

Shire of Denmark Minutes



SHIRE OF DENMARK AUDIT ADVISORY COMMITTEE

HELD IN THE COUNCIL CHAMBERS,
953 SOUTH COAST HIGHWAY, DENMARK,
TUESDAY, 20 JANUARY 2015, COMMENCING 3.12PM.

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Council Committee Meeting

20 January 2015

DISCLAIMER

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Officer, Cr Ross Thornton, opened the meeting at 3.12pm

2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE**MEMBERS:**

Cr Ross Thornton (Presiding Officer)
Cr John Sampson
Cr Jan Lewis
Cr Dawn Pedro
Cr Belinda Rowland
Cr Roger Seeney

STAFF:

Mr Gregg Harwood (Acting Chief Executive Officer)
Mr Kim Dolzadelli (Director of Finance and Administration)
Mr Steve Broad (Accountant)

APOLOGIES:

Cr David Morrell

ON LEAVE OF ABSENCE:

Cr Kelli Gillies
Cr Ian Osborne

ABSENT:

Nil

VISITORS:

Nil

DECLARATIONS OF INTEREST:

Name	Item No	Interest	Nature
Nil			

3. ANNOUNCEMENTS BY THE PERSON PRESIDING

Nil

4. PUBLIC QUESTION TIME

Nil

5. CONFIRMATION OF MINUTES

5.1 AUDIT COMMITTEE MEETING 4 MARCH 2014

COMMITTEE DECISION & OFFICER RECOMMENDATION	ITEM 5.1
MOVED: CR SAMPSON	SECONDED: CR PEDRO
That the minutes of the Shire of Denmark Audit Advisory Committee meeting held on 4 March 2014, be confirmed as a true and correct record of the proceedings.	
CARRIED: 6:0	

6. OFFICER REPORTS

6.1 SHIRE OF DENMARK 2013/14 ANNUAL FINANCIAL STATEMENT AND AUDIT REPORT

File Ref:	FIN.31
Applicant / Proponent:	Shire of Denmark
Subject Land / Locality:	Nil
Disclosure of Officer Interest:	Nil
Date:	15 January 2015
Author:	Kim Dolzadelli, Director of Finance & Administration
Authorising Officer:	Dale Stewart, Chief Executive Officer
Attachments:	6.1 a – 2013/14 Annual Financial Report including Independent Auditors Report 6.1 b – Management Letter

Summary:

The 2013/14 Annual Financial Statement, Auditors Report and Management Letter has been received from Council's appointed Auditor, Mr Russell Harrison from Lincolns Accountants and Business Advisers, and is provided to Committee Members with the Agenda documents.

Comment:

The Audit Report and Management Letter are to be subject of an Audit Committee meeting where the Committee will consider any action that may be required.

The Audit Committee should note the Auditors comments that, there is continued strength in systems and controls within Councils Financial systems.

Shire Officers are not members of this committee and are present to answer any questions from members. The officers are able to leave the meeting when appropriate to allow direct and transparent communication between the committee members.

The Audit Report was unqualified in that there were no matters of significance raised by the Auditor. The Management Letter, which usually accompanies the Audit Report and which addresses less significant matters, offers the following comments regarding the Shires financial position;

AUDITORS COMMENT ON FINANCIAL POSITION

Ratio	Description	Result	Prescribed Standard
Current Ratio	Indicates the Shire's ability to meet short term debt obligations.	0.79	The standard is met if the ratio is greater than 1.
Asset Sustainability	Indicates that the Shire is replacing or renewing existing	0.30	The standard is met if the ratio is 0.9 or higher.

Ratio	non-financial assets at the same rate that its overall asset stock is wearing out.		
Debt Service Cover Ratio	Indicates the Shire's ability to repay its debt including lease payments.	2.96	A basic standard is met if the ratio is greater than or equal to 2. An advanced standard is met if the ratio is greater than 5.
Operating Surplus Ratio	Indicates the Shire's ability to cover its operational costs and have revenues available for capital funding or other purposes.	(0.22)	A basic standard is met between 0.01 and 0.15. An advanced standard is met if the ratio is greater than 0.15.
Own Source Revenue Coverage Ratio	Indicates the Shire's ability to cover its costs through its own revenue efforts.	0.71	A basic standard is met if the ratio is between 0.4 and 0.6. Intermediate standard is between 0.6 and 0.9. An advanced standard is met if the ratio is greater than 0.9.
Asset Consumption Ratio	Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost	0.64	The standard is met if the ratio is 0.5 or greater. The standard is improving if the ratio is between 0.6 and 0.75.
Asset Renewal Funding Ratio	Measures the ability of the Shire to fund its projected asset renewal/replacements in the future.	N/A	The standard is met if the ratio is between 0.75 and 0.95. The standard is improving if the ratio is between 0.95 and 1.05.

Three minor matters are contained within the "Audit Observations and Comments Schedule", attached to the Management letter, relating to the area of Ratios, Outstanding Cheques and Non-Current Rate Classification; the Director of Finance and Administration has made comment with respect to these issues noting that agreed plans are currently under development, the two stale cheques, # 58918 \$327.21 and # 58989 \$70.00 will be reissued and that Deferred (Pensioner) Rate Debtors are automatically treated as non-current and that an assessment of other non-pensioner rate debtors will be undertaken and it is the officer opinion that this assessment will not have any material impact on their classification .

Consultation:

Nil

Statutory Obligations:

Local Government Act 1995 Section 7.12A.

Local Government (Financial Management) Regulations 1996.

Local Government (Audit) Regulations 1996 – Regulation 16.

Policy Implications:

Nil

Budget / Financial Implications:

The 2013/14 Annual Financial Statements are printed and collated in-house by Shire Staff, the costs of which are included in operating budgets for the 2014/15 financial year.

Strategic Implications:

There are no known significant strategic implications relating to the report or the officer recommendation.

Sustainability Implications:➤ **Environmental:**

There are no known significant environmental considerations relating to the report or officer recommendation.

➤ **Economic:**

There are no known significant economic considerations relating to the report or officer recommendation.

➤ **Social:**

There are no known significant social considerations relating to the report or officer recommendation.

Voting Requirements:

Simple Majority for committee purposes.

COMMITTEE DECISION & OFFICER RECOMMENDATION

ITEM 6.1

MOVED: CR SAMPSON

SECONDED: CR PEDRO

That the Shire of Denmark Audit Committee recommends to Council that the 2013/14 Annual Financial Statements including Auditors Report be accepted.

CARRIED: 6:0

7. GENERAL BUSINESS

Nil

8. NEXT MEETING

The next meeting of the Shire of Denmark Audit Committee is to be held as required or after the completion of the Annual Department of Local Government Compliance Audit Return.

9. CLOSURE OF MEETING

3:39PM – The meeting was closed.

The Acting Chief Executive Officer recommends the endorsement of these minutes at the next meeting.

Signed: _____

Gregg Harwood – Acting Chief Executive Officer

Date: _____

These minutes were confirmed at the meeting of the _____

Signed: _____

(Presiding Person at the meeting at which the minutes were confirmed.)