

FLINDERS COUNCIL AUDIT PANEL COMMITTEE MEETING CONFIRMED MINUTES

DATE: Tuesday 21 February 2023
VENUE: Rose Garden Room, FAEC, Whitemark and via Zoom
COMMENCING: 1.00pm

1. MEETING OPENED AT 1.04PM.

2. ATTENDANCE

MEMBERS		
Position/Organisation	Name	In-Attendance
Chairperson	John Watson	Yes (via Teams)
Member	Diana Droog	Yes (via Zoom)
Member	Gerald Willis	Yes
GUESTS		
Tasmanian Audit Office	Jeff Tongs	Yes (via Zoom)
Tasmanian Audit Office	Simone Lee	Yes (via Zoom)
STAFF		
General Manager	Warren Groves	Yes
Financial Consultant	Marissa Walters	Yes (via Zoom)
Executive Assistant	Kyra Newman	Yes
Executive Officer (minute taker)	Vicki Warden	Yes
NOTE: Standing invitation to Council Elected Members as observers	Mayor Rachel Summers Cr Ken Stockton	Yes Yes

BUSINESS

3. ACKNOWLEDGMENT OF COUNTRY

The Chair began by acknowledging the Traditional Owners of the land on which we met today, the palawa people of the trawulwai Nation. He recognised their continuing connection to the land, waters and culture of this island, and paid respects to Elders past, present and emerging.

4. DECLARATION OF INTERESTS

4.1 Declarations of Interest

Name	Appointment Date	Rotation Date	Person and/or Organisations with Interest	Nature of Conflict of Interest	Perceived / Potential / Actual	Date of Declaration
John Watson	5 December 2016	October 2024	Municipal Association of Victoria (MAV) Audit and Risk Committee	Chair	Perceived	29 September 2022
	October 2012	October 2024	Victorian Local Government Grants Commission	Chair	Perceived	29 September 2022
Diana Droog	Annual Membership	Sept	Flinders Island Business Inc. (FIBI)	Treasurer (& member)	Potential	7 Feb 2018
	Annual Membership	July	Furneaux Historical Research Association Inc.	Member & Membership of Museum's IT Group	Potential	7 Feb 2018

	Annual Membership		Landcare		Potential	4 June 2018
			Emita Volunteer Fire Brigade	Member	Potential	16 Dec 2019
Gerald Willis	Annual Membership		Furneaux Historical Research Association Inc		Potential	26 Aug 2019
	Annual Membership		Furneaux Maritime History Association		Potential	26 Aug 2019
	Annual Membership		Sports & RSL Club		Potential	26 Aug 2019
	Annual Membership		Furneaux Islands Protection Network Inc		Potential	28 September 2021
Marissa Walters	Ongoing		Break O'Day Council	Consultant Accountant	Perceived	29 September 2022
	Ongoing		Glamorgan Spring Bay Council	Consultant Accountant	Perceived	29 September 2022

Action: Governance to add Marissa Walters' Declarations of Interest to the above table.

4.2 General Manager's Declaration

The General Manager declared no knowledge of any impending legal actions, legislation breaches or any actual or suspected fraud occurrences within the organisation since last reported to the Panel.

5. CONFIRMATION OF PREVIOUS MINUTES

- a. That the minutes from the meeting held on 29 September 2022 be confirmed as a true record.

Diana and Gerald identified spelling errors and inconsistencies regarding names in the minutes and other matters. Gerald expressed his concerns with the Council seeing unconfirmed minutes of Audit Panel meetings before panel members and instead of confirmed minutes. Gerald had listed several changes required to the minutes in his correspondence of 6 January 2023. He also noted that if minutes were confirmed at a meeting with changes, then the changes needed to be listed in the minutes of that meeting.

Further discussion on the 29 September 2022 minutes was deferred until after consideration of the next meeting point.

- b. That the audit panel discuss an out-of-session alternative for confirmation of future meeting minutes with a view to confirmed minutes then being reported to the council.

Gerald noted that 6.2 of the Local Government Audit Panels Meeting Guide states that '*The minutes [of the Audit Panel meeting] must be formally confirmed at a subsequent meeting of the panel.*' John observed that the Guide is a guide only and is not prescriptive. Gerald commented that it makes good sense to follow guidelines.

The Panel discussed an out-of-session alternative for confirmation of future meeting minutes and the following process was agreed:

- As soon as practicable after a meeting, the secretariat will forward draft unconfirmed minutes to the Chair;
- The Chair will edit and forward the minutes to the secretariat to circulate to all Panel members for any further review and edit;
- Edits to the minutes will be discussed and agreed between Panel members via email to all members and shared with the secretariat;

- Once settled, the minutes will be confirmed via circular resolution to all members and the secretariat;
- The secretariat will ensure the confirmed minutes are included in the next council meeting agenda for Council consideration; and
- At the subsequent Audit Panel meeting, it will be noted that the minutes were confirmed out-of-session via circular resolution.

It was also agreed that this process would be used to confirm the 29 September 2022 unconfirmed minutes out-of-session.

Action: Panel members to confirm the 29 September 2022 minutes and these minutes out-of-session.

Governance to add the process for the out-of-session confirmation of meeting minutes to the Audit Panel Charter.

6. ACTIONS ARISING FROM PREVIOUS MEETINGS OF THE PANEL

Meeting	Action	Progress
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. See agenda item 9.5
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. See agenda item 9.6
	Diana to look at edits required for Terms of Reference for discussion at March Meeting.	
2022.09.29	Warren to send copy of long standing historical 3-4 year PID in force to end of Current Council term to Panel members.	Complete
2022.09.29	Warren to send copy of letter to EPA re Quarries breach to Panel members for information.	Complete
2022.09.29	Marrissa will provide a quarterly Profit and Loss and Statement of Financial Position to the Audit Panel for future quarters.	Complete
2022.09.29	Rowena to forward budget information that went to council and include in agenda for future.	Complete
2022.09.29	That the Business Continuity Plan be amended to reflect the organisation changes.	Complete – document to be distributed to Business Continuity Team
2022.09.29	The Chair to provide examples of Victorian Audit and Risk Committee Charters for discussion with Panel members out of session.	Complete

The status of Actions arising from previous meetings was received and noted with Diana foreshadowing questions in relation to the Business Continuity Plan.

7. CORRESPONDENCE IN

2023.01.06 G Willis – Matters of Interest

Given that Warren had responded to Gerald's matters of interest via email, John asked Gerald if there were any remaining issues still to resolve. Discussion ensued on all the issues raised with the following actions resulting from the discussion.

Gerald called into question the second paragraph used in the certification of council meeting agendas, *'Where any advice is given directly to Council by a person who does not have the required*

qualifications or experience that person has obtained and taken into account in that person's general advice the advice from an appropriately qualified or experienced person.'

Action: Warren to seek legal advice on the use of the second paragraph used in the certification of council meeting agendas.

Gerald and Warren to discuss this issue out-of-session and report back to the next meeting.

Gerald questioned the omission of the name of the planner for Development Applications, the use of a staff member's name instead, and then the use of a non-descript sub-contractor. He believes the name of the planner who provided advice to the council should be included in all relevant agenda items.

Action: Gerald and Warren to discuss out-of-session the use of the name of the planner for Development Applications.

Gerald proposed that the Council's AGM was not advertised widely enough, even though it was advertised in accordance with legislation. Warren agreed that the advertising of the meeting could have been done better, however staff were working within tight timeframes and did the best under the circumstances. The Panel noted that last year's situation was difficult and that this year advertising will improve.

Action: Ensure that adequate advertising of Council's AGM is included in Council's Communication Policy.

8. CORRESPONDENCE OUT - Nil

2023.01.24 W Groves – Response to G Willis's comments on 29.09.2022 minutes

9. REPORTS

9.1. Financial Report

As a standing item on all Panel meeting agendas, any variations to the budget and movement of money are presented for the Panel's consideration.

At the previous Panel meeting, the Panel asked to see the 2022-23 Budget Estimates agenda item. This was provided as an attachment and no further commentary was required.

The Quarterly Profit and Loss and Statement of Financial Position was provided. Marissa explained that things were going better than budgeted, mostly due to staff vacancies. Comments on variances were included which were self-explanatory.

John asked if unrestricted cash included grants received and yet to be expended. Marissa explained that in this report, it only referred to cash, which included grants that are restricted. Simone commented that the meaning of cash is broad and the audit office will be reviewing the definition and providing guidance in the future. The Auditor's focus is on whether councils have enough cash to pay bills in the future.

Gerald would like to see a sum of income and receipts, expenditure and costs in the budget statement as it's easier to read and asked why this is not included. Marissa, Simone and Jeff explained that the current format used is the model statement, as dictated by the accounting standards. The additional information can be included if required. John queried whether the additional effort was warranted given that the current statement satisfies the model.

Action: Warren to investigate whether the addition of a sum of income and receipts, expenditure and costs added to budget statements is warranted and cost-effective and report back to the Panel.

9.2. Policy Review

Governance staff have reviewed the contents of the Finders Council Policy and Procedure Manual and have updated the list to show when policies are due for review.

Discussion ensued on the number of policies overdue for review. Warren acknowledged the necessity to schedule policies for review and explained that the current situation is a reflection of limited resources due to a combination of unplanned leave and an inability to recruit staff.

John and Diana suggested prioritising and consolidating policies and using templates from other councils. Warren confirmed that we have been doing all these things.

The Panel acknowledged and recognised the difficulties with reviewing policies and asked that a progress report on policy reviews become a standing agenda item for future meetings.

Action: Governance to prepare a prioritised list of policies for review for the next Audit Panel meeting. Governance to add Policy Review Update into the Work Plan as a standing agenda item for all meetings.

9.3. Annual Audit

Tasmanian Audit Office completed the audit in time for council to complete the Annual Report and hold its Annual General Meeting on the 14/12/22, within the legislated timeframe. Audit recommendations will be discussed later in this agenda.

The 2021-2022 Flinders Council Annual Report was presented for information. The Panel noted that the Annual Report should be brought to the Audit Panel as soon as practicable following the conclusion of council's financial year.

9.4. Audit Panel Work Plan

A draft Work Plan based on the Local Government Audit Panels Meeting Guide was provided for panel members for discussion. It was agreed that standing items at each meeting should be added to the list and that red/green colour coding be used to indicate what was being dealt with at each meeting. John requested that the Work Plan be presented at each meeting for review and for additions/changes to be made.

The Draft Work Plan was accepted on the basis that it will change in the future and that colour coding will be introduced.

Action: Governance to add Audit Panel Work Plan Review into the Work Plan as a standing agenda item for all meetings.

9.5. Risk Management Framework Update

Council Officers had planned to have a draft version of the entire, revised, interoperable, council-wide Risk Management Framework available for Panel review at this meeting, however resource issues have hindered progress. Draft versions of completed components of the Framework - Risk Management Policy and the Work Health & Safety Policy – were discussed.

Diana and John commented that both policies were too brief and required more detail. The crux of the matter was not clear in either policy.

Warren explained that the policies were part of the overarching Risk Management Framework currently under development and that the policies were the primary documents with procedural information contained within the Framework.

The Panel accepted the policies are drafts noting that more work was to be done.

Action: Warren to bring the Risk Management Framework to the next Audit Panel meeting.

9.6. Audit Panel Charter

A draft Audit Panel Charter was discussed at the previous meeting and the Chair chose to review this further with Panel members out-of-session.

John made proposed adjustments to the Charter to reflect the practice guide – these changes being in red text in the document. Discussion ensued and Panel members agreed with the changes.

Resolved:

That the Panel recommend the revised Charter, with changes, to Council for adoption.

9.7. Credit Card Audit

Diana reported that she had audited credit card usage for 1 September – 31 November 2022 with no issues to report. Diana audits a number of staff credit cards each quarter. The Finance Team has a form that requires 4 people to sign off on credit card usage. The credit cards are infrequently used and they may look at a different way of auditing in the future.

Action: Governance to add Credit Card Audit into the Work Plan as a standing agenda item for all meetings.

John to provide Panel members with an example of a credit card report for information.

Diana to provide a report to each meeting with the name of the credit card holder, their position, and level of the usage of the card.

9.8. 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. Warren reported that there have been no breaches, no known attempts to breach, and no additional computer processes initiated since the previous meeting in September 2022. He confirmed that council has two factor authentication on all passwords.

Warren asked if this item overlapped with item 4.2., General Manager 's declaration of legal actions, legislation breaches or fraud occurrences - John and Diana agreed that it did. Panel members advised that Council's IT service provider should be providing a monthly report on what they're doing in the cyber security space, training they are undertaking, and the number of attempted breaches on our systems.

Action: Governance to add Cyber Security Report into the Work Plan as a standing agenda item for all meetings.

Council's Community Services Coordinator, Sammi Gowthorp to work with council's IT service provider to provide a monthly report on what they're doing in the cyber security space, training they are undertaking, and the number of attempted breaches on our systems.

9.9. Status of Outstanding Audit Recommendations (postponed from previous meeting)

The Panel agreed that a table listing outstanding audit recommendations, target date and progress updates, be included in future Panel agendas.

Action: Governance to add Outstanding Audit Recommendations as a standing agenda item in the Work Plan for all meetings.

10. OTHER BUSINESS

Business Continuity Plan

Diana expressed concern over the extensive role Marissa would play on the Business Continuity Team in the event of an incident. Given that Marissa also works for two other councils, Diana asked if she had a similar role with the other councils and who would get priority.

Marissa responded that she hadn't yet seen the Business Continuity Plan, that it would depend on the scenario, but that she did have the capacity. Marissa agreed to discuss the matter further with Warren out-of-session. There may be a need for the Corporate Services Coordinator to take over some of the responsibility.

*Action: Governance to distribute the revised document to the Business Continuity Team.
Marissa to discuss her role on the Business Continuity Team with Warren.*

Auditor's Memorandum of Understanding

Gerald asked the Auditors to confirm that, as there was no mention of insignificant findings in the first page of the memorandum, that there are none to report. Jeff confirmed there was nothing to report to the Audit Panel but if issues of consequence arose they would be escalated to the Panel. .

Gerald noted the property structure revaluation changes and that the value given to roads seemed to be contrived. Jeff explained that the road value is based on what it would cost to maintain or rebuild the road and is required by the accounting standards.

Marisa commented that Council needs to get a new external system for asset management to replace the previous one and that Chris and Warren are fully aware of this.

Discussion ensued around the risks associated with not having internal auditors progressively working through systems over time. A council of this size with limited funding does not generally do internal audits.

11. MEMBERS ONLY SESSION

Members did not have any matters to discuss in the absence of management.

12. MEMBERS ONLY WITH AUDITORS' SESSION

The Auditors did not have any matters to discuss with members only in the absence of management.

13. FUTURE 2023 MEETINGS

Warren will propose meeting dates for the remainder of 2023 and canvas availability via email. Best practice is for the Panel to review financials before they go to council so meeting dates will be timed accordingly.

Action: Warren will finalise meeting dates for the remainder of 2023 with Panel members out-of-session.

14. MEETING CLOSED 2.39pm