

# FLINDERS COUNCIL AUDIT PANEL UNCONFIRMED MINUTES

16.2.1 - January 2020

**DATE:** Monday 16 December 2019  
**VENUE:** Rose Garden Room, FAEC, Whitemark  
**COMMENCING:** 11am

## PRESENT

Mark Scanlon Chair  
 Diana Droog Member  
 Gerald Willis Member

## APOLOGIES

Lyndall Kimpton Tasmanian Audit Office

## IN ATTENDANCE

Heidi Marshall Acting General Manager  
 Vicki Warden Executive Officer (minute taker)  
 Stephen Morrison Tasmanian Audit Office (via phone)  
 Daniel Newton Tasmanian Audit Office (via phone)  
 Annie Revie Mayor (Observer)

## APOLOGIES

Nil

## DECLARATION OF INTERESTS

Audit panel members must declare any interests.

Name	Appointment Date	Rotation Date	Person and/or Organisations with Interest	Nature of Conflict of Interest	Perceived / Potential / Actual	Date of Declaration
Mark Scanlon	13 Dec 2017	30 June 2019	Launceston City Council	Independent Chair of Audit Panel	Potential	18 Dec 2017
	13 Dec 2017		Public Trustee Tasmania	Chairman	Potential	18 Dec 2017
Diana Droog	Annual Membership	Sept	Flinders Island Business Inc. (FIB)	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

## **CONFIRMATION OF PREVIOUS MINUTES**

That the minutes from the meeting held on the 26 August 2019 are a true record.

CARRIED

## **CORRESPONDENCE IN**

Auditor's Report – Tasmanian Audit Office

## **CORRESPONDENCE OUT**

Nil

## **AGENDA**

### **1 Tasmanian Audit Office Correspondence for Financial Statements**

Stephen Morrison and Daniel Newton reported that the audit went smoothly with only one new finding this year, being an issue around GST when compared with the BAS. Followed up on previous alerts - credit card policy (noted its currently under review), Business Continuity Plan, and policies needing updating. Overall the audit went well from their perspective.

The Auditor-General's report on local government is to be published in the first quarter next year.

Gerald Willis asked for clarification of "matters identified" in item 1.4, Exposure rating, in the Final Audit Closing Report prepared by Ruddocks. The meeting was advised the "matters identified" were those which had been assessed as carrying risk.

*Stephen Morrison and Daniel Newton left the meeting.*

## **BUSINESS ARISING**

### **2 Budget Movements**

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

Heidi Marshall gave a detailed overview of the first quarter financials. The 19/20 Budget was approved and set in August, so the first quarter report is just a formality and assumes everything's on track. A full review will occur at 6 months and variations are expected around the waste segment, however no major shifts are expected.

Heidi explained some changes to the presentation of the report:

- Page 3 – materials and services line – used to be presented as one combined line, now in Appendix 11 there's a more detailed breakdown. Significantly higher this year because of the airport runway upgrade.
- Page 6 – employee benefits – have added fulltime equivalents to better track expenditure.

Telstra project expenditure — additional expenditure of \$80,000 for a 20 year lease agreement needed to complete the CBI component of the project.

Capital – runway upgrade - Received \$1.8m grant from federal government and an interest free loan from state government, negotiating with federal government to shift \$1.8m of safe harbour grant to the runway project.

Roads to Recovery – the interpretation of the regulation presented by Heidi was accepted and there will be no penalty. The change in methodology was passed by two audits. The requirement for roads will be changed at the 6 month budget review.

Investment – no further investment. Money still in the bank to cover Telstra.

In response to a question asked by Gerald Willis, Heidi advised the meeting that she had examined a sample of payroll and accruals and found the payments to staff to be in accordance with the EBA and that she had put processes in place to ensure continued compliance”.

2018 organisational review – only being completed now. With the restructure, every staff member now has cover if someone is off work for a period of time.

Business Continuity Plan – will need to be tested as soon as possible in the future.

### **3 Policy Review**

At the 29 January 2019 Audit Panel meeting, the Panel agreed to use Launceston City Council’s Investment Policy as a model to review Council’s Investment Policy and to develop a framework as a template for reviewing all policies.

Work has yet to commence.

### **4 Audit Panel Work Plan**

A draft Work Plan has been developed that includes the areas of responsibility listed in the LGAT ‘model’ work plan, along with actions that were in the Panel’s previous work plan. Comments and questions have been included against each item. For discussion.

The draft work plan was discussed and the Panel agreed a simplified workplan was all that was required for a council of this size.

*Action: Heidi and Gerald to review draft workplan and finalise it.*

### **5 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.

Work has yet to commence.

### **6 Risk Management Framework Update**

After review of Council’s current Risk Management Framework prepared in 2015, the Panel considered the document to be very useful and suggested some additional risks for inclusion along with and a statement of Council’s risk appetite.

Work has yet to commence. Up to council to decide whether or not to include additional risks and risk appetite. You can have an overall risk for the whole organisation or different ones for different areas of the business. This is a big issue for a council with such a small budget e.g. safe harbour project was too big a risk for council to undertake.

*Action: Mark to provide examples of risk appetite from other organisations.*

## 7 Review of Land Transfers and Delegations

Staff have completed collection of information to assist the review of land transfers. Only one land transfer occurred during the designated timeframe and that land transfer has already been fully audited. At this stage it is not expected that further auditing by the Audit Panel is required.

At the meeting, Gerald recalled there was another land transfer during the specified timeframe, however after the meeting he confirmed that he was mistaken.

Mark requested that all the information on the land transfer be brought to the next Panel meeting for review.

The Panel agreed on a process to review a random selection of delegated activities as follows:

- Panel selects a number of delegations listed in Council's Instrument of Delegation (attached), e.g. section 24(2) Building Act 2016, Compliance Officer.
- At the following Panel meeting, the General Manager provides details on the training undertaken by the person with the delegated authority, to enable them to undertake the delegation, e.g. Training undertaken by the Compliance Officer to enable them to comply with the provisions of section 24(2) – act as a Permit Authority, in accordance with the *Building Act 2016*.
- Panel to assess information provided and determine compliance with the relevant Act and relevant delegation.

To begin the process, the Panel chose Action No.1 under the Building Act from the Instrument of Delegation, for review at the next meeting.

## AGENDA ITEMS

### 8 2018/19 Annual Report

Adopted by Council 10 December 2019.

The Panel noted the 2018/19 Annual Report and queried 'other reserves' on Page 26 of the financials – what is it and why is it there?

*Action: Heidi to investigate page 26 of the financials in the 2018/19 Annual Report 'other reserves' – what is it and why is it there?*

### 9 Corporate Credit Card Procedure

The Corporate Credit Card Policy and Procedure were adopted by Council at the 17 December Council Meeting. Since that time, it has come to Council's attention that the security procedures required tightening to bring them further into line with LGAT's Model Credit Card Policy. As a result, the Corporate Credit Card Procedure has been reviewed and credit cards have been allocated to additional staff members. In order to reduce the number of credit cards needed by staff. A debit card option is being considered but would need to transfer funds into a separate account for that.

The Draft Procedure will be considered by Council on 17 December 2019.

Noted.

**10 Credit Card Audit**

Diana Droog has audited all council credit card expenditure up to end of July. No issues to report.

**11 General Manager's Update**

Expecting to have the new General Manager in place by the next Audit Panel meeting.

**OTHER BUSINESS**

Nil

**NEXT MEETING 16 March 2020**

**MEETING CLOSED 1.10pm**

**ACTION LIST**

Meeting	Action	Progress
2019.01.29	Panel recommended that Council reviews the Investment Policy in view of comments provided and adjusts investment portfolios in line with the new policy.	
	John Dick to meet with Bill Boehm to discuss additional risks for Risk Management Framework.	
	General Manager to develop a statement of Council's risk appetite for Council adoption and add it to the Framework.	
	General Manager to provide response to the Panel on John Dick's question on airport fees.	
2019.08.26	Mark to source work done by other organisations on risk appetite.	
2019.12.11	Heidi and Gerald to review draft workplan and finalise it.	
	Heidi to investigate page 26 of the financials in the 2018/19 Annual Report 'other reserves' – what is it and why is it there?	