

## FLINDERS COUNCIL AUDIT PANEL MEETING CONFIRMED MINUTES

**DATE:** 13 June 2023  
**VENUE:** Rose Garden Room, FAEC, Whitemark and via Teams  
**COMMENCING:** 2.30pm

### 1. MEETING OPENS

### 2. ATTENDANCE

<b>MEMBERS</b>		
<b>Position/Organisation</b>	<b>Name</b>	<b>In-Attendance</b>
Chairperson	John Watson	Yes
Member	Diana Droog	Yes
Member	Gerald Willis	Yes
<b>GUESTS</b>		
Tasmanian Audit Office	Jeff Tongs	Apology
Tasmanian Audit Office	Simone Lee	Apology
Tasmanian Audit Office	Dylan Xing	Apology
<b>STAFF</b>		
General Manager	Warren Groves	Yes
Contract Accountant	Marissa Walters	Yes (2:32pm – 3.06pm)
Executive Officer (note taker)	Sue Mythen	Yes
Executive Assistant	Kyra Newman	Yes (2pm – 2.50pm)
<b>NOTE:</b> Standing invitation to Council Elected Members as observers		

### 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

<b>Name</b>	<b>Appointment Date</b>	<b>Rotation Date</b>	<b>Person and/or Organisations with Interest</b>	<b>Nature of Conflict of Interest</b>	<b>Perceived / Potential / Actual</b>	<b>Date of Declaration</b>
<b>John Watson</b>	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
<b>Diana Droog</b>	Annual Membership	Sept	Flinders Island Business Inc. (FIBI)	Treasurer (& member)	Potential	7 Feb 2018

Name	Appointment Date	Rotation Date	Person and/or Organisations with Interest	Nature of Conflict of Interest	Perceived / Potential / Actual	Date of Declaration
	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
<b>Gerald Willis</b>	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
<b>Marissa Walters</b>	Ongoing		Break O'Day Council	Consultant Accountant	Perceived	29 September 2022
	Ongoing		Glamorgan Spring Bay Council	Consultant Accountant	Perceived	29 September 2022
<b>Warren Groves</b>	Ongoing		Furneaux Historical Research Association Incorporated	Member	Perceived	4 April 2023

No Variations to the table were noted.

#### **4.2 General Manager 's Declaration**

The General Manager advised there were no legislation breaches or any actual or suspected fraud occurrences within the organisation since last reported to the Panel.

There is one possible impending legal action, a community member contesting/appealing a planning decision. It is in the first stage, being the conciliation process. Council's decision was made per the relevant Act, legislated policy and processes.

### **5. CONFIRMATION OF PREVIOUS MINUTES**

#### **DECISION**

That the Panel noted that the minutes from the meeting held on 4 April 2023 were confirmed out-of-session via circular resolution.

Attachment 5.1 Confirmed minutes 2023.04.04

**Item 8.1 was considered to mitigate conflicting priorities - Marissa left the meeting at 3.06pm**

### **6. ACTIONS ARISING FROM PREVIOUS MEETINGS OF THE PANEL**

Attachment 6.1 Draft Risk Assessment Framework Section 2 - Risk Appetite  
6.2 Example of Credit Card Report  
6.3 Business Continuity Plan V6

The Chair commended the Risk Appetite document as well done and requested feedback be given to the Governance team that this is greatly appreciated and to proffer Audit Panel support to Council for putting this in place and suggested an annual review.

Business Continuity Plan (BCP): We are at Version 6 already and shows we are continually updating and not just waiting for review period. The Audit Panel noted the progress.

The BCP is updated per the process documented in the Risk Management Framework. Must ensure there are continual updates with staff movements. The Chair commended the progress.

The Draft Risk Framework will go to the 28 June Council Ordinary meeting for consideration.

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.	13/6/2023 To be attached at item 6.1
2023.02.21	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.	Pending investigation.
	Warren to bring the Risk Management Framework to the next Audit Panel meeting or the following meeting if staff capacity and recruitment proves to be problematic.	Work has commenced. See agenda item 9.5.
	John to provide Panel members with an example of a credit card report for information.	See attached example at 6.2
	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.	See attached report at 8.5.1
	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.	Completed, Report provided for April meeting, report format a work in progress.
	Governance to distribute the revised document to the Business Continuity Team.	BCP has been distributed, edits required for new staff. 13/6/2023 Attached for review at 6.4.
2023.04.04	<p><i>'The Chair asked the General Manager whether the Council holds Cyber insurance and requested that if it does, what failures by the Council, such as not applying patches in a timely manner could risk voiding the insurance. Following discussion it became apparent that the Council does not carry cyber insurance but relies on its external IT provider, Techquity.</i></p> <p><i>The Chair suggested that the Council should seek an annual written statement from Techquity regarding protecting Council and what their liability is if they fail and a breach is successful.</i></p> <p><i>The Chair also suggested looking in the Essential 8 regarding levels of protection in the cyber space.</i></p> <p><a href="https://www.cyber.gov.au/acsc/view-all-content/essential-eight">https://www.cyber.gov.au/acsc/view-all-content/essential-eight</a></p> <p><i>Is penetration testing done?</i></p> <p><i>Is there a process for removing rights to the system when staff? Answer yes.</i></p> <p><i>This a space to be conscious of and remain vigilant, more requirements are likely to be imposed by other levels of government.</i></p>	

Meeting	Action	Progress
	<p><i>General Manager to investigate points raised above. Marissa suggested being mindful – IT providers tend to provide the same service unless you ask for better protection or service.</i></p> <p><b><u>DECISION</u></b>  <i>The cyber security report was received and noted and that the matters raised in the discussion would be followed up and reported back to the Panel.'</i></p>	

The Actions arising were noted.

## 6.2 Risk Management Framework Update

The draft version of the revised, interoperable, Council-wide Risk Management Framework was presented for Discussion.

### *Attachment 6.2. Draft Risk Management Framework*

The General Manager talked to the development of the document, how it shows our commitment to risk and is proof of how serious we are at addressing this. The vision for the framework was provided to the Governance team who have developed the document with his review.

The Audit Panel agreed it was a very good piece of work and goes toward satisfying external requirements and building an internal risk-based culture.

The document should be supplied to insurance companies to encourage a discount, or lower deductables.

The audit office has requested the framework be completed by the end of June 2023.

The Chair commended the team on the development of the Risk Management Framework.

## 6.3 Future 2023 Meetings

Meeting dates for the remainder of 2023 are:

- 5 October at 1pm
- 7 December at 1pm

### **Noted by members**

## **7. CORRESPONDENCE**

### 7.1 Correspondence IN

Nil

### 7.2 Correspondence OUT

2023.04.04 Warren Groves – Essential Eight – Cyber Security Hierarchy

Attachment 7.2.1 email 2023.04.04 Warren Groves – Essential Eight – Cyber Security Hierarchy

### **DECISION**

The Correspondence was discussed and noted.

## **8. STANDING AGENDA ITEMS**

### 8.1. Financial Report

Variations to the budget and movement of funds were presented for the Panel's consideration.

*Attachments: 8.1.1 Quarterly Financial Report January to March 2023  
8.1.2 DRAFT Long Term Financial Management Plan with Appendices 2024-2033  
8.1.3 Draft Budget 2023-2024*

## **DECISION**

The panel noted variations to the budget as presented by the Consultant Accountant.

The Profit and Loss was sent out after the previous meeting:

- Gerald: queried whether employee costs include accruals for leave etc.
  - they will be included at month end.
  - employee cost line items show all the accrual data – this is captured and itemised at EOFY.
- Why is the 2023 Capital WIP showing zero.
  - the capital works is shown in a separate report.
- John: can we get Council report showing notes on budget items. John will send example of agenda item showing what he means.
- Gerald: airport shows high user fees re sale of aviation fuel – where is the cost.
  - Included in materials & services. The budgeted income for 2023/24 is lower as in 2022/23 there was a one-off survey on island which culminated in higher sales – this is not expected to continue.
- Are landing fees up or down on prior year.
  - They are now rebounding back.
- Corporate Services – Operating grants (Pg 10) budget is 868K however the year to date is showing only 195K, this is a significant difference.
  - Financial services Grant (FAG), hoping this comes in, in June. FAGS are spread across a number of departments. 75% was paid in June 2022 and this ran over into this year. The Federal Government has said they will bring forward 75% again but timeframe is unconfirmed (June or July). This is purely to help councils.

**Draft Long Term Financial Management Plan (LTFMP):** The draft will go to the Council workshop on Wednesday 14<sup>th</sup> June, so no feedback received as yet. Council is looking to fund asset renewals while maintaining enough for future expenses. This has proved more achievable than originally thought and includes rate increase year on year for 10 years. There are also unknown factors including the outcome of Local Government review. Other councils are predicting 12%, 10% & 8% over next 3 years. We on Flinders have 10% for 10 years (total rate revenue) and we will gain a little through natural growth. Break of Day & Glamorgan have increased by less than 10% but after 3 years finding this hard.

It was noted there is no rate capping in Tasmania.

- Diana: what is included in the 47.5% as oncosts for wages.
  - workers compensation (this is high due to past claims), annual leave, long service, super (which is going up 1 July but Flinders is already above Government Guarantee), uniforms, PPE, Payroll Tax. This allows us to get higher cost into capital rather than in Operating, which helps the bottom line.

**Draft Budget:** Will be presented at Council workshop Wednesday 14<sup>th</sup> June. I have had sessions with Councillors with little change to date.

Rates income is based on an increase of 9.75% on total revenue.

Tasmania looks to be getting an increase in FAGS.

Interest rates are going up which helps.

TasWater dividends predicted to remain high for 2 years then will drop, Capital grants, LRCI + other grants, makes Capital grants look high. Some staff coming on board & staff pay increases (Oct 2023). Depreciation will go up with new asset revaluation. The end result is looking better than it was. There are some large one-off capital works programs that will affect cashflow.

- The chair queried the ability to complete capital programs?
  - lower order works will be done locally. Higher value works are saved to maximise mobilisation/demobilisation and cost sharing options with DSG. The reason for such high carry over is the timing of the grants, it goes over multiple years but we deal with it all annually then carry over ie: black bushfire, safe harbour. We will expect to have a carry-over after next year also.
  - it would be nice to see a Gantt chart showing project stages outlining revenue and expenses over time.

The LRCI grants started in 2020 and they keep getting extended. There are not enough contractors to undertake the works and Government has now released LRC4. We are still trying to get LRCI 1 items done.

- Gerald: how much do we need for VET Clinic
  - the lower quote was 1.3M and specialist remote was 2.2M. Only received 2 tenders from all of Tasmania.
- Airport runway: upcoming expenditure expectation
  - currently \$7 to \$8million. We have worked hard with Federal Government and are prequalified as rural & remote for need – they accept and are aware of our challenges. We have quotes ready that will remedy CASA requirements. We also have specialist engineers ready to do works when funds become available.

No political fallout has been experienced from the change in government from Liberal to Labour.

Decision has been made not to depreciate airport as this will be reliant on grant funding.

There is possibly a group of councils that are classified remote/regional (circa 69) and the General Manager will research.

## 8.2. Policy Review

The following policies have been reviewed since the last Panel meeting in February 2023:

- Communications Policy (laying on the table 26 April 2023)
- Asset Management Policy (adopted 24 May 2023)
- Risk Management Policy (adopted 24 May 2023)
- Fraud Prevention and Control Policy (adopted 24 May 2023)
- Related Party Disclosure Policy (adopted 24 May 2023)
- Information Management Policy (adopted 24 May 2023)
- Work Health and Safety Policy (adopted 24 May 2023)
- Wybalenna Policy (rescinded 24 May 2023), to be revisited in July 2023.

Scheduled for the next available Council Workshop for discussion:

- Visits to Cape Barren Island (to be discussed after Council visits Cape Barren Island and consults with the Cape Barren Aboriginal Association)
- Information Management Procedure
- Workplace Behaviour Policy
- Issue Resolution Policy

The Mayor is reformatting, making suggestions for combining policies, then forwarding to Corporate Services Co-ordinator to finalise, before presenting to Council the following policies and procedures:

O-HR1	Workplace Behaviour Policy
O-HR3	Disciplinary Policy
O-HR3-P	Disciplinary Procedure
O-HR5	Performance Management Policy
O-HR5-P	Performance Management Procedure
O-HR8	Issue Resolution Policy
O-HR8-P	Issue Resolution Procedure
O-HR11	Employee Code of Conduct Policy
S-HR15	Personal Information Protection Policy

*Attachment: 8.2.1 Policy & Procedure Manual*

### **DECISION**

The Policy Review report was received and noted.

There are still some that are needing review. The Executive Officer has returned part time and we hope this will assist to address some of these.

Suggested that we could reduce number of policies by putting under sub-headings.

The Audit Panel discussed the introduction of a 'Whistle Blower' policy and need to protect our staff. The General Manger supported the recommendation and will task Governance to explore. This will include looking at possibility of coming under fraud policy and whether there is privacy/whistle blower legislation in Tasmania.

The Audit Panel encouraged reviews as a priority, as resources permit.

### 8.3. Audit Panel Work Plan

The Audit Panel Work Plan is presented for review.

*Attachment: 8.3.1 Audit Panel Work Plan*

### **DECISION**

The panel noted the Work Plan.

### 8.4. Credit Card Audit

The following Credit Card Report was presented for review at the meeting.

*Attachment: 8.5.1 Credit Card Report*

*A statement from the General Manger similar to item 4.2 stating there have been no unapproved/ cancelled transactions or change of card users to be included as standing agenda item. The Panel noted that usage is small scale and the General Manager currently undertakes receipt checks against credit card statements.*

### **DECISION**

The Credit Card report was received and noted.

### 8.5. Cyber Security

A cyber security report is presented for review and feedback.

*See comments 8.7.1 TAO Audit Findings yet to be Resolved Report lines 10 and 11.*

The essential eight was discussed and the chair added that there are various levels. He reminded Council that you can tick off across multiple levels and not to just focus on Level one.

**Decision:**

The TAO report was noted.

8.6. Status of Outstanding Audit Recommendations

TAO Audit findings yet to be resolved Report was presented for review.

*Attachment: 8.7.1 TAO Audit Findings yet to be Resolved Report – Sent out 5/6/23*

**DECISION**

The report on the status of outstanding audit recommendations was received and noted.

**9. ADDITIONAL AGENDA ITEMS**

**NIL**

**10. OTHER BUSINESS**

10.1. Audit Panel Member Vacancies

At the 24 May 2023 Ordinary Council Meeting, Councillors voted on the two vacancies of the Audit Panel Committee. The following motion was released in the 24 May 2023 Ordinary Council Unconfirmed Minutes.

*'161.05.2023 Moved: Cr P Rhodes      Seconded: Cr K Stockton*

*That Council appoints to Flinders Council Audit Panel:*

- a.            Diana Droog for a period of 4 years commencing 24 May 2023;*
- and*
- b.            Gerald Willis for a period of 4 years commencing 27 August 2023.*

*CARRIED UNANIMOUSLY (6-0)*

*For: Mayor Rachel Summers, Cr Garry Blenkhorn, Cr Aaron Burke, Cr Carol Cox, Cr Peter Rhodes and Cr Ken Stockton.'*

**DECISION**

The panel noted the outcome of the selection for the Audit Panel Member Vacancies and welcomed the members.

The Chair congratulated the two panel members on reappointment.

11.2 Business Continuity Plan

Council conducted testing of the Business Continuity Plan (BCP) at the 13 April 2023 Management meeting. The General Manager provided an update on the results of the test.

**DECISION**

The status of the Business Continuity Plan was noted.



The Panel reminded the General Manager that it was vital to update the BCP in relation to staff movements/appointments.

**11. MEMBERS ONLY WITH AUDITORS' SESSION**

The Chair asked if the Auditors had any matters to discuss with members only in the absence of management. – Auditors advised by email that they have no items for discussion and sent an apology.

Nothing to discuss.

**12. MEMBERS ONLY SESSION**

The Chair asked if Panel members had any matters to discuss in the absence of management.

Nothing to discuss.

The chair added that he was very pleased with progress – Credit where credit is due.

**13. MEETING CLOSE....3:46 PM**