34	General Expenditure - Op Exp - Rates	\$30,000	\$15,799	-\$7,500	\$22,500		Saving expected based on current expenditure.	\$0
30106		01	Interim Rates Broome - Op Inc - Rates	-\$200,000	-\$138,433	\$40,000	-\$160,000		Adjustment due to delays at Landgate	\$40,000
30146		23	Interest - Rates Instalments - Op Inc - Rates	-\$134,556	-\$169,760	-\$35,204	-\$169,760		Greater number of ratepayers electing to pay by instalments	\$0
30201		23	Rates Non Payment Interest - Op Inc - Rates	-\$176,000	-\$156,730	-\$10,000	-\$186,000		Tracking ahead of budget, increase expected.	\$0
22200		34	Audit Fees Op Exp - Other Governance	\$187,000	\$163,096	-\$20,000	\$167,000		OAG fee was on budget. Other grant acquittal audits have been charged to their respective grants.	
142193		34	Consultants and Relief Staff - Op Exp - Finance	\$110,000	\$104,740	\$52,704	\$162,704		Funds requested for external contractor support to assist with management accounting function and undertake internal audit activities in support of operational review and progress of outstanding audit matters	
142004		342	Salary - Op Exp - Finance	\$0	\$31,667	\$31,667	\$31,667		Relief contractor to assist with maintaining service levels in Finance Operations due to Creditors vacancies. Offset by savings in salary and other Finance accounts.	\$0
142004		61	Salary - Op Exp - Finance	\$1,078,620	\$789,131	-\$26,667	\$1,051,953		Savings in salary accounts due to internal secondment reallocated to relief contractor to assist with maintaining service levels.	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
142004		76	Salary - Op Exp - Finance	\$158,904	\$119,240	-\$5,000	\$153,904		Savings in salary accounts due to internal secondment reallocated to relief contractor to assist with maintaining service levels.	\$0
						\$20,000		\$0		\$40,000
<b>CS4 - Manager Governance, Strategy &amp; Risk - R Doyle</b>										
107370		02	Cemetery Fees - Op Inc - Other Community Amenities	-\$22,000	-\$23,006	-\$5,000	-\$27,000		Increased income over budget.	\$0
142070		34	Printing & Stationery - Op Exp - General Admin Overheads	\$19,000	\$8,028	-\$5,000	\$14,000		Saving expected based on current expenditure.	\$0
147585		14	Reimbursement of Insurable Claimable Costs - Op Inc	\$0	-\$13,960	-\$40,000	-\$40,000		Estimated income based on current claims	\$0
117210	117213	34	Father McMahon Oval Lighting - Reactive Maint - Op Exp	\$39,310	\$60,021	\$25,000	\$64,310		Lighting damage charged to this account is expected to be recouped by insurance.	\$0
						-\$25,000		\$0		\$0
<b>CS6 - Manager Information Services - R Ali</b>										
146106		61	Salary - Op Exp - Records	\$283,630	\$231,579	\$20,271	\$303,901		Nil impact. Salary budget assigned to incorrect account	\$0
146105		61	Salary - Op Exp - IT	\$474,530	\$318,364	-\$50,471	\$424,059		Reallocate salary budget to correct department and to engage relief contractors to backfill vacancy.	\$0
146105		76	Salary - Op Exp - IT	\$48,470	\$36,440	-\$5,000	\$43,470		Reallocate salary budget to correct department and to engage relief contractors to backfill vacancy.	\$0
146111		342	IT Contract Consultants - Op Exp	\$157,032	\$64,720	\$35,200	\$192,232		Funding required for external Managed Service Provider due to staff vacancies	\$0
						\$0		\$0		\$0
			<i>Corporate Services Directorate (Saving)/Expense</i>			-\$35,000		\$0		\$40,000
<b>Development Services</b>										
<b>BC - Acting Marketing &amp; Communications Coordinator - K Minns</b>										
22171		34	Advertising General - Op Exp - Other Governance	\$60,350	\$60,890	\$11,050	\$71,400		To support ongoing demand for the remainder of the financial year	\$0
22178		34	Promotional Video Production - Op Exp - Other Governance	\$20,000	\$8,950	-\$6,050	\$13,950		Reallocate funds from account 22178 (Promotional Video production) to 22171 Advertising General	\$0
116493		34	Advertising Promotion & Printing Expenses - Broome Civic Centre - Op Exp	\$20,000	\$11,760	-\$5,000	\$15,000		Reallocate funds from account 116493 (Advertising Promotion and Printing - Civic Centre) to 22171 Advertising General	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
52284		34	Advertising & Promotion - Op Exp - Ranger Operations	\$5,000	\$0	-\$5,000	\$0		No advertising planned before end of year.	\$0
						-\$5,000		\$0		\$0
<b>BS1 - Acting Manager Planning &amp; Building Services - J Perkins</b>										
106079		34	Development Assessment Panel Costs - Op Exp - Town Planning / Regional Development	\$0	\$10,620	\$10,620	\$10,620		DAP Application Expense	\$10,620
106430		04	Subdivision / Strata Title Fees - Op Inc	-\$1,500	-\$7,717	-\$6,200	-\$7,700		Increased applications received.	
106481		02	Other Minor Charges - Op Inc - Town Planning / Regional Dev	-\$4,500	-\$11,745	-\$7,500	-\$12,000		Increased income from charges	\$0
133410		04	Stat Fees & Lic - Building Permits	-\$150,000	-\$109,395	\$10,000	-\$140,000		Building permit fees tracking slightly below budget.	\$0
						\$6,920		\$0		\$10,620
<b>CMS3 - Economic Development Coordinator - E Pendlebury</b>										
22174		58	Event Development Fund (EDF Stream 2 and 3) - Op Exp	\$265,000	\$206,250	-\$20,000	\$245,000		Budget reduced as "Untamed" event did not proceed.	-\$20,000
132060	132061	58	Tourism & Area Promotion - Cruising Industry Support	\$40,000	\$25,000	-\$10,000	\$30,000		Cruise Broome advised they will not be calling upon the balance of funds for the financial year. Some funding retained for potential audit costs.	\$0
132060	132062	58	Tourism & Area Promotion - Admin Ad Hoc Funding	\$30,000	\$0	-\$10,000	\$20,000		Only one ad hoc request received to date.	-\$10,000
						-\$40,000		\$0		-\$30,000
<b>ES7 - Special Projects Coordinator - A Clark- Hale</b>										
1181425	1181426	34	Cable Beach Foreshore Upgrade	\$129,689	\$60,619	-\$69,070	\$60,619		Monsoonal Vine Thicket Boardwalk and Pathway within Foreshore Upgrade not going ahead. Funds transferred to Cable Beach Stage 2 – Contingency and Misc Costs (CB30)	\$0
1486562		28	Loans Received Cable Beach Foreshore Upgrades- Cap Inc - Other Recreation & Sport	-\$2,234,782	\$0	\$69,070	-\$2,165,712		Monsoonal Vine Thicket Boardwalk and Pathway within Foreshore Upgrade not going ahead. Funds transferred from acc 1181425 to acc CB30 as contingency on other parts of the project.	\$0
1367304	HSP01	11	Housing Support Program Grant Income (Broome Housing Affordability Strategy and Master Planning) - Op Inc	-\$29,428	-\$18,248	\$11,180	-\$18,248		All income received and project has been completed.	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
1365494	SR101	20	Sanctuary Road Detailed Design Income	\$0	-\$7,277	-\$8,494	-\$8,494		Interest earned on grant funds held to be recognised for the 25/26 Financial Year.	\$0
						<b>\$2,686</b>		<b>\$0</b>		<b>\$0</b>
<b>HS1 - Manager Environmental Health, Emergency &amp; Ranger Services - A Ahtong</b>										
52012		34	Advertising Tags & Other Animal Control Expense - Op Exp - Animal Control	\$40,000	\$1,577	-\$20,000	\$20,000		Less than forecast expenditure. \$20,000 retained for community engagement following Animal Management trial period.	-\$20,000
						<b>-\$20,000</b>		<b>\$0</b>		<b>-\$20,000</b>
<b>REQ10 - Place Activation &amp; Engagement Officer - Sport - C Webster</b>										
82034		34	Disability Access and Inclusion	\$8,500	\$12,405	\$7,300	\$15,800		Increased funding for All Abilities Day 2026 from savings in Youth Development account	\$0
23040		34	Youth Development Program & Working Group - Op Exp - Other Governance	\$80,000	\$52,792	-\$7,300	\$72,700		Savings within account allocated to Disability and Inclusion program [RO: REQ80]	\$0
						<b>\$0</b>		<b>\$0</b>		<b>\$0</b>
<b>REQ1 - Place Activation &amp; Engagement Officer (Events) - A Boardman</b>										
1367457		34	Place Activation Plan	\$100,000	\$69,839	-\$7,500	\$92,500		Planned events able to be completed at lower expense than original forecast.	\$0
						<b>-\$7,500</b>		<b>\$0</b>		<b>\$0</b>
			<i>Development Services Directorate (Saving)/Expense</i>			<b>-\$62,894</b>		<b>\$0</b>		<b>-\$39,380</b>
<b>Infrastructure Services</b>										
<b>ES3 - Manager Operations - K Hill</b>										
76021		34	Operating Grants Expenditure - Op Exp - Health Other	\$53,011	\$2,087	-\$35,000	\$18,011		Nil overall impact. Reallocating IE34 contractors to IE61 salaries as the Hygiene Officer role is being completed by staff, as opposed to contract support.	\$0
76021		61	Operating Grants Expenditure - Op Exp - Health Other	\$65,482	\$75,246	\$35,000	\$100,482		Nil overall impact. Reallocation of IE34 to IE61 as the Hygiene Officer role is being completed by staff, as opposed to contract support.	\$0
148016	148018	34	Depot Security Gates Upgrade	\$62,000	\$0	-\$62,000	\$0		Project deferred to be considered as part of future Depot strategy, funds transferred to Building Reserve 148009	-\$62,000
148070		342	Salary - Op Exp - Depot (Senior Technical Officer)	\$0	\$38,053	\$36,424	\$36,424		Nil impact overall. Relocating funds for relief staff from IE61 salaries to IE342 contract relief staff	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
148070		61	Salary - Op Exp - Depot (Senior Technical Officer)	\$127,455	\$53,358	-\$36,424	\$91,031		Nil impact overall. Relocating funds for relief staff from IE61 salaries to IE342 contract relief staff	\$0
						-\$62,000		\$0		-\$62,000
<b>REQ29 - Senior Technical Officer Operations - G Rodger</b>										
148611		34	Vehicle & Mobile Plant Renewal (Replacement) - Cap Exp - Works Ops	\$947,684	\$318,677	-\$170,000	\$777,684		Decision not to replace Vibe Roller given very low utilisation; more cost effective to hire when required.	-\$170,000
						-\$170,000		\$0		-\$170,000
<b>ES5 - Acting Operations Coordinator - G Rodger</b>										
102202	102202	34	Drainage - Works Maintenance	\$4,520	\$8,390	\$5,000	\$9,520		Nil impact overall. Leveraging the salary savings with current vacancies to support the works required to Broome Lotteries House drainage works.	\$0
102202	102202	61	Drainage - Works Maintenance	\$13,560	\$1,059	-\$5,000	\$8,560		Nil impact overall. Leveraging the salary savings with current vacancies to support the works required to Broome Lotteries House drainage works.	\$0
122000	121011	34	Sector 1 Chinatown - Work Maintenance	\$85,000	\$22,462	-\$30,000	\$55,000		Nil impact - various maintenance completed using internal staff - this expenditure allocated to Sector 3.	\$0
122000	121028	34	Sector 5 - Roebuck Est - Works Maint	\$130,000	\$24,834	-\$55,000	\$75,000		Nil impact overall - focus for remainder of year is road maintenance in Sector 3.	\$0
123000	121983	34	Fairway Drive - Works Maintenance	\$69,895	\$10,400	-\$20,000	\$49,895		Nil impact overall. Reallocating \$15k to Sector 3 road maintenance required and \$5k to Boreline Road for the Shire of the East Pilbara to execute on our behalf.	\$0
122000	121026	34	Sector 3 - Old Broome - Works Maintenance	\$120,000	\$143,765	\$100,000	\$220,000		Nil impact overall. Reallocation of funds from Sector 5 and Sector 1 to focus on maintenance required in Old Broome (Robinson Street).	\$0
123000	122097	34	Bore Line Road - Works Maintenance	\$0	\$0	\$5,000	\$5,000		Nil overall impact. Reallocation from Fairway IE34 as Shire of East Pilbara completing on our behalf.	\$0
122000	121029	34	Sector 6 Broome North / Blue Haze - Works Maintenance	\$60,000	\$19,914	-\$20,000	\$40,000		Nil impact overall. Reallocation of budgeted expenditure to Sector 7 to support priority works (road maintenance / drainage).	\$0
122000	121030	34	Sector 7 LIA, HIA and Port - Works Maintenance	\$60,000	\$70,495	\$20,000	\$80,000		Nil impact - savings from Sector 6. Greater expenditure reflects improvements to McDaniel Road.	\$0
123000	121982	34	Eighty Mile Beach Road - Works Maintenance	\$0	\$0	\$5,000	\$5,000		Nil impact overall. Outsourcing to Shire of East Pilbara to maintain in Q4. Reallocation of salary savings (vacancies )	\$0
123000	122018	34	Port Smith Road - Works Maintenance	\$0	\$322	\$10,000	\$10,000		Nil impact overall. Road inspection completed and maintenance grading required to ensure safe. Propose to outsource to Contract to promote efficiency.	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
123000	122073	34	Yamashita Street - Works Maintenance	\$25,050	\$0	-\$25,000	\$50		Identified savings can be reallocated. Able to achieve Service Level Agreement without planned materials being required.	-\$25,000
123000	122074	34	Sands Street - Works Maintenance	\$20,160	\$0	-\$20,000	\$160		Nil impact overall. Service level maintained.	
123000	122092	34	Wattle Drive - Works Maintenance	\$17,010	\$11,600	-\$5,000	\$12,010		Identified savings can be reallocated. Able to achieve Service Level Agreement under budget	-\$5,000
123000	122121	34	Kanagae Drive - Works Maintenance	\$31,050	\$0	-\$30,000	\$1,050		Identified savings can be reallocated. Able to achieve Service Level Agreement without planned materials being required.	-\$30,000
143080		34	Works Personal Protective Equipment - Op Exp - Works Operations	\$25,000	\$274	-\$10,000	\$15,000		Nil impact overall. Reallocation to minor assets / consumables.	\$0
146127		34	Vehicle & Mobile Plant New - Cap Exp- IT	\$30,000	\$0	-\$30,000	\$0		Replacement not required, requested for transfer to Reserve	\$0
142988		43	Transfer to Plant Reserve - Cap Exp - Engineering Office	\$88,861	\$59,564	\$30,000	\$118,861	\$30,000	Vehicle Replacement Acc 146127 - Replacement not required, requested for transfer to Reserve	\$0
148078		34	Minor Assets - Op Exp - Depot Operations	\$1,000	\$7,702	\$10,000	\$11,000		Nil impact overall. Reallocation from PPE to support minor asset expenses.	\$0
148292		34	Tool Replacement - Op Exp - Depot Operations	\$10,000	\$14,007	\$10,000	\$20,000		Nil impact overall. Leveraging account 148293 safety equipment funds to support diagnostic tool procurement.	\$0
148293		34	Safety Equip - Op Exp - Depot Operations	\$20,000	\$8,866	-\$10,000	\$10,000		Nil impact overall. Reallocation of funds to support diagnostic tool procurement.	\$0
145102		34	Plant Tyres & Tubes - Op Exp - Plant Operation	\$80,000	\$89,863	\$25,000	\$105,000		Nil impact overall. Reallocation of Plant Parts specific to Tyres as required.	\$0
145103		34	Plant Parts & Repairs - Op Exp - Plant Operation	\$480,000	\$281,566	-\$25,000	\$455,000		Nil impact overall. Reallocation of Plant Parts specific to Tyres as required.	\$0
						-\$65,000		\$30,000		-\$60,000
<b>E58 - Manager Waste Services - M Mitchell</b>										
101896	101897	34	Community Recycling Centre - RRP - Cap Exp	\$87,500	\$62,892	\$45,000	\$132,500		Allowance for financial consultant support associated with maintaining the Waste Financial Model and the planned associated staging.	\$0
101555	101557	34	Building Upgrade - Crib Room & Office Space - Cap Exp	\$0	\$0	\$10,000	\$10,000		ICT infrastructure past end of useful life causing service disruptions. Upgrading system to Starlink.	\$0
101028	101090	34	Transfer Station Tyres	\$142,200	\$51,759	-\$50,000	\$92,200		Bulk tyre export not required this year.	\$0
101028	101091	34	Transfer Station Concrete	\$22,200	\$25,183	\$50,000	\$72,200		Additional carting of stockpiled material required to ensure site operations. Cost offset by savings from tyres.	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
101028	101093	34	Transfer Station Steel	\$55,704	\$92,677	\$40,000	\$95,704		Additional security required on site for scrap metal contractor to process steel. Offset by additional income generated from scrap steel.	\$0
101030	101033	34	Waste Facility Operations - Op Exp	\$523,872	\$403,146	\$40,000	\$563,872		Additional dry hire of excavator required whilst compactor underwent repairs (approx 3 months).	\$0
101040	101042	34	Sanitation General Project Consultancy - Op Exp	\$51,750	\$37,360	\$18,000	\$69,750		Preferred respondent to undertake review and update of the waste strategy and action plan. Offset by operational savings and sundry income.	\$0
101416	WM01	34	Waste Management Grant - Op Exp - WasteSorted	\$4,154	\$1,195	\$11,439	\$15,593		Reallocation of grant funding expenditure for Waste Sorted grant previously allocated to wrong expense account, previously allocated to WM02	\$0
101416	WM02	34	Waste Management Grant - Op Exp - Keep Australia Beautiful	\$15,593	\$0	-\$11,439	\$4,154		Reallocation of grant funding expenditure for KABC grant previously allocated to WM01	\$0
101411		02	Refuse & Recycling Charges - Op Inc	-\$106,000	-\$116,535	-\$10,000	-\$116,000		Additional income from interim rates levied.	\$0
101423		18	Sundry Income - Op Inc - Sanitation General Refuse	-\$230,000	-\$371,064	-\$143,000	-\$373,000		Additional income generated from scrap steel processed on site.	\$0
						\$0		\$0		\$0
<b>ES9 - Manager Engineering - L McKenzie</b>										
107034		34	Broome Cemetery Survey & Other - Op Exp - Other Comm Amenities	\$15,000	\$765	-\$10,000	\$5,000		Underspend recognised and not required for remainder of FY.	\$0
113134	CB30	34	Cable Beach Stage 2 – Contingency and Misc Costs	\$1,643,612	\$0	-\$200,000	\$1,443,612		Reallocation of funding from CB30 to fund necessary retaining walls to deliver pathway connection to foreshore area.	\$0
113134	CB28	34	Cable Beach Stage 2 - Foreshore Access Path	\$376,938	\$1,365	\$200,000	\$576,938		Reallocation of funding from CB30 to fund necessary retaining walls to deliver pathway connection to foreshore area.	\$0
125000	125045	34	State Blackspot - Frederick Street off-street carpark (Broome SHS) - Cap Exp	\$0	\$29,259	\$29,259	\$29,259		Related to Blackspot funding in 121771	\$0
121771		10	Black Spot State Non Operating Grant	-\$6,000	-\$42,302	-\$36,302	-\$42,302		Additional Main Roads WA received not previously budgeted. See offsetting Exp in 125045	\$0
121782		12	Dev Contrib - Footpaths	-\$50,000	-\$341,989	-\$291,989	-\$341,989		Recognise additional income received for future Footpath Works, transferred to Reserve.	\$0
125141		43	Transfer to Developer Contributions Footpaths Reserve - Cap Exp	\$66,730	\$13,879	\$291,989	\$358,719	\$291,989	Recognise additional income received for future Footpath Works, transferred to Reserve.	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
104482		12	Headworks Contribution - Non Op Inc - Urban Stormwater Drainage	-\$30,000	-\$48,420	-\$18,420	-\$48,420		Recognise additional income received for future Headworks and Drainage works, transferred to Reserve 104282	\$0
104282		43	Transfer to Developer Contributions Drainage Reserve - Cap Exp	\$32,150	\$2,104	\$18,420	\$50,570	\$18,420	Recognise additional income received for future Headworks and Drainage works, transferred to Reserve from 104482	\$0
142013		61	Salary - Op Exp - Property Management	\$483,576	\$301,821	-\$50,000	\$433,576		Opportunity to reallocate salary savings from vacancies within the team over the FY.	-\$50,000
						-\$67,043		\$310,409		-\$50,000
<b>PK3 - Parks &amp; Gardens Coordinator - A Batt</b>										
107029	107029	342	Japanese Cemetery - P&G Maint	\$2,000	\$0	\$5,000	\$7,000		Nil overall impact. Reallocation of IE61 to IE342 as Contractor support to complete.	\$0
107029	107029	61	Japanese Cemetery - P&G Maint	\$8,020	\$2,526	-\$5,000	\$3,020		Nil overall impact. Reallocation of IE61 to IE342 as Contractor support to complete.	\$0
107030	107030	342	Broome Cemetery - P&G Maint	\$2,600	\$15,358	\$15,000	\$17,600		Reallocation of salary savings to support cemetery service levels.	\$0
113000	113032	34	Male Oval - P&G Maint	\$18,174	\$13,005	-\$10,000	\$8,174		Nil overall impact. Reallocation of funds to support required maintenance at Town Beach.	\$0
113000	113033	34	Haynes Oval - P&G Maint	\$23,275	\$10,816	-\$10,000	\$13,275		Nil overall impact. Reallocation of funds to support required maintenance at Town Beach.	\$0
113000	113037	61	Bedford Park - P&G Maint	\$33,348	\$12,063	-\$16,000	\$17,348		Nil impact overall. Leveraging the salary savings to support works required at Town Beach and China Town. Service Level Agreement not compromised and renovation for ANZAC Day completed.	\$0
113000	113043	34	Town Beach - P&G Maint	\$42,500	\$83,281	\$65,000	\$107,500		Nil impact overall. Reallocation of salary savings to support Service Level Agreement at Town beach. Impacted by vandalism and damage to playground, and deterioration of swing requiring replacement.	\$0
113000	113543	34	Town Beach Water Park	\$67,850	\$64,487	\$18,000	\$85,850		Nil impact overall. Leveraged salary savings (143508) to support required maintenance in the water park - soft fall repair and installation of the DULConnex system	\$0
113000	113579	61	Frangipani Park - P&G Maint	\$17,004	\$3,273	-\$7,000	\$10,004		Nil impact overall. Reallocation of salary savings to support required maintenance at Town Beach, BRAC and with general ABL support to ensure Service Levels are met.	\$0
117000	117070	34	Grounds Maint Exp by P&G - BRAC	\$3,500	\$14,979	\$17,000	\$20,500		Nil impact overall. Reallocation of salary savings to support additional maintenance required.	\$0
117210	117211	34	BRAC Ovals - P&G Maint	\$60,332	\$81,932	\$38,000	\$98,332		Nil overall impact. Salary savings leveraged to support required turf and reticulation maintenance.	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
126000	126019	342	Sector 1 - Chinatown - P&G Maint	\$2,500	\$0	\$30,000	\$32,500		Nil impact overall. Reallocation of IE61 and additional salary savings to enable mulching of Chinatown on nightshift by Contractors.	\$0
126000	126019	61	Sector 1 - Chinatown - P&G Maint	\$22,152	\$6,514	-\$10,000	\$12,152		Nil impact overall. Reallocation from IE61 to IE342 to enable nightshift mulching as completed in previous year.	\$0
126000	126121	61	Sector 4 - Sunset Park - P&G Maint	\$29,940	\$9,689	-\$15,000	\$14,940		Nil impact overall. Leveraging salary savings to support China Town mulching works (external). Service Level Agreement not compromised (operating efficiency with Tractor use where appropriate).	\$0
126000	126122	61	Sector 5 - Roebuck Est - P&G Maint	\$30,060	\$18,848	-\$5,000	\$25,060		Nil impact overall. Leveraging salary savings to support BRAC maintenance.	\$0
126000	126123	61	Sector 6 Bme North / Blue Haze - P&G Maint	\$34,608	\$22,570	-\$5,000	\$29,608		Nil impact overall. Leveraging salary savings to support BRAC maintenance.	\$0
126050	126050	61	Drain Slashing & Maintenance - P&G	\$63,120	\$36,817	-\$5,000	\$58,120		Nil impact overall. Leveraging salary savings to support BRAC maintenance.	\$0
126059	126059	61	Roundabouts & Splitters - P&G Maint	\$74,784	\$42,468	-\$20,000	\$54,784		Nil impact overall. Additional salaries to support dedicated weed management activities and BRAC oval maintenance.	\$0
143500		61	Salary - Op Exp - P&G (Management)	\$526,704	\$402,935	-\$40,000	\$486,704		Nil impact overall. Leveraging salary savings to support external contractor support across portfolio (cemeteries, Shire offices, KRO, Barker Street)	\$0
143501		34	Minor Tools & Equipment - Op Exp - P&G Ops	\$15,000	\$10,485	\$12,500	\$27,500		Nil impact overall. Reallocation of funds from Selective PPE account to support operational efficiencies for safe and effective weed management activities.	\$0
143508		61	Wages & Related Sick & Holiday - P&G Ops	\$408,928	\$269,092	-\$70,000	\$338,928		Nil impact overall. Reallocation of salary savings to support required maintenance at Town Beach, BRAC and with general ABL support to ensure Service Levels are met.	\$0
143510		34	P&G Task Specific PPE - Op Exp - P&G Ops	\$25,000	\$2,188	-\$12,500	\$12,500		Nil impact overall. Reallocation of funds to support operational efficiencies for safe and effective weed management activities.	\$0
142050	142496	342	Shire Office Barker St - P&G Maint	\$1,600	\$20,495	\$20,000	\$21,600		Nil impact overall. Reallocation of salary savings from vacancies to external contractor to support Service Level Agreement.	\$0
147270	147271	342	KRO - P&G Maint	\$3,100	\$12,391	\$10,000	\$13,100		Nil impact overall. Reallocation of salary savings to enable external support (during vacancies).	\$0
						\$0		\$0		\$0
<b>PM2 - Asset and Building Coordinator (Civil) - K Singh</b>										

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
113551	113763	34	Male Oval Renewal Infra - Cap Exp - Parks & Ovals	\$13,800	\$0	-\$13,800	\$0		Project to be delivered on a later date as part of a larger scope.	\$0
111989		43	Transfer to POS Reserve	\$1,870,140	\$131,040	\$13,800	\$1,883,940	\$13,800	Transfer to POS Reserve for Male Oval Renewal deferred.	\$0
132078	132081	34	Chinatown Sign Structure Maintenance	\$0	\$0	\$15,000	\$15,000		Funding required to address identified defects needing rectification to maintain asset performance.	\$0
147862	147863	58	Sam Male Lugger - Op Ex - Other Build Leased	\$0	\$9,375	\$9,375	\$9,375		Amendment to recognise refund of rent paid following rent abatement.	
						\$24,375		\$13,800		\$0
<b>PM3 - Senior Property and Leasing Officer - L Blunt</b>										
134212		028	Cable Beach Camel Tours - Rent & Recoup Income	-\$55,000	-\$57,396	-\$7,000	-\$62,000		Forecasting an increase in rent to 30 June 2026.	-\$7,000
						-\$7,000		\$0		-\$7,000
<b>REQ27 - Project Engineer - L Taylor</b>										
121785	121719C	10	WABN - Old Broome Road - Cap Inc	\$0	-\$274,070	-\$100,000	-\$100,000		Amendment to recognise additional WABN funding secured. Extension of time to grant program will result in deferral of \$350,000 grant income to FY2026/27.	\$0
121100	121719	34	Old Broome Road	\$4,065,877	\$3,886,960	\$100,000	\$4,165,877		Amendment to recognise additional WABN funding secured. Project ongoing.	\$0
132142	132143	34	Sam Male Lugger Restoration - Cap Exp	\$100,000	\$0	\$100,000	\$200,000		Amendment proposed with funding from Building Reserve for completion of necessary restoration works. Proposed to commence Q4 and run into next year.	\$0
132960		26	Transfer From Building Reserve	\$0	\$0	-\$100,000	-\$100,000	-\$100,000	Transfer from Building Reserve to fund Lugger restoration 132143	\$0
147100	147100	34	Admin Building - Packaged Plant - Cap Exp	\$1,946,260	\$837,801	-\$1,000,000	\$946,260		Recognition of project savings from competitive contract pricing. Funds are to be returned to building reserve.	\$0
146555		43	Transfer To Building Reserve	-\$2,137,517	\$111,784	\$1,000,000	-\$1,137,517	\$1,000,000	Reduce Transfer due to reduced Exp on Airconditioning project.	\$0
						\$0		\$900,000		\$0
<b>REQ3 - Acting Asset Coordinator - Property &amp; Assets - M Elphick</b>										
107010	107021	34	Gantheaume Point Ablutions - Planned Maint - Op Exp	\$1,566	\$909	\$30,000	\$31,566		Amendment required to fund demolition of structure ahead of DBCA redevelopment and due to failing condition placing public at risk.	\$30,000
146555		26	Transfer From Building Reserve	-\$2,137,517	\$0	-\$30,000	-\$2,167,517	-\$30,000	Transfer from Building Reserve to fund demolition of Gantheaume ablutions	\$0

COA Code	Job Number	IE Code	Account / Job Description	2025/26 Full Year Current Budget	2025/26 YTD Actuals	Proposed Budget Amdt	Proposed Budget	Reserve Movements	Proposed Amendment Description	Org Savings
107666	107667	34	Toilet Block Renewal Town Beach	\$15,000	\$10,030	-\$5,000	\$10,000		Project completed under budget.	\$0
116119	116120	34	Broome Civic Centre Other Infrastructure - Cap Exp	\$0	\$0	\$200,000	\$200,000		Funding to be brought forward from planned 26/27 delivery with funding from AMP Building Reserve due to escalating short term maintenance costs on the A/C system that has reached end of life, replacement having a long lead time and increasing risk of catastrophic failure.	\$0
146555		26	Transfer From Building Reserve	-\$2,137,517	\$0	-\$200,000	-\$2,337,517	-\$200,000	Transfer from building reserve to fund Civic Centre infrastructure renewal.	\$0
117315	117316	34	BRAC Building Renewal - Cap Exp - BRAC Dry	\$10,000	\$16,736	\$6,736	\$16,736		Amendment required to fund replacement air conditioning cassette.	\$0
147374		34	KRO1 Building Renewal - Cap Exp - Office Property Leased	\$0	\$0	\$200,000	\$200,000		Funding to be brought forward from planned 26/27 delivery with funding from AMP Building Reserve due to escalating short term maintenance costs on the A/C system that has reached end of life, replacement having a long lead time and increasing risk of complete failure.	\$0
146555		26	Transfer From Building Reserve	-\$2,137,517	\$0	-\$200,000	-\$2,337,517	-\$200,000	Transfer from building reserve to fund KRO1 Building infrastructure renewal Acc 147374	\$0
113000	113053	61	Pressure washing of public infrastructure - Op Exp	\$37,884	\$916	-\$27,000	\$10,884		Reallocate salary budget to relief contractors to maintain service levels.	\$0
113000	113053	342	Pressure washing of public infrastructure - Op Exp	\$0	\$0	\$27,000	\$27,000		Reallocate salary budget to relief contractors to maintain service levels.	\$0
						\$1,736		-\$430,000		\$30,000
			<i>Infrastructure Services Directorate (Saving)/Expense</i>			-\$344,932		\$340,409		-\$342,000
						-\$507,826				

**6.3 AUDIT RISK IMPROVEMENT COMMITTEE TERMS OF REFERENCE**

<b>LOCATION/ADDRESS:</b>	Nil
<b>APPLICANT:</b>	Nil
<b>FILE:</b>	ARA11
<b>AUTHOR:</b>	<i>Director Corporate Services</i>
<b>CONTRIBUTOR/S:</b>	<i>Nil</i>
<b>RESPONSIBLE OFFICER:</b>	<i>Director Corporate Services</i>
<b>DISCLOSURE OF INTEREST:</b>	Nil

**SUMMARY:**

To consider the revised Terms of Reference for the Audit, Risk and Improvement Committee, including Independent Member arrangements, and to consider funding meeting attendance fees for those positions.

**BACKGROUND***Previous Considerations*

OMC 20 November 2025                      Item 9.4.3

The Shire of Broome (the Shire) Audit Risk Improvement Committee (the Committee) is a standing committee of Council under the *Local Government Act 1995* (the Act). The Committee supports Council in fulfilling its governance and oversight responsibilities, with a particular focus on ensuring effective risk management, internal control and audit practices across the organisation. The Committee provides independent advice to strengthen the Shire's financial management, compliance, and integrity frameworks, helping identify, monitor, and mitigate risks. The Committee promotes transparency, accountability and continuous improvement in governance and performance, enabling Council to make informed decisions that enhance the Shire's resilience and service delivery.

The *Local Government Amendment Act 2024* (the Amendment Act) amends the Act to advance various reforms aimed at improving oversight, financial management, and governance practices across WA Councils. The Amendment Act includes the requirement to transition audit committees to audit, risk and improvement committees (ARICs) with an independent presiding member, to ensure a level of neutrality and impartial oversight in chairing meetings, with an increased focus on risk and improvement.

At the 20 November 2025 Ordinary Meeting of Council (OMC), and prior to the *Local Government Regulations Amendment Regulations (No. 4) 2025* (Amendment Regulations) commencing, Council resolved to rename the Audit and Risk Committee to the Audit Risk Improvement Committee and adopt an updated Terms of Reference (ToR). Three elected members were appointed to the Committee for a term ending on the 2027 Local Government election day; Cr Desiree Male (Chair), Shire President Chris Mitchell and Cr Melanie Virgo.

At that point the Amendment Regulations had not commenced and as such reform changes, including those relating to the appointment of independent members, were not considered as details surrounding implementation were yet to be released.

As of 1 January 2026, the Amendment Regulations commenced, requiring all local government audit committees to transition to Audit, Risk and Improvement Committees (ARICs) during a six-month period, with full implementation by 30 June 2026. There is a requirement to update the ToR to meet new legislative requirements including the appointment of independent members.

## COMMENT

### Terms of Reference

Reforms enacted through the Amendment Regulations have resulted in significant changes to the ToR. These changes have been captured in the draft ToR attached in track change and clean versions (Attachment 1 and 2 respectively).

Key changes to the ToR include:

- Updates to the Purpose and Responsibilities sections to cater for legislative requirements introduced through the reforms. These are intended to provide clarity of function and ensure that the Committee continues to focus on finance and audit while expanding its scope to enhance risk management and drive continuous improvement across Shire operations.

The purpose of the Committee has been clarified and additional detail on Committee responsibilities has been included under the following headings:

- o Improvement
  - o Risk Management and Fraud Risk Management
  - o Internal Control and Internal Audit
  - o External Audit
  - o Financial Reporting
  - o Compliance
  - o Reporting and
  - o Other Responsibilities
- Updates to membership, specifically composition, with the introduction of a requirement for independent members. This extends to capture:
    - o The process for appointment of independent members
    - o Expected skills, experience and capability of independent members
    - o Eligibility criteria
    - o Independent member entitlements including meeting attendance fees and reasonable travel and associated costs.
  - The meetings generally being open to the public as per section 5.23 of the Act, noting that the Committee can close the meeting when dealing with confidential items as per s5.23.
  - Updates to relevant legislative statutes with the inclusion of new legislative mechanisms impacting the Committee.
  - Several changes to meeting procedures with the following of note:
    - o Meeting frequency which is proposed to be at least quarterly and within 14 days of receipt of the Annual Financial Report and Audit Report

- Requirement to develop a 12 month meeting schedule following Council endorsing its Ordinary Meeting Dates.
- Clarification on administrative matters including:
  - Removal of Shire officers, including the Chief Executive, as non-voting members as per updated legislation
  - Role of Deputy Members
  - Tenure of membership
  - Resignation from the Committee.

## **ARIC Structure**

Amendment Act reforms require an ARIC to be structured as follows:

### *Independent Presiding Member*

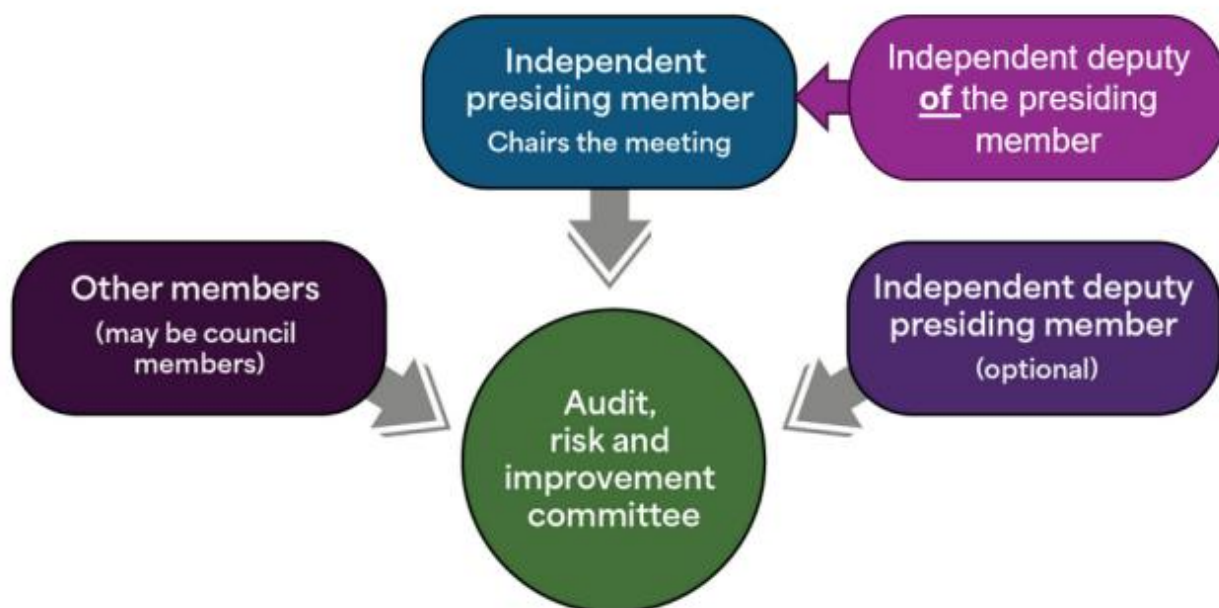
- A local government must appoint an independent person as presiding member of the ARIC.
- An independent presiding member must be a person who is not a council member of any local government or an employee of the local government.

### *Independent Deputy Member/Deputy Presiding Member*

- A local government must appoint an independent person as Deputy Member to the Presiding Member, stepping in when the Presiding Member is unavailable.
- A local government may also appoint an independent committee member as Deputy Presiding Member.

### *Other Members*

- The ARIC must have at least three members including the independent presiding member.
- Council members are permitted to sit on an ARIC for their own local government or for another local government. However, they cannot hold the positions of presiding member, deputy of the presiding member, or deputy presiding member. This ensures that leadership roles within the ARIC remain independent.
- The Chief Executive Officer and other local government employees cannot be members of the ARIC.



Section 8.2 of the draft ToR contains detail on the process relating to appointment of the independent members including assessment criteria. It is proposed that a public recruitment process is undertaken with candidates reviewed using the ToR eligibility and experience criteria with a recommendation provide by the CEO. Appointments are required to be approved by an absolute majority vote of Council.

### **Meeting Attendance Fees for Independent Audit, Risk and Improvement Committee Members**

Section 5.100(2)(b) of the Act stipulates the fee payable by a local government to an Independent Audit, Risk and Improvement Committee (ARIC) Member (whether Presiding Member, Deputy Presiding Member, Deputy Member or Member) for attendance at an ARIC meeting must be set within the range provided in Table 7.

The Salaries and Allowances Tribunal (the Tribunal) has determined the prescribed meeting fees to be provided to independent members of an ARIC may range from \$105 - \$1,215 per meeting exclusive of GST. A range is provided to enable local governments to appropriately compensate independent ARIC members depending on the skills and expertise required to undertake the roles. In order to attract the highest calibre candidates officers recommend that the maximum prescribed meeting fee is considered, which will have an annual cost to the Shire of \$4,860.

Local government bodies should seek their own professional advice in regard to whether or not independent committee members are to be paid superannuation. WALGA have advised that this is an issue of interest for many local governments and as such they have sought advice on the matter from Moore Australia. At this point it is not recommended to consider superannuation, rather officers will monitor the matter and once clarified, will seek a Council decision if required.

In accordance with sections 5.100(4), (5) and (6) of the Act, an independent ARIC member can be reimbursed actual travel and other costs associated with attending ARIC meetings. These costs must be demonstrated to the satisfaction of the local government. It is unlikely that Council will attract an appropriately qualified and experienced candidate locally. Officers have estimated costs associated with independent member travel, accommodation and reimbursements for consideration. Officers have utilised Councils

Elected Member Entitlements Policy to define approach to reimbursements. It is noted that where possible Shire accommodation and vehicles will be used to reduce costs.

The draft ToR recommends 4 meetings annually, noting that in extenuating circumstances Special Committee meetings may be required. Based on the typical number of meetings the following travel and associated costs have been estimated (reimbursements relate only to appointed independent members and elected members):

<b>Reimbursement Type</b>	<b>Description</b>	<b>Cost</b>
Travel	Return airfare Perth → Broome x 4	\$2,400
Accommodation	Single night accommodation Broome x 4	\$2,000
Disbursements	“Normally accepted” living costs while travelling as per Council Policy Elected Member Entitlements. May include meals and refreshments (\$30 breakfast and lunch, \$50 dinner, \$150 / day, \$300 per trip) and travel (from independent members home or work to the Shire Office and return, \$350 per trip)	\$2,600
<b>Total</b>		<b>\$7,000</b>

To comply with legislative requirements it is recommended that the Audit, Risk and Improvement Committee support the officer recommendation to:

- Seek independent members through a recruitment process with successful candidates reviewed by the committee before subsequently being proposed for appointment by Council;
- Provide the maximum sitting fees as per the Salary and Allowances Tribunal determination
- Consider for inclusion in the 2026/27 Annual Budget provision of funds to offset independent member travel and associated costs.
- Endorse the update terms of reference.

## **CONSULTATION**

Western Australian Local Government Association

Department of Local Government

## **STATUTORY ENVIRONMENT**

### **Local Government Act 1995**

<b>Part 7</b>	<b>Audit</b>
<b>Division 1A</b>	<b>Audit, risk and improvement committee</b>
<b>Section 7.1A</b>	<b>Establishment of audit, risk and improvement committee</b>
<b>Section 7.1B</b>	<b>Deputy of presiding member or of deputy presiding member</b>
<b>Section 7.1C</b>	<b>Delegation to audit, risk and improvement committee</b>

\* *Absolute Majority required*

<b>Part 5</b>	<b>Administration</b>
<b>Division 8</b>	<b>Local government payments and gifts to its members</b>
<b>Section 5.100</b>	<b>Fees paid and expenses reimbursed to committee members</b>

**Local Government Amendment Act 2024****Section 87****Local Government (Audit) Regulations 1996****Regulations 17, 19 and 20****Local Government (Administration) Regulations 1996****Regulation 14C Attendance at meetings by electronic means may be authorised****Local Government Regulations Amendment Regulations (No. 4) 2025****Regulation 15****POLICY IMPLICATIONS**

Nil.

**FINANCIAL IMPLICATIONS**

Applicable fees and costs associated with the officer recommendation are detailed below. These will come into effect on 1 July 2026.

<b>Independent ARIC per meeting fees</b>		
<b>Bands</b>	<b>Independent ARIC Member</b>	
	<b>Min</b>	<b>Max</b>
1 – 4	\$105	\$1,215

Estimated reimbursement costs are detailed below.

<b>Reimbursement Type</b>	<b>Description</b>	<b>Cost</b>
Travel	Return airfare Perth → Broome x 4	\$2,400
Accommodation	Single night accommodation Broome x 4	\$2,000
Disbursements	“Normally accepted” living costs while travelling as per Council Policy Elected Member Entitlements. May include meals and refreshments (\$30 breakfast and lunch, \$50 dinner, \$150 / day, \$300 per trip) and travel (from independent members home or work to the Shire Office and return, \$350 per trip)	\$2,600
<b>Total</b>		<b>\$7,000</b>

Should the Committee support the officer recommendation and based on the typical 4 annual meetings, the total cost for Independent ARIC member attendance fees is \$4,860 with total reimbursements \$7,000. Total annual cost is **\$11,860**.

**RISK**

There is a compliance risk should the TOR not be endorsed and independent members not be appointed by 30 June 2026. This risk can be mitigated by the Committee supporting the officer recommendation.

**STRATEGIC ASPIRATIONS**

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

**Outcome 9 - Effective leadership, advocacy and governance**

**Objective** 9.1 Strengthen leadership, advocacy and governance capabilities.

**VOTING REQUIREMENTS**

*Simple Majority*

**COMMITTEE RESOLUTION:**

**(REPORT RECOMMENDATION)**

**Minute No. AR/0426/004**

**Moved: Cr D Male**

**Seconded: Cr M Virgo**

***That the Audit, Risk Improvement Committee recommends that Council:***

- 1. Authorise the Chief Executive Officer to undertake an Expression of Interest recruitment process to identify suitable candidates for the two independent member positions on the Audit, Risk and Improvement Committee;***
- 2. Consider allocation within the 2026/27 Annual Budget the maximum allowable per meeting attendance fees of \$1,215 for independent members of the Audit, Risk and Improvement Committee as per the April 2026 Salaries and Allowances Tribunal determination;***
- 3. Consider within the 2026/27 Annual Budget an allocation of estimated travel and associated costs for independent members to attend Audit, Risk and Improvement Committee meetings throughout the financial year;***
- 4. Notes that the updated Audit, Risk and Improvement Committee Terms of Reference, as attached, will be referred to Council for adoption, along with recommended candidates for appointment to the two independent member positions, at a future Council Meeting;***
- 5. Confirm that Cr Desiree Male and Shire President Chris Mitchell will continue acting as Presiding Member and Deputy Presiding Member, respectively, until the independent Members of the Committee are appointed.***

**CARRIED UNANIMOUSLY 3/0**

**Attachments**

1. Audit Risk Improvement Committee Draft Terms of Reference - Track Change
2. Audit Risk Improvement Committee Draft Terms of Reference - Clean



# AUDIT RISK & IMPROVEMENT COMMITTEE

## Terms of Reference

## Audit, Risk & Improvement Committee

### Composition

<b>Voting Members</b>	1 x Independent Presiding Member
<b>2 x Independent Members</b>	1 x Independent Deputy Presiding Member
<b>3 x Elected Members (2 x Deputies)</b>	3 x Elected Members
<b>Independent Presiding Member</b>	To be appointed by Council
<b>Independent Deputy Presiding Member</b>	To be appointed by Council
<b>Elected Member Deputies</b>	2 x Elected Members

**Community Delegates** Nil

**Officer Responsible** Director Corporate Services

**Meeting Schedule** At least 4 times per year

**Meeting Location** Function or Committee Room, Shire of Broome

**Quorum** 2 voting members

**Delegated Authority** Nil

**Secretariat** Manager Financial Services

**1. NAME**

The name of the Committee is the Audit, Risk and Improvement Committee (the Committee).

**2. DISTRICT / AREA OF CONTROL**

Local Government boundaries of the Shire of Broome.

**3. AUTHORITY**

As prescribed in Regulation 16 of the *Local Government (Audit) Regulations 1996*, the Committee is to provide guidance and assistance to Council on matters relevant to its terms of reference. This role is designed to facilitate informed decision-making by Council in relation to its legislative functions and duties that have not been delegated to the Chief Executive Officer (CEO).

The Committee is a formally appointed Committee of Council and is responsible to the Council.

The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislated responsibility and it does not have any delegated financial responsibility. The Committee does not have management functions and cannot involve itself in management processes or procedures. This ensures that the ARIC can fulfill its function as an impartial advisory body separate from the Shire's management, thereby ensuring objective assessments and guidance.

**4. PURPOSE**

The purpose of the Committee is to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

The Committee is to guide and assist Council to fulfil its oversight responsibilities relating to:

- a) External and Internal Audit activities;
- b) Financial Management processes and controls;
- c) Risk Management activities;
- d) Internal control effectiveness; and
- e) Compliance and Integrity.

Improvement opportunities

In addition to specific audit reports, reports issued by, but not restricted to, the Corruption and Crime Commission, the Office of the Auditor General and Local Government Insurance Services (LGIS) provide valuable information on standards, expectations and benchmarks. These reports present an opportunity to evaluate Shire practices with a view to improve standards, enhance efficiency and reduce costs.

Audit reports relating to improvement opportunities for Shire operations will be tabled for the Committee's information, with any resulting actions captured and monitored by the Shire's governance systems and processes. Action reports will subsequently be reported back to Council via the Committee.

## 5. RESPONSIBILITIES

The Committee will fulfill the following responsibilities:

### 5.1 Improvement

- Review and advise on the effectiveness of improvement initiatives, including those arising from internal audits, external reviews, and strategic planning processes.
- Monitor the implementation of agreed recommendations to ensure they are actioned appropriately and contribute to enhanced organisational performance.
- Identify systemic issues or trends that may require broader organisational attention or policy-level responses.

### 5.2 Risk Management and Fraud Risk Management

- Reviews and advises on the adequacy and appropriateness of the Shire's risk management framework and its capacity to effectively identify, assess, and manage key risks.
- Assesses whether a sound and effective approach has been adopted in managing major risks across the organisation, including those associated with strategic projects, program delivery, and operational activities.
- Reviews the development and implementation of fraud control arrangements and provides assurance that appropriate systems and processes are in place to detect, report, and respond to fraud-related matters.
- Advises on the effectiveness of business continuity and disaster recovery planning, including whether these plans are subject to regular review and testing to ensure organisational resilience.
- Considers emerging risk trends and systemic issues, and reports these to Council where appropriate.

### 5.3 Internal Control and Internal Audit

- Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- Receive and review all internal audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- Monitor management's implementation of audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

### 5.4 External Audit

- Meet with the Office of the Auditor General (OAG) and Contract Auditor to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).
- Consider the findings and recommendations of relevant Performance Audits undertaken by the OAG / Contract Auditor and ensure the Shire implements relevant recommendations
- Meet with the Office of the Auditor General and/or Contract Auditor to discuss any matters that the Committee or the OAG / Contract Auditors believe should be discussed privately.
- Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.
- Monitor management's implementation of external audit recommendations.

### 5.5 Financial Reporting

- Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- Review with management and the OAG / Contract Auditors all matters required to be communicated to the ARIC under the Australian Auditing Standards and suggest improvements if required.

- Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

#### 5.6 Compliance

- Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.
- Obtain updates from management about compliance matters.
- Review and suggest improvements to the annual Compliance Audit Return (subject to legislation) and report to the Council the results of the review.

#### 5.7 Reporting

- Report regularly to the Council on Committee activities, issues, and related recommendations through the tabling of meeting minutes at the Ordinary Meeting of Council.

#### 5.8 Other Responsibilities

- Perform other activities related to these terms of reference as requested by the Council or through audit recommendations.
- Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

### 6. STATUTE

*Part 6 — Financial Management, of the Local Government Act 1995*

*Part 7 — Audit, of the Local Government Act 1995*

*Local Government Amendment Act 2024*

*Local Government (Audit) Regulations 1996*

*Local Government (Administration) Regulations 1996*

*Local Government Regulations Amendment Regulations (No. 4) 2025*

The Committee will operate in accordance with all relevant provisions of the Act, the *Local Government Amendment Act 2024*, the *Local Government (Audit) Regulations 1996*, the *Local Government Regulations Amendment Regulations (No. 4) 2025* and the *Local Government (Administration) Regulations 1996*.

### 7. ESTABLISHMENT

In accordance with section 7.1A. of the *Local Government Act 1995* (the Act) the Council of the Shire of Broome (the Shire) has established an Audit, Risk and Improvement Committee (the Committee).

### 8. MEMBERSHIP

#### 8.1 Composition

The Committee will consist of 5 delegates and 2 deputy delegates:

- a) An Independent Presiding Member;
- b) An Independent Deputy Presiding Member; and
- c) 3 Elected Members.

Council shall appoint by absolute majority an Independent Presiding Member, an Independent Deputy Presiding Member, 3 elected members as Members, and up to 2 elected members as

deputies to those Members on the Committee.

Any Deputy Member may perform the functions of any Member when the Member is unable to do so by reason of illness, absence or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a Member [s.5.11A(2)(a),(3) and (4) of the Act].

An induction session will be conducted for Members who are appointed to the Committee at the first meeting following the appointment to equip the Members to fulfil their duties on the Committee.

Committee Members must declare conflicts of interest in accordance with regulation 22 of the *Local Government (Model Code of Conduct) Regulations 2021*, in a written notice given to the CEO before the meeting or at the meeting immediately before the matter is discussed.

All members of the Committee are bound by the Code of Conduct for Council Members, Committee Members and Candidates. Any instance where a Committee Member has a commercial interest or is closely associated with an organisation that has an interest in the business of the Shire which represents a conflict of interest or pecuniary interest, or there is a risk or perception of conflict of interest, must be declared to the CEO before or at the Committee meeting.

The CEO and employees are not members of the committee. The CEO and staff identified through the Terms of Reference are to be available to attend meetings to provide advice and guidance to the committee. The local government shall provide secretarial and administrative support to the committee.

### **8.2 Presiding and Deputy Presiding Member**

Appointment of an independent Presiding and Deputy Presiding Member will be made following a public advertisement. The evaluation of potential members will be reviewed by the CEO for recommendation to Council.

Appointments will be approved through absolute majority of Council based on the potential member's experience and qualifications in any or all the following:

- a) Internal audit;
- b) Risk management;
- c) Financial management/reporting;
- d) Information and Systems Technology;
- e) Audit Committee practices; and
- f) Understanding of complexities associated with the Shire.

Members of the Committee are expected to:

- a) understand the legal and regulatory obligations of the accountable authority for governing the Shire;
- b) understand the Shire's governance arrangements that support achievement of the Shire's strategies and objectives;
- c) understand subject matter expert reporting; and
- d) adhere to the Shire's code of conduct.

A presiding or deputy presiding member cannot:

- a) Be a council member of the Shire or a council member of any other local government;
- b) Be an employee of the Shire or someone who is nominated by, or is to be appointed to represent, any employee of the Shire;
- c) Have any operating responsibilities with the Shire; or
- d) Provide paid services to the Shire either directly or indirectly in any other role.

Per section 7.1B (3) of the Act, if the office of Presiding Member is vacant; or the Presiding Member is not available or is not able or unwilling to perform the functions of Presiding Member, then the Committee Members present at the meeting must choose the deputy of the Presiding Member, if present, to preside at the meeting.

### **8.3 Tenure of Membership**

In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:

- a) the term of the person's appointment as a committee member expires; or
- b) the local government removes the person from the office of committee member, or the office of committee member otherwise becomes vacant; or
- c) the committee is disbanded; or
- d) the next ordinary elections day.

### **8.4 Committee Member Entitlements**

Independent Presiding and Deputy Presiding Members will be entitled to meeting attendance fees as determined by Council.

All Committee members will be:

- 8.4.1 Entitled to receive reimbursement of reasonable travel and associated expenses relating to their attendance at Committee meetings.
- 8.4.2 Provided with appropriate training and professional development to be determined by the Committee and provided that adequate funds are available in the Council budget for this purpose.

### **8.5 Resignation from the Committee**

In accordance with Part 2, Regulation 4 of the Local Government (Administration) Regulations 1996, a Committee member may resign from membership of the Committee by giving the CEO or the Committee's presiding member written notice of the resignation. It is recommended that Committee members provide a notice period of three months.

### **8.6 Shire Staff Attendance**

The following individuals from the Shire's administration will be present at Committee Meetings to offer advice, guidance, ensure compliance and undertake the responsibility of recording minutes:

- Chief Executive Officer
- Director Corporate Services
- Manager Governance
- Manager Financial Services
- Senior Administration and Governance Officer.

The Chief Executive Officer may invite additional staff to attend the meeting as required.

## **9. DELEGATED AUTHORITY**

The Audit, Risk and Improvement Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have management functions and cannot involve itself in management processes or procedures.

## **10. COMMITTEE STRUCTURE**

### **10.1 Independent Presiding Member**

As appointed by Council (is the Presiding Member).

**10.2 Independent Deputy Presiding Member**

As appointed by Council (is the Deputy Presiding Member)

**10.3 Secretariat**

The Manager Financial Services will fulfil this administrative non-voting role.

**10.4 Standing Ex-Officio Members**

Nil.

<b>11. COMMITTEE MEETINGS</b>
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**11.1 Frequency**

The Committee shall meet:

- On a regular basis at least quarterly
- Within fourteen (14) days of receiving the Annual Financial Report and Audit Report from Council's Auditor.

The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.

Following Council setting its annual Ordinary Council Meeting schedule, the Committee will develop a 12 month meeting schedule including dates and locations which will be published to the Shire website.

**11.2 Quorum**

As prescribed in section 5.19 of the Act, the quorum shall be at least 50% of the number of members of the Committee, including at least one of the Presiding Member or Deputy Presiding Member, which equates to two (2) members.

**11.3 Who Acts if no Presiding member**

In the Independent Presiding Member's absence, the Independent Deputy Presiding Member will be the Presiding member.

**11.4 Voting**

Voting is in accordance with section 5.21 of the Act.

**11.5 Agenda**

An agenda will be distributed five days prior to the meeting wherever possible, along with the minutes of the previous meeting, action items, reporting registers and other attachments or reports to be addressed.

**11.6 Minutes & Reporting**

In accordance with the *Local Government Act 1995* section 5.22 and 5.25, and *Local Government (Administration) Regulations 1996*.

The minutes are to be submitted to the next Committee meeting for confirmation and are to be signed by the Presiding Member from the meeting at which the minutes are confirmed.

Unconfirmed minutes are to be available for inspection by members of the public within 5 business days after the meeting and Reports and Recommendations arising from the minutes shall be presented to Council at the next Ordinary Meeting for endorsement and/or action, or if this is not possible, then the earliest available Council Meeting.

**11.7 Public Attendance at Meetings**

In accordance with Section 5.23 of the Act, the meetings of the Committee will be open to members of the public. However, because of the inherent nature of the meeting dealing with several aspects as defined by Section 5.23, (2), (4)(a)(b)(e)(f) of the Act the Committee will consider closing the

meeting to the public at the commencement of the meeting.

**11.8 Members Interests to be Disclosed**

Committee members must declare conflict of interest or pecuniary interests in accordance with *Local Government (Model Code of Conduct) Regulations 2021* section 22 Disclosure of interests, to the Chief Executive Officer before or at the relevant Committee meeting.

<b>Document Control Box</b>					
<b>Document Responsibilities:</b>					
<b>Owner:</b>	Director Corporate Services	<b>Owner Business Unit:</b>	Corporate Services		
<b>Reviewer:</b>	Manager Financial Services	<b>Decision Maker:</b>	Council		
<b>Compliance Requirements:</b>					
<b>Legislation:</b>	<a href="#">Local Government Act 1995 section 7.1A - Audit committee</a> <a href="#">Local Government (Audit) Regulations 1996</a>				
<b>Industry:</b>					
<b>Organisational:</b>					
<b>Document Management:</b>					
<b>Risk Rating:</b>	Medium	<b>Review Frequency:</b>	Biennial	<b>Next Due:</b>	09/2027
Version #	Decision Reference:	Synopsis:			
1.	28 October 2021	Minor updates to reflect changes in Regulations and Org Structure			
2.	16 November 2023	Minor updates to reflect changes.			
3.	22 May 2025	Changes made to reflect legislative changes. OMC Minute No C/0525/029			
4.	20 November 2025	Changes made to reflect administration and legislative requirements. OMC Minute No C/1125/025			



# AUDIT RISK & IMPROVEMENT COMMITTEE

## Terms of Reference

## Audit, Risk & Improvement Committee

### Composition

<b>Voting Members</b>	1 x Independent Presiding Member
<b>2 x Independent Members</b>	1 x Independent Deputy Presiding Member
<b>3 x Elected Members (2 x Deputies)</b>	3 x Elected Members
<b>Independent Presiding Member</b>	To be appointed by Council
<b>Independent Deputy Presiding Member</b>	To be appointed by Council
<b>Elected Member Deputies</b>	2 x Elected Members
<b>Community Delegates</b>	Nil

<b>Officer Responsible</b>	Director Corporate Services
<b>Meeting Schedule</b>	At least 4 times per year
<b>Meeting Location</b>	Function or Committee Room, Shire of Broome
<b>Quorum</b>	2 voting members
<b>Delegated Authority</b>	Nil
<b>Secretariat</b>	Manager Financial Services

**1. NAME**

The name of the Committee is the Audit, Risk and Improvement Committee (the Committee).

**2. DISTRICT / AREA OF CONTROL**

Local Government boundaries of the Shire of Broome.

**3. AUTHORITY**

As prescribed in Regulation 16 of the *Local Government (Audit) Regulations 1996*, the Committee is to provide guidance and assistance to Council on matters relevant to its terms of reference. This role is designed to facilitate informed decision-making by Council in relation to its legislative functions and duties that have not been delegated to the Chief Executive Officer (CEO).

The Committee is a formally appointed Committee of Council and is responsible to the Council.

The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislated responsibility and it does not have any delegated financial responsibility. The Committee does not have management functions and cannot involve itself in management processes or procedures. This ensures that the ARIC can fulfill its function as an impartial advisory body separate from the Shire's management, thereby ensuring objective assessments and guidance.

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The purpose of the Committee is to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.

The Committee is to guide and assist Council to fulfil its oversight responsibilities relating to:

- a) External and Internal Audit activities;
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- d) Internal control effectiveness; and
- e) Compliance and Integrity.

Improvement opportunities

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**5. RESPONSIBILITIES**

The Committee will fulfill the following responsibilities:

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- Review and advise on the effectiveness of improvement initiatives, including those arising from internal audits, external reviews, and strategic planning processes.

- Monitor the implementation of agreed recommendations to ensure they are actioned appropriately and contribute to enhanced organisational performance.
  - Identify systemic issues or trends that may require broader organisational attention or policy-level responses.
- 5.2 Risk Management and Fraud Risk Management
- Reviews and advises on the adequacy and appropriateness of the Shire's risk management framework and its capacity to effectively identify, assess, and manage key risks.
  - Assesses whether a sound and effective approach has been adopted in managing major risks across the organisation, including those associated with strategic projects, program delivery, and operational activities.
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  - Monitor management's implementation of audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.
- 5.4 External Audit
- Meet with the Office of the Auditor General (OAG) and Contract Auditor to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).
  - Consider the findings and recommendations of relevant Performance Audits undertaken by the OAG / Contract Auditor and ensure the Shire implements relevant recommendations
  - Meet with the Office of the Auditor General and/or Contract Auditor to discuss any matters that the Committee or the OAG / Contract Auditors believe should be discussed privately.
  - Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.
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- Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
  - Review with management and the OAG / Contract Auditors all matters required to be communicated to the ARIC under the Australian Auditing Standards and suggest improvements if required.
  - Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.
- 5.6 Compliance
- Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
  - Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.

- Obtain updates from management about compliance matters.
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- 5.7 Reporting
- Report regularly to the Council on Committee activities, issues, and related recommendations through the tabling of meeting minutes at the Ordinary Meeting of Council.
- 5.8 Other Responsibilities
- Perform other activities related to these terms of reference as requested by the Council or through audit recommendations.
  - Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

## 6. STATUTE

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## 7. ESTABLISHMENT

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## 8. MEMBERSHIP

### 8.1 Composition

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- a) An Independent Presiding Member;
- b) An Independent Deputy Presiding Member; and
- c) 3 Elected Members.

Council shall appoint by absolute majority an Independent Presiding Member, an Independent Deputy Presiding Member, 3 elected members as Members, and up to 2 elected members as Deputies to those Members on the Committee.

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Committee Members must declare conflicts of interest in accordance with regulation 22 of the *Local Government (Model Code of Conduct) Regulations 2021*, in a written notice given to the CEO before the meeting or at the meeting immediately before the matter is discussed.

All members of the Committee are bound by the Code of Conduct for Council Members, Committee

Members and Candidates. Any instance where a Committee Member has a commercial interest or is closely associated with an organisation that has an interest in the business of the Shire which represents a conflict of interest or pecuniary interest, or there is a risk or perception of conflict of interest, must be declared to the CEO before or at the Committee meeting.

The CEO and employees are not members of the committee. The CEO and staff identified through the Terms of Reference are to be available to attend meetings to provide advice and guidance to the committee. The local government shall provide secretarial and administrative support to the committee.

### **8.2 Presiding and Deputy Presiding Member**

Appointment of an independent Presiding and Deputy Presiding Member will be made following a public advertisement. The evaluation of potential members will be reviewed by the CEO for recommendation to Council.

Appointments will be approved through absolute majority of Council based on the potential member's experience and qualifications in any or all the following:

- a) Internal audit;
- b) Risk management;
- c) Financial management/reporting;
- d) Information and Systems Technology;
- e) Audit Committee practices; and
- f) Understanding of complexities associated with the Shire.

Members of the Committee are expected to:

- a) Understand the legal and regulatory obligations of the accountable authority for governing the Shire;
- b) Understand the Shire's governance arrangements that support achievement of the Shire's strategies and objectives;
- c) Understand subject matter expert reporting; and
- d) Adhere to the Shire's code of conduct.

A presiding or deputy presiding member cannot:

- a) Be a council member of the Shire or a council member of any other local government;
- b) Be an employee of the Shire or someone who is nominated by, or is to be appointed to represent, any employee of the Shire;
- c) Have any operating responsibilities with the Shire; or
- d) Provide paid services to the Shire either directly or indirectly in any other role.

Per section 7.1B (3) of the Act, if the office of Presiding Member is vacant; or the Presiding Member is not available or is not able or unwilling to perform the functions of Presiding Member, then the Committee Members present at the meeting must choose the deputy of the Presiding Member, if present, to preside at the meeting.

### **8.3 Tenure of Membership**

In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:

- a) the term of the person's appointment as a committee member expires; or
- b) the local government removes the person from the office of committee member, or the office of committee member otherwise becomes vacant; or
- c) the committee is disbanded; or
- d) the next ordinary elections day.

### **8.4 Committee Member Entitlements**

Independent Presiding and Deputy Presiding Members will be entitled to meeting attendance fees as determined by Council.

All Committee members will be:

- 8.4.1 Entitled to receive reimbursement of reasonable travel and associated expenses relating to their attendance at Committee meetings.
- 8.4.2 Provided with appropriate training and professional development to be determined by the Committee and provided that adequate funds are available in the Council budget for this purpose.

#### **8.5 Resignation from the Committee**

In accordance with Part 2, Regulation 4 of the Local Government (Administration) Regulations 1996, a Committee member may resign from membership of the Committee by giving the CEO or the Committee's presiding member written notice of the resignation. It is recommended that Committee members provide a notice period of three months.

#### **8.6 Shire Staff Attendance**

The following individuals from the Shire's administration will be present at Committee Meetings to offer advice, guidance, ensure compliance and undertake the responsibility of recording minutes:

- Chief Executive Officer
- Director Corporate Services
- Manager Governance
- Manager Financial Services
- Senior Administration and Governance Officer.

The Chief Executive Officer may invite additional staff to attend the meeting as required.

### **9. DELEGATED AUTHORITY**

The Audit, Risk and Improvement Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have management functions and cannot involve itself in management processes or procedures.

### **10. COMMITTEE STRUCTURE**

#### **10.1 Independent Presiding Member**

As appointed by Council (is the Presiding Member).

#### **10.2 Independent Deputy Presiding Member**

As appointed by Council (is the Deputy Presiding Member)

#### **10.3 Secretariat**

The Manager Financial Services will fulfil this administrative non-voting role.

#### **10.4 Standing Ex-Officio Members**

Nil.

### **11. COMMITTEE MEETINGS**

#### **11.1 Frequency**

The Committee shall meet:

- On a regular basis at least quarterly

- Within fourteen (14) days of receiving the Annual Financial Report and Audit Report from Council's Auditor.

The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.

Following Council setting its annual Ordinary Council Meeting schedule, the Committee will develop a 12 month meeting schedule including dates and locations which will be published to the Shire website.

**11.2 Quorum**

As prescribed in section 5.19 of the Act, the quorum shall be at least 50% of the number of members of the Committee, including at least one of the Presiding Member or Deputy Presiding Member, which equates to two (2) members.

**11.3 Who Acts if no Presiding member**

In the Independent Presiding Member's absence, the Independent Deputy Presiding Member will be the Presiding member.

**11.4 Voting**

Voting is in accordance with section 5.21 of the Act.

**11.5 Agenda**

An agenda will be distributed five days prior to the meeting wherever possible, along with the minutes of the previous meeting, action items, reporting registers and other attachments or reports to be addressed.

**11.6 Minutes & Reporting**

In accordance with the *Local Government Act 1995* section 5.22 and 5.25, and *Local Government (Administration) Regulations 1996*.

The minutes are to be submitted to the next Committee meeting for confirmation and are to be signed by the Presiding Member from the meeting at which the minutes are confirmed.

Unconfirmed minutes are to be available for inspection by members of the public within 5 businessdays after the meeting and Reports and Recommendations arising from the minutes shall be presented to Council at the next Ordinary Meeting for endorsement and/or action, or if this is not possible, then the earliest available Council Meeting.

**11.7 Public Attendance at Meetings**

In accordance with Section 5.23 of the Act, the meetings of the Committee will be open to members of the public. However, because of the inherent nature of the meeting dealing with several aspects as defined by Section 5.23, (2), (4)(a)(b)(e)(f) of the Act the Committee will consider closing the meeting to the public at the commencement of the meeting.

**11.8 Members Interests to be Disclosed**

Committee members must declare conflict of interest or pecuniary interests in accordance with *Local Government (Model Code of Conduct) Regulations 2021* section 22 Disclosure of interests, to the Chief Executive Officer before or at the relevant Committee meeting.

<b>Document Control Box</b>			
<b>Document Responsibilities:</b>			
<b>Owner:</b>	Director Corporate Services	<b>Owner Business Unit:</b>	Corporate Services
<b>Reviewer:</b>	Manager Financial Services	<b>Decision Maker:</b>	Council
<b>Compliance Requirements:</b>			

<b>Legislation:</b>	<a href="#">Local Government Act 1995 section 7.1A - Audit committee</a> <a href="#">Local Government (Audit) Regulations 1996</a>				
<b>Industry:</b>					
<b>Organisational:</b>					
<b>Document Management:</b>					
<b>Risk Rating:</b>	<b>Medium</b>	<b>Review Frequency:</b>	Biennial	<b>Next Due:</b>	<b>09/2027</b>
<b>Version #</b>	<b>Decision Reference:</b>	<b>Synopsis:</b>			
1.	28 October 2021	Minor updates to reflect changes in Regulations and Org Structure			
2.	16 November 2023	Minor updates to reflect changes.			
3.	22 May 2025	Changes made to reflect legislative changes. OMC Minute No C/0525/029			
4.	20 November 2025	Changes made to reflect administration and legislative requirements. OMC Minute No C/1125/025			

**7. MATTERS BEHIND CLOSED DOORS**

***This item and any attachments are confidential in accordance with section 5.23(2) of the Local Government Act 1995 as it contains “a matter that is the subject of a direction given under section 5.23AA(1)”.***

<b>7.1 AUDIT FINDINGS PROGRESS UPDATE</b>	
<b>LOCATION/ADDRESS:</b>	Nil
<b>APPLICANT:</b>	Nil
<b>FILE:</b>	COA01
<b>AUTHOR:</b>	Manager Financial Services
<b>CONTRIBUTOR/S:</b>	Accountant
	Coordinator Financial Operations
<b>RESPONSIBLE OFFICER:</b>	Director Corporate Services
<b>DISCLOSURE OF INTEREST:</b>	Nil

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

- a) 2022/23 Final Audit Management Report
- b) Interim Audit Management Report for year ended 30 June 2024;
- c) Performance Audit 2024 – Local Government Physical Security Server Room Assets (Emerging Findings);
- d) 2023/24 Final Audit Management Report; and
- e) 2024 Regulation 17 Internal Audit Report.
- f) Interim Audit Management Report for the year ended 30 June 2025;
- g) 2024/25 Final Audit Management Report.

**COMMITTEE RESOLUTION:**

**(REPORT RECOMMENDATION)** **Minute No. AR/0426/005**

**Moved: Cr D Male** **Seconded: Cr M Virgo**

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

- 1. Receive the 2024-2025 Interim Audit Management Report as per Confidential Attachment 1;**
- 2. Receive the progress update of findings as per Confidential Attachment 2;**
- 3. Notes the progress towards rectification of outstanding findings over the period;**
- 4. Requests the Chief Executive Officer to progress the finalisation of all remaining outstanding findings as soon as practicable.**

**CARRIED UNANIMOUSLY 3/0**

**8. MEETING CLOSURE**

There being no further business the Chair declared the meeting closed at 12:01 PM.