



# **MINUTES**

## **Audit, Risk and Compliance Committee Meeting Tuesday 12 March 2024**

**Time: 5:30pm**

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

**Distribution Date: 19 March 2024**

**Presiding Member:**

A handwritten signature in blue ink, written over a horizontal line.

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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 acknowledges 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 (Presiding Member)  
Cr Lorraine Butson  
Cr Tim Turner

*Attendance:* Carl Askew (Chief Executive Officer)  
Steve Leeson (Director Corporate Services)  
Tom Kettle (Manager Governance)  
Kaleena Cruickshank (Manager Financial Services)  
Stephanie Sikaloski (Senior Audit, Risk & Insurance Advisor)  
Jessica Hunt (Audit, Risk & Insurance Support Officer)

Media: 0  
Public: 2

**3.2 Attendance by Telephone / Instantaneous Communications**

Nil.

**3.3 Apologies**

Nil.

**3.4 Approved Leave of Absence**

Nil.

**3.5 Disclosures Of Interest**

Name	Item No	Interest	Nature

**4 Applications for Leave of Absence**

Nil.

**5 Response to Previous Questions****5.1 Response to Questions taken on notice from Elected Member at the Audit, Risk and Compliance Committee Meeting held on 28 November 2023**

Nil.

**5.2 Response to Questions taken on notice from Public at the Audit, Risk and Compliance Committee Meeting held on 28 November 2023**

Nil.

**6 Public Time****6.1 Public Question Time**

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

6.1.1	Jan Gillingham
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**Question 1**

*You have just mentioned this meeting will be audio recorded this evening. In the future, will there be a live stream recording as well, for the general Public of the ARC meetings?*

Cr Blanco provided the following response

Ms. Gillingham, as far back as I can remember we have only done live streams for the Council Meetings and our Policy says it is only required for the Council Meetings, not for the ARC. These policies can change if the Council wishes to do so. If you want that to happen, maybe request to the Council and we could change the Policy.

**Question 2**

*I have been looking in the Terms of References and the attachments and I have noticed that the Terms of Reference to possibly change to 5 members – is that correct? In the Terms that are written in the agenda. 4 Committee Members and, is that correct, a public person too, that would too be advertised?*

Cr Blanco provided the following response

The Terms of Reference have not been adopted yet but there is a suggestion in the terms that there could be up to 5 members. 3 to 5 Council Members and maybe an external member but once the Terms of Reference are adopted, we will have a better understanding of what the Council would want to do with that.

*Yes, I am with that. I want to ask if those terms of Reference are passed, at what stage down the line would they be advertised for and what references would that person need regarding Financial Backgrounds etc.? I guess that would be looked into diligently.*

Cr Blanco provided the following response

We will be looking into that as soon as the Terms of Reference are accepted. And then the staff will move to find somebody if that is how the Council wants to go.

*I also want to add to that if I may for that question, are other Councillors asked to be proxies, given there is such a small membership, other proxies would be included in the Terms of Reference, is that something which the other Councillors would think of doing?*

Cr Blanco provided the following response

We will be looking at applying proxies to members that cannot attend the meeting, so the meetings can continue, and we do have a quorum for the meetings.

### ***Question 3***

*3. My last question is as the ARC Committee has the right to review and endorse the Town's reports, why is it then that these Financial Reports being presented tonight and also in tomorrow evening's Special Council Meeting of finances. Why are these not held off because your Auditor's Reports are still being delayed. There has been a big delay and so, why are they being presented so far when you need to have an Auditor's Report, I believe it has not come through yet?*

Cr Blanco provided the following response

Some of the items that are on tonight's agenda require the input of the Auditor's Report. It does state in the document that we do not have the Auditor's Report yet and we have been told that it is coming hopefully, I can pass that over to the CEO because we have been told a few things so maybe the CEO can answer on when we will get those reports.

The Chief Executive Officer provided the following response

Thank you Chair. Sadly, I cannot give you a definitive date, Ms. Gillingham, but we expect them very soon.

**The Presiding Member declared Public Question Time closed at 5:40pm.**

## **6.2 Public Statement Time**

Nil.

**The Presiding Member declared Public Statement Time open at 5:40pm**

Nil.

**The Presiding Member declared Public Statement Time closed at 5:40pm.**

## **6.3 Petitions / Deputations / Presentations / Submissions**

Nil.

## **7 Questions from Members without Notice**

## 8 Announcements by Presiding Member without Discussion

Normally with the ARC we don't get any members of the Public here, the Public Gallery is barren, so thanks for coming down, our only 2 Members of the Public. Hopefully, Members of the public take an interest in the finances of the Town because it's the most important thing. Without money, we can't do anything. We have a responsibility to keep an eye on the Town's expenditure and what we're doing and Members of the Public need to critique the Council and the administration to ensure that we're heading in the right direction, so thanks for coming down, that's great.

## 9 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 had given due consideration to all matters contained in the agenda.

Cr Camilo Blanco  
Cr Lorraine Butson  
Cr Tim Turner

## 10 Confirmation of Minutes of Previous Meeting

### **ARC202324/012 COUNCIL DECISION**

**MOVED: Cr Tim Turner**

**SECONDED: Cr Lorraine Butson**

**That Committee Members confirm that the Minutes of the Audit, Risk and Compliance Committee Meeting held on 28 November 2023 are a true and correct record.**

***CARRIED BY SIMPLE MAJORITY (3/0)***

*For: Cr Camilo Blanco, Cr Lorraine Butson and Cr Tim Turner*  
*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.*



**11 Reports of Officers**

<b>11.1</b>	<b>Audit, Risk and Compliance Committee - Amended Terms of Reference</b>
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**Author:** **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.

**OFFICER'S RECOMMENDATION**

**MOVED:** Cr Tim Turner

**SECONDED:**

**That the Audit, Risk and Compliance Committee:**

- 1. Endorse the amended Audit, Risk and Compliance Committee Terms of Reference, as per Attachment 2; and**
- 2. Recommend Council adopt the amended Audit, Risk and Compliance Committee Terms of Reference.**

***THE MOTION LAPSED FOR WANT OF A SECONDER***

**PURPOSE**

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to endorse the amended ARC Committee Terms of Reference (TOR) and recommend that Council adopt the same.

**DETAIL**

In accordance with Section 7 of the *Local Government Act 1995* (the Act), an Audit Committee is to be established to offer guidance and assistance to the local government, operating with accountability to the Council.

The ARC Committee Terms of Reference were initially adopted by the Council in November 2011, and the most recent review occurred in September 2022. These TOR delineate the Committee's purpose, authority, membership, functions, reporting requirements, and responsibilities.

As stipulated in clause 8.2 of the TOR (Version 11), the Committee requests the Chief Executive Officer to review the TOR after an election. Any proposed changes necessitate Council approval, with consideration given to ensuring appropriate disclosures as mandated by legislation or regulation.

Attachment 2 highlights all modifications to the current TOR through track changes, providing a transparent and accessible overview of the amendments made.

Notable amendments to the TOR include:

- The incorporation of a provision allowing a proxy to attend meetings should a committee member be unavailable. This addition serves to ensure seamless continuity in the Committee's proceedings.
- The Authority and Independence section has been restructured to align with the Town's Register of Delegated Authority – Statutory, thereby enhancing clarity and conformity.
- The composition was revised to include at least three members and a maximum of five members, with emphasis on having at least one independent member when feasible.
- Guidelines pertaining to Committee member resignations. This inclusion facilitates a structured and transparent process for resignations, contributing to the effective functioning of the Committee.

Another noteworthy aspect of the amendments is the overarching effort to streamline and simplify the document. The Council continues its commitment to promoting transparency, efficiency, and accountability within the ARC Committee through these refined and purposeful amendments.

## **LEVEL OF SIGNIFICANCE**

In accordance with Policy 4/009 'Significant Decision Making', this matter is of low significance because the amendments introduced to the ARC Committee Terms of Reference, as part of the review process, are not anticipated to yield any financial implications for the Town or result in social, economic, or environmental impacts for the community.

## **CONSULTATION**

### *Internal*

- Director Corporate Services
- Manager Governance
- ARC Committee

### *External Agencies*

- Consultant

### *Community*

- Nil

**LEGISLATION AND POLICY CONSIDERATIONS**

- *Local Government Act 1995*
- *Local Government (Administration) Regulations 1996*
- *Local Government (Audit) Regulations 1996*

**FINANCE AND RESOURCE IMPLICATIONS**

- There are no financial implications associated with this item. Moreover, it is important to emphasise that the ARC Committee does not hold any financial delegation.

**STRATEGIC SUSTAINABILITY IMPLICATIONS**

The following sections of the Town's Strategic Community Plan 2018-2028 are 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.

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**

<b>Risk Type</b>	Operational
<b>Risk Category</b>	Service Interruption
<b>Cause</b>	Terms of reference not endorsed
<b>Effect</b>	Without clear terms of reference endorsed by the ARC Committee, there may be a lack of clear guidance on its scope, responsibilities, and objectives, leading to inefficiencies or oversight gaps in the meeting process.
<b>Risk Treatment</b>	Workshop with the ARC Committee to offer education and resources on the rationale behind the structure of the Terms of Reference and recent legislative changes pertaining to Audit Committees over the last few years.
<p>Failure by the Committee to endorse the amended TOR poses a risk of service interruption, potentially resulting in unclear guidelines regarding their scope, responsibilities, and objectives. This could lead to inefficiencies, oversight gaps in meetings, and operational disruptions.</p> <p>The risk rating is medium (6) which is determined by a likelihood of possible (3) and a consequence of minor (2).</p> <p>This risk will be mitigated by the Committee's endorsement of the amended TOR.</p>	

  

<b>Risk Type</b>	Operational
<b>Risk Category</b>	Compliance
<b>Cause</b>	ARC Committee request further amendments to TOR
<b>Effect</b>	If the ARC Committee declines to endorse the Terms of Reference and requests additional amendments, there is a possibility that the Terms of Reference may not align with the legislative framework.
<b>Risk Treatment</b>	Workshop with the ARC Committee to offer education and resources on the rationale behind the structure of the Terms of Reference and recent legislative changes pertaining to Audit Committees over the last few years.
<p>Failure by the Committee to endorse the amended TOR poses a compliance risk as the recommended TOR are compliant with the legislative framework. Further amendments to the TOR could lead to non-compliance with the legislative framework.</p> <p>The risk rating is medium (9) which is determined by a likelihood of possible (3) and a consequence of moderate (3).</p> <p>This risk will be mitigated by the Committee's endorsement of the amended TOR.</p>	

**OPTIONS**

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

**CONCLUSION**

In conclusion, this report is intended to guide the Committee in endorsing the revised ARC Committee Terms of Reference (TOR) and recommending the Council's adoption. The thorough review aligns with the *Local Government Act 1995*, ensuring clarity on the Committee's purpose and responsibilities. Noteworthy amendments, such as proxy provisions and streamlined documentation, enhance operational efficiency. The commitment to transparency, efficiency, and accountability is evident in the strategic considerations outlined. Despite the low significance of this item, proactive risk management measures are critical for mitigating potential compliance risks. The Committee's endorsement of the amended TOR is essential for maintaining strategic objectives and regulatory adherence. The TOR is intended to help Committee members fulfill their obligations in line with the Act and supporting regulations.

**ATTACHMENTS**

1. 20240306 Audit, Risk and Compliance Committee Terms of Reference No Track Changes [**11.1.1** - 8 pages]
2. 20240306 Audit, Risk and Compliance Committee Terms of Reference With Track Changes [**11.1.2** - 12 pages]

**11.2 2023 Compliance Audit Return****Author:** 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.**OFFICER'S RECOMMENDATION****MOVED:** Cr Tim Turner**SECONDED:****That the Audit, Risk and Compliance Committee:**

- 1. Notes the outcome of the 2023 Compliance Audit Return;**
- 2. Notes the actions the Town will undertake to ensure future compliance;**
- 3. Recommends Council adopt the 2023 Compliance Audit Return; and**
- 4. Recommends Council authorise the Mayor and Chief Executive Officer to sign and submit the Town's Compliance Audit Return 2023 to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.**

***THE MOTION LAPSED FOR WANT OF A SECONDER*****PURPOSE**

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to consider the Town's 2023 Compliance Audit Return (CAR).

**DETAIL**

Annually, every Local Government Authority in Western Australia is required to perform a compliance audit for the preceding calendar year and submit the results to the Department of Local Government, Sport, and Cultural Industries (DLGSC) by March 31. The Compliance Audit Return (CAR) is a self-assessment tool that assesses the local government's compliance with the *Local Government Act 1995* and its subsidiary regulations.

The ARC Committee is required to review the CAR, present its findings to Council for adoption, and recommend the Council authorise the Mayor and Chief Executive Officer sign and submit the CAR to the DLGSC by the statutory deadline of 31 March 2024.

The CAR serves as a tool used by the DLGSC to assess the operational compliance of local governments during the previous calendar year. Areas of identified non-

compliance offer valuable insights, guiding officers in reviewing processes to enhance compliance standards.

#### Evidence based approach

The Town used an evidence-based methodology to complete the 2023 CAR. Management were assigned the responsibility of addressing questions pertaining to their specific business units. Following the receipt of their responses, the Audit, Risk, and Insurance business unit requested sample evidence to verify the accuracy of the provided information. The sample evidence was cited and validated to ensure the accuracy of the responses.

Where a question inquired if a document had been uploaded to the website as mandated by statutory requirements, the Audit, Risk, and Insurance business unit confirmed and validated that the Town had indeed fulfilled this obligation.

#### Analysis of compliance

For the 2023 calendar year, the Town of Port Hedland attained a compliance rate of 93%, inclusive of all 'Yes' and 'N/A' responses.

A summary of the 2023 CAR results are as follows:

Category	Yes	N/A	No	Total
Commercial Enterprises by Local Governments	5			<b>5</b>
Delegation of Power/Duty	11		2	<b>13</b>
Disclosure of Interest	15	3	3	<b>21</b>
Disposal of Property	2			<b>2</b>
Elections		3		<b>3</b>
Finance	2	4	1	<b>7</b>
Integrated Planning and Reporting	3			<b>3</b>
Local Government Employees	2	3		<b>5</b>
Official Conduct	4			<b>4</b>
Optional Questions	8		1	<b>9</b>
Tenders for Providing Goods and Services	19	3		<b>22</b>
<b>Total</b>	<b>71</b>	<b>16</b>	<b>7</b>	<b>94</b>

#### Analysis of non-compliance

There were 7 instances of non-compliance for the 2023 calendar year.

The Town intends to address non-compliances over the 2024 calendar year. The CAR will be integrated into the compliance management system and responsible officers will be expected to provide routine updates.

Category	Reference	Question	Comments
Delegation of Power/Duty #5	s5.18	Has Council reviewed delegations to its committees in the 2022/2023 financial year?	The 2023/24 Delegation Review went to the 30 August 2023 OCM, which resulted in an absolute majority council decision. CM202324/118.
Delegation of Power/Duty #12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	The 2023/24 Delegation Review went to the 30 August 2023 OCM, which resulted in an absolute majority council decision. CM202324/118.
Disclosure of Interest #4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Not all primary returns were lodged within three months of the relevant person's start date. All but 1 have subsequently been provided to the Town. The employee who did not lodge their return is no longer employed at the Town.
Disclosure of Interest #5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	There were 7 outstanding annual returns. The employees are no longer employed at the Town.
Disclosure of Interest #9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	This register is maintained by Governance regularly. However, it contains details of people who are no longer required to lodge a return.
Finance #3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	The OAG and RSM as auditors have not completed their reports as of 31 December 2023.
Optional Questions #7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	The Town maintains a Councillor Training Register; however, the Register was not uploaded to the Town's website in 2023. The register was uploaded to the website in February 2024.



## LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to the potential consequences resulting from non-compliance, the potential impact on the Town's service delivery capabilities, the potential effect on the Town's reputation, and the general interest shown by the community in the compliance of the Town's business operations.

## CONSULTATION

### *Internal*

- Executive Leadership Team
- Manager Planning & Economic Development
- Manager Governance
- Principal HR Operations
- Senior Economic Development Officer
- Senior Corporate Performance Advisor
- Senior Procurement & Contracting Advisor
- Governance Advisor
- Coordinator Property Management

### *External Agencies*

- Western Australian Local Government Association (WALGA)

### *Community*

- Nil

## LEGISLATION AND POLICY CONSIDERATIONS

Regulation 14 of the Local Government (Audit) Regulations 1996 (Audit Regulations) requires that a CAR be completed and submitted to the Department by 31 March 2024.

### *14. Compliance audits by local governments*

*(1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*

*(2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*

*(3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*

*(3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*

*(a) presented to the council at a meeting of the council; and*

*(b) adopted by the council; and*

*(c) recorded in the minutes of the meeting at which it is adopted.*

Regulation 15 of the Audit Regulations requires a joint certification to be completed by the Mayor and Chief Executive Officer. The document is to be forwarded to the Department via its online portal.

*15. Certified copy of compliance audit return and other documents to be given to Departmental CEO*

(1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with

(a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and

(b) any additional information explaining or qualifying the compliance audit,

is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.

(2) In this regulation — certified in relation to a compliance audit return means signed by —

(a) the mayor or president; and

(b) the CEO.

## **FINANCE AND RESOURCE IMPLICATIONS**

There are no financial implications related to 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

<b>Risk Type</b>	Operational
<b>Risk Category</b>	Compliance
<b>Cause</b>	ARC Committee failing to reach a resolution to recommend Council's adoption of the 2023 CAR.
<b>Effect</b>	Non-compliance with Regulation 15 of the Local Government (Audit) Regulations 1996, which requires the Town to submit its CAR to the DLGSC by March 31.
<b>Risk Treatment</b>	<ul style="list-style-type: none"> <li>An analysis of non-compliance has been conducted, and strategies for improvement will be discussed with the Executive Leadership Team and individual business units to enhance compliance in the 2024 Calendar Year.</li> <li>The ARC Committee has received detailed commentary on each non-compliance to provide context.</li> <li>To mitigate the risk, it is essential for the ARC Committee to reach a resolution recommending the Council's adoption.</li> </ul>
<p>There is a compliance risk associated with this item if the ARC Committee fails to reach a resolution to recommend Council's adoption of the 2023 CAR. Such an outcome could result in non-compliance with Regulation 15 of the Local Government (Audit) Regulations 1996, which requires the Town to submit its CAR to the DLGSC by March 31.</p> <p>The risk rating is considered Medium (6) determined by a likelihood of Possible (3) and a result of Minor (2).</p> <p>This risk will be mitigated by the ARC Committee resolving to recommend Council's adoption of the 2023 CAR.</p>	

## OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation

**CONCLUSION**

The CAR is an obligatory requirement imposed on all local governments for statutory compliance. It serves as a tool for the Town to assess its procedures, ascertain compliance, and relay the review outcomes to the DLGSC. The ARC Committee is advised to recommend that Council adopt the 2023 CAR.

**ATTACHMENTS**

1. 20240226 Compliance Audit Return 2023 [**11.2.1** - 12 pages]

**11.3 Risk Register Review****Author:** 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.**ARC202324/013 COMMITTEE DECISION****MOVED:** Cr Lorraine Butson**SECONDED:** Cr Tim Turner**That the Audit, Risk and Compliance Committee receives the Quarterly Risk Report.*****CARRIED BY SIMPLE MAJORITY (3/0)****For: Cr Camilo Blanco, Cr Lorraine Butson and Cr Tim Turner**Against: Nil***PURPOSE**

This report provides the Audit, Risk and Compliance Committee (ARC Committee) with an update regarding progress on the Town's Risk Management.

**DETAIL**

The newly introduced standing report aims to offer the ARC Committee a thorough oversight of the Town's risk context, covering both current and emerging risks, and will be presented at all future ARC Committee meetings.

The Town's Risk Management Policy, in conjunction with the Risk Management Framework (RMF) sets out the Town's approach to the identification, assessment, management and monitoring of risks.

The Town implemented its RMF in September 2022, and subsequently underwent a comprehensive review in September 2023 to ensure its continued effectiveness and relevance. The RMF serves as a guiding document and provides detailed specifications regarding the frequency and scope of reporting obligations as specified below:

Operational and Project Risks

Residual Risk Report	Recipient	Reporting Frequency
Extreme	Executive Leadership Team	Fortnightly
	ARC Committee	Quarterly
High	ELT	Monthly
	ARC Committee	Quarterly
Medium	ELT	Annually

Residual Risk Report	Recipient	Reporting Frequency
Low		

The RMF also requires the Town to annually report its strategic risks to the ARC Committee; however, this process is yet to be formalised. Dedicated efforts will be directed towards formulating a succinct and comprehensive list of strategic risks, in collaboration with the Executive Leadership Team. Subsequently, these identified risks will be reported to the ARC Committee in alignment with the guidelines outlined in the RMF.

For a detailed insight, Attachment 1 offers an excerpt from the organisational risk register. This extract has been filtered to specifically include risks necessitating reporting to the Committee, notably those categorised with a residual level of high or extreme. The register includes risks at both project and operational levels.

#### Overview of Risk Assessment Process

1. Risk is assessed at an inherent level – This process involves assessing the level of risk against the Town's Risk Assessment and Acceptance Criteria. This assessment is conducted independently of any existing controls, focusing solely on the raw potential impact and likelihood of the risk eventuating. Essentially, it assesses the level of risk prior to consideration of existing controls.
2. Risk is assessed at residual level – Subsequently, the risk undergoes assessment at the residual level, where it is again measured against the Town's Risk Assessment and Acceptance Criteria. Unlike the inherent assessment, this evaluation considers all existing risk controls and mitigation measures implemented to modify the risk level. By factoring in these controls, a more realistic depiction of the actual risk exposure faced by the Town is obtained. Essentially, the risk is assessed at its level after existing controls have been considered and implemented.
3. Risk is assessed at forecast/future level – In instances where the residual risk level, even after considering existing controls, exceeds the acceptable threshold outlined in the Town's Risk Assessment and Acceptance Criteria, the risk owner must consider potential treatment plans. These plans aim to further modify the risk level to align it with the acceptable criteria. However, it is acknowledged that certain risks may persistently remain beyond acceptable levels despite mitigation efforts. In such cases, rigorous monitoring and review procedures are instituted by the risk owner and the accountable party to ensure ongoing risk management and mitigation.

#### **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*

- Executive Leadership Team
- Senior Leadership Team
- Project Managers

### *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 2018-2028 are/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

<b>Risk Type</b>	Operational
<b>Risk Category</b>	Service Interruption
<b>Cause</b>	Failure to routinely review and update risk assessments
<b>Effect</b>	Outdated risk information and potential service interruptions resulting from poorly managed risks
<b>Risk Treatment</b>	Mitigate
<p>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.</p> <p>The risk rating is considered Medium (9) which is determined by a likelihood of Possible (3) and a consequence of Moderate (3).</p> <p>This risk will be mitigated by:</p> <ul style="list-style-type: none"> <li>• Providing training and raising awareness among employees involved in the risk management process, highlighting the importance of consistently reviewing and revising risk assessments, while offering guidance on identifying and managing outdated risks.</li> <li>• Implementing reminders to be sent to risk owners who have not completed their risk reviews within the specified timeframe. Escalation procedures will be activated in cases where risk owners fail to respond to the reminders.</li> </ul>	

## OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation



**CONCLUSION**

In 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 both current and emerging risks, guided by the Risk Management Policy and Framework. Efforts are underway to formalise reporting on strategic risks.

**ATTACHMENTS**

1. CONFIDENTIAL REDACTED - 20240228 Organisational Risk Register High & Extreme Residual Risks [**11.3.1** - 3 pages]

**11.4 Audit Log Review**

**Author:** **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.

**ARC202324/014 COMMITTEE DECISION**

**MOVED: Cr Lorraine Butson**

**SECONDED: Cr Tim Turner**

**That the Audit, Risk and Compliance Committee receive and note the progress update against the management actions contained within the Internal Audit Log.**

***CARRIED BY SIMPLE MAJORITY (3/0)***

*For: Cr Camilo Blanco, Cr Lorraine Butson and Cr Tim Turner*

*Against: Nil*

**PURPOSE**

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

**DETAIL**

The Internal Audit Log functions as a comprehensive record encompassing all internal audit items owned by the Town. Established in early 2022, 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 Log 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 Log 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.

Timing of review

For clarity, the Audit Log updates provided in this report and its accompanying attachment reflect the status as of February 27, 2024. This review of the Audit Log took place following the completion of Paxon Group's Internal Audit of the Log. Therefore, it's worth noting that while the figures in this report may vary slightly from those in Paxon Group's report, they are accurate representations of the data at the time of reporting.

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

Aggregated analysis of the Audit Log

<b>Action Due</b>	<b>Completed</b>	<b>In progress</b>	<b>Overdue</b>	<b>Total</b>
FY 2020-21	7		2	<b>9</b>
FY 2021-22	19		4	<b>23</b>
FY 2022-23	60		13	<b>73</b>
FY 2023-24	2	8	10	<b>20</b>
FY 2024-25	0	2		<b>2</b>
No due date	3	0	0	<b>3</b>
<b>Total</b>	<b>91</b>	<b>10</b>	<b>29</b>	<b>130</b>

Efforts to manage overdue actions have been undertaken. Accountable Officers have provided updates regarding the tasks and progress to bring the actions to completion. In cases where feasible and reasonably foreseeable, new target completion dates have been mutually agreed upon.

Movements since November 2023 update:

- (+) 8 items completed
- (-) 11 items in progress
- (+) 3 items overdue

Difference between Paxon Group and Internal Audit Log reporting

Paxon Group assesses individual line items to evaluate the progress status as listed in the Internal Audit Log. Previously, the Town administration utilised aggregated reporting methods to assess progress. Although there are 144 lines on the Audit Log, there are only 130 recommendations. Some recommendations include separate management actions or action owners. This process is tabled for improvement as the Town transitions its data into system-based software equipped with automated reporting capabilities.

To maintain alignment with Paxon Group's assessment, a further analysis has been conducted to depict the status of actions within the Audit Log as of February 27, 2024, utilising the line-item approach.

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

#### Non-aggregated analysis of the Audit Log

Action Due	Completed	In progress	Overdue	Total
FY 2020/21	12		3	<b>15</b>
FY 2021/22	22		4	<b>26</b>
FY 2022/23	64		13	<b>77</b>
FY 2023/24	2	8	11	<b>21</b>
FY 2024/25	0	2		<b>2</b>
No due date	3	0	0	<b>3</b>
<b>Total</b>	<b>103</b>	<b>10</b>	<b>31</b>	<b>144</b>

### 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*

- Director Corporate Services
- Accountable Officer's identified in the Audit Log
- Responsible Officer's identified in the Audit Log

#### *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 are/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

<b>Risk Type</b>	Operational
<b>Risk Category</b>	Compliance
<b>Cause</b>	Non-completion of agreed management actions
<b>Effect</b>	Non-compliance with best practice principles, industry standards, legal requirements and compliance guidelines.
<b>Risk Treatment</b>	Audit Log is sent to officer's quarterly to remind them of any outstanding items they have to complete. Moving forward, outstanding actions will be escalated to the Director.

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 will be reduced through regular communication with responsible and accountable officers and escalation of outstanding actions to the Director.

## **OPTIONS**

Option 1 – Adopt officer’s recommendation

Option 2 – Amend officer’s recommendation

Option 3 – Do not adopt officer’s recommendation

## **CONCLUSION**

It is recommended the ARC Committee receive and acknowledge the progress update on the management actions outlined in the Internal Audit Log. By monitoring these actions through reporting, the ARC Committee contributes to improving organisational accountability and transparency.

## **ATTACHMENTS**

1. CONFIDENTIAL REDACTED - 20240229 Audit Log Final [**11.4.1** - 40 pages]

<b>11.5</b>	<b>Strategic Internal Audit Plan - 2023-24 Review 1 - Audit Log</b>
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**Author:** **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.

**ARC202324/015 COMMITTEE DECISION**

**MOVED: Cr Lorraine Butson**

**SECONDED: Cr Tim Turner**

**That the Audit, Risk and Compliance Committee receive and note the 2023-24 Financial Year Internal Audit Report of the Internal Audit Log, as per Attachment 1.**

***CARRIED BY SIMPLE MAJORITY (3/0)***

*For: Cr Camilo Blanco, Cr Lorraine Butson and Cr Tim Turner*  
*Against: Nil*

**PURPOSE**

This report is to inform the Audit, Risk, and Compliance Committee (ARC Committee) about the findings of the 2023-24 Financial Year Internal Audit Report regarding the Internal Audit Log. It is important to note that this Item relates to Item 11.4. It is an independent confirmation that items in the Audit Log and verified by management are complete, ensuring effective risk mitigation.

The agreed-upon management actions will be documented in the Audit Log, and the ARC Committee will receive routine progress updates on the Town's implementation of the recommended measures.

**DETAIL**

Paxon Group were awarded the contract by the Town to deliver the 3-Year Strategic Internal Audit Plan – FY2023-24 to FY2025-26 on 09 May 2023. Following the engagement, Paxon Group prepared a Strategic Three (3) Year Rolling and Annual Internal Audit Plan (Internal Audit Plan) that was considered and adopted by the ARC Committee on 08 August 2023 (Committee Decision: ARC202324/004).

In accordance with the Internal Audit Plan, Paxon Group were tasked to conduct an internal audit of the Town's Internal Audit Log. The review's objective was to report

to management and the ARC Committee assessing whether risks previously raised by assurance providers have been appropriately remediated by management on a timely basis.

#### Analysis of completed audit items

In total there were 144 actions within the Audit Log at the commencement of this exercise. Management certified that 98 had been completed and 46 were uncompleted. Substantial effort has been made by the Town to remediate and provide evidence for 96 of the 98 completed actions. Based upon the work performed by Paxon Group to review this evidence, all 96 have been agreed as completed. The other two actions did not require any action as per the management action plan within the original report as they were documented as completed when initially reported to the Committee (IAP0091 and IAP0092).

#### Analysis of open (non-completed) audit items

<b>Risk Rating</b>	<b>In Progress</b>	<b>Overdue (as of 31/12/2023)</b>	<b>Total</b>
High	1	17	18
Medium	2	12	14
Low	0	2	2
Improvement	0	3	3
No Rating	8	1	9
<b>Total</b>	<b>11</b>	<b>35</b>	<b>46</b>

#### Findings

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

Management has agreed to incorporate external audit items into the Audit Log going forward. These updates will be reflected in the software and communicated to the ARC Committee in forthcoming reports.

#### **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.

## **CONSULTATION**

### *Internal*

- Management Action Owners

### *External Agencies*

- Paxon Group

### *Community*

- Nil

## **LEGISLATION AND POLICY CONSIDERATIONS**

- *Local Government (Audit) Regulations 1996*

## **FINANCE AND RESOURCE IMPLICATIONS**

- The budgeted cost of the Audit Log review payable to Paxon Group was \$21,560 inclusive of GST.

## **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**

<b>Risk Type</b>	Operational
<b>Risk Category</b>	Service Interruption
<b>Cause</b>	<ul style="list-style-type: none"> <li>• Lack of resources</li> <li>• Inadequate prioritisation</li> <li>• Resistance to change</li> </ul>
<b>Effect</b>	<ul style="list-style-type: none"> <li>• Service interruption</li> <li>• Reputational damage</li> </ul>
<b>Risk Treatment</b>	<ul style="list-style-type: none"> <li>• Annual audit of the internal audit log</li> <li>• Routine updates required by responsible officers and escalation to Executive Team</li> </ul>
<p>Failure by officers to complete actions within the audit log may lead to service interruptions, security vulnerabilities, and operational inefficiencies, risking reputational damage to the organisation, data breaches, and legal consequences.</p> <p>The risk rating is considered to be High (12) which is determined by a likelihood of Likely (4) and a consequence of Moderate (3).</p> <p>This risk will be mitigated by the annual audit of the internal audit log and maintaining the requirement for responsible officers to provide regular updates on the status of their management actions. Moving forward, overdue actions will be escalated to the Executive Team for attention.</p>	

**OPTIONS**

Option 1 – Adopt officer’s recommendation

Option 2 – Amend officer’s recommendation

Option 3 – Do not adopt officer’s recommendation

**CONCLUSION**

This report presents the ARC Committee with an overview of the review of the Internal Audit Log, and how the Town’s administration will be addressing all relevant findings for improvement.

**ATTACHMENTS**

1. 20220227 TPH Audit Log Report [**11.5.1** - 2 pages]
2. CONFIDENTIAL REDACTED - Appendix 1 Audit Log Report [**11.5.2** - 12 pages]

<b>11.6</b>	<b>2023-24 Quarter 2 Procurement Report on Panels Usage</b>
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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.

**ARC202324/016 COMMITTEE DECISION**

**MOVED:** Cr Lorraine Butson

**SECONDED:** Cr Tim Turner

**That the Audit, Risk and Compliance Committee note 'Nil' identified non-compliance with Policy 2/2022 Panels of Pre-Qualified Suppliers for Quarter 2 Financial Year 2023-2024.**

***CARRIED BY SIMPLE MAJORITY (3/0)***

*For: Cr Camilo Blanco, Cr Lorraine Butson and Cr Tim Turner*

*Against: Nil*

**PURPOSE**

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

**DETAIL**

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

<b>Sr. No</b>	<b>Panel Number</b>	<b>Panel Details</b>	<b>No. of suppliers on the Panel</b>	<b>No. of Works undertaken through Panel engagement</b>
1	RFT2324-05	Pre-Qualified Panel for Tradespeople	11	11
2	RFT 2021-02	Panel of Engineering Consultants	28	07
3	RFT 2021-04	Waste Management Consulting Panel	04	-
5	RFT 2122-08	Project Management Consultants Panel	05	04

6	RFT 2122-12	Panel for Concrete Placement Program	05	02
7	RFT 2122-17	Panel for Supply of Plant Equipment and Operators for Infrastructure Works	10	14
8	RFT 2122-25	Panel for Report Writing, Investigation and Response Consulting	03	-

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

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

Or

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

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

During this period, Procurement identified the list of projects awarded to Pre-Qualified Panel Suppliers on Vendor Panel and TechOne from 01 October 2023 to 31 December 2023. However, it is essential to acknowledge that the data, though diligently obtained, has been produced through a manual process. Work is ongoing with the ERP team to improve reporting.

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 of medium significance, due to consequences arising from non-compliance, potential to impact the Town's ability to deliver services, impact the Town's reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

**CONSULTATION***Internal*

- Senior Procurement and Contracting Advisor
- ARC Committee

*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.

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/outcomes of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

**Corporate Business Plan**

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

Our Corporate Services:

Governance and Procurement - Provide high standards of governance and leadership

**RISK MANAGEMENT CONSIDERATIONS**

<b>Risk Type</b>	Operational
<b>Risk Category</b>	Compliance
<b>Cause</b>	Changes in regulations or laws that are not promptly identified or addressed.
<b>Effect</b>	Minor
<b>Risk Treatment</b>	Implement controls and measures to ensure we comply with written laws and regulations.
The risk rating is considered to be Medium (6) which is determined by a likelihood of Possible (3) and a consequence of Minor (2).	

**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 October 2023 to 31 December 2023.

**ATTACHMENTS**

1. CONFIDENTIAL REDACTED - FINAL Panel Purchase Orders Q 2 Reporting [11.6.1 - 2 pages]

**12 Motions of Which Previous Notice have been given**

Nil.

**13 New Business of an Urgent Nature (Late Items)**

Nil.

**14 Matters for Which Meeting May be Closed (Confidential Matters)**

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**ARC202324/017 COMMITTEE DECISION****MOVED: Cr Lorraine Butson****SECONDED: Cr Tim Turner**

**That the Audit, Risk and 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 14.1.**

***CARRIED BY SIMPLE MAJORITY (3/0)***

*For: Cr Camilo Blanco, Cr Lorraine Butson and Cr Tim Turner*

*Against: Nil*

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**The Presiding Member declared the meeting closed to the public at 5:58pm.**

<b>14.1</b>	<b>Town Debtors</b>
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**ARC202324/018 COMMITTEE DECISION****MOVED: Cr Lorraine Butson****SECONDED: Cr Tim Turner**

**That the Audit, Risk and Compliance Committee recommends that Council:**

- 1. Receives the report on Town Debt**
- 2. Writes off the debt owed by the Port Hedland Yacht Club**
- 3. Writes off the debt owed by the South Hedland Bowling and Tennis Club**
- 4. Rescinds Policy 2/005 Debt Management and adopts the proposed Financial Hardship Policy as attached to this report; and**
- 5. Adopts the Financial Hardship Policy, as per Attachment 5**

***CARRIED BY SIMPLE MAJORITY (3/0)***

*For: Cr Camilo Blanco, Cr Lorraine Butson and Cr Tim Turner*

*Against: Nil*

**ARC202324/019 COMMITTEE DECISION****MOVED: Cr Lorraine Butson****SECONDED: Cr Tim Turner**

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

***CARRIED BY SIMPLE MAJORITY (3/0)***

*For: Cr Camilo Blanco, Cr Lorraine Butson and Cr Tim Turner*

*Against: Nil*

**The Presiding Member declared the meeting open to the public at 6:02pm.**

**15 Closure****15.1 Date of Next Meeting**

The next Audit, Risk and Compliance Committee Meeting will be held on Tuesday 14 May 2024 commencing at 5:30pm.

**15.2 Closure**

There being no further business, the Presiding Member declared the meeting closed at 6:04pm.



## DECLARATION OF CONFIRMATION OF MINUTES

I certify that these Minutes were confirmed by the Committee at its Audit, Risk and Compliance (ARC) Committee Meeting held on 11 September 2024.

### CONFIRMATION:

Cr Christensen

PRESIDING MEMBER



PRESIDING MEMBER SIGNATURE

11/09/2024

DATED

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## **TERMS OF REFERENCE**

### **1. Purpose of the Terms of Reference**

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

### **2. Introduction**

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

The Audit, Risk and Compliance Committee is an advisory committee formally appointed by the Council and is to provide guidance and assistance to Council on matters relevant to its terms of reference. The Audit, Risk and Compliance Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any financial responsibility. The Audit, Risk and Compliance Committee does not have any management functions and is therefore independent of management.

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

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

### **3. Objectives**

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

- 3.1 The integrity of internal and external financial reporting, including accounting policies.
- 3.2 The scope of work, objectivity, performance and independence of the external auditor.
- 3.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.

- 3.4 The systems or procedures that are designed to ensure that the Town and its subsidiaries comply with relevant statutory and regulatory requirements.
- 3.5 The process for recognising risks arising from the Town's operations and strategies and consider the adequacy of measures taken to manage those risks.
- 3.6 The process and systems which protect the Council against fraud and irregularities.
- 3.7 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- 3.8 Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.

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

#### **4. Authority**

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

- 4.1 Review and suggest improvements to the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken.
- 4.2 Monitor and advise the Chief Executive Officer in reviews conducted under regulation 17(1) of the *Local Government (Audit) Regulations 1996* and regulation 5(2)(c) of *the Local Government (Financial Management) Regulations 1996*.
- 4.3 Formally meet with the Town's appointed external auditor as necessary.
- 4.4 Seek resolution on any disagreements between management and the external auditors on financial reporting.
- 4.5 Advise Council on any or all of the above as deemed necessary.

#### **5. Composition of Committee Members**

- 5.1 The Audit, Risk and Compliance Committee will comprise of three Elected Members.
- 5.2 The Council will appoint Audit, Risk and Compliance Committee members.
- 5.3 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Compliance Committee Members after an Election.

- 5.4 The members, taken collectively, will have a broad range of skills and experience in accounting or related financial management, with an understanding of accounting and auditing standards in a public sector environment.
- 5.5 Members may seek advice from an external independent advisor. The independent advisor will have a Certified Practicing Accountant (CPA), Chartered Accountancy (CA) qualification or relevant discipline or experience in a similar position. The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:
- Accounting Standards (AASB)
  - Tax Legislation
  - *Local Government Act 1995*
  - *Local Government* experience and/or Band 1 Council
- 5.6 As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not).
- 5.7 Audit, Risk and Compliance Committee members are required by the Local Government Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.
- 5.8 New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.
- 5.9 The Chief Executive Officer and employees are not members of the Committee.

## **6. Meetings**

- 6.1 Meetings may be called by the Presiding Member of the Audit, Risk and Compliance Committee, or at the request of the Mayor or Chief Executive Officer.
- 6.2 The Audit, Risk and Compliance Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the *Local Government Act 1995*.
- 6.3 All Elected Members are invited to attend each Audit, Risk and Compliance Committee meeting, but will not be eligible to vote on any items presented at the meeting.

- 6.4 All Audit, Risk and Compliance Committee members are expected to attend each meeting in person.
- 6.5 The Chief Executive Officer will facilitate the meetings of the Audit, Risk and Compliance Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 6.6 The Audit, Risk and Compliance Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined in these terms of reference.
- 6.7 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 6.8 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 6.9 Pursuant to regulation 13 of the *Local Government (Administration) Regulations 1996*, unconfirmed minutes will be made available for inspection by members of the public, within 5 (five) business days after the meeting.
- 6.10 Voting is in accordance with Section 5.21 of the Act.

## **7. Responsibilities**

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

### **7.1 Risk Management**

- 7.1.1 Review and suggest improvements to whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the Town's business and financial risks, including fraud.
- 7.1.2 Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.
- 7.1.3 Assess the impact of the Town's enterprise risk management framework on its control environment and insurance arrangements.
- 7.1.4 Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the

Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.

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

## 7.2 Internal Control and Internal Audit

- 7.2.1 Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- 7.2.2 Approve, review and suggest improvements to the Internal Audit Plan and ensure the Internal Audit function is operating effectively, independently and in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.
- 7.2.3 Receive and review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- 7.2.4 Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.
- 7.2.5 Oversee the coordination of planned activities between the 4 lines of defence, which outlines the ownership, accountabilities, resources, and governance of risk management activities within the Town.

## 7.3 Financial Report

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

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

#### 7.4 Compliance

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

#### 7.5 External Audit

- 7.5.1 Meet with the Office of the Auditor General to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting)
- 7.5.2 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.
- 7.5.3 Provide an opportunity for the Audit, Risk and Compliance Committee to meet with the external auditors to discuss any matters that the Audit, Risk and Compliance Committee or the external auditors believe should be discussed privately.
- 7.5.4 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with external audit function.
- 7.5.5 Monitor management's implementation of external audit recommendations.
- 7.5.6 Monitor the relationship between internal auditors and the Office of the Auditor General.

#### 7.6 Reporting Responsibilities

- 7.6.1 Report regularly to the Council Audit, Risk and Compliance Committee activities, issues, and related recommendations through circulation of minutes.

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

## **8 Other Responsibilities**

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

## **9 Version Control**

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