



# Shire of Dardanup

# **APPENDICES**

## **COMMITTEE MEETINGS**

## **ORDINARY COUNCIL MEETING**

To Be Held

Wednesday, 17<sup>th</sup> of November 2025  
Commencing at 5.00pm

At

Shire of Dardanup  
ADMINISTRATION CENTRE EATON  
1 Council Drive - EATON

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**SHIRE OF DARDANUP**

**MINUTES OF THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE HELD ON WEDNESDAY, 19<sup>TH</sup> NOVEMBER 2025, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.00PM.**

<b>1</b>	<b>DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS</b>
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The Chairperson, Cr S Gillespie declared the meeting open at 2.00pm, welcomed those in attendance and referred to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

*Acknowledgement of Country*

*The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region and pay our respects to their elders, past, present and emerging. The Shire of Dardanup also respects and celebrates all cultures of all our residents and those visitors to our Shire.*

*Emergency Procedure*

*In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, you will be directed to an appropriate Assembly Area where we will meet (and complete a roll call).*

*Affirmation of Civic Duty and Responsibility*

*Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.*

<b>2.</b>	<b>RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED</b>
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## 2.1 Attendance

### Voting

Cr Stacey Gillespie	-	Deputy Shire President - Chairperson
Cr Krystal Laurentsich	-	Elected Member – Deputy Chairperson
Cr Tyrrell Gardiner	-	Shire President
Cr Mark Hutchinson	-	Elected Member
Cr Brad Farrant	-	Elected Member
Cr Tony Jenour	-	Elected Member (Proxy)

### Non-Voting

Mr André Schönfeldt	-	Chief Executive Officer
Mr Theo Naudé	-	Director Infrastructure
Mr Ashwin Nair	-	Director of Sustainable Development
Mr Craig Johnson	-	Director Community & Economic Development
Mr Rehan Shahid	-	Acting Director Corporate & Governance

Mrs Cindy Barbetti	-	Acting Manager Governance
Mrs Jolene Roots	-	EA Corporate & Governance
Mr Ricky Depillo	-	Accountant (Via Teams)
Mr Aamir Sheikh	-	Office of the Auditor General for WA
Mr James Arthur	-	Moore Australia (Via Teams)
Mr Louis Rumamby	-	Moore Australia (Via Teams)

## 2.2 Apologies

Mrs Natalie Hopkins	-	Director Corporate & Governance
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### 3 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

None.

### 4. PUBLIC QUESTION TIME

None.

### 5. PETITIONS/DEPUTATIONS/PRESENTATIONS

None.

### 6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

#### 6.1 Minutes - Audit and Risk Committee – 17<sup>th</sup> September 2025

#### OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION

AAR 28-25      MOVED -      Cr. M Hutchinson      SECONDED -      Cr. B Farrant

**THAT the Minutes of the Audit & Risk Committee Meeting held on 17<sup>th</sup> of September 2025, be confirmed as true and correct subject to no / the following corrections:**

FOR THE MOTION	AGAINST THE MOTION
Cr S L Gillespie Cr K Laurentsch Cr T G Gardiner Cr M R Hutchinson Cr. B Farrant	

CARRIED  
5/5

**7. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED**

None.

**8. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

None.

**9. DECLARATION OF INTEREST**

“Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.”

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CP039.

None.

**10. REPORTS OF OFFICERS AND COMMITTEES****10.1 Annual Meeting and 2024-25 Audit Concluding Report**

<b>Reporting Department</b>	<i>Corporate &amp; Governance Directorate</i>
<b>Responsible Officer</b>	<i>Mrs Natalie Hopkins – Director Corporate &amp; Governance</i>
<b>Reporting Officer</b>	<i>Mr Rehan Shahid – Manager Financial Services</i>
<b>Legislation</b>	<i>Local Government Act 1995</i>
<b>Council Role</b>	<i>Executive/Strategic.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i><b>Confidential Attachment “A”</b> – 2024/25 Audit Concluding Report AAR Appendix 10.1 – Risk Assessment</i>

**Overview**

This report to the Audit and Risk Committee enables an Audit Exit Meeting to be conducted for the 2024/25 audit. It also provides an opportunity for the auditor to present to the Audit and Risk Committee the Audit Concluding Report for the year ended 30 June 2025 (Confidential Attachment ‘A’ - to be provided under separate cover), together with an occasion to raise any concerns associated with the audit process.

**PROCESS**

To enable the Audit & Risk Committee and the Council Auditors to conduct a closed-door session without Shire management and Shire staff present, it is recommended that the Committee Suspend Standing Orders and go Behind Closed Doors.

**Change to Officer Recommendation** - No Change.

**OFFICER RECOMMENDATION 'A'**

AAR 29-25      MOVED -      Cr. T Gardiner      SECONDED -      Cr. M Hutchinson

**That the Audit & Risk Committee Suspend Standing Orders and Go Behind Closed Doors at 2.10pm to discuss:**

- **The Audit Concluding Report (Confidential Attachment A) for the Annual Financial Statements for the 2024/25 financial year.**

<i>FOR THE MOTION</i>		<i>AGAINST THE MOTION</i>
Cr S L Gillespie		
Cr K Laurentsch		
Cr T G Gardiner		
Cr M R Hutchinson		
Cr. B Farrant		

CARRIED  
5/5

*Note: All Shire of Dardanup Staff left the room at 2.18pm.*

**OFFICER RECOMMENDATION 'B'**

AAR 30-25      MOVED -      Cr. K Laurentsch      SECONDED -      Cr. M Hutchinson

**That the Audit & Risk Committee Resume Standing Orders and Return from Behind Closed Doors at 2.35pm.**

<i>FOR THE MOTION</i>		<i>AGAINST THE MOTION</i>
Cr S L Gillespie		
Cr K Laurentsch		
Cr T G Gardiner		
Cr M R Hutchinson		
Cr. B Farrant		

CARRIED  
5/5

*Note: All Shire of Dardanup Staff returned to the room at 2.35pm.  
Mr R. Depillo did not return to the meeting.*

**OFFICER RECOMMENDATION 'C'**

AAR 31-25      MOVED -      Cr. M Hutchinson      SECONDED -      Cr. S Gillespie

**THAT the Shire of Dardanup Audit and Risk Committee recommends that Council:**

1. **Accepts the Audit Concluding Report (Confidential Attachment A), as issued by audit firm Moore Australia in consultation with the Office of the Auditor General (OAG), for the Annual Financial Statements for the 2024/25 financial year.**

2. Acknowledges that the 2024/25 Audit Exit Meeting and Behind Closed Door session with Council's auditors was held at the Audit & Risk Committee meeting on the 19<sup>th</sup> November 2025 as per the adopted 2025 Annual Audit Work Plan.

FOR THE MOTION	AGAINST THE MOTION
Cr S L Gillespie Cr K Laurentsch Cr T G Gardiner Cr M R Hutchinson Cr. B Farrant	

CARRIED 5/5

### Background

- Audit Exit Meeting*

In accordance with section 7.12A (2) of the *Local Government Act 1995* and the *Local Government (Audit) Regulation 1996*, Council is required to meet with the external auditor at least once per year. Council has delegated to the Audit & Risk Committee the power to meet with the external auditor in accordance with the provisions of the Act.

The Audit Entrance Meeting was held on the 26<sup>th</sup> March 2025 and provided an overview on how the audit process is undertaken. Attendance (in person or via Teams) at the Audit Entrance Meeting included the OAG's Financial Assistant Director (Financial Audit) Mr Suraj Karki, Moore Auditors, Mr Wen-Shien Chai and Mr James Arthur, the Audit & Risk Committee Chairperson and Members, and Council's Executive Management Team and senior staff.

The Audit Exit Meeting provides an opportunity for the full Audit & Risk Committee to openly discuss any items or concerns pertaining to the 2024/25 Annual Financial Report. The Audit Concluding Report (Confidential Attachment A) communicates the results of the 2024/25 audit, including any audit and accounting risks and issues identified, to those charged with governance i.e. the Audit and Risk Committee.

At the Ordinary Council Meeting dated 18<sup>th</sup> December 2024 [Council Res 323-24], Council received and endorsed the *2025 Annual Audit Work Plan* document which included recommendations from the Office of the Auditor General (OAG) *Western Australian Public Sector Audit Committees – Better Practice Guide*.

Outlining the functions, responsibilities and associated activities, section 6 of the *2025 Annual Audit Work Plan* stipulates the Audit & Risk Committee is -

*'To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses'.*

This meeting also normally provides the Audit & Risk Committee the opportunity to meet in-person with Council's auditors, Moore Australia and the OAG, behind closed doors. Due to the timing of this meeting, the OAG Assistant Director of Financial Audit, Mr Aamir Sheikh and Moore Australia (WA) auditor Mr James Arthur will participate electronically (via Teams).

- Annual Meeting and 2024/25 Audit Concluding Report*

The *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* stipulate that the OAG is to carry out the financial audit of all local governments in Western Australia, noting that

approximately 90% of WA local governments annual financial audits are further outsourced by the OAG.

During the 2024/25 financial year, Council staff liaised directly with Moore Australia, who in turn, communicated directly with the OAG throughout the process. The interim audit was conducted onsite at the Eaton Administration Centre from 1<sup>st</sup> to 4<sup>th</sup> April 2025 which involved staff from both the financial services and governance function. The results from the Interim Audit were reported to the Audit & Risk Committee on the 11<sup>th</sup> June 2025 through the *Annual Financial Report - Interim Audit Results for Year Ending 30 June 2025* report, noting that the audit was declared satisfactory with **'no findings issued'** for a fourth consecutive year - an excellent result.

The final audit, performed by Moore Australia, was held from the 7<sup>th</sup> to 10<sup>th</sup> October 2025 at the Eaton Administration Centre. The results from the final audit will be presented to the Audit and Risk Committee on 10<sup>th</sup> December 2025, along with the audited financial statements in the 2024/25 Annual Financial Report.

### **Legal Implications**

#### **Local Government Act 1995**

##### *1.4. Terms used*

*auditor means —*

*(a) in relation to an audit, other than a performance audit —*

*(i) in relation to a local government that has an audit contract that is in force — a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government; and*

*(ii) in relation to a local government that does not have an audit contract that is in force — the Auditor General;*

*and*

*(b) in relation to a performance audit — the Auditor General;*

##### *7.2. Audit*

*The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.*

##### *7.3. Appointment of auditors*

*(1) Subject to subsection (1A), a local government is to, from time to time whenever such an appointment is necessary or expedient, appoint\* a person, on the recommendation of the audit committee, to be its auditor.*

*\* Absolute majority required.*

##### *7.9. Audit to be conducted*

*(1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —*

*(a) the mayor or president; and*

*(b) the CEO of the local government; and*

*(c) the Minister.*

*(2) Without limiting the generality of subsection (1), where the auditor considers that —*

*(a) there is any error or deficiency in an account or financial report submitted for audit; or*

*(b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or*

*(c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government,*

*details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.*

**7.12A. Duties of local government with respect to audits**

- (1) A local government is to do everything in its power to —*
  - (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and*
  - (b) ensure that audits are conducted successfully and expeditiously.*
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (3) A local government must —*
  - aa) examine an audit report received by the local government; and*
  - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and*
  - (b) ensure that appropriate action is taken in respect of those matters.*

**7.12AB. Conducting a financial audit**

*The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.*

**7.12AD. Reporting on a financial audit**

- (1) The auditor must prepare and sign a report on a financial audit.*
- (2) The auditor must give the report to —*
  - (a) the mayor, president or chairperson of the local government; and*
  - (b) the CEO of the local government; and*
  - (c) the Minister.*

**Local Government (Audit) Regulations 1996, Regulation 9:**

**9. Performance of audit**

- (3) An auditor must carry out the work necessary to form an opinion whether the annual financial report —*
  - (a) is based on proper accounts and records; and*
  - (b) fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —*
    - (i) the Act; and*
    - (ii) the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).*

**Local Government (Audit) Regulations 1996, Regulation 17:**

**17. CEO to review certain systems and procedures**

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
  - (a) risk management; and*
  - (b) internal control; and*
  - (c) legislative compliance.*
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) The CEO is to report to the audit committee the results of that review.*

*[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]*

**Local Government (Financial Management) Regulations 1996, Regulation 5:**

**5. CEO's duties as to financial management**

- (1) Efficient systems and procedures are to be established by the CEO of a local government —*
  - (a) for the proper collection of all money owing to the local government; and*
  - (b) for the safe custody and security of all money collected or held by the local government; and*
  - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
  - (d) to ensure proper accounting for municipal or trust —*
    - (i) revenue received or receivable; and*
    - (ii) expenses paid or payable; and*
    - (iii) assets and liabilities;**and*
  - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
  - (f) for the maintenance of payroll, stock control and costing records; and*
  - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) The CEO is to —*
  - (a) ensure that the resources of the local government are effectively and efficiently managed; and*
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

**Council Plan**

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

**Environment** - None.

**Precedents**

The Audit and Risk Committee have in previous years met with the Auditor to consider the audit of the Annual Financial Statements and financial position of Council.

**Budget Implications**

The 2025/26 budget provides an allocation \$64,691 for the conduct of the annual audit.

The Annual Financial Report presents the financial performance for the past financial year and is scrutinised by an independent auditor to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Rate Setting Statement.

**Budget – Whole of Life Cost**

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

**Council Policy Compliance** - None.

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR 10.1) for full assessment document.

<b>Tier 1 – No discernible Inherent Risk has been identified (no Risk Theme or Consequence).</b>	
Risk Event	Annual Meeting and 2024/25 Audit Concluding Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<ul style="list-style-type: none"> <li>Legal &amp; Compliance - Not meeting its compliance obligations pursuant to the Local Government Act 1995, Local Government (Audit) Regulations 1996, Local Government (Financial Management) Regulations 1996, Australian Accounting Standards, and other relevant legislation</li> <li>Reputational – Loss of reputation through non-compliance or mismanagement of funds.</li> </ul>

**Officer Comment**

Council's auditors Moore Australia (WA) visited the Council office in October 2025 to conduct the final audit. Council staff had prepared the draft annual financial statements within the legislative deadline by 30<sup>th</sup> September 2025, together with all the working files and audit material provided to the auditors during their visit. Council staff subsequently worked with the auditors to finalise the annual financial statements.

The Audit Concluding Report (Confidential Attachment A – Under Separate Cover) provides an overview of the audit process, discloses Council's compliance to Australian Accounting Standards and communicates these results to the Audit and Risk Committee.

- Audit Closed Door Session**

At the release of OAG reports presented to Parliament, Council staff review each report to determine if any of the OAG recommendations can be made to improve Council's current processes.

The OAG report *Western Australian Public Sector Audit Committees – Better Practice Guide* provided guidance to local governments to recommend that during the financial audit exit meeting with the OAG, the audit committee has a closed-door session with the auditors without management present.

This recommendation was subsequently adopted in the Audit & Risk Committee Charter 'Terms of Reference' and forms the basis of this report. It is proposed that to allow the Audit & Risk Committee to meet with the Council Auditors without Shire management present, that the Committee Suspend Standing Orders and go Behind Closed Doors.

The preparation of the financial statements for audit is a complex annual project requiring significant time and resources throughout the year. Throughout the audit process, staff have provided all required information requested of Council.

The financial audit file contained a clear trail of audit evidence that supported each item within the annual financial report and provided within agreed timeframes. Additionally, in providing audit evidence to the auditors, Council staff have received positive feedback in the timeliness and efficiency.

END REPORT

<b>11. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN</b>
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None.

<b>12. NEW BUSINESS OF AN URGENT NATURE</b>
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[Please Note: This is Not General Business – This is for Urgent Business Approved By the Person Presiding or by Decision. In cases of extreme urgency or other special circumstance, matters may, with the consent of the person presiding, or by decision of the members present, be raised without notice and decided by the meeting.]

<b>13. MATTERS BEHIND CLOSED DOORS</b>
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None.

<b>14. CLOSURE OF MEETING</b>
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The date of the next Audit & Risk Committee Meeting will be Wednesday, 10<sup>th</sup> of December 2025.

There being no further business the Chairperson, Cr S Gillespie declared the meeting closed at 2.38pm.

APPENDICES PLACEHOLDER: 12.5.3 Audit & Risk Committee Meeting  
10th December 2025

Appendix ORD: 12.5.3B - Minutes 10th December 2025



**UNCONFIRMED**

# **MINUTES**

## **AUDIT & RISK COMMITTEE MEETING**

Held

Wednesday, 10<sup>th</sup> December 2025

At

Shire of Dardanup  
ADMINISTRATION CENTRE EATON  
1 Council Drive - EATON

This document is available in alternative formats such as:  
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~ Electronic Format [disk or emailed]  
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## VISION STATEMENT

“Provide effective leadership in encouraging balanced growth and development of the Shire while recognizing the diverse needs of our communities.”

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### COMMITTEE MEMBERSHIP:

- Cr S. Gillespie (Presiding Member)
- Cr. K. Laurentsch (Deputy Presiding Member)
- Cr. M Hutchinson
- Cr. B Farrant
- Cr. T Gardiner
  
- Cr L. Davies (Deputy/Proxy)
- Cr A. Jenour (Deputy/Proxy)

### AUDIT & RISK COMMITTEE CHARTER

The Terms of Reference for this Committee are located in the Tardis records system – refer to the following link:  
[2025 - ToR - Audit and Risk Committee](#)

**COUNCIL ROLE**

Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
Executive/Strategic	The substantial direction setting and oversight role of the Council eg. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When Council reviews decisions made by Officers.
Quasi-Judicial	<p>When Council determines an application/matter that directly affects a person's rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

**DISCLAIMER**

"Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire's decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request."

**RISK ASSESSMENT**

<b>Inherent Risk</b>	The level of risk in place in order to achieve the objectives of the Council and before actions are taken to alter the risk's impact or likelihood.
<b>Residual Risk</b>	The remaining level of risk following the development and implementation of Council's response.
<b>Strategic Context</b>	These risks are associated with achieving Council's long term objectives.
<b>Operational Context</b>	These risks are associated with the day-to-day activities of the Council.
<b>Project Context</b>	<p>Project risk has two main components:</p> <ul style="list-style-type: none"> <li>• Direct refers to the risks that may arise as a result of project, which may prevent the Council from meeting its objectives.</li> <li>• Indirect refers to the risks which threaten the delivery of project outcomes.</li> </ul>

**SHIRE OF DARDANUP**

**MINUTES THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE HELD ON WEDNESDAY, 10<sup>TH</sup> DECEMBER 2025, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.00PM.**

<b>1</b>	<b>DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS</b>
----------	--

The Chief Executive Officer, Mr André Schönfeldt declared the meeting open at 2.00pm, welcomed those in attendance and referred to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

*Acknowledgement of Country*

*The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region and pay our respects to their elders, past, present and emerging. The Shire of Dardanup also respects and celebrates all cultures of all our residents and those visitors to our Shire.*

*Emergency Procedure*

*In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, you will be directed to an appropriate Assembly Area where we will meet (and complete a roll call).*

*Affirmation of Civic Duty and Responsibility*

*Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.*

**PROCESS**

*As the Chairperson and Deputy Chairperson are an apology for the meeting, the Chief Executive Officer Mr André Schönfeldt opened the meeting and moved a motion to appoint Cr Mark Hutchinson as the Presiding Member for the meeting.*

AAR 32-25      MOVED –      Cr T G Gardiner      SECONDED –      Cr B S Farrant

**THAT Cr Mark Hutchinson be appointed as the Presiding Member for the Audit & Risk Meeting held on 10<sup>th</sup> of December 2025.**

CARRIED

3/0

<i>FOR THE MOTION</i>	<i>AGAINST THE MOTION</i>
Cr T G Gardiner Cr M R Hutchinson Cr B S Farrant	

<b>2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED</b>
---

### 2.1 Attendance

#### Voting

Cr Mark Hutchinson	-	Elected Member (Presiding Member)
Cr Tyrrell Gardiner	-	Elected Member
Cr Brad Farrant	-	Elected Member

#### Non-Voting

Mr André Schönfeldt	-	Chief Executive Officer
Mr Stephen Loiterton	-	Coordinator Emergency & Ranger Serv.
Mr Ashwin Nair	-	Director Sustainable Development
Mr Craig Johnson	-	Director Community & Economic Dev.
Mr Theo Naude	-	Director Infrastructure
Mr Rehan Shahid	-	Acting Director Corporate & Governance
Mrs Donna Bailye	-	Manager Governance
Mrs Cindy Barbetti	-	Corporate Excellence & Compliance Officer
Mrs Jolene Roots	-	EA Corporate & Governance
Mrs Rochelle Dodds	-	EA Community & Economic Dev.

### 2.2 Apologies

Cr. Stacey Gillespie	-	Elected Member – Chairperson
Cr. Krystal Lauretsch	-	Elected Member – Deputy Chairperson

<b>3 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE</b>
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None.

<b>4. PUBLIC QUESTION TIME</b>
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None.

<b>5. PETITIONS/DEPUTATIONS/PRESENTATIONS</b>
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None.

## 6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

### 6.1 Minutes - Audit and Risk Committee – 19<sup>th</sup> November 2025

#### OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION

AAR 33-25      MOVED –      Cr M R Hutchinson      SECONDED –      Cr B S Farrant

**THAT the Minutes of the Audit & Risk Committee Meeting held on 19<sup>th</sup> of November 2025, be confirmed as true and correct subject to no corrections.**

CARRIED

3/0

<i>FOR THE MOTION</i>	<i>AGAINST THE MOTION</i>
Cr T G Gardiner	
Cr M R Hutchinson	
Cr B S Farrant	

## 7. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

None.

## 8. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

## 9. DECLARATION OF INTEREST

“Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.”

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CP039.

- *Mr André Schönfeldt, Chief Executive Officer declared an Impartiality Interest in item 10.6 - 2025 Financial Management System Review due to previously using the services of AMD Accountants.*

<b>10. REPORTS OF OFFICERS AND COMMITTEES</b>
---

10.1      *Testing of the Business Continuity Plan (BCP)*

<b>Reporting Department</b>	<i>Development Services Directorate</i>
<b>Responsible Officer</b>	<i>Mr Ashwin Nair - Director Development Services</i>
<b>Reporting Officer</b>	<i>Mr Stephen Loiterton – Coordinator Emergency &amp; Ranger Services</i>
<b>Legislation</b>	<i>Local Government Act 1995</i>
<b>Council Role</b>	<i>Executive/Strategic.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i>AAR 10.1 – Risk Assessment</i>

**Overview**

This report provides an update on the testing of the Shire's Business Continuity Plan, which is a specific Audit and Risk Committee objective noted in the committees Terms of Reference and subsequent 2025 Annual Audit Work Plan.

**Change to Officer Recommendation**      -      No Change.

**OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION**

AAR 34-25      MOVED –      Cr T G Gardiner      SECONDED –      Cr B S Farrant

**THAT the Audit and Risk Committee recommends that Council:**

- 1. Acknowledges that testing of the Shire's Business Continuity Plan has not occurred as intended and as part of the Audit and Risk Committees Terms of Reference and subsequent 2025 Annual Audit Work Plan.**
- 2. Considers allocating funding in the 2026-2027 Annual Budget to support the testing and validation of the Shire's Business Continuity Plan, ensuring compliance with governance requirements and strengthening business continuity measures.**

CARRIED  
3/0

<i>FOR THE MOTION</i>	<i>AGAINST THE MOTION</i>
Cr T G Gardiner Cr M R Hutchinson Cr B S Farrant	

## Background

A specific committee objective of the Audit and Risk Committee is to assess whether a sound and effective approach has been followed in establishing the Shire's Business Continuity planning arrangements. This includes whether Business Continuity and Disaster Recovery Plans have been periodically updated and tested.

As per the 2025 Annual Audit Work Plan, the committee is responsible for receiving a summary report on the testing of the Business Continuity Plan, with this function scheduled for the September 2025 committee meeting.

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
<b>1. Business Continuity Plan</b>					
Receive a summary report on the testing of the Business Continuity Plan after each test exercise.				●	

For further context, the Shire's final Business Continuity Plan was endorsed by Council via the Audit and Risk Committee in March 2025 [Res 62-25].

This report provides an update on the testing of the Business Continuity Plan.

## Legal Implications

The Terms of Reference for the committee states the following as a specific committee objective:

- 5.15 *Assess whether a sound and effective approach has been followed in establishing the Shire's Business Continuity planning arrangements, including whether Business Continuity and Disaster Recovery Plans have been periodically updated and tested.*

## Council Plan

7.1 - Minimise risks and impacts from fires, floods, heat waves, and other natural disasters.

**Environment** - None.

## Precedents

The Audit and Risk Committee has not previously received summary reports on Business Continuity Plan testing. This responsibility was added to the committee's Terms of Reference during the last review in late 2023.

## Budget Implications

A quote of around \$10,000 was received to conduct a test of the Shire's Business Continuity Plan. However, this expense was not budgeted in the 2024-2025 nor is it currently budgeted for in the 2025-2026 Annual Budget.

**Budget – Whole of Life Cost** - None.

**Council Policy Compliance** - None.

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR 10.1) for full assessment document.

TIER 2 – ‘Low’ or ‘Moderate’ Inherent Risk.		
Risk Event	Testing of the Business Continuity Plan (BCP)	
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)	
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.	
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.	
Risk Category Assessed Against	Financial	Indicative pricing of \$10,000 has been received to conduct a test of the Shire’s BCP. This expense is not currently budgeted in the 2025-2026 Annual Budget.
	Legal and Compliance	Non-compliance with the Audit and Risk Committee’s Terms of Reference and specific committee objective to receive a summary report on the testing of the Shire’s BCP.
	Reputational	The Shire’s reputation could be negatively impacted for not adhering to objectives prescribed in the Audit and Risk Committee’s Terms of Reference.

**Officer Comment**

The most recent update to the Business Continuity Plan has not been evaluated to date. The Coordinator Emergency and Ranger Services undertook the most recent update. The best practice is to have a separate individual or team test a plan, rather than the person who created/modified it, to provide a fresh perspective and avoid bias. Also, specialist skills are required to plan and conduct an exercise to evaluate the Business Continuity Plan.

A budget funding request for \$5,000 was submitted for the 2025-2026 financial year to seek a consultant to plan and conduct an exercise to evaluate the revised Business Continuity Plan; however, it was unsuccessful, and consequently, no budget allocation is available for this purpose. As no budget allocation was available independent testing off the Business could not be arranged for this financial year as intended.

The reporting officer recommends that the Committee acknowledges that the testing of the Business Continuity Plan has not occurred as scheduled, and request consideration towards funding for this exercise as part of the 2026-2027 Annual Budget.

END REPORT

10.2      2024/25 Annual Financial Report

<b>Reporting Department</b>	<i>Corporate &amp; Governance Directorate</i>
<b>Responsible Officer</b>	<i>Mr Rehan Shahid – Acting Director Corporate &amp; Governance</i>
<b>Reporting Officer</b>	<i>Mr Rehan Shahid – Acting Director Corporate &amp; Governance</i>
<b>Legislation</b>	<i>Local Government Act 1995</i>
<b>Council Role</b>	<i>Executive/Strategic.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i>AAR 10.2A – 2024/25 Annual Financial Report – Report AAR 10.2B – Risk Assessment</i>

**Overview**

This report presents the Annual Financial Report for the 2024/25 financial year to the Audit and Risk Committee and Council for consideration and adoption.

**Change to Officer Recommendation**      -      No Change.

**OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION**

AAR 35-25      MOVED –      Cr B S Farrant      SECONDED –      Cr M R Hutchinson

**THAT the Audit & Risk Committee recommends that Council receives and accepts the Shire of Dardanup 2024/25 audited Annual Financial Statements for the financial year ended 30<sup>th</sup> of June 2025 (Appendix AAR: 10.2A).**

CARRIED  
3/0

<i>FOR THE MOTION</i>	<i>AGAINST THE MOTION</i>
Cr T G Gardiner Cr M R Hutchinson Cr B S Farrant	

**Background**

Section 6.4 of the *Local Government Act 1995* requires a Local Government to prepare an Annual Financial Report each financial year. This report has been audited and is provided as (Appendix AAR: 10.2A).

The Annual Financial Report has been prepared in accordance with the *Local Government (Financial Management) Regulations 1996* and includes the following:

- Statement by the Chief Executive Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Statement of Financial Activity;
- Notes to and forming Part of the Financial Statements; and
- Independent Auditor's Report.

In accordance with section 5.53 of the *Local Government Act 1995*, the 2024/25 Annual Financial Report forms part of the Annual Report.

The adoption of the Annual Financial Report by Council allows for the adoption of the Annual Report and the holding of the Annual Electors Meeting which is proposed to be held on Wednesday 28<sup>th</sup> of January 2026, commencing at 6.00pm in the Eaton Council Chambers, following the completion of the monthly Council meeting.

### **Legal Implications**

#### **Local Government Act 1995**

##### *5.53. Annual Reports*

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain —*
  - (f) *the financial report for the financial year; and*

##### *6.4. Financial Report*

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
  - (a) *be prepared and presented in the manner and form prescribed; and*
  - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
  - (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
  - (b) *the annual financial report of the local government for the preceding financial year.*

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

##### *4. AAS, effect of*

- (1) *These regulations are in addition to and not in derogation of the requirements of the AAS.*
- (2) *If a provision of the AAS is inconsistent with a provision of these regulations, the provision of these regulations prevails to the extent of the inconsistency.*
- (3) *All words in the Act or these regulations that import revenue or expenditure are to be interpreted to permit compliance with the requirements of the AAS.*

##### *5A. Local governments to comply with AAS*

*Subject to regulation 4, 17A and 36A, the annual budget, annual financial report and other financial reports of a local government must comply with the AAS.*

##### *R36. Content of annual financial report*

- (1) *The annual financial report must—*
  - (a) *include a statement setting out all movements of money to and from reserve accounts that has not been included in the income statement but that has been included in the statement of financial activity; and*
  - (b) *include the net current assets carried forward from the previous financial year for the purpose of the budget of the financial year to which the report relates; and*

- (c) *include the net current assets shown in the audited annual financial report for the previous financial year; and*
- (d) *include, or be accompanied by a note containing, a summary explaining the composition of the net current assets referred to in paragraphs (b) and (c); and*
- (e) *include, if the net current assets referred to in paragraph (b) is different from the net current assets referred to in paragraph (c), the amount of that difference; and*
- (f) *include notes or statements containing the information set out in regulations 37 to 48.*
- (2) *The detail included under subregulation (1)(b), (c) and (d) must be structured in the same way as the detail included in the annual budget under regulation 31(1) and (3)(a).*
- (3) *The annual financial report must include the following —*
  - (a) *the statement of financial activity included under regulation 22(1)(d) in the annual budget for the year to which the report relates;*
  - (b) *adjacent to each item in that statement of financial activity that states an amount, the end-of-year amount for the item;*
  - (c) *adjacent to each item in the income statement that states an end-of-year amount, the original budget estimate for the item;*
  - (d) *adjacent to each item, required by a provision of these regulations listed in the Table, that states an end-of-year amount, the original budget estimate for the item.*

Table

<i>r. 36(1)(a)</i>	<i>r. 38(1)(b), (c) and (e)</i>
<i>r. 39(a), (b)(v), (d)(iv) and (e)(v)</i>	<i>r. 42(a) to (d)</i>
<i>r. 43(a), (b) and (c)(i) and (ii)</i>	<i>r. 44(a) to (c)</i>
<i>r. 48(d)(i) and (vii) and (f)(ii) to (v)</i>	

- (4) *Any information relating to exclusions from the calculation of a budget deficiency that is included in the annual financial report must be structured in the same way as the corresponding information included in the annual budget.*

- R36A. *Class 3 or 4 local governments do not need to comply with certain AAS in annual financial report*
- R37. *Trust fund, information about in annual financial report*
- R38. *Information about reserve accounts in annual financial report*
- R39. *Information about rates in annual financial report*
- [40, 41. Deleted: SL 2023/106 r. 23.]
- R42. *Information about discounts, incentive schemes and concessions in annual financial report*
- R43. *Information about interest in annual financial report*
- R44. *Information about fees, expenses and allowances in annual financial report*
- [45-47. Deleted: SL 2023/106 r. 23.]
- R48. *Information about borrowings in annual financial report*
- [49. Deleted: SL 2023/106 r. 25.]
- [50. Deleted: SL 2022/88 r. 10.]
- R51. *Annual financial report declaration to be signed by CEO*

### Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

**Environment** - None.

**Precedents**

Each year the Council is required to receive and accept the audited Annual Financial Report.

**Budget Implications**

The Annual Financial Report is produced internally, and the preparation and printing costs are incorporated within the staffing, printing and stationery budgets. The Annual Financial Report presents the financial performance and financial position of the Shire for the past financial year and is scrutinised by an independent auditor appointed by the Office of the Auditor General (OAG) to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Statement of Financial Activity.

**Budget – Whole of Life Cost**

As no asset/infrastructure is being created, there are no whole of life costs relevant to this item.

**Council Policy Compliance**

Compliance to Administration Policy AP008 Material Accounting Policy (*previously known as 'AP008 Significant Accounting Policy'*).

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix ORD: 10.2B) for full assessment document.

TIER 2 – 'Low' or 'Moderate' Inherent Risk.		
Risk Event	2024/2025 Annual Financial Report	
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)	
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.	
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.	
Risk Category Assessed Against	Legal and Compliance	Legal and Compliance - Risk of Council breaching the Local Government Act 1995 – Risk that the audited 2024/25 Annual Financial Report is not received by Council.

**Officer Comment**

The 2024/25 Annual Financial Report has been produced in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996*, and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The Annual Financial Statements for the year ended 30<sup>th</sup> of June 2025 have been completed and have been audited by the Office of the Auditor General (OAG) appointed auditors, Moore Australia (WA). The Auditor General have issued an unmodified Audit Report (Appendix AAR: 10.2A). The Independent Auditor's Report is shown following page 36 of the Annual Financial Report and will form part of the Annual Report scheduled to be adopted at the Ordinary Council meeting on 17<sup>th</sup> December 2025.

The financial statements include the Index of Notes to the Finance Report, which can be found on page 39 of the Annual Financial Report. Other changes relating to reduced Disclosure elements are summarised below.

- Initial Application of Accounting Standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-1 Amendments to Australian Accounting Standards  
*Classification of Liabilities as Current or Non-current*
- AASB 2022-5 Amendments to Australian Accounting Standards  
*Lease Liability in a Sale and Leaseback*
- AASB 2022-6 Amendments to Australian Accounting Standards  
*Non-current Liabilities with Covenants*
- AASB 2023-3 Amendments to Australian Accounting Standards  
*Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 Amendments to Australian Accounting Standards  
*Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 Amendments to Australian Accounting Standards  
*Supplier Finance Arrangements*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 Amendments to Australian Accounting Standards  
*Fair Value Measurement of Non-financial Assets of Not-for-profit Public Sector Entities*

These amendments may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

- New Accounting Standards for Application in Future Years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 Amendments to Australian Accounting Standards  
*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b Amendments to Australian Accounting Standards  
*Effective Date of Amendments to AASB 10 and AASB 128*  
*(deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply)*
- AASB 2022-9 Amendments to Australian Accounting Standards  
*Insurance Contracts in the Public Sector*
- AASB 2023-5 Amendments to Australian Accounting Standards  
*Lack of Exchangeability*
- AASB 18 (FP) Presentation and Disclosure in Financial Statements  
*(Appendix D) (For for-profit Entities)*
- AASB 18 (NFP/Super) Presentation and Disclosure in Financial Statements  
*(Appendix D) (for not-for-profit and Superannuation Entities)*
- AASB 2024-2 Amendments to Australian Accounting Standards  
*Classification and Measurement of Financial Instruments*
- AASB 2024-3 Amendments to Australian Accounting Standards  
*Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

- Financial Summary

As at 30th of June 2025, Council's Equity (Total Assets minus Total Liabilities) decreased by \$3.9m from \$280.5m to \$276.6m. The decrease in Total Equity is due to \$3.9m deficit from Statement of Comprehensive Income during FY 2024/25 resulting in lower retained surplus balance. Reserve balances increased by \$115k during 2024/25 mainly due to higher unspent loan reserve balance as at 30<sup>th</sup> June 2025 partially offset by various small movements in other reserve balances.

There was no asset revaluation carried out in 2024/25, noting that Councils assets are required to be revalued no more than every 5 years in accordance with the *Local Government (Financial Management) Regulations 1996*.

Council's carry forward Statement of Financial Activity surplus at 30<sup>th</sup> of June 2025 is \$996,531. This was against the forecast budgeted carry forward surplus in the 2024/25 annual budget of \$936,114. The favourable variance of \$60,417 has been updated in the current end of year forecast. The total carry forward surplus amount equates to approximately 2.1% of total adopted budgeted expenditure for 2024/25.

In summary, the Shire of Dardanup is in a sound financial position.

This result is directly attributed to:

1. Comprehensive integrated financial planning model;
2. Commitment to investment in infrastructure asset renewal;
3. Cash backed funding model for future asset obligations; and
4. Structured planning for all borrowings.

I would like to take the opportunity to thank all Corporate & Governance staff for their efforts and high service standard during the year under review.

Audit & Risk Committee is requested to receive this report and recommends to the Council to receive and accept the audited Annual Financial Statements for the 2024/25 financial year.

END REPORT

10.3      *Biannual Risk Management Dashboard Report*

<b>Reporting Department</b>	<i>Corporate &amp; Governance Directorate</i>
<b>Responsible Officer</b>	<i>Mr Rehan Shahid – Acting Director Corporate &amp; Governance</i>
<b>Reporting Officer</b>	<i>Mrs Cindy Barbetti - Corporate Excellence &amp; Compliance Officer</i>
<b>Legislation</b>	<i>Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17</i>
<b>Council Role</b>	<i>Legislative.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i>Confidential Attachment A – Under Separate Cover 10.3 - Risk Assessment</i>

**Overview**

The purpose of this report is to present the biannual Risk Management Dashboard Report (Confidential Attachment - A) – Under Separate Cover to the Audit and Risk Committee for consideration.

**Change to Officer Recommendation**      -      No Change.

**OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION**

AAR 36-25      MOVED –      Cr M R Hutchinson      SECONDED –      Cr T G Gardiner

**THAT the Audit and Risk Committee recommends that Council receives the biannual Risk Management Dashboard Report for this reporting period, as provided for in the (Confidential Attachment - A) provided Under Separate Cover.**

CARRIED  
3/0

<i><b>FOR THE MOTION</b></i>	<i><b>AGAINST THE MOTION</b></i>
Cr T G Gardiner Cr M R Hutchinson Cr B S Farrant	

**Background**

In March 2023 Council, through the Audit and Risk Committee, adopted the revised Risk Management Governance Framework (the Framework) for the Council. The Framework has been developed to connect all of the risk management processes and methodologies and to clearly articulate the appetite for risk. This ensures Council's commitment to meeting its compliance obligations pursuant to the *Local Government (Audit) Regulations 1996, Regulation 17*.

A reporting requirement of the Framework specifies that every six (6) months, the Audit and Risk Committee is to receive a Risk Dashboard Report. The Dashboard summarises the risks of Council and provides the treatment plans (actions) that have been identified by management to improve certain key control ratings.

This requirement is further prescribed as a committee objective in the Terms of Reference, together with the committee's 2025 Annual Audit Work Plan, as shown below:

- Terms of Reference

5.8 *To consider the Shire of Dardanup Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness and progress on the relevant action plans biannually.*

- 2025 Annual Audit Work Plan

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
<b>2. Risk Management</b>					
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 28-06-2023 [Res 168-23]	Not applicable – next due 2026				
Receive the biannual dashboard report			● Completed		● This meeting

This report has been compiled in direct response to the Framework reporting requirements, Terms of Reference for the committee, and the 2025 Annual Audit Work Plan for the committee.

The Reporting Officer is seeking Council's endorsement, through the Audit and Risk Committee, of the biannual Risk Management Dashboard Report.

### Legal Implications

*Local Government Act 1995*

*Local Government (Audit) Regulations 1996, Regulation 17:*

17. CEO to review certain systems and procedures

(1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*

(a) *risk management; and*

(b) *internal control; and*

(c) *legislative compliance.*

(2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*

(3) *The CEO is to report to the audit committee the results of that review.*

### Council Plan

13.1 - Adopt best practice governance.

13.2 - Manage the Shire's resources responsibly.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

**Environment** - None.

### Precedents

The Audit and Risk Committee have been presented with Risk Management Dashboard Report's at the following meetings:

Committee Meeting Date	AAR Resolution Number
4 <sup>th</sup> December 2019	AAR 05-19
3 <sup>rd</sup> June 2020	AAR 14-20
7 <sup>th</sup> December 2020	AAR 26-20
16 <sup>th</sup> June 2021	AAR 08-21
1 <sup>st</sup> December 2021	AAR 31-21
8 <sup>th</sup> June 2022	AAR 09-22
7 <sup>th</sup> December 2022	AAR 27-22
14 <sup>th</sup> June 2023	AAR 10-23
6 <sup>th</sup> December 2023	AAR 33-23
12 <sup>th</sup> June 2024	AAR 08-24
11 <sup>th</sup> December 2024	AAR 27-24
11 <sup>th</sup> June 2025	AAR 12-25

### **Budget Implications**

As part of the Corporate Excellence and Compliance Officer's responsibilities, regular reporting on the Risk Management Governance Framework is a key requirement. Consequently, the cost to Council primarily relates to staff time and, where applicable, the use of IT and software systems.

**Budget – Whole of Life Cost** - None.

### **Council Policy Compliance**

Risk Management Governance Framework

- *Administration Policy AP023*
- *Procedure PR036*
- *Australian Standard AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines*

### **Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR 10.3) for full assessment document.

Tier 2 – 'Low' or 'Moderate' Inherent Risk.	
Risk Event	Biannual Risk Management Dashboard Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance</p> <p>Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</p> <p>Reputational</p> <p>Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.</p>

**Officer Comment**

It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

The Risk Management Dashboard Report for this reporting period (Confidential Attachment A – Under Separate Cover) summarises the risks of Council and provides the treatment plans (actions) that have been identified by management to improve certain key control ratings. Typically, these control ratings have been identified as inadequate and a treatment plan (action) has been determined to improve the control effectiveness to at least adequate.

The Dashboard focuses on both the inherent risk and the residual risk, together with a spider graph that highlights the impact of the controls against the residual risk.

To provide a comparison between reporting periods, table 1 below indicates that there are currently 26 treatments/action plans in place, compared to 29 last reporting period. Since the last review, 4 new treatments have been added, with 7 being completed in the last 6 months. As treatments are cleared or completed, they are removed from the Dashboard.

Table 1 – Treatment Plan Summary:

(Last reporting period)			(This reporting period)		
Total	Completed	In Progress	Total	New	In Progress
29	7	22	22	4	26

The Dashboard also provides an indication of the value of the combined controls in mitigating levels of risk. This is summarised by the overall control rating (how effective the controls in place are operating) and the overall risk rating (the determined level of risk). In summary, the Dashboard demonstrates that 11 combined controls are rated as 'Adequate' and 5 are rated as 'Effective'.

The Audit and Risk Committee can expect the next Risk Dashboard Biannual Report at the committee meeting scheduled for June 2026.

END REPORT

10.4 Confirmation of 2025 Committee Functions Completed

<b>Reporting Department</b>	<i>Corporate &amp; Governance Directorate</i>
<b>Responsible Officer</b>	<i>Mr Rehan Shahid – Acting Director Corporate &amp; Governance</i>
<b>Reporting Officers</b>	<i>Mrs Cindy Barbetti – Corporate Excellence and Compliance Officer</i>
<b>Legislation</b>	<i>Local Government Act 1995</i>
<b>Council Role</b>	<i>Legislative.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i>AAR 10.4A – 2025 Annual Audit Work Plan AAR 10.4B – Risk Assessment</i>

**Overview**

To provide Council, through the Audit and Risk Committee, with annual confirmation of the responsibilities that have been completed in accordance with the Audit and Risk Committee Charter and subsequent 2025 Annual Audit Work Plan.

**Change to Officer Recommendation** - No Change.

**OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION**

AAR 37-25      MOVED –      Cr T G Gardiner      SECONDED –      Cr M R Hutchinson

**THAT the Audit and Risk Committee recommends that Council:**

- 1. Receives this report providing an update on the Audit and Risk Committee's responsibilities in accordance with the 2025 Annual Audit Work Plan.**
- 2. Defers the testing of the Business Continuity Plan to be completed by August 2026.**

CARRIED

3/0

<i>FOR THE MOTION</i>	<i>AGAINST THE MOTION</i>
Cr T G Gardiner Cr M R Hutchinson Cr B S Farrant	

**Background**

In June 2020, the Auditor General released the [Western Australian Public Sector Audit Committees – Better Practice Guide - Office of the Auditor General](#) as a beneficial resource to state and local governments when further developing the role of audit committees. The Guide takes into consideration the relevant functions, responsibilities, and associated activities that a committee will undertake and has been a resourceful guide when reviewing the Charter of the Audit and Risk Committee of Council.

The Charter, which incorporates the Terms of Reference, Instrument of Appointment and Annual Audit Work Plan template, was endorsed by Council on the 29<sup>th</sup> October 2025 [Res 281-25].

The 2025 Annual Audit Work Plan (Appendix: AAR 10.4A) that assists and guides the committee on the functions, roles and responsibilities that are undertaken throughout 2025, was endorsed by Council on the 18<sup>th</sup> December 2024 [Res 323-24].

The following committee operation function is noted within the 2025 Annual Audit Work Plan:

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
<b>2. Committee Operation</b>					
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					<p>●</p> <p>This meeting</p>

This report has been compiled in response to the above committee operation function and seeks a direct decision from the Council on the responsibilities that have been completed in accordance with the 2025 Annual Audit Work Plan.

### **Legal Implications**

*Local Government Act 1995*

#### *7.1A. Audit committee*

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed\* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

*\* Absolute majority required.*

- (3) *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) *An employee is not to be a member of an audit committee.*

### **Council Plan**

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

**Environment** - None.

### **Precedents**

Council is required to confirm annually the Audit and Risk Committee responsibilities that have been completed. This function was previously considered at the 18<sup>th</sup> December 2024 Ordinary Council Meeting [322-24].

### **Budget Implications**

This confirmation process is managed through staff resources funded under the salaries and wages budget allocated to the Corporate and Governance Directorate

**Budget – Whole of Life Cost**

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

**Council Policy Compliance**

Nil Council Policy Compliance.

- Audit and Risk Committee Charter (Terms of Reference)
- Western Australian Public Sector Audit Committees – Better Practice Guide

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 10.4B) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.		
Risk Event	Confirmation of Completed Committee Responsibilities for 2025	
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)	
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.	
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.	
Risk Category Assessed Against	Legal and Compliance	Not confirming the committee’s responsibilities that have been completed, would not be in line with the recommendations from the Auditor General’s publication (Better Practice Guide), or the Audit and Risk Committee Charter.
	Reputational	Council’s reputation could be seen in a negative light for not adhering to the functions of the Charter or the Better Practice Guide.

**Officer Comment**

Each year, the Audit and Risk Committee establish its annual work plan, setting out the key tasks and responsibilities to be undertaken in alignment with its Charter. This plan provides a structured approach to monitoring risk management, compliance, internal controls, and audit processes, ensuring that the Committee’s activities support Council’s governance objectives.

This report provides Council with details of the committee’s completed tasks for 2025, including meeting frequency and membership representation.

- *Committee Meetings 2025*

The committee have officially met on the following five (5) occasions throughout 2025:

- 12<sup>th</sup> March 2025
- 11<sup>th</sup> June 2025

- 10<sup>th</sup> September 2025
- 19<sup>th</sup> November 2025 (Audit Exit Meeting)
- 10<sup>th</sup> December 2025 (this Meeting)

In addition, the Audit Entrance Meeting was held on the 26 March 2025 (via the Microsoft Teams application) with the Audit and Risk Committee members, Moore Australia representative, OAG representative and Management in attendance.

- *Committee Members*

The following table demonstrates the members of the Audit and Risk Committee during 2025, together with their term and appointment details.

Councillor Name	Role	Resolution	Term
Cr. E Lilly	Voting Member	SCM 25-10-2023 Res 263-23	October 2023 to October 2025
	Chairperson	AAR 20-11-2023 Item 3.1	
Cr. M Hutchinson	Voting Member	SCM 25-10-2023 Res 263-23	October 2023 to October 2025
	Deputy Chairperson	AAR 20-11-2023 Item 3.2	
Cr. T Gardiner	Voting Member	SCM 25-10-2023 Res 263-23	October 2023 to October 2025
Cr. S Gillespie	Voting Member	SCM 25-10-2023 Res 263-23	October 2023 to October 2025
Cr. J Manoni	Voting Member	SCM 25-10-2023 Res 263-23 * AAR 20-11-2023 Res AAR 25-23  * correction to SCM Minutes	October 2023 to October 2025
Cr. S Gillespie	Voting Member	OCM 29-10-2025 Res 282-25	October 2025 to October 2027
	Chairperson	OCM 29-10-2025 Res 282-25	
Cr. K Laurentsch	Voting Member	OCM 29-10-2025 Res 282-25	October 2025 to October 2027
	Deputy Chairperson	OCM 29-10-2025 Res 282-25	
Cr. B Farrant	Voting Member	OCM 29-10-2025 Res 282-25	October 2025 to October 2027
Cr. M Hutchinson	Voting Member	OCM 29-10-2025 Res 282-25	October 2025 to October 2027
Cr. T Gardiner	Voting Member	OCM 29-10-2025 Res 282-25	October 2025 to October 2027
Cr. L Davies	Deputy (Proxy)	OCM 29-10-2025 Res 282-25	October 2025 to October 2027
Cr. A Jenour	Deputy (Proxy)	OCM 29-10-2025 Res 282-25	October 2025 to October 2027

Following the ordinary elections held in October 2025, the incoming committee members, along with the Chairperson and Deputy Chairperson for the next two-year term, were appointed at the Ordinary Council Meeting held on the 29<sup>th</sup> of October 2025.

- *Confirmation of completed committee responsibilities.*

The following table provides the 2025 Annual Audit Work Plan that was endorsed for the period January 2025 to December 2025 and also provides management's response on the completion of these functions.

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25	Management Response
1. Committee Operation						
Biennial review of the Charter (Terms of Reference). Next Due 2025.	This was considered at the 29 <sup>th</sup> October 2025 OCM [Res: 281-25]					Completed
Agree on the annual audit work plan; and set priority areas for the coming year.					✓ Res: Pending	This function is occurring at this committee meeting
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					✓ Res: Pending	This function is occurring at this committee meeting
New members are briefed on their appointment to assist them to meet their Committee responsibilities. Next Due 2025.					✓ Nil Minutes	This function is occurring prior to this committee meeting
Appointment of Presiding Member and Deputy Presiding Member. Next Due 2025.	This was considered at the 29 <sup>th</sup> October 2025 OCM [Res: 282-25]					Completed
2. Risk Management						
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 28-06-2023 [Res 168-23]	Not applicable – next due 2026					
Receive the biannual dashboard report			✓ Res: AAR:12-25		✓ Res: Pending	Completed
3. Legislative Compliance						
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	✓ Res: AAR:02-25					Completed
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	✓ Res: AAR:03-25			✓ Res: AAR:22-25		Completed
4. Internal Audit						
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				✓ Res: AAR:21-25		Completed
5. Financial Reporting						
Consider and recommend adoption of the Annual Financial Report to Council.					✓ Res: Pending	This function is occurring at this committee meeting
6. External Audit (OAG)						
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		✓ Nil Minutes				Completed on 26 <sup>th</sup> March 2025

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25	Management Response
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					✓ Res: AAR:29-25	Audit Exit Meeting was held on 19 <sup>th</sup> November 2025
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.					✓ Res: Pending	This function is occurring at this committee meeting
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					✓ Res: AAR:31-25	Audit Exit Meeting was held on 19 <sup>th</sup> November 2025
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	Nil OAG Reports this period		✓ Res: AAR:11-25	✓ Res: AAR:19-25	✓ Res: Pending	Completed
7. Regulation 17 Triennial Review (report next Due: March 2027)						
To consider the CEO’s triennial review on risk management, internal control and legislative compliance.	Not applicable – next due 2027					
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not applicable – next due 2027					
Receive an update on the action plan arising from auditor recommendations from the 2024 Regulation 17 review (until all action items are completed).	✓ Res: AAR:04-25		✓ Res: AAR:13-25	✓ Res: AAR:13-25	All items were finalised by the September 2025 meeting	Completed
Receive an update on the action plan arising from auditor recommendations from the 2027 Regulation 17 review (until all action items are completed).	Not applicable – next due 2027					
8. Financial Management Systems Triennial Review (report next Due: March 2025)						
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	✓ Res: AAR:05-25					
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	✓ Res: AAR:05-25					
Receive an update on the action plan arising from auditor recommendations from the 2025 Financial Management Systems Review.			✓ Res: AAR:14-25	✓ Res: AAR:24-25	✓ Res: Pending	Completed
9. Governance Health & Financial Sustainability Review						
To consider the Governance Health and Financial Sustainability Review, and report to the Council the results of that review when undertaken.	Discretionary item – next due for consideration 2027-2028					

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25	Management Response
Set the action plan arising from the recommendations from the review.	Discretionary item – next due for consideration 2027-2028					
Receive an update on the action plan arising from the recommendations from the review.	Discretionary item – next due for consideration 2027-2028					
Undertake an independent external assessment of the Committee. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.	Discretionary item – next due for consideration 2027-2028					
10. Information Systems Security Audit (report next Due: December 2026)						
Receive the audit report arising from the 2 yearly Information Systems Security Audit. Report Next Due: 31-12-2026	Not Applicable – next due 2026					
Set the action plan arising from the recommendations from the Information Systems Security Audit. Report Next Due: 31-12-2026	Not Applicable – next due 2026					
Receive an update on the action plan arising from the recommendations from the 2024 Information Systems Security Audit.	✓ Res: AAR:08-25					Completed
Receive an update on the action plan arising from the recommendations from the 2026 Information Systems Security Audit.	Not Applicable – next due 2026					
11. Business Continuity Plan (report next Due: December 2026)						
To consider the Business Continuity Plan (including disaster recovery) review every 2 years (or after a major event or incident). Current Plan reviewed: Audit and Risk Committee December 2024 Res AAR:30-24	Not Applicable – next due 2026					
Receive a summary report on the testing of the 2024 Business Continuity Plan after each test exercise.				✗ Recommend deferral of testing the BCP until August 2026		Testing has not occurred due to funding constraints. Refer to item presented to Audit & Risk Committee – December 2025 meeting.
Receive a summary report on the testing of the 2026 Business Continuity Plan after each test exercise.	Not Applicable – next due 2026					

\* A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April/May 2025 that serves as an audit entrance meeting with Council's appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee and management.

- *Conclusion*

The Reporting Officer seeks Council's endorsement of the functions completed by the Audit and Risk Committee during 2025 and recommends deferring the testing of the Business Continuity Plan until August 2026.

End Report

10.5      2026 Annual Audit Work Plan

<b>Reporting Department</b>	<i>Corporate &amp; Governance Directorate</i>
<b>Responsible Officer</b>	<i>Mr Rehan Shahid – Acting Director Corporate &amp; Governance</i>
<b>Reporting Officer</b>	<i>Mrs Cindy Barbetti – Corporate Excellence &amp; Compliance Officer</i>
<b>Legislation</b>	<i>Local Government Act 1995</i>
<b>Council Role</b>	<i>Executive/Strategic.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i>AAR 10.5 - Risk Assessment</i>

**Overview**

This report to the Audit and Risk Committee provides members with the Annual Audit Work Plan for 2026 for their consideration and subsequent recommendation to Council.

**Change to Officer Recommendation**      -      No Change.

**OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION**

AAR 38-25      MOVED –      Cr M R Hutchinson      SECONDED –      Cr B S Farrant

**THAT the Audit and Risk Committee recommends that Council receives and endorses the 2026 Annual Audit Work Plan.**

CARRIED  
3/0

<i>FOR THE MOTION</i>	<i>AGAINST THE MOTION</i>
Cr T G Gardiner Cr M R Hutchinson Cr B S Farrant	

**Background**

In accordance with section 7.1A of the *Local Government Act 1995* Council has established an Audit and Risk Committee. The Audit and Risk Committee operates in accordance with all relevant provisions of the Act and the *Local Government (Audit) Regulations 1996* and the *Local Government (Administration) Regulations 1996*.

Since the emergence of Regulation 17 of the *Local Government (Audit) Regulations 1996*, the operation of the Audit and Risk Committee has been expanded to not only support the local government in effective financial management but also to provide effective corporate governance. This is achieved through the review of systems and procedures in place relating to risk management, internal control, and legislative compliance.

To assist and guide the Audit and Risk Committee on the functions, roles and responsibilities that are undertaken in a calendar year, and in accordance with the committee Charter, an Annual Audit Work Plan has been developed.

This report presents to the committee the proposed 2026 Annual Audit Work Plan. The Reporting Officer is seeking Council's endorsement of this plan, through the Audit and Risk Committee.

**Legal Implications****Local Government Act 1995****7.1A. Audit committee**

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.
- (2) The members of the audit committee of a local government are to be appointed\* by the local government and at least 3 of the members, and the majority of the members, are to be council members.

\* Absolute majority required.

- (3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.
- (4) An employee is not to be a member of an audit committee.

**Council Plan**

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

**Environment** - None.

**Precedents**

This is the sixth Annual Audit Work Plan to be considered by the Audit and Risk Committee.

**Budget Implications**

The development of the Annual Audit Work Plan for the Audit and Risk Committee is facilitated through staff resources funded by the salaries and wages budget allocated to the Corporate and Governance Directorate.

**Budget – Whole of Life Cost**

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

**Council Policy Compliance** - None.

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:10.5) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	2026 Annual Audit Work Plan.
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Legal and Compliance Not considering the Annual Work Plan would not be in line with the Audit and Risk Committee Charter.

**Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.**

	Reputational	Council’s reputation could be seen in a negative light for not adhering to the Audit and Risk Committee Charter.

**Officer Comment**

The following Terms of Reference within the Audit and Risk Committee Charter instructs that:

*“A forward annual work plan will be agreed by the Committee each year. The forward annual work plan will cover all Committee responsibilities as detailed in this ToR”.*

The Charter provides a template to assist and guide the committee on the functions and roles and responsibilities that may be undertaken in a calendar year. Staff have used this template as a guideline and the proposed ‘Annual Audit Work Plan’ for the calendar year January 2026 to December 2026 is presented as follows:

AUDIT AND RISK COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	11 Mar 26	*TBC Apr 26 Entrance Meeting	10 Jun 26	9 Sep 26	TBC Nov 26 Exit Meeting	9 Dec 26
<b>Committee Operation</b>						
Agree on the annual audit work plan; and set priority areas for the coming year.						●
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.						●

AUDIT AND RISK COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	11 Mar 26	*TBC Apr 26 Entrance Meeting	10 Jun 26	9 Sep 26	TBC Nov 26 Exit Meeting	9 Dec 26
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2027.</i>	Not applicable – next due 2027					
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2027.</i>	This function will be undertaken by Council in 2027.					

AUDIT AND RISK COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	11 Mar 26	*TBC Apr 26 Entrance Meeting	10 Jun 26	9 Sep 26	TBC Nov 26 Exit Meeting	9 Dec 26
<b>Risk Management</b>						
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 28-06-2023 [Res 168-23]			•			
Receive the biannual dashboard report.			•			•
<b>Legislative Compliance</b>						
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	•					
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	•			•		
<b>Internal Audit</b>						
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				•		
<b>Financial Reporting</b>						
Consider and recommend adoption of the Annual Financial Report to Council.						•
<b>External Audit (OAG)</b>						
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		•				

AUDIT AND RISK COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	11 Mar 26	*TBC Apr 26 Entrance Meeting	10 Jun 26	9 Sep 26	TBC Nov 26 Exit Meeting	9 Dec 26
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					•	
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.					•	
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					•	
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	•		•	•		•
<b>Regulation 17 Triennial Review (report next Due: March 2027)</b>						
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	Not applicable – next due 2027					

AUDIT AND RISK COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	11 Mar 26	*TBC Apr 26 Entrance Meeting	10 Jun 26	9 Sep 26	TBC Nov 26 Exit Meeting	9 Dec 26
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not applicable – next due 2027					
Receive an update on the action plan arising from auditor recommendations from the <b>2027</b> Regulation 17 review (until all action items are completed).	Not applicable – next due 2027					
Financial Management Systems Triennial Review (report next Due: March 2028)						
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	Not applicable – next due 2028					
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not applicable – next due 2028					
Receive an update on the action plan arising from auditor recommendations from the <b>2025</b> Financial Management Systems Review.	●		●	●		●
Receive an update on the action plan arising from auditor recommendations from the <b>2028</b> Financial Management Systems Review.	Not applicable – next due 2028					
Governance Health Review						
To consider the Governance Health Review, and report to the Council the results of that review when undertaken.			●			
Set the action plan arising from the recommendations from the review.			●			
Receive an update on the action plan arising from the recommendations from the review.				●		●

AUDIT AND RISK COMMITTEE – 2026 ANNUAL AUDIT WORK PLAN						
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	11 Mar 26	*TBC Apr 26 Entrance Meeting	10 Jun 26	9 Sep 26	TBC Nov 26 Exit Meeting	9 Dec 26
Undertake an independent external assessment of the Committee. This assessment may be included in the scope of the Governance Health Review.			●			
Information Systems Security Audit (report next Due: December 2026)						
Receive the audit report arising from the 2 yearly Information Systems Security Audit. Report Next Due: 31-12-2026						●
Set the action plan arising from the recommendations from the Information Systems Security Audit. Report Next Due: 31-12-2026						●
Receive an update on the action plan arising from the recommendations from the 2026 Information Systems Security Audit.	Not applicable – next due 2027					
Business Continuity Plan (report next Due: December 2026)						
To consider the Business Continuity Plan (including disaster recovery) review every 2 years (or after a major event or incident). Current Plan reviewed: Audit and Risk Committee December 2024 Res AAR:30-24						●
Receive a summary report on the testing of the 2024 Business Continuity Plan after each test exercise.				●		
Receive a summary report on the testing of the 2026 Business Continuity Plan after each test exercise.	Not applicable – next due 2027-2028					

*A minimum of four committee meetings per annum is required.*

*\* An informal meeting is generally scheduled for April 2025 that serves as an audit 'entrance' meeting with Council's appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee, and management.*

END REPORT

10.6      2025 Financial Management System Review

<b>Reporting Department</b>	<i>Corporate &amp; Governance Directorate</i>
<b>Responsible Officer</b>	<i>Mr Rehan Shahid – Acting Director Corporate &amp; Governance</i>
<b>Reporting Officer</b>	<i>Mrs Cindy Barbetti – Corporate Excellence &amp; Compliance Officer</i>
<b>Legislation</b>	<i>Local Government Act 1995 Local Government (Financial Management) Regulations 1996</i>
<b>Council Role</b>	<i>Executive/Strategic.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i>AAR 10.6 - Risk Assessment Confidential Attachment B – Under Separate Cover</i>

**DECLARATION OF INTEREST**

Mr A. Schönfeldt declared an Impartiality Interest in this item.

Please refer to Part 9 'Declaration of Interest' for full details.

**Overview**

This report provides the Audit and Risk Committee with an update on the findings from the Financial Management System Review (FMSR) audit undertaken in February 2025, and managements progression towards closing out the findings.

**Change to Officer Recommendation**      -      No Change.

**OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION**

AAR 39-25      MOVED –      Cr T G Gardiner      SECONDED –      Cr B S Farrant

**THAT the Audit and Risk Committee recommends that Council:**

- 1.      Receives the December 2025 update report on the implementation of actions required from the findings of the Financial Management Systems Review (FMSR).**
- 2.      Grants an extension on the completion date for finding 7.2.1 Plans and Policies to the 31<sup>st</sup> March 2026, to provide sufficient time to incorporate the independent fleet assessment findings into a comprehensive and well-informed fleet policy review.**

CARRIED

3/0

<i>FOR THE MOTION</i>	<i>AGAINST THE MOTION</i>
Cr T G Gardiner Cr M R Hutchinson Cr B S Farrant	

**Background**

The purpose of the Financial Management Systems Review is to assist the CEO in fulfilling his responsibilities under Section 6.10 of the *Local Government Act 1995* and Regulation 5(1) of the *Local Government (Financial Management) Regulations 1996*, which details the CEO's duties as to financial management.

The FMSR is in accordance with *Local Government (Financial Management) Regulation 5(2)(c)*, whereby the Shire of Dardanup is required to regularly review the appropriateness and effectiveness of its financial management systems and procedures (not less than once in every 3 financial years) and report to Council the results of those reviews.

This review was undertaken by AMD Chartered Accountants in February 2025 with a copy of the report presented to the Audit and Risk Committee at the March 2025 meeting (refer to Confidential Attachment B - under separate cover). The audit report contained 6 findings, and Council resolved to receive an update report through the Audit and Risk Committee on the actions required from the findings of the FMSR Audit to each committee meeting until resolved [Res: OCM 61-25].

This report has been compiled in direct response to Council's resolution.

**Legal Implications**

-

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

5 (2) *The CEO is to —*

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

**Council Plan**

13.1 - Adopt best practice governance.

13.2 - Manage the Shire's resources responsibly.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

**Environment**

-

None.

**Precedents**

The Audit and Risk Committee received update reports on the findings of the 2025 Financial Management Systems Review at its June and September 2025 meetings

**Budget Implications**

Implementing the findings from the Financial Management Systems Review requires only staff time, which is accommodated within the existing staff budget allocation.

Future reviews will be budgeted as an expenditure under Audit Fees in the annual budget for the relevant financial year

**Budget – Whole of Life Cost**

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

**Council Policy Compliance**

Nil Council Policy.

Delegation 1.3.8 Financial Management Systems and Procedures.

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 10.6) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.		
Risk Event	Financial Management Systems Review	
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)	
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.	
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.	
Risk Category Assessed Against	Legal and Compliance	Failure to fulfil obligations pursuant to the Local Government (Financial Management) Regulations 1996, Regulation 5.
	Reputational	Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.

**Officer Comment**

On completion of the review in February 2025, AMD Chartered Accountants issued a written report to the CEO to meet the requirements of Regulation 5(1) under the *Local Government (Financial Management) Regulations 1996*, being the Financial Management System Review, and did not extend to any financial report of the Shire.

The following table provides a summary of the findings raised in the report, together with management comment:

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date	Status
<b>3</b>	<b>Custody and security of money</b>				
<b>3.2.1</b>	<p><b>End of Day Receipting Procedures</b> Sample testing identified three exceptions in respect to end of day receipting procedures.</p> <p>Our sample testing of 20 end of day procedures at each cash collection location identified 3 instances whereby the daily banking reconciliation was not signed as evidence of independent review. The 3 exceptions identified occurred at the Eaton Administration Office.</p> <p><b>Implications / Risks</b> Increased risk of fraud or error occurring in respect of daily banking.</p> <p><b>Recommendation</b> We recommend that all daily banking reconciliations are reviewed by an officer separate from the individual</p>	Low	Manager Governance	1 March 2025	Completed

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date	Status
	<p>completing the daily banking function, and the reconciliation is signed by the reviewer to evidence the independent review has occurred.</p> <p><b>Management Comment</b> The Shire has strong segregation of duties, that span across the Finance and Governance departments in relation to cash and bank handling. The Governance Department 'receipt' the cash, while the Finance Department 'bank' the cash. A final independent review is undertaken by the Finance Coordinator as part of the monthly bank reconciliation process.</p> <p>While management accepts that 3 instances of the daily banking sheets weren't independently verified by another officer as part of the 'daily' cash handling process, management have confidence in the segregation of duties, and subsequent final independent review undertaken by the Finance Coordinator as part of the 'monthly' bank reconciliation process.</p> <p><b>Action:</b> Customer Service Officers will be reminded of their duty in the cash handling process to ensure daily banking sheets are independently verified.</p>				
3.2.2	<p><b>Physical Security</b> Safe code at the Eaton Recreation Centre is not changed on a periodic basis.</p> <p>Observations and enquiries made during our site visits identified that safe codes at the Eaton Recreation Centre are not changed on a periodic basis nor when an employee who has safe code access terminates employment.</p> <p><b>Implications / Risks</b> Lack of appropriate internal controls over security of Council assets.</p> <p><b>Recommendation</b> We recommend safe codes be changed on a periodic basis, and subsequent to employees who previously had access to the safe codes resigning or terminating.</p> <p><b>Management Comment</b> Management accepts this finding for the Eaton Recreation Centre (ERC) and will implement a process on changing the safe code on a quarterly basis. Management will ensure this procedure is communicated to all staff, and that the process is adhered to. In addition, ERC facility access will be verified, and plans for future expansion will consider the safe custody of monies.</p> <p>To note, cash is removed from the premises twice weekly, banked and reconciled to the bank statement as part of the monthly bank reconciliation process, which is independently verified by the Finance Coordinator.</p> <p><b>Action:</b> Safe code to be changed on a quarterly basis, with the process documented in a formalised Shire procedure.</p>	Low	Manager Recreation Services	31 May 2025	Completed
4	<b>Maintenance and security of financial records</b>				
4.2.1	<p><b>Tender Management</b> We note there is no documented requirement to complete a formal post tender performance evaluation following the completion of significant or critical project/service tenders.</p> <p><b>Implications / Risks</b> Lack of formalised documentation evidencing tender performance assessment.</p> <p><b>Recommendation</b> We recommend formal performance evaluation assessments</p>	Moderate	Director Corporate & Governance	31 December 2025	Completed

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date	Status
	<p>be undertaken following the completion of tendered projects and services exceeding a predetermined expenditure threshold, or considered to be critical in nature.</p> <p>We recommend a tender performance evaluation procedure be documented, implemented through the communication to all staff and monitored on an ongoing basis to ensure compliance with stated procedures. We suggest it may be useful for the procedure to include standard compliance checklist, in particular for the monitoring of ongoing service contracts.</p> <p><b>Management Comment</b> The Shire has a Procurement Framework in place that incorporates 'contract management', and in particular:</p> <ul style="list-style-type: none"> <li>- Contract Establishment</li> <li>- Contract Management: administration, performance management and KPI's</li> <li>- Contract Extension or Close</li> </ul> <p><b>Action</b> Further action has been taken to instruct project managers to document a "Procurement Framework-Contractor Performance Report" post completion of the project for each of the on-going and future contracts. This report will enable management to assess and document the performance review of each of contractors for future reference. Work is also underway to complete this report for past significant projects already completed during FY2024/25 in the interest of completeness.</p>				
<b>6 Authorisation for incurring liabilities and making payments</b>					
<b>6.2.1</b>	<p><b>Fuel Usage – Depot</b> No record maintained for jerry can fuel usage.</p> <p>During the course of our review, discussion and observations indicated there is currently a fuel card assigned to 'jerry cans' however there is no formal record kept in relation to the usage of the fuel from jerry cans.</p> <p><b>Implications / Risks</b> Increased risk of misappropriation or misuse of fuel going undetected.</p> <p><b>Recommendation</b> We recommend a fuel register be developed and maintained in respect to fuel usage from jerry cans.</p> <p><b>Management Comment</b> Management accepts this finding which is for a 'Sundry Plant' fuel card, with the sole intention of this card to be used to refill Jerry Cans for fuel for small plant items. A Fuel register will be developed and maintained in respect to fuel usage from jerry cans.</p> <p><b>Original Action:</b> implement a Fuel Register for the 'Sundry Plant' fuel card.</p> <p><b>Amended Action:</b> reduce the daily limit on the 'Sundry Plant' fuel card to \$500 and continue to monitor the usage on a monthly basis. Remove the requirement to implement a Fuel Register for this particular fuel card, as this is deemed too cumbersome and is not industry best practice.</p> <p><b>Audit and Risk Committee further recommendation:</b> requests that the CEO undertake an annual audit of jerry can fuel distribution to track fuel usage. Refer Res AAR 24-25.</p>	Low	Manager Operations	31 May 2025	Completed
<b>7 Maintenance of payroll, stock control and costing records</b>					
<b>7.2.1</b>	<p><b>Plans and Policies</b> We note the Light Vehicle Policy is prescriptive in nature, detailing specific vehicle makes and models available to the Shire for purchase. The policy includes some specific vehicle models that are either no longer available for purchase, or difficult to source locally.</p> <p>We note the recent purchase of 5 motor vehicles by the Shire</p>	Low	Director Corporate & Governance	<p>Proposed Extension Date: 31 March 2026</p> <p>Original Due Date:</p>	In Progress

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date	Status
	<p>in November 2024 at a quoted cost of \$258,685; whereby only 1 tender response was received. The tender response was scored 3.1 out of 10 by the tender evaluation panel, and the quoted cost accepted exceeded budget by 10.2% or \$26,485.</p> <p><b>Implication / Risk</b> There is an increased risk of inefficient procurement procedures.</p> <p><b>Recommendation</b> We recommend the Light Vehicle Plan be reviewed and enhancements made to allow for a more effective procurement procedure in respect of the purchase of light fleet vehicles.</p> <p><b>Management Comment</b> AP009 Light Vehicle Fleet Policy is an Administration Policy, that is underpinned by Council Policy CP203 Light Vehicle Fleet Policy which is the guiding policy document.</p> <p>CP203 was reviewed in October 2024, and AP009 is currently under review with EMT (was due 30-09-2024). Management will be seeking support from Council/EMT to amalgamate CP203 and AP009 into one guiding Council Policy moving forward.</p> <p><b>Action:</b> Finalise the current review of AP009 Light Vehicle Policy and moving forward seek support to amalgamate CP203 and AP009 into one guiding Council Policy.</p>			31 December 2025	
7.2.2	<p><b>Excessive Leave Balances</b> We noted three employees with excessive leave balances.</p> <p>From our review of the annual leave listing provided to us at the time of our review, we noted three employees who have accrued in excess of eight weeks annual leave.</p> <p><b>Implication / Risk</b> The cost to Council is greater if annual leave is not paid out on a regular basis due to the cumulative effect of salary increases over a period of time. Recreational leave enhances employee performance. It is a fundamental principle of good internal control that all employees take regular holidays.</p> <p><b>Recommendation</b> We recommend leave balances be managed to reduce the number of employees with excess leave due.</p> <p><b>Management Comment</b>  This FMSR review is up until the 31<sup>st</sup> of December 2024, however the Annual Leave Accrual Report provided was for actuals as at 30<sup>th</sup> of June 2024.</p> <p>Since the June 2024 accrual report was provided, Employee No. 716 has left the organisation, and as such has had the accrued annual leave paid out on termination.</p> <p>Employee No. 884 reduced annual leave by taking:</p> <ul style="list-style-type: none"> <li>- 91.20 hours in July 2024; and</li> <li>- 83.60 hours in January 2025.</li> </ul> <p>Employee No. 584 reduced annual leave by taking:</p> <ul style="list-style-type: none"> <li>- 68.40 hours in December 2024/January 2025.</li> </ul> <p>Remaining leave accruals are planned to be reduced in the coming year for both employees.</p> <p>The Executive, Management and Human Resources, receive monthly leave accrual reports from Payroll, who highlight those staff with excessive leave accruals. Any excessive leave accruals are discussed with the staff member, and a plan (such as a future leave form) is put in place to reduce the</p>	Low	Manager HR	31 March 2025	Completed

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date	Status
	<p>accrual.</p> <p>In addition, the 6-monthly Risk Review, which is reported to the Executive Management Team, incorporates indicators that highlight the percentage of staff with greater than 20 days of accrued leave.</p> <p><b>Action:</b> the Executive, Management and Human Resources will continue to review leave accrual reports from Payroll on a monthly basis and manage their respective staff with excessive accruals accordingly.</p>				

The following action item is still in progress:

#### *7.2.1 Plans and Policies:*

The review of fleet policies is currently underway and is being enhanced by an independent fleet assessment. This assessment will provide valuable insights to guide future policy updates and inform strategic fleet management decisions.

Given the additional scope and complexity introduced by the external assessment, management seeks approval to extend the completion date for this action from the 31<sup>st</sup> December 2025 to the 31<sup>st</sup> March 2026. This extension will ensure sufficient time to incorporate the assessment findings into a comprehensive and well-informed policy review.

#### *Conclusion:*

If the extension is approved, management will continue working toward finalising the remaining action item by the 31<sup>st</sup> March 2026. Progress updates will be provided to the Audit and Risk Committee at its next meeting until the item is fully completed.

END OF REPORT

10.7 Office of the Auditor General Reports

<b>Reporting Department</b>	<i>Corporate &amp; Governance Directorate</i>
<b>Responsible Officer</b>	<i>Mr Rehan Shahid – Acting Director Corporate &amp; Governance</i>
<b>Reporting Officer</b>	<i>Mrs Cindy Barbetti – Corporate Excellence &amp; Compliance Officer</i>
<b>Legislation</b>	<i>Local Government Act 1995 Local Government (Audit) Regulations 1996</i>
<b>Council Role</b>	<i>Executive/Strategic.</i>
<b>Voting Requirement</b>	<i>Simple Majority.</i>
<b>Attachments</b>	<i>AAR 10.7A – Risk Assessment AAR 10.7B – Schedule of Reports (OAG Annual Report) AAR 10.7C – Performance Audit</i>

**Overview**

This report outlines the Western Australian Auditor General reports published since the September 2025 committee meeting, ensuring the Audit and Risk Committee remains informed of recent developments.

**Change to Officer Recommendation** - No Change.

**OFFICER RECOMMENDATION & AUDIT & RISK COMMITTEE RESOLUTION**

AAR 40-25      MOVED –      Cr B S Farrant      SECONDED –      Cr M R Hutchinson

**THAT the Audit and Risk Committee recommends that Council receives the December 2025 report on the Western Australian Auditor General – Schedule of Reports (Appendix AAR 10.7B).**

CARRIED  
3/0

<i>FOR THE MOTION</i>	<i>AGAINST THE MOTION</i>
Cr T G Gardiner Cr M R Hutchinson Cr B S Farrant	

**Background**

The *Local Government Amendment (Auditing) Act 2017*, proclaimed on the 28<sup>th</sup> October 2017, introduced legislative changes to the *Local Government Act 1995* to enable the Auditor General to audit local governments.

The Act also established a category of audits known as *performance audits*, which assess the economy, efficiency, and effectiveness of various aspects of local government operations. Findings from these audits often highlight issues that may also exist in other local governments beyond those examined. In addition, the Auditor General publishes guides to support good governance practices within local government operations.

The Auditor General encourages all local governments—not just those audited—to periodically review their own practices against the risks and controls identified in performance audit reports and guides. Evaluating our performance against these findings and reporting outcomes to the Audit and Risk Committee is considered an essential component of compliance management under Regulation 17.

**Legal Implications***Local Government Act 1995**Local Government (Audit) Regulations 1996, r17**Reg 17. CEO to review certain systems and procedures*

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
  - (a) risk management; and*
  - (b) internal control; and*
  - (c) legislative compliance.*
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) The CEO is to report to the audit committee the results of that review.*

**Council Plan**

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

**Environment** - None.**Precedents**

The Audit and Risk Committee received a report at its September 2025 meeting addressing OAG reports issued between May and August 2025.

**Budget Implications**

Monitoring and assessing OAG reports is a critical responsibility of the Corporate Excellence & Compliance Officer, supporting good governance and compliance under Regulation 17. The cost to Council is primarily staff time and, where required, IT/software resources.

**Budget – Whole of Life Cost**

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

**Council Policy Compliance** - None.**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:10.7A) for full assessment document.

Tier 2 – 'Low' or 'Moderate' Inherent Risk.	
Risk Event	Western Australian Auditor General – Schedule of Reports
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.		
Risk Category Assessed Against	Legal and Compliance	Not considering the risks, controls and recommendations arising from the Auditor General’s report could have an impact on Council not meeting its compliance requirements.
	Reputational	Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.

### Officer Comment

Council staff adopt a proactive approach by reviewing each issue, finding, and recommendation in OAG reports to benchmark against internal controls and processes, aiming for industry best practice. Extracting relevant insights and opportunities from these reports supports continuous improvement and informed decision-making.

Since the last committee meeting, there have been two (2) reports released by the OAG that are of interest to the local government sector. The reports are reflected in the table below together with officer comment:

DATE	REPORT NO	REPORT	APPENDIX
25 September 2025	-	Office of the Auditor General Annual Report 2024-25	AAR:10.7B
12 November 2025	3	Performance Audit <i>Maintaining Regional Local Roads</i>	AAR:10.7C

- *Office of the Auditor General – Annual Report 2024-25*

The OAG Annual Report 2024–25 provides a comprehensive account of the Auditor General’s activities for the financial year ending 30<sup>th</sup> June 2025. It outlines the OAG’s performance, audited financial statements, and key achievements under its Strategic Plan 2021–2025, which concluded this year. The report is structured around four result areas:

- Strengthening capability
- Demonstrating excellence
- Delivering results
- Adapting and innovating

Key highlights include:

- 24 reports tabled in Parliament;
- 305 audit opinions issued on financial statements;
- 50 certifications of financial and statistical information;
- Engagement initiatives such as Audit Committee Chair Forums and Fraud Resilience Forums; and
- Continued focus on accountability, transparency, and performance improvement across the public sector.

Relevance to Local Government:

The OAG plays a critical role in auditing both State and local government entities, ensuring compliance, financial integrity, and operational effectiveness. For local governments, this report reinforces several important points:

- **Mandatory Audits:** Under the *Local Government Amendment (Auditing) Act 2017*, the Auditor General is responsible for auditing local government financial statements and performance.
- **Performance Audits:** These audits assess economy, efficiency, and effectiveness in local government operations. Findings often highlight systemic issues that may apply across multiple councils, not just those audited.
- **Guidance for Best Practice:** The OAG publishes guides and encourages all local governments to benchmark their internal controls and governance practices against audit findings and recommendations.
- **Continuous Improvement:** Local governments are urged to periodically review risks and controls identified in OAG reports to strengthen governance and compliance under Regulation 17.

For the Shire's Audit and Risk Committee, this report:

- Provides insight into sector-wide governance trends and risks.
- Highlights opportunities for benchmarking internal processes against best practice.
- Supports compliance obligations under Regulation 17 by encouraging proactive review of OAG findings.
- Reinforces the importance of fraud resilience, financial reporting quality, and IT system security, which are recurring themes in OAG audits of local governments.

#### *Report 3: Maintaining Regional Local Roads:*

The Auditor General's report, tabled on 12 November 2025, assessed whether regional local government entities effectively manage the maintenance of their local roads. The OAG considered if entities had a structured and risk-based approach to managing their roads, including if they had appropriate information on road condition and understood the funding available to maintain roads.

Key context:

- WA's regional local road network spans 113,000 km, covering 2.5 million square km (one-third of Australia's land area).
- Regional local roads account for 90% of WA's local roads, maintained by 107 local governments of varying size and capability.
- Despite their importance—regional WA contributes ~40% of the State's Gross State Product (GSP)—the audit found significant challenges in maintaining these roads.
- The WA Local Government Association (WALGA) reported that total expenditure on local government roads was just above \$1 billion in 2023-24, with around \$752 million spent on maintenance and renewal of all local road assets. Almost half of the \$1 billion was funded from LG entities' own sources of revenue, with the other half funded from:
  - \$253 million from the State Road Funds to Local Government Agreement 2023-24 to 2027-28 (Local Government Agreement)
  - \$136 million in Financial Assistance Grants provided by the Australian Government
  - other grants including Roads to Recovery, Black Spot and the Wheatbelt Secondary Freight Network funding

Key Findings:

1. **Lack of Reliable Data**
  - There is no consolidated picture of road condition or maintenance backlog.
  - Inconsistent asset management practices hinder planning and prioritisation.
2. **Capability and Capacity Gaps**
  - Many regional LGs lack technical expertise and systems to manage roads effectively.
  - Recruitment and retention of qualified staff remain major challenges.
3. **Funding Constraints**

- Current funding models (e.g., Local Government Agreement allocating 20% of vehicle licence fees to local roads) are outdated and do not reflect actual needs.
  - Financial Assistance Grants have not been reviewed since 1990 and fail to consider road condition or LG revenue capacity.
4. External Pressures
- Heavy haulage and severe weather events are accelerating road deterioration, increasing costs and risks.
  - Some repairs take years and cost millions.

#### Implications for Local Governments:

- Strategic Planning: Councils must improve road condition data collection and adopt risk-based asset management.
- Funding Advocacy: There is a need to push for reforms in funding models to better align with local conditions and capacity.
- Workforce Development: Addressing skills shortages and leveraging shared services or regional collaboration is critical.
- Technology Adoption: New technologies and shared practices can help improve efficiency and planning.

#### What This Means for the Shire of Dardanup

While Dardanup is not among the five audited entities, the findings are sector-wide and relevant:

- Benchmarking: Review current road maintenance practices against OAG recommendations.
- Data Improvement: Ensure accurate condition assessments for local roads to support proactive maintenance.
- Risk Management: Incorporate heavy vehicle usage and climate resilience into asset planning.
- Continuous Improvement: Use this report as a guide for compliance under Regulation 17 and to strengthen governance.

#### Conclusion

The process of reviewing OAG reports will continue to be applied to all future reports and guides issued by the Auditor General. This analysis provides Council with increased assurance regarding the effectiveness of internal controls and processes across its operations

END REPORT

### **11. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

None.

### **12. NEW BUSINESS OF AN URGENT NATURE**

[Please Note: This is Not General Business – This is for Urgent Business Approved by the Person Presiding or by Decision. In cases of extreme urgency or other special circumstance, matters may, with the consent of the person presiding, or by decision of the members present, be raised without notice and decided by the meeting.]

None.

**13. MATTERS BEHIND CLOSED DOORS**

None.

**14. CLOSURE OF MEETING**

The date of the next Audit & Risk Committee Meeting will be Wednesday, 11<sup>th</sup> of March 2026 at 3.30pm.

There being no further business the Chairperson to declare the meeting closed at 2.38pm.

**SHIRE OF DARDANUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

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The Shire of Dardanup conducts the operations of a local government with the following community vision:

*The Shire of Dardanup is a healthy, self-sufficient and sustainable community, that is connected and inclusive, and where our culture and innovation are celebrated.*

Principal place of business:  
Shire of Dardanup  
1 Council Drive  
EATON WA 6232



**SHIRE OF DARDANUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Actual \$	2025 Budget \$	Restated 2024 Actual \$
<b>Revenue</b>				
Rates	2(a),25	17,260,271	17,146,049	16,132,310
Grants, subsidies and contributions	2(a)	1,873,915	2,377,281	2,333,129
Fees and charges	2(a)	4,656,507	4,188,470	4,244,115
Interest revenue	2(a)	1,206,612	884,598	1,243,081
Other revenue	2(a)	19,602	10,914	15,464
		25,016,907	24,607,312	23,968,099
<b>Expenses</b>				
Employee costs	2(b)	(12,806,181)	(13,107,505)	(11,810,080)
Materials and contracts		(7,835,573)	(8,013,850)	(6,733,044)
Utility charges		(679,238)	(690,724)	(646,659)
Depreciation		(7,183,930)	(6,670,135)	(6,769,912)
Finance costs	2(b)	(496,733)	(523,460)	(417,984)
Insurance		(417,451)	(412,418)	(380,356)
Other expenditure		(451,224)	(434,681)	(537,804)
		(29,870,330)	(29,852,773)	(27,295,839)
		(4,853,423)	(5,245,461)	(3,327,740)
Capital grants, subsidies and contributions	2(a)	940,045	2,920,564	1,998,499
Profit on asset disposals		90,113	730,000	22,418
Loss on asset disposals		(71,415)	0	(2,956)
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	(3,551)	0	1,681
		955,192	3,650,564	2,019,642
<b>Net result for the period</b>		<b>(3,898,231)</b>	<b>(1,594,897)</b>	<b>(1,308,098)</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	0	0	0
<b>Total other comprehensive income for the period</b>	17	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>(3,898,231)</b>	<b>(1,594,897)</b>	<b>(1,308,098)</b>

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF DARDANUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**

	Note	2025 \$	Restated 2024 \$	Restated 1 July 2023 \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	20,641,917	18,240,105	29,585,676
Trade and other receivables	5	937,031	1,028,095	715,261
Inventories	6	7,899	40,325	38,783
Other assets	7	213,788	493,460	334,497
<b>TOTAL CURRENT ASSETS</b>		<b>21,800,635</b>	<b>19,801,985</b>	<b>30,674,217</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	5	175,846	159,549	139,769
Other financial assets	4(a)	79,620	83,171	81,490
Property, plant and equipment	8	62,493,042	62,105,668	50,025,332
Infrastructure	9	209,836,758	213,570,855	216,430,416
Right-of-use assets	11(a)	9,453	91,431	230,739
<b>TOTAL NON-CURRENT ASSETS</b>		<b>272,594,719</b>	<b>276,010,674</b>	<b>266,907,746</b>
<b>TOTAL ASSETS</b>		<b>294,395,354</b>	<b>295,812,659</b>	<b>297,581,963</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	12	3,140,871	2,284,044	3,486,035
Contract liabilities	13	1,426,399	934,065	621,264
Capital grant/contributions liabilities	13	236,625	126,198	314,769
Other liabilities	13	3,173	55,206	28,238
Lease liabilities	11(b)	10,196	84,009	141,270
Borrowings	14	595,179	502,125	456,556
Employee related provisions	15	1,730,189	1,627,182	1,664,462
Other provisions	16	173,565	0	0
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,316,197</b>	<b>5,612,829</b>	<b>6,712,594</b>
<b>NON-CURRENT LIABILITIES</b>				
Other liabilities	13	0	0	261,660
Lease liabilities	11(b)	0	11,724	96,117
Borrowings	14	10,302,629	9,297,809	8,299,934
Employee related provisions	15	200,371	220,180	242,262
Other provisions	16	0	195,729	186,910
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,503,000</b>	<b>9,725,442</b>	<b>9,086,883</b>
<b>TOTAL LIABILITIES</b>		<b>17,819,197</b>	<b>15,338,271</b>	<b>15,799,477</b>
<b>NET ASSETS</b>		<b>276,576,157</b>	<b>280,474,388</b>	<b>281,782,486</b>
<b>EQUITY</b>				
Retained surplus		62,839,109	66,851,884	57,780,725
Reserve accounts	28	14,331,304	14,216,760	24,596,016
Revaluation surplus	17	199,405,744	199,405,744	199,405,745
<b>TOTAL EQUITY</b>		<b>276,576,157</b>	<b>280,474,388</b>	<b>281,782,486</b>

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF DARDANUP**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	<b>Note</b>	<b>Retained surplus</b>	<b>Reserve accounts</b>	<b>Revaluation surplus</b>	<b>Total equity</b>
		\$	\$	\$	\$
<b>Balance as at 1 July 2023</b>		<b>57,684,519</b>	<b>24,596,016</b>	<b>200,201,571</b>	<b>282,482,106</b>
Correction of error	30	96,207	0	(795,827)	(699,620)
<b>Restated balance at the beginning of the financial year</b>		<b>57,780,726</b>	<b>24,596,016</b>	<b>199,405,744</b>	<b>281,782,486</b>
Comprehensive income for the period					
Net result for the period		(1,308,098)	0	0	(1,308,098)
Other comprehensive income for the period	17	0	0	0	0
<b>Total comprehensive income for the period</b>		<b>(1,308,098)</b>	<b>0</b>	<b>0</b>	<b>(1,308,098)</b>
Transfers from reserve accounts	28	17,726,556	(17,726,556)	0	0
Transfers to reserve accounts	28	(7,347,300)	7,347,300	0	0
<b>Restated balance as at 30 June 2024</b>		<b>66,851,884</b>	<b>14,216,760</b>	<b>199,405,744</b>	<b>280,474,388</b>
Comprehensive income for the period					
Net result for the period		(3,898,231)	0	0	(3,898,231)
Other comprehensive income for the period	17	0	0	0	0
<b>Total comprehensive income for the period</b>		<b>(3,898,231)</b>	<b>0</b>	<b>0</b>	<b>(3,898,231)</b>
Transfers from reserve accounts	28	6,622,518	(6,622,518)	0	0
Transfers to reserve accounts	28	(6,737,062)	6,737,062	0	0
<b>Balance as at 30 June 2025</b>		<b>62,839,109</b>	<b>14,331,304</b>	<b>199,405,744</b>	<b>276,576,157</b>

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF DARDANUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Actual \$	2024 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		17,356,369	16,275,529
Grants, subsidies and contributions		2,410,531	2,209,878
Fees and charges		4,604,474	4,269,133
Interest revenue		1,206,612	1,243,081
Goods and services tax received		141,154	0
Other revenue		19,602	15,464
		25,738,742	24,013,085
<b>Payments</b>			
Employee costs		(12,658,566)	(11,843,147)
Materials and contracts		(6,827,405)	(8,218,661)
Utility charges		(679,238)	(646,659)
Finance costs		(496,733)	(417,984)
Insurance paid		(417,451)	(380,356)
Goods and services tax paid		0	(253,828)
Other expenditure		(474,154)	(528,985)
		(21,553,547)	(22,289,620)
<b>Net cash provided by operating activities</b>		4,185,195	1,723,465
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	8(a)	(3,496,574)	(13,754,309)
Payments for construction of infrastructure	9(a)	(1,377,453)	(2,190,980)
Proceeds from capital grants, subsidies and contributions		940,045	1,861,069
Proceeds from sale of property, plant & equipment		1,120,940	114,684
<b>Net cash (used in) investing activities</b>		(2,813,042)	(13,969,536)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	27(a)	(502,126)	(456,556)
Payments for principal portion of lease liabilities	27(d)	(68,215)	(142,944)
Proceeds from new borrowings	27(a)	1,600,000	1,500,000
<b>Net cash provided by financing activities</b>		1,029,659	900,500
<b>Net increase (decrease) in cash held</b>		2,401,812	(11,345,571)
Cash at beginning of year		18,240,105	29,585,676
<b>Cash and cash equivalents at the end of the year</b>		20,641,917	18,240,105

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF DARDANUP**  
**STATEMENT OF FINANCIAL ACTIVITY**  
**FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Actual \$	2025 Budget \$	2024 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	25	16,922,394	16,812,163	15,749,930
Rates excluding general rates	25	337,877	333,886	382,380
Grants, subsidies and contributions		1,873,915	2,377,281	2,333,129
Fees and charges		4,656,507	4,188,470	4,244,115
Interest revenue		1,206,612	884,598	1,243,081
Other revenue		19,602	10,914	15,464
Profit on asset disposals		90,113	730,000	22,418
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	0	0	1,681
		25,107,020	25,337,312	23,992,198
<b>Expenditure from operating activities</b>				
Employee costs		(12,806,181)	(13,107,505)	(11,810,080)
Materials and contracts		(7,835,573)	(8,013,850)	(6,733,044)
Utility charges		(679,238)	(690,724)	(646,659)
Depreciation		(7,183,930)	(6,670,135)	(6,769,912)
Finance costs		(496,733)	(523,460)	(417,984)
Insurance		(417,451)	(412,418)	(380,356)
Other expenditure		(451,224)	(434,681)	(537,804)
Loss on asset disposals		(71,415)	0	(2,956)
Fair value adjustments to financial assets at fair value through profit or loss	4(a)	(3,551)	0	0
		(29,945,296)	(29,852,773)	(27,298,795)
Non-cash amounts excluded from operating activities	26(a)	7,048,141	4,869,201	6,265,473
<b>Amount attributable to operating activities</b>		2,209,865	353,740	2,958,876
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		940,045	2,920,564	1,998,499
Proceeds from disposal of assets		1,120,940	1,232,480	114,684
		2,060,985	4,153,044	2,113,183
<b>Outflows from investing activities</b>				
Right of use assets received - non cash		0	(104,356)	0
Acquisition of property, plant and equipment	8(a)	(3,496,574)	(3,435,401)	(13,754,309)
Acquisition of infrastructure	9(a)	(1,377,453)	(4,398,791)	(2,190,980)
		(4,874,027)	(7,938,548)	(15,945,289)
Non-cash amounts excluded from investing activities	26(b)	0	1,175,290	0
<b>Amount attributable to investing activities</b>		(2,813,042)	(2,610,214)	(13,832,106)
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from borrowings	27(a)	1,600,000	1,600,000	1,500,000
Transfers from reserve accounts	28	6,622,518	7,367,765	17,726,556
		8,222,518	8,967,765	19,226,556
<b>Outflows from financing activities</b>				
Repayment of borrowings	27(a)	(502,126)	(541,020)	(456,556)
Payments for principal portion of lease liabilities	27(d)	(68,215)	(104,356)	(142,944)
Transfers to reserve accounts	28	(6,737,062)	(6,212,485)	(7,347,300)
		(7,307,403)	(6,857,861)	(7,946,800)
<b>Amount attributable to financing activities</b>		915,115	2,109,904	11,279,756
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	26(c)	684,593	652,816	278,067
Amount attributable to operating activities		2,209,865	353,740	2,958,876
Amount attributable to investing activities		(2,813,042)	(2,610,214)	(13,832,106)
Amount attributable to financing activities		915,115	2,109,904	11,279,756
<b>Surplus or deficit after imposition of general rates</b>	26(c)	<b>996,531</b>	<b>506,246</b>	<b>684,593</b>

This statement is to be read in conjunction with the accompanying notes.



**SHIRE OF DARDANUP**  
**FOR THE YEAR ENDED 30 JUNE 2025**  
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**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**1. BASIS OF PREPARATION**

The financial report of the Shire of Dardanup which is a Class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

**Local Government Act 1995 requirements**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 *Leases* which would have required the Shire to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
  - infrastructure; or
  - vested improvements that the local government controls;
- and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Shire to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical accounting estimates and judgements**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
- Property, plant and equipment - note 8
- Infrastructure - note 9
- Expected credit losses on financial assets - note 5
- Impairment losses of non-financial assets - Note 10
- Measurement of employee benefits - note 15
- Measurement of provisions - note 16

Fair value heirarchy information can be found in note 24

**The local government reporting entity**

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 of the financial report.

**Initial application of accounting standards**

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-1 *Amendments to Australian Accounting Standards*
  - *Classification of Liabilities as Current or Non-current*
- AASB 2022-5 *Amendments to Australian Accounting Standards*
  - *Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards*
  - *Non-current Liabilities with Covenants*
- AASB 2023-3 *Amendments to Australian Accounting Standards*
  - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 *Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 *Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards*
  - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendment may result in changes to the fair value of certain non-financial assets on revaluation. The impact has not been quantified as it is not considered practicable to determine the amount of the difference in fair value attributable to the change in the standard.

**New accounting standards for application in future years**

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 *Amendments to Australian Accounting Standards*
  - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards*
  - *Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards*
  - *Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards*
  - *Lack of Exchangeability*
- AASB 18 (FP) *Presentation and Disclosure in Financial Statements*
  - *(Appendix D) [for for-profit entities]*
- AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*
  - *(Appendix D) [for not-for-profit and superannuation entities]*
- AASB 2024-2 *Amendments to Australian Accounting Standards*
  - *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards*
  - *Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

**Revenue recognition**

Rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

**For the year ended 30 June 2025**

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	16,922,394	337,877	17,260,271
Grants, subsidies and contributions	1,873,915	0	0	0	1,873,915
Fees and charges	0	0	255,152	4,401,355	4,656,507
Interest revenue	0	0	160,676	1,045,936	1,206,612
Other revenue	19,602	0	0	0	19,602
Capital grants, subsidies and contributions	0	940,045	0	0	940,045
<b>Total</b>	<b>1,893,517</b>	<b>940,045</b>	<b>17,338,222</b>	<b>5,785,168</b>	<b>25,956,952</b>

**For the year ended 30 June 2024**

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	15,749,930	382,380	16,132,310
Grants, subsidies and contributions	2,333,129	0	0	0	2,333,129
Fees and charges	0	0	199,367	4,044,748	4,244,115
Interest revenue	0	0	150,390	1,092,691	1,243,081
Other revenue	15,464	0	0	0	15,464
Capital grants, subsidies and contributions	0	1,998,499	0	0	1,998,499
<b>Total</b>	<b>2,348,593</b>	<b>1,998,499</b>	<b>16,099,687</b>	<b>5,519,819</b>	<b>25,966,598</b>

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

<b>Note</b>	<b>2025 Actual \$</b>	<b>2024 Actual \$</b>
<b>Interest revenue</b>		
Interest on reserve account	581,603	770,515
Trade and other receivables overdue interest	160,676	150,390
Other interest revenue	464,333	322,176
	1,206,612	1,243,081
The 2025 original budget estimate in relation to: Trade and other receivables overdue interest was \$147,909		
<b>Fees and charges relating to rates receivable</b>		
Charges on instalment plan	95,880	86,730
The 2025 original budget estimate in relation to: Charges on instalment plan was \$88,258		
<b>(b) Expenses</b>		
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	64,691	60,600
	64,691	60,600
<b>Employee Costs</b>		
Employee benefit costs	12,018,391	11,213,340
Other employee costs	787,790	596,740
	12,806,181	11,810,080
<b>Finance costs</b>		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	496,733	417,984
	496,733	417,984

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**3. CASH AND CASH EQUIVALENTS**

Note	2025	2024
	\$	\$
Cash at bank and on hand	20,641,917	18,240,105
<b>Total cash and cash equivalents</b>	<b>20,641,917</b>	<b>18,240,105</b>
Held as		
- Unrestricted cash and cash equivalents	2,622,248	3,089,280
- Restricted cash and cash equivalents	18,019,669	15,150,825
18	<b>20,641,917</b>	<b>18,240,105</b>

**MATERIAL ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

**4. OTHER FINANCIAL ASSETS**

**(a) Non-current assets**

Note	2025	2024
	\$	\$
Financial assets at fair value through profit or loss	79,620	83,171
	<b>79,620</b>	<b>83,171</b>
<b>Financial assets at fair value through profit or loss</b>		
Units in Local Government House Trust - opening balance	83,171	81,490
Movement attributable to fair value increment/(decrement)	(3,551)	1,681
Units in Local Government House Trust - closing balance	<b>79,620</b>	<b>83,171</b>

Fair value of financial assets at fair value through profit or loss is determined from the net assets value of the units held in the Trust at balance date as compiled by WALGA.

**MATERIAL ACCOUNTING POLICIES**

**Financial assets at fair value through profit or loss**

The Shire classifies the following financial assets at fair value through profit or loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has elected to recognise as fair value gains and losses through profit or loss.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**5. TRADE AND OTHER RECEIVABLES**

Note	2025	2024
	\$	\$
<b>Current</b>		
Rates and statutory receivables	374,022	373,780
Trade receivables	276,758	207,234
GST receivable	273,090	414,244
Fuel tax credits	3,225	3,518
Pensioner rates rebate	9,936	29,319
	937,031	1,028,095
<b>Non-current</b>		
Pensioner rates and Emergency Services Levy deferred	175,846	159,549
	175,846	159,549

**MATERIAL ACCOUNTING POLICIES**

**Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

**Trade receivables**

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

**Other receivables**

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

**Measurement**

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**6. INVENTORIES**

<b>Note</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Materials - depot	0	32,002
Trading stock - Eaton Recreation Centre	7,899	8,323
	<u>7,899</u>	<u>40,325</u>
The following movements in inventories occurred during the year:		
<b>Balance at beginning of year</b>	40,325	38,783
Additions to inventory	(32,426)	1,542
<b>Balance at end of year</b>	<u>7,899</u>	<u>40,325</u>

**MATERIAL ACCOUNTING POLICIES**

**General**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**7. OTHER ASSETS**

**Other assets - current**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Prepayments	125,522	176,567
Accrued income	34,915	71,326
Contract assets	53,351	245,567
	<b>213,788</b>	<b>493,460</b>

**MATERIAL ACCOUNTING POLICIES**

**Other current assets**

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

**Contract assets**

Contract assets primarily relate to the Shire's right to . consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in balances**

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Note	Assets not subject to operating lease				Plant and equipment			Total property, plant and equipment
		Land	Buildings	Buildings - work in progress	Total property	Furniture and equipment	Plant and equipment	Motor Vehicles	
		\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2023</b>		8,406,000	30,359,502	7,859,409	46,624,911	294,239	401,091	2,705,091	50,025,332
Additions		0	13,203,242	50,749	13,253,991	129,995	11,079	359,244	13,754,309
Disposals		0	0	0	0	0	0	(92,266)	(92,266)
Depreciation		0	(1,192,796)	0	(1,192,796)	(87,484)	(52,571)	(248,856)	(1,581,707)
Transfers		0	7,854,829	(7,854,829)	0	0	0	0	0
<b>Balance at 30 June 2024</b>		8,406,000	50,224,777	55,329	58,686,106	336,750	359,599	2,723,213	62,105,668
<b>Comprises:</b>									
Gross balance amount at 30 June 2024		8,406,000	70,623,945	55,329	79,085,274	1,856,902	609,738	5,421,206	86,973,120
Accumulated depreciation at 30 June 2024		0	(20,399,168)	0	(20,399,168)	(1,520,152)	(250,139)	(2,697,993)	(24,867,452)
<b>Balance at 30 June 2024</b>	8(b)	8,406,000	50,224,777	55,329	58,686,106	336,750	359,599	2,723,213	62,105,668
Additions		1,200,000	921,043	9,723	2,130,766	171,367	124,784	1,069,657	3,496,574
Disposals		(420,000)	(424,817)	0	(844,817)	(3,191)	0	(244,313)	(1,092,321)
Depreciation		0	(1,592,723)	0	(1,592,723)	(115,974)	(50,823)	(257,359)	(2,016,879)
Transfers		0	55,329	(55,329)	0	0	0	0	0
<b>Balance at 30 June 2025</b>		9,186,000	49,183,609	9,723	58,379,332	388,952	433,560	3,291,198	62,493,042
<b>Comprises:</b>									
Gross balance amount at 30 June 2025		9,186,000	70,326,317	9,723	79,522,040	1,956,931	734,522	5,826,858	88,040,351
Accumulated depreciation at 30 June 2025		0	(21,142,708)	0	(21,142,708)	(1,567,979)	(300,962)	(2,535,660)	(25,547,309)
<b>Balance at 30 June 2025</b>	8(b)	9,186,000	49,183,609	9,723	58,379,332	388,952	433,560	3,291,198	62,493,042

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying amount measurements**

Asset class	Note	Carrying amount 2025 \$	Carrying amount 2024 \$	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
<b>(i) Fair value - as determined at the last valuation date</b>								
<b>Land and buildings</b>								
Land - market value		9,186,000	8,406,000	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2021	Price per hectare / market borrowing rate
Total land	8(a)	9,186,000	8,406,000					
Buildings		49,183,609	50,224,777	3	Market approach using recent observable market data for properties	Independent registered valuer	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
Total buildings	8(a)	49,183,609	50,224,777					

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs. The valuation techniques applied to property subject to lease was the same as that applied to property not subject to lease.

SHIRE OF DARDANUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025

9. INFRASTRUCTURE

(a) Movements in balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Infrastructure - bridges	Infrastructure - car parks	Infrastructure - lighting	Roads - work in progress	Footpaths - work in progress	Drainage - work in progress	Parks and ovals - work in progress	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		\$
<b>Restated balance at 1 July 2023</b>	140,999,477	13,480,232	22,527,178	10,408,676	23,269,167	1,995,760	2,561,672	945,777	31,065	13,349	198,063	216,430,416
Additions	1,222,757	93,086	29,089	105,043	324,000	0	0	305,989	2,230	0	108,786	2,190,980
(Disposals)	0	0	0	0	0	0	0	0	(2,956)	0	0	(2,956)
Restated depreciation*	(2,961,727)	(460,365)	(420,208)	(533,442)	(427,207)	(78,285)	(166,351)	0	0	0	0	(5,047,585)
Transfers	937,977	28,110	13,349	160,295	0	0	0	(937,977)	(28,110)	(13,349)	(160,295)	0
<b>Restated balance at 30 June 2024</b>	140,198,484	13,141,063	22,149,408	10,140,572	23,165,960	1,917,475	2,395,321	313,789	2,229	0	146,554	213,570,855
<b>Comprises:</b>												
Gross balance at 30 June 2024	167,700,911	19,367,243	31,684,633	16,217,543	38,891,885	3,979,893	3,327,011	313,789	2,229	0	146,554	281,631,691
Accumulated depreciation at 30 June 2024	(27,502,427)	(6,226,180)	(9,535,225)	(6,076,971)	(15,725,925)	(2,062,418)	(931,690)	0	0	0	0	(68,060,836)
<b>Restated balance at 30 June 2024</b>	140,198,484	13,141,063	22,149,408	10,140,572	23,165,960	1,917,475	2,395,321	313,789	2,229	0	146,554	213,570,855
Additions	496,805	106,020	0	107,157	0	0	0	223,048	3,140	0	441,283	1,377,453
(Disposals)	0	0	0	0	0	(6,796)	0	0	0	0	(3,125)	(9,921)
Depreciation	(3,000,405)	(463,264)	(420,772)	(542,315)	(430,447)	(78,076)	(166,350)	0	0	0	0	(5,101,629)
Transfers	313,789	2,229	0	73,578	0	0	0	(313,789)	(2,229)	0	(73,578)	0
<b>Balance at 30 June 2025</b>	138,008,673	12,786,048	21,728,636	9,778,992	22,735,513	1,832,603	2,228,971	223,048	3,140	0	511,134	209,836,758
<b>Comprises:</b>												
Gross balance at 30 June 2025	168,511,505	19,475,492	31,684,633	16,398,278	38,891,885	3,965,746	3,327,011	223,048	3,140	0	511,134	282,991,872
Accumulated depreciation at 30 June 2025	(30,502,832)	(6,689,444)	(9,955,997)	(6,619,286)	(16,156,372)	(2,133,143)	(1,098,040)	0	0	0	0	(73,155,114)
<b>Balance at 30 June 2025</b>	138,008,673	12,786,048	21,728,636	9,778,992	22,735,513	1,832,603	2,228,971	223,048	3,140	0	511,134	209,836,758

\* Infrastructure - bridges opening and closing balances for FY 2023-24 have been restated as a result of correction of a material historical misstatement. Refer to Note 30 - Correction of Error for further details.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying amount measurements**

<b>Asset class</b>	<b>Fair value hierarchy</b>	<b>Valuation technique</b>	<b>Basis of valuation</b>	<b>Date of last valuation</b>	<b>Inputs used</b>
<b>(i) Fair value - as determined at the last valuation date</b>					
<b>Infrastructure - roads</b>	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - footpaths</b>	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - drainage</b>	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - parks and ovals</b>	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - bridges</b>	3	Cost approach using current replacement cost	Independent valuation	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - car parks</b>	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - lighting</b>	3	Cost approach using current replacement cost	Management valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**10. FIXED ASSETS**

**(a) Depreciation**

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

<b>Asset class</b>	<b>Useful life</b>
Buildings - non-specialised	
- sub-structure	18 to 90 years
- super-structure	15 to 75 years
- roof	14 to 68 years
- finishing & fittings	8 to 38 years
- services	11 to 53 years
- site surround works	30 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
- earthwork	Not depreciated
- pavement	30 to 80 years
- seal: bitumen	20 years
- seal: asphalt	40 years
- seal: brick paving	40 years
- kerbing	60 years
- drainage	40 years
Gravel Roads	
- earthwork	Not depreciated
- pavement	10 to 20 years
Infrastructure Assets - Pathways	
- concrete	50 years
- limestone	15 years
- paving	25 years
- asphalt	20 years
- timber	30 years
Infrastructure - Stormwater Drainage	50 to 75 years
Infrastructure - Parks and Reserves	
- playgrounds	15 years
- furniture	15 years
- turf	20 years
- gardens	15 years
- irrigation	12 to 40 years
- sporting infrastructure	15 to 25 years
- rubbish bin enclosures	15 years
- marine structures	20 years
- other structures	15 to 80 years
Infrastructure - Bridges	
- timber	80 years
- other	100 years
Infrastructure - Car Parks	
- earthwork	Not depreciated
- pavement	30 to 80 years
- seal: bitumen	20 years
- seal: asphalt	40 years
- seal: brick paving	40 years
- kerbing	60 years
- drainage	40 years
Infrastructure - Lighting	5 to 25 years
Right of use - land	Based on the remaining lease term
Right of use - buildings	Based on the remaining lease term
Right of use - plant and equipment	Based on the remaining lease term
Right of use - furniture and fittings	Based on the remaining lease term
Right of use - motor vehicles	Based on the remaining lease term

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. FIXED ASSETS (Continued)**

**MATERIAL ACCOUNTING POLICIES**

**Initial recognition**

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A(5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at reportable value.

**Measurement after recognition**

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

**Reportable value**

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

**Revaluation**

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Shire.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Shire to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**Depreciation on revaluation**

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Impairment**

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Shire is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Gains or losses on disposal**

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**11. LEASES**

**(a) Right-of-use assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	<b>Note</b>	<b>Right-of-use assets - land and buildings</b>	<b>Right-of-use assets - furniture and equipment</b>	<b>Total right-of-use assets</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2023</b>		58,640	172,099	230,739
Gains/(losses) from sale and leaseback transactions		(14)	1,326	1,312
Depreciation		(39,742)	(100,878)	(140,620)
<b>Balance at 30 June 2024</b>		18,884	72,547	91,431
Gross balance amount at 30 June 2024		72,285	357,794	430,079
Accumulated depreciation at 30 June 2024		(53,401)	(285,247)	(338,648)
<b>Balance at 30 June 2024</b>		18,884	72,547	91,431
Gains/(losses) from sale and leaseback transactions		566	(17,122)	(16,556)
Depreciation		(11,677)	(53,745)	(65,422)
<b>Balance at 30 June 2025</b>		7,773	1,680	9,453
Gross balance amount at 30 June 2025		72,851	20,005	92,856
Accumulated depreciation at 30 June 2025		(65,078)	(18,325)	(83,403)
<b>Balance at 30 June 2025</b>		7,773	1,680	9,453

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Shire is the lessee:

		<b>2025 Actual</b>	<b>2024 Actual</b>
		<b>\$</b>	<b>\$</b>
Depreciation on right-of-use assets		(65,422)	(140,620)
Finance charge on lease liabilities	27(d)	(1,035)	(3,674)
Gains/(losses) from sale and leaseback transactions		(16,556)	1,312
<b>Total amount recognised in the statement of comprehensive income</b>		<b>(83,013)</b>	<b>(142,982)</b>
Total cash outflow from leases		(69,250)	(146,618)

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**11. LEASES (Continued)**

**(b) Lease liabilities**

Current  
 Non-current

27(d)

2025 Actual	2024 Actual
\$	\$
10,196	84,009
0	11,724
10,196	95,733

The Shire has one land lease that has been recognised as a lease liability. The term of the lease is for 10 years. The Shire has one active furniture and equipment lease. The original term of the contract was six years, which is due to come to an end on 30 December 2025

**Secured liabilities and assets pledged as security**

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

**MATERIAL ACCOUNTING POLICIES**

**Leases**

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 27(d).

**Right-of-use assets - measurement**

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the material accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**12. TRADE AND OTHER PAYABLES**

**Current**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Sundry creditors	837,726	445,839
Prepaid rates	1,163,831	1,067,491
Accrued payroll liabilities	304,245	238,712
Statutory liabilities	35,257	36,373
Bonds and deposits held	509,697	362,683
Accrued interest on long term borrowings	113,255	102,280
Accrued expenses	143,678	28,127
Prepaid revenue	33,182	2,539
	<b>3,140,871</b>	<b>2,284,044</b>

**MATERIAL ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Statutory liabilities**

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

**Bonds and deposits held**

Bonds and deposits are amounts held as security against loss to Shire's assets, and are initially recognised at fair value. These liabilities are derecognised upon refund back to customers or when a legal right to offset the liability against loss to Shire's assets has been established.

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises income for the prepaid rates that have not been refunded.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**13. OTHER LIABILITIES**

**Current**

	2025	2024
	\$	\$
Contract liabilities	1,426,399	934,065
Capital grant/contributions liabilities	236,625	126,198
Other Liabilities	3,173	55,206
	1,666,197	1,115,469

**Reconciliation of changes in contract liabilities**

Opening balance	934,065	621,264
Additions	1,426,399	934,065
Revenue from contracts with customers included as a contract liability at the start of the period	(934,065)	(621,264)
	1,426,399	934,065

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

**Reconciliation of changes in capital grant/contribution liabilities**

Opening balance	126,198	576,429
Additions	110,427	9,022
Revenue from capital grant/contributions held as a liability at the start of the period	0	(459,253)
	236,625	126,198

**Expected satisfaction of capital grant/contribution liabilities**

Less than 1 year	236,625	126,198
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Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

**MATERIAL ACCOUNTING POLICIES**

**Contract liabilities**

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Capital grant/contribution liabilities**

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**14. BORROWINGS**

	Note	2025			2024		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		595,179	10,302,629	10,897,808	502,125	9,297,809	9,799,934
<b>Total secured borrowings</b>	27(a)	595,179	10,302,629	10,897,808	502,125	9,297,809	9,799,934

**Secured liabilities and assets pledged as security**

Debentures are secured by a floating charge over the assets of the Shire of Dardanup.

**MATERIAL ACCOUNTING POLICIES**

**Borrowing costs**

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Details of individual borrowings required by regulations are provided at Note 27(a).

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**15. EMPLOYEE RELATED PROVISIONS**

**Employee related provisions**

**Current provisions**

**Employee benefit provisions**

Annual leave	
Long service leave	
Other employee leave provisions - rostered days off	
<b>Total current employee related provisions</b>	

<b>2025</b>	<b>2024</b>
<b>\$</b>	<b>\$</b>
790,372	743,610
906,403	853,713
33,414	29,859
<b>1,730,189</b>	<b>1,627,182</b>
200,371	220,180
<b>200,371</b>	<b>220,180</b>
<b>1,930,560</b>	<b>1,847,362</b>

**Non-current provisions**

**Employee benefit provisions**

Long service leave	
<b>Total non-current employee related provisions</b>	

**Total employee related provisions**

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

**MATERIAL ACCOUNTING POLICIES**

**Employee benefits**

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

**Short-term employee benefits**

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

**Other long-term employee benefits**

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**16. OTHER PROVISIONS**

	<b>Make good provisions- Transfer Station</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2024</b>		
Non-current provisions	195,729	195,729
	<u>195,729</u>	<u>195,729</u>
Unused amounts reversed	(22,164)	(22,164)
<b>Balance at 30 June 2025</b>	<u>173,565</u>	<u>173,565</u>
<b>Comprises</b>		
Current	173,565	173,565
	<u>173,565</u>	<u>173,565</u>

**Other provisions**

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

**MATERIAL ACCOUNTING POLICIES**

**Provisions**

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**17. REVALUATION SURPLUS**

	<b>2025 Opening balance</b>	<b>2025 Closing balance</b>	<b>2024 Opening balance</b>	<b>2024 Closing balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revaluation surplus - Land	5,876,608	5,876,608	5,876,608	5,876,608
Revaluation surplus - Buildings	21,289,894	21,289,894	21,289,894	21,289,894
Revaluation surplus - Furniture and equipment	141,852	141,852	141,852	141,852
Revaluation surplus - Plant and equipment	61,467	61,467	61,467	61,467
Revaluation surplus - Motor Vehicles	308,205	308,205	308,205	308,205
Revaluation surplus - Infrastructure - roads	108,194,691	108,194,691	108,194,691	108,194,691
Revaluation surplus - Infrastructure - footpaths	12,432,829	12,432,829	12,432,829	12,432,829
Revaluation surplus - Infrastructure - drainage	25,129,986	25,129,986	25,129,986	25,129,986
Revaluation surplus - Infrastructure - parks and ovals	4,201,118	4,201,118	4,201,118	4,201,118
Restated revaluation surplus - Infrastructure - bridges*	18,352,056	18,352,056	18,352,056	18,352,056
Revaluation surplus - Infrastructure - car parks	1,289,053	1,289,053	1,289,053	1,289,053
Revaluation surplus - Infrastructure - lighting	2,127,985	2,127,985	2,127,985	2,127,985
	<b>199,405,744</b>	<b>199,405,744</b>	<b>199,405,744</b>	<b>199,405,744</b>

\* 2024 Opening balance of revaluation surplus - Infrastructure bridges has been re-stated as a result of correction of a material historical misstatement. Refer to Note 30 - Correction of Error for further details.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**18. RESTRICTIONS OVER FINANCIAL ASSETS**

	<b>Note</b>	<b>2025 Actual \$</b>	<b>2024 Actual \$</b>
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	18,019,669	15,778,688
		18,019,669	15,778,688
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	28	14,331,304	14,216,760
Contract liabilities	13	1,426,399	934,065
Capital grant liabilities	13	236,625	126,198
Unspent loans	27(c)	2,025,341	501,665
<b>Total restricted financial assets</b>		<b>18,019,669</b>	<b>15,778,688</b>

**19. UNDRAWN BORROWING FACILITIES AND CREDIT  
STANDBY ARRANGEMENTS**

**Credit standby arrangements**

Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	0	0
<b>Total amount of credit unused</b>	<b>15,000</b>	<b>15,000</b>

**Loan facilities**

Loan facilities - current	595,179	502,125
Loan facilities - non-current	10,302,629	9,297,809
<b>Total facilities in use at balance date</b>	<b>10,897,808</b>	<b>9,799,934</b>

**Unused loan facilities at balance date**

Nil Nil

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**20. CONTINGENT LIABILITIES**

The Shire does not have any contingent liabilities at year end.

**21. CAPITAL COMMITMENTS**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Contracted for:		
- capital expenditure projects*	1,801,803	42,130
	1,801,803	42,130
Payable:		
- not later than one year	1,801,803	42,130

\*Commitments are mainly related to infrastructure construction contracts, in particular Glenhuon Boulevard Traffic Signals and Hands Avenue Intersection works, awarded and in progress.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**22. RELATED PARTY TRANSACTIONS**

**(a) Council member remuneration**

Fees, expenses and allowances to be paid or reimbursed to council members.

Note	2025 Actual	2025 Budget	2024 Actual
	\$	\$	\$
President's annual allowance	31,990	31,990	28,838
President's meeting attendance fees	21,940	21,940	19,778
President's ICT expenses	2,800	2,800	2,625
President's travel and accommodation expenses	0	490	741
	56,730	57,220	51,982
Deputy President's annual allowance	7,998	7,998	7,209
Deputy President's meeting attendance fees	14,169	14,169	12,773
Deputy President's ICT expenses	2,800	2,800	2,625
Deputy President's travel and accommodation expenses	0	490	0
	24,967	25,457	22,607
All other council member's meeting attendance fees	99,183	99,183	85,153
All other council member's child care expenses	166	1,400	1,374
All other council member's All other council member expenses	326	100	0
All other council member's ICT expenses	19,600	19,600	17,500
All other council member's travel and accommodation expenses	0	3,432	0
	119,275	123,715	104,027
22(b)	200,972	206,392	178,616

**(b) Key management personnel (KMP) compensation**

The total of compensation paid to KMP of the Shire during the year are as follows:

Short-term employee benefits	2,074,170	2,211,578
Post-employment benefits	257,094	274,596
Employee - other long-term benefits	46,996	59,018
Employee - termination benefits	34,546	38,515
Council member costs	200,972	178,616
22(a)	2,613,778	2,762,323

*Short-term employee benefits*

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

*Post-employment benefits*

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

*Council member costs*

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**(c) Transactions with related parties**

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

**SHIRE OF DARDANUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

Events may occur between the end of the reporting period and the date when financial statements are verified by the Council. The Shire is not aware of, or in receipt of, any information or events that may impact or lead to any adjustment in the financial statements after the reporting period.

**SHIRE OF DARDANUP**  
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**FOR THE YEAR ENDED 30 JUNE 2025**

**24. OTHER MATERIAL ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**b) Current and non-current classification**

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

**c) Rounding off figures**

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

**d) Comparative figures**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented.

**e) Budget comparative figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**f) Superannuation**

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

**g) Fair value of assets and liabilities**

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**h) Interest revenue**

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**i) Fair value hierarchy**

*AASB 13 Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**j) Impairment of assets**

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. *AASB 116 Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**25. RATING INFORMATION**

**(a) General rates**

		Rate in \$	Number of properties	2024/25 Actual rateable value*	2024/25 Actual rate revenue	2024/25 Actual interim rates	2024/25 Actual total revenue	2024/25 Budget rate revenue	2024/25 Budget interim rate	2024/25 Budget total revenue	2023/24 Actual total revenue
RATE TYPE	Basis of valuation			\$	\$	\$	\$	\$	\$	\$	\$
Rate description											
Residential (including residential vacant)	Gross rental valuation	0.11571	4,473	81,214,396	9,397,317	44,653	9,441,970	9,397,317	163,181	9,560,498	8,847,148
Commercial (including commercial vacant)	Gross rental valuation	0.11399	60	14,966,396	1,706,019	3,380	1,709,399	1,706,020	0	1,706,020	1,688,444
Industrial (including industrial vacant)	Gross rental valuation	0.11426	73	10,050,752	1,148,399	24,316	1,172,715	1,148,399	0	1,148,399	1,054,062
Rural residential (including rural residential vacant)	Gross rental valuation	0.11527	399	9,394,102	1,082,858	17,070	1,099,928	1,082,858	0	1,082,858	1,004,196
Accommodation	Gross rental valuation	0.11589	2	439,400	50,922	0	50,922	50,922	0	50,922	0
UV Rural (inclding UV1, UV2, UV3 and Mining)	Unimproved valuation	0.005633	507	356,109,893	2,005,967	14,609	2,020,576	2,005,967	0	2,005,967	1,880,201
Total general rates			5,514	472,174,939	15,391,482	104,028	15,495,510	15,391,483	163,181	15,554,664	14,474,051
Minimum payment											
Minimum payment \$											
Residential (including residential vacant)	Gross rental valuation	1,625	511	5,114,424	830,375	109,488	939,863	830,375	0	830,375	877,018
Commercial (including commercial vacant)	Gross rental valuation	1,722	7	46,010	12,054	0	12,054	12,054	0	12,054	13,928
Industrial (including industrial vacant)	Gross rental valuation	1,722	46	475,350	79,212	0	79,212	79,212	0	79,212	66,542
Rural residential (including rural residential vacant)	Gross rental valuation	1,722	79	642,206	136,038	42,998	179,036	136,038	0	136,038	129,767
Accommodation	Gross rental valuation	1,722	0	0	0	0	0	0	0	0	0
UV Rural (inclding UV1, UV2, UV3 and Mining)	Unimproved valuation	1,722	128	19,868,357	220,416	15,858	236,274	220,416	0	220,416	234,922
Total minimum payments			771	26,146,347	1,278,095	168,344	1,446,439	1,278,095	0	1,278,095	1,322,177
Total general rates and minimum payments			6,285	498,321,286	16,669,577	272,372	16,941,949	16,669,578	163,181	16,832,759	15,796,228
Specified area rates											
Bulk Waste Collection	Gross rental valuation	0.001735	4,850	85,227,089	147,869	2,038	149,907	147,869	0	147,869	111,741
Eaton Landscaping	Gross rental valuation	0.002006	4,616	92,730,309	186,017	1,953	187,970	186,017	0	186,017	270,639
Total amount raised from rates (excluding general rates)			9,466	177,957,398	333,886	3,991	337,877	333,886	0	333,886	382,380
Discounts							0			0	(1,485)
Concessions							(19,555)			(20,596)	(44,813)
Total rates							17,260,271			17,146,049	16,132,310
Rates related information											
Rates instalment interest							78,624			71,824	70,839
Rates instalment plan charges							95,880			88,258	86,730
Rates overdue interest							82,052			76,085	79,551

\*Rateable Value at time of raising of rate.

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**26. DETERMINATION OF SURPLUS OR DEFICIT**

	Note	2024/25 (30 June 2025 carried forward) \$	2024/25 Budget (30 June 2025 carried forward) \$	2023/24 (30 June 2024 carried forward) \$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals		(90,113)	(730,000)	(22,418)
Add/(Less): Movement in liabilities associated with restricted cash		110,427	(598)	(450,231)
Less: Unspent Borrowings		0	(1,080,000)	0
Less: Fair value adjustments to financial assets at fair value through profit or loss		3,551	0	(1,681)
Less: Gains/(losses) from sale and leaseback transactions		766	0	(22)
Add: Loss on disposal of assets		71,415	0	2,956
Add: Depreciation		7,183,930	6,670,135	6,769,912
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(16,297)	0	(19,780)
Employee benefit provisions		(19,809)	9,664	(22,082)
Other provisions		(195,729)	0	8,819
<b>Non-cash amounts excluded from operating activities</b>		<b>7,048,141</b>	<b>4,869,201</b>	<b>6,265,473</b>
<b>(b) Non-cash amounts excluded from investing activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to investing activities</b>				
Right of use assets received - non cash		0	104,356	0
Movement in current unspent capital grants associated with restricted cash		0	119,281	0
Movement in current other provision associated with restricted cash		0	951,653	0
<b>Non-cash amounts excluded from investing activities</b>		<b>0</b>	<b>1,175,290</b>	<b>0</b>
<b>(c) Surplus or deficit after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	28	(14,331,304)	(13,902,925)	(14,216,760)
Less: Financial assets at amortised cost				
Less: Current assets not expected to be received at end of year				
- Contract liabilities - Revenue		0	28,718	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	595,179	597,706	502,125
- Current portion of contract liability held in reserve		236,625	0	126,198
- Current portion of lease liabilities	11(b)	10,196	12,468	84,009
- Adjustment to current portion of lease liability		1,397	0	(135)
- Current portion of unspent capital grants held in reserve		0	322,015	0
- Current portion of other provision held in reserve		0	1,579,970	0
- Current portion of employee benefit provisions held in reserve		0	290,098	0
<b>Total adjustments to net current assets</b>		<b>(13,487,907)</b>	<b>(11,071,950)</b>	<b>(13,504,563)</b>
<b>Net current assets used in the Statement of financial activity</b>				
Total current assets		21,800,635	18,172,607	19,801,985
Less: Total current liabilities		(7,316,197)	(6,594,411)	(5,612,829)
Less: Total adjustments to net current assets		(13,487,907)	(11,071,950)	(13,504,563)
<b>Surplus or deficit after imposition of general rates</b>		<b>996,531</b>	<b>506,246</b>	<b>684,593</b>

SHIRE OF DARDANUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						
		Principal at	New loans	Principal	Principal at 30	New loans	Principal	Principal at
		1 July 2023	during 2023-24	repayments during 2023-24	June 2024	during 2024-25	repayments during 2024-25	30 June 2025
		\$	\$	\$	\$	\$	\$	\$
Wanju DCP / Waterloo Ind Park		608,486	0	(72,295)	536,191	0	(73,341)	462,850
Waste Bins (3 Bin System)		276,850	0	(43,977)	232,873	0	(44,822)	188,051
Glen Huon Oval Club Rooms		837,096	0	(46,151)	790,945	0	(47,940)	743,005
Eaton Oval Clubrooms		700,000	0	(21,826)	678,174	0	(22,854)	655,320
Depot Land		319,890	0	(66,161)	253,729	0	(68,881)	184,848
Gravel Pit Land - Panizza Road		14,168	0	(14,168)	0	0	0	0
Library/Admin Centre, Eaton (#1)		6,000,000	0	(191,978)	5,808,022	0	(200,548)	5,607,474
Library/Admin Centre, Eaton (#2)		0	1,500,000	0	1,500,000	0	(43,740)	1,456,260
ERP System		0	0	0	0	1,600,000	0	1,600,000
<b>Total</b>	14	8,756,490	1,500,000	(456,556)	9,799,934	1,600,000	(502,126)	10,897,808

All loan repayments were financed by general purpose revenue.

Borrowing finance cost payments

Purpose	Loan number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025
					\$	\$
Wanju DCP / Waterloo Ind Park	70	WATC	1.44%	2/06/2031	(10,959)	(11,149)
Waste Bins (3 Bin System)	71	WATC	1.91%	5/02/2029	(5,309)	(5,476)
Glen Huon Oval Club Rooms	69	WATC	3.84%	9/01/2037	(34,328)	(35,210)
Eaton Oval Clubrooms	72	WATC	4.66%	30/01/2043	(35,494)	(36,048)
Depot Land	66	WATC	4.07%	2/08/2027	(10,213)	(11,379)
Gravel Pit Land - Panizza Road	61	WATC	6.19%	30/10/2023	0	0
Library/Admin Centre, Eaton (#1)	73	WATC	4.45%	3/04/2043	(294,368)	(294,220)
Library/Admin Centre, Eaton (#2)	74	WATC	5.27%	4/06/2044	(88,793)	(83,501)
ERP System	75	WATC	4.95%	17/04/2040	(16,234)	(40,000)
<b>Total finance cost payments</b>					(495,698)	(516,983)

\* WA Treasury Corporation

Budget			
Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
\$	\$	\$	\$
536,191	0	(73,340)	462,851
232,872	0	(44,821)	188,051
790,945	0	(47,940)	743,005
678,174	0	(22,854)	655,320
253,729	0	(68,881)	184,848
1	0	0	1
5,808,022	0	(200,548)	5,607,474
1,500,000	0	(46,192)	1,453,808
0	1,600,000	(36,444)	1,563,556
9,799,934	1,600,000	(541,020)	10,858,914

Actual for year ending 30 June 2024
\$
(12,525)
(6,480)
(36,504)
(36,742)
(13,401)
(320)
(302,215)
(6,123)
0
(414,310)

SHIRE OF DARDANUP  
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27. BORROWING AND LEASE LIABILITIES (Continued)

(b) New borrowings - 2024/25

Particulars/purpose	Institution	Loan type	Term years	Interest rate	Amount borrowed		Amount (used)		Total interest and charges	Actual balance unspent
					2025 Actual	2025 Budget	2025 Actual	2025 Budget		
					\$	\$	\$	\$	\$	\$
ERP Loan - 75	WATC	Debenture	15 Years	4.95%	1,600,000	1,600,000	0	(520,000)	16,234	1,600,000
					1,600,000	1,600,000	0	(520,000)	16,234	1,600,000

\* WA Treasury Corporation

(c) Unspent borrowings

Particulars	Institution	Date Borrowed	Unspent balance 1 July 2024	Borrowed during 2024-25	Expended during 2024-25	Unspent balance 30 June 2025
			\$	\$	\$	\$
Wanju Developer Contribution Plan/Waterloo Ind Park - Loan 70	WATC	1/06/2021	501,665	0	(76,324)	425,341
ERP Loan - 75	WATC	17/04/2025	0	1,600,000	0	1,600,000
			501,665	1,600,000	(76,324)	2,025,341

\* WA Treasury Corporation

(d) Lease liabilities

Purpose	Note	Actual							
		Principal at 1 July 2023	New leases during 2023-24	Principal repayments during 2023-24	Adjustment to Lease During 2023-24	Principal at 30 June 2024	New leases during 2024-25	Principal repayments during 2024-25	Adjustment to Lease During 2024-25
		\$	\$	\$		\$	\$	\$	
Lease of Lot 81 Banksia Road (Transfer Station)		31,860	0	(11,680)	(4)	20,176	0	(12,358)	605
ERC Cardio Equipment		93,352	0	(46,159)	(14)	47,179	0	(31,233)	(15,946)
Transportable Building		28,619	0	(28,619)	0	0	0	0	0
IT Leases - Consolidated		83,556	0	(56,486)	1,308	28,378	0	(24,624)	(1,981)
<b>Total lease liabilities</b>	11(b)	237,387	0	(142,944)	1,290	95,733	0	(68,215)	(17,322)

Lease finance cost payments

Purpose	Lease number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024	Lease term
					\$	\$	\$	
Lease of Lot 81 Banksia Road (Transfer Station)	2	Simple Leasing	2.00%	16/04/2026	(404)	(1,065)	(710)	120 months
ERC Cardio Equipment	18	Simple Leasing	2.20%	30/06/2025	(371)	(2,409)	(1,580)	60 months
Transportable Building	1/26	Simple Leasing	2.00%	31/03/2024	0	0	(239)	27 months
IT Leases - Consolidated	Various	Simple Leasing	Various	Various	(260)	(3,003)	(1,145)	Various
<b>Total finance cost payments</b>					(1,035)	(6,477)	(3,674)	

Budget			
Principal at 1 July 2024	New leases during 2024-25	repayments during 2024-25	Principal at 30 June 2025
\$	\$	\$	\$
21,256	0	(12,334)	8,922
45,331	0	(45,331)	0
0	0	0	0
50,237	0	(46,691)	3,546
116,824	0	(104,356)	12,468

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**28. RESERVE ACCOUNTS**

	2025 Actual opening balance	2025 Actual transfer to	2025 Actual transfer (from)	2025 Actual closing balance	2025 Budget opening balance	2025 Budget transfer to	2025 Budget transfer (from)	2025 Budget closing balance	2024 Actual opening balance	2024 Actual transfer to	2024 Actual transfer (from)	2024 Actual closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by legislation/agreement</b>												
(a) Burekup Public Open Space Reserve	74,734	5,343	0	80,077	75,317	2,596	0	77,913	73,582	1,152	0	74,734
(b) Eaton Drive - Access Construction Reserve	38,613	37,135	(10,605)	65,143	145,922	5,029	0	150,951	144,008	2,254	(107,649)	38,613
(c) Eaton Drive - Scheme Construction Reserve	53,292	67,406	(19,606)	101,092	251,929	8,682	0	260,611	248,625	3,891	(199,224)	53,292
(d) Colлие River (Eaton Drive) Bridge Construction Reserve	34,293	50,958	(14,860)	70,391	186,291	6,420	0	192,711	183,796	2,877	(152,380)	34,293
(e) Unspent Specified Area Rate - Bulk Waste Collection Reserve	74,533	5,329	(40,647)	39,215	74,281	2,560	0	76,841	73,385	1,148	0	74,533
(f) Unspent Specified Area Rate - Eaton Landscaping Reserve	449,740	32,156	(437,667)	44,229	453,789	355	(437,667)	16,477	344,351	105,389	0	449,740
	725,205	198,327	(523,385)	400,147	1,187,529	25,642	(437,667)	775,504	1,067,747	116,711	(459,253)	725,205
<b>Restricted by council</b>												
(g) Employee Relief Reserve	283,317	25,257	0	308,574	280,434	14,664	(5,000)	290,098	274,028	9,289	0	283,317
(h) Information Technology Reserve	826,865	409,121	(258,515)	977,471	665,152	372,923	(448,650)	589,425	701,085	360,973	(235,193)	826,865
(i) Road Safety Programs Reserve	32,946	6,256	0	39,202	27,761	957	0	28,718	27,122	5,824	0	32,946
(j) Tourism Reserve	12,115	866	0	12,981	12,209	421	0	12,630	11,928	187	0	12,115
(k) Executive & Compliance Vehicle Reserve	350,573	145,066	(295,822)	199,817	221,922	127,648	(316,101)	33,469	369,044	125,776	(144,247)	350,573
(l) Employee Leave Entitlements Reserve	51,161	8,658	0	59,819	51,563	6,777	0	58,340	49,880	1,281	0	51,161
(m) Refuse Site Environmental Works Reserve	200,179	14,313	0	214,492	191,793	6,610	0	198,403	188,411	11,768	0	200,179
(n) Recycling Education Reserve	58,364	29,174	(24,058)	63,480	57,696	26,988	(25,275)	59,409	54,777	25,857	(22,270)	58,364
(o) Eaton Recreation Centre - Equipment Reserve	327,123	123,390	(31,604)	418,909	294,591	110,153	(111,640)	293,104	327,026	105,117	(105,020)	327,123
(p) Council Land Development Reserve	28,488	12,036	(3,356)	37,168	28,631	10,987	(5,000)	34,618	32,972	516	(5,000)	28,488
(q) Sale of Land Reserve	1,393,130	99,608	(1,200,000)	292,738	1,403,930	48,383	0	1,452,313	1,371,662	21,468	0	1,393,130
(r) Accrued Salaries Reserve	525,096	42,544	0	567,640	524,105	23,062	(5,000)	542,167	512,081	13,015	0	525,096
(s) Carried Forward Projects Reserve	1,438,908	1,017,378	(919,316)	1,536,970	1,825,343	362,325	(1,783,091)	404,577	2,432,628	1,214,001	(2,207,721)	1,438,908
(t) Strategic Planning Studies Reserve	108,107	7,730	0	115,837	108,939	3,754	(1,125)	111,568	108,411	1,696	(2,000)	108,107
(u) Town Planning Consultancy Reserve	61,924	34,427	(27,794)	68,557	62,438	32,151	(71,000)	23,589	31,432	50,492	(20,000)	61,924
(v) Parks & Reserves Upgrades Reserve	178,504	362,764	(129,871)	411,397	99,592	353,432	(134,322)	318,702	157,786	322,390	(301,672)	178,504
(w) Election Expenses Reserve	35,201	42,517	0	77,718	35,466	41,222	0	76,688	36,800	50,576	(52,175)	35,201
(x) Pathways Reserve	225,594	172,070	(228,702)	168,962	202,330	156,973	(235,175)	124,128	199,213	126,504	(100,123)	225,594
(y) Asset / Rates Revaluation Reserve	268,758	89,216	(184,745)	173,229	262,618	85,947	(187,005)	161,560	219,031	73,428	(23,701)	268,758
(z) Refuse & Recycling Bin Replacement Reserve	71,715	10,128	0	81,843	72,300	7,492	0	79,792	65,687	6,028	0	71,715
(aa) Storm Water Reserve	152,278	40,887	0	193,165	131,323	34,526	0	165,849	153,957	27,410	(29,089)	152,278
(ab) Fire Control Reserve	11,926	853	0	12,779	12,019	414	0	12,433	11,742	184	0	11,926
(ac) Contribution to Works Reserve	959,635	93,999	(17,532)	1,036,102	957,384	32,994	(18,255)	972,123	935,140	24,495	0	959,635
(ad) Unspent Grants Reserve	1,664,250	862,401	(1,639,770)	886,881	1,903,784	1,686,617	(1,621,007)	1,969,394	2,116,662	1,404,742	(1,857,154)	1,664,250
(ae) Swimming Pool Inspection Reserve	9,085	649	0	9,734	4,676	161	0	4,837	4,569	4,516	0	9,085
(af) Plant & Engineering Equipment Reserve	806,404	314,158	(193,845)	926,717	635,458	278,400	(488,706)	425,152	661,288	260,350	(115,234)	806,404
(ag) Road Construction and Major Maintenance Reserve	2,223,013	178,981	(761,400)	1,640,594	1,411,470	48,643	(771,126)	688,987	1,338,700	1,339,798	(455,485)	2,223,013
(ah) Building Maintenance Reserve	685,231	794,288	(106,479)	1,373,040	1,757,432	690,566	(32,620)	2,415,378	9,920,895	1,623,903	(10,859,567)	685,231
(ai) Unspent Loan Reserve	501,665	1,600,000	(76,324)	2,025,341	628,317	1,621,653	(670,000)	1,579,970	1,214,312	19,005	(731,652)	501,665
	13,491,555	6,538,735	(6,099,133)	13,931,157	13,870,676	6,186,843	(6,930,098)	13,127,421	23,528,269	7,230,589	(17,267,303)	13,491,555
	14,216,760	6,737,062	(6,622,518)	14,331,304	15,058,205	6,212,485	(7,367,765)	13,902,925	24,596,016	7,347,300	(17,726,556)	14,216,760

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserve accounts.

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**FOR THE YEAR ENDED 30 JUNE 2025**

**28. RESERVE ACCOUNTS (Continued)**

In accordance with council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by legislation/agreement</b>	
(a) Burekup Public Open Space Reserve	Established to account for cash-in-lieu of Public Open Space contributions in Burekup in accordance with the Planning and Development Act 1995.
(b) Eaton Drive - Access Construction Reserve	Established for the construction of Eaton Drive Access Road from developer contributions.
(c) Eaton Drive - Scheme Construction Reserve	Established for the future construction of Eaton Drive from developer contributions.
(d) Collie River (Eaton Drive) Bridge Construction Reserve	Established for the future construction of a bridge over the Collie River and extend Eaton Drive.
(e) Unspent Specified Area Rate - Bulk Waste Collection Reserve	Established to hold unspent specified area rates for bulk waste collection.
(f) Unspent Specified Area Rate - Eaton Landscaping Reserve	Established to hold unspent specified area rates for Eaton landscaping.
<b>Restricted by council</b>	
(g) Employee Relief Reserve	To provide funds for employee related entitlements and relief staff for prolonged employee leave.
(h) Information Technology Reserve	Established for the acquisition or lease of software and computer equipment.
(i) Road Safety Programs Reserve	Established to hold contributions from road transport permits which are to be used for general road safety programs in the Shire.
(j) Tourism Reserve	Established to fund the development of tourism projects including the implementation of works associated with the Gnomesville Master Plan.
(k) Executive & Compliance Vehicle Reserve	To fund the purchase, replacement or lease of Council's executive and compliance vehicles.
(l) Employee Leave Entitlements Reserve	To provide funds for employee purchased leave entitlements under Policy.
(m) Refuse Site Environmental Works Reserve	Established to provide funds for environmental works at the Banksia Road Refuse Site.
(n) Recycling Education Reserve	Unspent recycling education funds for use in special education programs and as a contribution toward the shared Waste Education Officer's salary.
(o) Eaton Recreation Centre - Equipment Reserve	Established for the acquisition, replacement or lease of furniture, fittings, plant or gym equipment at the Eaton Recreation Centre.
(p) Council Land Development Reserve	Established for funding the acquisition or development of Council land for resale.
(q) Sale of Land Reserve	Established to hold funds from the sale of Council land.
(r) Accrued Salaries Reserve	This fund consts of cash backed salaries and wages allocation paid annually into this reserve over a period of 10 financial years to meet the additional cash flow in
(s) Carried Forward Projects Reserve	Established to hold unspent project funds to be carried forward into future financial years. Project funds that are not expended within 2 financial years of their initial
(t) Strategic Planning Studies Reserve	Established for funding strategic studies.
(u) Town Planning Consultancy Reserve	Established to fund the engagement of consultants to undertake Town Planning Studies.
(v) Parks & Reserves Upgrades Reserve	Established to fund the development of Parks and Reserves.
(w) Election Expenses Reserve	Established to fund Council elections.
(x) Pathways Reserve	Established to provide funds for the creation, upgrade and renewal of the Shire's pathway infrastructure.
(y) Asset / Rates Revaluation Reserve	Established to provide funds for asset and rating revaluations.
(z) Refuse & Recycling Bin Replacement Reserve	Established to provide funds for replacement of refuse and recycling bins.
(aa) Storm Water Reserve	Established to ensure preservation of Council's transport storm water infrastructure network independent of grants and contributions.
(ab) Fire Control Reserve	For the purchase, construction and development of fire fighting equipment and buildings.
(ac) Contribution to Works Reserve	Established to account for contributions and donations received from external sources.
(ad) Unspent Grants Reserve	Established to identify unexpended grants and special projects funding.
(ae) Swimming Pool Inspection Reserve	Established to account for unspent Swimming Pool Inspection Levy.
(af) Plant & Engineering Equipment Reserve	To fund the purchase, replacement or lease of Council's heavy plant and engineering equipment.
(ag) Road Construction and Major Maintenance Reserve	Established to provide funds for the upgrade and renewal of the Council's transport infrastructure.
(ah) Building Maintenance Reserve	For the purchase, construction and maintenance of Council buildings.
(ai) Unspent Loan Reserve	Established to hold unspent loan funds.

**SHIRE OF DARDANUP**  
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**FOR THE YEAR ENDED 30 JUNE 2025**

**29. TRUST FUNDS**

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	<b>1 July 2024</b>	<b>Amounts received</b>	<b>Amounts paid</b>	<b>30 June 2025</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Eaton POS	147,006	6,153	0	153,159
Dardanup POS	104,084	4,356	0	108,440
Burekup POS	295,239	12,358	0	307,597
Trust Funds for Land Transaction	42,672	1,786	0	44,458
Auspicing Grant	4,764	0	(4,764)	0
	<b>593,765</b>	<b>24,653</b>	<b>(4,764)</b>	<b>613,654</b>

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**30. CORRECTION OF ERROR**

The correction of error relates to a historical misstatement of the Bridges - Infrastructure assets, specifically Bridge 5107 - Edwards Road and Bridge 5108 - Offer Road which were incorrectly included in the Shire's fixed assets register. These bridges are owned by Harvey Water and Water Corporation respectively, and the associated risks and rewards of the ownership resides with those entities.

Upon discovery, the management took the necessary steps to remove the assets from the fixed assets register.

As the error originated prior to the 2023-2024 financial year and is considered material, a retrospective correction has been applied in accordance with applicable accounting standards. Consequently, the Statement of Financial Position as at 1 July 2023 and 30 June 2024 have been restated to reflect the correction.

Following the discovery, management conducted a comprehensive review of all Bridges - Infrastructure assets and concluded that the errors were isolated events. Enhancements have since been made to internal control procedures to prevent recurrence of similar errors.

<b>Statement of Financial Position (Extract)</b>	<b>30 June 2024</b>	<b>Increase/ (Decrease)</b>	<b>30 June 2024 (Restated)</b>	<b>30 June 2023</b>	<b>Increase/ (Decrease)</b>	<b>1 July 2023 (Restated)</b>
	\$	\$	\$	\$	\$	\$
Infrastructure	214,260,285	(689,430)	213,570,855	217,130,036	(699,620)	216,430,416
Retained earnings	66,745,487	106,397	66,851,884	57,684,519	96,207	57,780,726
Reserve accounts	14,216,760	0	14,216,760	24,596,016	0	24,596,016
Revaluation surplus	200,201,571	(795,827)	199,405,744	200,201,571	(795,827)	199,405,744
Total equity	281,163,818	(689,430)	280,474,388	282,482,106	(699,620)	281,782,486

<b>Statement of Comprehensive Income (Extract)</b>	<b>2024</b>	<b>(Increase)/ Decrease</b>	<b>2024 (Restated)</b>
	\$	\$	\$
<i>By Nature:</i>			
Depreciation	(6,780,102)	10,190	(6,769,912)
Net result for the period	(1,318,288)	10,190	(1,308,098)
<b>Total comprehensive income for the period</b>	<b>(1,318,288)</b>	<b>10,190</b>	<b>(1,308,098)</b>