



SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

AGENDA

Audit Committee Meeting

To be held in Council Chambers
Corner King & Barrack Street's, Merredin
Tuesday 16 April 2019
Commencing 11.30am



Notice of Meeting



Dear President and Councillors,

The next meeting of the Audit Committee of the Shire of Merredin will be held on Tuesday 16 April 2019 in the Council Chambers, Corner King & Barrack Streets, Merredin. The format will be:

11.30am	Audit Committee Meeting
12.30pm	Lunch
1.00pm	Briefing Session
3.00pm	Council Meeting

GREG POWELL
CHIEF EXECUTIVE OFFICER
12 April 2019

DISCLAIMER

PLEASE READ THE FOLLOWING IMPORTANT DISCLAIMER BEFORE PROCEEDING:

Statements or decisions made at this meeting should not be relied or acted on by an applicant or any other person until they have received written notification from the Shire. Notice of all approvals, including planning and building approvals, will be given to applicants in writing. The Shire of Merredin expressly disclaims liability for any loss or damages suffered by a person who relies or acts on statements or decisions made at a Council or Committee meeting before receiving written notification from the Shire.

The advice and information contained herein is given by and to Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

It should be noted that the Attachment hyperlinks will not be functional from this document when sourced from the Shire of Merredin's website. Attachment copies can be obtained by contacting Vanessa Green on 08 9041 1611 or ea@merredin.wa.gov.au.

Common Acronyms Used in this Document	
WEROC	Wheatbelt East Regional Organisation of Councils
GECZ	Great Eastern Country Zone
WALGA	Western Australian Local Government Association
CEACA	Central East Aged Care Alliance
CEO	Chief Executive Officer
DCEO	Deputy CEO
EMDS	Executive Manager of Development Services
EMES	Executive Manager of Engineering Services
EMCS	Executive Manager of Corporate Services
EA	Executive Assistant to CEO
LPS	Local Planning Scheme
LGIS	Local Government Insurance Services
SRP	Strategic Resource Plan
CBP	Corporate Business Plan
CSP	Community Strategic Plan
MRCLC	Merredin Regional Community and Leisure Centre
CWVC	Central Wheatbelt Visitors Centre
MoU	Memorandum of Understanding

<p>Shire of Merredin Audit Committee Meeting 11.30am Tuesday 16 April 2019</p>																										
1.	Official Opening																									
2.	Record of Attendance / Apologies and Leave of Absence																									
	<p>Councillors:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Cr KA Hooper</td> <td style="text-align: right;">President</td> </tr> <tr> <td>Cr BJ Anderson</td> <td></td> </tr> <tr> <td>Cr JR Flockart</td> <td></td> </tr> <tr> <td>Cr PR Patroni</td> <td></td> </tr> </table> <p>Staff:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">G Powell</td> <td style="text-align: right;">CEO</td> </tr> <tr> <td>K Bartley</td> <td style="text-align: right;">DCEO</td> </tr> <tr> <td>C Brown</td> <td style="text-align: right;">EMCS</td> </tr> <tr> <td>V Green</td> <td style="text-align: right;">EA to CEO</td> </tr> </table> <p>Office of the Auditor General / Auditors:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 45%;">Mr Jordan Langford-Smith</td> <td style="text-align: right;">Director, Office of the Auditor General</td> </tr> <tr> <td>Ms Ann Ang</td> <td style="text-align: right;">Assistant Director, Office of the Auditor General</td> </tr> <tr> <td>Mr Marius van der Merwe</td> <td style="text-align: right;">Butler Settineri (Audit) Pty Ltd</td> </tr> <tr> <td>Mr Robert Hall</td> <td style="text-align: right;">Butler Settineri (Audit) Pty Ltd</td> </tr> </table> <p>Members of the Public:</p> <p>Apologies:</p> <p>Approved Leave of Absence: Nil</p>		Cr KA Hooper	President	Cr BJ Anderson		Cr JR Flockart		Cr PR Patroni		G Powell	CEO	K Bartley	DCEO	C Brown	EMCS	V Green	EA to CEO	Mr Jordan Langford-Smith	Director, Office of the Auditor General	Ms Ann Ang	Assistant Director, Office of the Auditor General	Mr Marius van der Merwe	Butler Settineri (Audit) Pty Ltd	Mr Robert Hall	Butler Settineri (Audit) Pty Ltd
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3.	Public Question Time																									
	<p>Members of the public are invited to present questions about matters affecting the Shire of Merredin and its residents.</p>																									
4.	Disclosure of Interest																									

5.	Petitions and Presentations
5.1	<u>Presentation from the Office of the Auditor General and Butler Settineri (Audit) Pty Ltd</u>
6.	Confirmation of Minutes of the Previous Meeting
6.1	<u>Audit Committee Meeting held on 19 March 2019</u>
7.	Officer's Reports – Corporate Services
7.1	<u>Strategic Resource Plan</u>
8.	Closure

5. Petitions and Presentations

Mr Jordan Langford-Smith and Ms Ann Ang will attend the meeting in person and present to Council.

Mr Marius van der Merwe and Mr Robert Hall will participate in the presentation via teleconference.

6. Confirmation of Minutes of the Previous Meeting

6.1 Audit Committee Meeting held on 19 March 2019

[Attachment 6.1A](#)

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That the minutes of the Audit Committee Meeting held on 19 March 2019 be confirmed as a true and accurate record of proceedings.

7. Officer's Reports – Corporate Services

7.1 Strategic Resource Plan

<h2>Corporate Services</h2>		
Responsible Officer:	Charlie Brown, EMCS	
Author:	As above	
Legislation:	<i>Local Government Act 1995</i>	
File Reference:	IPR Suite of Plans	
Disclosure of Interest:	Nil	
Attachments:	Attachment 7.1A – Draft Strategic Resource Plan	

Purpose of Report

- Executive Decision Legislative Requirement

Background

Council adopted the Corporate Business Plan in November 2017. The Long Term Financial Plan (LTFP) and the Asset Management Plan (AMP) form part of this Plan. The Plan comprising the LTFP and the AMP is called the Strategic Resource Plan, and as it is classified as an informing plan, is not needed to be formally adopted by Council.

Comment

In 2013 many new statutory requirements became applicable, with the State Government trying to get Councils to view things in multiple year terms, and not just follow the previous 'single year budget' approach. The initial emphasis was on viewing specific asset proposals over a shorter period of 4-5 years (i.e. via a Corporate Business Plan), as well as any longer term effects, which is the main objective of a LTFP. It is obvious that Council will be unable to fund many significant works in the short term, but much of the backlog can be afforded in the later years.

The expectations are that Councils should attempt to cater for existing Assets initially, and for them to be given high priority before any consideration of establishing new 'extra' assets (replacement of older assets is viewed as good management).

It is expected that there will also be scrutiny of the on-going effects/costs of any new 'extra' assets (via a "whole-of-life" approach), which could add to a Councils future operational costs.

A crucial consideration for a LTFP is that what is proposed and adopted is manageable and affordable. All Councils are now expected to meet minimum KPI ratio levels by the end of a specific period, which is what is proposed in the attached LTFP. Crucially, the Asset Ratios of Renewals and Sustainability may not be met in the short term, but we believe that they are achievable over the medium to longer term, and that these are affordable.

Short term changes by the other tiers of government can have major effects on the lowest level, being Local Government. There were large reductions in Operational Grants and a variety of Capital Grants, commencing in the 2014/15 year by both the State and Federal Governments. Further possible cost shifting by the other 2 tiers of government is a matter for concern, and is a risk. This will ultimately lead to rate increases and/or cuts to services.

As already stated, a crucial consideration is that what is proposed and adopted appears to be achievable, manageable, and affordable, and that has been a major consideration in compiling this latest Plan.

As stated previously, all rural Councils have a high dependency on Operating Grants from the Federal and State Governments, particularly so with regard to road works. The continuation and maintenance of the real value of such grants are seen as vital, otherwise Council services could suffer. Also as stated in prior reports, this is a major key area of risk for all Councils.

The main proposals of all LTFPs are 'Capital' related, and give directions for what could occur for the next 15 years. Issues, including movements to and from Reserves as well as any possible loan borrowings and debt servicing issues, are also considerations.

Policy Implications

Nil

Statutory Implications

The *Local Government Act 1995* Section 5.56 and the *Local Government (Administration) Regulations 1996* Section 19DA apply.

"19DA. Corporate business plans, requirements for (Act s. 5.56)

- (1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.*
- (2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.*
- (3) A corporate business plan for a district is to —*

- (a) *set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and*
 - (b) *govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and*
 - (c) *develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.*
- (4) *A local government is to review the current corporate business plan for its district every year.*
- (5) *A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.*
- (6) *A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.*

**Absolute majority required.*

If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan."

Strategic Implications

➤ Strategic Community Plan

Zone:	Zone 4 – Communication and Leadership
Zone Statement:	Merredin Council engages with its community and leads by example
Key Priority:	4.1 – Ensuring all planning, reporting and resourcing is in accordance with best practice, compliance and statutory requirements

➤ Corporate Business Plan

Key Action:	4.1.1 – Continue to update the Integrated Planning Framework, meet statutory requirements of the Local Government Act and regulations and regulatory obligations required under other regulations
Directorate:	Corporate Services
Timeline:	Ongoing

Sustainability Implications

➤ Strategic Resource Plan

Nil

➤ Workforce Plan

Directorate: Nil
Activity: Nil
Current Staff: Nil
Focus Area: Nil
Strategy Code: Nil
Strategy: Nil
Implications: Nil

Risk Implications

Nil. Legislation requires a complete review every 4 years.

Financial Implications

The Department of Local Government advocates longer term approaches, and moving away from the old 'single year' focus. They are suggesting that Councils consider budgeting for a minor surplus each year or by transfers to reserves, with those funds to then be carried forward to help fund one or more projects in future years.

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That the Audit Committee recommends to Council that the Strategic Resource Plan incorporating the Long Term Financial Plan and the Asset Maintenance Plan, as presented in Attachment 7.1A, be adopted.

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