



MINUTES

Audit, Risk and Compliance Committee Meeting Tuesday, 8 March 2022

Date: Tuesday, 8 March 2022

Time: 5:30pm

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

Distribution Date: Thursday, 17 March 2022

A handwritten signature in black ink, appearing to be "D. J. ...", written over a horizontal line.

PRESIDING MEMBER

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Item 1 Opening of Meeting

The Presiding Member is to declare the meeting open at 5:31pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledged the Kariyarra people as the Traditional Custodians of the land that they met on and recognised their strength and resilience and payed his respects to elders past, present and emerging.

Item 3 Recording of Attendance

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)
Kirsty Vervaart (PA to Director Corporate Services / Minute Taker)

Public: 0
Media: 0
Staff: 3

3.2 Attendance by Telephone / Instantaneous Communications

Karren MacClure

3.3 Apologies

Nil.

3.4 Approved Leave of Absence

Nil

3.5 Disclosure of Interests

Nil.

Item 4 Applications for Leave of Absence

Nil.

Item 5 Response to Previous Questions

Nil.

Item 6 Public Time

6.1 Public Question Time

The Presiding Member declared Public Question Time open at 5:32pm.

Nil.

The Presiding Member declared Public Question Time closed at 5:32pm.

6.2 Public Statement Time

The Presiding Member declared Public Statement Time open at 5:32pm.

Nil.

The Presiding Member declared Public Statement Time closed at 5:32pm.

6.3 Petitions/Deputations/Presentations/Submissions

Nil.

Item 7 Questions from Members without Notice

Nil.

Item 8 Announcements by Presiding Member without Discussion

Nil.

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

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

Councillor Tim Turner
Councillor Flo Bennett
Councillor Ash Christensen

Item 10 Confirmation of Minutes from Previous Meeting

ARC202122/093 COMMITTEE DECISION

MOVED: CR BENNETT

SECONDED: CR CHRISTENSEN

That the Audit, Risk and Compliance Committee confirm that the Minutes of the Audit, Risk and Compliance Committee Meeting held on Wednesday 1 December 2021 are a true and correct record.

CARRIED (3/0)

In Favour: Cr Turner, Cr Bennett, Cr Christensen

Against: Nil.

Item 11 Reports of Officers

11.1 Corporate Services

11.1.1 2021 INTERNAL AUDIT REVIEW OF RECORDS MANAGEMENT
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Author: William Buck Advisors (WA)
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.

ARC202122/094 COMMITTEE DECISION

MOVED: CR BENNETT

SECONDED: CR CHRISTENSEN

That the Audit, Risk and Compliance Committee receive and note the 2021 Internal Audit Review of Records Management, as per Attachment 1.

CARRIED (3/0)

In Favour: Cr Turner, Cr Bennett, Cr Christensen
Against: Nil.

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee to note the outcomes of the 2021 Internal Audit Review of Records Management.

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

DETAIL

Background

William Buck Consulting (WA) Pty Ltd (William Buck) 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).

The Internal Audit Plan was amended and adopted by the ARC Committee on 10 March 2021 (Committee Decision: ARC202021/133). 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 record management processes in place. This area of review was clearly defined in the Internal Audit Plan, for the 2020/21 financial year.

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

Year	Quarter	Area of 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)	In progress
	2nd	Safety and Security Management Review	In progress
	3rd	Project Management Review	In progress
2022/23	1st	Fraud Risk Management and Misconduct Review	Not commenced
	2nd	Strategic Asset Management and Maintenance Review	Not commenced
	3rd	Business Continuity and Disaster Recovery	Not commenced

Scope

The Scope of this review included:

- Documentation is aligned with the State Records Act “SRA” and has been reviewed and approved by the State Records Office;
- The relevant record keeping documents are in place to ensure compliance at a high level with the SRA including Record Keeping Plan, Metadata Management Policy, Thesaurus and Retention and Disposal Plan and key requirements are complied with, including archiving and disposal;
- Staff are aware of record keeping requirements and are adequately trained including the use of network drives and paper based versus online storing of records;
- Appropriate quality control processes are implemented in respect of records management; Access to records is appropriately controlled either through a system or hard copy records; and
- Record audits are performed by the records manager e.g., frequency, results, and follow-up.

Overall Comment & Findings by William Buck

Overall, based on the work we have performed, we have identified 5 high and 5 medium rated findings in relation to the basic design and operation of processes with respect to records management.

Distribution of findings with regard to operational areas is tabulated below with further background provided in Attachment 1.

Area	Number of findings
Policies and procedures	2
Record keeping plan	1
Approach to record keeping	1
Disposal of records	1
Record keeping system	2
Mail handling and file movement	1
Handling vital records	1
Records audit and quality assurance	1
Total	10

Recommendations

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	Comments
13/10/2021	1	Completed
31/12/2022	6	
30/06/2023	8	
31/12/2023	1	

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 reputation of the Town of Port Hedland and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

- Chief Executive Officer
- Director Corporate Services
- Director Infrastructure Services
- Manager Financial Services
- Manager IT and Program Delivery
- Manager Infrastructure Projects & Assets
- Manager Human Resources
- Senior Financial Accountant
- Senior WHS Advisor
- Senior Risk and Audit Advisor

External Agencies

- William Buck:
 - Engagement Director
 - Principal Internal Audit
 - Assistant Manager

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 for the first year, 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 FY2020/21 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 Records Management Review were \$15,400 inclusive of 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:

- 2.b.4 Business approval processes are transparent and pathways streamlined
- 4.b.1 Sound long-term financial planning is implemented
- 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.

Disability Access and Inclusion Plan

The following outcomes of the Town's Disability Access and Inclusion Plan 2017-2022 apply in relation to this item:

- Outcome 3 – Information
- Outcome 4 – Quality of Service

Corporate Business Plan

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

- Develop, implement, and review an internal audit function; and
- Ensure all governance statutory requirements are met.

RISK MANAGEMENT CONSIDERATIONS

These are compliance and operational risks associated with this item because the Town must ensure that it has adequate procedures and processes in place to preserve and protect its systems, procedures, assets, and its reputation by ensuring the compliance of regulatory requirements. The overall risk rating is considered to be medium (9), which is determined by a likelihood of likely (3) and a consequence of moderate (3).

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

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 Audit, Risk and Compliance Committee with an overview of the review of Records Management, and how the Town’s administration will be addressing all relevant findings for improvement.

ATTACHMENTS

1. **Internal Audit Review of Records Management Report (under separate cover)**

11.1.2 2021 COMPLIANCE AUDIT RETURN

Author: Governance Officer
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.

ARC202122/095 COMMITTEE DECISION**MOVED: CR BENNETT****SECONDED: CR CHRISTENSEN**

That the Audit, Risk and Compliance Committee:

1. Notes the areas of non-compliance in the 2021 Compliance Audit Return;
2. Notes the actions the Town will undertake to ensure future compliance; and
3. Recommends Council adopt the 2021 Compliance Audit Return.

CARRIED (3/0)

In Favour: Cr Turner, Cr Bennett, Cr Christensen
Against: Nil.

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee to consider the Town's 2021 Compliance Audit Return (CAR).

DETAIL

Each calendar year all Western Australian Local Government Authorities are required to undertake a compliance audit and forward the results to the Department of Local Government, Sport and Cultural Industries (the Department) by 31 March of the following year. The CAR is a self-assessment undertaken by each local government referring to its levels of compliance with the *Local Government Act 1995* and subsidiary regulations.

A local government's Audit Committee is required to review the CAR and report the results of that review to the Council prior to adoption by Council. The Town will then request for Council's approval to submit the CAR to the Department by 31 March 2022.

The CAR is one of the tools utilised by the Department to monitor how the local government functioned throughout the previous calendar year from a compliance perspective. It identifies areas of non-compliance that provide guidance to officers as to where processes may be reviewed to ensure improved compliance.

The Governance team undertook a thorough review to carry out the compliance audit and the findings have been recorded in the CAR.

For the 2021 calendar year, the Town of Port Hedland was non-compliant with the following

Number	Reference	Question	Comments
Disclosure of Interest 25	S5.51A(1) & 3	Did the CEO prepare, and implement and publish an up-to-date version on the local government’s website, a code of conduct to be observed by employees of the local government?	A revised TOPH Code of Conduct for employees has been drafted and is awaiting publication
Elections 3	Elect Regs 30G (5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government’s official website in accordance with Elect Reg 30G(6)?	An up to date register of electoral gifts was displayed on the TOPH website. The register was non-compliant with reg 30G(6) as the full address of the individual was published, not solely the suburb/town as per reg 30G(6). The register has since been updated to align with reg 30G(6).
Optional Questions 5	S5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government’s website in accordance with sections S5.96A(1), (2), (3) & (4)	The information published on the TOPH website was as legislated, with the exception of s5.96A (1)(a). The Town did not have a map of the district on the public website. A map of the district has now been uploaded to the Town’s website under the “Our Council” tab
Tenders 1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	The Town engaged a contractor directly, following a safety incident. The value of services accrued over the period exceeded the minimum quote requirement.

<p>Tenders 2</p>		<p>Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?</p>	<p>Two did not go to public tender: One project was initially underestimated and the other was completed through Panel Contract with Construction Contract used as an amendment to the Panel Contract executed.</p>
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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 to the reputation of the Town of Port Hedland and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

CONSULTATION

Internal

- Executive Leadership Team; and
- The CAR was compiled internally by the Governance team, who consulted with all responsible business units and officers throughout the organisation.

External Agencies

- Department of Local Government, Sport and Cultural Industries.

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS

Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out an audit of compliance with such statutory requirements.

Regulation 14 of the *Local Government (Audit) Regulations 1996* outlines the period of time, the form and the process on the compliance audit. The compliance audit is required to be reviewed by an Audit Committee and then reported to Council.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial implications related to this item.

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.

RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because the Town will not be compliant if the CAR is not adopted by Council or submitted to the Department by 31 March 2022. The risk rating is considered to be low (4), which is determined by a likelihood of unlikely (2) and a consequence of minor (2).

This risk will be eliminated by adopting the officer's recommendation.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Do not adopt officer's recommendation

CONCLUSION

The CAR is a fundamental mandatory obligation required from all local governments for statutory compliance. The CAR provides the Town an opportunity to check its processes and determine whether it is compliant and as a result the Town is accountable for its actions within the local government framework. It is recommended that the Audit, Risk and Compliance Committee recommend that Council adopt the 2021 CAR.

ATTACHMENTS

1. Compliance Audit Return (under separate cover)

11.1.3 RISK MANAGEMENT FRAMEWORK - GAP ANALYSIS REPORT

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.

ARC202122/096 COMMITTEE DECISION**MOVED: CR CHRISTENSEN****SECONDED: CR BENNETT**

That the Audit, Risk and Compliance Committee receive and note the Risk Management Framework Gap Analysis Report.

CARRIED (3/0)

In Favour: Cr Turner, Cr Bennett, Cr Christensen
Against: Nil.

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance (ARC) Committee to receive and note the Risk Management Gap Analysis Report.

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 documented in the Risk Management Gap Analysis Report (Attachment 1).

DETAIL

The Town of Port Hedland contracted Moore Australia (WA) to address the key elements required for establishing a formal Risk Management Framework (RMF). The project was divided into three phases, each phase with an individual set of deliverables, ultimately interrelating to form the Town's consolidated RMF.

Phase One of the RMF Project; Gap Analysis, commenced in July 2021. The objective and scope are outlined below.

Gap Analysis

- Best practice where fit for purpose;
- What policies and procedures does the Town currently have in place?
- Review of existing policies and procedures and benchmark against fit for purpose type policies and procedures; and
- Review of existing internal control reviews and benchmark against fit for purpose control reviews.

Moore Australia's approach for performing the Gap Analysis included the following:

- Review the Town's risk management practices against AS/NZS 31000:2018 Risk Management;
- Interview with key stakeholders to inquire existing practices, training, state of internal controls, roles, and responsibilities in relation to risk management;
- Obtain the current suite of risk management policies and procedures, including risk register and relevant reports;
- Review current practices and associated documents against organisational requirements to ensure fit for purpose;
- Identify draft observations;
- Confirmation of draft observations with the Town;
- Provision of draft report identifying:
 - The gaps in the Risk Management Framework compared to better practice principles which is fit for purpose, and compliance requirements. (Risk Management Framework refers to the overall elements within a risk management function which includes, policies, procedures, processes, and plans.)
 - The appropriateness of the governance arrangements for the Town's Risk Management Framework

In performing the Gap Analysis, Moore Australia examined and assessed the Town's current business practices and determined what changes or "improvements" need to be made through the implementation of a RMF with an aim to improve existing weaknesses and encourage compliance with the Local Government Act 1995 and supporting regulations.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, as it summarises the existing risk management position of the Town and reflects performance against the Corporate Business Plan and Risk Management Policy in existence at the time.

CONSULTATION

Internal

- Director Corporate Services;
- Director Regulatory Services;
- Director Community Services;
- Director Infrastructure Services;
- Manager IT Program & Delivery;
- Manager Infrastructure Operations;
- Manager Community Development;
- Manager Human Resources;
- Manager Leisure Facilities;
- Manager Financial Services;
- Manager Infrastructure Projects and Assets;
- Senior Risk and Audit Advisor;
- Senior WHS Advisor;
- Senior Project Officer – Business Infrastructure Projects; and
- Risk and Insurance Advisor.

External Agencies

Moore Australia (WA) Pty Ltd

Community

Nil.

LEGISLATION AND POLICY CONSIDERATIONS***Legislation***

Under Regulation 17(1) of the *Local Government (Audit) Regulations 1996*, the CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance

Under Regulation 17(2) of the *Local Government (Audit) Regulations 1996*, the review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

Under Regulation 17(3) of the *Local Government (Audit) Regulations 1996*, The CEO is to report to the audit committee the results of that review.

Policy

Policy 1/022 Risk Management

FINANCIAL AND RESOURCES IMPLICATIONS

The cost associated with phase 1 of the Risk Management Framework Project is \$17,300 inclusive of GST. The total cost associated with the project is \$51,700 inclusive of 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

- 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.
- 4.b.3.2 – Develop, implement, and review a risk management framework.

RISK MANAGEMENT CONSIDERATIONS

There is a reputational risk associated with this item because this report promotes legislative compliance with Regulation 17 of the *Local Government (Audit) Regulations 1996*. If not communicated to the community on a regular basis, the community is unaware of the progress of the risk management initiative. The risk rating is considered to be medium (6), which is determined by a likelihood of possible (3) and a consequence of minor (2). The risk action plan is to continue to report the status of the project to the ARC Committee, to ensure the community is aware of its progress.

There is a compliance risk associated with this item because the Town must ensure that it has adequate risk procedures in place to preserve and protect its systems, assets, procedures, and reputation. The Gap Analysis Report outlines weaknesses in the Town's current risk management practices. The risk rating is considered to be medium (9), which is determined by a likelihood of possible (3) and a consequence of moderate (3). The risk action plan is to consider the identified risk management weaknesses and address them through the next phase of the project, in the development of the RMF.

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation

CONCLUSION

The report presents the ARC Committee with an overview of the RMF Project, as well as positive observations and identified weaknesses in the Town's existing risk management practices.

ATTACHMENTS

1. Risk Management Gap Analysis Report (under separate cover)

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 10 May 2022 commencing at 5:30pm.

15.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 5:37pm.

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.)*

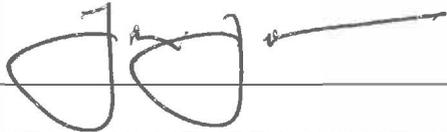
DECLARATION OF CONFIRMATION OF MINUTES

I certify that these Minutes were confirmed by the Committee at its Audit, Risk and Compliance (ARC) Committee Meeting on 17 May 2022.

CONFIRMATION:

Deputy Mayor Tim Turner

PRESIDING MEMBER



PRESIDING MEMBER SIGNATURE

17/5/2022.

DATED