

**Audit, Risk & Compliance Committee Meeting Agenda - 12 March
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TOWN OF PORT HEDLAND
AUDIT, RISK AND COMPLIANCE COMMITTEE
TERMS OF REFERENCE

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE**VERSION 12****1. Purpose of the Terms of Reference**

The purpose of this document is to define the Terms of Reference (TOR) for the Audit, Risk and Compliance Committee (the “ARC Committee” or “Committee”).

These TOR describe the Committee's purpose, authority, membership, functions, reporting requirements and responsibilities.

2. Establishment and Appointment

The ARC Committee is a formally appointed committee of the Council for the Town of Port Hedland (the “Town”) pursuant to section 7.1A of the *Local Government Act 1995* (“the Act”).

3. Role

The ARC Committee is to provide guidance and assistance to Council concerning matters within its Terms of Reference. It assumes a key role in assisting the Town of Port Hedland (the “Town”) in fulfilling its governance and oversight obligations related to financial reporting, internal controls, risk management systems, legislative compliance, ethical accountability, and internal and external audit functions.

4. Objectives

The primary objective of the ARC Committee is to assume responsibility for the annual external audit and establish effective communication with the Town’s external auditor. This ensures that Council can be satisfied with the performance of the local government in managing its financial affairs.

Further objectives of the Audit, Risk and Compliance Committee are to oversee:

- 4.1 The scope of work, objectivity, performance and independence of the external auditor.
- 4.2 The integrity of internal and external financial reporting, including accounting policies.
- 4.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town’s financial and physical resources.
- 4.4 The systems or procedures that are designed to ensure that the Town comply with relevant statutory and regulatory requirements.
- 4.5 The process and systems which protect the Council against risk, fraud and irregularities.
- 4.6 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- 4.7 Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.

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The ARC Committee does not have executive powers or authority to implement actions in areas over which the administration (management) has responsibility. Furthermore, the ARC Committee does not have any delegated financial responsibility. This ensures that the Committee is able to fulfill its function as an impartial advisory body separate from the Town's management, thereby ensuring objective assessments and guidance.

Under the Town's Register of Delegated Authority – Statutory, the ARC Committee:

- 5.1 Has the authority to meet with the Town's Auditor at least once every year on behalf of the Council [s.7.12A(2) of the Act].
- 5.2 Has the authority to:
- i. Examine an audit report received by the local government.
 - ii. determine if any matters raised by the audit report, require action to be taken by the local government; and
 - iii. Ensure that appropriate action is taken in respect of those matters.
- 5.3 Has the authority to review and endorse the Town's report on any actions taken in response to an Auditor's report, prior to it being forwarded to the Minister [s.7.12A(4) of the Act].

6. Membership

Composition

- 6.1 The ARC Committee will comprise of a minimum of three and a maximum of five Elected Members, with one member being an independently appointed member, where possible. All members shall have full voting rights and will be appointed by an absolute majority vote of the Council [s5.10(1)(a) of the Act].
- 6.2 Council may appoint by an absolute majority up to three (3) Councillors to be Deputy Members of the Committee. Any Deputy Member may perform the functions of any Committee Member when the Member is unable to do so by reason of illness, absence or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a member [s.5.11A(2)(a),(3) and (4) of the Act].
- 6.3 Deputy Members do not operate as substitutes for individual members. In situations where more than one Deputy Member is in attendance at a Committee meeting, the Committee will conduct a vote to designate which Deputy Member is authorised to perform the duties of the absent member.

Term

- 6.4 In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:

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- a) the term of the person's appointment as a committee member expires; or
- b) the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or
- c) the committee is disbanded; or
- d) the next ordinary elections day

Appointment

- 6.5 The Presiding Member and Deputy Presiding Member will be appointed by the ARC Committee Members at the Committee's first meeting following an Election.

Skills and Experience

- 6.6 Collectively, the group of Committee members possess a diverse set of skills and expertise encompassing risk management, assurance, business acumen and background in related fields.
- 6.7 Members may seek advice from an external independent advisor. The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:
- Accounting Standards (AASB)
 - *Local Government Act 1995*
 - Local Government experience and/or Band 1 Council
- 6.8 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Declaration of an Interest

- 6.9 ARC Committee members are required by the Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.

Resignation from the Committee

- 6.10 In accordance with Part 2, Regulation 4 of the *Local Government (Administration) Regulations 1996*, A Committee member may resign from membership of the Committee by giving the CEO or the Committee's presiding member written notice of the resignation. It is recommended that ARC Committee members provide a notice period of three (3) months.

Management excluded from membership

- 6.11 The Chief Executive Officer and Employees are not members of the Committee (Section 7.1A(3)&(4) of the Act).

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCEVERSION 12Management attendance

6.12 The following individuals from the Town's administration will be present at ARC Committee Meetings to offer advice, guidance, and undertake the responsibility of recording minutes:

- Chief Executive Officer
- Director Corporate Services
- Manager Governance
- Manager Financial Services
- Senior Audit, Risk and Insurance Advisor
- Audit, Risk and Insurance Support Officer

7. Meetings

- 7.1 The Committee shall meet at least quarterly.
- 7.2 The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.
- 7.3 The Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the Act.
- 7.4 All Elected Members are invited to attend each Audit, Risk and Compliance Committee meeting, but will not be eligible to vote on any items presented at the meeting.
- 7.5 Meeting attendance is subject to Electronic Meetings and Electronic Attendance Policy 4/011.
- 7.6 As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not).
- 7.7 The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 7.8 The Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, which covers the responsibilities outlined in this terms of reference.
- 7.9 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 7.10 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 7.11 Pursuant to Regulation 13 of the *Local Government (Administration) Regulations 1996*, the unconfirmed minutes of the Committee meeting will be published within 7 days after the meeting is held.
- 7.12 Voting is in accordance with Section 5.21 of the Act.

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCEVERSION 12**8. Responsibilities**

The Committee will fulfill the following responsibilities:

Risk Management

- 8.1 Review and suggest improvements to whether management has in place a current and fit-for-purpose risk management framework and associated procedures for effective identification and management of the Town's risks, including fraud.
- 8.2 Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.
- 8.3 Assess the impact of the Town's risk management framework on its control environment.
- 8.4 Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.
- 8.5 Determine whether the Town has a sound and effective approach for business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically reviewed and tested.

Internal Control and Internal Audit

- 8.6 Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- 8.7 Approve, review and suggest improvements to the Internal Audit Plan and ensure the Internal Audit function is operating effectively, independently and in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.
- 8.8 Receive and review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- 8.9 Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.
- 8.10 Oversee the coordination of planned activities among the four lines of defence, delineating ownership, accountabilities, resources and governance of risk management activities within the Town.

Financial Reporting

- 8.11 Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent

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accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.

8.12 Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.

8.13 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Compliance Committee under the Australian Auditing Standards, and suggest improvements if required.

8.14 Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

Compliance

8.15 Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

8.16 Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.

8.17 Obtain regular updates from management about compliance matters.

8.18 Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.

External Audit

8.19 Meet with the Office of the Auditor General to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).

8.20 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.

8.21 Provide an opportunity for the ARC Committee to meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.

8.22 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.

8.23 Monitor management's implementation of external audit recommendations.

Reporting

8.24 Report regularly to the Council ARC Committee activities, issues, and related recommendations through circulation of minutes.

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8.25 Monitor that open communication between the internal auditor, the external auditors, and the Town's management occurs.

Other Responsibilities

8.26 Perform other activities related to this terms of reference as requested by the Council or through audit recommendations.

8.27 Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the Audit, Risk and Compliance Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

9. Definitions

Term	Definition
ARC Committee	The Audit, Risk and Compliance Committee
CEO	The Chief Executive Officer
Committee	The Audit, Risk and Compliance Committee
The Act	The <i>Local Government Act 1995</i>
The Town	The Town of Port Hedland
TOR	The Terms of Reference

10. Version Control

Version	Meeting
V1	<i>Adopted by Council at its Ordinary Meeting held 16 November 2011.</i>
V2	<i>Amended by Council at its Ordinary Meeting held 23 October 2013.</i>
V3	<i>Amended by Council at its Ordinary Meeting held on 11 December 2013.</i>
V4	<i>Amended by Council at its Ordinary Meeting held on 27 May 2015.</i>
V5	<i>Amended by Council at its Ordinary Meeting held on 28 October 2015.</i>
V6	<i>Amended by Council at its Ordinary Meeting held on 22 June 2016.</i>
V7	<i>Amended by Council at its Ordinary Meeting held on 24 May 2017.</i>
V8	<i>Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.</i>
V9	<i>Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.</i>
V10	<i>Amended by Council at its Ordinary Meeting held on 23 September 2020.</i>
V11	<i>Amended by Council at its Ordinary Meeting held on 7 September 2022.</i>
V12	<i>Amended by Council at its Ordinary Meeting held on 27 March 2024.</i>



TOWN OF PORT HEDLAND
AUDIT, RISK AND COMPLIANCE COMMITTEE
TERMS OF REFERENCE

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1. Purpose of the Terms of Reference

The purpose of this document is to define the Terms of Reference (TOR) for the Audit, Risk and Compliance Committee (the "ARC Committee" or "Committee").

These TOR describe the Committee's purpose, authority, membership, functions, reporting requirements and responsibilities. The purpose of the terms of reference is to facilitate the operation of the Audit, Risk and Compliance Committee.

2. ~~Introduction~~ Establishment and Appointment

The ARC Committee is a formally appointed committee of the Council for the Town of Port Hedland (the "Town") pursuant to section 7.1A of the *Local Government Act 1995* ("the Act"). The Audit, Risk and Compliance Committee has been established in accordance with Part 7 of the *Local Government Act 1995*.

3. Role

The ~~Audit, Risk and Compliance~~ARC Committee ~~is an advisory committee formally appointed by the Council and~~ is to provide guidance and assistance to Council ~~on matters relevant to its~~ concerning matters within its terms of reference. Terms of Reference. It assumes a key role in assisting the Town of Port Hedland (the "Town") in fulfilling its governance and oversight obligations related to financial reporting, internal controls, risk management systems, legislative compliance, ethical accountability, and internal and external audit functions.

The Audit, Risk and Compliance Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any financial responsibility. The Audit, Risk and Compliance Committee does not have any management functions and is therefore independent of management.

The Audit, Risk and Compliance Committee will primarily focus on relevant matters relating to Audit (internal and external), Risk and Compliance.

The Audit, Risk and Compliance Committee objective is to assist the Town of Port Hedland Council in liaising with the auditors and overseeing the external audit function, and promoting the transparency and accountability of the Town's financial management systems and reporting. The role of the Audit, Risk and Compliance Committee is to report to the Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate decision-making by the Council in relation to the discharge of its responsibilities.

4. Objectives

The primary objective of the ARC Committee is to assume responsibility for the annual external audit and establish effective communication with the Town's external auditor. This ensures that

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~~Council can be satisfied with the performance of the local government in managing its financial affairs.~~

~~The Further~~ objectives of the Audit, Risk and Compliance Committee are to oversee:

~~4.1 The scope of work, objectivity, performance and independence of the external auditor.~~

~~34.24~~ The integrity of internal and external financial reporting, including accounting policies.

~~3.2 The scope of work, objectivity, performance and independence of the external auditor.~~

~~43.3~~ The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.

~~43.4~~ The systems or procedures that are designed to ensure that the Town ~~and its subsidiaries~~ comply with relevant statutory and regulatory requirements.

~~3.5 The process for recognising risks arising from the Town's operations and strategies, and consider the adequacy of measures taken to manage those risks.~~

~~43.56~~ The process and systems which protect the Council against risk, fraud and irregularities.

~~34.67~~ Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.

~~43.78~~ Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.

~~The Audit, Risk and Compliance Committee must also add to the credibility of Council by promoting ethical standards through its work.~~

54. Authority and Independence

~~The ARC Committee does not have executive powers or authority to implement actions in areas over which the administration (management) has responsibility. Furthermore, the ARC Committee does not have any delegated financial responsibility. This ensures that the Committee is able to fulfill its function as an impartial advisory body separate from the Town's management, thereby ensuring objective assessments and guidance.~~

~~The Audit, Risk and Compliance Committee has the authority to~~Under the Town's Register of Delegated Authority – Statutory, the ARC Committee::

~~5.1~~ Has the authority to meet with the Town's Auditor at least once every year on behalf of the Council [s.7.12A(2) of the Act].

~~54.24~~ Review and suggest improvements to the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken. ~~Has the authority to:~~
i. Examine an audit report received by the local government.

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- ii. determine if any matters raised by the audit report, require action to be taken by the local government; and
- ~~i.iii.~~ Ensure that appropriate action is taken in respect of those matters.

~~5.3~~ Has the authority to review and endorse the Town's report on any actions taken in response to an Auditor's report, prior to it being forwarded to the Minister [s.7.12A(4) of the Act].
~~4.2~~ Monitor and advise the Chief Executive Officer in reviews conducted under regulation 17(1) of the *Local Government (Audit) Regulations 1996* and regulation 5(2)(e) of the *Local Government (Financial Management) Regulations 1996*.

~~4.3~~ Formally meet with the Town's appointed external auditor as necessary.

~~4.4~~ Seek resolution on any disagreements between management and the external auditors on financial reporting.

~~4.5~~ Advise Council on any or all of the above as deemed necessary.

65. Composition of Committee MembersMembershipComposition

~~56.1-~~ The ~~Audit, Risk and Compliance ARC~~ Committee will comprise of ~~three~~ a minimum of ~~three~~ and a maximum of ~~five~~ ~~Elected Members~~ Elected Members, with one member being an independently appointed member, where possible. All members shall have full voting rights and will be appointed by an absolute majority vote of the Council [s.10(1)(a) of the Act].

~~6.2~~ Council may appoint by an absolute majority up to three (3) Councillors to be Deputy Members of the Committee. Any Deputy Member may perform the functions of any Committee Member when the Member is unable to do so by reason of illness, absence or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a member [s.5.11A(2)(a),(3) and (4) of the Act].

~~6.3~~ Deputy Members do not operate as substitutes for individual members. In situations where more than one Deputy Member is in attendance at a Committee meeting, the Committee will conduct a vote to designate which Deputy Member is authorised to perform the duties of the absent member.

Term

~~65.42~~ In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:
~~The Council will appoint Audit, Risk and Compliance Committee members.~~

- a) the term of the person's appointment as a committee member expires; or
- b) the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or

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- c) the committee is disbanded; or
a) the next ordinary elections day
d) _____

Appointment

~~6.5.53~~ The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Compliance ARC Committee Members at the Committee's first meeting following ~~after~~ an Election.

Skills and Experience~~5.4~~

~~6.6~~ Collectively, the group of Committee members possess a diverse set of skills and expertise encompassing risk management, assurance, business acumen and background in related fields. The members, taken collectively, will have a broad range of skills and experience in accounting or related financial management, with an understanding of accounting and auditing standards in a public sector environment.

~~6.5.75~~ Members may seek advice from an external independent advisor. ~~The independent advisor will have a Certified Practicing Accountant (CPA), Chartered Accountancy (CA) qualification or relevant discipline or experience in a similar position.~~ The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:

- Accounting Standards (AASB)
- ~~Tax Legislation~~
- *Local Government Act 1995*
- ~~Local Government experience and/or Band 1 Council~~

~~6.8~~ New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Declaration of an Interest

~~6.9~~ ARC Committee members are required by the Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.

Resignation from the Committee

~~5.6~~ As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not). ~~6.10~~ In accordance with Part 2, Regulation 4 of the *Local Government (Administration) Regulations 1996*, A Committee member may resign from membership of the Committee

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by giving the CEO or the Committee's presiding member written notice of the resignation. It is recommended that ARC Committee members provide a notice period of three (3) months.

Management excluded from membership~~5.7~~ Audit, Risk and Compliance Committee members are required by the *Local Government Act* and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.

~~5.8~~ New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

~~6.5.119~~ The Chief Executive Officer and ~~E~~employees are not members of the Committee (Section 7.1A(3)&(4) of the Act). -

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCEVERSION 12Management attendance

6.12 The following individuals from the Town's administration will be present at ARC Committee Meetings to offer advice, guidance, and undertake the responsibility of recording minutes:

- Chief Executive Officer
- Director Corporate Services
- Manager Governance
- Manager Financial Services
- Senior Audit, Risk and Insurance Advisor
- Audit, Risk and Insurance Support Officer

67. _____ Meetings

76.1 The Committee shall meet at least quarterly.

7.2 The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer. Meetings may be called by the Presiding Member of the Audit, Risk and Compliance Committee, or at the request of the Mayor or Chief Executive Officer.

7.36.2 The ~~Audit, Risk and Compliance~~ Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the Local Government Act 1995-Act.

7.46.3 All Elected Members are invited to attend each Audit, Risk and Compliance Committee meeting, but will not be eligible to vote on any items presented at the meeting.

7.56.4 Meeting attendance is subject to Electronic Meetings and Electronic Attendance Policy 4/011. ~~All Audit, Risk and Compliance Committee members are expected to attend each meeting in person.~~

7.6 As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not).

6.57.7 The Chief Executive Officer will facilitate the meetings of the ~~Audit, Risk and Compliance~~ Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.

7.86.6 The ~~Audit, Risk and Compliance~~ Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, ~~that~~ which covers ~~all~~ the responsibilities outlined in this terms of reference.

7.96.7 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.

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~~7.106.8~~ Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.

~~7.116.9~~ Pursuant to ~~R~~regulation 13 of the *Local Government (Administration) Regulations 1996*, ~~t~~he unconfirmed minutes of the Committee meeting will be published within 7 days after the meeting is held. ~~unconfirmed minutes will be made available for inspection by members of the public, within 5 (five) business days after the meeting.~~

~~7.126.10~~ Voting is in accordance with Section 5.21 of the Act.

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87. _____ Responsibilities

The ~~Audit, Risk and Compliance~~ Committee will ~~carry out~~fulfill the following responsibilities:

7.1 _____ Risk Management

~~7.1.18.1 _____~~ Review and suggest improvements to whether management has in place a current and ~~comprehensive fit-for-purpose enterprise~~ risk management framework and associated procedures for effective identification and management of the Town's ~~business and financial~~ risks, including fraud.

~~8.7.1.2 _____~~ Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.

~~8.7.1.3 _____~~ Assess the impact of the Town's ~~enterprise~~ risk management framework on its control environment, ~~and insurance arrangements.~~

~~7.1.48.4 _____~~ Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.

~~7.1.58.5 _____~~ Determine whether the Town has a sound and effective approach for business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically reviewed and tested.

7.2 _____ Internal Control and Internal Audit

~~7.2.18.6 _____~~ Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.

~~8.7.2.2 _____~~ Approve, review and suggest improvements to the Internal Audit Plan and ensure the Internal Audit function is operating effectively, independently and in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.

~~7.2.38.8 _____~~ Receive and review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.

~~8.97.2.4 _____~~ Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

~~7.2.58.10 _____~~ Oversee the coordination of planned activities ~~between-among~~ the ~~four~~ lines of defence, ~~which outlines the delineating~~ ownership, accountabilities, resources and governance of risk management activities within the Town.

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCEVERSION 12Financial Reporting

~~8.11~~ ~~7.3.1~~ — Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.

~~7.3.2~~ — ~~Review with management and the external auditors the results of the audit, including any difficulties encountered, and suggest improvements if required.~~

~~7.3.3~~ ~~8.12~~ — Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.

~~7.3.4~~ ~~8.13~~ — Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Compliance Committee under the Australian Auditing Standards, and suggest improvements if required.

~~7.3.5~~ ~~8.14~~ — Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

~~7.4~~ Compliance

~~8.15~~ ~~7.4.1~~ — Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

~~7.4.2~~ ~~8.16~~ — Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.

~~7.4.3~~ ~~8.17~~ — Obtain regular updates from management about compliance matters.

~~8.18~~ ~~7.4.4~~ — Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.

~~7.5~~ External Audit

~~7.5.1~~ ~~8.19~~ — Meet with the Office of the Auditor General to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).

~~7.5.2~~ ~~8.20~~ — Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.

~~7.5.3~~ ~~8.21~~ — Provide an opportunity for the ~~Audit, Risk and Compliance~~ARC Committee to meet with the external auditors to discuss any matters that the ~~Audit, Risk and Compliance~~ Committee or the external auditors believe should be discussed privately.

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~~7.5.48.22~~ — Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.

~~8.23 7.5.5~~ — Monitor management’s implementation of external audit recommendations.

~~7.5.6~~ — ~~Monitor the relationship between internal auditors and the Office of the Auditor General.~~

~~7.6~~ — Reporting ~~Responsibilities~~

~~7.6.18.24~~ — Report regularly to the Council ~~Audit, Risk and Compliance~~ARC Committee activities, issues, and related recommendations through circulation of minutes.

~~8.25 7.6.2~~ — Monitor that open communication between the internal auditor, the external auditors, and the Town’s management occurs.

~~8~~ — Other Responsibilities

~~8.18.26~~ Perform other activities related to this terms of reference as requested by the Council or through audit recommendations.

8.27 Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the Audit, Risk and Compliance Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

9. Definitions

<u>Term</u>	<u>Definition</u>
<u>ARC Committee</u>	<u>The Audit, Risk and Compliance Committee</u>
<u>CEO</u>	<u>The Chief Executive Officer</u>
<u>Committee</u>	<u>The Audit, Risk and Compliance Committee</u>
<u>The Act</u>	<u>The Local Government Act 1995</u>
<u>The Town</u>	<u>The Town of Port Hedland</u>
<u>TOR</u>	<u>The Terms of Reference</u>

10.9 — Version Control

<u>Version</u>	<u>Meeting</u>
<u>V1</u>	<u>Adopted by Council at its Ordinary Meeting held 16 November 2011.</u>
<u>V2</u>	<u>Amended by Council at its Ordinary Meeting held 23 October 2013.</u>
<u>V3</u>	<u>Amended by Council at its Ordinary Meeting held on 11 December 2013.</u>
<u>V4</u>	<u>Amended by Council at its Ordinary Meeting held on 27 May 2015.</u>
<u>V5</u>	<u>Amended by Council at its Ordinary Meeting held on 28 October 2015.</u>

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE

VERSION 12

<u>V6</u>	<u><i>Amended by Council at its Ordinary Meeting held on 22 June 2016.</i></u>
<u>V7</u>	<u><i>Amended by Council at its Ordinary Meeting held on 24 May 2017.</i></u>
<u>V8</u>	<u><i>Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.</i></u>
<u>V9</u>	<u><i>Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.</i></u>
<u>V10</u>	<u><i>Amended by Council at its Ordinary Meeting held on 23 September 2020.</i></u>
<u>V11</u>	<u><i>Amended by Council at its Ordinary Meeting held on 7 September 2022.</i></u>
<u>V12</u>	<u><i>Amended by Council at its Ordinary Meeting held on 27 March 2024.</i></u>

- ~~V1. — Adopted by Council at its Ordinary Meeting held 16 November 2011.~~
- ~~V2. — Amended by Council at its Ordinary Meeting held 23 October 2013.~~
- ~~V3. — Amended by Council at its Ordinary Meeting held on 11 December 2013.~~
- ~~V4. — Amended by Council at its Ordinary Meeting held on 27 May 2015.~~
- ~~V5. — Amended by Council at its Ordinary Meeting held on 28 October 2015.~~
- ~~V6. — Amended by Council at its Ordinary Meeting held on 22 June 2016.~~
- ~~V7. — Amended by Council at its Ordinary Meeting held on 24 May 2017.~~
- ~~V8. — Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.~~
- ~~V9. — Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.~~
- ~~V10. — Amended by Council at its Ordinary Meeting held on 23 September 2020.~~
- ~~V11. — Re-adopted by Council at its Ordinary Meeting held on 7 September 2022.~~

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Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	Yes	
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	Yes	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	Yes	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	Yes	
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	No	The 2023/24 Delegation Review went to the 30 August 2023 OCM, which resulted in an absolute majority council decision. Decision No. CM202324/118

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6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	No	The 2023/24 Delegation Review went to the 30 August 2023 OCM, which resulted in an absolute majority council decision. CM202324/118
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	No	Not all primary returns were lodged within three months of the relevant persons start

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				date, however all but 1 have subsequently been provided to the Town. The employee who did not lodge their return is no longer employed at the Town.
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	No	There were 7 outstanding annual returns. The employees are no longer employed at the Town.
6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	No	This register is maintained by Governance on a regular basis. However, it currently includes information about individuals who no longer need to submit a return. This issue will be addressed in the 2024 calendar year.
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	

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14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes	
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	N/A	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	

Disposal of Property				
No	Reference	Question	Response	Comments

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1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	Yes	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes	

Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	N/A	No gifts were disclosed by candidates during the 2023 Ordinary Election.
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	No gifts were disclosed by candidates during the 2023 Ordinary Election.
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	N/A	No gifts were disclosed by candidates during the 2023 Ordinary Election.

Finance				
No	Reference	Question	Response	Comments

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1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	Yes	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	No	The OAG and RSM as auditors did not complete and provide the Town the auditor's report for the financial year ended 30 June 2023 by 31 December 2023.
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	The auditor's report has not been received.
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	The auditor's report has not been received.
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	The auditor's report has not been received.
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	N/A	At the time of responding (26 February 2024), the audit remains incomplete.

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	

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2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	The CEO was appointed in December 2019 and commenced in February 2020.
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	N/A	The CEO was appointed in December 2019 and commenced in February 2020.
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	There were no proposals to dismiss senior employee(s) in the 2023 calendar year.

Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	

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2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Yes	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	Yes	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Yes	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	

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11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	No expressions of interest were rejected.
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Yes	
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	Yes	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	Yes	
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	Yes	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	Yes	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	Yes	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	All responses were submitted on time through Vendorpanel and were accepted.

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20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	Yes	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	Yes	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes	

Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27/07/2022
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	30/08/2023
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December	Yes	17/05/2022

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		2023? If yes, please provide the date of council's resolution to accept the report.		
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	25/08/2021
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes	
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	No	The Town maintains a Councillor Training Register; however, the Register was not uploaded to the Town's website in 2023. The register was uploaded to the website in February 2024.
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

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Chief Executive Officer

Date

Mayor/President

Date



27 February 2024

Carl Askew
Chief Executive Officer
Town of Port Hedland Office
13 McGregor Street
Port Hedland, WA 6721

Dear Carl

PAXON'S REVIEW OF THE INTERNAL AUDIT LOG

1. Background

This internal audit review was included within the risk based strategic internal audit plan that was endorsed by the Audit, Risk & Compliance Committee ('Committee') in August 2023.

2. Review Objective

The objective of our review was to provide a report to management and the committee assessing whether risks previously raised by assurance providers have been appropriately remediated by Management on a timely basis.

3. Methodology

Our methodology for the Review comprised:

- Obtaining the Internal Audit Log as at 4 September 2023 and reviewed the status of the content, with a further update to the Internal Audit Log provided in January 2024 as further actions had been completed;
- Requested information related to the completed items to evidence their effective completion to mitigate the risk previously highlighted. The collection of information was administered by the Town's Audit, Risk and Insurance Advisor and provided to Paxon;
- Reviewed the information and concluded on the effective closure of audit log items or requested further evidence if required;
- Assessment of the open and partially completed items to assess if update is required by management in terms of timeframe for completion, their continued relevance and if they can or will be remediated
- Drafted a short report summarizing our work and provided an updated Internal Audit Log; and
- Finalised the report and issued it to management for distribution to the Committee.

4. Inherent Limitations

Due to the inherent limitations in any internal control structure, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure of the entire Town, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our review was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The review conclusion and any opinion expressed in this report have been formed on the above basis.

5. Outcome

5.1 Completed Actions

In total there were 144 actions within the Audit Log at the commencement of this exercise. Management certified that 98 had been completed and 46 were uncompleted.

Substantial effort has been made by the Town to remediate and provide evidence for 96 of the 98 completed actions. Based upon the work performed by Paxon to review this evidence, all 96 have been agreed as completed. The other two actions did not require any action as per the management action plan within the original report as they were documented as completed when initially reported to the Committee (IAP0091 and IAP0092).

5.2 Open Actions

As requested Paxon also reviewed the uncompleted actions. It was noted that there are a number of items that relate to developing additional policy or procedure documents, which can take a high level of resource to implement and maintain both in terms of the document and operational effectiveness.

These actions have previously been agreed to by Management and Committee and we did not receive any feedback from Management during the review that they no longer intend to action them. There were also a number of items that have a common action which could be remediated by the development of a Fraud Control Plan.

Within the following table we have provided some analysis of the uncompleted actions.

Rating	Number of Actions	Actions not yet due	Overdue Actions as at 31/12/23 (original action date)	Comment on overdue actions
High	18	1	17	5 relate to 2022 12 relate to 2023
Medium	14	2	12	3 relate to 2021 3 relate to 2022 6 relate to 2023
Low	2	0	2	Relate to 2022
Improvement	3	0	3	2 relate to 2022 1 relates to 2023
No rating	9	8	1	Relate to 2023
Total	46	11	35	

Paxon recommends that the Town focuses on remediating the higher rated actions first and those that are aged. See Appendix 1 for details of all completed and uncompleted actions.

5.3 Finding

It was noted that the actions arising from the Office of the Audit General’s management letters for the financial statement and IT audits are not included within the Audit Log. Paxon recommends that actions required arising from the findings of all assurance providers should be included within the Internal Audit Log and reported to Committee, if not included within an alternative reporting mechanism.

Yours sincerely

PAXON GROUP

Cameron Palassis
Executive Director

B.Ec., CA., CPA., CTA.