



# **Record of Presentation**

## **Council Workshop - External Audit Findings Workshop**

**3 & 4 October 2022**

**MINUTES OF NORFOLK ISLAND REGIONAL COUNCIL  
COUNCIL WORKSHOP - EXTERNAL AUDIT FINDINGS MEETING  
HELD AT THE NORFOLK ISLAND REGIONAL COUNCIL CHAMBERS  
ON 3 & 4 OCTOBER 2022**

**Workshop - Day 1**

**IN ATTENDANCE:** Mr Mike Colreavy (Administrator)  
Andrew Roach (General Manager)  
Paul Martin (Manager Corporate & Finance)

**1 ADMINISTRATORS INTRODUCTION AND WELCOME**

The Administrator opened the workshop at 3.05pm, welcomed everyone to the meeting, acknowledging those attending in the gallery as well as those attending online and watching the workshop via the live stream.

The Administrator reiterated that the purpose of the workshop is to provide an assurance process that the Council is confident that it is making the required progress, within the necessary time frame and available resourcing to execute on the completion of the External Audit Findings (EAFs) by the end of the Administration term of December 2024.

The workshop will be livestreamed over the 2 days with a link to the recording, along with the EAF status report updates available on the Council's website:

<http://www.norfolkisland.gov.nf/council-meetings-2022>

**SUMMARY**

At the Ordinary Council Meeting held 7 September 2022, it was resolved to hold a Council Workshop on Monday 3 and Tuesday 4 October 2022 for the purpose of reviewing the status of implementing the EAFs as contained in the reports received by Council on 24 February 2021 (Resolution No. 2021/3) from external consultants Grassroots Connections Australia and Nexia Australia; and conclusions that resulted from the Public Inquiry undertaken in 2021 received by Council 21 December 2021 (Resolution 2021/172), including the extent of resourcing required.

These workshops, to be held over 2 days, will provide the NIRC management with an opportunity to update the community with the progress and current status of the EAFs to date.

**RESOLUTION 2022/1**

The Administrator resolved:

1. That Council note the progress of implementation of the 120 EAFs as at 30 June 2022; and  
That a workshop be held on Monday 3 and Tuesday 4 October 2022 for the purpose of reviewing the progress of the remaining EAFs including the extent of resourcing required; and
2. That the workshop be open to the Public to observe.

## **DISCUSSION**

### **WORKSHOP FORMAT**

The format for the Workshop will be as follows.

The Workshop will be open to the public and livestreamed, with a copy of the recorded livestream being made available on the Council's website following the conclusion of the 2 day workshop.

The workshop will follow the structured process below, with questions being posed to the Managers only by the Administrator.

#### **Day 1 – 3 October**

1. The Administrator opens the meeting
2. Presentation by the General Manager:

The General Manager will provide a briefing on the overall current status of progress to date on the EAFs, and the Council's plan for their completion.

3. Presentation of EAFs by NIRC Managers:
  - a. General Manager
  - b. Managers of Corporate and Finance, and
  - c. Manager of Customer Care

Each manager will provide a presentation on the status of their assigned outstanding EAFs. The NIRC Administrator will pose questions at the conclusion of the presentation for each manager.

#### **DAY 2 – 4 October**

1. Administrator opens the meeting
2. Presentation on of EAFs by NIRC Managers:
  - (a) Manager of Environment and Planning
  - (b) Manager of Infrastructure Services, and
  - (c) Manager of Economic Development

Each manager will provide a presentation on the status of their assigned outstanding EAFs. The NIRC Administrator will pose questions at the conclusion of the presentation for each manager.

Close of Workshop.

**2 PRESENTATION BY GENERAL MANAGER**

**BACKGROUND**

On 4 February 2021, Assistant Minister Nola Marino suspended the Council and appointed Mr Mike Colreavy as Interim Administrator pending a Public Inquiry into the Financial Operations of NIRC.

There were many challenges during this period particularly focused on improving the financial position of Council and developing the framework around delivering the EAFs of the Grassroots Connections and Nexia reports.

A resolution was made in February 2021 to report quarterly on the EAFs, providing updates to the community on the change program that commenced under Interim Administration. This report focused on the short term EAFs that could be achieved, with longer term change identified to be addressed at a point outside of this reporting period.

Council management commenced a review of its financial position as well. Given the financial bailout of the Commonwealth in December 2020 of \$3M, it remained committed to ensuring our cash position remained positive during the last six months of the reporting period. Our final cash position at 30 June 2021 was \$5.3M.

**24 February 2021**

Final reports from Grassroots Connections Australia and Nexia Australia were received by Council in December 2020, with a total of 113 recommendations presented for consideration.

At the Council meeting held on 24 February 2021 the following was resolved.

Resolution No: 2021/3

*1. That Council adopts all Recommendations (total of 113) as presented in the External Audit Reports prepared by:*

*a) Grassroots Connections Australia - "Norfolk Island Regional Council Independent Governance and Financial Audit" Report dated 15 November 2020 (84 recommendations) (Attachment 1).*

*b) Nexia Australia - "Independent Audit of Financial Performance" Report dated 30 October 2020 (29 recommendations) (Attachment 2).*

*2. That Council instructs the General Manager to commence initial planning with scoping of work / projects and the development of detailed business cases where necessary, so that key deliverables, budget requirements and delivery timeframes can be clearly identified and agreed, thereby enabling priorities to be set, and a program of work to be determined.*

*3. That Council continue to liaise with the Department of Infrastructure, Transport, Regional Development and Communications for appropriate funding sources when developing priorities of the adopted recommendations.*

Based on a projected implementation timeframe for unfunded recommendations, estimated costings in current and future years are as follows:

<b>Target Timeframe</b>	<b>No. of Recommendations (unfunded)<sup>1</sup></b>	<b>Estimated Cost</b>
Short (1-12 months)	12	\$365,000
Medium (1-2 years)	35	\$10,155,000

Long (2 years plus)	21	\$33,530,000
<b>Total</b>	<b>68<sup>1</sup></b>	<b>\$44, 050,000</b>

**NOTE:**

<sup>1</sup>The unfunded recommendations are defined as those that are allocated a dollar figure under the heading of “Estimated Costs” in the table presented in Attachment 3. The figure of 68 includes those recommendations where the “costs” are cross referenced to another unfunded recommendation, and no specific amount has been shown.

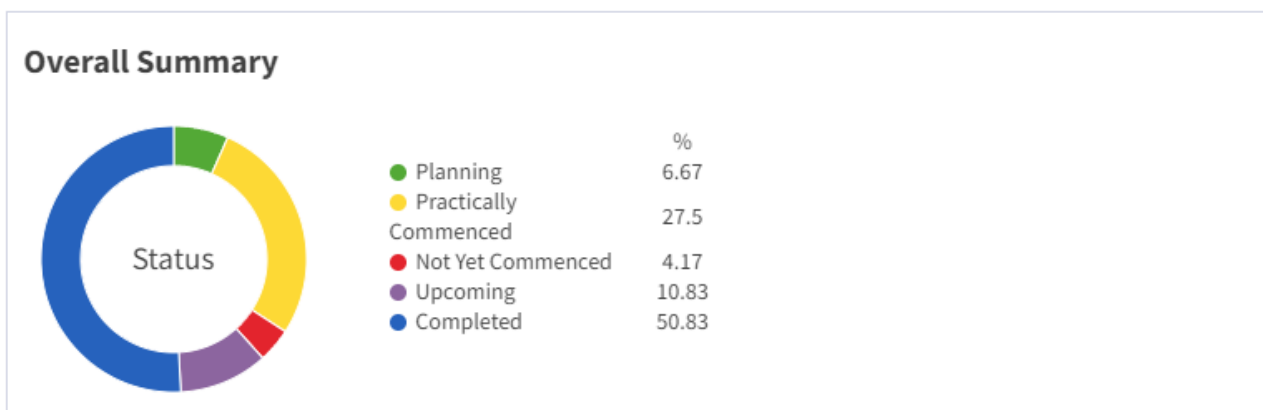
The EAF progress updates have been reported back to Council on a quarterly basis providing updates on each item. At the Council Meeting held 7 September 2022, the Administrator resolved to hold a Council Workshop on Monday 3 and Tuesday 4 October 2022 for the purpose of reviewing the progress of the remaining EAFs including the extent of resourcing required.

**SUMMARY OF EAF PROGRESS**

**Overall Summary**

The graph below provides a summary in % of the progress of the status of each of the EAFs in relation to their status label.

- Practically Commenced – The EAF has been commenced.
- Planning – The EAF is in the planning stages and in progress.
- Not Yet Commenced – The EAF has not yet been commenced.
- Upcoming – The EAF is scheduled to be commenced next financial year.
- Completed – The EAF has been actioned and is considered to be completed.



## **PRESENTATION NOTES – GENERAL MANAGER**

The General Manager advised that 50.8% of the EAFs have been completed to date. Council has improved on its reporting of the Findings since February 2021, with the addition of reporting components including: Current Financial Resourcing, Proposed Completion Dates, and items transferred to Business as Usual (BAU).

The following managers presented their assigned Outstanding EAFs to the Administrator:

1. General Manager
2. Manager Corporate and Finance

The process prescribed by the Administrator for presenting the current status of the EAFs was for the Manager to present each Finding on a line by line bases, providing a short status update. The Administrator then asked any questions following the presentation of each Finding.

The Administrator acknowledged the number of EAFs assigned to the Manager Corporate Services and asked for confirmation that the Manager had the resources required to finalise the list within the time allocated to the end of the Administration term of 5 December 2024. The Manager Corporate and Finance advised that this would be achievable.

### **Workshop Adjourned**

The workshop was adjourned at 4.20pm for a short break.

### **Workshop Resumed**

The workshop resumed at 4.30pm.

### **Manager Corporate Services – Completed EAFs**

Upon the workshop resuming, the Administrator requested that the Manager Corporate and Finance present the EAFs assigned to his Department marked as Completed.

The Administrator requested that as part of the finalisation process for all current and future EAFs noted as Completed, that links to associated evidence be provided as part of the reporting process, and noted in the quarterly update reports to Council. These links to the evidence, where deemed appropriate, should be accessible to the public via the report.

The Manager Corporate and Finance presented in turn each of the assigned Completed.

## **3 CONCLUSION OF WORKSHOP – DAY 1**

The Administrator thanked all in attendance and concluded Day 1 of the workshop at 5.12pm.

## **WORKSHOP - DAY 2**

**4 October 2022**

**IN ATTENDANCE:** Mr Mike Colreavy (Administrator)  
Andrew Roach (General Manager)  
Phil Reid (Manager Environment & Planning)  
Sandy McFeeters (Manager Economic Development)  
Gregory Roy (Manager Infrastructure Services)

### **2 WELCOME**

The Administrator opened the workshop at 9.02am and welcomed everyone to the meeting acknowledging those attending in the gallery, as well as those watching the workshop via the live stream.

The Administrator reiterated that the purpose of the workshop is to provide an assurance process that Council is confident that it is making the required progress, within the necessary time frame and available resourcing to execute on the completion of the EAFs by the end of the Administration term of December 2024.

The following managers presented their assigned Outstanding and Completed EAFs to the Administrator:

1. Manager Environment and Planning
2. Manager Economic Development
3. Manager Infrastructure Services

The Administrator requested of each Manager, that as part of the finalisation process for all Completed EAFs, that links to associated evidence be provided as part of the reporting process, and noted in the quarterly update reports to Council. These links to the evidence, where deemed appropriate, should be accessible to the public via the quarterly reporting process available online.

Following the completion of the presentations by the managers listed above, the Administrator concluded that the Council is making good progress towards the completion of the EAFs, and that he was confident given the assurances provided by each of the managers that this would be achieved by the target date, and within the scope of the identified resourcing.

The Council will continue to report quarterly on the progress of the EAFs going forward until completion.

The Administrator thanked the General Manager, Management and Staff for their work in preparation for the workshop, and thanked the public for their attendance in the gallery and via the livestream.

### **2 CLOSE OF WORKSHOP – DAY 2**

The workshop concluded on day 2 at 11.04am.