



**CORRESPONDENCE IN:**

NIL

**CORRESPONDENCE OUT:**

NIL

**BUSINESS ARISING**

**1 Audit Panel Charter (Draft)**

Will be taken to the February Council meeting for consideration.

**2 Auditor's Work Plan**

Not yet received.

ACTION: Bill to find the current Auditor's Work Plan to bring to the next meeting.

**3 External Auditor Participation**

Standing invitation to all meetings to be made to the external auditor. Agendas, papers and minutes to be sent to them.

ACTION: Bill to give Vicki details of contact at Tas Audit Office in Hobart and Vicki to insure Auditor is invited to all meetings.

**AGENDA ITEMS**

**1 Work Plan**

As items in the workplan are dealt with, the workplan will be updated and issued to members with the minutes of that meeting.

**2 Budget Review**

The Audit Panel was provided with a detailed overview of the 6-month budget review which included a raft of small changes in presentation and improvements with information and future management

Council's financial management system is through a XERO propriety accounting system which is not designed for large business and has some limitations but is very cost effective. Previously 12 cost centres or so-called "Departments" were used. Expenditure items can be posted to the different departments however it is difficult to post salaries directly to a department if a staff member doesn't work in that department. As such every pay period there are a significant number of manual journals to be undertaken. Staff have also had difficulty keeping track of their own budgets as each Department had several persons managing a section of the expenditure.

A review of Xero has been undertaken and the reporting reworked with the following major changes:

- Cost centres reduced from 12 to 3 (Works & Services, Airport, and Office);

- improved capital description in budget to make it clearer;
- managing the organisation on a project basis (but still line item accounting system) to make it more meaningful.

Council discussed these changes at a recent workshop. Councillors would like to see a record of how and when the budget alters to be able to compare the two. They would also like an end of year prediction to base their next year's budget on.

Staff have not yet reviewed the budget at a Project level in any detail. Bill wants each manager to be responsible for their own budget, not just the financial controller. We are the most disadvantaged council in Tasmania due mostly to our administration expenses, so presenting the budget on a project basis will be potentially to our advantage. The intention is to get Council to approve the Profit and Loss Budget as a whole with a list of projects which will then be managed and reported on.

Diana expressed concern that council was not receiving enough information from BT about council investments and would like to see an Investment Summary added to the budget review, detailing total amount invested at the beginning of the year and up to date return from the investment.

**ACTION:** Bill to add page numbers to the budget review document and to consult with external auditors to ensure they are happy with the changed internal reporting method and the method used to calculate depreciation charges.

Committee members agreed that the new method of financial reporting for council, with some minor adjustments, is a positive move.

**ACTION:** Vicki to include 'Investment review' on the agenda of the next meeting and add review of how Xero deals with payroll on a future meeting agenda.

### **3 Policy review**

#### Employee Promotion Policy

In light of the current workforce review, the policy was deferred and will be fully reviewed when the restructure is complete.

#### Employee Outside Work Activities Policy

**ACTION:** That the committee recommend to council that they readopt the Employee Outside Work Activities policy.

### **4 General Manager's Update Report**

The recent vacancy created by the resignation of the Corporate Services Manager has allowed a review of the whole organisation and all staff positions are being reviewed. HR consultant has interviewed all staff and Bill is reviewing how best the organisation can be restructured.

- Community Development is understaffed;
- Works & Services/Airport manager needs support;
- Person in office to coordinate staff and handle HR issues etc;
- Communications person and strategy needed;

- Financial person needed.

Currently looking at current skill sets and existing constraints. All but 2 office staff are part-time and there is some reluctance for personal reasons for some to go fulltime.

Diana noted that the loss of the financial controller and senior staff member who was able to run council in the GM's absence was a risk to the organisation. If the GM is absent for a time, there is no one to take over. Need a clear succession plan at a high level.

Bill reported that operationally, current staff can manage and keep the council going. If the GM is absent and a replacement needed for a period of time, someone from outside will be brought in if required. In the short term the W&S Manager can act in the role but this aspect will be considered in the staff review.

Ideally there needs to be someone to oversee the financial aspects of the organisation to avoid an over reliance on Council's external Finance Contractor who would normally be restricted general advice and end of year type work. This position is critical, to improve the financial analysis of the organisation, support existing staff and to be able to fill in for the GM or to provide support to the person who does. Need to employ someone with financial skills.

Dianna noted that grant amounts have dropped more than 50% in this year. Grants fund Flinders Island and this is a critical aspect of Council's financial situation. Is it possible to have a report on which grants are being applied for, how much for, are they successful, and who did the application? This will be a helpful indication to the Community also.

Bill reported that a number of grants had not been added to the budget, including the Telecommunications grant (capital) and the Island Disadvantage grant (operational).

## OTHER BUSINESS

### General Manager's Credit Card Expenses

Diana reported that the General Manager's Credit Card Check was done for the quarter ending 31 December 2017 and the expenses were found to be reasonable.

### Resource Sharing

Resource sharing arrangements with northern Tasmania councils may provide access to an in-house finance team. However being small and an island this could potentially make it difficult to ensure adequate time is allocated to Flinders making a service level agreement specifying quality extremely important.

### Quarterly Report

Diana gave some feedback on the new quarterly report format provided to council:

- There is an increase in pages from 100 to 138 – can this be reduced;
- The use of Status – **Going Well** for most projects when nothing had happened, the project had finished or not proceeding – e.g. 1.1.2.3 & 1.3.4.1
- Progress % was on some projects but not others.

Bill informed the Committee that the report format is a 'work in progress' and that staff will discuss these points with the report designer to endeavour to improve the format.

**NEXT MEETING**

9 April 2018 at 10am

**MEETING CLOSE 11.55am**