



SHIRE
of
DANDARAGAN

MINUTES

for

**AUDIT, RISK AND IMPROVEMENT
COMMITTEE MEETING**

to be held at the

COUNCIL CHAMBERS, JURIEN BAY

on

MONDAY, 23 MARCH 2026

COMMENCING AT 3.30PM

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<p>MINUTES OF AUDIT COMMITTEE MEETING HELD MONDAY 15 DECEMBER 2025</p>

AUDIT COMMITTEE DECISION

Moved Cr O’Gorman, seconded Cr Lethlean

That the Minutes of the Audit Committee Meeting held 15 December 2025 be confirmed.

CARRIED 4 / 0

FOR: Cr O’Gorman, Cr Lethlean, Cr Young, Cr Johnson

AGAINST: Nil

4. REPORTS OF COMMITTEES AND OFFICERS

4.1 BUDGET REVIEW 2025 / 2026

Location:	Shire of Dandaragan
Applicant:	N/A
Folder Path:	Doc Id: SODR-1034602345-11949
Disclosure of Interest:	None
Date:	16 March 2026
Author:	Rebecca Pink, Accountant
Senior Officer:	Brent Bailey, Chief Executive Officer

PROPOSAL

This item presents the annual budget review for the 2025 / 2026 financial year based on the financial statements from 1 July 2025 to 31 December 2025.

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 Shire of Dandaragan’s ARIC Committee terms of reference set out that it is tasked with the initial consideration of the budget review process.

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 2025-26 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.

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- 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.
- To provide a tool for decision making for current and future activities to mitigate financial risk exposure to Council.

COMMENT

Officers have undertaken a comprehensive review of the 2025/2026 Annual Budget by comparing year-to-date actuals against adopted budget estimates to identify any material variances. The financial statements as at 31 December 2025 were used as the basis for this assessment. Forward projections of revenue and expenditure to 30 June 2026 have been prepared, and the resulting variances are detailed in the attached Budget Review Statements.

As a result of this review, a number of significant variances were identified. Collectively, these movements generate a forecast operating surplus of \$389,383 at year end. The surplus is primarily attributable to reduced employee costs arising from staff vacancies, together with higher-than-anticipated income generated from the Sandy Cape Recreation Area. In accordance with sound financial management principles, it is proposed that this surplus be transferred to the Infrastructure Renewal Reserve, resulting in a balanced budget position at 30 June 2026.

The 2025/2026 Budget Review has also assessed the deliverability and timing of the capital and operational projects within the current financial year. Where it has been determined that a project will not be completed by year end, the corresponding budget allocation has been transferred to an appropriate reserve account. This ensures resources are retained for their intended purpose and provides Council with the opportunity to reconsider these projects during the 2026/2027 budget deliberations process.

The four most notable variances identified through the review are summarised below:

- **Sandy Cape Income**
Increased demand for campground facilities and improved compliance with fee payments following the transition to an online booking system have resulted in an estimated increase in net operating income of approximately \$200,000 above the original budget.
- **Employee Costs**
Ongoing staff vacancies across several service areas have led to reduced employee expenditure, producing a favourable variance of approximately \$520,000 compared to budgeted expectations.

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- Bank Interest
Higher interest rates and improved returns on term deposits are forecast to generate an additional \$130,000 in interest income above budget for the financial year.
- Federal Financial Assistance Grants
The forecast income associated with the Federal Government Financial Assistance Grants was \$293,903 less than budgeted due to a reduction in Western Australia's allocation of the national share and changes arising from other weightings applied through the Western Australian Grants Commission methodology.

In addition to the major variances outlined above, attached to this report are a summary of all identified budget movements, the Statement of Budget Review, and supporting explanatory notes detailing the cumulative financial impact of these changes.

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*

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

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 \$0 and increased allocation of funds to reserve accounts. These allocations may be rationalised through the 2026/27 budget cycle forming part of the budgeting process.

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 2025 (Doc Id: SODR-1034602345-11950).

(Marked 4.1)

VOTING REQUIREMENT

Absolute majority

OFFICER RECOMMENDATION

AUDIT COMMITTEE DECISION

Moved Cr Young, seconded Cr Lethlean

That the 2025/2026 budget review, as presented with a surplus of \$0 be recommended to Council for adoption, with the following variances being formally adopted as budget amendments:

Budgeted (Surplus) / Deficit to 30 June 25	(4,229,461)
Audited closing (Surplus) / Deficit to 30 June 25	(5,812,450)
Variance of opening	(1,582,989)

Account/Department	DESCRIPTION	AMOUNT DR/(CR)	AMENDED (SURPLUS) / DEFICIT
Audited Budget Surplus		(1,582,989)	(1,582,989)
Non-cash amounts	Non-cash recognition of change in land and buildings during revaluation	1,582,989	0
Development Services Income	Statutory income higher than forecast	(55,600)	(55,600)

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Development Services Consultants	Foreshore Master Plan Review - increase to include Stage 2 North	20,940	(34,660)
Development Services Consultants	GIS Actions - Pozi Software - increase in scope and complexity of program	20,000	(14,660)
Infrastructure - Plant Purchase/Trade	Purchase and trade of PLV272 - DN000 - purchase cost higher and trade in lower than forecast	10,133	(4,527)
Infrastructure - Plant Purchase/Trade	Sale of PLV253 - DN004 - sale price lower than forecast	2,000	(2,527)
Infrastructure - Plant Purchase/Trade	Sale of PLV252 - DN032 - vehicle write-off	8,000	5,473
Infrastructure - Waste	Avon Waste & Attendants cost increase	40,000	45,473
Administration - Reimbursements	Road User Agreement & utilities reimbursements - Image Resources RUA - Civic Centre electricity	25,000	70,473
Administration - Grants	Financial Assistance Grants reduced - Forecast of payment higher than actual granted	293,903	364,376
Administration - Interest	Interest on Municipal and Reserve Funds increase	(130,000)	234,376
Infrastructure - Capital Projects	Increase on project costs - Cervantes Niche Wall - Cervantes Playground Renovations	35,000	269,376
Infrastructure - Capital Projects	Project delay so funds moved to Building Construction Reserve - Dandaragan Depot Amenities & Caretaker wing	0	269,376
Recreation & Culture - Sandy Cape	Increase in forecast income	(198,750)	70,626
Administration - Salaries & wages	Decrease in forecast expense	(520,000)	(449,374)
Administration - Utilities	Decrease in electricity expenses	(13,700)	(463,074)
Customer & Community - Grant	Tronox / SOD Facilities Grants	30,000	(433,074)
Customer & Community - Grant	Small sponsorship grants	(4,309)	(437,383)
Customer & Community - Contribution	Contribution to operation of Cervantes Community Centre - FY25 was not paid out & will be paid retrospectively in this FY - SLWA grant paid to Dandaragan CRC	18,000	(419,383)
Buildings - Capital Projects	Increase in cost for Cervantes Changerooms & delay of Cervantes CRC entry project	0	(419,383)
Customer & Community - Reserve transfer	Contribution to Cervantes Bowling Club Shade Project	0	(419,383)
Parks & Gardens - Tree Maintenance	Synergy order for tree maintenance	30,000	(389,383)
Reserves - surplus	Transfer to Infrastructure Renewal Reserve	389,383	0

CARRIED 4 / 0

FOR: Cr O'Gorman, Cr Lethlean, Cr Young, Cr Johnson

AGAINST: Nil

4.2 MARCH 2026 RISK REGISTER REPORT

Location:	Shire of Dandaragan
Applicant:	Not Applicable
File Reference:	SODR-1034602345-11895
Disclosure of Interest:	Nil
Date:	17 March 2026
Author:	Rebecca Pink, Executive Manager Corporate Services
Senior Officer:	Brent Bailey, Chief Executive Officer

PROPOSAL

The purpose of this report is for the Audit, Risk & Improvement Committee (ARIC) to receive the latest Risk Register Report updated in March 2026.

BACKGROUND

On 27 June 2024, Council endorsed updates to the Shire's Risk Management Framework and Policy.

The Risk Management Framework specifies that the Shire must submit a Risk Register Report to the ARIC to communicate risk management activities and outcomes and provide information for decision-making.

The last Risk Register Report was received by Council in December 2025, being the first iteration for the 2025 / 2026 financial year. The risk register has been updated and is now presented to the ARIC.

COMMENT

The second Risk Register Report for the 2025 / 2026 financial year (the Risk Report) outlines the measure of consequence and likelihood for each risk theme (theme) endorsed in the Risk Management Framework. These measures are then applied to the Shire's Risk Matrix to provide an overall risk rating for each theme.

Across the 13 themes:

- 3 are rated as high.
- 9 are rated as moderate.
- 1 is rated as low.

Since December 2025, a number of risk matters have been progressed or closed out and there is now also recognition of the current fuel supply issue.

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Risk Theme	Measure of Consequence	Measure of Likelihood	Overall Risk Rating
Asset Sustainability	Moderate	Possible	Moderate
Business and Community Disruption	Moderate	Possible	Moderate
Community Engagement	Moderate	Rare	Low
Compliance	Major	Unlikely	Moderate
Document Management	Moderate	Unlikely	Moderate
Employment Practices	Moderate	Unlikely	Moderate
Environment	Major	Possible	High
External Theft and Fraud	Moderate	Unlikely	Moderate
Management of Facilities, Venues and Events	Major	Unlikely	High
IT, Communication Systems and Infrastructure	Moderate	Possible	Moderate
Misconduct	Moderate	Unlikely	Moderate
Safety and Security Practices	Major	Possible	High
Supplier and Contract Management	Moderate	Possible	Moderate

The Risk Report also outlines the controls for each theme and provides an overall control rating with relevant actions. Since December 2025, the following actions have been undertaken:

- Business Continuity Plan now updated.
- Ongoing progress on IT controls and Cyber security preparedness.
- Shire of Dandaragan Workforce Plan 2026 finalised.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

There are no strategic implications relevant to this item.

ATTACHMENTS

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

- Risk Register March 2026 (Doc Id: SODR-2042075298-153631)

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(Marked 4.2)

VOTING REQUIREMENT

Simple Majority

OFFICER RECOMMENDATION

AUDIT COMMITTEE DECISION

Moved Cr Johnson, seconded Cr Young

That the Audit and Risk Committee:

1. Receive the Risk Register Report for the period ending March 2026.
2. Determine that there are no matters raised in the report that require immediate Council intervention to further mitigate known risks to the Shire of Dandaragan.

CARRIED 4 / 0

FOR: Cr O'Gorman, Cr Lethlean, Cr Young, Cr Johnson

AGAINST: Nil

5. CLOSURE OF MEETING

The Presiding Member declared the Meeting closed at 3.48PM

These Minutes were confirmed at a Meeting on

Signed

Presiding Person at the Meeting at which the Minutes were confirmed

Date