



Tasmanian  
Government

**Treasurer  
Minister for Planning and Local Government**

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31 OCT 2014

Ms Carol Cox  
Mayor  
Flinders Council  
PO Box 40  
WHITEMARK FLINDERS ISLAND TAS 7255

Dear ~~Ms~~ <sup>Carol</sup> Cox,

I refer to your letter of 2 September 2014 regarding the requirement for the Flinders Council (the Council) to establish and maintain an audit panel under Section 85 of the *Local Government Act 1993* (the Act) and the associated *Local Government (Audit Panels) Order 2014* (the Audit Panel Order).

I note your concerns regarding the new requirements, particularly for small councils such as yours. However, it is also essential that councils have appropriate mechanisms in place that provide for independent review of processes and decision-making to ensure they are accountable both for their decisions and to their communities. Local government audit panels are one of those mechanisms.

While I am cognisant that there will be a cost to councils in appointing their audit panels, I consider the benefits provided by an independent audit panel far outweigh these costs. Moreover, I believe there has been enough flexibility built into the new legislative requirements to allow all Tasmanian councils to tailor the membership and workplan of their audit panels as appropriate for their respective council.

Notwithstanding this, the Council's proposed approach in appointing its audit panel would be substantially compliant with the new legislation, as it currently stands. As stipulated in Clause 6(1) of the Audit Panel Order, the Chairperson of the audit panel is to be an independent member and not an elected member of the Council. I note that this is the intent of the Council in appointing its audit panel.

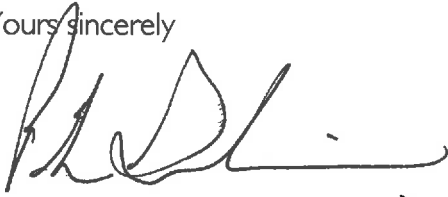
The Department of Premier and Cabinet's Local Government Division has received requests from a number of councils to postpone appointment of their respective audit panels until after the October local government elections. Given that the membership of council audit panels will be contingent on the outcome of the October elections, I consider this approach to be entirely appropriate.

Please note that the Auditor-General will be undertaking a compliance check of Tasmanian councils during his annual audit of councils' financial statements. The compliance checks will begin with the Auditor-General's audit of the 2014-15 financial statements and will include an assessment of whether councils have appointed an audit panel in accordance with the requirements of the Act and Audit Panel Order. The Local Government Division will liaise with the Auditor-General in regards to these compliance checks.

If you have any other questions regarding audit panels, including the compliance of your Council with the Act and the Audit Panel Order, you can contact Mr Greg Brown, Deputy Director, Local Government Division, either by telephone on 6232 7022 or via email at [Greg.Brown@dpac.tas.gov.au](mailto:Greg.Brown@dpac.tas.gov.au).

Thank you for your letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Gutwein', with a long horizontal flourish extending to the right.

Peter Gutwein MP

**Minister for Planning and Local Government**