



AGENDA

Dear Committee Members,

I respectfully advise that an **AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING** will be held in the Council Chambers, McGregor St, Port Hedland, on **Tuesday, 17 May 2022**, commencing at **5:30pm**

MEETING AGENDA ATTACHED

Yours faithfully

A handwritten signature in black ink, appearing to read "Carl Askew".

Carl Askew
Chief Executive Officer

12 May 2022

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Town of Port Hedland for any act, omission, statement or intimation occurring during Council Meetings. The Town of Port Hedland disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission, and statement of intimation occurring during Council Meetings.

Any person or legal entity that acts or fails to act in reliance upon any statement, act or omission occurring in a Council Meeting does so at their own risk. The Town of Port Hedland advises that any person or legal entity should only rely on formal confirmation or notification of Council resolutions.

DISCLOSURE OF FINANCIAL/ IMPARTIALITY/ PROXIMITY INTERESTS

*Local Government Act 1995 – Section 5.65, 5.70 and 5.71
Local Government (Model Code of Conduct) Regulations 2021*

<i>This form is provided to enable members and officers to disclose an Interest in a matter in accordance with the regulations of Section 5.65, 5.70 and 5.71 of the Local Government Act and Local Government (Model Code of Conduct) Regulations 2021</i>			
Name			
Position			
Date of Meeting			
Type of Meeting (Please circle one)	Council Meeting/ Committee Meeting/ Special Council Meeting Workshop/ Public Agenda Briefing/ Confidential Briefing		
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality

Signature: _____

Date: _____

Important Note: Should you declare a **Financial or Proximity Interest**, in accordance with the Act and Regulations noted above, you are required to leave the room while the item is being considered.

For an **Impartiality** Interest, you must state the following prior to the consideration of the item:

“With regard to agenda item (read item number and title), I disclose that I have an impartiality interest because (read your reason for interest). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.”

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Item 1 Opening of Meeting

The Presiding Member is to declare the meeting open at [Enter Time](#).

Item 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 he pays his respects to elders past, present and emerging.

Item 3 Recording of Attendance

Important note:

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

3.1 Attendance

Scheduled Present:

Committee Members:

Deputy Mayor Tim Turner (Presiding Member)
Councillor Flo Bennett
Councillor Ash Christensen

Scheduled for Attendance:

Carl Askew (Chief Executive Officer)
Karren MacClure (Director Corporate Services)
Joyce Routledge (Acting Manager Governance)
Stephanie Sikaloski (Acting Senior Risk and Audit Advisor/
Minute Taker)

3.2 Attendance by Telephone / Instantaneous Communications

3.3 Apologies

3.4 Approved Leave of Absence

3.5 Disclosure of Interests

Item 4 Applications for Leave of Absence

Nil.

Item 5 Response to Previous Questions

Nil.

Item 6 Public Time

Important note:

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

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

6.1 Public Question Time

6.2 Public Statement Time

6.3 Petitions/Deputations/Presentations/Submissions

Item 7 Questions from Members without Notice

Item 8 Announcements by Presiding Member without Discussion

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

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

Item 10 Confirmation of Minutes from Previous Meeting

OFFICER'S RECOMMENDATION

That the Audit, Risk and Compliance Committee confirm that the Minutes of the Audit, Risk and Compliance Committee Meeting held on Tuesday, 8 March 2022 are a true and correct record.

SIMPLE MAJORITY VOTE REQUIRED

Item 11 Reports of Officers

11.1 Corporate Services

11.1.1 INTERNAL AUDIT REPORT - PROJECT MANAGEMENT
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Author: Acting Senior Risk and Audit Advisor
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.

OFFICER'S RECOMMENDATION

That the Audit, Risk and Compliance Committee receive and note the 2021/22 Financial Year Internal Audit Report of Project Management, as per Attachment 1.

SIMPLE MAJORITY VOTE REQUIRED

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to note the outcomes of the 2021/22 Financial Year Internal Audit Report of Project Management.

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

DETAIL

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

In accordance with the Internal Audit Plan, William Buck was tasked to review the Town's controls implemented in respect of the effectiveness of the project management processes in place. This area of review was clearly defined in the Internal Audit Plan, for the 2021/22 Financial Year.

Scope of Review

The Scope of this review included:

- Project management framework and methodology;
- Preparation and approval of business cases;
- Project Plans;
- Project risk assessments and management;
- Communications plans;

- Reporting of progress of projects;
- Project handovers and post-project reviews; and
- End-user acceptance testing.

Overall Comment & Findings by William Buck Advisors (WA):

William Buck have provided the below overall comment on the review:

“Overall, based on the work we have performed, the Town has well established Project management controls for its work environment. We have selected 9 projects for our control testing. Two out of nine projects are completed and remaining seven are ongoing. However, we identified some control weaknesses especially in the Risk and Project management domain”.

Recommendations from Review

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

Target Completion Date	No of Recommendations
31/05/2022	2
31/07/2022	5
31/09/2022	1
31/12/2022	3

Current status of Internal Audit Plan

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

Year	Quarter	Area of Internal Audit Review	Status
2020/21	1st	Procurement and Contract Management	Complete
	3rd	Regulation 17 Review (Statutory Obligation)	Complete
	4th	Records Management	Complete
2021/22	1st	Finance Management Review (Statutory Obligation)	Complete
	2nd	Safety and Security Management	In progress
	3rd	Project Management	Complete
2022/23	1st	Fraud Risk Management and Misconduct	Not commenced
	2nd	Strategic Asset Management and Maintenance	Not commenced
	3rd	Business Continuity and Disaster Recovery	Not commenced

LEVEL OF SIGNIFICANCE

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

CONSULTATION

Internal

- Director Infrastructure Services
- Manager Infrastructure Projects & Assets
- Senior Project Officer – Business
- Acting Senior Risk and Audit Advisor

External Agencies

William Buck Advisors (WA):

- Engagement Director
- Senior Auditor

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS

- Part 7 – Local Government Act 1995; and
- Local Government (Audit) Regulations 1996

FINANCIAL AND RESOURCES IMPLICATIONS

The value of works, as contracted with William Buck and identified in the Strategic 3 Year Rolling and Annual Internal Audit Plan was recorded, considered, and adopted in the Audit, Risk and Compliance Committee on 11 August 2020. The adopted FY2021/22 Budget included sufficient funding for the internal audit costs. 80 Hours were billed at \$140 per hour excluding GST. The costs incurred in relation to the Project Management Review were \$12,320 including GST.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

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

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

Corporate Business Plan

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

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

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because failure to implement some of the auditor's recommendations 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).

There is a service interruption risk associated with this item as the Town will forego opportunities for operational improvement if it fails to implement the auditor's recommendations. The risk rating is considered to be medium (8), which is determined by a likelihood of likely (4) and a consequence of minor (2).

These risks will be reduced by the adoption and implementation of the agreed management actions.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Do not adopt officer's recommendation

CONCLUSION

This report presents the Audit, Risk and Compliance Committee with an overview of the review of Project Management, and how the Town's administration will be addressing all relevant findings for improvement.

ATTACHMENTS

1. 2021/22 FY Project Management Review Audit Report

11.1.2 INTERNAL AUDIT REPORT - FINANCIAL MANAGEMENT

Author: Acting Senior Risk and Audit Advisor
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.

OFFICER'S RECOMMENDATION

That the Audit, Risk and Compliance Committee receive and note the 2021/22 Financial Year Internal Audit Report of Financial Management, as per Attachment 1.

SIMPLE MAJORITY VOTE REQUIRED

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to note the outcomes of the 2021/22 Financial Year Internal Audit Report of Financial Management.

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

DETAIL

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

In accordance with the Internal Audit Plan, William Buck was tasked to review the Town's controls implemented in respect of the effectiveness of the financial management processes in place. This area of review was clearly defined in the Internal Audit Plan, for the 2021/22 Financial Year.

Scope of Review

The Scope of this review included:

- Revenue & receivables;
- Cash management;
- Accounts payables, commitments, and accruals;
- Supplier database maintenance;
- Exception reporting processes within finance;
- Administration and maintenance and acquittals of purchase cards;
- Period end close processes including all reconciliations, journals, analytical review and review and approval of accounts;
- Stock processes for administering, counting, valuing and provisions;

- Segregation of duties within each of the identified processes;
- The accounting aspect of assets including additions, disposals, valuation, and depreciation; and
- User access to the accounting systems

Overall Comment & Findings by William Buck Advisors (WA)

William Buck have provided the below overall comment on the review:

“Overall, based on the work we have performed, the Town has shortage in staff to perform its various functions in finance. Management has plans in place to improve the internal financial controls”.

Recommendations from Review

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

Target completion Date	No. of Recommendations	Target completion Date	No. of Recommendations
30/09/2022	2	30/06/2023	3
31/12/2022	3	31/12/2023	1
31/03/2023	3	30/06/2024	1
30/04/2023	1		

Current status of Internal Audit Plan

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

Year	Quarter	Area of Internal Audit Review	Status
2020/21	1st	Procurement and Contract Management	Complete
	3rd	Regulation 17 Review (Statutory Obligation)	Complete
	4th	Records Management	Complete
2021/22	1st	Finance Management Review (Statutory Obligation)	Complete
	2nd	Safety and Security Management	In progress
	3rd	Project Management	Complete
2022/23	1st	Fraud Risk Management and Misconduct	Not commenced
	2nd	Strategic Asset Management and Maintenance	Not commenced
	3rd	Business Continuity and Disaster Recovery	Not commenced

LEVEL OF SIGNIFICANCE

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

CONSULTATION

Internal

- Director Corporate Services
- Manager Financial Services
- Senior Project Accountant
- Senior Financial Accountant
- Acting Senior Risk and Audit Advisor

External Agencies

William Buck Advisors (WA):

- Engagement Director
- Senior Auditor

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS

- *Regulation 5 of Local Government (Financial Management) Regulations 1996;*
- *Local Government (Audit) Regulations 1996*
- *Part 7 – Local Government Act 1995;*

FINANCIAL AND RESOURCES IMPLICATIONS

The value of works, as contracted with William Buck and identified in the Strategic 3 Year Rolling and Annual Internal Audit Plan was recorded, considered, and adopted in the Audit, Risk and Compliance Committee on 11 August 2020. The adopted FY2021/22 Budget included sufficient funding for the internal audit costs. 100 Hours were billed at \$140 per hour excluding GST. The costs incurred in relation to the Financial Management Review were \$15,400 including GST.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 4.b.2 Transparent and regular financial reporting and communication to the community is undertaken
- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

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

Corporate Business Plan

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

- 3. 4.b.2.1 – Ensure the Town's finances are managed efficiently and effectively in line with legislated requirements.

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

RISK MANAGEMENT CONSIDERATIONS

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

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

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Do not adopt officer's recommendation

CONCLUSION

This report presents the Audit, Risk and Compliance Committee with an overview of the review of Financial Management, and how the Town's administration will be addressing all relevant findings for improvement.

ATTACHMENTS

1. 2021/22 Financial Management Review Audit Report

11.1.3 RISK APPETITE STATEMENT

Author:	Acting Senior Risk and Audit Advisor
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.

OFFICER'S RECOMMENDATION

That the Audit, Risk and Compliance Committee:

1. Receive and note the Risk Appetite Statement, as per Attachment 1; and
2. Recommend Council receive and endorse the Risk Appetite Statement, as per Attachment 1.

SIMPLE MAJORITY VOTE REQUIRED

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to receive and note the Risk Appetite Statement and recommend it be received and endorsed by Council. The Risk Appetite Statement was developed to support Council and Town's administration make decisions with an understanding of the Town's risk environment and facilitate the taking of risks within the Town's risk appetite.

DETAIL

The ARC Committee, through its Terms of Reference, has an objective to oversee compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control, and legislative compliance. A review of the Town's risk management practices against AS/NZS 31000:2018 Risk Management was undertaken by Moore Australia and both positive observations and gaps were documented in the Gap Analysis Report.

A significant gap identified in the Town's risk management practices was the lack of a documented Risk Appetite Statement. Upon identification, a Risk Appetite Statement was prepared internally. The developed Risk Appetite Statement describes the Town of Port Hedland's ("Town") position of viewing risk and the level of risk the organisation is willing to accept to achieve its strategic, business, and operational objectives.

In developing the Risk Appetite Statement, the interests of the Town's stakeholders, Councillors, staff, ratepayers, regulators, and key service providers were considered. The risk appetite statement provides these stakeholders with a reference point to benchmark the Town's risk acceptance and defines boundaries for risk-based decision-making to occur.

The Risk Appetite Statement forms an integral part of the Town's Risk Management Framework, which is currently being developed. A status update is in the table on the next page.

Risk Management Framework Status Update	
Documents	Status
Risk Appetite Statement	Complete
Risk Management Policy 1/022	To be reviewed
Risk Management Framework	In progress

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, as it relates to a strategic document which will support setting the tone for risk taking and decision making throughout the organisation both on an operational and strategic level. Inherently, there may be general community interest in this matter.

CONSULTATION

Internal

- Director Corporate Services
- Director Infrastructure Services
- Director Regulatory Services
- Acting Director Community Services
- Acting Manager Governance
- Acting Manager Infrastructure Operations
- Acting Manager Leisure Facilities
- Manager IT & Program Delivery
- Manager Human Resources
- Manager Financial Services
- Senior WHS Advisor
- Acting Senior Risk and Audit Advisor

External Agencies

- Moore Australia

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS

Policy 1/022 Risk Management
AS/NZS 31000:2018 Risk Management

FINANCIAL AND RESOURCES IMPLICATIONS

Council finances are an area of significant risk for Council, which is appropriately reflected in the Risk Appetite Statement. No additional financial implications exist from the development and implementation of the Risk Appetite Statement.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

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

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

Corporate Business Plan

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

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

RISK MANAGEMENT CONSIDERATIONS

There is a reputational risk associated with this item because the Town does not have a formally documented Risk Appetite Statement. Not having such a statement may give rise to staff and the public forming a misconstrued opinion that the Town does not view risk management as an important business practice or believe that risk considerations are not regarded in the Town's decision making processes. 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

It is recommended that the ARC Committee receive and note the Risk Appetite Statement and recommend it be received and endorsed by Council. The report presents an overview of the Town's Risk Appetite Statement, its purpose and considerations made in its development. The Risk Appetite Statement will certainly not be used as a standalone document in the Town's risk management process. It will form an integral part of the Town's overall Risk Management Framework, which is currently in development.

ATTACHMENTS

1. Town of Port Hedland Risk Appetite Statement

11.2 Community Services

Nil.

11.3 Regulatory Services

Nil.

11.4 Infrastructure Services

Nil.

11.5 Executive Services

Nil.

Item 12 Motions of which Previous Notice has been given

Nil.

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

Nil.

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

Nil.

Item 15 Closure

15.1 Date of Next Meeting

The next Audit, Risk and Compliance Committee Meeting will be held on Tuesday, 9 August 2022 commencing at 5:30pm.

15.2 Closure

There being no further business, the Presiding Member declared the meeting closed at [enter time](#).

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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 responsible to the Council. The Audit, Risk and Compliance Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any financial responsibility. The Audit, Risk and Compliance Committee does not have any management functions and is therefore independent of management.

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

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

3. Objectives

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

- 3.1 The integrity of internal and external financial reporting, including accounting policies.
- 3.2 The scope of work, objectivity, performance and independence of the external auditor.
- 3.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.
- 3.4 The systems or procedures that are designed to ensure that the Town and its subsidiaries comply with relevant statutory and regulatory requirements.
- 3.5 The process for recognising risks arising from the Town's operations and strategies, and consider the adequacy of measures taken to manage those risks.
- 3.6 The process and systems which protect the Council against fraud and irregularities.
- 3.7 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.

- 3.8 Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.

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

4. Authority

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

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

5. Composition of Committee Members

- 5.1 The Audit, Risk and Compliance Committee will comprise of three Elected Members.
- 5.2 The Council will appoint Audit, Risk and Compliance Committee members.
- 5.3 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Compliance Committee Members after an Election.
- 5.4 The members, taken collectively, will have a broad range of skills and experience in accounting or related financial management, with an understanding of accounting and auditing standards in a public sector environment.
- 5.5 Members may seek advice from an external independent advisor. The independent advisor will have a Certified Practising Accountant (CPA), Chartered Accountancy (CA) qualification or relevant discipline or experience in a similar position. The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:
 - Accounting Standards (AASB)
 - Tax Legislation
 - *Local Government Act 1995*
 - Local Government experience and/or Band 1 Council
- 5.6 A quorum will be a minimum of 50% of the membership.

- 5.7 Audit, Risk and Compliance Committee members are required by the Local Government Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.
- 5.8 New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.
- 5.9 The Chief Executive Officer and employees are not members of the Committee.

6. Meetings

- 6.1 Meetings may be called by the Presiding Member of the Audit, Risk and Compliance Committee, or at the request of the Mayor or Chief Executive Officer.
- 6.2 The Audit, Risk and Compliance Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the *Local Government Act 1995*.
- 6.3 All Elected Members are invited to attend each Audit, Risk and Compliance Committee meeting, but will not be eligible to vote on any items presented at the meeting.
- 6.4 All Audit, Risk and Compliance Committee members are expected to attend each meeting in person.
- 6.5 The Chief Executive Officer will facilitate the meetings of the Audit, Risk and Compliance Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 6.6 The Audit, Risk and Compliance Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined in this terms of reference.
- 6.7 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 6.8 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 6.9 Pursuant to regulation 13 of the *Local Government (Administration) Regulations 1996*, unconfirmed minutes will be made available for inspection by members of the public, within 5 (five) business days after the meeting.

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.

7.2 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.

7.3 Financial Report

- 7.3.1 Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- 7.3.2 Review with management and the external auditors the results of the audit, including any difficulties encountered, and suggest improvements if required.
- 7.3.3 Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.

- 7.3.4 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Compliance Committee under the Australian Auditing Standards, and suggest improvements if required.
- 7.3.5 Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

7.4 Compliance

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

7.5 External Audit

- 7.5.1 Review and suggest improvements to the external auditor's proposed audit scope and approach for financial performance audits, including any reliance on internal auditor activity.
- 7.5.2 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.

7.6 Reporting Responsibilities

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

8 Other Responsibilities

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

(Adopted by Council at its Ordinary Meeting held 16 November 2011.

Amended by Council at its Ordinary Meeting held 23 October 2013.

Amended by Council at its Ordinary Meeting held on 11 December 2013.

Amended by Council at its Ordinary Meeting held on 27 May 2015.

Amended by Council at its Ordinary Meeting held on 28 October 2015.

Amended by Council at its Ordinary Meeting held on 22 June 2016.

Amended by Council at its Ordinary Meeting held on 24 May 2017.

Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.

Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.

Amended by Council at its Ordinary Meeting held on 23 September 2020.)