



Western Australia

Minutes of the Audit Committee Meeting of the Murchison Shire Council,  
Held in the Council Chambers, Carnarvon Mullewa Road, Murchison,  
On Thursday **24 August 2017**, commencing at 1:53 pm

Purpose: 2017 Local Government Risk Analysis

**TABLE OF CONTENTS**

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS .....3

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE .....3

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE .....3

4. PUBLIC QUESTION TIME .....3

    4.1 Standing Orders .....3

5. CONFIRMATION OF MINUTES .....3

    5.1 Audit Committee Meeting – 23<sup>rd</sup> March 2017 .....3

6. ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION.....4

7. DISCLOSURE OF INTERESTS .....4

8. REPORTS OF OFFICERS.....4

    8.1 2017 Local Government Risk Analysis .....4

9. ITEMS TO BE DISCUSSED BEHIND CLOSED DOORS.....5

10. MEETING CLOSURE.....5

**1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The President declared the meeting open at 1:53 pm

**2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE**

President R Foulkes-Taylor  
Deputy President M Williams  
Cr E Foulkes-Taylor  
Cr A Whitmarsh  
Cr Q Fowler

Peter Dittrich – CEO

**3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil.

**4. PUBLIC QUESTION TIME**

Nil

**4.1 Standing Orders*****Council Decision:***

**Moved: Councillor A Whitmarsh**

**Seconded: Councillor M Williams**

**That the following Local Law-Standing Orders 2001 be stood down:**

8.2 Limitation on the number of speeches

8.3 Duration of speeches

**Carried:**

**For: 5**

**Against: 0**

**5. CONFIRMATION OF MINUTES****5.1 Audit Committee Meeting – 23<sup>rd</sup> March 2017****Background:**

Minutes of the Audit Committee Meeting of Council have previously been circulated to all Audit Committee Members.

**Recommendation:**

That the minutes of the Audit Committee meeting held on 23<sup>rd</sup> March 2017 be confirmed as an accurate record of proceedings

**Voting Requirements:**

Simple majority

***Council Decision:***

**Moved: Councillor E Foulkes-Taylor**

**Seconded: Councillor Q Fowler**

**That the minutes of the Audit Committee meeting held on 23<sup>rd</sup> March 2017 be confirmed as an accurate record of proceedings**

**Carried**

**For: 5**

**Against: 0**

**6. ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION**

Nil

**7. DISCLOSURE OF INTERESTS**

Nil

**8. REPORTS OF OFFICERS****8.1 2017 Local Government Risk Analysis**

File:	2.1
Author:	Peter Dittrich, Chief Executive Officer
Interest Declared:	Nil.
Date:	22 August 2017
Attachments:	2017 Local Government Risk Analysis LG Operational Guideline 18 Financial Ratios

**Matter for Consideration:**

The Audit Committee to consider the letter dated 30 June 2017 received from the Department of Local Government and Communities (DLGC) in relation to “2017 Local Government Risk Analysis”

**Background:**

A letter was received from the DLGC on 6<sup>th</sup> July 2017 in relation to the two financial and two asset ratios that were below standard for the year ended 30 June 2016.

The Shire's Ratios for the year ended 30 June 2016 were:

	Shire	Standard
Asset Consumption Ratio	0.86	0.50 or >
Asset Renewal Funding Ratio	0.39	0.75 to 0.95
Operating Surplus Ratio Adjusted	-2.92	0.01 to 0.15
Debt Service Cover Ratio	N/A	>= 2
Own Source Revenue Coverage Ratio	0.09	0.40 to 0.60
Assets Sustainability Ratio	0.14	0.90
Current Ratio	2.45	1.0

**Comment:**

Upon the receipt of the letter the CEO contacted Mr Alan Carmichael to discuss the content and the actions that needed to be taken. The CEO advised Mr Carmichael that the letter would not be taken to the Audit Committee until August 2017. The CEO further advised that the Shire was currently working with Greenfield Technical Services to review the road asset information currently held and the associated unit and depreciation rates.

Mr Carmichael acknowledged that the industry standard rates used for assets did not always reflect the actual situation and welcomed the review. He suggested that the nature of the Shire would affect its ability to achieve the standard ratios. If after review by the Shire it was found that the standard ratios could not be achieved by the Shire, he suggested that target ratios be set and that the department be advised accordingly. Mr Carmichael asked to be kept informed as to the progress of the review on an ongoing basis.

**Statutory Environment:**

Nil

**Strategic Implications:**

The improvement in the ratios will need to be taken into account in the development of the Strategic Resource Plan.

