

MINUTES

Audit, Risk and Compliance Committee Meeting Tuesday 12 August 2025

Time: 5:30pm

**Location: Council Chambers, McGregor Street
Port Hedland WA 6721**

Distribution Date: 19 August 2025

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1 Opening of Meeting

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

2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledged the Kariyarra people as the Traditional Custodians of the land that we are meeting on and recognises their strength and resilience and pays respect to elders past, present and emerging.

3 Recording of Attendance

Important note:

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

3.1 Attendance

Present:

Cr Camilo Blanco – Chairperson
Deputy Mayor Ash Christensen
Cr Lorraine Butson

Attendance:

Mark Dacombe (Interim Chief Executive Officer)
Stephen Leeson (Director Corporate Services)
Tom Kettle (Manager Governance)
Jessica Hunt (Audit, Risk & Insurance Officer)

Public: 5 – including Proxy Member Cr Adrian McCrae

3.2 Attendance by Telephone / Instantaneous Communications

Nil.

3.3 Apologies

Nil.

3.4 Approved Leave of Absence

Nil.

3.5 Disclosures Of Interest

Nil.

4 Applications for Leave of Absence

Nil.

5 Agenda Feedback Session

An Agenda Feedback Session for Committee Members was held on Tuesday 5 August 2025. This session provided the Committee Members with the opportunity to ask questions concerning any item from the agenda that was brought before the Committee at the Audit, Risk & Compliance Committee meeting on Tuesday 12 August 2025.

6 Response to Previous Questions**6.1 Response to Questions taken on notice from Elected Member at the Audit, Risk and Compliance Committee Meeting held on 13 May 2025**

Nil.

6.2 Response to Questions taken on notice from Public at the Audit, Risk and Compliance Committee Meeting held on 13 May 2025

Nil.

7 Public Time

7.1 Public Question Time

The Presiding Member declared Public Question Time open at 5:34pm

7.1.1	Janet Gillingham
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Question 1

At the 18 March 2025 Annual General Meeting of Electors, a member of the public asked the following 'When was the last Financial Forensic Audit done on the Town of Port Hedland?'. The answer that came back from the Acting CEO was that there has never been one. So, I would like to ask if we can confirm that is the actual answer.

Cr Blanco provided the following response:

I would say that the Acting CEO would be correct. It does come to mind that we had a mass resignation when we had a CEO that caused the Department of Local Government to have a look closely at our finances. I don't know whether we did have a Forensic Audit, but I know that there was a lot of interest in our finances at that stage, but I would have to refer that to the CEO.

The CEO provided the following response:

Taken on notice.

Question 2

At the 18 March 2025 AGM, a Motion #2 put forward with the title being 'Independent Forensic Audit'. It was 'We the Resident Rate Payers and Electors of the Town of Port Hedland express no confidence in the financial reports presented for the Financial

Years 2022/23 and 2023/24'. My question is, will this Motion #2 come to a Council Meeting, because it went through an Annual General meeting of Electors, it was put forward and will Councillors or the Audit & Finance Committee take this on board and bring this all to the actual public in another meeting, maybe an OCM Meeting?

Cr Blanco provided the following response:

My understanding of the motions that were passed at the AGM, was that those motions came to the Council for consideration and the Council then determined those motions would come to the ARC for some consideration. The ARC sits with those motions at the moment. The member of the public that asked those questions was invited to attend tonight's meeting, so he could explain what he wants done with his motion. I will pass that over to the CEO to make sure that I am correct and that we both aligned with that answer.

The CEO provided the following response:

Mr. Ashenden was invited tonight, I believe Mr. Leeson was in contact with him. Could you comment further on his attendance?

The Director Corporate Services provided the following response:

Yes, I did call Mr. Ashenden to check in with him last Thursday about today's date and to offer any assistance towards scoping the requests of the ARC. He didn't indicate that he would or wouldn't be here.

Question 3

With the motions that were put forward at the Annual General Meeting of Electors regarding an Independent Forensic Audit, is this something that that Audit and Finance Committee can move/second and move forward, or then does that have to be a discussion that will go to an Ordinary Council Meeting?

The CEO provided the following response:

The motions aren't on the agenda tonight. The next step was for Mr. Ashenden to have the opportunity to elaborate and make his further submissions tonight. If he doesn't come tonight, then I would expect that we follow up with him as to whether or not he does actually wish to come and in that case we would invite him to the next meeting. We will also give consideration to what should be the next step if he chooses not to make that submission.

The Presiding Member declared Public Question Time closed at 5:43pm

7.2 Public Statement Time

The Presiding Member declared Public Statement Time open at 5:43pm

7.2.1	Teresa Ashenden
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Mrs Ashenden made a statement in relation to;

- 2025 Annual General Meeting of Electors Motion 2, and
- Issues that she perceives should be investigated through an independent forensic audit.

7.2.2	Janet Gillingham
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Mrs Gillingham made a statement in relation to;

- An independent forensic audit completed by the Department of Local Government in 2005 after a Town CEO departed the role.
- The value of an independent forensic audit for the new Council after the 18 October Ordinary Election.

The Presiding Member declared Public Statement Time closed at 5:53pm

7.3 Petitions / Deputations / Presentations / Submissions

Nil.

8 Questions from Members without Notice

8.1	Cr Camilo Blanco
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I would like to request that a report be presented to the ARC. I will read this out and if you could give me some advice on how best to go about this one.

I would like a report presented on payments made to the Port Hedland International Airport within the 2024/25 budget. I would also like copies of any past or current legal advice on the matter to be attached to the report.

The CEO provided the following response:

That can be dealt with as a notice of motion. I have no problem at all in providing the report. Procedurally, I will refer this to the Manager Governance.

Manager Governance provided the following response:

Notices of motion are required to be submitted 7 clear working days ahead of the meeting scheduled. At this point you are unable to add new business to the agenda, so I would recommend that a notice of motion is brought to the next meeting. You would have adequate timing to bring that to the next Council meeting as opposed to the next Committee Meeting if that suited your timeline better.

9 Announcements by Presiding Member without Discussion

Nil.

10 Declarations of All Members to have given due consideration to all matters contained in the Agenda before the Meeting

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

Cr Camilo Blanco
Deputy Mayor Ash Christensen
Cr Lorraine Butson

11 Confirmation of Minutes of Previous Meeting

ARC202526/001 COMMITTEE DECISION

MOVED: Cr Lorraine Butson

SECONDED: Deputy Mayor Ash Christensen

That Committee Members confirm that the Minutes of the Audit, Risk and Compliance Committee Meeting held on Tuesday, 13 May 2025 are a true and correct record.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

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.

12 Reports of Officers

12.1	Quarterly Audit Log Review
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Author: **Audit, Risk & Insurance Officer**

Authorising Officer: **Manager Governance**

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

ARC202526/002 COMMITTEE DECISION

MOVED: Deputy Mayor Ash Christensen **SECONDED:** Cr Lorraine Butson

That the Audit, Risk and Compliance Committee receive and note the progress update against the management actions contained within the Internal Audit Report, as per Attachment 1.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (the “ARC Committee”) to receive and note the progress update against the management actions contained within the Quarterly Internal Audit Report.

DETAIL

The Internal Audit Report functions as a comprehensive record encompassing all internal audit items owned by the Town. It covers all internal audit items associated with both the preceding 3-Year Strategic Internal Audit Plan (2020-23) and the current 3-Year Strategic Internal Audit Plan (2023-26) to date.

The primary objective of the Audit Report is to provide the administration with a clear overview of all audit items and their respective statuses, whether they are completed, in progress, or overdue. Each audit item is assigned a risk rating, facilitating the administration in prioritising and scheduling tasks for completion.

Regular reviews of the Internal Audit Report are conducted, with subsequent reporting to the ARC Committee. This process acts as a mechanism for oversight and contributes to the enhancement of organisational accountability and transparency.

The reporting quarters have changed to reflect actions taken in the previous quarter to the current ARC Meeting. A summary of the status of agreed management actions is found in the tables below.

Quarter 3 Progress			
Completed	In progress	Not Started	Total
37	47	4	88

5% Not Started

53% In Progress

42% Completed

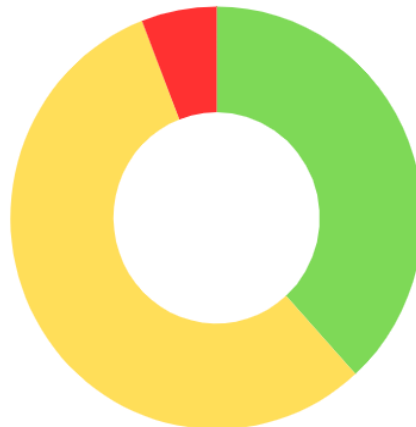


Quarter 4 Progress			
Completed	In progress	Not Started	Total
26	38	4	68

6% Not Started

56% In Progress

38% Completed



Our Internal Auditors, Paxon Group, have recently completed a review of the Audit Log. Paxon have closed out 20 actions, which have now been archived in Camms, essentially removing the actions from the internal audit log.

Verification of items marked as complete by management is periodically conducted by the Town's internal audit function. To provide an additional layer of assurance, Paxon Group has scheduled a review in FY 2025-26 to further verify the completion of these items by auditing the log.

Unfortunately, the software that the Town utilises to record audit items is experiencing minor technical difficulties while generating audit reports. To allow the Committee Members the ability to access the relevant information, this has been provided as an excel spreadsheet as an interim solution. The reporting issue has been escalated to the software provider and we are awaiting their feedback for potential resolutions to the issue.

LEVEL OF SIGNIFICANCE

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

CONSULTATION

Internal

- Action Owners

External Agencies

- Paxon Group

Community

Nil

LEGISLATION AND POLICY CONSIDERATIONS

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

FINANCE AND RESOURCE IMPLICATIONS

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

STRATEGIC SUSTAINABILITY IMPLICATIONS

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

Our Leadership:

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

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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

Corporate Business Plan

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

Our Corporate Services:

Audit and Risk Management - Committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Operational
Risk Category	Compliance
Cause	Non-completion of agreed management actions
Effect	Non-compliance with best practice principles, industry standards, legal requirements and compliance guidelines.
Risk Treatment	Accept
There is a compliance risk associated with this item caused by potential non-completion of agreed management actions, leading to non-compliance with industry standards and best practice, legal requirements and compliance guidelines. The risk rating is considered medium (9) which is determined by a likelihood of possible (3) and a consequence of moderate (3). This risk has been accepted due to the adequacy of controls in place including periodic tracking of management actions in the system, automated reminders and follow-up mechanisms.	

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Do not adopt officer’s recommendation

CONCLUSION

The ARC Committee has reviewed and acknowledged the progress update on the management actions in the Internal Audit Report. This report tracks the status of all internal audit items under both the preceding and current 3-Year Strategic Internal Audit Plans. Regular review and reporting ensure compliance with best practices and legal requirements, enhancing transparency and accountability. The attached progress summary provides further details on the status of the agreed management actions.

ATTACHMENTS

1. CONFIDENTIAL - 20250718 To PH Audit Log Report [**12.1.1** - 11 pages]

12.2	Quarter 4 Procurement Report on Panel Usage
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Author: Senior Procurement & Contracting Advisor

Authorising Officer: Manager Governance

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

ARC202526/003 COMMITTEE DECISION

MOVED: Deputy Mayor Ash Christensen **SECONDED:** Cr Lorraine Butson

That the Audit, Risk and Compliance Committee note 'Nil' identified non-compliance with Policy 2/022 Panels of Pre-Qualified Suppliers for Quarter 4 Financial Year 2024-25.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (the "ARC Committee") to consider:

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

DETAIL

In accordance with Regulation 24AC of the Local Government (Functions and General) Regulations 1996, the Town established the following Panels of Pre-Qualified Suppliers. Under the Panel arrangements, there are a number of contracts that have been extended under the extension provisions in Q4.

Panel Number	Pre-qualified Panel Name	Total Active Contracts	No. Of Contracts Extension - 1 Year
RFT2324-01	Construction	6	6
RFT2324-05	Trades	13	13
RFT2324-20	Construction Professionals	13	13
RFT2324-19	Contractors & Trades	15	15

RFT2324-22	Civil Construction Material	4	4
RFT2324-28	Report Writing Investigation & Response	6	6
RFT2425-11	Graphic Design	6	6

As per section 2.2 of Policy 2/022 Panels of Pre-Qualified Suppliers, the Town exercises one of the following options for the distribution of work:

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

Or

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

The quotes obtained are authorised in accordance with the Town's Delegation Register. All Business Units engaging under a Panel arrangement should document the suppliers from whom they have requested quotes as well as those who have provided quotes to increase oversight over panel contracts. Supporting documentation must be sighted to confirm that this process has been followed. By recording the suppliers approached against the supplier responses, we are demonstrating our commitment to engaging a diverse range of suppliers and highlighting the level of participation from local suppliers in the opportunity to join our Panels.

In every instance, a contract for an item of work with a prequalified supplier is not to exceed 12 months or include any options to renew or extend.

Background

The Procurement Team diligently collaborated with the ERP team to address gaps discovered in the ERP system, which had hindered the compilation of the last quarter's report. The process of obtaining the required data proved to be challenging; however, valuable suggestions have been proposed to the ERP Team to streamline the procedure and ensure accurate data compilation in the future.

During this period, Procurement successfully identified the list of projects awarded to Pre-Qualified Panel Suppliers on VendorPanel and TechOne for the duration of 01 October 2024 to 31 December 2024. However, it is essential to acknowledge that the data, though diligently obtained, has been produced through a manual process. Internal Buyers use VendorPanel for purchases under \$100,000.00.

Based on the available data, the Procurement Team reports no instances of non-compliance with the Panels Policy, indicating a satisfactory level of adherence.

LEVEL OF SIGNIFICANCE

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

CONSULTATION*Internal*

- *Acting Senior Procurement and Contracting Advisor*

External Agencies

Nil

Community

Nil

LEGISLATION AND POLICY CONSIDERATIONS

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

FINANCE AND RESOURCE IMPLICATIONS

Nil.

STRATEGIC SUSTAINABILITY IMPLICATIONS

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

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

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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2023-2027 apply in relation to this item:

Our Corporate Services:

Governance and Procurement - Provide high standards of governance and leadership.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Project
Risk Category	Financial
Cause	Failure to implement the right procedure.
Effect	Non-compliance with industry best practice.
Risk Treatment	The risk will be mitigated by ensuring officers follow the procedures as per the procurement requirements in accordance with the Town's Policy documents.
There is a compliance risk associated with this item because failure to implement the right procedure will result in non-compliance with industry best practice.	
The risk rating is considered to be medium (6), which is determined by a likelihood of possible (3) and a consequence of minor (2).	
The risk will be mitigated by ensuring officers follow the procedures as per the procurement requirements in accordance with the Town's Policy documents.	

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation

CONCLUSION

In accordance with the Panels of Pre-Qualified Suppliers Policy 2/022, Section 3, Compliance and Reporting, this report presents the Audit, Risk and Compliance Committee with an overview of the Procurement findings for non-compliance with the Panels Policy for the quarter 01 January to 31 March 2025.

ATTACHMENTS

1. CONFIDENTIAL - Panel Contracts Usage 1 Apr - 30 June 2025 [**12.2.1** - 1 page]
2. CONFIDENTIAL - Procurement Panel Report Apr- June 2025 [**12.2.2** - 2 pages]
3. CONFIDENTIAL - Vendor Panel Supplier Engagement Q 4 Apr - June 2025 [**12.2.3** - 1 page]

12.3	Asset Management Framework Progress Report
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Author: **Manager Digital Services**

Authorising Officer: **Director Corporate Services**

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

ARC202526/004 COMMITTEE DECISION

MOVED: Deputy Mayor Ash Christensen **SECONDED:** Cr Lorraine Butson

That the Audit, Risk and Compliance Committee receive the progress report on the Asset Management Framework.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

PURPOSE

This report provides an update to the Audit Risk and Compliance Committee regarding the progress made by the Asset Management Framework (AMF) Project Control Group in advancing the implementation of the Town's AMF.

DETAIL

The Town has made notable progress in implementing its AMF since the last report. The table below provides the current status of each focus area.

Focus Area	Status Update
Prior Audit Findings	1. Asset Register Review a. 670 items assessed; key asset classes include Roads & Bridges (\$5.88M), Drainage (\$7.65M), Footpaths (\$832K), Other Assets (\$5.13M), Depot (\$223K). b. Verification completed for: i. 227 duplicate assets (pending sign-off by Assets and Manager Finance) ii. 16 non-Council assets (ownership proof compiled) iii. 38 impaired assets (documentation ready)

	iv. 217 assets not to be capitalised (justification and GIS attributes documented) v. 172 assets not revalued (capitalisation evidence gathered; may trigger additional revaluation) 2. Asset Movement Report a. Chartertech/KPMG have nearly completed the report in OneConnect; additional data source integration pending. 3. IOP Finalisation a. Depreciation, Disposal, and Revaluation IOPs completed and sign-off by ELT on for 14 July 2025. 4. Work-in-Progress Reconciliation a. Furniture and Fittings reconciled using updated reports; remaining asset classes underway. 5. Capitalisation Progress a. \$16.4M of WIP capitalised; gifted assets (e.g., Cooke Point shared path, drainage, renewals) to be finalised in July. 6. Land & Buildings Revaluation a. First draft received from APV; over 100 new items identified. b. • 139 assets require revaluation to 2023 fair value; quote approved and documents uploaded. • 45 assets revalued by Marsh in 2023 reinstated as of 30 June 2023. • 52 assets capitalised in 2023 also reinstated. • Depreciation for FY24 and FY25 calculated for all reinstated assets.
Roles and Responsibilities	A document setting out the detailed roles and responsibilities for the different aspects of Asset Management has been finalised and will go to the next AMF PCG for endorsement
Asset Management Plans	Asset Management Plans have been finalised for the 6 Asset Classes of • Roads • Drainage

	• Parks, Open Space, and public Art • Bridges • Footpaths • Buildings and Structures The plans will go to the next AMF PCG for endorsement
Registers	• Attribute data gathered for 2023 revaluation of 139 Assets as part of the audit findings • Land and Building Revaluation first draft received • Attractive Asset IOP finalised and approved
GIS Strategy	• The draft of the strategy and roadmap has been received.

The Town is actively mapping its business processes, with one focus being asset management. As part of this ongoing effort, the following asset-related processes have been documented:

- Loss or Theft of a PAA
- PAA Asset Stolen
- Registration of a Portable Asset
- Building Revaluations
- Asset Handover for Capitalisation
- Capitalisation of a Fleet Asset
- Correction of Capitalisation Amount
- Make changes to PCR and send to Fleet for review
- Project Completion Report Approval
- Receive Approved PCR from Senior Accountant
- Receive passed Project Completion Report from Fleet
- Depreciation of Assets
- Disposal of a Fleet Asset
- Disposal of Infrastructure Assets
- Gifted or Found Assets
- Infrastructure Asset Capitalisation
- Asset Revaluations
- Capitalisation Road Assets

This activity remains ongoing as the Town continues to refine and expand its documentation.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be significant. The matter will have implications for the present and future social, economic, environmental, and cultural well-being of Port Hedland.

CONSULTATION

Internal

- Projects and Assets Team
- Financial Services Team
- Digital Services Team
- ERP Team

External Agencies

- National Transport Research Organisation – Consultancy services for AMF

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS

- Local Government (Administration) Regulations 1996
- 19DA. Corporate business plans, requirements for (Act s. 5.56)
- (3) A corporate business plan for a district is to —
- (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- DLGSC Asset Management Framework and Guidelines
 - 9/010 Asset Management Policy

FINANCE AND RESOURCE IMPLICATIONS

- Town of Port Hedland Long Term Financial Planning (LTFP)
- Town of Port Hedland Annual Budget
- New position established and recruited – Senior Asset Management
- Advertised previously vacant position - Project Engineer - Asset Management

STRATEGIC SUSTAINABILITY IMPLICATIONS

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

Our Built and Natural Environment:

3.2.1 1 Identify, plan and develop the present and future needs for serviced land and infrastructure provision.

3.3.2 The community has access to attractive natural habitats, built form, parks and amenities.

Our Leadership:

4.3.4 Efficiency strategies across the town's infrastructure and amenity assets are implemented.

Effective asset management is essential for the Town to achieve positive social, environmental, and economic outcomes. By maintaining and planning for assets wisely, the Town can deliver reliable services, protect natural resources, and ensure long-term financial sustainability, supporting a vibrant and resilient community.

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

- Outcome 2 – Buildings and Facilities

Considered through the renewal of community assets planning process

Corporate Business Plan

The following actions of the Town's Corporate Business Plan 2023-2027 apply in relation to this item:

Our Infrastructure Services:

Projects and Assets - Effective and efficient project and asset management

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Operational
Risk Category	Health & Safety Financial Service Interruption Compliance Reputational
Cause	Insufficient enterprise asset management stems from poor visibility into asset condition, lack of structured lifecycle

	planning, and misalignment between asset strategies and financial frameworks. This leads to reactive maintenance, inadequate risk prioritisation, and gaps in governance and compliance processes. Without integrated systems and clear accountability, organisations struggle to maintain safe environments, meet service expectations, and uphold regulatory standards.
Effect	These deficiencies result in increased safety incidents, financial inefficiencies, and service disruptions. Compliance breaches and audit failures become more likely, while reputational damage grows due to public scrutiny and stakeholder dissatisfaction. Ultimately, the organisation faces diminished trust, constrained funding opportunities, and reduced capacity to deliver reliable and sustainable services
Risk Treatment	The implementation of the Enterprise Asset Management Framework, which provides structured lifecycle planning, improves asset visibility, and aligns asset strategies with financial and compliance requirements. This framework supports proactive maintenance, informed decision-making, and consistent service delivery across critical infrastructure.
The risk rating is considered to be Medium (9) which is determined by a likelihood of Possible (3) and a consequence of Moderate (3).	

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Do not adopt officer’s recommendation

CONCLUSION

The reported progress has substantially enhanced asset management practices in the Town. Through the completion of documentation and the advancement of strategic initiatives, the Town is better positioned to effectively maintain its assets and support the community’s ongoing needs.

ATTACHMENTS

Nil

12.4	Enterprise Resource Planning Implementation Progress Report
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Author: **Manager ERP Project**

Authorising Officer: **Director Corporate Services**

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

ARC202526/005 COMMITTEE DECISION

MOVED: Deputy Mayor Ash Christensen **SECONDED:** Cr Lorraine Butson

That the Audit Risk and Compliance Committee:

- 1. Receive the progress report on the Enterprise Resource Planning Implementation project, and;**
- 2. Recommends to Council;**
 - (a) to carry over \$284,000 of 2024-2025 project funding into the 2025-2026 annual budget; and**
 - (b) Endorse project variations V10 through V14 for \$341,430**

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson

Against: Nil

PURPOSE

This report is to inform the Audit Risk and Compliance Committee on the progress of the Town of Port Hedland's Enterprise Resource Planning (ERP) Implementation Project Control Group (PCG).

DETAIL

Background

At the 30 June 2021 Ordinary Council Meeting report 11.1.3 Award of RFT 2021022 – Enterprise Resource Planning (ERP) Software SAAS was endorsed by Council. Awarded to Technology One, it initially proposed as a 5-year project with forecast project expenditure of \$6,383,000. Project budget funds are allocated annually.

	20/21	21/22	22/23	23/24	24/25	Total
Operating	174	450	306	312	-	1,242
Capital	500	2,000	1,464	997	180	5,141
Total	674	2,450	1,770	1,309	180	6,383

→ Approved Budget-
OCM 30 June 2021

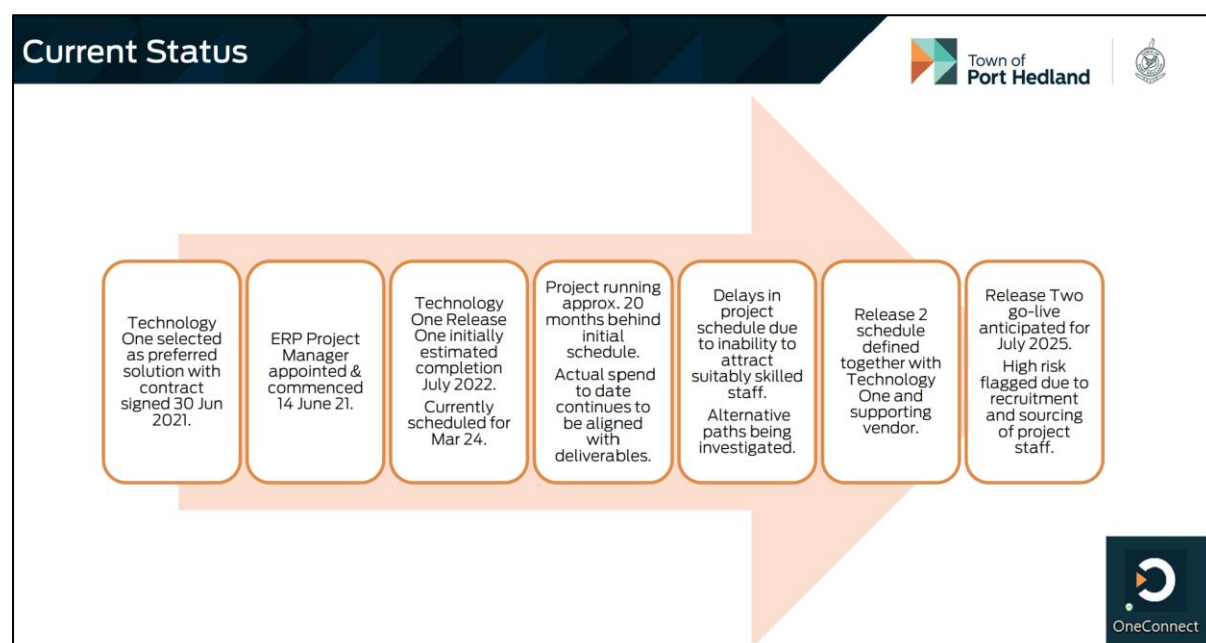
The provision of Technology One license fees and implementation were estimated at \$2,680,412 (excluding GST and CPI contracted increases). The balance of \$3,596,109 was budgeted for costs relating to:

- Appointment of a dedicated ERP project team;
- Organisational change management processes;
- Organisational training; and
- Data cleansing and data migration processes.

The initial ERP contract period is six (6) years, however there are a further two (2) by three (3) year contract option extensions and one (1) by two (2) years. This represents a total potential contract term of fourteen (14) years (1Jul21 – 30Jun35).

At the Elected Member Briefing 11 March 2024, the Town of Port Hedland ERP Project Council Update, the project status and forecast spend presented were as follows:

Total Project Financial Actual / Forecast								
	FY20/21	FY21/22 Actual	FY22/23 Actual	FY23/24 YTD	FY23/24 Budget	FY24/25 Forecast	FY25/26 Forecast	Total (Actual + Forecast)
Operating	39	4	363	248	430	452	-	1,287
Capital		883	887	672	2,099	2,132	842	6,843
Total	39	886	1,250	920	2,529	2,583	842	8,130



Project Update: July 2025**Scope of Works**

Since the Phase 2 Planning and Revenue (PnR) Project Implementation commencement on 1st July 24, updates since the 11 March 2024 workshop and as included in ARC reporting, are currently:

- Name Changes: OneCouncil to OneConnect, Release 2 PnR to Phase 2 PnR, and Release 3 Stabilisation to Phase 2 Optimisation.
- Enterprise Asset Management pushed to start Q4 FY24/25 and deploy Q1 FY25/26. Due to a lack of suitably qualified and experienced people to implement the module initially.
- Phase 2 Optimisation commencing August 2025 is planned to include Human Resources (HR) & Finance Gaps from Release 1a and modules Grants, MySafety, Digital Experience Platform, Customer Relationship Management, and remaining HR Modules.

Module Delivery Overview

The OneCouncil ERP Program has progressed significantly across its phased implementation program:

- **Phase 1 – Core Platform (FY20/21 to FY23/24):**

Of the 23 foundational modules:

- 16 modules have been fully delivered and are operational.
- 4 modules are partially delivered, with final optimisation planned for FY25/26.
- 3 modules are not yet delivered and are included in the Phase 2 Optimisation scope.

- **Phase 2 – Planning and Regulatory (PnR) (FY24/25):**

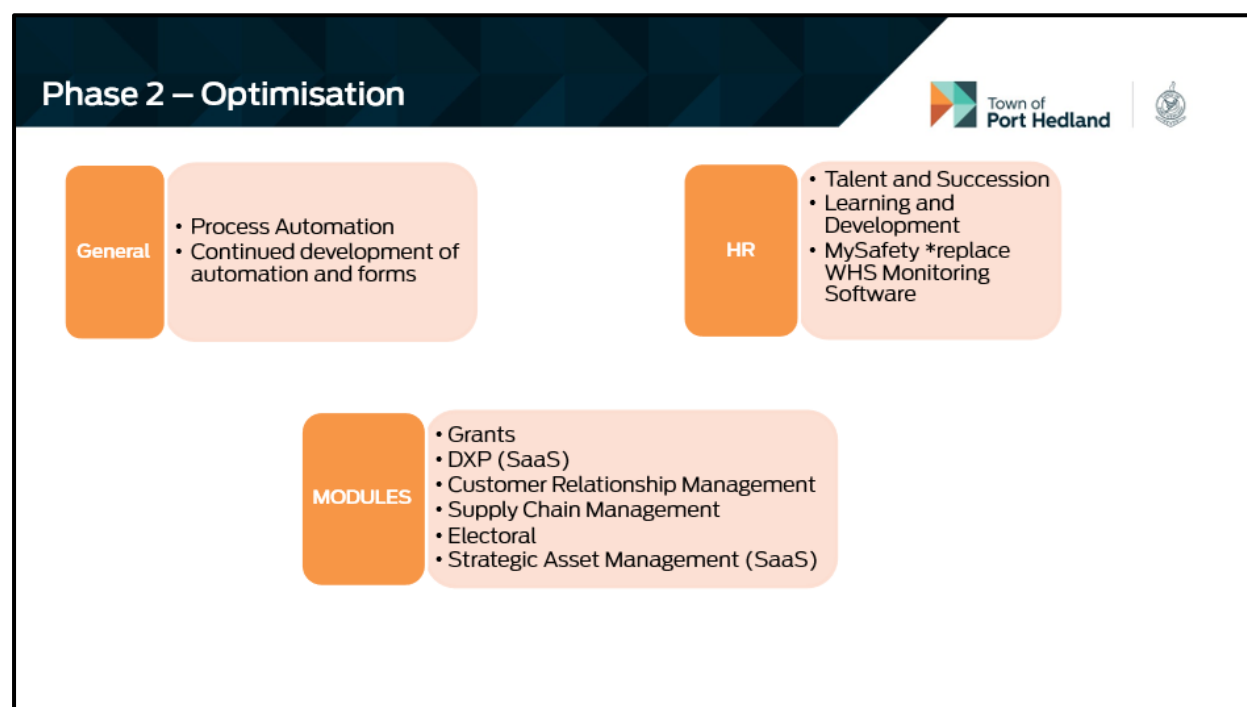
This phase comprises 13 modules. As of July 2025:

- 2 modules have been delivered.
- 11 modules are currently in advanced stages of data migration, configuration, and user acceptance testing, with a scheduled go-live date of August 2025.

- **Phase 2 – Optimisation (FY25/26):**

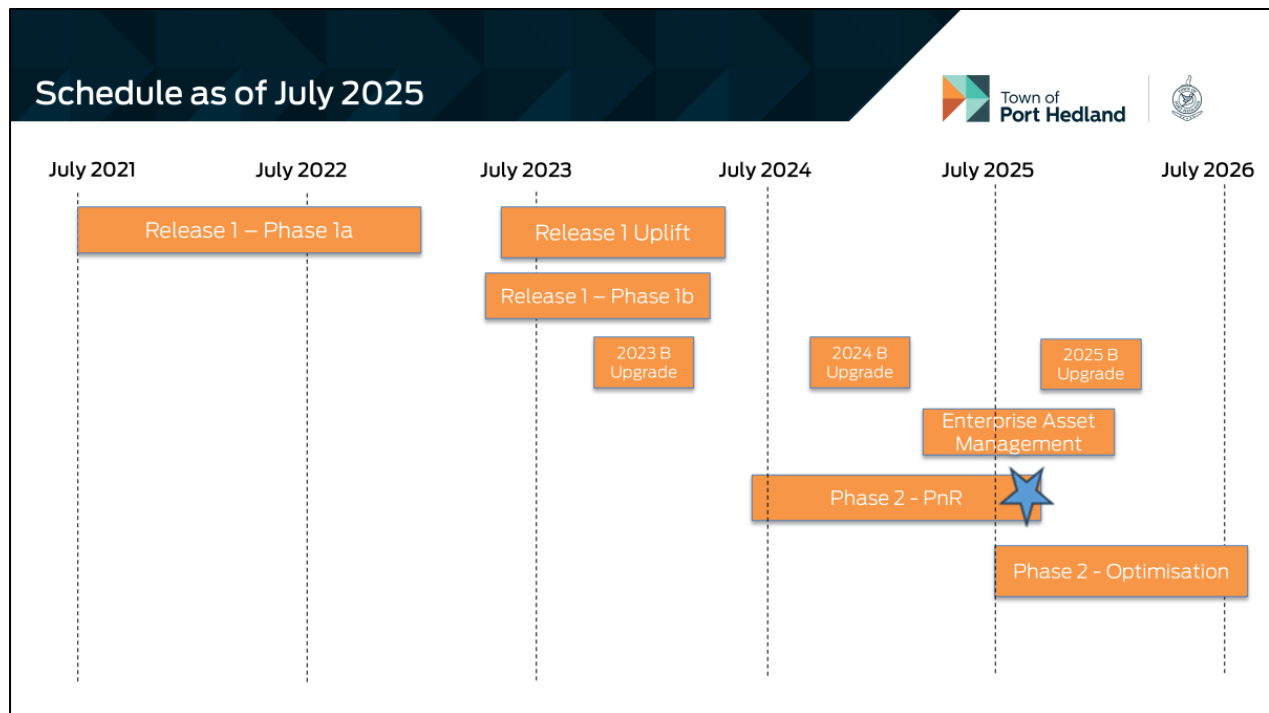
Six modules are scheduled for delivery in FY25/26, contingent on resourcing and funding confirmation. These modules support improved functionality, user experience, and digital integration aligned with business improvement initiatives.

Module Name				License Purchased	Notes
Phase 1					
Finance				Y	Deployed. Active
General Ledger				Y	Deployed. Active
Asset Accounting				Y	Deployed. Active. Reconciling
Banking				Y	Deployed. Active
Accounts Payable				Y	Deployed. Active
Cost Centre Management				Y	Deployed. Active
Contract Management				Y	Deployed. Active. Maturing
Core Functions				Y	Deployed
Corporate Performance Management				Y	Deployed. Partially Active
Enterprise Asset Management				Y	Reimplemented. P2 Optimisation
Financial Asset Management				Y	Reimplemented. P2 Optimisation
Work Order Management				Y	P2 Optimisation
Project Lifecycle Management				Y	P1 Deployed. P2 Optimisation
HR				Y	
Talent and Succession				Y	Deferred. P2 Optimisation
Learning and Development				Y	Deferred. P2 Optimisation
Payroll				Y	Deployed
eRecruitment				Y	Deployed
Workforce Management					P1 Partially Deployed. P2 Optimisation
Organisational Management				Y	P1 Partially Deployed. P2 Optimisation
Supply Chain Management				Y	
Inventory Management				Y	P1 Deployed. Partially Active. P2 Opt
Purchasing				Y	Deployed. Active
Contracts				Y	Deployed. Active
Customer Request Management				Y	P1 Deployed. Active. P2 Optimisation
Phase 2					
Spatial Management				Y	FY24/25 (Aug 25) Go Live
Portals (externals accessing)				Y	FY24/25 (Aug 25) Go Live
Revenue Management				Y	FY24/25 (Aug 25) Go Live
Debtors Management				Y	FY24/25 (Aug 25) Go Live
Enterprise Cash Receipting				Y	FY24/25 (Aug 25) Go Live
Billing				Y	FY24/25 (Aug 25) Go Live
Property and Rating				Y	FY24/25 (Aug 25) Go Live
Request Management				Y	FY24/25 (Aug 25) Go Live
Property & Land Management				Y	FY24/25 (Aug 25) Go Live
Name Management				Y	FY24/25 (Aug 25) Go Live
Policy & Compliance				Y	FY24/25 (Aug 25) Go Live
Development Applications				Y	FY24/25 (Aug 25) Go Live
Enterprise Content Management				Y	FY24/25 (Aug 25) Go Live
Phase 2 Optimisation					
DXP	FY25/26		\$110,000	N	Optimisation FY25/26 Go live
Customer Relations Management	FY25/26		\$20,186	N	Optimisation FY25/26 Go live
Grants	FY25/26		\$20,186	N	Optimisation FY25/26 Go live
Strategic Asset Management (SaaS)	FY25/26			Y	Optimisation FY25/26 Go live
MySafety *Replaces WHS Monitor Software	FY25/26		\$9,143	N	Optimisation FY25/26 Go live
Mobile & Field Apps	FY25/26			Y	Optimisation FY25/26 Go live
Electoral	FY25/26		\$1,200		
Additional Variations Sought			\$160,715		



Project Timeline

The Phase 2 completion and go live date was initially intended for early July 2025. Additional testing and preparation time was determined necessary, setting a revised 4 August 2025 go-live.



: Current position of the OneConnect Implementation.

Key milestones:

- **Successful Reconciliation of Rates Billing**

Rates Billing data has been successfully reconciled between the legacy system (Synergy) and OneConnect. This milestone confirms data accuracy and provides assurance over the financial integrity of the billing transition.

- **Cutover Activities Stage Gate Lifted**

Following internal readiness assessments, the Cutover Activities stage gate has been formally lifted. This marks the project's progression into final readiness and deployment phases.

- **Parallel Testing Underway**

Parallel testing has commenced, validating system performance and end-to-end processes. Identified issues are being addressed with rapid turnaround to support a smooth transition to go-live.

Project Risks and Mitigations

- **Complex Data Migration Requirements**

The complexity of migrating data from the legacy system (Synergy) to OneConnect continues to pose a risk to data integrity and operational readiness.

Mitigation: A structured data migration framework is in place, incorporating reconciliation checkpoints, validation protocols, and external consultant oversight to ensure accuracy, completeness, and alignment with audit expectations.

- **Increased Delivery Pressure Ahead of August Go-Live**

The revised August go-live has intensified workload demands across internal teams and consulting partners, increasing the risk of delivery fatigue and timeline slippage.

Mitigation: Additional consulting capacity has been deployed. Delivery is being closely tracked through daily checkpoints and risk-based prioritisation of outstanding tasks. This increases project spend rates.

- **Project Team Wellbeing**

The sustained pace of ERP implementation activities is placing significant pressure on the internal team, raising risks related to fatigue, burnout, and reduced performance continuity.

Mitigation: Leadership is actively monitoring workloads and adjusting priorities where necessary and importantly, encouraging and reminding our teams to keep focused on the must have deliverables, as Phase 2 optimisation delivers the remainder. Support mechanisms have been introduced, including flexible work arrangements, wellbeing check-ins, and escalation protocols to preserve delivery capacity and staff engagement.

- **Project Governance**

Since the last ARC report, the TechnologyOne (T1) contract and ERP project has been thoroughly reviewed to better understand initial and current project cost projections / scoping / timeframes and importantly, the events that have unfolded since July 2021. Major findings include:

- The original project go live date was planned for July 2022, then delayed one year.
- High number of staff turnover in 2021-2022, 2022-2023 and 2023-2024, with many being significant stakeholders and contributing participants to the project. This had an impact upon delivered modules effectiveness and or timeliness, delaying some modules to later project

phases and requiring re-work. This is evidenced several times in ERP Project Control Group meeting minutes

- Legacy contract variations with TechnologyOne (T1) have added to project cost estimates. The new software platform is subscription fee based. The more features of the product the Town uses, or the greater the functionality it requires for improved service delivery and management operational needs, the higher the annual licensing fee.
- Additional project resourcing requirements have been necessary through reimplementation requirements for module items not fully activated:
 - Asset Management
 - Workforce Management
 - Project Lifecycle Management
 - Inventory Management
- Plus, modules not fully considered within the original scope but require necessary and or additional functionality:
 - Project Lifecycle Management
 - Strategic Asset Management
 - GIS spatial and mapping
 - Customer Service Reporting (DXP)
 - WHS (Replacing another platform)
 - Grants Management
 - Electoral

*Mitigation: A review of the ERP project implementation program along, its annual budget and expenditure, with revised forecasts for Phase 2 Optimisation 2025-2026 has been undertaken and is included as **Attachment 1**. This is towards ensuring actual work completed is per implementation milestones previously proposed and project cost estimates are well known and planned for.*

Commercial:

TechnologyOne (T1) Contract

A significant amount of time has been spent reviewing the TechnologyOne (T1) contract. One of the ERP project benefits has been the introduction of a contract management module which has been the basis for this project's review.

While this is a commercial alignment, it has had a material impact on the project's current budget position. The contract variation includes:

- CPI increases applied to contract rates; and
- License fee uplifts in line with TechnologyOne's current pricing structure.

These adjustments reflect valid obligations already incurred and ensure the contract accurately reflects services delivered to date. This alignment improves transparency and provides a more reliable foundation for future contract management and forecasting.

Chartertech (KPMG) Contract Extension – In Progress

An extension to the Chartertech (KPMG) contract is currently underway to support critical activities in the final implementation phase, including data migration, functional consulting, and go-live support. The extension will ensure continuity of delivery and is being progressed in accordance with the Town's procurement and contract governance frameworks.

The Project Control Group (PCG) summary of project tasks is included as Attachment 2.

Next Steps

- Finalise go-live activities for Planning and Revenue modules in August 2025.
- Commence detailed planning and scoping for Phase 2 Optimisation deliverables.
- Continue contract governance, financial oversight, and reporting to support transparency and accountability.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be significant. A decision that will significantly affect the capacity of the Council to carry out any activity identified in the strategic plan.

CONSULTATION

Internal

- Town of Port Hedland Staff

External Agencies

- Technology One Vendor Support
- KPMG consultancy

Community

- Public feedback through request logging mechanisms

LEGISLATION AND POLICY CONSIDERATIONS

- Digital Roadmap 2024 – 2027
- ISO/IEC 27001 Compliance for cybersecurity measures

FINANCE AND RESOURCE IMPLICATIONS

Current project actual cost and future estimates are as follows:

Total Project Financial Estimate											Draft Budget		
Component	FY20/21 Actual	FY20/21 Budget	FY21/22 Actual	FY21/22 Budget	FY22/23 Actual	FY22/23 Budget	FY23/24 Actual	FY23/24 Budget	FY24/25 Actual	FY24/25 Budget	TOTAL ACTUALS	TOTAL BUDGETS	FY25/26 Forecast
Materials and Contracts	30,000	674,000	729,906	2,450,000	494,329	931,383	1,032,191	1,312,113	1,274,509	1,562,000	4,902,935	6,929,496	1,342,000
Employee Costs	9,000		1,005,411		1,043,675	1,027,545	729,249	1,106,862	531,455	599,409	3,931,531	2,733,816	612,742
Total	39,000	674,000	1,735,317	2,450,000	1,538,004	1,958,928	1,761,440	2,418,974	1,805,964	2,161,409	6,879,725	9,663,312	1,954,742
Total Surplus/Deficit		635,000		714,683		420,924		657,534		355,445		2,783,587	

The total cost of the ERP program across all phases, including actuals to date and forecasted spend, is projected at \$9.118M. This includes:

- 4 years implementation costs to date \$6.879M
 - 2025-2026 Phase 2 Optimisation forecast inc SaaS \$1.898M
 - Variation approvals requested of Council (V10-V14) \$0.341M
- Total \$9.118M

The draft annual budget 2025-2026 made provision of \$1,924,751 to support delivery of the ERP Phase Optimisation program, including modules, vendor consulting, and internal staff resourcing. Of the \$355K 2024-2025 project surplus, it is requested that \$284K is carried over to meet project funding requirements.

The Enterprise Asset Management (EAM), Strategic Asset Management (SAM), and Digital Experience Platform (DXP) modules are delivered under a Software-as-a-Service (SaaS) model. The implementation costs associated with these modules are incorporated into the annual SaaS subscription fees and are therefore treated as operational expenditure (OPEX). These costs are not capitalised and are recognised as recurring operating expenses in line with the approved SaaS funding approach.

STRATEGIC SUSTAINABILITY IMPLICATIONS

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

Our Leadership:

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

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

4.3.1 High-quality and responsive customer service is provided.

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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

Corporate Business Plan

The following actions of the Town's Corporate Business Plan 2023-2027 apply in relation to this item:

Our Corporate Services:

Governance and Procurement - Provide high standards of governance and leadership.

Financial Management and Rates - Financial management services compliant with legislation to enable the Town to sustainably provide services to the community.

Information Communications Technology - To provide a reliable and cost-effective Information Communications Technology (ICT) solution that meets users' needs.

Records Management - Records managed effectively in accordance with the State Records Act.

Strategic and Corporate Planning - Planning for the future (Integrated Planning and Reporting): community vision, clear strategic direction and financial sustainability.

Audit and Risk Management - Committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

Customer Service - High quality and responsive customer service is provided.

Our Infrastructure Services:

Projects and Assets - Effective and efficient project and asset management.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Operational Project
Risk Category	Financial Service Interruption
Cause	Resource demands
Effect	Organisational capacity and service delivery
Risk Treatment	Additional resources and effective project management
There is both a Project and Operational risk associated with this item caused by the need to manage resource demands and meet task milestones, leading to increased workload which impacts day to day service delivery. The risk rating is considered to be Medium (9) which is determined by a likelihood of Possible (3) and a consequence of Moderate (3). This risk will be accepted through effective project management and oversight reporting.	

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Do not adopt officer’s recommendation

CONCLUSION

The Town of Port Hedland Enterprise Resource Planning Implementation Project integrates several Corporate Business Plan initiatives and strategies, including the Digital Road Map, Customer Service Strategy and Asset Management.

A forward program of works to implement core modules and then achieve optimal effectiveness of the system has been established with a 12-month timeframe remaining.

ATTACHMENTS

1. CONFIDENTIAL - ERP Project Review v 2 [**12.4.1** - 5 pages]
2. CONFIDENTIAL - ERP - PCG - Attachment 2 [**12.4.2** - 2 pages]

12.5 Public Interest Disclosure Policies & Procedures Review**Author:** Senior Governance Advisor**Authorising Officer:** Manager Governance**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.**OFFICER'S RECOMMENDATION**

That the Audit, Risk and Compliance Committee notes the updated Policy 1/023 'Public Interest Disclosure Policy' as per Attachment 1 and the updated IOP.

SIMPLE MAJORITY VOTE REQUIRED

ARC202526/006 ALTERNATE COMMITTEE DECISION**MOVED:** Cr Camilo Blanco**SECONDED:** Cr Lorraine Butson**That the Audit, Risk and Compliance Committee:**

- 1. Notes the updated Policy 1/023 'Public Interest Disclosure Policy' as per Attachment 1 and the updated IOP.**
- 2. Requests further clarification be provided to the ARC Committee in relation to 2.2 and 4.3.**

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

PURPOSE

The purpose of this report is for Council to note 1/023 'Public Interest Disclosure Policy' and the updated IOP.

DETAIL

Policies are adopted by Council and establish guidelines or provide direction for the Town of Port Hedland's (Town) activities and actions. Policies are defined as the principles and intent behind the programs that a local government implements. A policy can also be a general plan or approach to a specific need, problem or issue.

The Public Interest Disclosure Act 2003 (PID Act) applies to public authorities as defined by s.3 of that Act. Public authorities include Local Government. The PID Act aims to ensure openness and accountability in government by encouraging people to speak up about public interest information without the fear of reprisal. The PID Act provides a system for matters disclosed to be investigated and for appropriate action to be taken.

The Town of Port Hedland's Policy 1/023 'Public Interest Disclosure Policy' was amended and passed for resolution at the 28 May 2025 OCM in accordance with the Public Sector Commission's policy and procedures template to ensure the policy is relevant and up to date.

The Policy has been simplified and the IOP now reflects the process details per guidance material from the Public Sector Commission and the Town's 1/001 Council Policy Framework.

The review of the PID Policy is a task identified in the ARC Committee Annual Work Plan. The purpose of this report is to note the Policy review has been completed by the Council, the IOP provides sufficient guidance per the Public Sector Commission and the updated Policy and IOP are readily accessible on the Town's website and Intranet.

LEVEL OF SIGNIFICANCE

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

CONSULTATION

Internal

- ELT

External Agencies

- Public Sector Commission

Community

Nil

LEGISLATION AND POLICY CONSIDERATIONS

- Town of Port Hedland PID Fact Sheet
- AS 8004–2003 (Whistleblower Protection Programs for Entities)
- AS 8001–2008 (Fraud and Corruption Control)
- Public Interest Disclosure Act 2003
- Public Interest Disclosure Regulations 2003

- Corruption, Crime and Misconduct Act 2003
- Public Sector Commission Website
- Parliamentary Commissioner Act 1971

FINANCE AND RESOURCE IMPLICATIONS

Nil.

STRATEGIC SUSTAINABILITY IMPLICATIONS

The following sections of the Town's Strategic Community Plan is applicable in the consideration of this item:

2.3.2 Red tape for business is minimised through review and reform of relevant policies and by-laws

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

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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

•*Outcome 3 – Information*

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2023-2027 apply in relation to this item:

Our Corporate Services:

Governance and Procurement - Provide high standards of governance and leadership.

RISK MANAGEMENT CONSIDERATIONS

There is a reputational risk associated with this item, as it may be perceived that the Town's policies are outdated and do not reflect the Town's current practices. The risk rating is considered to be low (3), which is determined by a likelihood of possible (3) and a consequence of insignificant (1).

Risk Type	Operational
Risk Category	Compliance
Cause	Failure to implement the right policy and procedure
Effect	Non-compliance with industry best practice.
Risk Treatment	The risk will be mitigated by ensuring officers follow the PID Policy and IOP.
There is a compliance risk associated with this item because failure to implement the right procedure will result in non-compliance with industry best practice. The risk rating is considered to be Low (3) which is determined by a likelihood of Possible (3) and a consequence of Insignificant (1). This risk will be avoided by ensuring officers follow the PID Policy and IOP.	

OPTIONS

- Option 1 – Adopt officer's recommendation
- Option 2 – Amend officer's recommendation
- Option 3 – Do not adopt officer's recommendation

CONCLUSION

Council are required to regularly review its policies and remain compliant with external authorities to ensure they are relevant, up to date and meet the needs of Council and the community. It is recommended that the Audit, Risk & Compliance Committee note the updated Policy 1/023 Public Interest Disclosure to ensure cohesiveness with the governance framework.

ATTACHMENTS

1. 1023- Public- Interest- Disclosure [**12.5.1** - 4 pages]
2. CONFIDENTIAL - GOV 026 Public Interest Disclosure Procedures [**12.5.2** - 12 pages]

12.6 Quarterly Risk Report**Author:** Acting Senior Audit, Risk & Insurance Advisor**Authorising Officer:** Manager Governance**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.**ARC202526/007 COMMITTEE DECISION****MOVED:** Deputy Mayor Ash Christensen **SECONDED:** Cr Lorraine Butson**That the Audit, Risk and Compliance Committee receives the Quarterly Risk Report.*****CARRIED BY SIMPLE MAJORITY (3/0)****For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil***PURPOSE**

This report provides the Audit, Risk and Compliance Committee (ARC Committee) with an update on the Town's risk management activities.

DETAIL

The Town's Risk Management Policy, along with the Risk Management Framework (RMF), outlines the approach for identifying, assessing, managing, and monitoring risks.

Implemented in early 2024, the Town's risk management system captures a comprehensive register of risks at the strategic and operational levels.

The Camms software is used to record the details of risk. The software is also used to monitor the status of the risks.

Risk owners are expected to update their risks periodically in line with RMF requirements.

Risk data in Camms continues to be refined and improved with each quarterly review.

Overview of Risk Assessment Process

1. Inherent Risk Assessment – This involves evaluating the risk against the Town's Risk Assessment and Acceptance Criteria, focusing solely on the raw potential impact and likelihood, independent of any existing controls.

2. Residual Risk Assessment – This assessment considers all existing controls and mitigation measures, providing a realistic depiction of the actual risk exposure faced by the Town after controls are implemented.
3. Forecast/Future Risk Assessment – If the residual risk exceeds the acceptable threshold, potential treatment plans are considered to further mitigate the risk. Some risks may remain beyond acceptable levels despite efforts; these require rigorous monitoring and review.

Strategic risks

The strategic risks are directly linked to the Town's strategic objectives and are influenced by the external context (e.g., regulatory changes) as well as internal factors like strategic decisions and resource allocation. Strategic risks are managed at Executive Leadership Team (ELT) level.

Since the last update to the ARC Committee, the ELT reviewed the strategic risks, including a review of the risk ratings and controls.

The strategic risks are presented in Attachment 1.

Next steps:

A risk workshop has been scheduled which will include:

- Review of the Risk Appetite Statement;
- Review of the strategic risks including alignment with strategic objectives and the Risk Appetite Statement; and
- Consideration of any new risks.

Operational risks

The operational risks are often integral to the daily functioning of the Town. They can be influenced by the external and internal context, including factors like operational processes, employee actions, and external conditions. Operational risks are managed at Strategic Leadership Team level.

Since the last update to the ARC Committee, risk and control owners have completed a review of the operational risks. The database has also been updated to include risks for the Infrastructure Projects and Assets business unit.

The operational risks with high and extreme residual risk ratings are summarised in Attachment 2.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is of medium significance. It is likely that the community expects the ARC Committee to be well informed about the significant risks facing the Town. Additionally, there is an implicit expectation that the ARC Committee is knowledgeable about the strategies implemented to mitigate these risks, especially concerning the Town's financial stability, ability to deliver essential services, preservation of its reputation, and other critical aspects affecting the community's well-being.

CONSULTATION

Internal

- Strategic Leadership Team
- Executive Leadership Team

External Agencies

Nil

Community

Nil

LEGISLATION AND POLICY CONSIDERATIONS

- AS ISO31000:2018 Risk Management

FINANCE AND RESOURCE IMPLICATIONS

Certain risks outlined in the Risk Register could potentially have financial implications for the Town should they materialise. These specific risks and their corresponding financial implications have been thoroughly documented within the Risk Register.

STRATEGIC SUSTAINABILITY IMPLICATIONS

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

Our Leadership:

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

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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

Corporate Business Plan

The following action of the Town's Corporate Business Plan 2023-2027 apply in relation to this item:

Our Corporate Services:

Audit and Risk Management - Committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Operational
Risk Category	Service Interruption
Cause	Failure to routinely review and update risk assessments
Effect	Implementation of inappropriate or ineffective risk mitigation measures, leaving the organisation vulnerable to potential threats and decreasing responsiveness to emerging risks.
Risk Treatment	Accept with existing controls.
There is a service interruption risk associated with this item caused by failure to periodically review and update risk assessments and perpetuation of outdated risks within the register. This could lead to implementation of inappropriate or ineffective risk mitigation measures, leaving the organisation vulnerable to potential threats and decreased responsiveness to emerging risks, hindering the organisation's ability to proactively identify and address emerging risks, increasing the likelihood of unexpected disruptions. The risk rating is considered Medium (9) determined by a likelihood of Possible (3) and a consequence of Moderate (3). This risk will be accepted, considering existing controls are functional, including: • Training is provided to risk owners. • Reminders are sent to risk owners who have not completed their risk reviews within the specified timeframe.	

OPTIONS

- Option 1 – Adopt officer’s recommendation
- Option 2 – Amend officer’s recommendation
- Option 3 – Do not adopt officer’s recommendation

CONCLUSION

This report provides the ARC Committee with an update on the Town's Risk Management progress. Through the newly introduced standing report, the ARC Committee gains insight into current and emerging risks, guided by the Risk Management Policy and Framework.

ATTACHMENTS

1. CONFIDENTIAL - 20250721 Risk Heatmap Report Strategic risks - Attachment 1 [12.6.1 - 20 pages]
2. CONFIDENTIAL - 20250721 Operational Risk Register _ Residual High and Extreme - Attachment 2 [12.6.2 - 1 page]

13 Motions of Which Previous Notice have been given

Nil.

14 New Business of an Urgent Nature (Late Items)

Nil

15 Matters for Which Meeting May be Closed (Confidential Matters)**ARC202526/008 COMMITTEE DECISION****MOVED: Cr Lorraine Butson****SECONDED: Deputy Mayor Ash Christensen**

That the Audit, Risk & Compliance Committee close the meeting to members of the public as prescribed in section 5.23(2) of the Local Government Act 1995, to consider item 15.1.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

The Presiding Member declared the meeting closed to the public at 6:27pm.

15.1	Town Debtors
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ARC202526/009 COMMITTEE DECISION**MOVED: Cr Lorraine Butson****SECONDED: Deputy Mayor Ash Christensen**

That the Audit, Risk & Compliance Committee receives the report on Town Debt.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

ARC202526/010 COMMITTEE DECISION**MOVED: Deputy Mayor Ash Christensen SECONDED: Cr Lorraine Butson**

That the Audit, Risk & Compliance Committee endorses the recovery action by way of seeking a vesting order on 12 Chunking Crescent South Hedland and advises the State Solicitors Office of this intention.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

ARC202526/011 COMMITTEE DECISION**MOVED: Deputy Mayor Ash Christensen SECONDED: Cr Lorraine Butson**

That the Audit, Risk & Compliance Committee open the meeting to members of the public.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Cr Camilo Blanco, Deputy Mayor Ash Christensen and Cr Lorraine Butson
Against: Nil

The Presiding Member declared the meeting open to the Public at 6:37pm.

16 Closure**16.1 Date of Next Meeting**

The next Audit, Risk and Compliance Committee Meeting will be held on Tuesday 25 November 2025, commencing at 5:30pm.

16.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 6:40pm.



TOWN OF PORT HEDLAND

AUDIT, RISK AND COMPLIANCE COMMITTEE

TERMS OF REFERENCE

1. Purpose of the Terms of Reference

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

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

2. Establishment and Appointment

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

3. Role

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

4. Objectives

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

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

- 4.1 The scope of work, objectivity, performance and independence of the external auditor.
- 4.2 The integrity of internal and external financial reporting, including accounting policies.

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

5. Authority and Independence

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

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

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

6. Membership

Composition

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

Term

- 6.4 In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:
- a) the term of the person's appointment as a committee member expires; or
 - b) the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or
 - c) the committee is disbanded; or
 - d) the next ordinary elections day

Appointment

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

Skills and Experience

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

Declaration of an Interest

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

Resignation from the Committee

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

Management excluded from membership

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

Management attendance

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

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

7. Meetings

7.1 The Committee shall meet at least quarterly.

7.2 The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.

7.3 The Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the Act.

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

7.5 Meeting attendance is subject to Electronic Meetings and Electronic Attendance Policy 4/011.

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

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

- 7.8 The Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, which covers the responsibilities outlined in this terms of reference.
- 7.9 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 7.10 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 7.11 Pursuant to Regulation 13 of the *Local Government (Administration) Regulations 1996*, the unconfirmed minutes of the Committee meeting will be published within 7 days after the meeting is held.
- 7.12 Voting is in accordance with Section 5.21 of the Act.

8. Responsibilities

The Committee will fulfill the following responsibilities:

Risk Management

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

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

Internal Control and Internal Audit

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

Financial Reporting

- 8.11 Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- 8.12 Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.
- 8.13 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Compliance Committee under the Australian Auditing Standards, and suggest improvements if required.

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

Compliance

- 8.15 Review and suggest improvements to the systems and processes to monitor effectiveness of the system for monitoring compliance with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 8.16 Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to these findings.
- 8.17 Obtain regular updates from management about compliance matters.
- 8.18 Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.

External Audit

- 8.19 Meet with the Office of the Auditor General to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).
- 8.20 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.
- 8.21 Provide an opportunity for the ARC Committee to meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.
- 8.22 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.
- 8.23 Monitor management's implementation of external audit recommendations.

Reporting

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

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

Other Responsibilities

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

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

9. Definitions

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

10. Version Control

Version	Meeting
V1	<i>Adopted by Council at its Ordinary Meeting held 16 November 2011.</i>
V2	<i>Amended by Council at its Ordinary Meeting held 23 October 2013.</i>
V3	<i>Amended by Council at its Ordinary Meeting held on 11 December 2013.</i>
V4	<i>Amended by Council at its Ordinary Meeting held on 27 May 2015.</i>
V5	<i>Amended by Council at its Ordinary Meeting held on 28 October 2015.</i>
V6	<i>Amended by Council at its Ordinary Meeting held on 22 June 2016.</i>

V7	<i>Amended by Council at its Ordinary Meeting held on 24 May 2017.</i>
V8	<i>Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.</i>
V9	<i>Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.</i>
V10	<i>Amended by Council at its Ordinary Meeting held on 23 September 2020.</i>
V11	<i>Amended by Council at its Ordinary Meeting held on 7 September 2022.</i>
V12	<i>Amended by Council at its Ordinary Meeting held on 29 May 2024.</i>