







The threshold for communicating uncorrected misstatements to those charged with governance is greater than \$16,000. Below this level is considered trivial and will not be communicated to those charged with governance.

In the final report, errors and misstatements will be listed as having been or not been corrected. Errors that are identified are generally dealt with during the audit process. The assessment of misstatements will also consider qualitative aspects of any misstatements or omissions under the applicable reporting framework.

Pg 6. The table outlines key areas of focus which pose a significant risk or key audit matter

- Capital expenditure
- Asset revaluations
- Depreciation

These are areas where there is much subjectivity and estimates.

Gerald questioned why revenue was not looked at so closely.

Auditors explained Council revenue comes through fixed charges and these processes are not a high risk. They look at process defining controls, rather than focusing heavily on user fees and charges. The two largest areas of revenue are rates and grants; user fees only make up a small component. The majority of Council's income is audited separately, grants are audited on top of year end audit, which adds another layer of testing.

Pg 9. The Audit timetable

Details the expected deliverable dates.

The interim visit occurred last week and the auditors are in the process of testing the file that was received. If any issues are detected these will be discussed with Heidi.

Next date for Financial report provided to Tasmanian Audit Office is 15 August

Final Audit commences 28 September

Final Audit report issued 14 October

Grant and Roads to Recovery Audits will be contracted out to Ruddicks who will do the work in their time frame and likely these will be completed after the main audit.

TAO to bill Council. Ruddicks will bill TAO to provide these services.

#### **4 Audit Panel Work Plan**

From the March 2022 Meeting

*"Mark will work with Heidi on this and bring revised version back to the June Meeting."*

Auditors are requesting the Audit Panel Work Plan.

Diana has sent a draft plan to Heidi. Proposed to have a separate meeting to go through the plan. Suggestion to wait until the next chair is recruited before finalising the plan.

#### **5 Audit Chairperson expressions of interest**

John Watson has expressed interest and has considerable experience in State Government and with local Councils.

Exploring the option of co recruitment with King Island.

## 6 Cyber Security

This item was introduced to the agenda in September 2018. The Panel requested that the item remain on the agenda until staff can provide a report on existing systems and the security measures in place in relation to cyber security breach. As this is a very real risk to Council, work on developing policies to improve procedures needs to be prioritised.

Council have received emails from the Local Government Association of Tasmania (LGAT) saying councils have been targeted. Recent improvements have been focused on moving cloud-based files onto a local server. 1000 files are yet to be moved across. Council has tightened up security and put permissions around who can access files when they are on the local server. In the event of a cyber-attack, hackers will not have access to all files. The next project is rolling out new laptops for councillors and transferring files into the cloud for councillors. This avoids email file transfers, which will improve security.

Jeff Tongs recommended being more vigilant regarding cyber risk – one of his regional clients has had their system compromised recently. TAO would like to be notified if financial or contact information has been compromised. IT systems are looked at as a means of control and may require changes if compromised. Be aware and keep up to date. TAO do not send out information on cyber matters unless a trend is noticed.

## 7 Risk Management Framework Update

*Previous discussions 2 March 2022*

*“Warren continues to review the risk management framework, it is a process of integration of other frameworks, policies, and meetings into one document, linking all these individual items together. The risk register will be brought to Council workshops throughout out the year to discuss different risks.”*

*Attachment: 7.1 Accidents and Incidents Report quarter ending March 2022 (Confidential)  
7.2 DRAFT Business Continuity Plan Vs4*

The Risk Management Framework is a work in progress, Council is still reactive, rather than proactive.

Diana thanked Warren for the work thus far and was impressed with work that has been done.

Business Continuity Plan was adopted 14<sup>th</sup> June 2022 at the Ordinary Council Meeting.

Diana suggested having a list for each manager detailing their responsibilities.

Grab bag to be stored at Council, Depot and Airport, also a cloud version to be accessible by phone.

## 8 Review Delegations

The Council's revised Instrument of Delegations was adopted in June 2022 at the Ordinary Council meeting to add a new position for Community Development Officer in Section 74.

*Attachment: 8.1 Council's Instrument of Delegation*

The Panel has been asked by Council to undertake an annual review of a random selection of delegated activities and determine compliance with the relevant Act. At the December 2021 meeting, the Panel selected delegation s189 to review for June meeting, following the agreed process to undertake the review:

- Panel selects a number of delegations listed in Council's Instrument of Delegation e.g. section 24(2) Building Act 2016, Compliance Officer.
- At the following Panel meeting, the General Manager provides details on the training undertaken by the person with the delegated authority, to enable them to undertake the delegation, e.g. Training undertaken by the Compliance Officer to enable them to comply with the provisions of section 24(2) – act as a Permit Authority, in accordance with the *Building Act 2016*.
- Panel to assess information provided and determine compliance with the relevant Act and relevant delegation.

**Function or Power** - Section 189 - Closure of local highways.

**Conditions** - Compliance with all applicable codes and policies adopted or endorsed by Council.

**Officer** - Infrastructure and Airport Manager.

No specific training is required to be undertaken by the person with the delegated authority.

The General Manager confirmed the person delegated – Infrastructure and Airport Manager, Chris Wilson - has the below experience which enables him to undertake the delegation:

- 39 years in total in Infrastructure departments
- 18 years Road Specific
- 30 years local government
- held roles in New Zealand, Western Australia (WA), Queensland (QLD), South Australia (SA) and Tasmania.
- Undertaken Traffic Management Certification in WA, SA and QLD
- Managed Airports for 6 years
- Airport Reporting Officer for 4 years
- Managed Waste for 7 years

The Audit Panel was provided with the above information. and was confident the Officer has the necessary experience to enable him to undertake the delegation and was satisfied with the proof of their ability to undertake the delegation.

The Panel considered the proof provided and noted that the delegation under *Local Government Act 1993* s.189 is appropriate.

## AGENDA ITEMS

### 9 General Managers Update on major projects progress and upcoming acquittals.

Local Roads and Community Infrastructure (LRCI) Grants phases one and two are due for completion 30 June 2022, expecting to spend 90% of grant funding.  
Deed signed for LRCI phase three to be completed by 30 June 2023. This grant of \$597,810 is being allocated to roads maintenance.

Council has been successful in a number of grants in the past three months, including two for Waste management of \$424,000 and \$14,000.

## 10 Items from Council Meeting for discussion

No comment.

## 11 Credit Card Audit

Diana completed audit of credit cards to 31<sup>st</sup> May 2022.

## 12 Amendments to Local Government Act

Flinders Council attended the LGAT forum on the future of the Local Government review and combined with King Island Council and West Coast Council their feedback was presented to the board.

## 13 Charter

*Attachment: 13.1 Terms of Reference Audit Panel*

Note: No feedback has been received from the email sent 22 March 2022, regarding the draft Audit Panel Charter with tracked changes, combining edits from Diana and governance department.

Jeff Tong provided comments to the present Charter – as detailed in red below.

### **“3. Composition and Tenure**

*The Audit Panel will **comprise of 3 members which is**, made up of an independent Chairperson, who may be located remote from Flinders Island, plus at least two independent members.*

*Audit panel members are appointed for a period of up to four years.*

*Audit panel members may be re-appointed at the approval of the Council.*

***A councillor, or employee, of a council is not eligible to be a member of an audit panel of another council.***

## **8. Administrative arrangements**

### **8.1 Meetings**

*The audit panel will meet at least four times per year. The audit panel is to regulate its own proceedings in accordance with this charter. The chairperson may determine that a meeting is to be held in private. The general manager and financial manager, or their delegates, are to attend audit panel meetings unless the chairperson determines a meeting is to be held in private. The audit panel may invite any councillor and/or employee of the Council and/or representative of the Tasmanian Audit Office to attend meetings of the audit panel.*

*Meetings shall be held in the Offices of the Council or at the Rose Garden Room, FAEC, Whitemark, or at some other place as determined by the Council. Attendance shall either be in person, by phone or by video conferencing.*

*In addition, the chair may invite any Councillor, including the Mayor, to attend any meeting of the Panel as an observer.”*

#### Question to TAO

How is audit panel to review external auditors? Reflect against audit plan and see if they are happy with the process. TAO surveys clients and see if they are happy with the process. In camera session just with Audit Panel no staff present. TAO do cover off on risks they identify. Use internal audit to explore these areas of high risk.

#### **OTHER BUSINESS**

Nil

#### **NEXT MEETING**

Wednesday 26th October 2022, 11am, Gerald to confirm.

#### **IN CAMERA SESSION**

No need for in camera session.

#### **MEETING CLOSED 12.35 pm**

#### **ACTION LIST**

<b>Meeting</b>	<b>Action</b>	<b>Progress</b>
2019.01.29	General Manager to develop a statement of Council's risk appetite for Council adoption and add it to the Framework.	Work has commenced.
2021.12.06	Rowena to edit Audit Charter send to Members prior to March 2022 meeting. 2022.03.02 Diana has provided feedback and the revised charter has been sent to members for review. Feedback to be sent to governance.	Work has commenced.
	Diana to look at edits required for Terms of Reference for discussion at March Meeting.	Complete
2022.03.02	Mark will work with Heidi on the Audit Panel Work Plan and bring the revised document back to the June Meeting.	N/A
	General Manager provides details on the training undertaken by the person with the delegated authority of S189, to enable them to undertake the delegation.	Complete
2022.06.28	Diana to work with Heidi on Audit Panel Charter.	
	Rowena to send out revised Charter with changes suggested by Jeff	Complete