

Audit, Risk & Compliance Committee Meeting Agenda - 26 November 2025
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TOWN OF PORT HEDLAND

AUDIT, RISK AND IMPROVEMENT COMMITTEE

TERMS OF REFERENCE

1. Purpose

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

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

2. Establishment and Appointment

- 2.1 The ARIC is a formally appointed committee of the Council for the Town of Port Hedland (the “Town”) pursuant to section 7.1A of the *Local Government Act 1995* (“the Act”).
- 2.2 Appointment of members is by absolute majority of Council in accordance with section 7.1A(2) of the Act.

3. Role

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

4. Authority and Independence

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

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

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

5. Membership

Composition

- 5.1 The ARIC will comprise of three (3) to five (5) members.
- 5.2 A minimum of two (2) independent members is required.
- 5.3 Other members may be elected members of Council and/or additional independent members, provided the maximum of five (5) is not exceeded.
- 5.4 The Chief Executive Officer and employees of the Town are not members of the Committee.
- 5.5 All members shall have full voting rights and will be appointed by an absolute majority vote of the Council [s5.10(1)(a) of the Act].
- 5.6 The Presiding Member cannot be a Council member of the local government or of any other local government.
- 5.7 Any Deputy Presiding Member cannot be a Council member of the local government or of any other local government.
- 5.8 Council may appoint by an absolute majority up to three (3) Councillors to be Deputy Members of the Committee. Any Deputy Member may perform the functions of any Committee Member when the Member is unable to do so by reason of illness, absence or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a member [s.5.11A(2)(a),(3) and (4) of the Act].
- 5.9 Deputy Members do not operate as substitutes for individual members. In situations where more than one Deputy Member attends a Committee meeting, the Committee will conduct a vote to designate which Deputy Member is authorised to perform the duties of the absent member.

Term

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

Appointment

- 5.11 The Presiding Member and Deputy Presiding Member will be appointed by the Council at a meeting of the Council following an Election.

Skills and Experience

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

Declaration of an Interest

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

Resignation from the Committee

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

Administration attendance

- 5.17 The following individuals from the Town's administration will be present at Committee Meetings to offer advice, guidance, and undertake the responsibility of recording minutes:
- Chief Executive Officer
 - Director Corporate Services
 - Manager Governance
 - Manager Financial Services
 - Senior Audit, Risk and Insurance Advisor
 - Audit, Risk and Insurance Officer

6. Meetings

- 6.1 The Committee shall meet at least quarterly.

- 6.2 The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.
- 6.3 The Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the Act.
- 6.4 All Elected Members are invited to attend each Committee meeting but will not be eligible to vote on any items presented at the meeting.
- 6.5 Meeting attendance is subject to Electronic Meetings and Electronic Attendance Policy 4/011.
- 6.6 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).
- 6.7 The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 6.8 The Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, which covers the responsibilities outlined in these terms of reference.
- 6.9 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 6.10 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 6.11 Pursuant to Regulation 13 of the *Local Government (Administration) Regulations 1996*, the unconfirmed minutes of the Committee meeting will be published within 7 days after the meeting is held.
- 6.12 Voting is in accordance with Section 5.21 of the Act.

7. Responsibilities

The Committee will fulfill the following responsibilities:

7.1 Improvement

- Review and advise on the effectiveness of improvement initiatives, including those arising from internal audits, external reviews, and strategic planning processes.
- Monitor the implementation of agreed recommendations to ensure they are actioned appropriately and contribute to enhanced organisational performance.
- Identify systemic issues or trends that may require broader organisational attention or policy-level responses.

7.2 Risk Management and Fraud Risk Management

- Reviews and advises on the adequacy and appropriateness of the Town's risk management framework and its capacity to effectively identify, assess, and manage key risks.
- Assesses whether a sound and effective approach has been adopted in managing major risks across the organisation, including those associated with strategic projects, program delivery, and operational activities.
- Reviews the development and implementation of fraud control arrangements and provides assurance that appropriate systems and processes are in place to detect, report, and respond to fraud-related matters.
- Advises on the effectiveness of business continuity and disaster recovery planning, including whether these plans are subject to regular review and testing to ensure organisational resilience.
- Considers emerging risk trends and systemic issues, and reports these to Council where appropriate.

7.3 Internal Control and Internal Audit

- Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- 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.
- 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.
- Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.
- Oversee the coordination of planned activities among the four lines of defence, delineating ownership, accountabilities, resources and governance of risk management activities within the Town.

7.4 External Audit

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

- Meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.
- Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.
- Monitor management's implementation of external audit recommendations.

7.5 Financial Reporting

- 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.
- 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.
- Review with management and the external auditors all matters required to be communicated to the ARIC under the Australian Auditing Standards and suggest improvements if required.
- 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.

7.6 Compliance

- 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.
- 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.
- Obtain updates from management about compliance matters.
- Review and suggest improvements to the annual Compliance Audit Return (subject to legislation) and report to the Council the results of the review.

7.7 Reporting

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

7.8 Other Responsibilities

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

8. Definitions

Term	Definition
Act	<i>Local Government Act 1995</i>
ARIC	Audit, Risk & Improvement Committee
Audit Regulations	<i>Local Government (Audit) Regulations 1996</i>
Committee	Audit, Risk & Improvement Committee
Council	Council of the Town of Port Hedland
Town	The Town of Port Hedland
TOR	The Terms of Reference

9. Version Control

Version	Meeting
V1	<i>Adopted by Council at its Ordinary Meeting held 16 November 2011.</i>
V2	<i>Amended by Council at its Ordinary Meeting held 23 October 2013.</i>
V3	<i>Amended by Council at its Ordinary Meeting held on 11 December 2013.</i>
V4	<i>Amended by Council at its Ordinary Meeting held on 27 May 2015.</i>
V5	<i>Amended by Council at its Ordinary Meeting held on 28 October 2015.</i>
V6	<i>Amended by Council at its Ordinary Meeting held on 22 June 2016.</i>
V7	<i>Amended by Council at its Ordinary Meeting held on 24 May 2017.</i>
V8	<i>Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.</i>
V9	<i>Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.</i>
V10	<i>Amended by Council at its Ordinary Meeting held on 23 September 2020.</i>
V11	<i>Amended by Council at its Ordinary Meeting held on 7 September 2022.</i>
V12	<i>Amended by Council at its Ordinary Meeting held on 29 May 2024.</i>
V13	<i>Amended by Council at its Ordinary Meeting held on 10 December 2025.</i>



TOWN OF PORT HEDLAND

**AUDIT, RISK AND COMPLIANCE IMPROVEMENT
COMMITTEE**

Commented [SS1]: The Local Government Amendment Act 2024 (s86(2)) recommends renaming audit committees to reflect their expanded role in continuous improvement.

TERMS OF REFERENCE

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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~~1. — Purpose of the Terms of Reference~~Purpose

The purpose of this document is to define the Terms of Reference (TOR) for the Audit, Risk and ~~Compliance Improvement~~ Committee (the "ARIC ~~Committee~~" or "Committee").

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

~~2. — Establishment and Appointment~~

~~2.1~~ The ARIC ~~C-Committee~~ is a formally appointed committee of the Council for the Town of Port Hedland (the "Town") pursuant to section 7.1A of the *Local Government Act 1995* ("the Act").

~~2.2~~ Appointment of members is by absolute majority of Council in accordance with section 7.1A(2) of the Act.

Commented [SS2]: Including for formal acknowledgement of this requirement.

~~3. — Role~~

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

~~4. — Objectives~~

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

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

~~4.1 The scope of work, objectivity, performance and independence of the external auditor.~~

~~4.2 The integrity of internal and external financial reporting, including accounting policies.~~

~~4.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.~~

~~4.4 The systems or procedures that are designed to ensure that the Town comply with relevant statutory and regulatory requirements.~~

~~4.5 The process and systems which protect the Council against risk, fraud and irregularities.~~

~~4.6 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.~~

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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~~4.7 Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.~~

Commented [SS3]: Removed as this is essentially a duplication of key points under the responsibilities section.

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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~~45. — Authority and Independence~~

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

Under the Town's Register of Delegated Authority – Statutory, the ~~ARIC C Committee~~:

~~54.1~~ Has the authority to meet with the Town's Auditor at least once every year on behalf of the Council [s.7.12A(2) of the Act].

~~45.2~~ Has the authority to:

- i. Examine an audit report received by the local government.
- ii. ~~D~~determine if any matters raised by the audit report, require action to be taken by the local government; and
- iii. Ensure that appropriate action is taken in respect of those matters.

~~45.3~~ Has the authority to review and endorse the Town's report on any actions taken in response to an Auditor's report, prior to it being forwarded to the Minister [s.7.12A(4) of the Act].

~~56. — Membership~~~~Composition~~

~~56.1~~ The ARIC ~~Committee~~ will comprise ~~of three (3) to five (5) members.~~

Commented [SS4]: No change to number of members on the committee.

~~5.2~~ ~~of Aa~~ minimum of ~~three-two (2) independent members is required.~~

Commented [SS5]: This requirement ensures the committee has diverse and independent representation, while also enabling appropriate provision for the appointment of a Presiding Member (PM) and Deputy Presiding Member (DPM), both of whom must be independent of the local government's Council, in accordance with legislative requirements (s7.1A(3) and (4) of the *Local Government Amendment Act 2024*.

~~5.3 Other members may be elected members of Council and/or additional independent members, provided the and a maximum of five Elected Members(5) is not exceeded, with one member being an independently-appointed member, where possible.~~

~~5.4 The Chief Executive Officer and employees of the Town are not members of the Committee.~~

~~5.5~~ All members shall have full voting rights and will be appointed by an absolute majority vote of the Council [s5.10(1)(a) of the Act].

~~5.6 The Presiding Member cannot be a Council member of the local government or of any other local government.~~

Commented [SS6]: As per s7.1A(3) of the *Local Government Amendment Act 2024*.

~~5.7 Any Deputy Presiding Member cannot be a Council member of the local government or of any other local government.~~

Commented [SS7]: As per s7.1A(4) of the *Local Government Amendment Act 2024*.

~~5.86-2~~ Council may appoint by an absolute majority up to three (3) Councillors to be Deputy Members of the Committee. Any Deputy Member may perform the functions of any Committee Member when the Member is unable to do so by reason of illness, absence

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a member [s.5.11A(2)(a),(3) and (4) of the Act].

~~5.96-3~~ Deputy Members do not operate as substitutes for individual members. In situations where more than one Deputy Member ~~is in attendance at~~ attends a Committee meeting, the Committee will conduct a vote to designate which Deputy Member is authorised to perform the duties of the absent member.

Term

~~56.104~~ In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:

- a) the term of the person's appointment as a committee member expires; or
- b) the local government removes the person from the office of committee ~~member~~member, or the office of committee member otherwise becomes vacant; or
- c) the committee is disbanded; or
- d) the next ordinary elections day

Appointment~~5.11~~

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

Commented [558]: Amended. The PM and DPM must now be appointed by Council as per s5.12 of the *Local Government Amendment Act 2024*.

Skills and Experience

~~56.126~~ Collectively, the group of Committee members possess a diverse set of skills and expertise encompassing risk management, assurance, business acumen and background in related fields.

~~56.137~~ Members may seek advice from an external independent advisor. The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:

- Accounting Standards (AASB)
- *Local Government Act 1995*
- Local Government experience and/or Band 1 Council

~~56.14-8~~ New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Declaration of an Interest

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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~~56.159~~ ~~Committee ARC Committee~~ members are required by the Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.

Resignation from the Committee

~~56.160~~ In accordance with Part 2, Regulation 4 of the *Local Government (Administration) Regulations 1996*, A Committee member may resign from membership of the Committee by giving the CEO or the Committee's presiding member written notice of the resignation. It is recommended that ~~Committee ARC Committee~~ members provide a notice period of three (3) months.

Management excluded from membership

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

Commented [SS9]: Moved to Composition (s5.4 of these TOR).

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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~~ManagementAdministration~~ attendance

~~56.172~~ The following individuals from the Town's administration will be present at ~~ARC~~ Committee Meetings to offer advice, guidance, and undertake the responsibility of recording minutes:

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

~~76.~~ Meetings

~~67.1~~ The Committee shall meet at least quarterly.

~~67.2~~ The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.

~~76.3~~ The Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the Act.

~~76.4~~ All Elected Members are invited to attend each ~~Audit, Risk and Compliance~~ Committee meeting, ~~but~~ meeting but will not be eligible to vote on any items presented at the meeting.

~~67.5~~ Meeting attendance is subject to Electronic Meetings and Electronic Attendance Policy 4/011.

~~67.6~~ 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).

~~76.7~~ The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.

~~76.8~~ The Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, which covers the responsibilities outlined in ~~this term~~ these terms of reference.

~~67.9~~ Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.

~~67.10~~ Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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~~67.11 Pursuant to Regulation 13 of the *Local Government (Administration) Regulations 1996*, the unconfirmed minutes of the Committee meeting will be published within 7 days after the meeting is held.~~

~~67.12 Voting is in accordance with Section 5.21 of the Act.~~

78. Responsibilities

The Committee will fulfill the following responsibilities:

7.1 Improvement

- ~~• Review and advise on the effectiveness of improvement initiatives, including those arising from internal audits, external reviews, and strategic planning processes.~~
- ~~• Monitor the implementation of agreed recommendations to ensure they are actioned appropriately and contribute to enhanced organisational performance.~~
- ~~• Identify systemic issues or trends that may require broader organisational attention or policy-level responses.~~

7.2 Risk Management and Fraud Risk Management

- ~~• 8.1 — Review and suggest improvements to whether management has in place a current and fit for purpose risk management framework and associated procedures for effective identification and management of the Town's risks, including fraud.~~
- ~~• Reviews and advises on the adequacy and appropriateness of the Town's risk management framework and its capacity to effectively identify, assess, and manage key risks.~~
- ~~• Assesses whether a sound and effective approach has been adopted in managing major risks across the organisation, including those associated with strategic projects, program delivery, and operational activities.~~
- ~~• Reviews the development and implementation of fraud control arrangements and provides assurance that appropriate systems and processes are in place to detect, report, and respond to fraud-related matters.~~
- ~~• Advises on the effectiveness of business continuity and disaster recovery planning, including whether these plans are subject to regular review and testing to ensure organisational resilience.~~
- ~~• Considers emerging risk trends and systemic issues, and reports these to Council where appropriate.~~

Commented [SS10]: Streamlined previous dot points.

~~8.2 — Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.~~

~~8.3 — Assess the impact of the Town's risk management framework on its control environment.~~

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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~~8.4 — Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud related information.~~

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

7.3 Internal Control and Internal Audit

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

7.4 External Audit

- 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).
- Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.
- Meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.
- Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.
- Monitor management's implementation of external audit recommendations.

7.5 Financial Reporting

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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- ~~8.11~~ — Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- ~~8.12~~ — Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.
- ~~8.13~~ — Review with management and the external auditors all matters required to be communicated to the ~~Audit, Risk and Compliance Committee~~ ARIC under the Australian Auditing ~~Standards, and~~ Standards and suggest improvements if required.
- ~~8.14~~ — Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

7.6 Compliance

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

External Audit

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

Commented [SS11]: Moved to s7.4 under Internal Audit for continuity.

~~AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE — VERSION 12~~

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7.7 Reporting

- ~~8.24~~ Report regularly to the Council ~~on ARC~~ Committee activities, issues, and related recommendations through circulation of minutes.
- ~~8.25 Monitor that open communication between the internal auditor, the external auditors, and the Town's management occurs.~~

7.8 Other Responsibilities

- ~~8.26~~ Perform other activities related to ~~this terms~~ these terms of reference as requested by the Council or through audit recommendations.
- ~~8.27~~ Request that the Chief Executive Officer perform a review after an Election, suggest improvements to and assess the adequacy of the ~~Audit, Risk and Compliance~~ Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

89. Definitions

Term	Definition
ARC Committee Act	The Audit, Risk and Compliance Committee <u>Local Government Act 1995</u>
CEO ARIC	The Chief Executive Officer <u>Audit, Risk & Improvement Committee</u>
Committee Audit Regulations	The Audit, Risk and Compliance Committee <u>Local Government (Audit) Regulations 1996</u>
Committee	<u>Audit, Risk & Improvement Committee</u>
The Act <u>Council</u>	The Local Government Act 1995 <u>Council of the Town of Port Hedland</u>
The Town <u>Town</u>	The Town of Port Hedland
TOR	The Terms of Reference

940. Version Control

Version	Meeting
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	Amended by Council at its Ordinary Meeting held on 7 September 2022.
V12	Amended by Council at its Ordinary Meeting held on 29 May 2024.

AUDIT, RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE VERSION 12	
V13	<i>Amended by Council at its Ordinary Meeting held on 10 December 2025.</i>

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