

FLINDERS COUNCIL AUDIT PANEL UNCONFIRMED MINUTES

12.2.1 April 2021

DATE: 22 March 2021
VENUE: Rose Garden Room
COMMENCING: 11.00am

PRESENT

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

APOLOGIES

Lyndall Kimpton
 Mayor Annie Revie

ATTENDING

Warren Groves General Manager
 Heidi Marshall Finance Organisational Performance Manager
 Rowena Nicholls Administrative Services Officer (minute taker)

Note:

Council Elected Members Standing invitation as observers

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 5 October 2020 are a true record.

MOTION G Willis

That the meeting resolves to amend the unconfirmed minutes for the meeting held on Monday 5 October 2020 as distributed on Friday 12 March by making the following changes:-

- Page 1, under ATTENDING, record Daniel Newton, Auditor (via Zoom).
- Page 2, line 2. Change "Gerald Willis need not ask...." to "Gerald Willis did not ask....".
- Page 2, line 3. Change "9 March" to "31 March".
- Page 2 and subsequent pages. Change "Unconfirmed Meeting" in the footer to "Unconfirmed Minutes"

MOTION G Willis

That the meeting resolves to request the General Manager to amend the unconfirmed minutes for the meeting held on Monday 5 October 2020 as presented in Appendix 11.2.1 of the agenda for the November 2020 meeting of the council by making the following changes:-

- Page 1, second line. Change "MIMUTES" to "MINUTES".
- Page 1, under ATTENDING, record Daniel Newton, Auditor (via Zoom).
- Page 2, line 2. Change "Gerald Willis need not ask...." to "Gerald Willis did not ask....".
- Page 2, line 3. Change "9 March" to "31 March".
- Page 2 and subsequent pages. Change "Unconfirmed Meeting" in the footer to "Unconfirmed Minutes"

Resolved**CORRESPONDENCE IN:**

Financials as attached

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 will present report, as attached, with overview provides a summary of income and expenditure for the Council at the end of the second quarter ending 31 December 2020. The overview provides an overall summary explanation and expected direction for the upcoming six months.

The report includes the Current Year to Date December 2020 as well as a Predicted Year End for 30 June 2020, to enable a review of Council's overall financial performance to date and provide an opportunity for budget items to be amended if necessary. For the 6-month review, a summarised Budget Variance commentary has been included to assist in the review.

The year 2020/2021 is an unusual budget year, with impacts of COVID-19, numerous grant projects to acquit, and internal challenges to complete the Long-Term Finance and Asset

Management Strategies. As such, this has posed many demands on resources, to deliver the programs. At the close of the 6 months, the grant applications for the first wave of the COVID-19 stimulus grants were approved, so that work can now commence on the projects with strict deadlines.

Income and expenditure have been relatively on track to date, however the upcoming six months have significant demands, and require additional resources to ensure that the grant programs, and internal reporting demands, are achieved. An estimated additional cost of \$100,000 within the employment and contractor cost areas has been identified at the 6-monthly review, which requires Council to consider and approve.

Investments

The current level of cash reserves is \$4.8 million at the end of December 2020, with loans held at \$3.4 million (which include the \$1.8 million Airport Runway bridging loan).

At the end of December 2020, the Airport Runway audit was completed. We are still awaiting final review and approval of the audit by the State Government – hence the delay in receiving the grant funding. On receipt of the \$3.6 million, we will pay off the short-term bridging loan of \$1.8million.

Attachment 2.0: Dec 2020 half year financial report & budget review

Heidi commented on the report presented, commenting that asked Council for additional \$100k (this is an estimate of what is needed) due to delivery of grant projects over the next 6 months as Council cannot claim administration expenses thru grant, like costs involved in acquittals and closure of airport grant will involve consultants like Pitt and Sherry. Also to ensure we have staff coverage as extra staff hours will be needed towards delivering grants and training.

Mark commented Council is traveling well. Heidi highlighted the first six months of year look good as all projects happen in last 6 months of the year and that will be the challenge to keep within budget. More capital costs to be incurred with material and services generated thru the roads program. Can not capitalise the labour involved in capital projects. e.g Airport. Grant body do not give funds towards inhouse labour. Council labour is their contribution.

Gerry desired a balance sheet for the first six months to see liquidity. Heidi mentioned to present accurate balance sheet at 6 monthly's is time consuming and assets do not change much and minimal loan repayments made there is little change to liquidity.

Heidi to finish long term strategy and looking at how to present a balance sheet for the 6 monthly's next year.

Diana - are increased tourist affecting income? Are they costing council more? Looking after BBQs. Dump Eyz etc.

Warren - No landing fees are being charged on Hobart flights so no additional income from Hobart flights.

Heidi – in terms of waste generated impact yes there is a cost generation. Need to look at long term strategy to look at how Council deals with extra burden of tourists. Challenge is who's going to pay for the cost of tourists, e.g Docks area, people camping there with no facilities, as a result, we are facing an environmental issue.

Mark pleased with report on safety in quarterly report. Good to see only one work cover claim.

Diana – air units failing, could it be an island issue, salt, ants?.

Heidi - problem is with air con units being exposed to elements, and with the number of units at each building. E.g. Lady Barron Hall has 6 units at a cost of \$3500 each, the situation will arise that we need to replace multiple units at once. Other problem is the units are not constantly in use and switching on and off is not ideal for long term viability.

2 Policy Review

Nil

3 Audit Panel Work Plan

Nil

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. As this is a very real risk to Council, work on developing policies to improve procedures needs to be prioritised.

Council use Microsoft 365 for email server.

Council switched over to Techquity. By 31/3 Council will officially be supported by Techquity not Another Computer Store. Council will be embarking on program to stabilise files and the use of Sharepoint. Looking at Mobile phone systems and will be implementing two factor authentication to tighten up this area.

Diana – expressed congratulations to Council moving towards improved security practises.

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 has previously 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.

Diana forwarded an email regarding risk management training course after the last meeting in October 2020.

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.

Warren Council reviewed the delegation in October 2020, Mark noted the revised list of delegations. Heidi provided more information on the reason for review as the delegations didn't reflect whos' budget the money was being spent from.

Panel selected another delegation/s to review Section 76 Writing off Bad Debts.

\$500 is fairly low amount but appropriate for small Council.

Bad debts arise from private works and rates.

Clarity was sort around Section 76 with the General Manager to sign off on debts under \$500, question was raised should this be delegated?

Yes, Heidi can sign off and then debt be certified by General Manager.

G Willis – Highlighted the terms of Writing off bad debt policy limited by company, suggested policy to be amended and represented to Council for adoption.

7 Other Reserves – 2019/20 Annual Report

Nil

AGENDA ITEMS

8 Credit Card Audit

Diana Droog to provide an update on the quarterly credit card audit. Reported Oct to Dec 31st 2020 is completed.

9 Annual Audit

Heidi to provide an update on progress. Audit coming up in May. Councils will be named and shamed if they do not comply with Audit to be complete by 45 days past 30th June.

Council auditors work for other councils as well so to be able to fit in with their timelines is challenging. Council use an independent accountant to sign off on Council financials.

Gerry Willis queried the signing of by Marrissa Walters on behalf on Council is this ok? Gerry to send email to Heidi and she will follow up.

Business Continuity Plan will be deferred and be presented at the next Audit panel meeting.

From Lyndal Kimpton from the Tasmanian Audit Office – “Our audit strategy will be issued to Council this week and we will present this to the audit panel at their next meeting.”

10 Annual Plan

Nil

OTHER BUSINESS

Mark – Governance is working on some amendments to *Local Government Act*, proposing the audit panel chair to report to Auditor General? and Audit panel reports made available to public.

Mark does not agree with changes as this an Audit Panel Role and feels uncomfortable to comment on whether rates changes are appropriate for the community or not. Mark has expressed his concerns to those higher up and feels he would not be able to do the job properly if this enforced.

Mark to circulate paper relating to proposed changes, he has spoken to Matthew Healy and expressed concern about what was proposed. Audit Panel role to provide a check and balance to ensure accountability rather than be experts in Community perception
Diana proposed the Audit Panel send letter expressing any changes to audit panel responsibilities be put to audit panels first for their comments before they become mandatory. Diana to draft letter.

Audit Panel Charter

G Willis – look at function of Audit Panel. Think we should read thru the Charter Section 6 - meeting should affirm that panel members comply with etc. Mark to look at sample charter and see if these things are mandatory. Mark to provide other charters to compare.

NEXT MEETING

June 2021

IN CAMERA SESSION

Meeting of Panel members only. Deemed unnecessary.

MEETING CLOSED 12.10 pm

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.
2021.03.22	Heidi to contact Marissa Walters regarding signing off on Management Certificate of the Financial Report.	
	Mark to provide proposed changes regarding Audit Panel regulation.	
	Diana Droog to draft letter to regarding Audit Panel regulation changes.	