



**1 MARCH 2024**

## **Shire of Esperance**

### **NOTICE OF MEETING AND AGENDA**

**An Audit Committee meeting of the Shire of Esperance will be held at Council Meeting Room on 5 March 2024 commencing at 2:00 PM to consider the matters set out in the attached agenda.**

S Burge

**Chief Executive Officer**

### **DISCLAIMER**

No responsibility whatsoever is implied or accepted by the Shire of Esperance for any act, omission or statement or intimation occurring during Council or Committee meetings. The Shire of Esperance disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee meetings. Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee meeting does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by a member or officer of the Shire of Esperance during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Esperance. The Shire of Esperance warns that anyone who has any application lodged with the Shire of Esperance must obtain and should only rely on written confirmation of the outcome of the application, and any conditions attaching to the decision made by the Shire of Esperance in respect of the application.

### **ETHICAL DECISION MAKING AND CONFLICTS OF INTEREST**

Council is committed to a code of conduct and all decisions are based on an honest assessment of the issue, ethical decision-making and personal integrity. Councillors and staff adhere to the statutory requirements to declare financial, proximity and impartiality interests and once declared follow the legislation as required.

### **ATTACHMENTS**

Please be advised that in order to save printing and paper costs, all attachments referenced in this paper are available in the original Agenda document for this meeting.

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**SHIRE OF ESPERANCE**

**AGENDA**

**AUDIT COMMITTEE MEETING  
TO BE HELD IN COUNCIL MEETING ROOM ON 5 MARCH 2024  
COMMENCING AT 2:00 PM**

**1. OFFICIAL OPENING**

**2. ATTENDANCE**

**Members**

Cr S McMullen	Shire of Esperance (Presiding Member)
Cr S Flanagan	Shire of Esperance
Pres. R Chambers	Shire of Esperance
Mrs G Johnston	Shire of Esperance
Mr K Mills	Community Representative

**Shire Officers**

Mr S Burge	Chief Executive Officer
Mrs R Hamilton	Manager Financial Services
Mrs F Baxter	Director Corporate & Community Services

**Members of the Public & Press**

**3. APOLOGIES & NOTIFICATION OF GRANTED LEAVE OF ABSENCE**

**4. PUBLIC QUESTION TIME**

**5. DEPUTATIONS, PRESENTATIONS, INSPECTIONS, PETITIONS**

Nil

**6. DECLARATION OF MEMBERS INTERESTS**

- 6.1 Declarations of Financial Interests – Local Government Act Section 5.60a**
- 6.2 Declarations of Proximity Interests – Local Government Act Section 5.60b**
- 6.3 Declarations of Impartiality Interests – Admin Regulations Section 34c**

**7. CONFIRMATION OF MINUTES**

**That the Minutes of the Audit Committee Meeting of the 21 November 2023 be confirmed as a true and correct record.**

**8. NEW BUSINESS OF AN URGENT NATURE**

Nil

## **9. MATTERS REQUIRING A DETERMINATION OF COMMITTEE**

### **Item: 9.1**

#### **2023/24 Budget Review**

<b>Author/s</b>	Roselyn Hamilton	Manager Financial Services
<b>Authorisor/s</b>	Felicity Baxter	Director Corporate & Community Services

**File Ref: D23/34821**

#### **Applicant**

Corporate and Community Services

#### **Location/Address**

Internal

#### **Executive Summary**

Prudent management of the Shire's Annual Budget includes a full review of the Shire's progress mid-way through the financial year. This report presents a review of the 2023/24 Annual Budget based on actuals and commitments for the first six months of the year and forecasts for the remainder of the financial year.

#### **Recommendation in Brief**

That the Audit Committee recommends Council adopt the 2023/24 Budget Review.

#### **Background**

Council undertakes a Budget Review to assess the impact of actual events upon the adopted budget. The Budget Review document contains actual transactions up to the end of December 2023 and also a predicted figure for each account till the end of the financial year. The predicted figures attempt to quantify the likely difference that invariably occurs between the budget and the end of the financial year actual result.

A detailed dissection of the income and expenditure variations is supplied as an attachment. The report lists all accounts which have a variance (surplus or deficit) from which was estimated in the annual budget. All of the variances shown require Council approval by Absolute Majority to adjust the original budget. If Council resolves to adjust the budget as per the attachment, it will provide a predicted \$5,210 deficit by 30 June 2024.

#### **Officer's Comment**

The Budget Review has been compiled in the statutory reporting program format similar to the monthly financial report. Four columns of information have been presented as follows:

1. The first column being the Council's adopted budget
2. The second column contains the actual result recorded to 31 December 2023
3. The third column contains the actual result recorded to 28 February 2024
4. The fourth column being the predicted result to 30 June 2024.

Expenditure is presented without brackets and revenue is presented in brackets eg (\$100,000).

The Budget Review process is essentially designed to ensure that the adopted budget is being adhered to and there are no material variances that may cause a deficiency in "cash" to occur at financial year's end.

The original 2023/24 Budget as adopted by Council resulted in a \$22,000 deficit. Since adoption, budget amendments have been presented and adopted by Council however they did not affect the net position. The following adjustments from the mid-year Budget Review results in a reduction of the deficit to \$5,210.

Movements in the budget can be explained as follows:

<b>Operating Income Movement</b>		
Fees & Charges	Increase mainly applicable to: <ul style="list-style-type: none"> <li>- Overall increase of \$188,335 in expected income for Waste Management related to domestic rubbish removal and tip charges (32.9% of increase)</li> <li>- Increase of \$154,000 in Private works income expected (26.9% of increase)</li> <li>- Increase of \$49,448 in Caravan Park income (8.6% of increase)</li> <li>- Increase of \$91,200 in income across all services at the Bay of Isles Leisure centre (15.9% of increase)</li> <li>- Increase in expected income of \$30,000 at the Civic Centre (5.2% of increase)</li> </ul>	<b>(\$572,282)</b>
Interest Earnings	Full increase is a result of favourable interest rates available during the year.	<b>(\$792,000)</b>
Operating Grants & Subsidies	Increase mainly applicable to: <ul style="list-style-type: none"> <li>- An increase in Financial Assistance Grants of \$342,918 (292% of increase)</li> <li>- A decrease in expected grants relating to Home Care operations of \$204,622 (-174% of increase) mainly due to a repayment of unspent grants.</li> <li>- A decrease in expected grants of \$127,035 in relation to GVROC (-108% of increase)</li> <li>- An increase in of \$94,355 in relation to FOGO grants (80% of increase)</li> </ul>	<b>(\$117,315)</b>
Rates	An increase in rates mainly related to continued residential development within the Shire.	<b>(\$65,037)</b>
Reimbursements	This increase is mainly attributable to an expected reimbursement from Department of Transport of \$205,100 (75.4% of increase) in relation to reimbursement of expenditure for the installation of Bus Stops. <i>This movement was previously approved by Council on 31 October 2023.</i>	<b>(271,853)</b>
Contributions & Donations	The increase is mainly attributable to an increase of \$20,000 in Fuel Tax Credits (75.6% of increase).	<b>(\$26,465)</b>
Reserve Transfers to Muni	This increase is directly related to Home Care for the repayment of unspent grants.	<b>(\$154,592)</b>
<b>Operating Expenditure Movement</b>		
Allocations	A decrease reflecting a decrease in net operating deficit.	<b>(\$29,796)</b>
Depreciation	An increase for unbudgeted depreciation for new assets.	<b>\$84,537</b>
Insurance	A decrease to reflect actuals.	<b>(\$35,123)</b>



Materials & Contracts	<p>Increase mainly attributable to:</p> <ul style="list-style-type: none"> <li>- Increase in expenditure of \$205,100 (24.5% of increase) to install Bus Stops (offset by DoT income as above) <i>This movement was previously approved by Council on 31 October 2023.</i></li> <li>- Increased Waste Management maintenance requirements of \$119,319 (14.2% of increase) across Wylie Bay (62%) and Truck Wash Bay (38%)</li> <li>- Increase in cleaning contractor costs of \$199,000 (13% of increase) across Sporting Grounds and Complexes.</li> <li>- Addition of \$50,000 (6% of increase) of expenditure to implement Workplace Health and Safety software.</li> <li>- A \$37,000 (4.4% of increase) movement from capital expenditure to Operating expenditure to better display the nature of IT projects (consultancy not assets).</li> <li>- An increase of \$30,169 (3.6% of increase) across the Home Care Program.</li> <li>- An increase in Civic Centre expenditure of \$26,000 (3.1% of increase) to provide additional shows during the year.</li> <li>- Addition of \$20,000 of expenditure (2.4% of increase) to review visitor camping opportunities going forward.</li> <li>- Addition of \$20,000 in expenditure (2.4% of increase) for the installation of smoke detection system and switchboard upgrades for the Airport.</li> <li>- An increase in expenditure requirements of \$20,000 (2.4% of increase) for the maintenance of street decorations.</li> <li>- An increase in emergency services building maintenance of \$16,500 (2% of increase)</li> <li>- An increase of \$13,000 (1.6% of increase) for the provision of portable amenities for overflow.</li> <li>- Vehicle maintenance expenditure requirements have increase by \$12,453 (1.5% of increase)</li> <li>- There has been a decrease of \$42,659 in relation to the GVROC Climate change Coordinator which is reflected in the decrease of grants received under operating income.</li> </ul>	<b>\$837,438</b>
Other Expenditure	A small increase to better reflect expected actuals.	<b>\$2,850</b>
Employment Expenses	<p>Increase is mainly attributable to:</p> <ul style="list-style-type: none"> <li>- An increase of \$264,998 in worker's compensation (84.9% of increase) due to a higher than expected Worker's Compensation adjustment.</li> <li>- An increase of \$26,806 (8.6 % of increase) across salaries to consider movements in positions.</li> </ul>	<b>\$312,273</b>
Utility Charges	<p>This increase is mainly attributable to an error with budgeted figures for Bay of Isles Leisure Centre resulting in a movement of \$151,400 to budgeted figures (115% of increase). Small savings have been recognised in several other areas to offset some of this movement.</p>	<b>\$131,386</b>

<b>Non-Operating Income Movements</b>		
Non-Operating Grants & Subsidies	The increase is mainly attributable to a project to Design and construct Condingup Fire Shed \$310,000 (96.3% of increase). <i>This budget movement was previously approved by Council on 22 August 2023.</i>	<b>(\$321,747)</b>
Proceeds from Disposals	Increased to reflect actual proceeds received from sale of vehicles.	<b>(\$16,367)</b>
Reimbursements	Increased to reflect actual reimbursements received in relation to insurance claims.	<b>(\$5,906)</b>
Reserve transfers to Muni	The increase is mainly attributable to a \$1.6 million transfer from the Land Development Reserve for design & construction of units. <i>This movement was previously approved by Council on 22 August 2023.</i>	<b>(\$1,469,047)</b>
<b>Non-Operating Expenditure</b>		
Material & Contracts	The increase is mainly attributable to: <ul style="list-style-type: none"> <li>- Approval of a \$1.6 million project for design &amp; construction of units (78.5% of increase). <i>This movement was previously approved by Council on 22 August 2023.</i></li> <li>- Approval of a project to Design and construct Condingup Fire Shed for \$310,000 (15.2% of increase). <i>This budget movement was previously approved by Council on 22 August 2023.</i></li> <li>- Increase in budget of \$200k for reconstruction of Cascade Road (9.8% of increase)</li> </ul>	<b>\$2,036,924</b>
Purchase of Assets	The reduction in budget is mainly attributable to: <ul style="list-style-type: none"> <li>- The movement of \$37,000 (209% of decrease) from capital to operating to better display the nature of an IT project.</li> <li>- An increase in budgeted Light Vehicle purchases of \$16,367 (-92.8% of decrease)</li> </ul>	<b>(\$17,628)</b>
Reserve Transfers from Muni	The increase is attributable to: <ul style="list-style-type: none"> <li>- An increase in Reserve Interest across all reserve accounts of \$350,000 (63.6% f increase)</li> <li>- A \$100,000 increase in reserve transfers in relation to the Governance &amp; Workers Compensation Reserve (18.2% of increase)</li> <li>- Movements across the Aerodrome (\$21,218) and Sanitation (\$79,058) Reserves in line with expected surplus in applicable areas.</li> </ul>	<b>\$550,276</b>
Employment Expenses	Small increase to recognise salaries & wages not previously budgeted.	<b>\$7,181</b>
<b>Total Movement across Budget</b>		<b>\$67,747</b>
<b>Less non-cash movements excluded (Depreciation)</b>		<b>(\$84,537)</b>
<b>Overall Change (surplus)</b>		<b>(\$16,790)</b>

The following section describes the main revisions to budget by program:

### **General Purpose Funding**

- Financial Assistance Grant funding is \$342,918 more than expected.
- Interest income has increase by \$780,000 with favourable interest rates currently being offered. \$350,000 of this increase is associated with reserve account interest and therefore does not affect the predicted net position.
- Rating income is higher than expected by \$65,037 due to the progress of private residential development.

### **Governance**

- Worker's Compensation increased by \$262,538 due to a higher than predicted Worker's Compensation adjustment received during the year.
- Budgeted figures for other insurances dropped by \$33,673 as actuals came in lower than expectation.
- \$50,000 of expenditure has been added to allow for the implementation of Workplace Health and Safety Software.
- \$20,000 of expenditure has been added to assist with a strategic review of visitor camping opportunities going forward.
- A movement in position allocations has resulted in a net budget increase to employee costs of \$138,376.

### **Law, Order and Public Safety**

- Previously approved income and expenditure has been included of \$310,000 for Condingup Fire Shed having a net zero effect on budget. Approved by Council on 22 August 2023.
- A movement in positions allocation has resulted in a budget decrease to Ranger employee costs of \$103,346.

### **Education and Welfare**

- There has been a decrease in expected grants relating to Home Care operations of \$204,622 as a result of a requirement to reimburse unspent grants. This has resulted in the requirement of a movement from the Esperance Home Care Fundraising reserve of \$154,592.
- An increase in capital grants received of \$89,000 has enabled the reduction of transfer from the Esperance Home Care Asset Replacement Reserve.

### **Community Amenities**

- The GVROC Climate Change Coordinator project has been closed out resulting in a reduction of budgeted expenditure of \$150,025 with a matching decrease in income.
- The Shire has been awarded a new Community Stewardship Grant from WALGA to the value of \$33,000.
- Fees and charges across Waste Management have increased by \$188,335 driven by an increase in demand across domestic rubbish removal and access to the tip.
- The Shire has been successful in receiving a Grant from DWER of \$95,000 in relation to Food Organics and Garden Organics (FOGO). Special Projects budgeted expenditure has been increased in line with the grant resulting in a net zero effect.
- Maintenance across Wylie Bay and the Truck Wash has increased by \$119,319.
- A movement in position allocations has resulted in a net budget decrease across Community Amenities to employee costs of \$46,302.

## Recreation and Culture

- Budgeted Fees and charges across Bay of Isles Leisure Centre have increased by \$91,200 in line with an expected increase in membership, pro-shop sales and creche admissions.
- \$50,000 has been added to special projects to assist in a strategic review into the future direction of Bay of Isles Leisure Centre.
- The utilities budget for Bay of Isles Leisure centre has increased by \$102,471 due to an error with the original budgeted amount for electricity.
- An additional show has been added to the Civic Centre at a budgeted cost of \$26,000 with a conservatively budgeted income of \$30,000.
- Capital projects for the Esperance Period Village have been closed out resulting in a reduction of expenditure and movement from reserves to the value of \$19,453.
- An additional \$70,000 has been allocated to the maintenance budgets for the Foreshore and CBD improvements.
- \$50,000 of budgeted expenditure has been added for reticulation work relating to the dog park.
- A new project relating to the Skate Park Refurbishment has been opened with a budgeted expenditure of \$55,000
- An increase in cleaning costs caused by a move from salaries to contracted services has occurred across GMS and EIS totalling \$104,000.
- There has been an increase in cleaning costs of \$95,000 for Overflow caused by a move to contracted services.
- Eastern suburbs water pipeline budgeted fee collections have increased by \$10,000.

## Transport

- Budget of \$20,000 is required for the installation of a smoke detection system and essential switchboard upgrades at the Airport.
- Roads & Street expenditure and income have increased by \$205,100 for the installation of bus stops which will be reimbursed by Department of Transport. This has a net zero effect on budget.
- Municipal allocation for Roads & Streets investment to the value of \$50,000 has been moved from capital to operating to appropriately fund the Gravel Pit rehabilitation.
- Other Roads & street expenditure has decreased by \$22,000 across crossovers, carparks and Street trees works.
- Investment in Cascade Road renewal has increased by \$200,000.
- Municipal allocation for Roads & Streets investment to the value of \$50,000 has been moved from capital to operating to fund the Gravel Pit rehabilitation.
- Main roads capital investment has increased by \$113,858 in relation to Shelden Road asphalt works.

## Economic Services

- A movement in position allocations has resulted in a net budget decrease to employee costs of \$11,443.
- Shire Caravan Park fees and charges have increased by \$49,000 as the commission received from RAC was higher than anticipated.
- Maintenance for street decorations has increased by \$16,000 to address issues with Christmas decorations.

### **Other Property & Services**

- An increase in rent received for Shire owned housing has resulted in an increase to fees & charges of \$30,000.
- An increase of Outside Works has resulted in a recruitment increase of \$28,000 to employee costs.
- Fuel Tax Credits increase have resulted in an increase to Grants, Subsidies and Contributions of \$20,000.
- Vehicle costs for plant & equipment operations have increased by \$134,000 as a result of an increase in vehicle repairs.
- Forecast expenditure for private works has increased by \$110,000 with an in-line adjustment to income of \$154,000 resulting in a net increase of \$44,000 across private works.

### **Funds Transfers**

- The increase in transfer to reserve reflects the increased an increase in interest earnings and movements to the Aerodrome and Sanitation reserve accounts in line with budget changes.

The original budget commenced with a \$22,000 deficit. Subsequent budget amendments have resulted in a smaller deficit of \$5,210. This is an encouraging result considering increasing costs across all goods and services. An offset from higher interest rate earnings has assisted in maintaining a relatively balanced budget.

### **Consultation**

Chief Executive Officer  
Director Corporate and Community Services  
Director External Services  
Director Asset Management

### **Financial Implications**

As detailed in the attached Budget Review documentation.

### **Asset Management Implications**

Nil

### **Statutory Implications**

*Local Government (Financial Management) Regulation 1996 – 33(a) Review of Budget*

### **Policy Implications**

Nil

### **Strategic Implications**

Council Plan 2022 - 2032

*Performance - Outcome 15. Operational excellence and financial sustainability*

Objective 15.1. Provide responsible, agile and innovative planning and resource management.

### **Environmental Considerations**

Nil

**Attachments**

- A. FY23/24 Budget Review
- B. 2023-24 - MYR Bid - Office Enclosure - Administration Building
- C. 2023-24 - MYR Bid - Workplace Health & Safety Software
- D. 2023-24 - MYR Bid - Bay of Isles Leisure Centre Strategic Review
- E. 2023-24 - MYR Bid - Visitor Camping Review

**Item: 9.1 2023/24 Budget Review**

**Officer’s Recommendation**

**That the Audit Committee recommends Council to adopt the 2023/24 Budget Review.**

**Voting Requirement**

**Absolute Majority**

**Shire of Esperance**  
**Budget Review**

For the year ending 30 June 2024

**Management Accounting Report**  
**Nature Overview**

Description	Original Budget 2022/23	Actuals as at 31 Dec 2023	Actuals as at 28 Feb 2024	Predicted Actuals to 30 June 2024	Variances
	(A)	(B)	(C)	(D)	Amount \$ (D-A)
<b>Operating Section</b>					
<b>Income</b>					
Fees & Charges	(10,129,753)	(6,753,851)	(8,097,150)	(10,702,035)	(572,282)
Interest Earnings	(1,355,000)	(716,105)	(1,216,121)	(2,147,000)	(792,000)
Operating Grants & Subsidies	(6,321,262)	(4,021,615)	(4,786,127)	(6,438,577)	(117,315)
Profit on Asset Disposals	(672,538)	-	(17,273)	(672,538)	-
Rates	(25,336,630)	(25,184,971)	(25,191,806)	(25,401,667)	(65,037)
Reimbursements	(757,894)	(497,263)	(594,385)	(1,029,747)	(271,853)
Contributions & Donations Operating	(1,508,390)	(419,726)	(675,725)	(1,534,855)	(26,465)
Reserve Transfers into Muni	(9,070,481)	(7,894,124)	(7,894,124)	(9,225,073)	(154,592)
<b>Income Total</b>	<b>(55,151,948)</b>	<b>(45,487,655)</b>	<b>(48,472,711)</b>	<b>(57,151,492)</b>	<b>(1,999,544)</b>
<b>Expense</b>					
Allocations	(890,693)	(587,820)	(644,519)	(920,489)	(29,796)
Depreciation	25,435,663	11,255,805	13,131,492	25,520,200	84,537
Insurance	949,260	876,257	876,892	914,137	(35,123)
Interest Expense	87,674	28,238	47,327	87,674	-
Material & Contracts	16,959,709	6,568,699	8,839,351	17,797,187	837,478
Loss on Asset Disposals	130,124	-	6,106	130,124	-
Other Expenditure	1,028,890	601,870	638,783	1,031,740	2,850
Employment Expenses	21,411,309	10,279,746	13,805,349	21,723,582	312,273
Utility Charges	1,293,221	589,143	804,452	1,424,607	131,386
<b>Expense Total</b>	<b>66,405,157</b>	<b>29,611,938</b>	<b>37,505,233</b>	<b>67,708,762</b>	<b>1,303,605</b>
<b>Operating Total</b>	<b>11,253,209</b>	<b>(15,875,717)</b>	<b>(10,967,478)</b>	<b>10,557,270</b>	<b>(695,939)</b>
<b>Capital</b>					
<b>Income</b>					
Non-Operating Grants & Subsidies	(24,857,455)	(6,663,997)	(10,714,143)	(25,179,202)	(321,747)
Proceeds from Disposals	(1,923,262)	(652,273)	(708,637)	(1,939,629)	(16,367)
Proceeds from New Debentures	(2,500,000)	-	-	(2,500,000)	-
Reimbursements	-	(5,906)	(5,906)	(5,906)	(5,906)
Reserve Transfers into Muni	(9,327,638)	(274,252)	(274,252)	(10,796,685)	(1,469,047)
Self Supporting Loan Principle Received	(190,736)	(74,572)	(142,165)	(190,736)	-
<b>Income Total</b>	<b>(38,799,091)</b>	<b>(7,671,000)</b>	<b>(11,845,102)</b>	<b>(40,612,158)</b>	<b>(1,813,067)</b>
<b>Expense</b>					
Material & Contracts	42,427,275	9,769,034	11,997,510	44,464,199	2,036,924
Purchase of Assets	4,840,876	1,896,849	2,710,025	4,823,248	(17,628)
Repayment of Debentures	245,549	101,673	164,274	245,549	-
Reserve Transfers from Muni	3,365,739	294,703	665,892	3,916,015	550,276
Employment Expenses	5,869,653	2,382,549	3,097,007	5,876,834	7,181
<b>Capital Total</b>	<b>56,749,092</b>	<b>14,444,808</b>	<b>18,634,709</b>	<b>59,325,845</b>	<b>2,576,753</b>
<b>Grand Total</b>	<b>17,950,001</b>	<b>6,773,807</b>	<b>6,789,606</b>	<b>18,713,687</b>	<b>763,686</b>
<b>Grand Total</b>	<b>29,203,210</b>	<b>(9,101,909)</b>	<b>(4,177,871)</b>	<b>29,270,957</b>	<b>67,747</b>
<b>Adjustments to Rate Setting</b>					
Non Cash Write Back					
a) Depreciation	(25,435,663)	(11,255,805)	(13,131,492)	(25,520,200)	(84,537)
b) Gain on Asset Disposal	672,538	-	17,273	672,538	-
c) Loss on Asset Disposal	(130,124)	-	(6,106)	(130,124)	-
d) Movement in Accruals	(212,700)	26,817	26,817	(212,700)	-
<b>Period Balance</b>					
(Surplus)/ Deficit B'fwd	(4,075,261)	(4,075,261)	(4,075,261)	(4,075,261)	-
<b>(Surplus)/ Deficit</b>	<b>22,000</b>	<b>(24,406,159)</b>	<b>(21,346,641)</b>	<b>5,210</b>	<b>(16,790)</b>



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**Shire of Esperance**  
**Budget Review**  
*For the year ending 30 June 2024*

**Management Accounting Report**  
**Program Overview**

Description	Original Budget 2022/23	Actuals as at 31 Dec 2023	Actuals as at 28 Feb 2024	Predicted Actuals to 30 June 2024	Variations
	(A)	(B)	(C)	(D)	Amount \$ (D-A)
<b>Operating Section</b>					
<b>Income</b>					
General Purpose Funding	(34,315,882)	(33,677,422)	(34,284,109)	(35,513,902)	(1,198,020)
Governance	(338,424)	(130,254)	(145,283)	(343,098)	(4,674)
Law, Order & Public Safety	(1,276,919)	(411,781)	(620,443)	(1,287,748)	(10,829)
Health	(65,850)	(38,125)	(58,758)	(72,500)	(6,650)
Education & Welfare	(6,255,724)	(3,905,679)	(4,459,214)	(6,274,573)	(18,849)
Community Amenities	(6,187,406)	(4,722,419)	(5,112,499)	(6,350,501)	(163,095)
Recreation & Culture	(2,768,106)	(1,226,658)	(1,912,049)	(2,880,406)	(112,300)
Transport	(1,954,544)	(586,352)	(873,887)	(2,162,544)	(208,000)
Economic Services	(907,493)	(416,468)	(478,927)	(973,320)	(65,827)
Other Property & Services	(1,081,600)	(372,498)	(527,541)	(1,292,900)	(211,300)
<b>Income Total</b>	<b>(55,151,948)</b>	<b>(45,487,655)</b>	<b>(48,472,711)</b>	<b>(57,151,492)</b>	<b>(1,999,544)</b>
<b>Expense</b>					
General Purpose Funding	608,183	169,314	219,957	609,518	1,335
Governance	2,660,375	1,322,256	2,280,573	2,790,941	130,566
Law, Order & Public Safety	2,896,773	1,195,314	1,542,544	2,854,386	(42,387)
Health	487,160	192,126	263,321	527,096	39,936
Education & Welfare	6,673,770	2,646,579	3,410,295	6,697,050	23,280
Community Amenities	7,416,752	2,904,445	3,783,222	7,488,162	71,410
Recreation & Culture	15,698,906	7,774,784	9,631,245	16,314,305	615,399
Transport	26,516,952	11,555,136	13,788,095	26,736,155	219,203
Economic Services	2,217,193	947,512	1,234,863	2,291,361	74,168
Other Property & Services	1,229,093	904,472	1,351,119	1,399,788	170,695
<b>Expense Total</b>	<b>66,405,157</b>	<b>29,611,938</b>	<b>37,505,233</b>	<b>67,708,762</b>	<b>1,303,605</b>
<b>Operating Total</b>	<b>11,253,209</b>	<b>(15,875,717)</b>	<b>(10,967,478)</b>	<b>10,557,270</b>	<b>(695,939)</b>
<b>Non Operating Section</b>					
<b>Income</b>					
Governance	(232,438)	-	-	(232,438)	-
Law, Order & Public Safety	(918,252)	(24,252)	(214,252)	(1,228,252)	(310,000)
Health	(15,000)	-	-	(15,000)	-
Education & Welfare	(693,488)	-	(284,146)	(693,488)	-
Community Amenities	(3,809,815)	(32,727)	(182,585)	(3,809,815)	-
Recreation & Culture	(8,266,771)	(372,227)	(2,694,673)	(8,230,724)	36,047
Transport	(17,220,248)	(6,644,067)	(7,815,355)	(17,142,995)	77,253
Economic Services	(125,000)	-	-	(125,000)	-
Other Property & Services	(7,518,079)	(597,728)	(654,091)	(9,134,446)	(1,616,367)
<b>Income Total</b>	<b>(38,799,091)</b>	<b>(7,671,000)</b>	<b>(11,845,102)</b>	<b>(40,612,158)</b>	<b>(1,813,067)</b>
<b>Expense</b>					
Governance	381,136	73,049	143,695	347,141	(33,995)
Law, Order & Public Safety	1,414,448	59,200	59,200	1,724,448	310,000
Health	45,000	-	-	45,000	-
Education & Welfare	763,488	422,211	424,971	763,488	-
Community Amenities	3,744,622	480,461	662,012	3,726,864	(17,758)
Recreation & Culture	9,604,018	1,317,684	1,706,066	9,594,276	(9,742)
Transport	30,887,749	11,012,451	14,014,618	31,049,354	161,605
Economic Services	-	-	-	-	-
Other Property & Services	6,542,892	785,049	958,255	8,159,259	1,616,367
Funds Transfer	3,365,739	294,703	665,892	3,916,015	550,276
Contra Accounts	-	110,909	-	-	-
<b>Expense Total</b>	<b>56,749,092</b>	<b>14,444,808</b>	<b>18,745,618</b>	<b>59,325,845</b>	<b>2,576,753</b>
<b>Non Operating Total</b>	<b>17,950,001</b>	<b>6,773,807</b>	<b>6,900,516</b>	<b>18,713,687</b>	<b>763,686</b>
<b>Total Operating + Non Operating</b>	<b>29,203,210</b>	<b>(9,101,909)</b>	<b>(4,066,962)</b>	<b>29,270,957</b>	<b>67,747</b>
<b>Adjustments to Rate Setting</b>					
Non Cash Write Back					
a) Depreciation	(25,435,663)	(11,255,805)	(13,131,492)	(25,520,200)	(84,537)
b) Gain on Asset Disposal	672,538	-	17,273	672,538	-
c) Loss on Asset Disposal	(130,124)	-	(6,106)	(130,124)	-
d) Movement in Accruals	(212,700)	26,817	26,817	(212,700)	-
<b>Period Balance</b>					
(Surplus)/ Deficit B'fwd	(4,075,261)	(4,075,261)	(4,075,261)	(4,075,261)	-
<b>(Surplus)/ Deficit</b>	<b>22,000</b>	<b>(24,406,159)</b>	<b>(21,235,732)</b>	<b>5,210</b>	<b>(16,790)</b>

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**Item: 9.2**

**Compliance Audit Return 2023**

<b>Author/s</b>	Sarah Walsh	Coordinator Governance & Corporate Support
<b>Authoriser/s</b>	Felicity Baxter	Director Corporate & Community Services

**File Ref: D24/2744**

**Applicant**

Corporate & Community Services

**Location/Address**

Shire of Esperance

**Executive Summary**

For the Audit Committee to recommend to Council, adoption of the 2023 Shire of Esperance Compliance Audit Return (CAR) as required pursuant to Section 7.13(1)(i) of the *Local Government Act 1995*, and Regulation 14 of the *Local Government (Audit) Regulations 1996* as attached.

**Recommendation in Brief**

That the Audit Committee recommend that Council adopt the 2023 Shire of Esperance CAR pursuant to Regulation 14(3) of the *Local Government (Audit) Regulations 1996*.

**Background**

As in previous years, local governments are required to complete a CAR by the Department of Local Government and Communities for each calendar year.

The 2023 CAR contains 94 questions across 11 categories formulated around the *Local Government Act 1995* and associated regulations. Categories and questions are completed by the relevant Shire Officers and presented to Council through the Audit Committee for adoption.

A copy of the 2023 Shire of Esperance CAR is attached for reference.

**Officer's Comment**

The CAR has identified no area of non-compliance within the Shire of Esperance for 2023.

**Consultation**

Asset Management  
Corporate & Community Services  
Executive Services  
External Services

**Financial Implications**

Nil

**Asset Management Implications**

Nil

**Statutory Implications**

*Local Government Act 1995* – Section 7.13(1)(i)  
*Local Government (Audit) Regulations 1996* – Regulation 14

**Policy Implications**

Nil

**Strategic Implications**

Council Plan 2022 - 2032

*Performance - Outcome 14. Community confidence and trust in Council*

Objective 14.1. Provide transparent, accountable and effective leadership.

Encourage community participation and insight into activities and decisions

**Environmental Considerations**

Nil

**Attachments**

A<sub>1</sub>. Compliance Audit Return 2023

**Item: 9.2 Compliance Audit Return 2023**

**Officer's Recommendation**

**That the Audit Committee recommend that Council adopt the 2023 Shire of Esperance Compliance Audit Return pursuant to Regulation 14(3) of the *Local Government (Audit) Regulations 1996*.**

**Voting Requirement**

Simple Majority





























**Item: 9.3**

**Risk Register and Audit Regulation 17 Action Update**

<b>Author/s</b>	Sarah Walsh	Coordinator Governance & Corporate Support
<b>Authoriser/s</b>	Felicity Baxter	Director Corporate & Community Services

**File Ref: D24/6012**

**Applicant**

Internal

**Location/Address**

N/A

**Executive Summary**

For the Audit Committee to consider the reported progress report on actions generated from the 2023 Risk Register and Audit Regulation 17 reviews.

**Recommendation in Brief**

That the Audit Committee receive the second quarterly report on actions from the 2023 Risk Register and Audit Regulation 17 reviews.

**Background**

The most recent review of systems and procedures as required under regulation 17 of the *Local Government (Audit) Regulations 1996* was conducted and put to the Audit Committee in March 2023 where the following was decided;

That the Audit Committee;

1. Accept the CEO's review of the appropriateness and effectiveness of the Shire of Esperance systems and procedures in relation to risk management, internal control and legislative compliance; and
2. Recommend the review to Council for endorsement.
3. **Request the Chief Executive Officer to provide the Audit Committee with a prioritised list of actions based on recommendations of the report provided by Civic Legal.**

**Officer's Comment**

All actions raised within the Regulation 17 and Risk Register reviews have been entered into the Shire's reporting system, with reports being generated quarterly to track progress of each item.

The most current quarterly reports are attached for reference.

**Consultation**

Relevant staff across the Shire.

**Financial Implications**

Nil

**Asset Management Implications**

Nil

**Statutory Implications**

Nil

**Policy Implications**

Nil

**Strategic Implications**

Council Plan 2022 – 2032

*Performance - Outcome 15. Operational excellence and financial sustainability*

Objective 15.1. Provide responsible, agile and innovative planning and resource management.

**Environmental Considerations**

Nil

**Attachments**

A<sub>1</sub>. Risk Register Report - Q2 2023/2024

B<sub>1</sub>. Audit Regulation 17 Report - Q2 2023/2024

**Item: 9.3 Risk Register and Audit Regulation 17 Action Update**

**Officer's Recommendation**

**That the Audit Committee;**

- 1. Accept the quarterly report on actions from the 2023 Risk Register and Audit Regulation 17 reviews; and**
- 2. Recommend the reports are provided to Council for acceptance.**

**Voting Requirement**

Simple Majority





































**10. CLOSURE**