

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

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	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

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 – 23rd 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 23rd March 2017 be confirmed as an accurate record of proceedings

Voting Requirements:

Simple majority

Council Decision:Moved: Councillor E Foulkes-TaylorSeconded: Councillor Q FowlerThat the minutes of the Audit Committee meeting held on 23rd March 2017 be confirmed as an accuraterecord 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 6th 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.

Sustainability Implications

- Environmental
- There are no known significant environmental implications
- Economic
- There are no known significant economic implications
- Social
 There are no known significant social considerations.

Policy Implications:

N/A

Financial Implications:

N/A

Consultation:

Nil

Recommendation:

That the Audit Committee report to the 28 September 2017 Ordinary Meeting of Council recommending that Council direct the CEO to work with the Shire's Auditor, the consultant currently preparing the Strategic Resource Plan (Moore Stephens), and the DLGC to:

- 1. Identify strategies available to improve the Shire's ratios and ;
- 2. Establish target ratios for the Shire of Murchison should the standard ratios not be achievable by the Shire.

Discussion:

The impact of extraordinary events on the ratios was discussed (e.g. early payment of FAG's) as well as ratio trends. The actions taken to date and future actions were discussed.

Voting Requirements:

Simple Majority

Council Decision:

Moved: Councillor A Whitmarsh Seconded: Councillor Q Fowler That the Audit Committee report to the 28 September 2017 Ordinary Meeting of Council recommending that Council direct the CEO to work with the Shire's Auditor, the consultant currently preparing the Strategic Resource Plan (Moore Stephens), and the DLC to:

1. Identify strategies available to improve the Shire's ratios and ;

2. Establish target ratios for the Shire of Murchison should the standard ratios not be achievable by the Shire.

Carried:

For: 5

Against: 0

9. ITEMS TO BE DISCUSSED BEHIND CLOSED DOORS

Nil

10. MEETING CLOSURE

The President declared the meeting closed at 2:05 pm