

Town of
Port Hedland



TOWN OF PORT HEDLAND

SPECIAL AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING MINUTES

TUESDAY, 20 FEBRUARY 2018 AT 5:30PM

**COUNCIL CHAMBERS, MCGREGOR STREET,
PORT HEDLAND**

Agenda item:

1. *2017/18 Budget Review for period ended 31 December 2017*

*David Pentz,
Chief Executive Officer*

Distribution Date: 26 February 2018

SPECIAL MEETING OF THE AUDIT, RISK & GOVERNANCE COMMITTEE MEETING
MINUTES **20 FEBRUARY 2018**

Civic Centre
McGregor Street

P (08) 9158 9300
F (08) 9158 9399

PO Box 41
Port Hedland, WA 6721

council@porthedland.wa.gov.au
www.porthedland.wa.gov.au



Mr David Pentz
Chief Executive Officer
Town of Port Hedland
PO Box 41
PORT HEDLAND WA 6721

Dear David,

SPECIAL MEETING OF THE AUDIT, RISK AND GOVERNANCE COMMITTEE

In accordance with Section 5.4 of Local Government Act 1995, I hereby request that you arrange for a Special Meeting of the Audit, Risk and Governance Committee to be held on Tuesday 20 February 2018 at 5:30pm to consider the Mid-Year Budget Review.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Camilo Blanco', is written over the 'Yours sincerely' text.

Camilo Blanco
Mayor

18 December 2017

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 Governance Committee.

2. Introduction

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

The Audit, Risk and Governance Committee is an advisory committee formally appointed by the Council and is responsible to the Council. The Audit, Risk and Governance 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 Governance Committee does not have any management functions and is therefore independent of management.

The ARG committee will primarily focus on relevant matters relating to Audit (internal and external), Risk and Governance.

The Audit, Risk and Governance Committee objective is to assist the Town of Port Hedland Council in liaising with the auditor 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 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 Governance Committee are to oversee:

- 3.1 The integrity of 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.

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

4. Authority

The Audit, Risk and Governance 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 Formally meet with the Town's appointed external auditor as necessary.
- 4.3 Seek resolution on any disagreements between management and the external auditors on financial reporting.
- 4.4 Advise Council on any or all of the above as deemed necessary.

5. Composition

- 5.1 The Audit, Risk and Governance Committee will comprise of eleven members, nine Elected Members and two independent members.
- 5.2 The Council will appoint Audit, Risk and Governance Committee members.
- 5.3 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Governance Committee, biennially by election by all committee members after the Ordinary Local Government Election.
- 5.4 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Town. At least one member of the committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.
- 5.5 Independent members will be appointed until the next Ordinary Local Government Election.
- 5.6 A quorum will be a minimum of 50% of the membership.
- 5.7 Audit, Risk and Governance 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. Meetings

- 6.1 Meetings may be called by the Presiding Member of the Audit, Risk and Governance Committee, or at the request of the Mayor or Chief Executive Officer.
- 6.2 The Audit, Risk and Governance 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 Governance Committee meeting.
- 6.4 All Audit, Risk and Governance 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 Governance 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 Governance 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 one week 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.

7. Responsibilities

The Audit, Risk and Governance 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.

7.2 Business continuity

- 7.2.1 Determine whether a sound and effective approach has been followed in establishing the Town's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

7.3 Internal Control

- 7.3.1 Review and suggest improvements to whether management's approach to maintaining an effective internal control framework is sound and effective.
- 7.3.2 Review and suggest improvements to whether management has in place relevant policies and procedures and that they are periodically reviewed and updated.
- 7.3.3 Determine whether the appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with.
- 7.3.4 Review and suggest improvements to whether appropriate policies and supporting procedures are in place for the management and exercise of delegations.
- 7.3.5 Consider how management identifies any required changes to the design or implementation of key internal controls.

7.4 Financial Report

- 7.4.1 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.
- 7.4.2 Review with management and the external auditors the results of the audit, including any difficulties encountered, and suggest improvements if required..
- 7.4.3 Review and suggest improvements to the annual financial report and performance report of the Town of Port Hedland and its subsidiaries, and consider whether it is complete, consistent with information known to Audit, Risk and Governance Committee members, and reflects appropriate accounting principles.
- 7.4.4 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.
- 7.4.5 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Governance Committee under the Australian Auditing Standards, and suggest improvements if required..
- 7.4.6 Review and suggest improvements to the draft Annual Financial Statements and recommend the adoption of the Annual Financial Statements to Council.
- 7.4.7 Receive the quarterly budget review.

7.5 Compliance

- 7.5.1 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.

7.5.2 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.

7.5.3 Obtain regular updates from management about compliance matters.

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

7.6 Internal Audit

7.6.1 Review with management and the internal auditor the terms of reference, activities and resourcing of the internal audit function and suggest improvements if required.

7.6.2 Review, suggest improvements to and recommend the annual internal audit plan for approval by the Council and all major changes to the plan.

7.6.3 Monitor that the internal auditor's annual plan is linked with and covers the material business risks.

7.6.4 Monitor processes and practices to ensure that the independence of the audit function is maintained.

7.6.5 Annually review the performance of the internal audit including the level of satisfaction with internal audit function having consideration of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and suggest improvements if required..

7.6.6 Review and suggest improvements to 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.

7.6.7 Monitor management's implementation of internal audit recommendations.

7.7 External Audit

7.7.1 Review and suggest improvements to the external auditor's proposed audit scope and approach for financial performance audits, including any reliance on internal auditor activity.

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

7.7.3 Provide an opportunity for the Audit, Risk and Governance Committee to meet with the external auditors to discuss any matters that the Audit, Risk and Governance Committee or the external auditors believe should be discussed privately.

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

7.7.5 Monitor management's implementation of external audit recommendations.

7.8 Reporting Responsibilities

7.8.1 Report regularly to the Council about Audit, Risk and Governance Committee activities, issues, and related recommendations through circulation of minutes.

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

7.9 Other Responsibilities

7.9.1 Perform other activities related to this terms of reference as requested by the Council.

7.9.2 Annually review, suggest improvements to and assess the adequacy of the Audit, Risk and Governance Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

*(Adopted by Council at its Ordinary Meeting held 16 November 2011.
Amended by Council at its Ordinary Meeting held 23 October 2013.
Amended by Council at its Ordinary Meeting held on 11 December 2013.
Amended by Council at its Ordinary Meeting held on 27 May 2015.
Amended by Council at its Ordinary Meeting held on 28 October 2015.
Amended by Council at its Ordinary Meeting held on 22 June 2016.
Amended by Council at its Ordinary Meeting held on 24 May 2017.
Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.)*

SPECIAL MEETING OF THE AUDIT, RISK & GOVERNANCE COMMITTEE MEETING
MINUTES **20 FEBRUARY 2018**

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Item 1 Opening of Meeting

The Presiding Member declared the meeting open at 5:45pm, to allow for the establishment of a quorum.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledges the traditional custodians, the Kariyarra people, and recognises the contribution of Kariyarra Elders past, present and future, in working together for the future of Port Hedland.

Item 3 Recording of Attendance

3.1 Attendance

Mayor Camilo Blanco - Presiding Member
Deputy Mayor Louise Newbery
Councillor Richard Whitwell
Councillor Peter Carter
Councillor Warren McDonogh
Dan Collins – Community Member

David Pentz	Chief Executive Officer
Robert Leeds	Director Development, Sustainability and Lifestyle
Anthea Bird	Director Corporate and Performance
Josephine Bianchi	Manager Governance
Jodi Marchant	Manager Financial Services
Tammy Wombwell	Governance Support Officer

3.2 Attendance by Telephone / Instantaneous Communications

Nil

3.3 Apologies

Councillor Julie Arif
Councillor Tricia Hebbard
Councillor George Daccache
Councillor Telona Pitt - Deputy Presiding Member

3.4 Approved Leave of Absence

Nil

3.5 Disclosure of Interests

Nil

Item 4 Public Time

Important note:

'This meeting is being recorded on audio tape as an additional record of the meeting and to assist with minute-taking purposes which may be released upon request to third parties. If you do not give permission for recording your participation please indicate this at the meeting. The public is reminded that in accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders nobody shall 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 chairperson to do so. Members of the public are also reminded that in accordance with section 6.17(4) of the Town of Port Hedland Local Law on Standing Orders mobile telephones must be switched off and not used during the meeting.'

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.

The Presiding Member opened Public Question Time at 5:47pm.

4.1 Public Question Time

Nil

The Presiding Member closed Public Question Time at 5:47pm.

The Presiding Member opened Public Statement Time at 5:48pm.

4.2 Public Statement Time

Nil

The Presiding Member closed Public Statement Time at 5:48pm.

4.3 Petitions/Deputations/Presentations/Submissions

Nil

Item 5 Questions from Members without Notice

Nil

Item 6 Declarations of All Members to Have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting

The following Committee Members declared that they had given due consideration to all matters contained in the agenda:

- Mayor Camilo Blanco - Presiding Member
- Deputy Mayor Louise Newbery
- Councillor Richard Whitwell
- Councillor Peter Carter
- Councillor Warren McDonogh
- Dan Collins – Community Member

Disclaimer

Members of the public are cautioned against taking any action on Committee decisions, on items on this evening's Agenda in which they may have an interest, until formal notification in writing by the Town has been received. Decisions made at this meeting can be revoked, pursuant to the Local Government Act 1995.

Item 7 Reports of Officers

7.1 Corporate and Performance

7.1.1 2017/18 Budget Review for period ended 31 December 2017 (File No. 12/05/0013)

Author Manager Financial Services
Authorising Officer Director Development, Sustainability and Lifestyle
Disclosure of Interest The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201718/058 OFFICER'S RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION

MOVED: CR MCDONOGH **SECONDED: DEPUTY MAYOR NEWBERY**

That the Audit Risk and Governance Committee:

- 1. Endorse the 2017/18 Budget Review for period ended 31 December 2017 for adoption at Council, resulting in a projected closing municipal surplus of \$584,810 as at 30 June 2018; and**
- 2. Endorse the new/expanded initiatives as per the below table (already included in the above municipal surplus figure):**

Project	Current Budget	Proposed Budget	Funding	Muni Impact
SHAC Aqua Tower	\$1.3M	\$1.525M		\$226k
Marquee Pump Replacement and rectification works	\$20K	\$60K		\$40K <i>* \$20k savings in operational expenditure offset</i>
Matt Dann Theatre and Cinema for additional landscaping	\$176K	\$181K		\$5K

CARRIED 6/0

PURPOSE

This report presents the 2017/18 second quarterly Budget Review for period ended 31 December 2017. The review is an opportunity to evaluate the current budget and allocate funding for emerging community and social priorities, allowing the organisation to respond and provide the best result for the town. There are also others factors that are affecting the operational activities and revenue streams which have resulted in budget variations and are discussed in the background of this report.

The proposed budget changes from the review indicate an overall budget variation of \$100,741 resulting in an estimated closing municipal surplus of \$584,810 as at 30 June 2018.

DETAIL

Following the 2017/18 Budget adoption on 26th July 2017, *the Local Government (Financial Management) Regulations 1996* state that we are required to carry out a review of the Annual Budget between 1 January and 31 March in each Financial Year. The purpose of this report is to review the budget as at 31 December 2017 and present the proposed revised budget to be received by the Audit, Risk and Governance Committee (ARG).

The Budget Review is an opportunity to evaluate the current budget as a result of numerous factors that affect the operational activities and revenue streams. The reviews are used as a tool for decision making for current and future activities and they are a key component of prudential financial management practices in order to mitigate financial risk exposure to Council. In conjunction with compliance to legislation, the review conducted aimed to reconsider all budget items and review them by taking into account any changes in the macro or minor economic variables and any other relevant information.

Summary of actual financial position as at 31 December 2017:

- Capital expenditure to date is tracking above YTD budget with profiling of budget spend to be reviewed following budget review finalisation.
- Operating expenditure is currently 9% below budget. This is slightly under the expected budget YTD, mainly due to vacancies throughout the year and depreciation allocation under review.
- Rating income is overall on target YTD with grant payments over budget due to grants being received in advance. Interest earnings are below budget due to timing of payments and varied timing of maturities. Fees and charges are below budget as a result of Landfill income lower than expected, to be amended at this budget review.

For more detailed information, please refer to the Statement of Financial Activity for the period ended 31 December 2017 to be presented to the OCM on 28th February 2018.

A Statement of Financial Activity by Nature and Type and by Program is attached which demonstrates the current annual budget, the proposed annual budget following the variations included as part of this budget review and amendment. The significant movements are detailed below:

- Operating Revenue overall reduction of \$946,900
 - \$750K reduction in projected revenue of hazardous waste from the demolition of the old hospital which was overstate in previous estimates.
 - \$175K reduction due to the decline in volume received of liquid waste.
 - A re-alignment of account codes has seen \$240K for late payment penalty interest moved from interest earnings to fees and charges as part of the chart of account review.
 - Minor amendment in operating grants and subsidies of \$4k relates to a small events grant no longer being realized.
 - Other revenue amendment in related to reimbursement income which is offset by amendments in other expenditure.

- Operating Expenditure overall reduction of \$1,047,295
 - Reduction in employee costs across the organisation as a result of identified vacancies from the previous 6 months. A significant portion of those amendments are with the Parks and Gardens business area.
 - Overall reduction of \$481K in materials and contracts is a direct result of operational projects carried forward for completion to 2018/19. Funds to be re-budgeted in 2018/19 have been restricted in reserves.

Project	Current Budget	Carried Forward Balance
Building Asset Fire Safety Audit	\$100,000	\$50,000
Tyre Management Project	\$1,500,000	\$750,000
CHRMAP	\$150,000	\$50,000
Local Planning Strategy	\$100,000	\$100,000

- There has been a re-alignment of business costs within materials and contracts to deliver required works with no effect on service delivery. An addition of consultant's expenditure for the Finance area to bring Moore Stephens on board to assist with works is offset by savings in employee costs through vacancies.
- A provision of \$20K has been added to the budget for the Stevenson Street Aged Care Facility to fund the appointment of a facility manager for six (6) months. Further expenditure and income to be presented in a future report to Council.
- \$100K increase for the cost to terminate the North West Festival contract to Sunset Events has been included in Other Expenditure.
- A re-alignment of account codes has seen \$432K for telephone expenditure moved from utilities to materials and contracts as part of the chart of account review.
- Increases across the business units in utility costs, mainly electricity, as a result of higher than anticipated charge rates.
- Capital Expenditure and Revenue:
 - \$479K overall reduction of Capital Expenditure – refer to attached Capital Work Program for a detailed breakdown of movements.
 - The below capital projects are to be carried forward for completion to 2018/19. Funds to be re-budgeted in 2018/19 have been restricted in reserves.

Project	Current Budget	Carried Forward Balance
ITC Hardware Renewal	\$100,000	\$80,000
ITC Strategy & Outcomes	\$100,000	\$100,000
Stage 2 Telecommunications renewal and upgrade	\$500,000	\$400,000

- Reserve have been re-aligned into new accounts following the chart of account review. The movement does not impact the bottom line.
- Transfers to and from reserve amended in line with the net position of the Waste business, increasing the overall contribution from the Waste reserve in line with the reduced Landfill income.
- A number of projects have been secured into the Unfinished Works and Committed Works reserve to be finalised in 2018/19.

New/Expanded Initiatives

Included in the capital expenditure increases identified through the budget review are a number of new/expanded initiatives and projects proposed for this financial year as outlined below:

Project	Current Budget	Proposed Budget	Funding	Muni Impact	Commentary	Priority
SHAC Aqua Tower	\$1.3M	\$1.526M		\$226K	Installation of Aqua Tower pump room and fencing as per DOH requirements, additional chemical sealing at the balance tanks, and rerun new pipe for leisure pool, as the existing pipe under the plant room slab was leaking. And repair works for tower lights	High
Matt Dann Theatre and Cinema for additional landscaping	\$176	\$181		\$5K	Additional beautification works around the sign. Planting etc. Asphaltting of power trench not caught in initial scope of works.	Medium
Marquee Pump Replacement and rectification works	\$20K	\$60K		\$40K * \$20k savings in operational expenditure offset	Reallocation and additional funding required as part of Marquee Park Pump Replacement project. Works include replacement of main recirculation pump and corrective works to valve actuators, UV and automatic makeup system.	High

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is considered to be of medium significance, because budget reviews are vital to ensure the Town is forecasting expected expenditure and revenue in line with current conditions and commitments. Budget reviews are used as a tool for decision making for current and future activities and they are a key component of prudential financial management practices in order to mitigate financial risk exposure to Council.

CONSULTATION

Internal

The 2017/18 Budget has been reviewed by all Budget Managers and the Executive Leadership Team, who collectively have considered the impact of the budget amendments presented to benefit the community as a whole and keep within the budget guidelines of a balanced budget.

LEGISLATION AND POLICY CONSIDERATIONS

A local government is required to carry out a budget review between the 1 January and 31 March of each financial year in accordance with regulation 33A(1) of the *Local Government (Financial Management) Regulations 1996*. The review must consider the financial performance between 1 July to 31 December, the financial position at the date of the review, and review the outcomes for the end of financial year forecast as stipulated in regulation 33A(2A).

Although there is no statutory requirement to present the review to the Audit, Risk and Governance Committee a section has been included in the Committee's terms of reference under 7.4.7 to receive quarterly budget reviews. It is the Committee's role to provide comment and feedback on the review in terms of the overall aspects of the review. This review was prepared as at 31 December 2017 to provide the Committee and Council with overview and insight to the budget progress and amendments identified throughout the financial year.

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* sets out the provisions for annual budget reviews. The budget review will be presented to Council at its Ordinary Meeting on 28 February 2018.

If the local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, as this Council has, Regulation 13 of the *Local Government (Financial Management) Regulations 1996* requires the Town to prepare a list of accounts paid by the CEO each month showing for each account paid since the last such list was prepared —

- (a) the payee's name; and
- (b) the amount of the payment; and
- (c) the date of the payment; and
- (d) sufficient information to identify the transaction.

FINANCIAL AND RESOURCES IMPLICATIONS

The 2017/18 second quarter Budget Review for period ended 31 December 2017 has identified a decreased operating revenue and a decrease in operating expenditure, resulting in an operating deficit decrease of \$100K. The overall result of the budget amendments is a proposed increase to the closing municipal surplus, resulting in an estimated closing municipal surplus of \$584,810 as at 30 June 2018.

Figures presented in this report are indicative and subject to change following further budget review processes which will be undertaken during April 2018 and presented to ARG Committee and Council accordingly.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following section/s of the Council's *Strategic Community Plan 2014-2024* are applicable in the consideration of this item:

4.1 Strategic and best practice local government administration

- Deliver high quality corporate governance accountability and compliance
- Maintain a strong and sustainable financial position
- Be efficient and effective in use of resources, infrastructure, assets and technology
- Attract, develop and retain an effective workforce to deliver organisational outcomes

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

RISK MANAGEMENT CONSIDERATIONS

As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be Medium (6) .

There is a risk rating of medium (6) assigned to the risk that the review not be submitted to Council within 30 days after the review has been finalised. This risk has an unlikely possibility and a moderate impact in relation to compliance with significant regulatory requirements imposed.

There is a risk rating of medium (9) assigned to the risk that the Council do not adopt the 2017/18 Budget Review for period ended 31 December 2017, resulting in the delay or inability to perform specific capital works which are essential but do not currently have an approved budget item line. This risk has a possible possibility and a moderate impact in relation to compliance with significant regulatory requirements imposed.

OPTIONS

Option 1 - Adopt Officers Recommendation

ARG Committee endorse the 2017/18 Budget Review for period ended 31 December 2017 for adoption at Council, resulting in a projected closing municipal surplus of \$584,810 as at 30 June 2018 including new/extended initiatives and projects.

Option 2 – Do not adopt Officers Recommendation

That ARG Committee do not endorse the proposed amendments presented in the 2017/18 Budget Review for period ended 31 December 2017.

CONCLUSION

This report presents a summary of the 2017/18 Budget Review for period ended 31 December 2017. A number of variations are proposed as part of this review to meet community and organisational requirements and reflect reduction in some revenue streams. The outcome of the review presents an estimated municipal surplus of \$584,810 as at 30 June 2018. A further review and feedback from the Audit, Risk and Governance Committee may see a change to this final position. The Audit, Risk and Governance Committee is only required to receive the budget review in accordance with the terms of reference.

ATTACHMENTS

1. 2017/18 Budget Review Financial Statements and Supplementary Documents for period ended 31 December 2017 (Under separate cover)

Item 8 Closure

8.1 Date of Next Meeting

The next Audit, Risk and Governance Committee Meeting will be held on Tuesday 6 March 2018, commencing at 5:30pm.

8.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 5:50pm.