



MINUTES

AUDIT COMMITTEE MEETING

FRIDAY 2 MARCH 2010

COMMENCING AT 3.00PM

In Shire Committee Room

2 MARCH 2010

OUR MISSION

"To provide a quality range of affordable and sustainable services to our community with a strong commitment to customer focus so that our citizens and visitors enjoy a quality lifestyle."

CORE VALUES OF THE SHIRE

The core values that underpin the achievement of the mission will be based on a strong customer service focus and a positive attitude:

Communication

Respect

Integrity

Transparency

Courtesy

DISCLAIMER

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the Local Government Act 1995 (Section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

SHIRE OF BROOME
AUDIT COMMITTEE MEETING
2 MARCH 2010
TO BE HELD IN COMMITTEE ROOM
COMMENCING AT 3.00PM
INDEX - MINUTES

1.	OFFICIAL OPENING	5
2.	PUBLIC QUESTIONS.....	5
3.	ATTENDANCE AND APOLOGIES	5
4.	CONFIRMATION OF PREVIOUS MINUTES.....	5
5.	ITEMS FOR DISCUSSION	6
5.1	HALF YEARLY REVIEW REPORT – DECEMBER 2009	6
5.2	COMPLIANCE AUDIT RETURN 2009	23
6.	NEXT MEETING	26
7.	MEETING CLOSURE	26

NOTICE OF MEETING

Dear Committee Member

The next Audit Committee Meeting of the Shire of Broome will be held on Monday 2 March 2010, in the Committee Room, Corner Weld and Haas Streets, Broome, commencing at 3.00pm.

Regards

K R DONOHOE
Chief Executive Officer

26 February 2010

1. OFFICIAL OPENING

The Chairperson declared the meeting open at 3:05 pm.

Election of Deputy Presiding Member by members of the committee (from amongst themselves) in accordance with s5.12(2) and Schedule 2.3 Division 2 of the Local Government Act 1995.

Moved: Cr G T Campbell

Seconded: Cr R J Lander

That Robert Lander be elected Deputy Presiding Member.

Carried Unanimously

2. PUBLIC QUESTIONS

There were no public questions.

3. ATTENDANCE AND APOLOGIES

Attendance: Cr Campbell – Chairperson
Cr Lander – Deputy Chairperson
Cr Male (from 3:10pm)
Cr Mitchell (from 4:00pm)
Cr Matsumoto (from 4:05pm)

Apologies: Nil

Officers: Kenn Donohoe – Chief Executive Officer
Les Mainwaring – Manager Finance
Ed Nind – Accountant
Michelle Green – Manager Administration (from 3:11pm)

4. CONFIRMATION OF PREVIOUS MINUTES

Moved: Cr G T Campbell

Seconded: Cr R J Lander

That the Minutes of the Audit Committee meeting held on 30 November 2009 be confirmed as a true and accurate record of that meeting.

Carried Unanimously

Moved: Cr G T Campbell

Seconded: Cr R J Lander

Motion to suspend standing orders from 3:15pm.

Carried Unanimously

Moved: Cr R J Lander

Seconded: Cr P D Matsumoto

Motion to re-instate standing orders from 4:40pm.

Carried Unanimously

5. ITEMS FOR DISCUSSION

5.1 HALF YEARLY REVIEW REPORT – DECEMBER 2009

LOCATION/ADDRESS:	N/A
APPLICANT:	N/A
FILE:	FRE 02
AUTHOR:	Manager Financial Services
CONTRIBUTOR/S:	Accountant, Senior Officers
RESPONSIBLE OFFICER:	Manager Financial Services
DISCLOSURE OF ANY INTEREST:	Nil
DATE OF REPORT:	15 February 2010

SUMMARY: Half Yearly Review of the Shires operations for the period ended December 2009 including estimates to 30 June 2010.

BACKGROUND

Previous Considerations

Nil

The terms of reference of the audit committee include a review of the half yearly financial results compared to budget.

The Shire of Broome reviews performance on a monthly basis and reports variations through the Monthly Financial Activity Report. In the six months to December 2009 the financial reporting process had recorded 52 previous variations to original estimates, resulting in a net forecast estimate of a \$112,668 surplus. In January, two further variations had been reported, however the surplus remained unchanged at \$112,668.

This half yearly report provides commentary of operations on lines of authority by Directorate and responsible area, as an addition to the information already prepared for the regular December monthly financial activity report.

The intent of the report is to enhance the work undertaken for the preparation of the December monthly financial activity report by including specific analysis to detect and comment on potential revisions to the latest budget forecast. Finance has also commented as to the overall favourable or unfavourable outlook for respective activities.

COMMENT

The following are the key organisational indicators from the December monthly financial activity report of the year to-date budget position as at 31 December 2009;

Budget Year elapsed 50% (Last Year 50%)**Total Operating Expenditure 53% (Last Year 53%)**

Generally operating expenditure at 53% is a little high at 3% above the half yearly mark, although a positive trend during January has allowed the operating expenditure difference to ease by 1% and close at 2% above the year to date mark at months end. The December Monthly Activity Report noted unfavourable variances occurring in the areas of Transport because of increased road asset depreciation as a result of end of year revaluation increments and cyclone clean up costs. Also unfavourable variance in Other Property and Services generally from an increase in road work signage and parks and gardens inclement weather costs.

Total Operating Revenue 82% (Last Year 80%)

The operating revenue figure of 82% is influenced by rates and rubbish services levied in the second quarter. This has increased to 84% in January. Favourable variances were reported in the Governance area from Kimberley Zone expense reimbursements and in Other Property and Services; Kimberly Regional Grants income, private works, LGIS Insurance bonus and KRO rent. Unfavourable variances included Law & Order grants not yet received, animal fines, dog impound fees, the timing of commercial trading licenses; Education & Welfare was awaiting HYPE grants and venue and events income; Community Amenities were down on refuse site income, and other sundry income and grants.

Total Capital Expenditure 14% (Last Year 14%)

Capital expenditure of 14% indicates that the capital programme is behind schedule to be completed by years end. The main affects have come from the \$6 million Broome Performing Arts Centre and \$2 million BRAC pavilion infrastructure assets. A year to date summary of the progress of capital programmes within asset classes is contained at the base of the report.

Total Capital Revenue 7% (Last Year 7%)

Capital revenues at 7% have been influenced by the lack of progress grants claimed on the performing arts centre and timing of transport grants.

Total Sale of Asset Revenue 5% (Last Year 21%)

Sale of asset revenue of 5% indicates the progress of the planned plant replacement program.

The approach taken has been to comment on material exceptions in accordance with the policy of Materiality in Financial Reporting 2.1.1.

Given that budget forecast estimates are reviewed and reported to Council on a monthly basis, any budget estimates from this report will be considered for inclusion and reported as amendments in the following monthly financial activity report.

MID YEAR FINANCIAL REVIEW TO END DECEMBER 2009**INTRODUCTION**

This review is in three sections, these being:

- Directorate and Responsible Officer operating expenditure and revenue review. Shaded items are recognised as having a null effect on the forecast.
- Waste Management (Business Unit) – Net movement of funds to/from reserve as a result of variations in operating revenue or expenditure.
- Capital Budgets by Asset Management classification – Summary of project completion as at the date of writing the report, or notations where reports are recommended.

The review methodology compares the amended budget to forecast actual values and recommends budget amendments where appropriate. The threshold that has been used is in accordance with Finance Policy 2.1.1 for revenue, expenditure and financial management items. The threshold is applied to individual items or an area of similar activity such as road maintenance and if appropriate an estimate will be recommended as a budget amendment through the Monthly Financial Activity Report.

Favourable means more revenue or less expenditure. Unfavourable means less revenue or more expenditure. In both cases this is with respect to the current budget at 31 December 2009.

Variations to accrued items and depreciation are not reported as they have no cash impact on Council's operations.

Net Position of All Estimates – Unfavourable

Potential affect on the current forecast from the accumulation of all revenue and expenditure estimates is an operating deficit of \$125,218. Given the current forecast is a surplus of \$112,668, the net affect of this budget review will shift the end of year forecast into \$12,550 deficit.

Finance Policy 2.1.1. contains a trigger point of 2% or \$376,000 as a forecast operating deficit whereby a specific organisational plan of action will be taken to remedy the situation. The current forecast, from the results of the half yearly review, remain within the policy threshold, notwithstanding this a specific plan of action is recommended to bring the budget forecast back into balance and maintain this during the remainder of the year.

Shaded areas indicate contra budget changes, operating items funded from restricted cash held, or waste management operations that are treated as a separate business unit and linked to the Refuse Site reserve. These items do not have a cash affect on the forecast surplus/deficit.

EXECUTIVE OFFICE

Chief Executive Officer's Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$45,000 increase in Kimberley Zone Strategic Plan to fund an Executive Assistant in Wyndham. \$25,000 of this cost has been reimbursed by the Shire of Derby – West Kimberley.
- \$40,000 increase in legal expenses.
- \$155,200 Consultants increase of \$5,200 reallocated from Admin Consultants for the Tourism Review, \$50,000 reallocated from Admin Office Precinct for the Capacity Audit and \$50,000 reallocated from KRO Business Plan for the Capacity Audit, plus \$50,000 from DSD for the Capacity Audit. Capacity Audit budget now \$150,000.

Revenue

- \$50,000 increase in DSD Grant for Capacity Audit, with further grant funds being sought.

Potential affect on current forecast is an \$85,000 deficit after budget transfers from other directorates.

CEO PA Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$10,000 increase in Members conference and travel expenses for extra trips for meetings with Ministers required.

Revenue

- \$7,000 increase in Reimbursement income.

Potential affect on current forecast is a \$3,000 deficit.

Media and Promotions Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$9,000 increase in promotions expenses, \$2K to pay for existing commitments and \$7K to develop an LNG communications plan.
- \$11,700 increase in Community Grant expenses for the Don't Zoom in Broome program funded by a grant.

Revenue

- \$11,700 increase in Community Grants for the Don't Zoom in Broome program.

Potential affect on current forecast is a \$9,000 deficit.

CORPORATE SERVICES**Director of Corporate Services' Estimates – Overall Outlook Favourable**

Budget amendments are recommended for:

Expenses

- \$5,200 decrease in Relieving Staff Expenses to make funds available for the Tourism Review in the Chief Executive Officer's directorate.
- \$50,000 decrease in Consultant Expenses to make funds available for the Capacity Audit in the Chief Executive Officer's directorate.
- \$50,000 decrease in Kimberley Regional Offices Business Plan Expenses to make funds available for the Capacity in the Chief Executive Officer's directorate.
- \$15,000 decrease in Corporate Services Salary and Related Expenses due to delays in appointing the Asset Co-ordinator.
- \$52,000 increase in Local Government Insurance Services Funded Expenses incurred by the employment of a Human Resources Risk Management Officer.

Revenue

- \$52,000 increase in Local Government Insurance Services Funding Income to fund the employment of a Human Resources Risk Management Officer.

Potential affect on current forecast is a \$15,000 surplus after budget transfers to other directorates.

Manager Financial Services' Estimates – Overall Outlook Favourable

Budget amendments are recommended for:

Expenses

- \$10,000 decrease in Valuations Expenses due to savings in rural ratings.
- \$12,000 increase in Lotteries House Security, Utility and Insurance Expenses to pay for additional security and insurance expenses.
- \$8,000 increase in Library Security, Utility and Insurance Expenses to pay for additional security and insurance expenses.

Revenue

- \$27,000 increase in Rates Income from additional interim rate income.
- \$11,000 increase in Rates Instalment Income from additional instalment options taken up.
- \$10,000 increase in Rates Enquiry Fee Income as property sales have increased.
- \$5,000 increase in Legal, Employee Leave, and Other Reimbursement Income from the reimbursement of long service leave expenses by previous employers.

Potential affect on current forecast is a \$43,000 surplus.

Accountant's Estimates – Overall Outlook Favourable

Budget amendments are recommended for:

Expenses

- \$5,000 decrease in Ex Employee Expenses as no costs have yet been incurred.
- \$5,000 decrease in Recoupable Expenses as little few costs have yet been incurred.

Revenue

- \$20,000 increase in Public Open Space Reserve Interest income due to additional deposits and better returns than budgeted. This is offset by an additional transfer to the Public Open Space Reserve.
- \$110,000 increase in Municipal Bank Account Interest income due to additional deposits and better returns than budgeted.
- \$6,000 increase in Building Reserve Interest income due to additional deposits and better returns than budgeted. This is offset by an additional transfer to the Building Reserve.
- \$5,000 decrease in Recoupable Income as little income has yet been received.

Potential affect on current forecast is a \$115,000 surplus.

Manager Human Resources Services' Estimates – Overall Outlook Favourable

Budget amendments are recommended for:

Expenses

- \$6,000 decrease in Performance Based Reward Expenses as there has been little expenditure to date.

Potential affect on current forecast is a \$6,000 surplus.

Manager Administration Services' Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$6,000 increase in Cemetery Security Expenses based on the new security contract.
- \$16,700 increase in Staff Housing Rent Expense – 144 Sanderling Dr, being new lease commenced.
- \$15,700 decrease in Staff Housing Rent Expense – 22/37 Taylor Rd, being termination of lease.
- \$10,600 increase in Staff Housing Rent Expense – U7/1 Saville St, being new lease commenced.
- \$6,800 decrease in Staff Housing Rent Expense – 17 Fairway Dr, being renewal of lease negotiated for reduced rent.
- \$36,222 decrease in Staff Housing Rent Expense – 7 Hay St, being termination of lease.
- \$28,600 decrease in Staff Housing Rent Expense – 3 Ignatius Court, being termination of lease.
- \$31,500 decrease in Staff Housing Rent Expense – 21 Bronzewing Crs, being termination of lease.
- \$11,500 increase in Staff Housing Rent Expense – U157/1 Lullfitz St, being new lease commenced.
- \$8,800 increase in Staff Housing Rent Expense – 40A Anne St, being new lease commenced.
- \$4,100 increase in Town Beach Kiosk building operating expense, being recoupable rates charged.

Revenue

- \$16,700 increase in Staff Housing Rent Revenue – 144 Sanderling Dr, being new lease commenced.
- \$22,400 decrease in Staff Housing Rent Revenue – 22/37 Taylor Rd, being termination of lease.
- \$9,800 increase in Staff Housing Rent Revenue – U7/1 Saville St, being new lease commenced.
- \$8,800 decrease in Staff Housing Rent Revenue – 17 Fairway Dr, being renewal of lease negotiated for reduced rent.
- \$37,440 decrease in Staff Housing Rent Revenue – 7 Hay St, being termination of lease.
- \$28,600 decrease in Staff Housing Rent Revenue – 3 Ignatius Court, being termination of lease.
- \$28,100 decrease in Staff Housing Rent Revenue – 21 Bronzewing Crs, being termination of lease.
- \$11,500 increase in Staff Housing Rent Revenue – U157/1 Lullfitz Dr,
- \$8,800 increase in Staff Housing Rent Revenue – 40A Anne St, being new lease commenced.
- \$4,000 increase in recoupable outgoings reimbursement revenue for the Old Visitor Centre, being water charges now being recouped.
- \$3,000 increase in recoupable outgoings reimbursement revenue for the Old Broome Lockup, being additional revenue received.
- \$4,100 increase in Town Beach Kiosk rent and reimbursement revenue, being recoupable rates received.
- \$20,000 increase in KRO – Kullari Employment Services tenancy rent revenue, being additional area incorporated into the new lease.
- \$109,500 increase in KRO – Department of Corrective Services tenancy rent revenue, being new lease, previously Kimberley Regional Police.

- \$22,000 increase in recoupable outgoings reimbursement revenue for the Old Shire Office, being reimbursements received not originally budgeted for.
- \$14,500 decrease in rent revenue for KRO – Derby West Kimberley Skillshare, being an expired lease and subsequent vacated tenancy.
- \$98,600 decrease in rent revenue for KRO – Kimberley Regional Police, being an expired lease, taken up by Department of Corrective Services.
- \$37,200 decrease in rent revenue for KRO – Kimberley Group Training, being an expired lease and subsequent vacated tenancy.

Potential affect on current forecast is a \$5,118 deficit.

Manager Information Technology's Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$5,000 increase in maintenance expense for the Triple J transmitter and decoder as a result of storm damage.
- \$5,200 increase in new fixed plant and equipment capital expenditure – cemeteries \$30K CCTV as per item 12.1 OCM 2/09/09, being additional contractor costs due to signal interruptions on wireless network for the CCTV installation.

Potential affect on current forecast is a \$10,200 deficit.

DEVELOPMENT SERVICES

Manager Building Services' Estimates – Overall Outlook Favourable

Budget amendments are recommended for:

Expenses

- \$10,000 increase in swimming pool inspections expenses, being completion of pool inspections.
- \$3,900 decrease in relief staff expense, being inability to obtain relief staff.
- \$11,400 increase in Skate Park security and operating expenses being additional security expenses.
- \$1,000 increase in building maintenance – Cable Beach Toilets, being an increase in general maintenance.
- \$3,000 decrease in building maintenance – shade and other structures expense, being budget not required as public shade structure will not be built this year.
- \$7,000 increase in building maintenance – Town Beach kiosk expense, being additional repairs and maintenance as a result of sewerage and vermin damage.

Revenue

- \$30,000 increase in statutory fees and licences – building permits revenue, being forecast of additional building licence application fees.

Potential affect on current forecast is a \$7,500 surplus.

Manager Health Services' Estimates – Overall Outlook Favourable

Budget amendments are recommended for:

Expenses

- \$5,500 decrease in Zero Waste Plan expenses as the project has been finalised due to a reduction in funding.
- \$35,000 increase in Cleanup Aboriginal Community expenses being additional funded activities. Funds have been fully sourced from the unspent Broome Itinerant grant via a transfer from restricted cash.
- \$14,000 increase in Recycling Grant Funded Expenses funded by the unspent grants via a transfer from restricted cash.
- \$75,600 increase in Domestic Refuse Collection Expenses funded by additional income and a reduction in the surplus transferred to the Refuse Site Reserve.
- \$180,500 increase in Domestic Recycling Expenses funded by a reduction in the surplus transferred to the Refuse Site Reserve.
- \$10,000 decrease in KRO Cleaning Expenses as the contract only commenced February 2010.

Revenue

- \$20,100 decrease in Commercial Pool Inspection Fees Income.
- \$48,000 increase in Heath Licences Income as the result of the new food act.
- \$5,000 decrease in grant funding for the Zero Waste Plan.
- \$75,000 increase in Refuse and Recycling Removal Charges Income transferred to the Refuse Site Reserve.
- \$5,000 decrease in refuse and Recycling Bin Sales Income funded by a reduction in the surplus transferred to the Refuse Site Reserve.

Potential affect on current forecast is a \$38,400 surplus.

Manager Planning Services' Estimates – Overall Outlook Favourable

Budget amendments are recommended for:

Expenses

- \$10,000 increase in advertising expense – Town Planning/Regional Development, being the amount of recoupable expenses not originally budgeted for.

Revenue

- \$60,000 increase in planning fees revenue, being an increase in planning applications lodged.
- \$5,000 decrease in rezoning fees revenue, being no scheme amendments have been received year to date.
- \$1,000 increase in subdivision/strata title fees revenue, being slight increase in subdivision applications.

Potential affect on current forecast is a \$46,000 surplus.

COMMUNITY SERVICES

Director of Community Services' Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$5,000 increase in Town Beach Cultural Plan expense, being additional costs incurred, funded from unspent grant funds held in restricted cash to cover this and previous amendments.

Revenue

- \$14,000 release of unspent grant restricted cash for Town Beach Cultural Plan expense, being additional \$5K costs incurred and previous \$9K of expenditure.
- \$5,000 increase in trading licence revenue, as a result of improved compliance.
- \$58,000 decrease in reimbursement and other revenue for venue and events, being realisation of targets not likely to occur.
- \$10,000 decrease in promotional banner and sundry revenue, being adjustment to reflect year to date actual and last year's actual.
- \$6,800 increase in Haynes Oval operating revenue, being additional revenue from sporting group hire.

Potential affect on current forecast is a \$47,200 deficit.

Manager BRAC Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$7,500 increase in tennis memberships forwarded expense, being last year's memberships forwarded in this year.
- \$5,000 decrease in salary and related crèche expense, as a result of staff vacancies.

Revenue

- \$9,000 increase in GST free Kiosk sales revenue being items incorrectly sold with GST.
- \$9,000 decrease in GST inclusive Kiosk sales revenue being items incorrectly sold with GST.
- \$5,000 increase in aquatic group fitness revenue, being increased attendance.
- \$5,000 decrease in tennis program revenue, being fewer events held.
- \$5,000 decrease in introductory program revenue, being delayed deployment of program.
- \$6,600 increase in reimbursement revenue, being receipt of refund for tiles.
- \$20,000 decrease in holiday program enrolment revenue, being low attendance.

Potential affect on current forecast is a \$20,900 deficit.

Family Day-care Coordinator's Estimates – Overall Outlook Neutral

Budget amendments are recommended for:

Expenses

- \$19,000 unbudgeted return of unspent ISS grants funded from restricted cash.
- \$78,000 increase in unbudgeted salary and Related Expenses whilst the Coordinator is on workers compensation leave. This is offset by workers compensation insurance reimbursements.

Revenue

- \$78,000 increase in workers compensation insurance reimbursement income.

There is no potential affect on current forecast end of year result.

Manager Library Services' Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$26,000 increase in Grant Funded Program Expenses as a new program has commenced which is mostly grant funded.
- \$4,000 increase in Programs and Materials expenses as a 2008/2009 program expense was processed in 2009/2010.

Revenue

- \$23,000 increase in Grant Programs Income for a new grant funded program.

Potential affect on current forecast is a \$7,000 deficit.

Manager Emergency and Ranger Services' Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$8,000 increase in Security Beach Patrol Expenses as a new contractor commenced. To avoid further additional expenses the patrol has been cancelled.
- \$10,000 increase in Rangers Super and Workers Compensation Expenses as the budget did not allow for the workplace agreement of super on overtime hours.

Revenue

- \$8,000 decrease in Parking Fines Income as the budget deemed unrealistic.
- \$4,000 decrease in Animal fines and penalties as the budget deemed unrealistic.
- \$8,000 decrease in Dog Impounding Fees and Sundries Income as the budget deemed unrealistic.

Potential affect on current forecast is a \$38,000 deficit.

Manager Recreation Services' Estimates – Overall Outlook Favourable

Budget amendments are recommended for:

Revenue

- \$8,000 increase in BRAC Fields – Electricity Reimbursements and Other Income.
- \$5,000 increase in BRAC Fields – Father McMahon Playing Field Fees as Venue hire fees are greater than expected.

Potential affect on current forecast is a \$13,000 surplus.

ENGINEERING SERVICES DIRECTORATE**Director of Engineering Services' Estimates – Overall Outlook Favourable**

Budget amendments are recommended for:

Expenses

- \$4,000 decrease in expenditure on Survey Consumables Expenses as these are now booked to the appropriate job.
- \$3,000 decrease in Engineering Advertising Expenses.

- \$36,900 increase in Salary and Grant Funded Expenses for a fully grant funded staff member for the remainder of the year.
- \$34,000 increase in expenditure on the BRAC Emergency Facility Upgrade as the project was carried forward from 2008/2009. The expense is full offset by the final grant claim for this project.

Revenue

- \$21,500 increase in Drainage Headworks Contribution Income, all to be transferred to the Drainage Reserve.
- \$2,900 increase in Engineering Office Reimbursement Income.
- \$103,000 increase in Operating Grant Income from R4R to pay for a special projects officer. All income received will be spent or transferred to restricted cash reserve.
- \$4,100 increase in Payments Received for Parks Maintenance and Other Operating Expenses.
- \$34,800 increase in Developer Footpath Contribution Income, this will all be transferred to the Footpath Reserve.
- \$13,200 increase in the State Direct MRWA/RRG Road Maintenance Operating Grant income.
- \$68,000 increase in grant income on the BRAC Emergency Facility Upgrade as the project was carried forward from 2008/2009. The \$34K expense is fully offset by the final \$68K grant claim for this project.

Potential affect on current forecast is a \$61,200 surplus.

Manager Operations Estimates – Overall Outlook Favourable

Budget amendments are recommended for:

Expenses

- \$6,700 increase in Parks and Gardens Private Works Expenses.
- \$39,000 increase in Works Private Works Expenses.

Revenue

- \$38,200 increase in Works Private Works Income.
- \$2,500 increase in Blue and White Directional Sign Income.
- \$6,700 increase in Parks and Gardens Private Works Income.

Potential affect on current forecast is a \$1,700 surplus.

Parks and Gardens Supervisor's Estimates – Overall Outlook Unfavourable

Budget amendments are recommended for:

Expenses

- \$6,000 increase in Supervisors Salary and Related Expenses being holiday relief for supervisory staff.
- \$15,000 increase in Cable Beach Reserve parks and gardens maintenance expense, being increased materials requirements.
- \$20,000 increase in Town Beach Reserve parks and gardens maintenance expense, mainly water taken up by extended grassed area.

Potential affect on current forecast is a \$41,000 deficit.

Works Supervisor's Estimates

Budget amendments are recommended for:

Expenses

- \$37,900 increase in Refuse Site mulching expense, being operating expense and contractor procured to grind the green waste, funded from Refuse Site reserve.
- \$43,000 decrease in salary and related expense for the Refuse Site office and customer service expense, being staff vacancy, transfer to Refuse Site Reserve.
- \$45,000 decrease in Refuse Site fire fighting expense, being year to date savings, transfer to Refuse Site reserve.
- \$5,000 decrease in Refuse Site vandalism repairs expense, being year to date savings, transfer to Refuse Site reserve.
- \$11,000 increase in Refuse Site vehicle and plant expense, being additional costs than expected, funded from Refuse Site reserve.
- \$6,400 increase in Depot cleaning expense, being additional contractor expense.
- \$8,200 increase in Community Facilities Team vehicle and plant expense, being additional costs than expected.
- \$15,000 decrease in statutory contributions for crossovers, being fewer crossovers constructed year to date.
- \$34,000 increase in street lighting expense being additional electricity charges.
- \$92,000 increase to urban road maintenance, additional plant hours for street sweeping program.
- \$62,000 increase in works operation salaries for additional works supervisor cover.
- \$18,000 increase in Depot salaries for Depot storeman holiday relief.

Revenue

- \$8,000 increase in waste management levy revenue, being additional levy received than expected, transferred to Refuse Site reserve.
- \$260,000 decrease in sundry income for mulch sales, being revision of sales forecasts for the rest of the year, funded from Refuse Site reserve.

Potential affect on current forecast is a \$205,600 deficit.

WASTE MANAGEMENT (BUSINESS UNIT)

Net Transfer To/From Reserve as a result of Operations – Overall Outlook Unfavourable

Budget amendments are recommended for:

- \$394,000 reduced transfer To Refuse Site reserve for net operating estimates.

The original budget proposed an opening Refuse Site Reserve balance of \$1,188,209 and a transfer to reserve of \$880,068 from the budgeted surplus of operations, the surplus of operations has now been revised down to \$486,068.

The estimated closing Refuse Site reserve balance, pending completion of \$410,000 capital works and after the addition of 30th June 2009 end of year adjustments for \$172,559, would move to \$1,436,836 compared to the budget of \$1,658,277.

CAPITAL BUDGET

Capital Expenditure – Progress after 62% of Year Elapsed as at date of report 15 February 2010

Capital programs are backed by Reserve accounts and generally where capital works have not been completed, the unspent funds are quarantined into the relevant reserve so that funds remain available for asset management purposes only, avoiding leakage into consolidated revenue to offset operating results.

The following is a summary of the progress to date in percentage terms of capital budgets by asset management category (noting that 62% of the year has elapsed) and the remaining capital budget in \$dollars still available for significant items. Notations have also been included where reports to council are recommended.

Furniture & Equipment – New 76% committed

IT equipment and hardware 66% in progress, remaining equipment to be purchased \$47K.

Drainage Infrastructure - Upgrade 46% committed

General Townsite Drainage Upgrade awaiting start \$50K

Hamersley St Drainage Upgrade – Conti Foreshore awaiting start \$30K

Frederick St Drainage study carryover \$36K spent, funded from reserve, an Engineering report has been prepared for Council.

Recreation Areas Infrastructure - New 83% committed

Cygnets Park reduce lawn area and build hard stand shade, awaiting start \$70K

Town Beach Water Park 97% works in progress, \$20K of \$595K budget remains, possible overruns may need an Engineering/Community Service total project report update to Council.

Entrance Point Boat Ramp facilities works in progress \$47K

BRAC Oval effluent water reticulation construction awaiting start \$70K

BRAC fences 81% works in progress \$91K.

BRAC new sporting infrastructure carryover \$26K spent; funded from \$48 unspent loan and \$35K reserve, needs Community Services report to Council.

Recreation Areas Infrastructure - Upgrade 91% committed

Cable Beach Reserve, remove casuarinas from amphitheatre 31% works in progress \$27K

Sunset Reserve Park gardens playground upgrade awaiting start \$35K

Recreation Areas Infrastructure - Renewal 181% committed

Cable Beach Foreshore Master Plan \$28K spent, possible reserve funding, an Engineering report has been prepared for Council.

Roads, Footpaths Infrastructure – New 48% committed

Gubinge Road landscaping awaiting start \$206K

Frederick Street – Hamersley Street Roundabout 67% works in progress \$93K

Carnarvon Street new carpark opposite Matsos, awaiting start \$70K

Millington Road bus facilities, awaiting start \$40K

Louis Street footpath construction, awaiting start \$25K

Old Broome Estate footpath construction, awaiting start \$25K

Forrest Street footpath construction, awaiting start \$25K

Roebuck Estate footpath construction, 3% works in progress \$49K

Sunset Park/Rise footpath construction, awaiting start \$30K

Roads, Footpaths Infrastructure – Upgrade 61% committed

Walcott Street upgrade opposite hospital, 49% works in progress \$40K
Sanctuary & Cable Beach Rds Roundabout, 50% works in progress \$59K
Hamersley Street dual carriageway, 82% works in progress \$81K
McGuigan Road awaiting start \$400K

Bidyadanga Road, 114% works in progress, \$51K overrun needs report to Council.

Roads, Footpaths Infrastructure – Renewal 54% committed

Urban Maintenance Reseals, 14% works in progress \$103K
Rural Maintenance Reseals, awaiting start \$40K
Cape Leveque Road, 77% works in progress \$82K
Cape Leveque Road reform, awaiting start \$141K

Bidyadanga Road reforms & gravel, 135% works in progress, \$27K overrun needs Engineering report to Council.

Other Infrastructure – New 70% committed

Tip Improvements grease trap storage lagoons, 73% works in progress \$21K
Tip Improvements recycling area rearrangement, storm water collection ponds, awaiting start \$50K
Effluent water treatment program, \$5K deferred and to be held in POS reserve.
Statues and Public Art works, women in pearling, 58% works in progress \$25K

Other Infrastructure – Upgrade 101% committed

Promotional Banner entry sign completed.

Other Infrastructure – Renewal 43% committed

Broome & Japanese Cemeteries forward program of works, awaiting start \$38K
Depot pump station and sewerage works, 68% in progress \$31K.
Depot back fence and sign compound, awaiting start \$20K.

Land & Buildings – New 2% committed

P&G Nursery hardstand and washdown area, awaiting start \$35K
Arts Centre construction, \$14K in progress \$5,986K. Defer \$5,776K to 2010/2011 as commencement of construction not scheduled this year, offset by deferred claim on grants and loan drawings.
Aquatic Centre chemical shed and gutter guards, awaiting start \$34K
BRAC Oval amenities building, 2% works in progress \$2,035K
Roebuck bay Caravan Park drainage interceptor and agreed works, 22% works in progress \$20K
Depot management and senior staff office accommodation, 78% works in progress \$32K, now completed under budget.

Land & Buildings – Upgrade 31% committed

Lotteries House painting and retiling, awaiting start \$35K

Library toilet upgrade, awaiting start \$30K
Museum disability toilet upgrade, awaiting start \$28K
Shire Office installation of security screens to all windows, 100% completed under budget \$12K to be held in reserve.
BOSCA disability upgrade ramp and door, awaiting start \$20K
Old Shire Offices electrical and disability upgrade, awaiting start \$40K

Land & Buildings – Renewal 23% committed

Surf Club replace external cladding and roof sheeting, works deferred, \$60K to held in reserve
Public Toilets internal fit out Town Beach, repaint trusses and re grout Cable Beach, repaint and re grout Male Oval, awaiting start \$51K
Library replacement of windows, recarpeting and internal paint, awaiting start \$120K
Museum roof sheeting replacement, awaiting start \$25K
BRAC ridge capping and gutters, stadium globes, roller door guards, pavers around pool and shade sail over pool, awaiting start \$80K
BRAC boundary fence complete \$101K, pool tiling deferred, \$8K to be held in reserve
BOSCA \$4K fencing complete, building works deferred, \$10K to held in reserve
Old Shire Office external and internal repaint, carpets and ceiling replacement, awaiting start \$163K
KRO various tenancy recarpeting, painting, entrance door, refurbish toilet, 40% works in progress \$81K
Cable Beach Tearooms ridge capping and roof vents, refix roof sheeting, awaiting start \$20K.

Depot toilet facilities, 191% works in progress, \$14K overrun needs report to Council on Royalties for Regions grant programs.

Mobile Plant & Equipment – New 7% committed

Waste management HX4 6-8t excavator with grab and scoop bucket, awaiting purchase \$180K
P&G top dresser tractor attachment, slasher Howard Rots for verges, Utility extra cab 2nd spray unit, awaiting purchase \$120K
Depot 2t Forklift and Portable heavy machinery hydraulic jack, awaiting purchase \$87K.
Works padfoot shells, Utility Dual Cab leading hand, Road Roller Compact Combi. RR2, 25% in progress \$117K

Mobile Plant & Equipment – Upgrade 21% committed

Depot 2.5t Utility with canopy & equipment, awaiting purchase \$65K
Works Trailer Howard Porter side tipper, awaiting purchase \$100K

Mobile Plant & Equipment – Renewal 17% committed

Rangers Utility extra cab, awaiting purchase \$36K
Recreation Utility Triton 4WD dual cab, awaiting purchase \$40K
P&G Trailer caged/tipper, Truck Isuzu 5tonne, Spray unit, Mower Kubota front deck, plus carryovers, 17% purchases in progress \$192K
Engineering Office Utility Triton 4WD dual cab, awaiting purchase \$30K
Works Auger Robin Little Digger, Truck/sweeper Hino Ranger Pro9, Utility Triton 4WD assist works supervisor, plus carryovers, 7% purchases in progress \$557K

Fixed Plant & Equipment – New 27% committed

Waste management floodlighting, firefighting emergency storage tank and bore, awaiting start \$100K

Fixed Plant & Equipment – Upgrade 0% committed

Chinatown street lighting, awaiting start \$25K

Fixed Plant & Equipment – Renewal 16% committed

KRO replace air-cons, \$13K work completed, air-con system not needing to be replaced as a result of renewal work by contractor, \$123K to be held in reserve.

Disposal of Assets – 5% committed

Ranger Utility Ford 4WD extra cab, awaiting sale \$35K

Recreation Utility Triton 4WD dual cab, awaiting sale \$23K

Engineering Office Utility Triton 4WD dual cab, awaiting sale \$23K

P&G Trailer caged/tipper, Truck Isuzu 5tonne, Spray unit, Mower Kubota front deck, plus carryovers, 23% sales in progress \$59K

Works Auger Robin Little Digger, Truck/sweeper Hino Ranger Pro9, Utility Triton 4WD crew cab, Trailer Howard Porter super lifter, plus carryovers, awaiting sale \$180K

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulation 33A.

Review of budget

(1) Between 1 January and 31 March 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.

(2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.

(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 30 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 in Gazette 31 Mar 2005 p. 1048-9; amended in Gazette 20 Jun 2008 p. 2723-4.]

POLICY IMPLICATIONS

Materiality in Financial Reporting

FINANCIAL IMPLICATIONS

Potential affect on the current forecast from the accumulation of all revenue and expenditure estimates is an operating deficit of \$125,218. Given the current forecast is a surplus of \$112,668, the net affect of this budget review will shift the end of year forecast into \$12,550 deficit.

This is a budget review of forward estimates for information purposes; any revisions to forecasts will be detailed in the next monthly financial activity report.

STRATEGIC IMPLICATIONS**People**

Effectively engage with our community by providing information.

Place

Achieve positive long-term economic, social and environmental benefits.

Prosperity

Build the Shire's organisational capacity to service the needs of a growing community

VOTING REQUIREMENTS

Absolute Majority

(COMMITTEE RECOMMENDATION)**REPORT RECOMMENDATION**

That the Audit Committee recommends that Council:

- 1. Receives the Half Yearly Review Report for the period ended 31 December 2009.*
- 2. Adopts the budget recommendations for the period ended 30 June 2010.*
- 3. Increases the consultant financial analyst budget by \$20,000 to undertake the financial systems and sustainability review.*

Moved: Cr G T Campbell

Seconded: Cr D M Male

That the Report Recommendation be adopted.

Carried: 4/0

5.2 COMPLIANCE AUDIT RETURN 2009

LOCATION/ ADDRESS:	N/A
APPLICANT:	N/A
FILE:	LCR 02
AUTHOR:	Manager Administration Services
CONTRIBUTOR/S:	
RESPONSIBLE OFFICER:	Director Corporate Services
DISCLOSURE OF ANY INTEREST:	Nil
DATE OF REPORT:	26 February 2009

SUMMARY: Local Government is required to complete a Compliance Audit Return for the calendar year ending 31 December, and then forward the adopted return to the Department of Local Government by 31 March the following year.

The 2009 Compliance Audit Return is presented to the Audit Committee for review noting areas of non-compliance and recommending adoption to Council of the 2009 Compliance Audit Return before the 31 March 2010 deadline.

BACKGROUNDPrevious Considerations

OCM 11 April 2006 – Item 9.1.4
 OCM 15 March 2007 – Item 10.4
 OCM 13 March 2008 – Item 10.1
 OCM 24 March 2009 – Item 10.3

Section 7.13(i) of the Local Government Act 1995 requires that each local government carry out a compliance audit for the period 1 January to 31 December each year. The Compliance Audit is an in-house self audit that is undertaken by staff.

The Compliance Audit Return is to be:

1. Presented to an Ordinary Meeting of Council
2. Adopted by Council; and
3. Recorded in the minutes of the meeting at which it is adopted

After the Compliance Audit Return has been presented to Council, a certified copy of the return, along with the relevant section of the minutes and any addition information detailing the contents of the Return is to be submitted to the Department of Local Government by 31 March 2010.

COMMENT

The Compliance Audit for the period 1 January 2009 to 31 December 2009 has been completed and is attached, along with the details of the areas of non-compliance and future actions to be implemented to address same.

The 2009 Compliance Audit Return reveals a compliance rating of 98.8% with 4 areas of non-compliance out of the 347 areas audited. This compares to:

2008 Compliance Audit – 2 areas of non-compliance of 311 areas audited (99.4%)

- 2007 Compliance Audit - 13 areas of non-compliance of 271 areas audited (96.1%)
- 2006 Compliance Audit - 21 areas of non-compliance of 271 areas audited (92.3%)
- 2005 Compliance Audit - 23 areas of non-compliance of 306 areas audited (92.5%)
- 2004 Compliance Audit –18 areas of non-compliance of 147 areas audited (87.8%)

Trends over the past six years are positive with a satisfactory result achieved for 2009.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Local Government Act 1995

7.13. *Regulations as to audits*

- (1) *Regulations may make provision —*
 - (i) *requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —*
 - (i) *of a financial nature or not; or*
 - (ii) *under this Act or another written law.*

Local Government (Audit) Regulations 1996

14. *Compliance audit return to be prepared*

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
 - (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
 - (3) *A compliance audit return is to be —*
 - (a) *presented to the council at a meeting of the council;*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*
- [Regulation 14 inserted in Gazette 23 Apr 1999 p. 1724-5.]*

15. *Completion of compliance audit*

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
 - (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c);*
 - and*
 - (b) *any additional information explaining or qualifying the compliance audit, is to be submitted to the Executive Director by 31 March next following the period to which the return relates.*
 - (2) *In this regulation —*
 - “certified” in relation to a compliance audit return means signed by —*
 - (a) *the mayor or president; and*
 - (b) *the CEO.*
- [Regulation 15 inserted in Gazette 23 Apr 1999 p. 1725.]*

POLICY IMPLICATIONS

Policy and procedural changes will be required and noted on the Compliance Audit Return Action Plan.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS**Prosperity**

Build the Shire's organisational capacity to service the needs of a growing community.

VOTING REQUIREMENTS

Simple Majority

REPORT RECOMMENDATION

That the Audit Committee recommends Council:

1. *Receives the Compliance Audit Return 2009 Summary listing areas of non-compliance and future actions.*
2. *Adopts the Compliance Audit Return 2009 as the official return for the Shire of Broome.*

Moved: Cr R J Lander

Seconded: Cr P D Matsumoto

That the Report Recommendation be adopted.

Carried Unanimously

[Attachment: 30 pages](#)

6. NEXT MEETING

The next meeting will be convened to coincide with the Annual Financial Report in November 2010 held in the Committee Room of the Shire Offices.

7. MEETING CLOSURE

The Chairperson declared the meeting closed at 5:00pm.