



SHIRE
of
DANDARAGAN

MINUTES

for

AUDIT COMMITTEE MEETING

to be held at the

JURIEN BAY COUNCIL CHAMBERS

on

THURSDAY, 27 MARCH 2025

COMMENCING AT 3.45PM

MINUTES OF AUDIT COMMITTEE MEETING TO BE HELD THURSDAY 27 MARCH 2025

1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 3.48pm and welcomed those present.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Members Councillor J Clarke
Councillor A O’Gorman
Councillor G Lethlean

Staff	Mr B Bailey Mrs R Pink Mrs N Winsloe	(Chief Executive Officer) (Acting Executive Corporate Services) (Executive Secretary)
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Apologies

Councillor M McDonald

Observers

Nil

Leave of Absence

Nil

3. CONFIRMATION OF MINUTES**3.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD 27 FEBRUARY 2025****AUDIT COMMITTEE DECISION**

Moved Cr O’Gorman, seconded Cr Lethlean

That the Minutes of the Audit Committee Meeting held 27 February 2025 be confirmed.

CARRIED 3 / 0

4. MATTERS FOR DISCUSSION**4.1 BUDGET REVIEW 2024 / 2025**

Location:	Shire of Dandaragan
Applicant:	N/A
Folder Path:	Doc Id: SODR-1034602345-11189
Disclosure of Interest:	None
Date:	17 March 2025
Author:	Rebecca Pink, Accountant
Senior Officer:	Brent Bailey, Chief Executive Officer

MINUTES OF AUDIT COMMITTEE MEETING TO BE HELD THURSDAY 27 MARCH 2025PROPOSAL

This item presents the annual budget review for the 2024 / 2025 financial year based on the financial statements from 1 July 2024 to 31 December 2024.

BACKGROUND

Each year all Local Governments are required to conduct a budget review to monitor financial performance and revenue/expenditure expectations. Following the preparation of budget review statements and notes Council is required to determine (by absolute majority) whether to adopt the review, any parts of the review or any recommendations made in the review.

The Department has set out the following guidance for the content of budget reviews.

- The review must consider the local government's position at the date of the review and evaluate outcomes for the end of 2024-25 that are forecast in the budget.
- Provide the estimated end-of-year amount for the item adjacent to each item in the annual budget that states an amount.
- Provide an estimated end-of-year amount for any items that did not have an amount stated in the adopted annual budget.
- Provide a copy of the budget review and the budget review item from the unconfirmed council minutes to the department within 14 days of the council meeting.

COMMENT

Staff have reviewed the 2024 / 2025 budget and actuals to identify any significant variances. The financial statements to the 31 December 2024 have been used as the basis for the review. Forward estimates of revenue and expenditure have been projected to year end and variances have been identified in the budget review statements.

A number of variances (attached) were identified in the review culminating in an overall recognition of a surplus of \$895,755 predominantly made up of project-based funding which will eventuate in the following financial year.

For 2024/2025 the budget review has considered the completability of projects and where it is determined that a project will not be completed within this financial year it has been removed. Any projects that have been removed can be re-considered in the 2025/2026 budget deliberations.

The four most notable variances were as follows:

- **Agaton Road Project:** The completion of the Agaton Road project resulted in a savings of \$1.4 million, coming in under budget

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The Agaton Road sealing project, spanning two years, was successfully completed in early December 2024. It was primarily funded through the Remote Rural Upgrade Pilot (RRUP) and supplementary Shire Municipal funding. The final expenditure for the project came in approximately \$6 per square meter under budget, largely due to the economies of scale achieved on this extensive roadworks initiative.

- **LRCI Grant Income:** In accordance with auditor requirements, the Local Road & Community Infrastructure (LRCI) capital grant income was recognized early on 30 June 2024. This resulted in a \$1.1 million reduction in the originally budgeted revenue recognition for the 2024/2025 financial year.
- **Sandy Cape Income:** A reduction in expected income from Sandy Cape amounted to a shortfall of \$300,000, primarily due to lower-than-anticipated campground demand and increased administrative costs from the transition to online bookings.

Sandy Cape's income was projected to be 30% higher than the previous financial year, based on anticipated steady growth in visitor numbers and an increase in camping fees introduced 1 July 2024. However, this forecast has not materialised as expected. A range of factors are at play including weather, the price elasticity of demand and the transition to online bookings has led to a rise in administrative costs, primarily due to the increased fees / commission charged by the SpacetoCo booking platform.

- **Delay in Cervantes changeroom & recreation centre works:** The Cervantes Changeroom & Recreation Centre works will be carried out later this calendar year to avoid undertaking construction activities during the Winter Sports Season and during the Cervantes Arts Festival. While initial planning and consultancy will proceed this financial year, the majority of the work will be carried over to FY26

The Cervantes Changeroom & Recreation Centre projects have been delayed due to staff shortages, impacting the timeline for construction and development. While initial planning and consultancy will still take place within this financial year, the lack of available personnel has hindered progress on key phases of the project. As a result, the majority of the work will be deferred to FY26 to ensure proper execution and resource allocation.

Further to the above significant items, attached is the summary of the identified variances, the Statement of Budget Review and other notes showing the effect of these variances.

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In addition to the budget review items, Council resolved at the September Council Meeting to consider project funds towards the upgrade of stormwater drainage infrastructure on Bluewater Drive Jurien Bay. The minute extract of this project is provided as an attachment. With surplus funds available, Council may elect to progress with this project immediately or alternatively, defer the consideration of the project until the annual budget process when all infrastructure projects are identified for comparative assessment.

A further consideration is the deferred consultancy for the Dandaragan Housing Project, which has been removed as a budget amendment. Given the forecasted surplus, councillors may wish to allocate the funds originally designated for this project to the Land Development Reserve account. This approach would effectively earmark the funds for use in the next financial year as initially budgeted, rather than incorporating them into the broader list of projects under review.

CONSULTATION

- Chief Executive Officer
- Executive Manager Infrastructure
- Executive Manager Development Services

STATUTORY ENVIRONMENT

- 33A of Financial Management Regulations (1996) states;
 - 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 —
 - 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
 - consider the local government's financial position as at the date of the review; and
 - review the outcomes for the end of that financial year that are forecast in the budget.
- 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.
- 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.

- Within 14 days after the council has made a determination, a copy of the review and determination is to be provided to the Department.

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POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

The adoption of this review will amend the budget with an overall recognition of a projected surplus of \$895,755. This surplus may be rationalised through the 2025/26 budget cycle forming part of the opening balance or considered for reserve fund transfers towards the end of the financial year. The additional project on Bluewater Drive will reduce the surplus by \$200,000.

STRATEGIC IMPLICATIONS

There are no direct strategic implications relevant to this item, however, legislative compliance, strong financial controls and good governance are core functions of Local Government.

ATTACHMENTS

Circulated with the agenda is the following item relevant to this report:

- Budget Review for the period ending 31 December 2024 (Doc Id: SODR-1034602345-11189)

(Marked 4.1)

VOTING REQUIREMENT

Absolute majority

AUDIT COMMITTEE DECISION

Moved Cr O’Gorman, seconded Cr Lethlean

That the 2024/2025 budget review, as presented with a surplus of \$895,755 be adopted, with the following variances being formally adopted as budget amendments:

GENERAL LEDGER ACCOUNT NAME	DESCRIPTION	AMOUNT DR/(CR)	AMENDED (SURPLUS) / DEFICIT
	Budgeted (Surplus) / Deficit to 30 June 24		(3,062,723)
	Audited closing (Surplus) / Deficit to 30 June 24		(3,153,130)
	Variance of opening		(90,407)
Rates	A concession was granted for a transposition error in the rate book, alongside a reduction in the anticipated interim rates.	7,241	(83,166)
Grants, subsidies and contributions	An increase in funding was received through the DFES vehicle grant, amounting to \$260,000, as well as an additional \$50,000 from the MRWA grant.	(308,778)	(391,944)

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Fees and charges	A decrease in demand for bookings at Sandy Cape was observed, reflecting lower-than-anticipated revenue.	300,000	(91,944)
Fees and charges	An increase in revenue was noted from both Development Application fees and Waste charges.	(133,190)	(225,134)
Interest revenue	The interest earned on the municipal balance was lower than expected due to delays in the transition from BW to CBA	73,000	(152,134)
Profit on asset disposals	One purchase and sale of vehicles was delayed due to rising prices; however, overall vehicle trades proved to be more profitable than initially budgeted.	13,062	(139,072)
Employee costs	A reduction in outsourced OH&S consultancy and staff vacancies resulted in an overall decrease in projected staff costs	(93,500)	(232,572)
Materials and contracts	The consultancy for the Dandaragan Housing Project has been postponed until FY26.	(400,700)	(633,272)
Materials and contracts	Higher audit fees and increased IT operations expenditure	83,028	(550,244)
Utility charges	Electricity charges are tracking below budgeted levels	(50,000)	(600,244)
Insurance	Increase in property insurance premiums	14,707	(585,537)
Other expenditure	There was a slight variance between the budgeted Councillors' meeting fees and the agenda item meeting fees	1,427	(584,110)
Loss on asset disposals	Traded vehicles were sold at a profit rather than a loss, offsetting the increased cost of new vehicles	(10,531)	(594,641)
Capital grants, subsidies and contributions	LRCI grants were brought forward to FY24 based on auditor advice	1,150,003	555,362
Capital grants, subsidies and contributions	Reduction in RRUP funding due to Agaton Road coming in under budget and adjustments to Federal Assistance Grants for the year	(120,096)	435,266
Proceeds from disposal of assets	Reduction in revenue as the CEO vehicle acquisition has been deferred to next year due to the price escalation of new vehicles	45,454	480,720
Purchase of land & buildings	Postponing Cervantes changerooms & Recreation centre works	(980,525)	(499,805)
Purchase of plant & equipment	The purchase and sale of a vehicle has been delayed due to rising prices	(53,580)	(553,385)
Purchase and construction of infrastructure-roads	The Agaton Road project was completed under budget	(1,489,375)	(2,042,760)
Purchase and construction of infrastructure-other	The cost of completing the East-West runway project has increased	100,465	(1,942,295)
Purchase of right of use assets	A new lease for water filters was commenced in FY25	42,804	(1,899,491)

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Proceeds from new borrowings	The Cervantes Changeroom & Recreation Centre project has been delayed, resulting in no loan drawdown	550,000	(1,349,491)
Transfers from reserve accounts	Postponing office renovation and increase in Tip Cell project cost	456,000	(893,491)
Transfers to reserve accounts	Increase in interest received in reserve accounts	268	(893,223)

Non-cash adjustments to operating activities

Less: Difference arisen from vehicle trades	<u>(2,532)</u>
Total (Surplus) / Deficit	<u><u>(895,755)</u></u>

CARRIED BY ABSOLUTE MAJORITY 3 / 0

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4.2 STATUTORY COMPLIANCE AUDIT RETURN 2024

Location:	Shire of Dandaragan
Applicant:	N/A
Folder Path:	SODR-2042075298-29783
Disclosure of Interest:	None
Date:	17 March 2025
Author:	Rebecca Pink, Accountant
Senior Officer:	Brent Bailey, Chief Executive Officer

PROPOSAL

That the Compliance Audit Return for the period 1 January 2024 to 31 December 2024 be presented to the Audit Committee for adoption.

BACKGROUND

Local governments in Western Australia are required to complete, on an annual basis, a Compliance Audit Return (CAR). The Return is a self-assessment of compliance related to areas of compliance considered high risk,

such as:

- financial interest disclosures;
- procurement and tendering;
- delegation and use of delegated power; and
- the recruitment and appointment of the Chief Executive Officer.

After the Compliance Audit Return has been reviewed by the Audit Committee and a report presented to Council, a certified copy of the return along with the relevant section of the minutes and any additional information explaining or qualifying the compliance audit is to be submitted to the Director General of the Department of Local Government and Communities by **31 March 2025**.

COMMENT

For the period 1 January 2024 to 31 December 2024 the CAR demonstrates that the Shire has achieved the required level of compliance.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

The contents of the Compliance Audit Return relates to *Section 14.3A* of the *Local Government (Audit) Regulations 1996* whereby the local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.

POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

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STRATEGIC IMPLICATIONS

There are no strategic implications relevant to this item.

ATTACHMENTS

Circulated with the agenda is the following item relevant to this report:

- Compliance Audit Return 2024 (Doc Id: SODR-2042075298-128866) **(Marked 4.2)**

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE DECISION

Moved Cr Lethlean, seconded Cr O’Gorman

That the Compliance Audit Return as per attached (Doc Id: SODR-2042075298-128866) for the period 1 January 2024 to 31 December 2024 be presented to Council for adoption.

CARRIED 3 / 0

5. CLOSURE OF MEETING

The Presiding Member declared the Meeting closed at 3.52pm.

These Minutes were confirmed at a Meeting on 18 December 2025

Signed 

Presiding Person at the Meeting at which the Minutes were confirmed

Date 18/12/2025