

George Town Council

Annual report of the Audit Panel to the Council for 2019-20

This report explains how the Audit Panel discharged their responsibilities during 2019-20. The report also outlines the Panel's plan for 2020-21.

The key purpose of this report is to: -

- achieve greater awareness of the purpose, role and objectives of the Audit Panel;
- outline the outcomes achieved by the Panel; and
- provide council with information on the future objectives of the Panel.

The Audit Panel currently comprises three members, the independent Chairman in Steven Hernyk plus two Councillors. The Councillors were Clr Heather Barwick and Clr Winston Mason.

The objective of the Audit Panel is to review Council's performance under section 85A of the Act. In particular, the Panel must review:

- the Council's financial system, financial governance arrangements and financial management
- all plans of the Council (including strategic, financial management, and asset management)
- the accounting, internal control, anti-fraud and anti-corruption, risk managed policies systems and controls that the Council has in place to safeguard its long-term financial position; and
- any other matters specified in an order under section 85B of the Act.

These functions are set out in detail in the Audit Panel Charter that was adopted by the Council in December 2014 and amended in November 2018 consequent to a review.

Council's external auditor, the Tasmanian Audit Office (TAO), attended meetings with the Panel and separately with the Chairman during the year. The Audit Panel considered all reports from the TAO on their activities undertaken in reviewing and auditing the internal control environment. The independent audit of the annual financial statements of the Council for 2019 was reviewed by the Audit Panel.

Key Activities in 2019-20

Audit Panel:

- Developed and approved the panel's annual work plan for 2019-20
- Reviewed the external audit strategy for financial year 2019-20
- Reviewed the accounting policies and draft financial report for the year ended 30 June 2019
- Monitored the effectiveness of Council's risk management processes and controls, including a review of the insurance portfolio
- Received regulatory updates to maintain current knowledge of contemporary governance practice and legislative requirements
- The Chairman convened a meeting of other Audit Panel Chairman in Northern Tasmania to discuss issues that existed and best practice matters.

Program for 2020-21

Attached to this report is the proposed work plan of the Audit Panel for the next twelve months. The Audit Panel's meeting in June 2019 recommended this work plan to Council for approval.

The program is based on the functions listed in the charter and on priorities drawn from Council's Annual Plan. Key functions for the year ahead include:

- Monitor Council's risk management processes and controls
- Monitor the 2020-21 external audit process and the internal audit work program
- Review the annual financial statements and accounting policies for the financial year 2019-20

Given that I have provided my notice of resignation at the end of my current contracted tenure in October 2020, the current work programme submitted to Council may be reviewed by the new Chairman of the Audit Panel as one of their roles is to drive the programme.

Other Matters

1. Internal Audit

I was pleased to see Council introduce a partially outsourced Internal Audit activity with the appointment of Crowe Tasmania during the year with their first audit scheduled for June this year.

Internal audit activity enables Management and the Council to have greater assurance that there is compliance with policy procedure and internal control.

Also, the Audit Panel is charged with dealing with many matters but without a robust internal audit function, its ability to fulfil its responsibilities is restricted.

2. Performance Review of the Panel.

The panel conducted a formal performance review in May 2020 that identified areas where the Panel believe improvement could be achieved. The Panel develops an action plan of the matters highlighted in the review as well as assessing its ongoing performance.

3. Long Term Sustainability

I commend Council for implementation of its Community Care and Recovery Package COVID-19 but at the same time recommend that there is a watch full eye placed on the consequential Council Long Term Financial Plan. That scenario analysis be conducted going forward to gain greater insights into Council long term sustainability.

Attendance record

The audit panel meeting and attendance record was: -

	Possible	Actual
Steven Hernyk	4	4
Heather Barwick	4	4
Winston Mason	4	4

I commend my fellow Panel members for their contributions, also thanks to the Management team who provided strong support the Audit Panel.

Steven Hernyk
Chairperson
Audit Panel

George Town Council

Audit Panel Annual Work Plan

Proposed Meeting Dates 2020			9.2020	12.2020
Proposed Meeting Dates 2021	3.2021	6.2021		

AGENDA ITEM	Mar	June	Sept	Dec
Standing Items				
1. Declaration of Pecuniary Interests/conflict of interest	√	√	√	√
2. Adoption of Previous Minutes	√	√	√	√
3. Outstanding from previous meeting - Action Sheet	√	√	√	√
4. Review Annual Meeting Schedule and Work Plan		√		
Governance and Strategy				
5. Review of Council Strategic Plan		√		
6. Review 10-Year Financial Plan	√			
7. Review Financial Management Strategy (Sustainability)	√			
8. Review preliminary Budget parameters and assumptions	√			
9. Review annual budget and report to Council		√		
10. Review Annual Plan	√		√	
11. Review Long-Term Strategic Asset Management Plan			√	
12. Review Asset Management Strategy			√	
13. Review Asset Management Policy			√	
14. Review policies and procedures	√	√	√	√
15. Review performance of plans, strategies and policies including performance against identified benchmarks				√
16. Assessment of governance and operating processes integration with financial management practices of the Council			√	
Financial and Management Reporting				
17. Review most current results and report any relevant findings to council	√	√	√	√
18. Review any business unit, special financial reports or other outside professional consultants reports pertaining to finance, tax, strategy or legal matters.	√	√	√	√
19. Review annual financial report, audit report and management representation letter (for advice to GM) and make recommendation to Council including meeting with Tas Audit Office representative			√	
20. Review the impact of changes to Australian Accounting Standards		√		
Internal Audit				
21. Consider any available audit reports	√	√	√	√
22. Review management's implementation of audit recommendations	√		√	
23. Review and approve annual internal audit program and alignment with risks		√		
24. Review the adequacy of internal audit resources for consideration in Council's annual budget and review performance of internal auditors	√			
External Audit				
25. Consider any available audit reports	√	√	√	√
26. Review management's implementation of audit recommendations		√		√
27. Review and approve external audit plan including meeting with Tas Audit Office representative		√		
28. Consider any performance audit reports that will be undertaken by the Tas Audit Office and address implications for the Council	√	√	√	√
Risk Management and Compliance				
29. Annual review of risk management framework policies				√
30. Receive material risk management reports (risk profile, risk management and treatment and periodical/rotational risk review)		√		√
31. Monitor ethical standards and any related party transactions to determine the systems of control are adequate and review how ethical and lawful behaviour and culture is promoted within the Council.	√		√	

32.	Review the procedure for Council's compliance with relevant laws, legislation and Council policies	√			
33.	Review internal and fraud management controls	√			
34.	Review business continuity plan				√
35.	Review processes to manage insurable risks and existing insurance cover			√	
36.	Review delegation processes and exercise of these	√			√
37.	Review tendering arrangements and advise Council	√			
38.	Review WH&S management processes				√
39.	Monitor any major claims or lawsuits by or against the Council and complaints against the Council	√	√	√	√
40.	Oversee the investigation of any instances of suspected cases of fraud or other illegal and unethical behaviour	√	√	√	√
Audit Panel Performance					
41.	Review Audit Panel Charter and make any recommendations for change to the Council for adoption (every 2nd year)				√
42.	Report to Council regarding execution of duties and responsibilities by the Audit Panel		√		
43.	Initiate bi-annual Audit Panel performance self-assessment (every 2nd year)		√		
Other					
44.	Review issues relating to National competition policy	√			