

Flinders Council AUDIT PANEL

Unconfirmed Minutes

Date: Tuesday 6th of October 2015

Time: 10.30am

Location: Rose Garden Room, Flinders Arts and Entertainment Centre
Whitemark

Present: Chair Mr John Dick
Ms Diana Droog
CI Ken Stockton
CI Gerald Willis

Staff present: General Manager Mr Raoul Harper
Corporate Services Manager Ms Sophie Pitchford

Confirmation of Minutes

Audit and Finance Special Committee meeting of the 31st of July 2015

Decision

That the Audit Panel approves the minutes as a true and correct record of the meeting held 31 July 2015 and records that no matters were outstanding.

Moved: CI G Willis

Seconded D Droog

Declaration of Pecuniary Interest

None declared

Agenda Items:

Audited Flinders Council Accounts 2015

Some issues arising from the Auditor General's report

- a. *When the matters highlighted by the auditor are addressed can the Panel see the documents/contracts? eg. Disaster Recovery Plan, Contract Agreements with IT provider.*

The disaster recovery plan is part of the Annual Plan approved by Council. Once complete these can be viewed by the Panel. Discussion on the importance of having this finalised as it has been outstanding for some years.

b. What local IT skills does the Council or the Island have?

A service agreement is in place but could be improved and will be in the year ahead. To date no approach has been made by locals to offer IT services to Council. Council has some in house IT skills but no IT expert on staff. Engaging an IT specialist on staff is not planned at this stage. IT support is provided by an off island service provider.

Efficiencies in the future could be found by engaging a service provider like an IT broker to develop a more flexible and efficient system.

c. Can the Council provide the Audit Panel with the terms of reference to the consultant on producing a report on the Land Fill Site?

Upon discussion this question referred to the Landfill Restoration provision in the audited financial management responses and what processes we have in place for the engagement of contractors and procurement. Discussion around new project management framework, contractor management and procurement system being established and the new legal agreements that is in place. Management suggested monitoring usage of legal services at an individual staff level. The Panel will be kept informed of the Landfill restoration project.

d. Loan arrangements eg \$29,838

a. What were the loan arrangements with Broxburn Civil Construction?

Council does not have any loans. Broxburn was a bad debt. Every effort was made to collect on the debt but Broxburn was put into liquidation and Council has been unable to secure any of the funds owed to date but has a claim submitted with the liquidator.

b. Are these type of arrangements common practice with the Council?

c. Are there any other arrangements like this that the Audit Panel need to be aware of?

As above.

e. Why isn't the Museum listed in the assets?

An itemised list of assets is not included in the audited financials under review.

Depreciation is allocated across asset classes.

f. It is noted that no payments were required for the defined benefit superannuation Fund (DBF).

a. Is this Fund or sub-fund in surplus?

b. How often is council notified on when it needs to contribute?

c. How many staff are still in the DBF?

Council has no employees that are members of a Defined Benefits Fund. Staff who have retired were once in a DBF.

- g. What audit and decision making trail exists between Council Workshops and Council Meetings?

This question is not relevant to the Audited Financials. Council cannot make decisions at workshops. Chair and Panel agreed to move this to the agenda item "Council policies and procedures" for an answer.

- h. What is the explanation for item of \$1,925,969 (gain) for "Recognition of land under roads"?

Refer to accounting standard –AASB 1051.

- i. Significant variance between the line item for salaries between the Audited Accounts and the Budget 2015/16

Capitalisation of wages, less staff employed than budgeted for, staff no longer working for Council and efficiencies through minimising overtime claims in particular at the airport (review previous year(s) figures). On costs have been cut to 10% as the changes to the Enterprise Agreement start to impact.

Captialised wages of \$101K

Vacant positions \$120K

Oncosts minimised through EA provisions \$158K

Decrease in overtime \$32K

Total \$414 reduction on budgeted figures

**Item 5:
Rate Notice Errors.**

- a. What were the errors?

The Valuer General issued incorrect property adjustment factors. Rates' modelling also was incorrectly undertaken and came down to human error. Management will monitor this far more closely in the future.

- b. What has Council put in place to prevent this happening again?

Brighton Council under a resource sharing arrangement will independently review the adjustment factors and their application to properties in the year(s) ahead and rates modelling in the future.

- c. Can council allow for the BPay & EFT payment details to be included on the rate notices?

Answer: This has been answered previously. BPay is expensive for the small number of transactions involved.

Design of rates notice could be improved.

- d. Can Council able to email rate notices & receipts to land owners?

Yes we could. Database of ratepayers who would prefer email correspondence could be advertised and subsequently updated.

- e. Why are receipts being sent out to rate payers who do not request them?

Receipts are generated for all payments whether they are "requested" or not.

Is a receipt really needed? Management suggest that it is good practice but if a "tick a box" is on the rates notice to not receive rates receipts then a rate receipt should not be sent out.

**Item 6:
Grant Money**

- a. How are the conditions, attached Grant Moneys received by Council, managed to ensure that the issuing agency and authority are able to reconcile the allocation of the Grant?

Operational grants, recurrent grants or one off grants all have different reporting requirements.

It was suggested that the audit panel could review a number of grant acquittals to see the process that Councils follow and confirm the reconciliation of the grant money.

**Item 7:
Council Policies & Practices**

- a) What processes are in place to review Council's policies and procedures?

The Flinders Council Policy Manual directs the review of policies. The policies for review in the coming year are included in the approved Annual Plan of Council 2015/2016. Council does not review procedures – these are operational. Council sets policies. This is a cornerstone to the separation between Councillors and the operational aspects of Council business defined within the Local Government Act 1993.

b) What process does Council use to evaluate tenders and significant purchases including contractors?

What does the Panel define as a 'significant purchase'? The payment of goods and services is controlled through approved levels of delegation. The approved process in relation to tenders can be found in the Code of Tenders and Contracts Policy.

c) What audit and decision making trail exists between Council Workshops and Council Meetings?

Council does not make decisions at workshops. Discussion held around clarity of communications with the community around what's discussed at workshops and how that informs Council activity and decisions at Council.

**Item 8:
Other Business**

Motion

That the Audit Panel records it has reviewed the 2014-2015 audited financial statement and confirms to Council that they present a true and fair representation of the financial position of the Flinders Council and authorises the Chair to write to the Mayor confirming the review and the above statement and provide a statement for inclusion in the Flinders Council Annual Report 2014/2015.

Moved Ken Stockton Seconded Diana Droog

Carried Unanimously

Meeting ended.

Next meeting to be held on the 10th of December 2014.