



TOWN OF PORT HEDLAND

AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING MINUTES

TUESDAY 5 JUNE 2018 AT 5:30PM

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

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*David Pentz,
Chief Executive Officer*

Distribution Date: 11 June 2018

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 1995* 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.)

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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 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 Julie Arif
Councillor Richard Whitwell
Councillor Peter Carter
Councillor George Daccache
Councillor Tricia Hebbard
Councillor Warren McDonogh
Councillor Telona Pitt - Deputy Presiding Member
Arnold Carter – Community Member

Community Member Dan Collins tendered his resignation from the Audit, Risk and Governance Committee on 23 May 2018. The Town of Port Hedland wishes to thank Mr Collins for his contribution to the Committee.

David Pentz	Chief Executive Officer
Anthea Bird	Director Corporate and Performance
Robert Leeds	Director Development, Sustainability and Lifestyle
Josephine Bianchi	Manager Governance
Angelique Lewis	Senior Governance Advisor
Tammy Wombwell	Governance Officer/ Minute Taker

Public	0
Media	0
Officers	0

3.2 Attendance by Telephone / Instantaneous Communications

Nil

3.3 Apologies

Nil

3.4 Approved Leave of Absence

Nil

3.5 Disclosure of Interests

Name	Item no.	Interest	Nature
Councillor McDonogh	11.1.4 Quarterly Status of the ARG Committee's Endorsements to Council and the Council Decision Risk Register.	Impartiality	Councillor McDonogh is friends with a Director of RFF. RFF is mentioned in the agenda item.

Item 4 Applications for Leave of Absence

Nil

Item 5 Response to Previous Questions

5.1 Response to Questions taken on notice from Public at the Audit, Risk and Governance Committee Meeting held on Tuesday 6 March 2018

Nil

5.2 Response to Questions taken on notice from Committee Members at the Audit, Risk and Governance Committee Meeting held on Tuesday 6 March 2018

Nil

Item 6 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 5:35pm.

6.1 Public Question Time

Nil

The Presiding Member closed Public Question Time at 5:35pm.

The Presiding Member opened Public Statement Time at 5:35pm.

6.2 Public Statement Time

Nil

The Presiding Member closed Public Statement Time at 5:35pm.

6.3 Petitions/Deputations/Presentations/Submissions

Nil

Item 7 Questions from Members without Notice

7.1 Mr Arnold Carter

Mr Carter asked the following question prior to the meeting, and requested that it be included in the minutes of the meeting:

Can I please receive all the costs associated with the Mia Mia arbitration as noted in item 11.1.4 'Quarterly Status of the ARG Committee's Endorsements to Council and the Council Decision Risk Register'?

The Chief Executive Officer advised that the question would be taken on notice.

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

Mr Carter asked why the Committee did not receive late item 13.1 'Quarterly Budget Review for the period 1 January to 31 March 2018'.

The Mayor advised that late item 13.1 'Quarterly Budget Review for the period 1 January to 31 March 2018' was withdrawn from the agenda and that Committee members were notified via email.

Mr Carter requested that the Committee receive the draft Quarterly Budget Review.

The Chief Executive Officer advised that the question would be taken on notice.

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

- Mayor Camilo Blanco
- Deputy Mayor Louise Newbery
- Councillor Julie Arif
- Councillor Richard Whitwell
- Councillor Peter Carter
- Councillor Tricia Hebbard
- Councillor Warren McDonogh
- Councillor Telona Pitt
- Arnold Carter

The following Committee Members declared that they had not given due consideration to all matters contained in the agenda:

- Councillor Daccache

Item 10 Confirmation of Minutes of Previous Meeting

10.1 Confirmation of Minutes of the Audit, Risk and Governance Committee Meeting held on Tuesday 6 March 2018

ARG201718/211 OFFICER RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION

MOVED: MR CARTER

SECONDED: CR ARIF

That the Audit, Risk and Governance Committee confirm that the Minutes of the Audit, Risk and Governance Committee Meeting held on Tuesday 6 March 2018 are a true and correct record.

CARRIED 10/0

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 11 Reports of Officers

11.1 Corporate and Performance**11.1.1 Audit, Risk and Governance Committee Work Plan for the 2018/19 Financial Year (File No. 12/14/0002)**

Author	Governance Officer
Authorising Officer	Director Corporate and Performance
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER'S RECOMMENDATION

That the Audit, Risk and Governance Committee adopt the Audit, Risk and Governance Committee's Work Plan for the 2018/19 Financial Year as per attachment 1.

ARG201718/212 AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: MR CARTER****SECONDED: CR MCDONOGH**

That the Audit, Risk and Governance Committee suspend sections 9.4, 9.5 and 9.9 of the Town of Port Hedland Standing Orders Local Law 2014 in accordance with section 18.2 'Suspension for Standing Orders' to discuss item 11.1.1 'Audit, Risk and Governance Committee Work Plan for the 2018/19 Financial Year'.

CARRIED 10/0

5:41pm The Presiding Member advised that sections 9.4, 9.5 and 9.9 of the Town of Port Hedland Standing Orders Local Law 2014 are suspended.

ARG201718/213 AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR ARIF****SECONDED: CR HEBBARD**

That the Audit, Risk and Governance Committee resume sections 9.4, 9.5 and 9.9 of the Town of Port Hedland Standing Orders Local Law 2014.

CARRIED 10/0

5:43pm The Presiding Member advised that sections 9.4, 9.5 and 9.9 of the Town of Port Hedland Standing Orders Local Law 2014 are resumed.

ARG201718/214 AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR ARIF****SECONDED: CR WHITWELL**

That the Audit, Risk and Governance Committee adopt the Audit, Risk and Governance Committee's Work Plan for the 2018/19 Financial Year as per attachment 1, with the addition of 'or when a vacancy occurs' included in the comments column of item 3.7.

CARRIED 10/0

PURPOSE

The purpose of this report is for the Audit, Risk and Governance (ARG) Committee to consider the adoption of the ARG Committee's work plan for the 2018/19 Financial Year.

DETAIL

The ARG Committee is required to adopt an annual work plan in accordance with section 6.6 of the Committee's adopted Terms of Reference. The work plan provides a framework that guides the implementation of the Committee's responsibilities as outlined in the *Local Government Act 1995*, the *Local Government (Audit) Regulations 1996* and in the Committee's Terms of Reference for the forthcoming financial year.

Each year, the work plan is amended by Town officers to align the Committee's responsibilities with any key legislative compliance dates and the Committee's adopted meeting schedule.

The work plan also allows Committee Members to be able to anticipate upcoming items for inclusion in each quarterly Committee meeting.

AMENDMENTS

There have been minimal amendments to the 2018/19 work plan. Many of the 2017/18 dates have been replicated in 2018/19 work plan. There were four tasks removed, as addressed below:

1.3 'Consider Reappointment / Appointment of Auditor'

This task was removed as recent changes in legislation have amended section 7.3 of the *Local Government Act 1995* to remove the ability to appoint a person to be an auditor of the Local Government after the commencement of the amendment in late 2017.

Following the passage of this legislation, a transitional period commences whereby the Auditor General will assume responsibility for financial audits as existing contracts expire. Currently, the Town has an active audit agreement with RSM Australia which expires on 30 June 2019. All Local Governments will be audited by the Auditor General by 2020/21.

3.1 'Committee to report annually to Council'

This task was removed as it is not a requirement of the Committee's Terms of Reference. When this item was originally added to the ARG work plan, there were only four Council members on the Committee. Since the Terms of Reference were amended in May 2017 to include all members of Council, the item is now considered unnecessary as all Council members attend the Committee's meetings and are aware of the Committee's actions and outcomes.

4.7 'Schedule November Meeting to December in line with Elections / Public Consultation'

This task was removed as there are no scheduled Elections for the 2018/19 financial year. This task was specific to the 2017/18 financial year's work plan to align with the 2017 Election and ARG Committee meeting schedule.

4.9 'Annual Review of ARG Committee Meeting Schedule'

This task has been removed from the 2018/19 work plan, as the decision must be made by Council, not the ARG Committee, as stated in Reg. 12(1)(b) of the *Local Government (Audit) Regulations 1996*.

LEVEL OF SIGNIFICANCE

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

CONSULTATION

Internal

The ARG Committee's work plan has been reviewed by the Town's Governance team to align with the current adopted schedule of Committee meetings.

LEGISLATION AND POLICY CONSIDERATIONS

Section 7.3 of the *Local Government Act 1995* outlines the requirements for the appointment of auditors.

Regulation 12(1)(b) of the *Local Government (Administration) Regulations 1996* stipulates that Council is to give local public notice of the dates, times and place at which committee meetings are held.

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

Although the adoption of an ARG Committee work plan is not legislatively required, the TOR, which were initially adopted by the Committee in November 2011, are a requirement of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial implications associated with this item.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following sections of the Council's *Strategic Community Plan 2018-2028* are applicable in the consideration of this item:

Our Leadership

We are united in our actions to connect, listen, support and advocate thereby leveraging the potential of our people, places and resources.

4.b Transparent and accountable governance and financial sustainability

- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken
- 4.b.4 Constructive forums are provided for discussion and the representation of the diversity of views and needs that impact on the Town's developments, programs and policies

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 Low (2) if the Committee do not adopt a work plan for the 2018/19 financial year, as the Committee would be in breach of their Terms of Reference. The risk is rated by a likelihood of rare (1) and a consequence of minor (2).

There is also a risk that if the Committee do not adopt a work plan, Committee members will not have insight on what their Committee will be determining in the coming months by lacking structure or guidance and not have time to research and make enquiries in relation to any upcoming agenda items. The rating for this risk is low (4), which determined by a minor service interruption (2) and a likelihood of unlikely (2).

OPTIONS

Option 1 - Adopt Officers Recommendation

Option 2 – Amend Officers Recommendation

CONCLUSION

It is recommended that the ARG Committee adopt the 2018/19 work plan as noted in attachment 1 to ensure the ARG Committee meets key compliance dates and responsibilities for the 2018/19 Financial 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 months, and offers structure and guidance to the Committee.

ATTACHMENTS

1. Proposed 2018/19 ARG Work Plan
2. Current 2017/18 ARG Work Plan

ATTACHMENT 1 TO ITEM 11.1.1

ARG Committee Work Plan 2018/19		Meeting Date				Is this an ongoing item?	Comments
Task Name		Sep-18	Dec-18	Mar-19	Jun-19		
1. Financial Reporting and External Audit							
1.1 Quarterly Budget Reviews						Ongoing	
1.2 Review Annual Financial Statements and meet with external auditor to: -invite presentation of audit methodology -discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter -assess the appropriateness of the Town's response to matters so raised -invite comment on the financial systems and affairs of the Town having regard to comparable benchmarks							To be done by November 2018.
1.3 Other areas of accounting treatment as identified or requested, that have a material impact on reported financial performance e.g. depreciation methodology, overhead calculation methodology, asset accounting policies and procedures etc						Ongoing	Ongoing reviews through policy and procedure reviews, asset re-evaluations etc.
1.4 Review all Audit Outcomes (legislative or non-legislative audits) as required						Ongoing	As per 7.5.2 of the TOR.
2. Risk Management, Internal Controls, Legislative Compliance and Internal Audit							
2.1 Consider and review the Town's register of risks derived from Council decisions and risk management framework						Ongoing	
2.2 Develop and implement an Internal Audit Policy / Framework							
2.3 Regulation 17 (Audit Regulations) Review on Systems and Procedures for Risk, Internal Controls and Legislative Compliance		N/A	N/A	N/A	N/A		Bi-annual. Last presented to ARG Committee in March 2018. Not required for this financial year.
2.4 Quarterly Audit Recommendation Updates							
2.5 Compliance Audit Return							Regulation 15(1) of the LG (Audit) Regulations.
2.6 Risk Management Framework							
2.7 Legislative Compliance Calendar							
2.8 Internal Audit Plan 2019							
3. Other Matters							
3.1 Committee Members to attend workshops on their roles, functions and expectations						Ongoing	
3.2 Review Terms of Reference							As per 7.9.2 - TOR are to be reviewed annually. Last reviewed in November 2017.
3.3 Review / adopt work program for the financial year							
3.4 Consider any other matters within the Terms of Reference of the Committee						Ongoing	
3.5 Quarterly Funding and Donations update							
3.6 Quarterly Status of the ARG Committee's Endorsements to Council & Council Decision Risk Register							
3.7 Committee Member appointment		N/A	N/A	N/A	N/A		Only required in an election year, or when a vacancy occurs

ATTACHMENT 2 TO ITEM 11.1.1

Adopted 7 December 2017

ARG Committee Work Plan 2017/18								
Task Name	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Ongoing item?	Comments
1. Financial Reporting and External Audit								
1.1 Mid Year Budget Reviews								For information and discussion
1.2 Review Annual Financial Statements and meet with external auditor to: - invite presentation of audit methodology - discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter - assess the appropriateness of the Town's response to matters so raised - invite comment on the financial systems and affairs of the Town having regard to comparable benchmarks								
1.3 Consider reappointment/appointment of auditor							Ongoing	
1.4 Other areas of accounting treatment as identified or requested, that have a material impact on reported financial performance e.g. depreciation methodology, overhead calculation methodology, asset accounting policies and procedures etc							Ongoing	Ongoing reviews through policy and procedure reviews, asset revaluations etc.
1.5 Review Audit Outcomes							Ongoing	As required
2. Risk Management, Internal Controls, Legislative Compliance and Internal Audit								
2.1 Consider and review the Town's register of risks derived from Council decisions and risk management framework							Ongoing	
2.2 Internal Audit Plan 2018								
2.3 Regulation 17 Review								
2.4 Quarterly Business Improvement Plan Report (Better Practice Review incorporated)								
2.5 Compliance Audit Return								Regulation 15(1) of the LG (Audit) Regulations
3. Reporting								
3.1 Committee to report annually to Council: - outlining outcomes achieved against the Committee's annual work program and the results of self-assessment of performance for the preceding period including any recommended changes to its term of reference - outlining any identified training needs - advising future work program proposals - invite comment from the Council on the above								
4. Other Matters								
4.1 Committee Members to attend workshops on their roles, functions and expectations							Ongoing	
4.2 Review terms of reference								
4.3 Review / adopt work program for the financial year								
4.4 Consider any other matters within the terms of reference of the Committee							Ongoing	
4.5 Funding and Donations quarterly update							Ongoing	
4.6 Quarterly status reports								
4.7 Schedule November Meeting to December in line with Elections / Public Consultation								
4.8 Committee Member appointment								
4.9 Annual Review of ARG Committee Meeting schedule for 2018								
5. Policies								
5.1 Develop and implement an Internal Audit Policy								

11.1.2 Auditor General's Report on Control over Corporate Credit Cards - Summary of Findings March 2018 (File No. 13/09/0016)

Author Senior Governance Advisor
Authorising Officer Director Corporate and Performance
Disclosure of Interest The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201718/215 OFFICER'S RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR ARIF****SECONDED: CR MCDONOGH****That the Audit, Risk and Governance Committee:**

- 1. Receive the outcome of the Controls over Corporate Credit Cards Audit that was conducted in March 2018 by the Office of the Auditor General.**
- 2. Endorse the above outcome.**

CARRIED 10/0

PURPOSE

The purpose of this report is to present to the Audit, Risk and Governance Committee the outcomes of the Office of the Auditor General's Audit Report on Controls over Corporate Credit Cards, in which the Town of Port Hedland participated, and how the Town's administration has addressed the recommendations for improvements. The audit report specified that the Local Governments audited generally had satisfactory controls in place to manage the use of credit cards and that no inappropriate use of credit cards were found.

DETAIL

The *Local Government Amendment (Auditing) Act 2017* makes the Auditor General (AG) responsible for the financial and performance auditing of local governments.

The AG audited 8 local governments from diverse locations with varying budgets, resourcing and purchasing requirements. The AG came to Port Hedland in December 2017 to conduct their audit for the period under review, 1 January 2017 to 30 September 2017. This report was presented to Parliament on Wednesday 9 May 2018.

The AG did not find any inappropriate use of credit cards, but noted shortcomings of varying significance in the policies and practices at most local governments that were audited. The AG recommended that local governments should:

- ensure policies specify requirements for all key credit card processes;
- keep adequate records of all card transactions, including information that describes the nature/purpose of the expenditure and evidence of review and approval;
- cancel redundant cards in a timely manner to avoid loss and /or misuse of cards;

- regularly monitor outstanding transactions to identify and follow up on long outstanding un-acquitted transactions; and
- ensure senior management periodically reviews credit card use, to confirm compliance with policies and to identify any abnormal trends. The results of these reviews should be documented and retained.

Findings identified at other local governments during the audit

The AG identified that appropriate policies and administrative systems were generally in place for the use of credit cards, however:

- policies did not specify timelines for acquitting and approving monthly credit card statements and
- cardholders had not completed cardholder agreements.

The below table is an extract from the AG report, outlining the local government included in the audit:

Local government	Number of credit cards	Number of credit card purchases made	Number of credit card purchases as a % of all purchases made	Value of credit card purchases	Value of credit card purchases as a % of all purchases made
City of Kalamunda	12	959	14%	\$159,585	0.34%
City of Rockingham	90	4,391	20%	\$1,213,175	0.89%
City of Wanneroo	54	3,199	4%	\$417,185	0.28%
Shire of Carnarvon	4	108	4%	\$17,144	0.17%
Shire of Cranbrook	2	293	16%	\$45,688	1.06%
Shire of Dandaragan	4	143	4%	\$41,249	0.43%
Shire of Denmark	4	122	6%	\$22,799	0.34%
Town of Port Hedland	8	553	12%	\$176,929	0.47%

Findings identified at the Town of Port Hedland during the audit

The following findings were identified for the Town:

FINDING	DESCRIPTION OF FINDING	RATING	RECOMMENDATION	MANAGEMENT COMMENTS
Timeliness of credit card acquittals	<p>The credit card acquittal process wasn't completed for statements dating from August 2017 onwards, which isn't in line with the Town's credit card policy that requires acquittals to be performed on a monthly basis.</p> <p>150 Credit card transactions for August and September 2017 weren't entered into the council's financial management system as of December 2017.</p> <p>Credit card approvals were usually not dated.</p>	Moderate	<p>Those responsible for acquitting credit cards are reminded of their obligation to ensure that all acquittals are completed in a timely manner.</p> <p>Ensuring reviews/authorisations are dated will assist in this monitoring process.</p>	<p>All relevant recommendations have been addressed accordingly and ensured that our:</p> <ul style="list-style-type: none"> • policies address credit card requirements; • there is adequate record keeping of card transactions; • efficient cancellation process of redundant cards; • regular monitoring of outstanding transactions; and • credit card use review at senior management level. <p>The findings identified for the Town of Port Hedland have been accepted and we have amended our policies and administrative systems accordingly to ensure that we have an effective and efficient process for our credit card processes, which we will continue to monitor on a regular basis.</p> <p>A letter was submitted to the AG on 17 April 2018 stating the above management comments.</p>
Purchases above delegation limits	One instance of a credit card holder making a payment for a transaction outside their purchasing delegation limit.	Minor	That the Town remind cardholder's of their responsibilities in relation to purchasing limits	

Responses from local governments

Local governments generally accepted the recommendations and confirmed that, where relevant, they have amended policies and administrative systems or will improve practices for managing credit cards.

It is also worth noting that the OAG will be conducting an audit in the areas procurement and timeliness of payments. The Town will not be participating in this audit, but will provide the results of the audit to the ARG Committee when they are made available.

LEVEL OF SIGNIFICANCE

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

CONSULTATION*Internal*

- Governance Team
- Manager Finance
- Executive Leadership Team
- Credit Card Holders

External Agencies

- Office of the Auditor General

LEGISLATION AND POLICY CONSIDERATIONS

The *Local Government Act 1995* and associated *Regulations* determine most of the audit requirements listed above.

Local government employees and Chief Executive Officers (CEO) use corporate credit cards. Section 6.5 of the *Local Government Act 1995* states that the CEO is required to ensure that proper accounts are kept, are up to date and are ready for inspection at any time.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no direct financial and resource implications arising from this agenda item.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following sections of the Council's *Strategic Community Plan 2018-2028* are applicable in the consideration of this item:

Our Leadership

We are united in our actions to connect, listen, support and advocate thereby leveraging the potential of our people, places and resources.

4.b Transparent and accountable governance and financial sustainability

- 4.b.1 Sound long-term financial planning is implemented
- 4.b.2 Transparent and regular financial reporting and communication to the community is undertaken
- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

RISK MANAGEMENT CONSIDERATIONS

As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be low (4) for this agenda item. This is calculated as minor (2) consequence and unlikely (2) likelihood. This report promotes legislative compliance, good governance, transparency and accountability.

OPTIONS

Option 1 - Adopt Officers Recommendation

Option 2 – Amend Officers Recommendation

CONCLUSION

This report presents the Audit, Risk and Governance Committee with an overview of the audit outcome on Controls over Corporate Credit Cards conducted by the AG in March 2018, and how the Town's administration has addressed all recommendations for improvements.

ATTACHMENTS

1. Western Australian Auditor General's Report – Controls Over Corporate Credit Cards (Under Separate Cover)

11.1.3 Funding and Donations for the quarter 1 January 2018 to 31 March 2018 (File No. 02/05/0001)

Author Community Engagement Officer
Authorising Officer Director Corporate and Performance
Disclosure of Interest The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201718/216 OFFICER RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR MCDONOGH****SECONDED: MR CARTER**

That the Audit, Risk and Governance Committee receive the list of funding and donations made by the Town of Port Hedland for the quarter 1 January 2018 to 31 March 2018 in accordance with the 2017/18 adopted budget.

CARRIED 10/0

PURPOSE

The purpose of this report is to provide the Audit, Risk and Governance Committee with the quarterly report detailing funding and donations paid for the quarter 1 January 2018 to 31 March 2018 as required by Policy 6/003 'Funding and Donations'.

DETAIL

Town of Port Hedland's Policy 6/003 'Funding and Donations' objective is to ensure Council allocates financial support to the community in the most effective manner within the guidelines and within the budget allocation for the year. In accordance with the guidelines of the policy, the Chief Executive Officer is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all Matched Funding Grants and Community Donations that have been made since the previous quarter.

Attachment 1 lists \$3,950 of funding and donations paid from 1 January 2018 to 31 March 2018.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance as it does not meet any criteria in the policy that deems this matter as significant.

CONSULTATION

External consultation has been undertaken with all applicants of funding and donations as stated in attachment 1.

LEGISLATION AND POLICY CONSIDERATIONS

There are no Acts, Regulations and/or Local Laws applicable to this item.

Policy 6/003 'Funding and Donations' guidelines state Town of Port Hedland Chief Executive Officer is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all matched funding grants and community donations that have been made since the previous quarter.

Providing attachment 1 ensures compliance with this policy.

FINANCIAL AND RESOURCES IMPLICATIONS

The 2017/18 Budget includes \$170,025 for community grants. \$3,950 was paid to successful and eligible community grant applicants from 1 January 2018 to 31 March 2018, with \$11,741 paid from 1 July 2017 to 31 December, 2018.

This leaves \$154,334 remaining uncommitted in the 2017/18 Budget as at 31 March 2018. This amount includes Community Partnerships budget of up to \$45,000 to be allocated pending the current year's round of applications.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following sections of the Council's *Strategic Community Plan 2018-2028* are applicable in the consideration of this item:

Our Community

We honour our people and our cultural heritage – ensuring wellbeing, diversity, creativity and a strong civic dialogue.

1.a Hardy Healthy and Safe People

1.a.4 Partnerships with stakeholders to deliver sport and recreation are enhanced

1.a.6 Town-wide health, safety, recreation and sporting activities and services

1.b An Inclusive and Involved Community

1.b.5 Opportunities to get involved and results of engagement are regularly promoted

Our Leadership

We are united in our actions to connect, listen, support and advocate thereby leveraging the potential of our people, places and resources.

4.b Transparent and accountable governance and financial sustainability

4.b.2 Transparent and regular financial reporting and communication to the community is undertaken

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

4.c Effective delivery of services and infrastructure to meet community needs

4.c.1 High quality and responsive customer service is provided

4.c.2 Community members, business and tourists are engaged to provide feedback about local facilities and services

4.c.3 Innovative marketing to attract amenity usage is implemented

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

RISK MANAGEMENT CONSIDERATIONS

There is a risk rating of Low (2) assigned to the Financial Impact risk that Town of Port Hedland may exceed the budget and / or approve applications that are deemed ineligible as per Policy 6/003 'Funding and Donations'.

OPTIONS

Option 1 - Adopt Officers Recommendation

Option 2 – Amend Officers Recommendation

CONCLUSION

The guidelines to the Town of Port Hedland Policy 6/003 'Funding and Donations' state the Chief Executive Officer is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all funding and donations that have been made for the previous quarter.

This report provides the Committee with a list of all funding and donations made for the quarter 1 January to 31 March 2018 for information purposes.

ATTACHMENTS

1. List of funding and donations made for the quarter 1 January 2018 to 31 March 2018 and the two previous quarters for 2017/18.

ATTACHMENT 1 TO ITEM 11.1.3



SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 JANUARY 2018 TO 31 MARCH 2018



17/18 Budget for Community Grants	\$170,025.00
Less Payments:	
Quarter 1	\$9,766.00
Quarter 2	\$1,975.00
Quarter 3	\$3,950.00
	\$15,691.00
Balance in Budget as at 31 March 2018	\$154,334.00

Quarter 3						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Tyrell Stewart	\$500	\$500	Individual Youth Donation	Support to attend South East Asian Youth Baseball and Softball Tournament in Bangkok	N/A	No
Noongar Kids	\$450	\$450	Community Support Grant	Support for NAIDOC Week School Initiative Competitions	N/A	2015/16 \$450

Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Sang-rok Hedland Judo Club	\$3,000	\$2,000	Community Support Grant	Support for members to participate in the Judo State Titles in Perth	The maximum number of individuals to be funded from a single organisation attending the same competition or program will be 3. If there are more than 3 participants, the relative organisation will need to apply for a Community Support Grant as an Auspice Organisation. The organisation will then distribute the funding to the wider group. The maximum amount to be funded is \$2,000.	2016/17 \$3,000 2015/16 \$1,600 2015/16 \$2,000 2014/15 \$3,320
Jacob Croft	\$500	\$500	Individual Youth Donation	Support to attend WA's country week in Perth and represent Hedland Senior High School in volleyball	N/A	No
Jack Bowins	\$500	\$500	Individual Youth Donation	Support to represent WA at National Youth Baseball Championship in Sydney.	N/A	No
Total	\$4,950	\$3,950				

Previous Grants

Quarter 2						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Chloe Glasson	\$500	\$500	Youth Support Grant	Support to attend Under 15 Regional/State Softball Championship in Perth January 2018	N/A	No
Treloar Child Care Centre	\$1,475	\$1,475	Community Support Grant	Fee waiver towards Annual Christmas Party to be held on 10 December 2017	N/A	2016/17 \$1,405.10 2015/16 \$300.10 2014/15 \$709.10 2013/14 \$977.50 2012/13 \$2,000
Total	\$1,975	\$1,975				

Quarter 1						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Pilbara Music Festival	\$3,000	\$3,000	Community Support Grant	Pilbara Music Festival 2017 – cash support towards hire of Matt Dann Cultural Centre and Adjudicator.	N/A	Waiver of Fees: 2014/15 \$3,704.55 2015/16 \$3,835.45
Kurrsi 9's Memorial Rugby League Team c/o Hedland Touch Association	\$3,000	\$3,000	Community Support Grant	Support to attend to attend 2 day Kimberley Rugby League Association's event in Kununurra.	N/A	No.
Australian Navy Cadets - TS Pilbara	\$3,000	\$3,000	Community Support Grant	10 x TS Pilbara Cadets attending the Youth Adventure Voyage Sail.	N/A	2014/15 \$2,000 2015/16 \$3,000
Cassia Primary School P & C Association	\$766	\$766	Community Support Grant	End of Year School Presentation and Concert – cash support to hire Wanangkurra Stadium.	N/A	2015/16 \$617
Total	\$9,766	\$9,766				

5:45pm Councillor McDonogh declared an impartiality interest in item 11.1.4 'Quarterly Status of the ARG Committee's Endorsements to Council and the Council Decision Risk Register', as he is friends with a Director of RFF, who are mentioned in the agenda item.

11.1.4 Quarterly Status of the ARG Committee's Endorsements to Council and the Council Decision Risk Register (File No. 12/14/0002)

Author	Governance Officer
Authorising Officer	Director Corporate and Performance
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201718/217 OFFICER RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION

MOVED: CR ARIF

SECONDED: CR HEBBARD

That the Audit, Risk and Governance Committee;

- 1. Note the outcome of the Audit, Risk and Governance Committee's endorsements to Council for the period of March to June 2018; and**
- 2. Note the active risks with a risk rating of 'High' or over on the Town's Council Decision Risk Register.**

CARRIED 10/0

PURPOSE

The purpose of this report is to provide the Audit, Risk and Governance (ARG) Committee with a quarterly status of all endorsements that the Committee has made to Council, and the status of risks identified in Council reports with a residual risk rating of 'High' or over.

DETAIL

This report presents the status of items that have been endorsed by the ARG Committee to Council and an update on risks identified in Council reports which have a rating of 'High' or over, as determined by the Town's policy 1/022 'Risk Management'.

Status of Endorsed Items

All decisions that are made by the ARG Committee are minuted, and are subsequently included in the following Council meeting's agenda for Council to note. Occasionally there are specific items which require distinct endorsement to Council, which Council vote upon separate to receiving the ARG Committee's minutes.

To date, all minutes of ARG Committee meetings, inclusive of decisions, have been received by Council. Additionally, below is a list of items that were separately endorsed by the ARG Committee at the last Committee meeting, and the result of Council's decision:

ARG Committee Meeting – 6 March 2018

The 2017 Compliance Audit Return (CAR) was received and noted by the ARG Committee, and was presented to Council at their meeting on 28 March 2018. Council resolved unanimously to adopt the CAR (Decision no. CM201718/181), and submit the CAR to the Department of Local Government (Decision no. CM201715/182).

The CAR was submitted to the Department of Local Government on 29 March 2018 using the Department's online upload portal.

COUNCIL DECISION RISK REGISTER

The 'Council Decision Risk Register' is a register of all risks that are identified in Officer's reports to Council. The register was commenced after the adoption of the Town's revised risk management policy in April 2016. Officers present to the ARG Committee active risks that have a residual risk rating of 'High' or over as determined by the risk matrix contained in policy 1/022 'Risk Management'.

Risk ratings are determined by multiplying the likelihood by the consequence. There are many different themes to the risks ranging from financial, compliance, service interruption, to reputation and environment. Officers assign an initial risk rating for the risks that they identify in their reports to Council. If the risk is not eliminated or is ongoing, the officer will assign a residual rating after the risk action plan is addressed or actioned. Detailed responses are provided below for all active risks that have a residual risk rating of 'High' or 'Extreme'.

Mia Mia Community Contribution

Initial risk rating:	High (12)
Residual risk rating:	High (12)
Risk theme:	Financial
Origin of risk:	22/06/2016 Ordinary Council Meeting
Risk:	The 2015/16 Adopted Budget includes a community contribution of \$464,845 under the Mia Mia lease. This lease expires in December 2019 and income is uncertain after this date.
Risk action plan:	Manage by transferring income received to reserve such that the organization does not rely on the revenue for operations.
Status update from Legal Advisor:	18/05/2018 – On 22/3/18 the parties held an informal mediation conference. Both parties outlined their cases, and were to put forward any proposed settlement after further consideration. On 4/4/18 the parties' lawyers met. On 5/4/18 HSF advised the Town of the outcomes of that meeting. - namely Mia Mia's settlement parameters included a \$3M package comprising (1) drainage and sewerage works, (2) extension of lease in 2019 (3) an acknowledgement of Town's wrongs (4) a top up compensation amount to equal \$3M. HSF also advised the Town has strong prospects of success, subject to reviewing further evidence re storm water and drainage, and Mia Mia's counterclaims are unlikely to succeed, the main reason being that Mia Mia took the land as it is, by virtue of the Lease and Tender transactional documentation. No settlement reached. On 6/4/18 orders were given for the Town to

provide it's Reply to Defence and Counterclaim by 21/5/18 and a further directions hearing on 22/5/18. Town has provided HSF with further information and HSF is currently drafting that reply.

27/02/2018 – Current orders have been suspended until 7 March 2018 which will enable the Town to come to a decision as to whether to fully proceed with arbitration or whether any other type of settlements are considered viable.

23/11/2017- First Arbitration Conference held on 23/11/17. Programming orders were made for the parties to file their claims, defences, counterclaims, set-offs and discovery between now and February 2018. The parties are to participate in a mediation conference by 31/3/18.

In communication with Mia Mia via legal team. Mia Mia reply received, claims rejected by TOPH, reply send by TOPH Legal team. Possible discussion regarding reduction of the Community contribution to take place. Await Mia Mia response. No response received from Mia Mia regarding Town's offer to discussion on acceptable terms. Advised A/CEO to proceed with debt recovery of all outstanding rates and lease fees, but negotiate on reduction in Community Facilities Contribution. Acting Director Corporate Services initiated debt recovery proceedings for the full amount owing. Debt recovery for rates and outgoings in progress. Discussion regarding community contribution to follow between Mia Mia and CEO. No feedback received from Mia Mia. Await permission to resume debt recovery of full outstanding amount. Response received from Mia Mia, currently under consideration. Letter sent 4/8/17 advising client of Town's intention to go to Arbitration.

Award of Tender 2017-12 Supply of Project Management and Site Supervision Services.

Initial risk rating:	High (12)
Residual risk rating:	High (12)
Risk theme:	Compliance and Reputation
Origin of risk:	27/09/2017 Ordinary Council Meeting
Risk:	There could be compliance and reputation ramifications if the Town do not assign the right expertise and experience required to undertake a specific project.
Risk action plan:	Monitor the contract to ensure a high level of performance and delivery is achieved. Monitor timesheets to ensure they reflect the agreed program of works and ensure all invoicing is in line with rates tendered.
Status update from Director Infrastructure and Town Services:	15/05/2018 – To date, RFF have worked exceptionally well with the Town and have delivered high quality reports and documentation as well as helping the Town with several grant applications. With the risk action plan in place, the residual risk for this item will reduce to medium (6). 22/02/2018 - This is a three year contract, so the risk action plan will remain the same throughout the contract period.

Award of Tender 2017–09 Supply of Plant Equipment and Operators for Road Renewals and Maintenance.

Initial risk rating:	High (10)
Residual risk rating:	High (10)
Risk theme:	Compliance and Reputation
Origin of risk:	22/11/2017 Ordinary Council Meeting
Risk:	There could be compliance and reputation ramifications if the Town do not have access to suitably qualified and experienced plant hire contractors to complete various civil construction projects/works which can be both planned and/or unscheduled.
Risk action plan:	Monitor the contract to ensure a high level of performance and delivery is achieved. Monitor timesheets to ensure they reflect the agreed program of works. Ensure all invoicing is in line with rates tendered.
Status update from Director Infrastructure and Town Services:	29/05/2018 – Issues with one of the contractor's underperformance has been addressed. They are currently not undertaking any works for the Town at their own request. With the risk action plan in place, the residual risk for this item will reduce to medium (6). 18/05/2018 - Contractors are being closely monitored and any under performance has been dealt with appropriately. All timesheets are monitored and signed off prior to final agreement. All invoicing is checked and matched against agreed rates prior to sign off.

Award of Tender 2018-06 Gratwick Aquatic Centre Upgrade Works in Port Hedland

Initial risk rating:	High (10)
Residual risk rating:	High (10)
Risk theme:	Compliance
Origin of risk:	23/04/2018 Ordinary Council Meeting.
Risk:	There is a risk associated with the inability to meet the new requirements set by DoHWA.
Risk action plan:	Monitor the contractor's day to day performance. Ensure works are being undertaken as per the agreed program. Meet weekly to discuss the program and any issues that need addressing. Monitor potential variations and address accordingly.
Status update from Project Manager:	18/05/2018 - Pools have been drained, The 50m pool expansion joint has been removed and the rectification methods are being assessed. Excavation for pipework from balance tanks to plant room has been completed. With the risk action plan in place, the residual risk for this item will reduce to medium (6).

Rating Strategy 2018/19

Initial risk rating:	High (12)
Residual risk rating:	High (12)
Risk theme:	Financial
Origin of risk:	23/04/2018 Ordinary Council Meeting
Risk:	Any differential rating category with a proposed rate in the dollar more than twice the lowest; and/or minimum payments applying to more than 50% of vacant properties will require ministerial approval.
Risk action plan:	Ensure final model presented to Council for adoption and Minister for approval is fair and equitable, justifiable and shows consideration for community consultation feedback and the Minister's recommendations from previous years.
Status update from Manager Financial Services:	18/05/2018 – A 'Notice of Intention to Levy Differential Rates' was advertised in both the State and Local newspapers in Wednesday 2 May 2018, and displayed at the South and Port Hedland libraries. Submissions close at 12:00pm on Thursday 24 May 2018. Risk is still active if the rates are not set. The Town will still need minister approval once the rates are adopted and the risk is still high that differential categories requiring approval can be rejected by the Minister and the rates would need to be lowered, which holds a risk of lost revenue.

The ongoing risks of the below identified risks have been reduced through the implementation of a risk action plan, and are being monitored by officers:

South Hedland Bowling and Tennis Club Self Supporting Loan

Risk:	That SHBTC default on the loan in its entirety.
Risk action plan:	The item will be added to the Risk Register and monitored by the administration and overseen by the Audit, Risk & Governance Committee. To date, SHBTC have met all obligations under the terms of the loan.
Origin of risk:	27/07/2016 Ordinary Council Meeting
Initial risk rating:	High (12)
Residual risk rating:	Medium (8)

Kingsford Smith Business Park – Heavy Vehicle Access

Risk:	That there is a serious traffic accident directly attributable to the larger RAV5A vehicle.
Risk action plan:	Control through a traffic plan.
Origin of risk:	28/09/2016 Ordinary Council Meeting
Initial risk rating:	High (12)
Residual risk rating:	Low (4)

Hedland Aquatic Facility Operation and Master Planning

Risk: Reputation risk associated with the inability to return South Hedland to full operation during winter months and the delay associated with development of a new facility.

Risk action plan: Monitor the operation of the South Hedland Aquatic Centre.

Origin of risk: 24/05/2017 Ordinary Council Meeting

Initial risk rating: High (15)

Residual risk rating: Medium (8)

Award of Tender 2017–11 Supply and Lay of Bituminous Asphalt

Risk: There could be compliance and reputation ramifications if the Town do not effectively forecast budgets associated with maintaining the Towns assets.

Risk action plan: Monitor the contract to ensure a high level of performance and delivery is achieved. Monitor delivery dockets to ensure they reflect the agreed program of works and tonnages. Ensure all invoicing is in line with rates tendered.

Origin of risk: 22/11/2017 Ordinary Council Meeting

Initial risk rating: High (10)

Residual risk rating: Medium (6)

Intra-Regional Air Services

Risk: There could be a high financial impact if legal action were to be brought against the Town because of the 'sole supplier' procurement process undertaken by the Pilbara Regional Council. The Town of Port Hedland has legal advice indicating the risk to which it could be exposed.

Risk action plan: Council voted not to support the Intra-Regional Air Services.

Origin of risk: 23/04/2018 Ordinary Council Meeting

Initial risk rating: High (16)

Residual risk rating: Eliminated

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance, as it does not meet the criteria in the policy deeming this matter as a significant decision.

CONSULTATION

All consultation has been conducted internally with relevant officers to ensure the timely completion of status updates for the items on the registers.

LEGISLATION AND POLICY CONSIDERATIONS

There are no legislative requirements for the ARG Committee to receive these updates.

Policy 1/022 'Risk Management Policy' outlines the Towns responsibility to manage and monitor risks. The policy does not require the status of any risks that are identified to be presented to the ARG Committee, however, by presenting them to the ARG Committee, the Town is promoting accountability and transparency.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial implications associated with this report.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following sections of the Council's *Strategic Community Plan 2018-2028* are applicable in the consideration of this item:

Our Community

We honour our people and our cultural heritage – ensuring wellbeing, diversity, creativity and a strong civic dialogue.

1.a Hardy Healthy and Safe People

1.a.6 Town-wide health, safety, recreation and sporting activities and services

Our Leadership

We are united in our actions to connect, listen, support and advocate thereby leveraging the potential of our people, places and resources.

4.b Transparent and accountable governance and financial sustainability

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.

RISK MANAGEMENT CONSIDERATIONS

There are no risk management considerations in relation to this report. As the report is for noting only, therefore there is no associated risk rating or principal risk theme applied.

OPTIONS

Option 1 - Adopt Officers Recommendation

Option 2 – Amend Officers Recommendation

CONCLUSION

The quarterly status of Committee endorsements to Council, and the status of the Town's Council Decision Risk Register are for information purposes only. These quarterly status updates are being presented at each meeting and have been added to the Committee's adopted work plan.

ATTACHMENTS

Nil

Item 12 Motions of Which Previous Notice Has Been Given

Nil

Item 13 New Business of an Urgent Nature

13.1 Quarterly Budget Review for the period 1 January to 31 March 2018

Note: This item was withdrawn from the agenda and will be presented to Council at the 27 June 2018 Ordinary Council Meeting.

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 Governance Committee Meeting will be held on Tuesday 4 September 2018, commencing at 5:30pm.

15.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 5:51pm.