



Ordinary Council Meeting Minutes 21 December 2021

9.3.4 Report on Audit Independent Auditor's Report

ACTION PLAN/REPORT

Section 7.12A(4) (a) of the *Local Government Act 1995*

Office of the Auditor General (OAG) – Performance Audit

Purpose of Report

To address the adverse trend in the Operating Surplus Ratio.

Significant Matter Identified by OAG

A significant adverse trend was noted in the Operating Surplus Ratio

Implication

When this ratio starts to drift into negative territory it indicates a deficit and higher risk.

Management Comment

The Operating Surplus Ratio highlights the Shire of Dalwallinu's reliance on external funding to fund renewal of assets. An analysis of neighbouring shires indicates this is a common issue in the Wheatbelt region.

Action taken or Intended to be taken

Council and management will continue to monitor income and expenditure as well as identifying ways to improve the operating position to increase the ratio above the acceptable target of 0.01. However this ratio is likely to remain below the benchmark in the coming years whilst the removal of capital grants from the formula for calculating the ratio continues to occur.

Completion or Proposed Completion Date

Ongoing

Recommendation

(to be completed by OAG)