



MINUTES

Audit, Risk and Compliance Committee Meeting Tuesday, 7 March 2023

Date: Tuesday, 7 March 2023

Time: 5:30pm

Location: Council Chambers, McGregor Street
Port Hedland WA 6721

Distribution Date: Monday, 13 March 2023

A handwritten signature in black ink, written over a horizontal line that serves as a signature line.

Presiding Member

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Order Of Business

Item 1	Opening of Meeting.....	4
Item 2	Acknowledgement of Traditional Owners and Dignitaries	4
Item 3	Recording of Attendance.....	4
3.1	Attendance.....	4
3.2	Attendance by Telephone / Instantaneous Communications	4
3.3	Apologies	4
3.4	Approved Leave of Absence	5
3.5	Disclosure of Interests.....	5
Item 4	Applications for Leave of Absence	5
Item 5	Response to Previous Questions	5
Item 6	Public Time.....	5
6.1	Public Question Time	5
6.2	Public Statement Time.....	5
6.3	Petitions/Deputations/Presentations/Submissions.....	5
Item 7	Questions from Members without Notice.....	6
Item 8	Announcements by Presiding Member without Discussion.....	6
Item 9	Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting.....	6
Item 10	Confirmation of Minutes from Previous Meeting.....	6
Item 11	Reports of Officers	7
11.1	2023 Calendar Year Audit, Risk and Compliance Committee Work Plan	7
11.2	2022 Compliance Audit Return	10
11.3	Internal Audit Report - Fraud Risk Management and Misconduct	14
11.4	Review of Audit Log For The Strategic 3-Year Internal Audit Plan	18
11.5	FY 2022-23 Quarter 2 Procurement Report on Panels Usage	21
Item 12	Motions of which Previous Notice has been given.....	24
Item 13	New Business of an Urgent Nature (Late items).....	24
Item 14	Matters for Which Meeting May Be Closed (Confidential Matters)	24
Item 15	Closure.....	24
15.1	Date of Next Meeting	24
15.2	Closure.....	24

Item 1 Opening of Meeting

The Presiding Member declared the meeting open at 5:30pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledged the Kariyarra people as the Traditional Custodians of the land that we met on and recognised their strength and resilience and she paid her respects to elders past, present and emerging.

Item 3 Recording of Attendance

Important note:

This meeting is being audio recorded to facilitate community participation and for minute-taking purposes, which may be released upon request to third parties. In accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders members of the public are not permitted to use any visual or vocal electronic device or instrument to record the proceedings of any meeting unless that person has been given permission by the Presiding Member to do so. Members of the public are also reminded that in accordance with section 6.17(4) of the Town of Port Hedland Standing Orders Local Law mobile telephones must be switched off and not used during the meeting.

3.1 Attendance

Present:

Committee Members:

Councillor Flo Bennett (Presiding Member)
Councillor Ash Christensen

Attendance:

Carl Askew (Chief Executive Officer)
Florian Goessmann (Acting Director Corporate Services)
Tom Kettle (Manager Governance)
Stephanie Sikaloski (Audit, Risk and Insurance Advisor)
Belinda Marshall (Audit, Risk and Insurance Support Officer)

Public: 0

Media: 0

3.2 Attendance by Telephone / Instantaneous Communications

Nil.

3.3 Apologies

Deputy Mayor Tim Turner

3.4 Approved Leave of Absence

Nil.

3.5 Disclosure of Interests

Nil.

Item 4 Applications for Leave of Absence

Nil.

Item 5 Response to Previous Questions

Nil.

Item 6 Public Time

Important note:

In accordance with section 6.7(3) of the Town of Port Hedland Local Law on Standing Orders, members of the public are required to complete a question form and place the completed form in the tray provided.

If the Presiding Member determines that questions and statements are out of order due to the use of an offensive or objectionable expression or are defamatory, they will not be recorded or responded to.

6.1 Public Question Time

The Presiding Member declared Public Question Time open at 5:33pm.

Nil.

The Presiding Member declared Public Question Time closed at 5:33pm.

6.2 Public Statement Time

The Presiding Member declared Public Statement Time open at 5:33pm.

Nil.

The Presiding Member declared Public Statement Time closed at 5:33pm.

6.3 Petitions/Deputations/Presentations/Submissions

Nil.

Item 7 Questions from Members without Notice

Councillor Christensen asked for confirmation that the target due dates for Recommendations 1 and 2 within Attachment 1 of Item 11.3 had been updated, post providing feedback to the administration in a confidential feedback meeting held the week prior.

The CEO confirmed that the target due dates had been updated.

Item 8 Announcements by Presiding Member without Discussion

Nil

Item 9 Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting

The following Audit, Risk and Compliance Committee Members declared that they had given due consideration to all matters contained in the agenda.

Councillor Flo Bennett
Councillor Ash Christensen

Item 10 Confirmation of Minutes from Previous Meeting

ARC202223/015 COMMITTEE DECISION

MOVED: CR CHRISTENSEN

SECONDED: CR BENNETT

That the Audit, Risk and Compliance Committee confirm that the Minutes of the Audit, Risk and Compliance Committee Meeting held on Tuesday 6 December 2022 are a true and correct record.

CARRIED BY SIMPLE MAJORITY (2/0)

In Favour: Cr Ash Christensen, Cr Flo Bennett
Against: Nil

Item 11 Reports of Officers

11.1	2023 CALENDAR YEAR AUDIT, RISK AND COMPLIANCE COMMITTEE WORK PLAN
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Author: Audit, Risk and Insurance Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARC202223/016 COMMITTEE DECISION**MOVED: CR CHRISTENSEN****SECONDED: CR BENNETT**

That the Audit, Risk and Compliance Committee adopt the 2023 Audit, Risk and Compliance Committee Work Plan, as per Attachment 1.

CARRIED BY SIMPLE MAJORITY (2/0)

In Favour: Cr Ash Christensen, Cr Flo Bennett
Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to adopt the ARC Committee Work Plan for the current calendar year.

DETAIL

In accordance with section 7.1A of the *Local Government Act 1995*, Council has established an ARC Committee. The ARC Committee operates in accordance with all relevant provisions of the Act and the *Local Government (Audit) Regulations 1996* and the *Local Government (Administration) Regulations 1996*.

The ARC Committee is required to develop an annual work plan in accordance with section 6.6 of the ARC Committee's adopted Terms of Reference. The annual work plan will assist and guide the ARC Committee on the functions, roles and responsibilities that are to be undertaken in the next calendar year, and in accordance with section 6.6 of the ARC Committee's Terms of Reference, an annual work plan has been developed.

The work plan only contains items which align the ARC Committee's responsibilities with any key legislative compliance dates and the ARC Committee's adopted meeting schedule. Additional reports may be presented to the ARC Committee throughout the year, as appropriate.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance, because it does not meet any requirements of a 'significant' decision.

CONSULTATION

Internal

- Director Corporate Services
- Manager Financial Services
- Manager Governance

External Agencies

- Nil

Community

- Nil

LEGISLATION AND POLICY CONSIDERATIONS

Section 6.6 of the Terms of Reference (TOR) of the ARC Committee states that a work plan for the forthcoming year is to be developed.

FINANCIAL AND RESOURCES IMPLICATIONS

Setting the Annual Audit Work Plan for the ARC Committee is administered through staff time which is supported by the salaries and wages budget specific to Governance Operations.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2022-2032 is applicable in the consideration of this item:

- 4.2.3 – Transparent and regular governance reporting and communication to the community is undertaken.

There are no significant identifiable environmental, social or economic impacts relating to this item.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.3.1 – Ensure governance information provided to the community is in line with legislated requirements.

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item, because if the ARC Committee do not adopt a work plan for the forthcoming year, the ARC Committee will be in breach of its Terms of Reference. The risk rating is considered to be low (2), which is determined by a likelihood of rare (1) and a consequence of minor (2). This risk will be eliminated by the adoption of the officer's recommendation.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

- Members of the ARC Committee may nominate additional items to be considered in the 2023 ARC Committee work plan.

Option 3 – Do not adopt officer’s recommendation

CONCLUSION

It is recommended that the ARC Committee adopt the 2023 work plan to ensure the ARC Committee meets key compliance dates and responsibilities for the forthcoming year. The adoption of the work plan will also allow Committee members to have insight on which items are to be determined in the coming year and offers structure and guidance to the ARC Committee.

ATTACHMENTS

1. 2023 ARC Committee Work Plan (under separate cover)

11.2 2022 COMPLIANCE AUDIT RETURN

Author: Audit, Risk and Insurance Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARC202223/017 COMMITTEE DECISION**MOVED: CR CHRISTENSEN****SECONDED: CR BENNETT**

That the Audit, Risk and Compliance Committee:

1. Notes the areas of non-compliance in the 2022 Compliance Audit Return;
2. Notes the actions the Town will undertake to ensure future compliance;
3. Recommends Council adopt the 2022 Compliance Audit Return; and
4. Recommends Council authorise the Mayor and Chief Executive Officer to sign and submit the Town's Compliance Audit Return 2022 to the Department of Local Government, Sport and Cultural Industries by 31 March 2023.

CARRIED BY SIMPLE MAJORITY (2/0)

In Favour: Cr Ash Christensen, Cr Flo Bennett
Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to consider the Town's 2022 Compliance Audit Return (CAR).

DETAIL

Each calendar year all Western Australian Local Government Authorities are required to undertake a compliance audit and forward the results to the Department of Local Government, Sport and Cultural Industries (the Department) by 31 March of the following year. The CAR is a self-assessment undertaken by each local government referring to its levels of compliance with the *Local Government Act 1995* and subsidiary regulations.

A local government's Audit Committee is required to review the CAR and report the results of that review to the Council, prior to adoption by Council. The Town will then request the Council's approval to submit the CAR to the Department by 31 March 2023.

The CAR is one of the tools utilised by the Department to monitor how the local government functioned throughout the previous calendar year from a compliance perspective. Identified areas of non-compliance provide guidance to officers as to where processes may be reviewed to ensure improved compliance.

The Audit, Risk and Insurance business unit undertook a thorough review to carry out the compliance audit and the findings have been recorded in the CAR.

The Town achieved a compliance rate of 95% for the 2022 calendar year.

For the 2022 calendar year, the Town of Port Hedland was non-compliant with the following:

Number	Reference	Question	Comments
Delegation of Power/Duty 9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	12 written delegation memos were not provided to employees at the time of appointment, however, have subsequently been provided to the employee. Implementation of new Governance software is expected to improve compliance.
Disclosure of Interest 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?	Not all primary returns were lodged within 3 months of the relevant persons start date, however, have subsequently been provided to the Town by the relevant person. Implementation of new Governance software is expected to improve compliance.
Disclosure of Interest 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?	2 annual returns were not received by the Town from former Elected Members despite efforts to rectify. The Town's offboarding processes have been tightened and the implementation of new Governance software is expected to improve compliance.
Disclosure of Interest 21	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	No. The code of conduct for employees has since been published on the website.
Elections 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?	The electoral gift register was maintained and kept internally, however, was not published to the local government's official website as the successful candidate did not make any disclosures.

<p>Tenders 2</p>	<p>s3.57 F&G Reg 11</p>	<p>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?</p>	<p>The Town engaged a labour hire contractor however the value of services accrued over the period exceeded tender threshold value.</p>
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LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town’s ability to deliver services, impact to the reputation of the Town of Port Hedland and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

- Executive Leadership Team
- Manager Governance
- Manager Financial Services
- Manager Human Resources
- Governance Department

External Agencies

- Department of Local Government, Sport and Cultural Industries.

Community

- Nil

LEGISLATION AND POLICY CONSIDERATIONS

Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out an audit of compliance with such statutory requirements.

Regulation 14 of the *Local Government (Audit) Regulations 1996* outlines the period of time, the form and the process of the compliance audit. The compliance audit is required to be reviewed by an Audit Committee and then reported to Council.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial implications related to this item.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2018-2028 is applicable in the consideration of this item:

- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

There are no significant identifiable environmental, social or economic impacts relating to this item.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.3.1 – Ensure governance information provided to the community is in line with legislated requirements.

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because the Town will not be compliant if the CAR is not adopted by Council or submitted to the Department by 31 March 2023. The risk rating is considered to be low (4), which is determined by a likelihood of unlikely (2) and a consequence of minor (2).

This risk will be eliminated by adopting the officer's recommendation.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Do not adopt officer's recommendation

CONCLUSION

The CAR is a mandatory obligation required from all local governments for statutory compliance. The CAR provides the Town an opportunity to check its processes and determine whether it is compliant and report the results of the review to the Department. The Audit, Risk and Compliance Committee is advised to recommend that Council adopt the 2022 CAR.

ATTACHMENTS

1. 2022 Compliance Audit Return (Draft) (under separate cover)

11.3 INTERNAL AUDIT REPORT - FRAUD RISK MANAGEMENT AND MISCONDUCT

Author: Audit, Risk and Insurance Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARC202223/018 COMMITTEE DECISION**MOVED: CR CHRISTENSEN****SECONDED: CR BENNETT**

That the Audit, Risk and Compliance Committee receive and note the 2022/23 Financial Year Internal Audit Report of Fraud Risk Management and Misconduct, as per Attachment 1.

CARRIED BY SIMPLE MAJORITY (2/0)

In Favour: Cr Ash Christensen, Cr Flo Bennett
Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to note the outcomes of the 2022/23 Financial Year Internal Audit Report of Fraud Risk Management and Misconduct.

The agreed management actions will be recorded in the Audit Log and progress updates on recommendations actioned by the Town of Port Hedland (the Town) will be provided to the ARC Committee on a regular basis.

DETAIL

William Buck Advisors WA (William Buck) were engaged to undertake the Town's internal audit function in February 2020. Following the engagement, William Buck prepared a Strategic Three (3) Year Rolling and Annual Internal Audit Plan (Internal Audit Plan) that was considered and adopted by the ARC Committee on 11 August 2020 (Committee Decision: ARC202021/013).

In accordance with the Internal Audit Plan, William Buck were tasked to conduct an internal audit of the Town's Fraud Risk Management and Misconduct processes. The overall objective of this engagement was to determine whether effective controls were in place to identify, prevent and respond to fraud risks and misconduct. This area of review was clearly defined in the Internal Audit Plan, for the 2022/23 Financial Year.

Scope of Review

The scope of the audit included an assessment of the following:

- Management have appropriate detective controls implemented on an operational level to identify fraud and fraud risks;
- Preventative and responding controls are implemented which will lower or mitigate risks identified; and

- Reporting mechanisms for identified fraud/misconduct and corruption to the respective delegates is as prescribed to the Town’s respective reporting procedures.

Summary of Findings

Findings	Rating
Fraud and Corruption Control Plan	High
Fraud Risk Assessment	High
Fraud Awareness Training and Communication	Medium
Probity in Procurement	Medium
Fraud, Corruption and Misconduct Reporting	Low
Pre-employment Criminal Background Checks	Low

William Buck summarised their key findings and insights in the Executive Summary of the internal audit report. All findings will be addressed and resolved by the Town’s administration in the 2023/24 year.

Recommendations from Review

The Town has started the process of implementing recommendations. The target completion date provided by the management for each recommendation is given below.

Target Completion Date	No of Recommendations
30/09/2023	2
31/12/2023	3
31/03/2024	2
30/06/2024	2

Current status of Internal Audit Plan

The below table summarises the current status of the three-year rolling and annual internal audit plan.

Year	Quarter	Area of Internal Audit Review	Status
2020/21	1st	Procurement and Contract Management	Complete
	3rd	Regulation 17 Review (Statutory Obligation)	Complete
	4th	Records Management	Complete
2021/22	1st	Finance Management Review (Statutory Obligation)	Complete
	2nd	Safety and Security Management	Complete
	3rd	Project Management	Complete
2022/23	1st	Business Continuity and Disaster Recovery	Complete
	2nd	Fraud Risk Management and Misconduct	Complete
	3rd	Strategic Asset Management and Maintenance	In progress

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town's ability to deliver services, impact the Town's reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

Director Corporate Services
Manager Governance
Manager Human Resources
Senior Advisor HR Projects

External Agencies

William Buck Advisors (WA):

- Director
- Internal Auditor

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS

- Australian Standards 8001:2008 Fraud and Corruption Control (AS 8001:2008)
- *Corruption, Crime and Misconduct Act 2003*

FINANCIAL AND RESOURCES IMPLICATIONS

The value of works, as contracted with William Buck and identified in the Amended Strategic 3 Year Rolling and Annual Internal Audit Plan was recorded, considered, and adopted in the Audit, Risk and Compliance Committee on 10 March 2021.

The adopted FY2022/23 Budget included sufficient funding for the internal audit costs. 80 Hours were billed at \$140 per hour excluding GST. The costs incurred in relation to the Fraud Risk Management and Misconduct Review were \$11,200.00 excluding GST.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2022-2032 is applicable in the consideration of this item:

- 4.2.2 Transparent and regular governance reporting and communication to the community is undertaken.

There are no significant identifiable environmental, social or economic impacts relating to this item.

Corporate Business Plan

The following actions of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.3.1 Ensure governance information provided to the community is in line with legislated requirements.

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item. If the auditor's recommendations are not considered and the management action plans not implemented, the Town is at risk of not meeting compliance, regulatory or best practice requirements. The risk rating is considered to be medium (9), which is determined by a likelihood of possible (3) and a consequence of moderate (3).

This risk will be reduced by the adoption and implementation of the agreed management actions.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Do not adopt officer's recommendation

CONCLUSION

This report presents the ARC Committee with an overview of the Fraud Risk Management and Misconduct internal audit, and how the Town's administration will be addressing all relevant findings for improvement.

ATTACHMENTS

1. 2022-23 Fraud Risk Management & Misconduct Internal Audit Report (under separate cover)

11.4 REVIEW OF AUDIT LOG FOR THE STRATEGIC 3-YEAR INTERNAL AUDIT PLAN

Author: Audit, Risk and Insurance Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARC202223/019 COMMITTEE DECISION

MOVED: CR CHRISTENSEN

SECONDED: CR BENNETT

That the Audit, Risk and Compliance Committee receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan.

CARRIED BY SIMPLE MAJORITY (2/0)

In Favour: Cr Ash Christensen, Cr Flo Bennett
 Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan.

The ARC Committee, through section 7.2.4 of its Terms of Reference, has a responsibility to monitor management’s implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

DETAIL

William Buck Advisors (WA) were engaged by the Town to act as the Town’s internal audit function in February 2020. Following the engagement, William Buck prepared a Strategic Three (3) Year Rolling and Annual Internal Audit Plan (Internal Audit Plan) that was considered and adopted by the Audit, Risk and Compliance Committee on 11 August 2020 (Committee Decision: ARC202021/013).

In accordance with the Internal Audit Plan, the Town is required to maintain an Audit Log to track the status of agreed management actions.

A summary of the status of agreed management actions is found in the table below.

Action Due	Completed	In progress	Overdue	Total
FY 2020/21	5		4	9
FY 2021/22	13		10	23
FY 2022/23	30	34	9	73
FY 2023/24	0	6		6
FY 2024/25	0	1		1
Total	48	41	23	112

Overdue management actions have been assigned a revised due date in agreement with the Accountable Officer.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town's ability to deliver services, impact the Town's reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

- Director Corporate Services
- Audit, Risk and Insurance Advisor

External Agencies

- William Buck Advisors (WA)

Community

- Nil

LEGISLATION AND POLICY CONSIDERATIONS

- Regulation 17, *Local Government (Audit) Regulations 1996*

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial or resource implications associated with this item.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2018-2028 is applicable in the consideration of this item:

- 4.2.3 Transparent and regular governance reporting and communication to the community is undertaken

There are no significant identifiable environmental, social or economic impacts relating to this item.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.3.1 Ensure governance information provided to the community is in line with legislated requirements.

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because the Town has committed to implement agreed management action plans from audit recommendations made through its Strategic 3-Year Internal Audit Plan. The risk rating is considered to be medium (9), which is determined by a likelihood of possible (3) and a consequence of moderate (3). The risk will be

mitigated through the administration's and ARC Committee's regular reviewing and monitoring of the Audit Log.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Do not adopt officer's recommendation

CONCLUSION

It is recommended that the ARC Committee receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan. Overdue management actions have been assigned a revised due date in agreement with the Accountable Officer. The ARC Committee provide oversight over the status of management actions, to strengthen accountability and transparency.

ATTACHMENTS

1. Town of Port Hedland Audit Log (confidential) (under separate cover)

11.5	FY 2022-23 QUARTER 2 PROCUREMENT REPORT ON PANELS USAGE
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Author: Senior Procurement & Contracting Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARC202223/020 COMMITTEE DECISION

MOVED: CR CHRISTENSEN

SECONDED: CR BENNETT

That the Audit, Risk and Compliance Committee note 'Nil' identified non-compliance with Policy 2/022 Panels of Pre-Qualified Suppliers for Quarter 2 Financial Year 2022-23.

CARRIED BY SIMPLE MAJORITY (2/0)

In Favour: Cr Ash Christensen, Cr Flo Bennett
 Against: Nil

PURPOSE

As part of Panels of Pre-Qualified Suppliers Policy 2/022, Section 3 Compliance and Reporting the Town shall on a quarterly basis report to the Town's Audit, Risk and Compliance Committee any identified non-compliance with the Policy.

DETAIL

In accordance with Regulation 24AC of the Local Government (Functions and General) Regulations 1996, the Town has established the following Panels of Pre-Qualified Suppliers:

Sr. No	Panel Number	Panel Details	No. of suppliers on the Panel	No. of Works undertaken through Panel engagement
1	RFT 1920-48	Pre-Qualified Panel for Tradespeople	21	05
2	RFT 2021-02	Panel of Engineering Consultants	26	01
3	RFT 2021-04	Waste Management Consulting Panel	04	-
4	RFT 2122-01	Design Review Panel	11	-
5	RFT 2122-08	Project Management Consultants Panel	04	-
6	RFT 2122-12	Panel for Concrete Placement Program	05	01
7	RFT 2122-17	Panel for Supply of Plant Equipment and Operators for Infrastructure Works	10	-

8	RFT 2122-25	Panel for Report Writing, Investigation and Response Consulting	03	01
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As per section 2.2 of Policy 2/022 Panels of Pre-Qualified Suppliers, the Town exercises one of the following options for the distribution of work:

- a) The Town will obtain quotations from each pre-qualified supplier on the panel with respect to all purchases.

Or

- b) The Town will purchase goods and services exclusively from any prequalified supplier appointed to that panel.

The quotes obtained are authorised in accordance with the Town's Delegation Register. In every instance, a contract for an item of work with a prequalified supplier is not to exceed 12 months or include any options to renew or extend.

Procurement identified the list of works that were awarded to the Pre-Qualified Panel Suppliers on VendorPanel for the quarter 01 October 2022 to 31 December 2022 and report 'Nil' non-compliance with the Panels Policy.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town's ability to deliver services, impact the Town's reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

Senior Procurement and Contracting Advisor

External Agencies

Nil.

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS

- Policy 2/022 - Panels of Pre-Qualified Suppliers.
- Policy 2/007 - Procurement Policy
- Regulation 24AC of the Local Government (Functions and General) Regulations 1996

FINANCIAL AND RESOURCES IMPLICATIONS

Nil

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2022-2032 is applicable in the consideration of this item:

- 4.2.3 Transparent and regular governance reporting and communication to the community is undertaken

There are no significant identifiable environmental, social or economic impacts relating to this item.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2018-2022 apply in relation to this item:

- 4.b.3.1 – Ensure Governance information provided to the community is in line with legislated requirements.

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because failure to implement the right procedure will result in non-compliance with industry best practice. The risk rating is considered to be medium (6), which is determined by a likelihood of possible (3) and a consequence of minor (2).

The risk will be mitigated by ensuring officers follow the procedures as per the procurement requirements in accordance with the Town's Policy documents.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation

CONCLUSION

In accordance with the Panels of Pre-Qualified Suppliers Policy 2/022, Section 3, Compliance and Reporting, this report presents the Audit, Risk and Compliance Committee with an overview of the Procurement findings for non-compliance with the Panels Policy for the quarter 01 July 2022 to 30 September 2022.

ATTACHMENTS

Nil

Item 12 Motions of which Previous Notice has been given

Nil.

Item 13 New Business of an Urgent Nature (Late items)

Nil.

Item 14 Matters for Which Meeting May Be Closed (Confidential Matters)

Nil.

Item 15 Closure

15.1 Date of Next Meeting

The next Audit, Risk and Compliance Committee Meeting will be held on Tuesday, 9 May 2023 commencing at 5:30pm.

135.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 5:39pm.

DECLARATION OF CONFIRMATION OF MINUTES

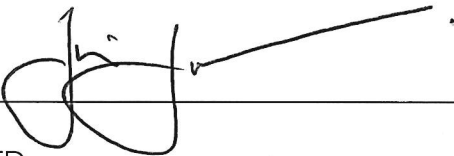
I certify that these Minutes were confirmed by the Committee at its Audit, Risk and Compliance (ARC) Committee Meeting held on 9 May 2023.

CONFIRMATION:

Deputy Mayor Tom Turner.

PRESIDING MEMBER

PRESIDING MEMBER SIGNATURE



DATED

TERMS OF REFERENCE

1. Purpose of the Terms of Reference

The purpose of the terms of reference is to facilitate the operation of the Audit, Risk and Compliance Committee.

2. Introduction

The Audit, Risk and Compliance Committee has been established in accordance with Part 7 of the *Local Government Act 1995*.

The Audit, Risk and Compliance Committee is an advisory committee formally appointed by the Council and is to provide guidance and assistance to Council on matters relevant to its terms of reference. 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.

3. Objectives

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

- 3.1 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.
- 3.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.
- 3.4 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.
- 3.6 The process and systems which protect the Council against fraud and irregularities.

- 3.7 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- 3.8 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.

4. Authority

The Audit, Risk and Compliance Committee has the authority to:

- 4.1 Review and suggest improvements to the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken.
- 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)(c) 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.

5. Composition of Committee Members

- 5.1 The Audit, Risk and Compliance Committee will comprise of three Elected Members.
- 5.2 The Council will appoint Audit, Risk and Compliance Committee members.
- 5.3 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Compliance Committee Members after an Election.
- 5.4 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.
- 5.5 Members may seek advice from an external independent advisor. The independent advisor will have a Certified Practising 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
- 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).
- 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.
- 5.9 The Chief Executive Officer and employees are not members of the Committee.

6. Meetings

- 6.1 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.
- 6.2 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*.
- 6.3 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.
- 6.4 All Audit, Risk and Compliance Committee members are expected to attend each meeting in person.
- 6.5 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.
- 6.6 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 cover all the responsibilities outlined in this terms of reference.
- 6.7 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 6.8 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 6.9 Pursuant to regulation 13 of the *Local Government (Administration) Regulations 1996*, unconfirmed minutes will be made available for inspection by members of the public, within 5 (five) business days after the meeting.

6.10 Voting is in accordance with Section 5.21 of the Act.

7. Responsibilities

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

7.1 Risk Management

- 7.1.1 Review and suggest improvements to whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the Town's business and financial risks, including fraud.
- 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.
- 7.1.3 Assess the impact of the Town's enterprise risk management framework on its control environment and insurance arrangements.
- 7.1.4 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.
- 7.1.5 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

- 7.2.1 Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- 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.
- 7.2.3 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.
- 7.2.4 Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.
- 7.2.5 Oversee the coordination of planned activities between the 4 lines of defence, which outlines the ownership, accountabilities, resources and governance of risk management activities within the Town.

7.3 Financial Report

- 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 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 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 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

- 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 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 Obtain regular updates from management about compliance matters.
- 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 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 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.
- 7.5.3 Provide an opportunity for the Audit, Risk and Compliance 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.

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

- 7.6.1 Report regularly to the Council Audit, Risk and Compliance Committee activities, issues, and related recommendations through circulation of minutes.
- 7.6.2 Monitor that open communication between the internal auditor, the external auditors, and the Town's management occurs.

8 Other Responsibilities

- 8.1 Perform other activities related to this terms of reference as requested by the Council.
- 8.2 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 Version Control

- 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.*