

FLINDERS COUNCIL AUDIT PANEL UNCONFIRMED MINUTES

11.2.1 November 2020

DATE: Monday 5 October 2020
VENUE: SES Building
COMMENCING: 11.00am

PRESENT

Mark Scanlon Chair (via Zoom)
 Diana Droog Member (via Zoom)
 Gerald Willis Member

APOLOGIES

Nil

ATTENDING

Warren Groves General Manager
 Heidi Marshall Finance Organisational Performance Manager
 Vicki Warden Executive Officer (minute taker)
 Daniel Newton Auditor

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. (FIBI)	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 25 May 2020 are a true record with the change that Gerald Willis need not ask for a balance sheet for each quarter, rather he asked for a balance sheet as at 9 March.

CONFIRMED

CORRESPONDENCE IN:

Nil

CORRESPONDENCE OUT:

Nil

BUSINESS ARISING

1 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 presented the end of year financials and the 2020/21 Annual Budget. It was noted that the income and expenditure detail was sent to Panel members the morning of the meeting which did not give members long enough to consider the document prior to the meeting.

Being a COVID year, there has been a drop in income in the user fee section. The \$3.6m grant for the airport was carried forward into the following year.

Mark asked to see the finalised accounts for 2019/20. These were finalised last week and nothing significant came out of the audit.

Action: Heidi to send Panel members the finalised accounts for 2019/20.

Diana noted that insurances have gone up and asked if council uses a broker to get the best deal on insurance. Heidi explained that annually in May/June council's broker searches for the best insurance deals. Tasmanian bush fires have caused insurance to rise. Council has been advised to consider insuring a lesser percentage of buildings in the future to compensate. Worker's compensation insurance has also grown. Insurers have reviewed the types of accidents happening in the workforce resulting in claims and they consider many to be avoidable. Council is focusing on improving safety in the workplace in order to reduce insurance in the future.

Gerald commented that Council's Business Continuity Plan needs to be updated as evidence of mitigation of risk and presented to the broker as our contribution towards reducing their liability. This will help reduce insurance.

Diana asked what is happening with TasWater revenue. The value of the shares declined this year and they wrote off the value. They are not passing on dividends to councils due to COVID-19 and this could happen for 2 years.

2 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.

At the July Council meeting, Council agreed to rescind the Investment Policy as it will have no money to invest for the foreseeable future. Gerald disagreed with Council's decision.

3 Audit Panel Work Plan

Mark Scanlon prepared a draft workplan appropriate for the Flinders Council, given the size of council, resources available and meeting schedule. The draft was based on Mark's experience working with Launceston City Council. He considered the guidelines in the Practice Guide and have selected those items that are suitable to suit the size of Flinders Council. The workplan focuses on reviewing the major items and lists the minimum documents that need to be presented to the Panel. It can be added to as required.

Discussion ensued around the draft workplan in comparison with the Audit Panel Practice Guide. Gerald believes that the workplan should include everything listed in the Practice Guide and identify those areas that are not applicable. Mark believes that the Practice Guide contains guidelines only and that the Panel need only adopt those items relevant to this organisation. The Council has limited resources and the Practice Guide is too large an impost on our size organisation. Mark has explained this to the Auditor-General and confirmed with him that the Panel will adopt the guidelines to the point that they are relevant to us.

4 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. Across the nation there have been vigorous attempts to attack computer systems to disrupt services and for fraud. This is a very real risk to Council.

Staff believe that in the IT environment, we are as secure as possible and provide training to staff accordingly. It is recognised that this as an opportunity for improvement and have met with our IT provider to better understand the risks. Council has also recently employed an IT person who will be looking at cyber security as part of their role.

5 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 a statement of Council's risk appetite.

Mark provided Council with a confidential example of a risk appetite from another organisation. Council reviewed the example at a workshop in August and discussed a way forward. Further work is required.

Limited tolerance to accept some uninsured risk. Bit hard to build an insurance policy without identifying the risk.

Diana Droog asked what processes Council had in place to train staff in relation to emergency events; how response procedures regarding COVID were established; and how COVID affected council operations, finances, communications etc. Diana mentioned an online introductory training course on responses to emergency events that may be useful for staff.

Heidi Marshall explained that a council established an internal emergency management team that developed a three phase program - 1 no COVID incident – hygiene and cleaning; 2 – self isolate into pods at work, distancing, work from home; 3 – shut down, undertake critical tasks. COVID plan was developed in March. We reached phase 2 and shut down for 2 weeks. Legislated

COVID-19 safety plans exist for all facilities. Staff worked with the MEMC and set up an Executive in order to make quick decisions in relation to COVID-19. Management would be interested in the online training course mentioned by Diana.

Action: Diana Droog to provide information on the responses to emergency events online training course.

6 Review Delegations

The Panel has been asked by Council to undertake an annual review of a random selection of delegated activities and determine compliance with the relevant Act. At the December 2019 meeting, the Panel agreed on the following process to undertake the review:

- Panel selects a number of delegations listed in Council's Instrument of Delegation 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 date one delegation has been reviewed. The Panel selected the delegation, Section 76 Writing off bad debts, to be reviewed at the next meeting.

7 Other Reserves – 2018/19 Annual Report

Regarding the 'other reserves' listed in the Annual report financials, at the May Panel meeting, the Panel recommended that these reserves be cleared out at year end. Heidi confirmed that the amount had been moved out of reserves and back into equity.

The Panel noted that it had been completed.

AGENDA ITEMS

8 Credit Card Audit

Gerald Willis is undertaking the quarterly credit card audits whilst Diana Droog is unable to visit the island due to travel restrictions. Gerald will be auditing up to 30 September soon.

9 Annual Audit

Heidi informed the Panel that the audit closing report and an unmodified audit opinion had been received. The findings didn't include a management response as they were only issued the previous week.

Daniel Newton reported that for next year, a revaluation of assets will be required. This usually occurs every 3 years. Gerald asked if using indices for revaluation would be useful. As most Council's assets are road-based (approx. \$30m), indices wouldn't work.

Daniel also noted that the Business Continuity Plan was incomplete.

10 Annual Plan

The 2020/21 Annual Plan was adopted by Council at the July 2020 Council Meeting.

Warren Groves highlighted the changes made to the format to make it more readable and user friendly.

The Panel noted that the Annual Plan provided a good overview of where we are at and was easy to read. Good to read Council's response to COVID-19 in not raising rates etc. The summary of the estimates was useful. The underlying theme of sustainability and maintenance mode rather than development mode is practical in COVID-19 times.

The Panel expressed their appreciation of the time taken to prepare the Annual Plan and their congratulations to the staff.

OTHER BUSINESS

Safe Harbour Community Survey

Diana expressed her disappointment that there wasn't more information on Council's website about the Safe Harbour Community Survey – more about the risks and benefits of the project. Warren explained that it was a one-off council action, run in a similar fashion as an elector poll for transparency. The process followed was recommended by the Tasmanian Electoral Commission.

NEXT MEETING

February 2021

IN CAMERA SESSION

Not required

MEETING CLOSED

ACTION LIST

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.	Work has commenced.
2020.10.05	Heidi to send Panel members the finalised accounts for 2019/20.	
	Diana Droog to provide information on the responses to emergency events online training course.	