



Town of
Port Hedland



Audit, Risk and Governance Committee Meeting Minutes

Council Chambers, McGregor St, Port Hedland

5:30pm Tuesday, 12 February 2019

Distribution Date:
19 February 2019

David Pentz
Chief Executive Officer

Our Vision

*To be Australia's leading
Port Town embracing
community, culture
and environment*



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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 Governance Committee.

2. Introduction

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

The Audit, Risk and Governance Committee is an advisory committee formally appointed by the Council and is responsible to the Council. The Audit, Risk and Governance 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 Governance Committee does not have any management functions and is therefore independent of management.

The ARG committee will primarily focus on relevant matters relating to Audit (internal and external), Risk and Governance.

The Audit, Risk and Governance Committee objective is to assist the Town of Port Hedland Council in liaising with the auditor 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 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 Governance Committee are to oversee:

- 3.1 The integrity of 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.

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

4. *Authority*

The Audit, Risk and Governance 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 Formally meet with the Town's appointed external auditor as necessary.
- 4.3 Seek resolution on any disagreements between management and the external auditors on financial reporting.
- 4.4 Advise Council on any or all of the above as deemed necessary.

5. *Composition*

- 5.1 The Audit, Risk and Governance Committee will comprise of eleven members, nine Elected Members and two independent members.
- 5.2 The Council will appoint Audit, Risk and Governance Committee members.
- 5.3 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Governance Committee, biennially by election by all committee members after the Ordinary Local Government Election.
- 5.4 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Town. At least one member of the committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.
- 5.5 Independent members will be appointed until the next Ordinary Local Government Election.
- 5.6 A quorum will be a minimum of 50% of the membership.
- 5.7 Audit, Risk and Governance Committee members are required by the *Local Government Act 1995* 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.

6. Meetings

- 6.1 Meetings may be called by the Presiding Member of the Audit, Risk and Governance Committee, or at the request of the Mayor or Chief Executive Officer.
- 6.2 The Audit, Risk and Governance 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 Governance Committee meeting.
- 6.4 All Audit, Risk and Governance 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 Governance 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 Governance Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined in these terms of reference.
- 6.7 Meeting agendas will be prepared and provided at least one week 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.

7. Responsibilities

The Audit, Risk and Governance 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 Business continuity

- 7.2.1 Determine whether a sound and effective approach has been followed in establishing the Town's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

7.3 Internal Control

- 7.3.1 Review and suggest improvements to whether management's approach to maintaining an effective internal control framework is sound and effective.
- 7.3.2 Review and suggest improvements to whether management has in place relevant policies and procedures and that they are periodically reviewed and updated.
- 7.3.3 Determine whether the appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with.
- 7.3.4 Review and suggest improvements to whether appropriate policies and supporting procedures are in place for the management and exercise of delegations.
- 7.3.5 Consider how management identifies any required changes to the design or implementation of key internal controls.

7.4 Financial Report

- 7.4.1 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.
- 7.4.2 Review with management and the external auditors the results of the audit, including any difficulties encountered, and suggest improvements if required.

- 7.4.3 Review and suggest improvements to the annual financial report and performance report of the Town of Port Hedland and its subsidiaries, and consider whether it is complete, consistent with information known to Audit, Risk and Governance Committee members, and reflects appropriate accounting principles.
- 7.4.4 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.
- 7.4.5 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Governance Committee under the Australian Auditing Standards, and suggest improvements if required.
- 7.4.6 Review and suggest improvements to the draft Annual Financial Statements and recommend the adoption of the Annual Financial Statements to Council.
- 7.4.7 Receive the quarterly budget review.

7.5 Compliance

- 7.5.1 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.
- 7.5.2 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.
- 7.5.3 Obtain regular updates from management about compliance matters.
- 7.5.4 Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.

7.6 Internal Audit

- 7.6.1 Review with management and the internal auditor the terms of reference, activities and resourcing of the internal audit function and suggest improvements if required.
- 7.6.2 Review, suggest improvements to and recommend the annual internal audit plan for approval by the Council and all major changes to the plan.
- 7.6.3 Monitor that the internal auditor's annual plan is linked with and covers the material business risks.

- 7.6.4 Monitor processes and practices to ensure that the independence of the audit function is maintained.
- 7.6.5 Annually review the performance of the internal audit including the level of satisfaction with internal audit function having consideration of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and suggest improvements if required.
- 7.6.6 Review and suggest improvements to 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.
- 7.6.7 Monitor management's implementation of internal audit recommendations.

7.7 External Audit

- 7.7.1 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.
- 7.7.2 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.
- 7.7.3 Provide an opportunity for the Audit, Risk and Governance Committee to meet with the external auditors to discuss any matters that the Audit, Risk and Governance Committee or the external auditors believe should be discussed privately.
- 7.7.4 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with external audit function.
- 7.7.5 Monitor management's implementation of external audit recommendations.

7.8 Reporting Responsibilities

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

7.9 Other Responsibilities

- 7.9.1 Perform other activities related to these terms of reference as requested by the Council.
- 7.9.2 Annually review, suggest improvements to and assess the adequacy of the Audit, Risk and Governance 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.)

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Item 1 Opening of Meeting

The Presiding Member declared the meeting open at 5.31 pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledged the traditional custodians, the Kariyarra people, and recognises the contribution of Kariyarra Elders past, present and future, in working together for the future of Port Hedland.

Item 3 Recording of Attendance

3.1 Attendance

Mayor Camilo Blanco – Presiding Member
Deputy Mayor Louise Newbery
Councillor Richard Whitwell
Councillor George Daccache
Councillor Tricia Hebbard
Councillor Warren McDonogh
Councillor Telona Pitt – Deputy Presiding Member
Mr Arnold Carter – Community Member

David Pentz	Chief Executive Officer
Robert Leeds	Director Development, Sustainability and Lifestyle
Josephine Bianchi	Manager Governance
Wendy Barnard	Corporate Support Officer/ Minute Taker

Public	0
Media	0
Officers	6

3.2 Attendance by Telephone / Instantaneous Communications

Nil

3.3 Apologies

Councillor Julie Arif
Councillor Peter Carter

3.4 Approved Leave of Absence

Nil

3.5 Disclosures of Interest

Nil

Item 4 Applications for Leave of Absence

Nil

Item 5 Response to Previous Questions

5.1 Response to questions taken on notice from Public at the Audit, Risk and Governance Committee Meeting held on Tuesday 4 December 2018

Nil

5.2 Response to questions taken on notice from Committee Members at the Audit, Risk and Governance Committee Meeting held on Tuesday 4 December 2018

Nil

Item 6 Public Time

Important note:

'This meeting is being recorded on audio tape and streamed live online as an additional record of the meeting and to assist with minute-taking purposes which may be released upon request to third parties. If you do not give permission for recording your participation please indicate this at the meeting. The public is reminded that in accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders nobody shall 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 chairperson to do so. Members of the public are also reminded that in accordance with section 6.17(4) of the Town of Port Hedland Local Law on Standing Orders mobile telephones must be switched off and not used during the meeting.'

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.

6.1 Public Question Time

The Presiding Member opened Public Question Time at 5:34pm.

The Presiding Member closed Public Question Time at 5:34pm.

The Presiding Member opened Public Statement Time at 5:34pm.

6.2 Public Statement Time

The Presiding Member closed Public Statement Time at 5:34pm.

6.3 Petitions/Deputations/Presentations/Submissions

Nil

Item 7 Questions from Members without Notice

7.1 Deputy Mayor Louise Newbery

I believe that the South Hedland Bowling and Tennis Club is paying full rates, even though a concession was granted when the budget was passed. Could this be investigated?

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 following Committee Members declared that they had given due consideration to all matters contained in the agenda:

Mayor Camilo Blanco – Presiding Member
Deputy Mayor Louise Newbery
Councillor Richard Whitwell
Councillor George Daccache
Councillor Tricia Hebbard
Councillor Warren McDonogh
Councillor Telona Pitt – Deputy Presiding Member
Mr Arnold Carter – Community Member

Item 10 Confirmation of Minutes of Previous Meeting

10.1 Confirmation of Minutes of the Audit, Risk and Governance Committee Meeting held on Tuesday 4 December 2018

ARG201819/103 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION

MOVED: MR CARTER

SECONDED: CR MCDONOGH

That the Audit, Risk and Governance Committee confirm that the Minutes of the Audit, Risk and Governance Committee Meeting held on Tuesday 4 December 2018 are approved.

CARRIED 8/0

Disclaimer

Members of the public are cautioned against taking any action on Committee decisions, on items on this evening's Agenda in which they may have an interest, until formal notification in writing by the Town has been received. Decisions made at this meeting can be revoked, pursuant to the Local Government Act 1995.

Item 11 Reports of Officers

11.1 Corporate and Performance**11.1.1 Financial Statements FY18 (File No. 12/14/0001)**

Author	Manager Finance
Authorising Officer	Director Corporate and Performance
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201819/104 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION**MOVED: CR MCDONOGH****SECONDED: CR DACCACHE**

That the Audit, Risk and Governance Committee receive and endorse to Council the Audited Annual Financial Report, Independent Auditor's Report, Closing Report and Management Letter of Audit Findings for the financial year ended 30 June 2018.

CARRIED 8/0

PURPOSE

The Audit, Risk and Governance (ARG) Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to the Committee's terms of reference. One of the Committee's principal duties is to make recommendations to Council regarding external audit reporting.

This report presents to the Committee the audited Annual Financial Report (AFR), the Independent Auditor's Report, Closing Report and Management Letter of Audit Findings from the Town's Auditors, RSM Australia Pty Ltd, for the year ended 30 June 2018.

RSM Australia Pty Ltd (auditors) issued the Town with an unqualified audit opinion with respect to the financial statements, meaning that the Town of Port Hedland financial records and statements are fairly and appropriately presented, and in accordance with General Accepted Accounting Principles (GAAP).

RSM presented six matters for consideration to be presented during next year's audit as identified in Annexure A Management Letter.

DETAIL

Each year, the Town is required to prepare general purpose financial reports and refer them to the Auditors as soon as practicable, no later than 30 September following the end of the financial year (Section 6.4 of the *Local Government Act 1995*). On 14 September 2018 the Town requested an extension of time from the Department of Local Government and subsequently obtained an extension to 15 October 2018 for the preparation of the general purpose financial reports. The first version of the financial statements were provided to the auditor on 1 November 2018.

The reasons for the Town's financials statements not being submitted to the auditors before the deadline included:

- Asset revaluations on infrastructure completed by an external third party excluded some assets and this was not identified until late in the process.
- Reconciliation of fixed assets register and historical asset revaluations took longer than expected.
- Transition to one fixed asset register took longer than expected.
- The Town has been unable to recruit suitably qualified accountants for over 12 months. This in turn meant that completion of standard financial processes required for year-end were delayed.
- Budget process for financial year ended 30 June 2019 was delayed by approval of rates by Department of Local Government, Sport and Cultural Industries.
- Our accounting software (Synergy) is currently unstable.

The Annual Financial Report is prepared in accordance with *Australian Accounting Standards*; the *Local Government Act 1995*; and the *Local Government (Financial Management) Regulations 1996*. Management's responsibility is to prepare it in accordance with the Standards, Act and Regulations and to ensure that the reports fairly present the financial performance and position of the Town.

The Town's Auditors, RSM Australia, conducted the end of year audit onsite from 22-24 October 2018. Areas of audit emphasis included the following:

- Revenue and receivable cycles
- Purchases and payment cycles
- Fixed assets cycles
- Related party disclosures
- Financial ratios

The role of the Auditor is to provide an opinion based on their audit as to whether Management has fulfilled these obligations. The Auditors also prepare a separate, more detailed report for Management, identifying any issues arising from the conduct of the audit, and recommending any corrective actions. An unqualified opinion was issued with respect to the financial statements, meaning that the Town's financial records and statements are fairly and appropriately presented, and in accordance with General Accepted Accounting Principles (GAAP).

Under section 5.54 of the *Local Government Act 1995*, the annual financial statements and audit report must be accepted by 31 December, provided the auditor's report is available. If the auditor's report is not available in time for the annual report for a

financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

On 11 December 2018, RSM advised verbally that they were unable to provide a completion date for the audit. The Town advised the Department of Local Government, Sport and Cultural Industries of the delay on 12 December 2018.

The financial statements were signed off by the auditors on 4 February 2019.

Council's ARG Committee has delegated authority to liaise with the Auditor, and receive and examine the Auditor's report and any Management Letters arising from the conduct of the audit. The ARG Committee met with RSM Australia's Auditors on 4 December 2018 to discuss initial audit procedures and findings. The auditor's final report dated 4 February 2019 (with management response) is attached.

SUMMARY OF FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

Continuing Operations

A municipal surplus occurs where an opening balance carried forward plus revenue exceeds expenditure in a particular financial year. The Town has recognised a closing municipal surplus of \$7.1M from 2017/18 to be carried forward to the 2018/19 financial year (refer to page 9 of the financial statements). The surplus was realised mainly due to unfinished capital projects.

The Town has realised a net operating deficit of \$5.1M from continuing operations (excludes capital expenditure) and an operating surplus ratio of (0.42%).

When compared with 2017/18, the Town's operating revenue streams increased overall by 2%, mainly due to an increase in sale of properties from the previous year. It is worth noting that interest earned on reserves relating to the Port Hedland International Airport (PHIA) lease proceeds was restricted to the PHIA Lease Proceeds Reserve for 2017/18 and was unable to be utilised to fund the Town's operational expenditure.

The Town's operating expenses increased by 3% due to higher material and contracts costs and other expenditure compared to the previously financial year, however the Town was under budget for 2017/18 for operating expenses overall due to mainly materials and contracts costs, attributed to unfinished capital projects.

The financial sustainability of the Town reflected in the ratios presented in the annual financial report is a direct result of reduced grant income and other available income sources to use for continuing operations, as well as the pressure to reduce rates, fees and charges in the financial year 2018 budget. It is important to note the impact of reduced and restricted income in relation to the Town's Debt Service Coverage Ratio, calculated at (2.34) which is below the Department target of 2.0. The long term sustainability of the Town will be dependent on ongoing review and management of the debt portfolio.

Throughout the 2017/18 financial year, interest earned on investments was re-invested where possible to continue to maximise revenue generating opportunities. All investment funds are held in various authorised deposit institutions, in line with the *Local Government Financial Management Regulations (1995)* and the Town's Investment Policy.

The asset sustainability ratio increased from 0.083 in the 2016/17 financial year to 1.02 in 2017/18. This ratio is an approximation of the extent to which assets managed by the Town are being replaced as these reach the end of their useful lives. This is the first time in the three years that the Town has exceeded the Department standard of 0.9.

Stevens Street Impairment

Management and RSM have determined that all assets at the Stevens Street Retirement Village were fully impaired as at 30 June 2018 on the grounds of economic obsolescence and not fit for their intended purpose based on current standards of the day. The assets have therefore been fully impaired to comply with Australian Accounting Standard 136 Impairment of Assets resulting in an impairment loss of \$3.0M.

Please refer to note 19 Joint Arrangements on page 41 of the financial statements for more information.

Management Letter Audit Findings

RSM has identified six matters for consideration to be addressed by Management. A summarised table of the findings and management response/action plan is provided below, with further detail available in Annexure A of the Closing Report.

AUDIT FINDINGS	RATING	MANAGEMENT ACTION
Submission of Annual Financial Report to Auditors	High	<ul style="list-style-type: none"> The issues associated with the fixed asset register are predominantly related to the transition to one register and will not occur again. The Town will complete a 'hard-close' process as at 31 May 2019 to identify and address any major issues prior to completing year-end.
Readiness for 30 June 2018 final audit	High	<ul style="list-style-type: none"> The Town will complete a 'hard-close' process as at 31 May 2019 to identify and address any major issues prior to completing year-end. The Town is considering options to address the skill shortage including outsourcing of some activities.

AUDIT FINDINGS	RATING	MANAGEMENT ACTION
Bank reconciliations	Medium	<ul style="list-style-type: none"> All reconciliations be formally reviewed and signed off. The Town does not have a policy that deals with bank accounts and reconciliations (refer to Town of Port Hedland Policy Manual last amended 2 November 2018). The Town will update processes accordingly.
Long outstanding rates receivable	Medium	<ul style="list-style-type: none"> Rates officers have now caught up on debt collection processes evidenced by the \$1.8M collected to 30 November 2018. A full review of all overdue rates including an assessment of collectability will be completed in February 2019.
Non-compliance with Investment Policy	Medium	<ul style="list-style-type: none"> The portfolio percentage breach of the policy was a direct result of other counterparty investments maturing and not being able to re-invest due to cash flow requirements. As per the investment register, Westpac Banking Corporation had investments maturing, with the percentage balance rectified by 15 October 2018. This was deemed a practicable solution by management without the need to withdraw term deposits before their maturing date.
Unidentified variance in rates revenue recognised	Medium	<ul style="list-style-type: none"> Improved monthly rates reconciliations will be implemented and completed by the Rates Officer to identify issues earlier. Improved monthly rates reconciliations will be implemented and completed by the Rates Officer to identify issues earlier.

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 financial position of the Town for the financial year ended 30 June 2018 and reflects performance against the Strategic Community Plan and Corporate Business Plan in existence at the time. Risks associated with the audit findings are set out in this report under the heading 'Risk Management Considerations'.

CONSULTATION

Internal

This report was completed with the input and assistance of the Executive Leadership Team, the Financial Services team.

External Agencies

- The Town's Auditors, RSM Australia
- Moore Stephens

LEGISLATION AND POLICY CONSIDERATIONS

Part 7 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* details the requirements for audit.

The Department of Local Government and Communities has also prepared Operational Guideline Number 9 to provide guidelines for the ARG Committee relating to Audit in Local Government.

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* details the Chief Executive Officer's duties in regards to financial management.

FINANCIAL AND RESOURCES IMPLICATIONS

The costs associated with conducting the interim audit and end of financial year audit are included in the 2017/18 budget and financial statements.

Completion of the Annual Financial Report will present a confirmed closing municipal surplus of \$7.1M from 2017/18 to be carried forward to the 2018/19 financial year. This will be included as part of the mid-year budget review.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 4.b.1** Sound long-term financial planning is implemented
- 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.

RISK MANAGEMENT CONSIDERATIONS

Per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be Medium (9), with risk managed by adequate controls, managed by specific procedures and subject to regular monitoring.

RSM has identified six matters for consideration to be addressed by Management. A summarised table of the findings and management response/action plan is provided below, with further detail available in Annexure A of the Closing Report.

The Audit Report is to be accepted by Council no later than 4 April 2019 to comply with section 5.54 of the *Local Government Act 1995*. Not accepting the report by this time will be a breach of the Act. As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be Medium (9).

OPTIONS

Option 1 - Adopt Officer's Recommendation

Option 2 – Do not adopt Officer's Recommendation

Should the Committee choose not to endorse the attached reports, the Audited Annual Financial Statements will still be presented to Council without the endorsement of the Committee.

CONCLUSION

The 2017/18 Annual Financial Report, Independent Auditor's Report, Closing Report and Annexure A Management Letter of Audit Findings are attached for the ARG Committee's review. The Town is continuously working towards improvements in the financial management area and there will be a focus on creating stronger internal controls within financial management and processes in accordance with the Town's values and long term sustainability.

ATTACHMENTS

1. Annual Financial Report 2018 with Audit Report (Under Separate Cover)
2. Town of Port Hedland Closing Report and Annexure A Management Letter (Under Separate Cover)
3. Letter of acceptance of extension of time to submit report to Auditors.

ATTACHMENT 3 TO ITEM 11.1.1



Department of
**Local Government, Sport
and Cultural Industries**

Our ref PH3-5#08; E1823191
Enquiries Michelle Wong
Phone (08) 6552 1443
Email legislation@dlgsc.wa.gov.au

Mr David Pentz
Chief Executive Officer
Town of Port Hedland
PO Box 41
PORT HEDLAND WA 6721

Dear Mr Pentz

**TOWN OF PORT HEDLAND – REQUEST FOR EXTENTION OF TIME TO SUBMIT
2017/18 ANNUAL FINANCIAL REPORT**

Thank you for your application of 14 September 2018 seeking an extension of time to complete and submit to your Auditor the Annual Financial Report for the 2017/18 financial year.

I advise that in accordance with the authority delegated by the Minister, the Deputy Director General, Regulation has approved an extension of time to 15 October 2018 to submit to your Auditor, the balanced accounts and Annual Financial Report for 2017/18.

If you wish to discuss this matter, please contact Michelle Wong, Legislation Officer, at the Department of Local Government, Sport and Cultural Industries via the details listed above.

Yours sincerely

Claire Ware
MANAGER LICENSING AND INDUSTRY SERVICES

25 September 2018

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11.1.2 Mid Year Budget Review (File No. 12/05/0014)

Author	Manager Finance
Authorising Officer	Director Corporate and Performance
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201819/105 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION

MOVED: CR DACCACHE

SECONDED: CR MCDONOGH

That the Audit Risk and Governance Committee:

1. Endorse the 2018/19 Budget Review for period ended 31 December 2018 for adoption at Council, resulting in a projected closing municipal surplus of \$499,584 as at 30 June 2019;
2. Endorse the new/expanded initiatives as per the below table (already included in the above municipal surplus figure):

<i>Project</i>	<i>Current Budget (\$)</i>	<i>Proposed Budget (\$)</i>	<i>Funding (\$)</i>	<i>Municipal Impact (\$)</i>
<i>Car Park Renewals Program</i>	0	150,000	0	150,000
<i>Lighting and Safety upgrades at Pretty Pool Car Park</i>	0	50,000	0	50,000
<i>Car Park Upgrades (Rear of Esplanade Hotel)</i>	0	30,000	0	30,000
<i>Footpath Renewal Programme</i>	577,798	677,798		100,000
<i>Traffic calming – Sutherland street</i>	115,000	150,000		35,000
<i>Pipingarra Road Intersection Upgrade</i>	0	400,000	400,000	0
<i>Staff housing construction</i>	50,000	85,000		35,000
<i>Civic Centre and Gratwick Hall refurbishment</i>	743,876	1,183,876		440,000
<i>Commercial building renewal program</i>	375,121	625,121		250,000
<i>Large Plant Replacement program</i>	400,000	411,000	11,000	0
<i>Light Fleet Replacement Program</i>	946,000	1,052,000	106,000	0

CARRIED BY ABSOLUTE MAJORITY 8/0

PURPOSE

This report presents the 2018/19 mid-year budget review for period ended 31 December 2018. Per *section 33A of the Local Government (Financial Management) Regulations 1996*, a review of the annual budget must be completed between 1 January and 31 March for the applicable budget year. The review is an opportunity to evaluate the current budget and allocate funding for emerging community and social priorities, allowing the organisation to respond and provide the best result for the Town. There are also other factors that are affecting the operational activities and revenue streams which have resulted in budget variations and are discussed in the detail of this report. The proposed budget changes from the review indicate an overall budget positive variation of \$213,927, resulting in an estimated closing municipal surplus of \$499,584 as at 30 June 2019.

DETAIL

Following the 2018/19 Budget adoption on September 6, 2018, *the Local Government (Financial Management) Regulations 1996* state that we are required to carry out a review of the annual budget between 1 January and 31 March in each financial year. The purpose of this report is to review the budget as at 31 December 2018 and present the proposed revised budget to be received by the Audit, Risk and Governance Committee (ARG).

The budget review is an opportunity to evaluate the current budget as a result of numerous factors that affect the operational activities and revenue streams. The reviews are used as a tool for decision making for current and future activities and they are a key component of prudential financial management practices in order to mitigate financial risk exposure to Council. In conjunction with compliance to legislation, the review conducted aimed to reconsider all budget items and review them by taking into account any changes in the macro or minor economic variables and any other relevant information.

Summary of actual financial position as at 31 December 2018:

- Capital expenditure to date is tracking at 23% budget spent, with committed orders bringing the current financial completion to 34%. Major projects include; intersection works carried forward from 17/18 have been completed; Gratwick remedial works are within budgeted progress and cost; and the Civic Centre west wing refurbishment is well underway with completion expected mid-February 2019.
- Operating expenditure is currently 37% of budget. This is under the expected budget YTD, mainly due to lower than expected expenses across all areas.
- Rating income is higher than budgeted due to rating of previously unrated land with the additional rate income being placed into the Financial Risk Reserve.

For more detailed information on actual expenditure, please refer to the Statement of Financial Activity for the period ended 30 December 2018 to be presented at Ordinary Council Meeting on 13 February 2019.

A Statement of Financial Activity by Nature and Type is attached which demonstrates the current annual budget, the proposed annual budget following the variations included as part of this budget review and amendment. The significant movements are detailed below:

Operating Revenue		
Rate Revenue	\$5.9M increase	Increase in rates relating to leased land not previously rated after the budget adoption. To be transferred to the financial risk reserve.
Fees & charges	\$0.4M increase	Lease income not included in the original budget
Other revenue	\$1.6M increase	\$0.4M YMCA management fee review resulting in a reimbursement for over payments in prior years \$1.1M Kingsford Smith Business Park proceeds for sale of land to be treated as inventory (not asset disposal).

Operating Expenditure		
Employee costs	\$0.5M increase	\$0.2M adjustment in the LGIS WorkCover premium for 16/17 financial year \$0.1M CEO recruitment budget \$0.1M in overtime for casuals in Landfill and Libraries \$0.1M Additional contract staff in Finance and Waste
Utilities	\$0.2M increase	\$0.2M increase in Utilities attributed to increases in related sportsground and other water reticulation watering requirements
Depreciation	\$7.9M reduction	\$7.9M reduction in depreciation in line with devaluation of infrastructure in 17/18. No cash impact.
Materials & Contracts	\$1.7M increase	\$0.6M YMCA transition operational costs \$0.5M FORM contract omitted from the original budget \$0.2M Fuel increases due to price and usage increases \$0.2M Addition of Illegal dumping project that was omitted from the original budget \$0.1M WANDRRA program categorized as capital expenditure incorrectly, reclassified to operational expenditure \$0.3M Retirement Village building maintenance subject to outcome of building reports.

Operating Expenditure		
Material & Contracts Airport Project	\$10.4M reduction	\$10.M decrease in expenditure for the Airport Project. This project will not be proceeding in this financial year apart from \$0.1M associated with looking at options to operate the sewerage pumping station and pipe network internally. All required asbestos removal has been completed.
Other Expenditure	\$2.7M increase	\$1.3M expense to provision for doubtful debts for Mia Mia outstanding rates and community contributions and other doubtful debts \$1.2M for cost of land held for sale (written down value) to be treated as inventory (reclassification) \$0.4M transfer of Developer Contributions to be transferred from Municipal funds to Trust in line with Public Open Space agreements.

Investing Activities		
Non-Operating Grants, Subsidies and Contributions	\$0.2M increase	\$0.1M removal of the budgeted grant for the Local Area Traffic Calming Project of \$0.1M, of which \$43k was funded from unspent grants reserve; \$0.4M increase for approved heavy vehicle program funding to be received in 18/19 \$0.1M transfer WANDRRA funding to operating revenue
Proceeds from Disposal of Assets	\$0.8M reduction	\$1.2M proceeds from disposal of KSBP lots reclassified to Other Revenue (treat as inventory) \$0.3M Add in proceeds for staff housing sales. These proceeds have been placed into the Staff Housing Reserve.
Capital Works	\$0.2M increase	Refer to detailed capital works schedule.

New/Expanded Initiatives

Included in the operating and capital expenditure increases identified through the budget review are a number of new/expanded initiatives and projects proposed for this financial year as outlined below:

Project	Current Budget	Proposed Budget	Funding	Muni Impact	Commentary
Car Park Renewals Program	0	150,000	0	150,000	New projects identified subsequent to original budget.
Lighting and Safety upgrades at Pretty Pool Car Park	0	50,000	0	50,000	Project has been proposed by the Police as the area is a hub for lewd and indecent behaviour.

Project	Current Budget	Proposed Budget	Funding	Muni Impact	Commentary
Car Park Upgrades (Rear of Esplanade Hotel)	0	30,000	0	30,000	Project has been discussed between the CEO and BHP. Once the upgrade works are complete the intention is to hand the car park over to BHP to manage.
Footpath renewal program	577,798	677,798		100,000	Project is currently running on schedule and additional works are able to be completed this financial year to achieve a greater outcome for the Town.
Traffic Calming-Sutherland Street	115,000	150,000		35,000	Project to be delivered in May/June in line with the asphalt renewals program. Additional funding required for the raised speed humps
Pippingarra Road intersection upgrade	0	400,000	400,000	0	Currently in discussion with Pilbara Minerals in relation to this project. Grant funding has been approved for \$2.3M. Signed approval signed 2nd January 2019 - to commence construction 1 June 2019
Staff housing construction	50,000	85,000		35,000	Required in order for the Staff Housing Builds Project to be brought to Concept/ Design Documentations stage, in preparation for initial builds in FY19/20.

Project	Current Budget	Proposed Budget	Funding	Muni Impact	Commentary
Civic Centre and Gratwick Hall refurbishment	743,876	1,183,876		440,000	Furniture, Structural report for Civic Centre and Certified drawings for final design \$0.1M above budget. Additional funds required for electrical upgrades, requirements for new meeting rooms, ceiling issues in the East end. Window tinting, new air vents, painting of area at the back of stage, cleaning of Gratwick Hall.
Commercial building renewal program	375,121	625,121		250,000	Civic centre budget increased as original tenderer was non-compliant. Additional \$150k for upgrade of baseball and softball rooms.
Large Plant Replacement program	400,000	411,000	11,000	0	Failure of motor for VEH126 (Landfill loader) \$40K not budgeted.
Light Fleet Replacement Program	946,000	1,052,000	106,000	0	Tenders have been reviewed and evaluated. Additional \$0.1M is required to deliver all 28 vehicles outlined in the RFT.

Project	Current Budget	Proposed Budget	Funding	Muni Impact	Commentary
YMCA transition	0	550,200	0	550,200	Per Council resolution from November 2018 OCM, the Town will be transitioning the management of the leisure facilities to in-house at the end of the current contract period. A component of these costs would have been incurred regardless of the type of management model.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, because budget reviews are vital to ensure the Town is forecasting expected expenditure and revenue in line with current conditions and commitments. Budget reviews are used as a tool for decision making for current and future activities and they are a key component of prudential financial management practices in order to mitigate financial risk exposure to Council.

CONSULTATION

The municipal surplus brought forward for 1 July 2018 has been amended to reflect the final audited closing balance of \$7,140,521 as per the 2017/18 Annual Financial Statements to be presented to ARG on 12 February 2019. This was originally estimated in the budget at \$1,101,592.

Internal

The 2018/19 Budget has been reviewed by all budget managers and the Executive Leadership Team, who collectively have considered the impact of the budget amendments presented to benefit the community as a whole and keep within the budget guidelines of a balanced budget.

External Agencies

- N/A

Community

- N/A

LEGISLATION AND POLICY CONSIDERATIONS

A local government is required to carry out a budget review between the 1 January and 31 March of each financial year in accordance with *regulation 33A(1) of the Local Government (Financial Management) Regulations 1996*. The review must consider the financial performance between 1 July to 31 December, the financial position at the date of the review, and review the outcomes for the end of financial year forecast as stipulated in regulation 33A(2A).

Although there is no statutory requirement to present the review to the ARG, the Committee's terms of reference under 7.4.7 require the ARG to receive quarterly budget reviews. It is the Committee's role to provide comment and feedback on the review in terms of the overall aspects of the review. This review was prepared as at 31 December 2018 to provide the Committee and Council with overview and insight to expenditure against the budget, and amendments identified throughout the financial year.

Any budget review must be submitted to Council within 30 days of completion, with Council to determine whether or not to adopt the review by absolute majority as required by regulation 33A(2) and (3). The budget review will be presented to Council for adoption at a Special Council Meeting scheduled for Wednesday 27 February 2019.

FINANCIAL AND RESOURCES IMPLICATIONS

The 2018/19 budget review for period ended 31 December 2018 has identified an increased operating revenue of \$8.0M and a decreased operating expenditure of \$13.2M, resulting in an increased operating surplus of \$14.2M.

In addition to the budget amendments presented, this report also provides to amend the municipal surplus brought forward at 1 July 2018 to match the final audited Annual Financial Statements 2018/19 with a brought forward figure of \$7.1M. The overall result of the budget amendments is a proposed increase to the closing municipal surplus, resulting in an estimated closing municipal surplus of \$0.5M as at 30 June 2019.

Figures presented in this report are indicative and subject to change following further budget review processes which will be undertaken during the remainder of the financial year and presented to ARG Committee and Council accordingly.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

- 4.b.1** Sound long-term financial planning is implemented
- 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

Substantial positive environmental impacts will be achieved, including the investment in environmental infrastructure and programs and the utilisation of local trades and businesses where possible, practical and available.

Economic

There are significant benefits to the local economy including investment in local infrastructure and the utilisation of local trades and businesses where possible, practical and available.

Social

Significant social impacts will be achieved including the investment into community infrastructure and programs and the promotion of the Town as a great place to live and work.

RISK MANAGEMENT CONSIDERATIONS

As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be Medium (6) .

There is a risk rating of medium (6) assigned to the risk that the review not be submitted to Council within 30 days after the review has been finalised. This risk has an unlikely possibility and a moderate impact in relation to compliance with significant regulatory requirements imposed.

There is a risk rating of medium (9) assigned to the risk that the Council do not adopt the 2018/19 Budget Review for period ended 31 December 2018, resulting in the delay or inability to perform specific capital works which are essential but do not currently have an approved budget item line. This risk has a possible possibility and a moderate impact in relation to compliance with significant regulatory requirements imposed.

OPTIONS

Option 1 - Adopt Officers Recommendation

ARG Committee endorse the 2018/19 Budget Review for period ended 31 December 2018 for adoption at Council, resulting in a projected closing municipal surplus of \$499,584 as at 30 June 2019 including new/extended initiatives and projects.

Option 2 – Do not adopt Officers Recommendation

That ARG Committee do not endorse the proposed amendments presented in the 2018/19 Budget Review for period ended 31 December 2018.

CONCLUSION

This report presents a summary of the 2018/19 Budget Review for period ended 31 December 2018. A number of variations are proposed as part of this review to meet community and organisational requirements. The outcome of the review presents an estimated municipal surplus of \$499,584 as at 30 June 2019. A further review and feedback from the Audit, Risk and Governance Committee may see a change to this final position. The Audit, Risk and Governance Committee is only required to receive the budget review in accordance with the terms of reference.

ATTACHMENTS

1. Statement of Financial Activity by Nature and Type
2. Statement of Financial Activity by Program
3. Reserves
4. Operational Works Program 2018/19
5. Capital Works Program 2018/19

ATTACHMENT 1 TO ITEM 11.1.2

**TOWN OF PORT HEDLAND
STATEMENT OF FINANCIAL ACTIVITY
MID-YEAR BUDGET REVIEW 31 DECEMBER 2018
BY NATURE & TYPE**

	YTD Budget (a)	YTD Actual (b)	YTD Variance (a-b)	Full Year Budget	Budget Amendment	Proposed Budget
	\$	\$	\$	\$	\$	\$
Opening Funding Surplus(Deficit)	1,101,592	7,140,521		1,101,592	6,038,929	7,140,521
Revenue from operating activities						
Rates	30,227,659	36,174,985	(5,947,326)	30,227,659	5,897,731	36,125,390
Operating Grants, Subsidies & Contributions	1,263,225	1,406,084	(142,859)	2,526,450	90,561	2,617,011
Fees & Charges	5,283,968	6,663,046	(1,379,078)	10,567,936	397,800	10,965,736
Other Revenue	485,056	1,221,588	(736,532)	970,112	1,559,979	2,530,091
Interest Earnings	3,329,719	3,591,181	(261,462)	6,659,437	40,000	6,699,437
Profit on disposal of assets	-	355,366	(355,366)	-	15,262	15,262
	40,589,627	49,412,250	(8,822,623)	50,951,594	8,001,333	58,952,927
Expenditure from operating activities						
Employee Costs	(9,420,764)	(8,360,953)	(1,059,813)	(18,841,532)	(515,549)	(19,357,081)
Utilities	(1,361,681)	(870,202)	(491,479)	(2,723,361)	(168,990)	(2,892,351)
Depreciation	(7,129,741)	(7,129,741)	-	(14,259,481)	7,876,686	(6,382,795)
Interest Expenses	(565,524)	(302,813)	(262,711)	(1,131,047)	(5,712)	(1,136,759)
Materials & Contracts	(6,611,196)	(5,441,037)	(1,170,159)	(13,222,391)	(1,726,651)	(14,949,043)
<i>Airport Projects</i>	<i>(5,342,398)</i>	<i>(177,841)</i>	<i>(5,164,556)</i>	<i>(10,684,795)</i>	<i>10,418,961</i>	<i>(265,834)</i>
Insurance Expenses	(408,268)	(397,839)	(10,429)	(816,535)	-	(816,535)
Other Expenditure	(874,567)	(785,953)	(88,614)	(1,749,134)	(2,675,963)	(4,425,097)
Profit / Loss On Asset Disposal	(7,064)	-	(7,064)	(14,127)	14,127	-
	(31,721,202)	(23,466,379)	(8,254,825)	(63,442,404)	13,216,909	(50,225,495)
Operating activities excluded from budget						
Add back Depreciation	7,129,741	7,129,741	-	14,259,481	(7,876,686)	6,382,795
Adjust (Profit)/Loss on Disposal	7,064	(355,366)	362,430	14,127	(29,389)	(15,262)
Transfer to/(from) Non current	(462,080)		(462,080)	(924,160)	-	(924,160)
Movement in provisions		-	-		-	-
Amount attributable to operating activities	15,543,150	32,720,246	(17,177,098)	858,639	13,312,167	14,170,805
Investing activities						
Grants, Subsidies and Contributions	1,170,121	237,011	933,110	2,340,242	210,000	2,550,242
Proceeds from Disposal of Assets	795,500	349,454	446,046	1,591,000	(829,546)	761,454
Capital Works	(4,514,108)	(3,620,686)	(893,422)	(15,272,102)	(155,924)	(15,428,026)
Amount attributable to investing activities	(2,548,487)	(3,034,221)	485,734	(11,340,860)	(775,470)	(12,116,330)
Financing activities						
Proceeds from self supporting loans	34,503	33,430	1,073	69,006	-	69,006
Transfer from Reserves	1,453,014	1,453,014	-	16,511,038	(10,951,992)	5,559,046
Transfer to Reserves	(5,289,673)	(5,289,673)	-	(5,793,889)	(7,409,706)	(13,203,595)
Repayment of Debentures	(559,935)	(552,473)	(7,462)	(1,119,869)	-	(1,119,869)
Amount attributable to financing activities	(4,362,091)	(4,355,702)	(6,389)	9,666,286	(18,361,698)	(8,695,412)
Closing Funding Surplus(Deficit)	9,734,164	32,470,844	(22,736,680)	285,657	213,927	499,584

ATTACHMENT 2 TO ITEM 11.1.2

TOWN OF PORT HEDLAND
STATEMENT OF FINANCIAL ACTIVITY
MID-YEAR BUDGET REVIEW 31 DECEMBER 2018
BY PROGRAM

	YTD Budget (a)	YTD Actual (b)	YTD Variance (a-b)	Full Year Budget	Budget Amendment	Proposed Budget
	\$	\$	\$	\$	\$	\$
Opening Funding Surplus(Deficit)	1,101,592	7,140,521		1,101,592	6,038,929	7,140,521
Revenue from operating activities						
Governance	-	-	-	-	-	-
General Purpose Funding - Rates	30,227,659	36,174,985	(5,947,326)	30,227,659	5,597,900	35,825,559
General Purpose Funding - Other	4,617,029	4,000,885	616,144	9,234,058	-	9,234,058
Law, Order, Public Safety	185,416	373,799	(188,383)	370,832	41,944	412,776
Health	234,026	202,506	31,520	468,051	-	468,051
Education and Welfare	84,936	136,851	(51,915)	169,872	10,000	179,872
Housing	9,500	363,096	(353,596)	19,000	349,454	368,454
Community amenities	3,873,615	5,532,127	(1,658,512)	7,747,230	-	7,747,230
Recreation and Culture	844,396	1,079,888	(235,493)	1,688,791	436,905	2,125,696
Transport	187,045	156,208	30,837	374,090	(73,450)	300,640
Economic Services	117,321	1,121,290	(1,003,970)	234,641	1,445,158	1,679,799
Other Property and Services	208,685	270,614	(61,929)	417,370	193,422	610,792
	40,589,627	49,412,250	(8,822,624)	50,951,594	8,001,333	58,952,927
Expenditure from operating activities						
Governance	(1,660,576)	(1,487,849)	(172,727)	(3,321,152)	63,500	(3,257,652)
General Purpose Funding	(118,906)	(119,433)	527	(237,812)	(182,405)	(420,217)
Law, Order, Public Safety	(1,187,821)	(768,290)	(419,531)	(2,375,642)	83,122	(2,292,520)
Health	(582,832)	(382,434)	(200,398)	(1,165,664)	(1,000)	(1,166,664)
Education and Welfare	(1,390,092)	(839,419)	(550,673)	(2,780,184)	(291,425)	(3,071,609)
Housing	(398,437)	(320,080)	(78,356)	(796,873)	248	(796,625)
Community amenities	(4,101,533)	(3,462,038)	(639,495)	(8,203,066)	(532,557)	(8,735,623)
Recreation and Culture	(10,419,493)	(8,496,732)	(1,922,761)	(20,838,986)	1,600,000	(19,238,986)
Transport	(11,280,933)	(6,636,481)	(4,644,452)	(22,561,866)	15,506,927	(7,054,939)
Economic Services	(388,255)	(243,480)	(144,774)	(776,509)	(2,392,766)	(3,169,275)
Other Property and Services	(192,325)	(710,143)	517,818	(384,649)	(636,735)	(1,021,384)
	(31,721,202)	(23,466,379)	(8,254,822)	(63,442,403)	13,216,909	(50,225,494)
Operating activities excluded from budget						
Add back Depreciation	7,129,741	7,129,741	-	14,259,481	(7,876,686)	6,382,795
Adjust (Profit)/Loss on Disposal	7,064	(355,366)	362,430	14,127	(29,389)	(15,262)
Transfer to/(from) Non current	(462,080)	-	(462,080)	(924,160)	-	(924,160)
Movement in provisions						
Amount attributable to operating activities	15,543,150	32,720,246	(17,177,096)	858,639	13,312,167	14,170,806
Investing activities						
Grants, Subsidies and Contributions	1,170,121	237,011	933,110	2,340,242	210,000	2,550,242
Proceeds from Disposal of Assets	795,500	349,454	446,046	1,591,000	(829,546)	761,454
Capital Works	(4,514,108)	(3,620,686)	(893,422)	(15,272,102)	(155,924)	(15,428,026)
Amount attributable to investing activities	(2,548,487)	(3,034,221)	485,734	(11,340,860)	(775,470)	(12,116,330)
Financing activities						
Proceeds from self supporting loans	34,503	33,430	1,073	69,006	-	69,006
Transfer from Reserves	1,453,014	1,453,014	-	16,511,038	(10,951,992)	5,559,046
Transfer to Reserves	(5,289,673)	(5,289,673)	-	(5,793,889)	(7,409,706)	(13,203,595)
Repayment of Debentures	(559,935)	(552,473)	(7,462)	(1,119,869)	-	(1,119,869)
Amount attributable to financing activities	(4,362,091)	(4,355,702)	(6,389)	9,666,286	(18,361,698)	(8,695,412)
Closing Funding Surplus(Deficit)	9,734,164	32,470,844	(22,736,680)	285,657	213,927	499,584

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**TOWN OF PORT HEDLAND
RESERVES
MID-YEAR BUDGET REVIEW 31 DECEMBER 2018**

	Opening Balance	Transfers In & Interest		Transfers Out		Current Closing Balance of Reserve	
	Actual	Budget	Proposed Budget	Budget	Proposed Budget	Budget	Proposed Budget
Current							
Airport Reserve	14,975,559	0	0	(10,684,795)	(277,841)	4,290,764	14,697,718
Asset Management - Community Facilities and Infrastructure Reserve	2,099,467	2,179,000	2,135,000	(1,508,368)	(826,000)	2,770,099	3,408,467
Cyclone Emergency Support Response	80,410	0	0	0	0	80,410	80,410
Developer Contributions - Car Parking and Public Open Space Reserve	259,269	0	0	0	(259,269)	259,269	0
Employee Leave Reserve	875,612	0	0	0	0	875,612	875,612
Financial Risk Reserve	0	3,000,000	8,947,000	0	0	3,000,000	8,947,000
GP Housing	184,728	0	0	0	0	184,728	184,728
Historical Reserve	11,123	2,850	2,850	0	0	13,973	13,973
Insurance Reserve	123,826	0	0	(123,826)	(123,826)	0	0
PHIA Long Term Lease Proceeds Reserve	168,026,137	0	0	0	0	168,026,137	168,026,137
Plant Reserve	2,454,835	612,039	612,039	(1,013,318)	(1,131,318)	2,053,556	1,935,556
Spoilbank Reserve	37,568,502	0	0	(110,000)	(110,000)	37,458,502	37,458,502
Staff Housing Reserve	276,354	0	349,454	(276,354)	(276,354)	0	349,454
Strategic Reserve	499,645	0	0	0	0	499,645	499,645
Unfinished Works & Committed Works Reserve	1,463,995	0	1,136,277	(1,336,377)	(1,326,377)	127,618	1,273,895
Unspent Grants, Loans & Contributions Reserve	392,486	0	20,975	(13,000)	(68,455)	379,486	345,006
Waste Management Reserve	7,652,244	0	0	(1,445,000)	(1,159,606)	6,207,244	6,492,638
	236,944,192	5,793,889	13,203,595	(16,511,038)	(5,559,046)	226,227,043	244,588,741
*Unallocated internal overdraft Facility	(4,209,376)		4,209,376				0
	232,734,816	5,793,889	17,412,971	(16,511,038)	(5,559,046)	226,227,043	244,588,741

*The use of the unallocated internal overdraft facility has returned to a zero balance during October 2018, satisfying the short term use restrictions of this facility to manage cash flow.

In accordance with council resolutions in relation to each current reserve account, the purpose for which the reserves are set aside are as follows:

<i>Airport Reserve</i>	<i>To fund the future Port Hedland International Airport major Works commitments.</i>
<i>Asset Management - Community Facilities and Infrastructure Reserve</i>	<i>To fund the ongoing maintenance, refurbishment, renewal, replacement and upgrade of Council owned infrastructure assets within the Town of Port Hedland and community facilities within the Town of Port Hedland, specifically (but not limited to): Wanangkura Stadium, South Hedland Aquatic Centre, Gratwick Aquatic Centre, Marquee Park and JD Hardie Centre.</i>
<i>Cyclone Emergency Support Response</i>	<i>To fund cyclone and emergency related projects.</i>
<i>Developer Contributions - Car Parking and Public Open Space Reserve</i>	<i>To hold contributions which arise from conditions applied to a Development Application for car parking and public open space.</i>
<i>Employee Leave Reserve</i>	<i>To ensure that adequate funds are available to finance employee leave entitlements such as annual leave, long service leave, sick leave and redundancies.</i>
<i>Financial Risk Reserve</i>	<i>To provide funds to mitigate against Financial Risks including legal cases with penalties awarded against the Town, SAT rulings upholding valuation objections on high value properties likely to cause significantly large refunds and other unknown events potentially resulting in financial loss to the Town.</i>
<i>GP Housing Reserve</i>	<i>To fund the development, maintenance and management of GP Housing.</i>
<i>Historical</i>	<i>To fund historical building refurbishment projects.</i>
<i>Insurance Reserve</i>	<i>To restrict unspent insurance income at the end of the financial year.</i>
<i>Plant Reserve</i>	<i>To fund the Plant Replacement Program (plant with motor vehicle registration).</i>
<i>Port Hedland International Airport (PHIA) Long Term Lease Proceeds Reserve</i>	<i>To account for the lease proceeds from the long term lease of the Port Hedland International Airport and disburse funds as per the Wealth Management Framework.</i>
<i>Spoilbank Reserve</i>	<i>Funding the development of the Port Hedland Spoilbank Precinct.</i>
<i>Staff Housing Reserve</i>	<i>To fund the maintenance, refurbishment, redevelopment and construction of staff housing.</i>
<i>Strategic Reserve</i>	<i>To fund strategic projects (excluding renewal and replacement) as included in the Town's Strategic Community Plan and Corporate Business Plan. To fund strategic projects (excluding renewal and replacement) as included in the Town's Strategic Community Plan and Corporate Business Plan; and to fund the formulation and maintenance of the plans.</i>
<i>Unfinished Works & Committed Works Reserve</i>	<i>To transfer unspent Municipal funded expenditure on specific projects to enable identification of carryover expenditure into the next financial year.</i>
<i>Unspent Grants, Loans & Contributions Reserve</i>	<i>To restrict unspent grants, loans and contributions at the end of the financial year.</i>
<i>Waste Management Reserve</i>	<i>To fund the development, operation, maintenance and capital expenditure for the Council's waste management facilities including the landfill and waste collection operations and any associated repayments of borrowings and employee entitlements.</i>

**TOWN OF PORT HEDLAND
OPERATIONAL WORKS PROGRAM 2018/19
MID-YEAR BUDGET REVIEW 31 DECEMBER 2018**

Operational Projects	Current Budget 2018/19	Budget Amendment Increase/(Decrease)	Proposed Budget 2018/19	Funding				Comment
				Municipal Funded	Reserve Funded	Sale of Assets	Grants, Subsidies & Contributions	
Rollout of SCP/CBP/Vision/Mission Values & Culture	20,000	(10,000)	10,000	(10,000)				Recude budget by \$10k to align with expected deliverable for 18/19.
Building Asset Fire Safety Audit 2017/18	50,000	(10,000)	40,000		(40,000)			Project is underway, however full budget is not required to deliver the works. Reduce by \$10k.
Corporate Security Improvements	50,000		50,000		(50,000)			
Tyre Management Project	750,000	(165,394)	584,607		(584,607)			Budget reduced to match actual expenditure. Project is complete and no further expenditure expected.
Waste management Strategy	75,000	100,000	175,000		(175,000)			Increase Waste Management Strategy by \$100k to include Landfill site selection study; Landfill closure plan; Waste services Procurement; Landfill Tenures approvals; bin numbering.
Local Planning Strategy	33,550		33,550		(33,550)			
Parks and Paths Strategy	85,000	(20,000)	65,000	(55,000)	(10,000)			Reduce budget by \$20k to align with expected expenditure for 18/19.
Road Safety Audit & Compliance Improvement	40,000		40,000	(40,000)				
Community Facilities Strategy Review	30,000		30,000	(30,000)				
CHRMAP	50,000	8,000	58,000	(8,000)	(50,000)			Increase in budget to match actual expenditure.
Coastal Recreation Areas Management Plan	50,000	(50,000)	0	0				Subject to external funding - grant application to be submitted April - May - carry forward to next FY - has been placed into unfinished works reserve to be re-budgeted in 19/20
Design Concepts Foreshore Infrastructure	60,000		60,000		(60,000)			
Active Oval Renovation Program	100,000		100,000	(100,000)				
Street Tree Replacement Program	50,000		50,000	(50,000)				
Local History Collection Digitilisation	20,000	(20,000)	0	0				Funds will not be expended this financial year. Digitising to be completed when new library management system is implemented.
Airport Master Plan Review	0	39,700	39,700				(39,700)	Review required - will be reimbursed by Port Hedland International Airport
Observation Tower Assessment	25,000		25,000	(25,000)				
GIS Implementation	30,000		30,000	(30,000)				
WANDRRA		100,000	100,000				(100,000)	Transfer project from capital to operating. Reclassification of accounting treatment with no change to bottom line.
Mobile Library	0	10,000	10,000	(10,000)				Fit-out of mobile library.
Total Operational Projects	\$1,518,550	(\$17,694)	\$1,500,857	(\$358,000)	(\$1,003,157)	\$0	(\$139,700)	

CAPITAL WORKS PROGRAM 2018/19									
MID-YEAR BUDGET REVIEW 31 DECEMBER 2018									
Capital Projects	Asset Classification	Budget 2018/19	Amendment Increase/(Decrease)	Amended Budget	Funding			Grants, Subsidies & Contributions	Commentary
					Municipal Funded	Reserve Funded	Sale of Assets		
Infrastructure									
Bollard installation	New	100,000	0	100,000	(100,000)				Bollard program works is 90% complete working on replacing damaged / vandalised bollards. Works to be completed in 19/20.
Port Hedland Baseball Association - Re-establishment of dugouts and scorers box	New	30,000	0	30,000	(30,000)				Currently in discussion around the dug out and score board works. Will be finalised in February 2019.
Shade structure for South Hedland taxi rank	New	15,000	0	15,000	(15,000)				Initial information provided from engineers is that modifications can not be made to existing structures & new structure will be required. Investigating a second option with a local engineering firm.
South Hedland Landfill - Batters	New	220,000	(220,000)	0		0			Pulled from FY 18/19 and to be re-scoped for 19/20
South Hedland Landfill - Fire suppression	New	60,000	0	60,000		(60,000)			Research ongoing – expect procurement to commence end March 19.
South Hedland Landfill - Transfer station	New	50,000	0	50,000		(50,000)			Awaiting conclusion of conceptual plans. Procurement to commence end March 19 - budget will be spent.
South Hedland Skate Park shade cover	New	400,000	0	400,000	(400,000)				SHYS currently in the concept stage 3 x proposals to be presented to ELT in February 2019.
Cassia Primary School footbridge	Renewal	300,000	0	300,000	(185,000)	(115,000)			Project has commenced and will be completed in early February 2019.
Depot works	Renewal	835,000	(500,000)	335,000	0	(335,000)			Scope of works has been considerably reduced as a result of a rethink in relation to the records storage shed. Budget can be reduced by additional \$400k on top \$100k transfer to commercial building renewal.
Drainage Improvement Program	Renewal	350,000	0	350,000	(350,000)				Second stage of drainage improvements to be undertaken with 6000m2 grassroots to be installed Limpet cres & Beronia cres.
Footpath renewal program	Renewal	577,798	100,000	677,798	(677,798)				Project is currently running on schedule and additional works are able to be completed this financial year to achieve a greater outcome for the Town.
Gratwick Aquatic Centre - Remedial Works Intersection - Lukis & McGregor Streets	Renewal	905,298	0	905,298	(799,298)	(106,000)			Project is running as per revised schedule and scope. Project will come in on budget and on time.
Intersection - Murdoch Drive & Brolga Way	Renewal	113,833	0	113,833	(83,433)			(30,400)	Project Complete
	Renewal	70,078	0	70,078	(48,304)			(21,774)	Project Complete
Irrigation inground renewal	Renewal	150,000	0	150,000	(150,000)				Internal works have been completed at Sutherland St , K9 club. Works remaining Throssle St to be completed.
Kerb and disability ramp improvements and renewal	Renewal	150,000	0	150,000	(150,000)				Project is on time and on budget. Project aligns with the second stage of the asphalt renewal program which kicks off in May.
Marapikurrinya drainage and open area development	Renewal	200,000	0	200,000	(200,000)				Concept drawings developed and are being reviewed internally. Project will commence in March 2019.
Marquee Park pump replacement and repair	Renewal	290,000	0	290,000	(290,000)				Project is complete pending final invoices. Possible savings with project coming in under budget to be confirmed later in the financial year.
McGregor st Irrigation tank Replacement stage 1	Renewal	250,000	0	250,000	(250,000)				RFT closing 18th of January 2019. Project will be delivered in March/April.
Playground softfall renewal program	Renewal	75,000	0	75,000	(75,000)				Project is currently underway and will be completed early March 2019.
Playground renewal program	Renewal	350,000	0	350,000	(350,000)				RFT awarded to Active discovery. Installation will commence in late February/ early March to be delivered by May 2019.
Port Hedland boat ramp sandblast and repaint	Renewal	130,000	0	130,000	(130,000)				RFT currently being finalised with consultant for the delivery of works.
Road Renewal Program - Cajarina Road	Renewal	200,000	0	200,000	(66,667)			(133,333)	Currently on program and will be delivered in late April/May in line with the asphalt program.
Road Renewal Program - Newport Road	Renewal	104,567	0	104,567	(34,856)			(69,712)	Project has been postponed. RFG funds have been reallocated to Shoata Rd.
Road Renewal Program - Shoata Road	Renewal	970,922	(291,277)	679,645	(32,364)			(647,281)	30% of Project budget to be carried forward to 19/20 Financial Year, budget to held in Unfinished Works Reserve.
Road Renewal Program - Yandeyarra Road	Renewal	224,079	0	224,079	(112,412)			(111,667)	Project Complete
Shade structures	Upgrade	154,000	0	154,000	(154,000)				First stage of the project is completed with the shade structures on Sutherland Street and at Spoilbank completed. Stage 2 will be delivered in March/April 2019.
South Hedland Landfill - Asphaltting	Renewal	100,000	0	100,000		(100,000)			Internal project delivery. Will use existing Asphalt contract to deliver. Awaiting conclusion of Cyclone season – Estimate May 19.
South Hedland Landfill - Fencing	Renewal	140,000	0	140,000		(140,000)			Scheduled for completion end January 2019.
South Hedland Landfill - Road Resheeting	Renewal	50,000	0	50,000		(50,000)			Awaiting conclusion of Cyclone season – Estimate May 19
WANDRRRA project	Renewal	100,000	(100,000)	0				0	Project complete
Waste - Public place bin enclosures renewal project	Renewal	120,000	0	120,000	(120,000)				Tenders closed – Review underway. Expect award in March 19.
Intersection - Murdoch Drive & Masters Way	Upgrade	81,185	0	81,185	(59,411)			(21,774)	Project complete
Local Area Traffic Management	Upgrade	200,000	(50,000)	150,000	(107,000)	(43,000)		0	No grant funding was received in 2019 - 2020, reduce expenditure in line with reduced income.
Road Reseals Program	Upgrade	1,050,000	0	1,050,000	(437,355)			(612,645)	Project is currently on program. Remaining works will be delivered in May/June 2019.
South Hedland Main street- Throssel Road Verge Upgrade	Upgrade	250,000	0	250,000	(250,000)				Designs to be finalised for project this financial year and delivery in 2019/20
Sutherland street beach access improvement	Upgrade	60,000	0	60,000	(60,000)				Beach access points being finalised as internal works remainder of works to be completed in 3rd quarter
Traffic Calming- Sutherland Street	Upgrade	115,000	35,000	150,000	(150,000)				Project to be delivered in May/June in line with the asphalt renewals program. Additional funding required for the raised speed humps

Capital Projects	Asset Classification	Budget 2018/19	Amendment Increase/(Decrease)	Amended Budget	Municipal Funded	Reserve Funded	Sale of Assets	Grants, Subsidies & Contributions	Commentary
Yandeyarra Formation Improvements	Upgrade	80,000	10,000	90,000				(90,000)	Project complete. Increase budget to match actuals and additional funding received.
Pipingarra Road Intersection Upgrade	Upgrade	0	400,000	400,000				(400,000)	Currently in discussion with Pilbara Minerals in relation to this project. Grant funding has been approved of \$2.27m. Signed approval signed 2nd January 2019 - to commence construction 1 June 2019
Carpark Renewals Programme	Upgrade	0	150,000	150,000	(150,000)				New projects identified subsequent to original budget
Lighting and Safety upgrades at Pretty Pool Car Park	Upgrade	0	50,000	50,000	(50,000)				Project has been proposed by the Police as the area is a hub for lewd and indecent behaviour
Car Park Upgrades (Rear of Esplanade Hotel)	Upgrade	0	30,000	30,000	(30,000)				Project has been discussed between the CEO and BHP. Once the upgrade works are complete the intention is to hand the car park over to BHP to manage.
TOTAL Infrastructure Projects		9,621,760	(386,277)	9,235,483	(6,097,898)	(999,000)	0	(2,138,586)	
Land & Buildings									
Staff housing construction	New	50,000	35,000	85,000	(85,000)				Informal Quotation request was released. Indicative costs for the concept and design drawings came in between \$50,000-150,000. Suitable submissions received for \$85,000 which would allow for commencement of initial construct in FY19/20. Formalised RFQ to be released 9 January 2019 for award in February 2019.
Civic Centre and Gratwick Hall refurbishment	Renewal	743,876	440,000	1,183,876	(1,183,876)				Furniture and structure report required for Civic Centre as well as certified drawings for final design \$0.1M above budget. Additional funds required for electrical upgrades, requirements for new meeting rooms, rectification of ceiling issues in the east end. Increase includes improvement to the Gratwick Hall including window tinting, polish floors, painting the area at the back of the Gratwick Hall stage and cleaning of the Gratwick Hall area.
Commercial building renewal program	Renewal	375,121	250,000	625,121	(370,121)	(255,000)			Additional funds requested to replenish the funds transferred to the Civic Centre refurb to complete renewal works required at GAC. Additional funds requested for Baseball and Softball rooms.
Housing renewal program	Renewal	277,000	0	277,000	(646)	(276,354)			0
JD Hardie expansion	Renewal	143,841	0	143,841	0	(143,841)			Funds remaining will be spent on masterplan and community consultation
JD Hardie kiosk and reception redesign	Upgrade	20,000	(10,000)	10,000	(10,000)				\$10,000 to be returned. \$10,000 requested to remain for scaled down renovations
Marapikurrinya Toilet re-vamp	Upgrade	150,000	0	150,000	(150,000)				Project has been awarded and will be delivered in March/April 2019. Project is on program and on budget
Port Hedland Community Facilities (Turf club)	Renewal	93,841	0	93,841		(93,841)			Masterplan still to be delivered after community consultation.
South Hedland Sports Precinct	Renewal	365,145	0	365,145		(365,145)			Masterplan still to be delivered after community consultation.
YMCA Transition Project	Upgrade	0	550,200	550,200	(550,200)				As per the Council resolution from the November 2018 OCM, the Town will be transitioning the management of the leisure facilities to in-house at the end of the current contract period. A component of these costs would have been incurred regardless of the type of management model and the following capital expenses are required to provide adequate renewal of the facilities: <ul style="list-style-type: none"> • Maintenance to HVAC and Building Management System at Wanangkura Stadium; • IT Hardware and Network connectivity to leisure facilities; • Refurbishment of changerooms, offices, reception and Jimblebar function room at Wanangkura Stadium; and, • Updated signage for Port Hedland Leisure branding.
TOTAL Land & Building Projects		2,218,824	1,265,200	3,484,024	(2,349,843)	(1,134,181)	0	0	

Furniture & Equipment									
CCTV - Finucane Island boat ramp/cour park remote CCTV	New	4,200	0	4,200	(4,200)			Works to be completed in 18/19.	
CCTV - Safer Communities - CCTV network expansion	New	411,656	0	411,656	0		(411,656)	Works to be completed in 18/19.	
Infocouncil software	New	35,345	0	35,345	(35,345)			Works to be completed in 18/19.	
Library software	New	90,000	0	90,000	(90,000)			Works to be completed in 18/19.	
Plan Cabinets for Records	New	10,000	(10,000)	0	0			Project budget to be carried forward to 19/20 Financial Year, budget to held in Unfinished Works Reserve.	
Rapid Plan traffic management system	New	5,000	0	5,000	(5,000)			Project complete	
Safe purchase	New	5,000	(5,000)	0	0			Cancel project - if required will be opex	
CCTV hardware refresh	Renewal	250,000	(250,000)	0	0			Project budget to be carried forward to 19/20 Financial Year, budget to held in Unfinished Works Reserve.	
Firewalls refresh	Renewal	75,000	(75,000)	0	0			Project budget to be carried forward to 19/20 Financial Year, budget to held in Unfinished Works Reserve.	
ICT Hardware and Renewal including windows 10 upgrade	Renewal	80,000	0	80,000	0	(80,000)		Windows 10 rollout still progressing. Balance to be spent on hardware	
Iphone replacement	Renewal	5,000	(5,000)	0	0			No longer required - covered in mobile contract	
South Hedland Skate Park CPTED Design Response	Renewal	15,000	0	15,000	0	(15,000)		Works to be completed in 18/19.	
Telecommunications renewal & upgrade project	Renewal	500,000	(400,000)	100,000	(100,000)	0		Project budget to be carried forward to 19/20 Financial Year, budget to held in Unfinished Works Reserve.	
Workstations refresh (IT)	Renewal	35,000	(35,000)	0	20,000	(20,000)		No longer capex, opex budget increased items less than \$5k	
CCTV - Marquee Park federation into Town's CCTV network	Upgrade	60,000	(60,000)	0	0			Project budget to be carried forward to 19/20 Financial Year, budget to held in Unfinished Works Reserve.	
Desktop phone system	Upgrade	155,000	0	155,000	(155,000)			Procurement plan due in April 2019	
JD Hardie outdoor basketball courts backboards upgrade	Upgrade	20,000	0	20,000	(20,000)			Funds must be held until certainty of grant applications established.	
Server room refresh / Microwave link upgrade	Upgrade	250,000	0	250,000	(126,174)	(123,826)		Procurement plan being drafted must be in place 30 June 2019	
TOTAL Furniture & Equipment Projects		2,006,201	(840,000)	1,166,201	(515,719)	(238,826)	0	(411,656)	
Plant & Equipment									
Small Plant Replacement Program	Renewal	35,000	0	35,000		(35,000)		Works to be completed in 18/19.	
Large Plant Replacement program	Renewal	400,000	11,000	411,000		(361,000)	(50,000)	Failure of motor for VEH126 (Landfill loader) \$40,000 - not budgeted for	
Light Fleet Replacement Program	Renewal	946,000	106,000	1,052,000		(690,000)	(362,000)	Tenders have been reviewed and evaluated. An additional \$106,000 is required to deliver all 28 vehicles outlined in the RFT.	
Phase 2 Digital Radio System	New	44,318	0	44,318		(44,318)		Spend to happen in third quarter	
TOTAL Plant & Equipment Projects		1,425,318	117,000	1,542,318	0	(1,130,318)	(412,000)	0	
TOTAL Capital Works Program		\$15,272,106	\$155,923	\$15,428,029	-\$8,963,463	-\$3,502,325	-\$412,000	-\$2,550,242	

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11.1.3 Funding and Donations for the quarter 1 October 2018 to 31 December 2018 (File No. 02/05/0001)

Author	Community Engagement Team
Authorising Officer	Director Corporate and Performance
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201819/106 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION**MOVED: CR MCDONOGH****SECONDED: CR DACCACHE**

That the Audit, Risk and Governance Committee receive the list of funding and donations made by the Town of Port Hedland for the quarter 1 October 2018 to 31 December 2018 in accordance with the 2018/19 adopted budget.

*CARRIED 8/0***PURPOSE**

The guidelines of the Town of Port Hedland Funding and Donations Policy 6/003 state the Chief Executive Officer is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all funding and donations that have been made by the Town of Port Hedland. Attachment 1 lists \$5,200 of funding and donations paid for the quarter 1 October 2018 to 31 December 2018.

DETAIL

Town of Port Hedland Policy 6/003 Funding and Donations was adopted at Ordinary Council Meeting held 27 January 2011. The policy was last amended on 24 October, 2018 (CM201819/068). The objective of the policy is to ensure Council allocates financial support to the community in the most effective manner within the guidelines and within the budget allocation for the year.

As per the guidelines of Policy 6/003 Funding and Donations, attachment 1 lists \$5,200 of funding and donations paid from 1 October 2018 to 31 December 2018

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance.

CONSULTATION

Internal

Director Corporate & Performance
Manager Financial Services

External Agencies

Applicants of funding and donations as stated in attachment 1

LEGISLATION AND POLICY CONSIDERATIONS

There are no Acts, Regulations and/or Local Laws applicable to this item.

Policy 6/003 Funding and Donations guidelines state that the Chief Executive Officer of the Town of Port Hedland is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all matched funding grants and community donations that have been made.

Providing attachment 1 ensures compliance with this policy.

FINANCIAL AND RESOURCES IMPLICATIONS

\$158,661.36 was included in the 2018/19 adopted budget for community grants.

\$5,200 was paid to successful and eligible community grant applicants in quarter 2, 1 October 2018 to 31 December 2018, with \$20,125 paid in quarter 1.

This leaves \$133,336.36 remaining uncommitted in the 2018/19 budget as at 31 December, 2018.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 1.a.1** Stakeholders are engaged to develop a whole of town approach to increase accessibility to quality health and wellbeing services
- 1.a.2** Community needs and gaps in health provision are identified and delivered
- 1.a.4** Partnerships with stakeholders to deliver sport and recreation are enhanced
- 1.a.5** Agencies and the community are fully engaged to reduce anti-social behaviours and improve community safety
- 1.a.6** Town-wide health, safety, recreation and sporting activities and services
- 1.b.5** Opportunities to get involved and results of engagement are regularly promoted

- 1.c.1** The community, industry, arts and cultural organisations are engaged to identify, plan and coordinate events and activities

- 1.c.2* Events and activities to celebrate the Town's cultural heritage, arts and Pilbara lifestyle are consistently programmed and delivered
- 4.b.2* Transparent and regular financial 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 financial risk associated with this item because as the Town of Port Hedland may exceed the budget and/or approve applications that are deemed ineligible as per Policy 6/003. The risk rating is considered to be Low (2) which is determined by a likelihood of rare (1) 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

The guidelines to the Town of Port Hedland Funding and Donations Policy 6/003 state the Chief Executive Officer is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all funding and donations that have been made for the quarter 1 October 2018 to 31 December 2018. Recommendation is to accept attachment 1 as it complies with the guidelines included in Policy 6/003 Funding and Donations.

ATTACHMENTS

1. List of funding and donations made for the quarter 1 October 2018 to 31 December 2018

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 OCTOBER 2018 TO 31 DECEMBER 2018



18/19 Budget for Community Grants	\$158,661.36
Less Payments:	
Quarter 1	\$20,125.00
Quarter 2	\$5,200.00
Total payments	\$25,325.00
Balance uncommitted at 31 December 2018	\$133,336.36



Quarter 2						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Hedland Taekwondo Club	\$2,000	\$2,000	Community Donation	Australian National Taekwondo Championships in Bendigo, Victoria.	NA	No
Baler Primary School P&C Association	\$100	\$100	Community Donation	End of Year Book Awards	NA	26/11/15 \$1,000 3/12/09 \$50

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 OCTOBER 2018 TO 31 DECEMBER 2018



Quarter 2						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
South Hedland Primary School P&C Association	\$100	\$100	Community Donation	End of Year Book Awards	NA	13/09/2018 \$3,000
C3 Church	\$3,000	\$3,000	Community Support Grant	Hedland Community Carols Event	NA	20/02/2017 \$3,000 03/12/2015 \$1,000 08/12/2014 \$2,000
Total	\$5,200	\$5,200				

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 OCTOBER 2018 TO 31 DECEMBER 2018



Quarter 1						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Tura New Music Ltd	\$3,000	\$3,000	Community Support Grant	Support for free community concert on Saturday 1 September.	N/A	No
Hedland Touch Association	\$3,000	\$2,000	Community Support Grant	Support for Hedland’s Touch Football Association Women’s Team to attend competition in Kimberley in September.	\$2,000 is the maximum permitted for a team attending the same competition under the 6/003 Funding and Donations Policy.	2017/18 \$3,000 2014/15 \$500 2012/13 \$3,000
Pilbara for Purpose	\$3,000	\$3,000	Community Support Grant	Support for hosting the Pilbara Community Services Excellence Awards in Karratha and attended by at least ten community organisations based in Port Hedland.	N/A	No

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 OCTOBER 2018 TO 31 DECEMBER 2018



Quarter 1						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
South Hedland Primary School P&C	\$3,000	\$3,000	Community Support Grant	Support for Years 5 and 6 students to attend school camp.	N/A	No
Treloar Child Care Centre Inc	\$710	\$710	Community Support Grant	Support to cover venue hire for their annual Christmas party for families, children and staff.	N/A	2017/18 \$1,000 2016/17 \$1,000 2015/16 \$300 2014/15 \$780 2013/14 \$1,075 2012/13 \$2,000
Sarah Croft	\$500	\$500	Individual Youth Donation	Support for travel, accommodation and entry fees for Piper Croft (13) to attend dance exams in Perth in September.	N/A	2017/18 \$500

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 OCTOBER 2018 TO 31 DECEMBER 2018



Quarter 1						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Imprint Solutions	\$3,000	\$3,000	Community Support Grant	Support for Hedland Neon Fun Run community event.	N/A	No
Gumala Aboriginal Corporation	\$3,000	\$3,000	Community Support Grant	Support for education and parenting skills program at South Hedland Aquatic Centre.	N/A	No
Port Hedland's Men's Shed	\$1,915	\$1,915	Community Support Grant	Support for information evening and membership drive in October, 2018.	N/A	No
Total	\$21,125	\$20,125				

11.1.4 Status Updates of the Council Decision Risk Register (*File No. 12/14/0002*)

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

ARG201819/107 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION

MOVED: CR DACCACHE

SECONDED: CR MCDONOGH

That the Audit, Risk and Governance Committee note the status of new risks added to the Council Decision Risk Register for the period of November 2018 to January 2019.

CARRIED 8/0

PURPOSE

The purpose of this report is for the Audit, Risk and Governance Committee (ARG Committee) to receive an update on any new risks identified in Council reports with an initial risk rating of high (10) or over.

DETAIL

All reports presented to Council include a section on Risk Management Considerations. Under this section of each Council report, the author is to identify any risks associated with their item and give the risk a rating. This is called the 'Initial Risk Rating'. These risks are then added to the Town's 'Council Decision Risk Register' and monitored until the risk is either eliminated or inactive.

All new risks added to the register with initial risk rating of high (10) or over, are presented to the ARG Committee for information purposes. The last update was provided to the Committee at their meeting of 4 December 2018.

How a Risk Rating is determined

Risks are determined by first identifying a risk *theme*. There could be more than one risk associated with each report. Themes include but are not limited to:

- Health;
- Financial;
- Service Interruption;
- Compliance;
- Reputation; or
- Environment;

Once a theme has been identified, the author determines a *consequence* rating:

- Insignificant (1)
- Minor (2)
- Moderate (3)
- Major (4)
- Catastrophic (5)

Next, the measure of *likelihood* is determined. Likelihood is measured in terms of frequency or probability of the risk occurring. A rating is given from the below options:

- Rare (1)
- Unlikely (2)
- Possible (3)
- Likely (4)
- Almost Certain (5)

The *consequence* and *likelihood* are multiplied and an initial risk rating is determined as per the risk matrix below.

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic	
		1	2	3	4	5	
Likelihood	Almost Certain	5	MEDIUM (5)	HIGH (10)	HIGH (15)	EXTREME (20)	EXTREME (25)
	Likely	4	LOW (4)	MEDIUM (8)	HIGH (12)	HIGH (16)	EXTREME (20)
	Possible	3	LOW (3)	MEDIUM (6)	MEDIUM (9)	HIGH (12)	HIGH (15)
	Unlikely	2	LOW (2)	LOW (4)	MEDIUM (6)	MEDIUM (8)	HIGH (10)
	Rare	1	LOW (1)	LOW (2)	LOW (3)	LOW (4)	MEDIUM (5)

Once the initial risk rating is arrived at, the author is to consider how to manage or mitigate the risk. This is called the risk action plan. Once a risk action plan is in place, the risk is re-evaluated and given a residual rating and monitored until the risk is either eliminated or inactive.

NEW RISKS ON THE REGISTER

Currently there are two new risks on the register for the ARG Committee to note. These are as follows:

Award of Tender RFT2018-21 - Port Hedland Civic Centre Upgrades

Date of meeting	28 November 2018
Risk theme	Reputational
Initial risk rating	High (16)
Description of risk	There is a reputational risk associated with this item because the Town will not be able of return the Gratwick Hall to the community for their use if the works do not proceed.
Risk action plan	Strong contractor management has been maintained with daily site meetings to ensure progress of works are within the agreed time schedule under the contract. Weekly minuted meetings have been undertaken to understand previous weeks and future programming for Stage 1
Residual rating	Medium (6)
Status update	<p>Stage 1 includes the upgrade of the Gratwick Hall Ablutions and the east wing Office space which are progressing well. The anticipated hand over dates for Stage 1 is 16th February 2019, 2 weeks ahead of schedule.</p> <p>Stage 2 includes the Ground Floor ablutions and West Wing Office spaces, due to commence 16th February 2019, 2 weeks ahead of schedule.</p> <p>Due to the larger spaces to refurbish in this stage, in comparison to stage 1, the works will take advantage of these two weeks.</p> <p>The project remains on target to be completed on the agreed date of 26th April 2019</p>

Port Hedland Retirement Village

Date of meeting	12 December 2018
Risk theme	Health
Initial risk rating	High (15)
Description of risk	<p>There is a health risk associated with this item because residents are exposed to asbestos, termite and structurally damaged infrastructure. The risk rating is considered to be High (15) which is determined by a likelihood of possible (3) and a consequence of catastrophic (5).</p> <p>The Town is the custodian of the Port Hedland Retirement Village which is a public building. Therefore, the Town's responsibilities and threshold of risk are different to that which an individual might apply to their home.</p>
Risk action plan	<p>The Council, at its 10 December 2018 Special Council Meeting, resolved to cease all actions with regard to removing the residents of the Port Hedland Retirement Village and to prepare an emergency plan for the evacuation of residents of the Port Hedland Retirement Village in the event of a weather (event). They also resolved to request quotes to come back to Council for remediation work to bring the Port Hedland Retirement Village to an acceptable standard.</p>
Residual rating	High (15)
Status update	<p>The Town met with available residents to discuss preparations for the cyclone that was forecast, including how to prepare for it and how to make arrangements for shelter, if required. New Cyclone Information Booklets and a run sheet on what to consider at each stage of a cyclone were given to each available resident.</p> <p>The Town has requested a third party to deliver a second structural review report and has also engaged a Quantity Surveyor. As soon as these reports are finalised they will be presented to Council for consideration.</p>

Award of RFX 2018-27 - Panel of Project Management Consultants for the Town of Port Hedland

Date of meeting	12 December 2018
Risk theme	Compliance and Reputation
Initial risk rating	High (12)
Description of risk	There is a risk rating of High (12) assigned to the risk that there could be compliance and reputation ramifications if the Town do not assign the right expertise and experience required to undertake a specific project.
Risk action plan	To reduce this risk, the action plan is ensure a clear scope is defined, appropriate due diligence is undertaken and the most suitable Project Management Consultant is assigned.
Residual rating	Medium (6)
Status update	Through thorough evaluation and due diligence the panel that has been formed comprises of panel members with broad experience that will meet the Towns requirements. Additionally with a panel of five (5) there is sufficient skill coverage in the event one panel members declines the work or requests to be removed from the panel

LEVEL OF SIGNIFICANCE

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

CONSULTATION

Internal

- Manager Governance
- Manager Financial Services
- Executive Leadership Group

LEGISLATION AND POLICY CONSIDERATIONS

Policy 1/022 'Risk Management' applies.

FINANCIAL AND RESOURCES IMPLICATIONS

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

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Council'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 are no risk management considerations associated with this item.

OPTIONS

There are no alternative options associated with this item.

CONCLUSION

This report presents the ARG Committee with new active risks on the Town's Council Decision Risk Register which were given an initial risk rating of High (10) or over. The ARG Committee is to receive an update on the register each quarter for information purposes.

ATTACHMENTS

Nil

11.1.5 2018 Compliance Audit Return (File No. 14/06/0001)

Author	Governance Advisor
Authorising Officer	Director Corporate and Performance
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201819/108 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION**MOVED: CR DACCACHE****SECONDED: CR MCDONOGH**

That the Audit, Risk and Governance Committee

- Note the areas of non-compliance in the Compliance Audit Return;
- Note the actions the Town will undertake to ensure future compliance; and
- Recommend Council to adopt the 2018 Compliance Audit Return.

For: Mayor Blanco, Deputy Mayor Newbery, Cr Daccache, Cr McDonogh, Cr Hebbard, Cr Pitt, Cr Whitwell

Against: Mr Carter

CARRIED 7/1**PURPOSE**

The purpose of this report is to present the Town's 2018 Compliance Audit Return (CAR) to the Audit, Risk and Governance Committee for their consideration.

DETAIL

Each 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. The CAR is a self-assessment of a local government referring to its levels of compliance with the *Local Government Act 1995* and its 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 2019.

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 issued throughout the CAR.

For the 2018 calendar year, the Town of Port Hedland was non-compliant in three areas:

1. *Finance:*

Section 7.91 of the *Local Government Act 1995* 'Audit to be conducted', states that "(1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to — (a) the mayor or president; and (b) the CEO of the local government; and (c) the Minister." The Town was not able to comply with this section of the Act as it only received the auditor's report on 4 February 2019. The Town will review, design and implement procedures to ensure compliance for the 2019 calendar year.

2. *Integrated Planning and Reporting*

A Workforce Plan was not presented to Council for adoption in 2018. The Town's Human Resources team are currently in the process of drafting a Workforce Plan. This will be presented to Council for adoption in 2019 calendar year.

3. *Tenders for Providing Goods and Services*

On one occasion, the Town is aware that it has entered into multiple contracts rather than inviting tenders for a single contract. The Town will ensure that training takes place on the Town's procurement processes to educate all responsible officers of their obligations in accordance with legislation and policies. This training will be carried out in 2019. Further details can be found under confidential attachment 2.

The Town did not advertise the amended Regional Price Preference Policy in 2018. This was an administrative oversight. This requirement is outlined in regulation 24F of the *Local Government (Functions and General) Regulations 1996*. To satisfy this non-compliance, this process has been included in the Town's checklist for adopting a new or amended Regional Price Preference Policy in 2019.

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

The CAR was completed internally by the governance team, who consulted with all responsible officers including the Executive Leadership Team.

LEGISLATION AND POLICY CONSIDERATIONS

There are no policy considerations in the completion of the compliance audit review.

Section 7.13(1)(i) of the *Local Government Act 1995* require local governments to carry out an audit of compliance with such statutory requirements. Section 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 the Audit Committee and report to Council.

Section 5.23 (1)(c) and (e) (iii) Meetings generally open to the public, applies in relation to attachment 2, as it outlines details of contracts entered into by the local government that might be discussed at the meeting, as well as information about the business of a person.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial implications related to this item.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

The following section of the Council'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 2019. 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 the adoption of the officer's recommendation.

OPTIONS

Option 1 – Recommend to Council to adopt the officer's recommendation

Option 1 – Recommend to Council that further information be provided if required

CONCLUSION

The CAR is a fundamental mandatory obligation required from all local governments for statutory compliance. The CAR ensures the processes of the Town of Port Hedland are accurate, transparent and accountable. It is recommended that the Audit, Risk and Governance Committee recommend that Council adopt the 2018 CAR.

ATTACHMENTS

1. Compliance Audit Return
2. Details of non-compliance with Function and General Regulations (Confidential)

ATTACHMENT 1 TO ITEM 11.1.5

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

Port Hedland - Compliance Audit Return 2018

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2018.	N/A	The Town has not entered into any major trading as defined in regulation 9 of the Local Government (Functions & General) Regulations 1996 for the 2018 calendar year.	Louise O'Donnell
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2018.	N/A		Louise O'Donnell
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2018.	N/A		Louise O'Donnell
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2018.	N/A		Louise O'Donnell
5	s3.59(5)	Did the Council, during 2018, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Louise O'Donnell

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
**Local Government, Sport
and Cultural Industries**

Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	N/A	Delegations to committees were removed in the Delegation Register review in May 2018.	Louise O'Donnell
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A		Louise O'Donnell
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A		Louise O'Donnell
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A		Louise O'Donnell
5	s5.18	Has Council reviewed delegations to its committees in the 2017/2018 financial year.	Yes	The Delegation Register was reviewed in May 2018 and Council approved to remove delegations to the Committee.	Louise O'Donnell
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Louise O'Donnell
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes	On 23 May 2018, decision CM201718/199, Council adopted the Town of Port Hedland Delegation Register carried by absolute majority.	Louise O'Donnell
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes	Delegations to the Chief Executive Officer were provided by instrument of delegation.	Louise O'Donnell
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Louise O'Donnell
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Louise O'Donnell
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	Delegation Register is available on the Town's website. The Delegation Register with Non Statutory Powers for employees is available on the Town's internal intranet.	Louise O'Donnell
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2017/2018 financial year.	Yes	Reviewed by the Chief Executive Officer in May 2018	Louise O'Donnell
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Louise O'Donnell

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Louise O'Donnell
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	N/A		Louise O'Donnell
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes	All disclosures in relation to section 5.65 and 5.70 were recorded in the minutes of each meeting.	Louise O'Donnell
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Louise O'Donnell
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Louise O'Donnell
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Louise O'Donnell
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	Yes		Louise O'Donnell
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Louise O'Donnell
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Louise O'Donnell
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Louise O'Donnell
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Louise O'Donnell
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Louise O'Donnell

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Louise O'Donnell
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	N/A		Louise O'Donnell
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	N/A		Louise O'Donnell
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Louise O'Donnell

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	N/A		Louise O'Donnell
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Louise O'Donnell

Finance

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes	The new Audit Risk and Governance Committee was resolved by absolute majority at Ordinary Council Meeting (OCM) 01/11/17 (CM201718/065). A community member was appointed to this committee by absolute majority at OCM 13/11/17 (CM201718/101). Another community member was appointed to this committee by absolute majority at OCM 28/02/18 (CM201718/145).	Louise O'Donnell

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A	The reviewed Delegation Register for 2018 did not include for the Audit, Risk and Governance Committee to receive any delegations.	Louise O'Donnell
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	RSM Australia Pty Ltd are a registered company auditor.	Louise O'Donnell
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes	The tender 14/22 Provision of Audit Services to the Town 2014-2019 was awarded by absolute majority to RSM Bird Cameron (now RSM Australia) at Ordinary Council Meeting 25 February 2015 (201415/175).	Louise O'Donnell
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government within 30 days of completion of the audit.	Yes	The Town received the auditors report for the financial year ended 30 June 2018 on 4 February 2019 which is within 30 days of completion of the audit.	Louise O'Donnell
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government by 31 December 2018.	No	The Town wrote to the Department on 13 December 2018 to advise them of the reason why the Auditor's report would not be received by the local government by 31 December 2018.	Louise O'Donnell
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A	A draft of audit matters was received by the Town on 4 December 2018. The Town commenced working on them immediately and discussed it with the Audit, Risk and Governance Committee on that same day. The Auditor's report was received by the Town on 4 February 2019 and any proposed actions will be formally recognised by the Audit, Risk and Governance Committee at its scheduled meeting on 12 February 2019.	Louise O'Donnell
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A	As above.	Louise O'Donnell

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A	As above.	Louise O'Donnell
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	The Town and RSM Bird Cameron have an Audit Agreement for the period of 1 July 2014 - 30 June 2019. This agreement sets out the Audit objectives.	Louise O'Donnell
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	The Town and RSM Bird Cameron have an Audit Agreement for the period of 1 July 2014 - 30 June 2019. This agreement sets out the Audit Scope.	Louise O'Donnell
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	The Town and RSM Bird Cameron have an Audit Agreement for the period of 1 July 2014 - 30 June 2019. This agreement sets out the plan for the audit.	Louise O'Donnell
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes		Louise O'Donnell
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes		Louise O'Donnell
15	Audit Reg 17	Has the CEO reviewed the appropriateness and effectiveness of the local government's systems and procedures in accordance with regulation 17 of the Local Government (Audit) Regulations 1996.	N/A	The Audit Regulation 17 was completed in 2017 and presented to Audit, Risk and Governance Committee on 6 March 2018 - decision ARG201718/065.	Louise O'Donnell
16	Audit Reg 17	If the CEO has not undertaken a review in accordance with regulation 17 of the Local Government (Audit) Regulations 1996, is a review proposed and when.	Yes	The Towns next review is due in 2020.	Louise O'Donnell

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	The Council adopted the Corporate Business Plan 2018 - 2022 on 24 October 2018 (CM201819/067).	Louise O'Donnell
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	N/A		Louise O'Donnell
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	The Council adopted the Strategic Community Plan 2018 - 2028 on 23 May 2018 (CM201718/205).	Louise O'Donnell
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	N/A		Louise O'Donnell
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	The ToPH Asset Management Plan is on the website under Strategic Plans. It was endorsed by OCM on 26/11/14 (201415/121) and is currently being reviewed. 26 November 2014 (201415/121)	Louise O'Donnell
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	The Council adopted the Long Term Financial Plan at the Ordinary Council Meeting held on 22 October 2014 (201415/077). The Town is currently reviewing an up to date Long Term Financial Plan.	Louise O'Donnell
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	No	The Council endorsed in principle a draft Workforce Plan at Ordinary Council Meeting held on 24/10/12 (201213/151).	Louise O'Donnell

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Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	N/A	There was no recruitment of the CEO in 2018.	Louise O'Donnell
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	N/A	There was recruitment for the positions of CEO and designated senior employees in 2018.	Louise O'Donnell
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	N/A	No recruitment of CEO took place in 2018, however current CEO contract details & the CEO appointment remuneration is same as those advertised.	Louise O'Donnell
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	N/A	No recruitment of CEO took place in 2018, however the current CEO appointment included extensive reference checking, independent verification of education & qualifications, and a full medical.	Louise O'Donnell
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A	There was no employment or dismissal of any designated senior employees in 2018.	Louise O'Donnell

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Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	Yes	The Council has appointed designated senior employees as the complaints officer. This is stipulated in the Town's Delegation Register.	Louise O'Donnell
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes		Louise O'Donnell
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Louise O'Donnell
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Louise O'Donnell
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Louise O'Donnell
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes	For 2018, no actions has been undertaken due to the findings being appealed to the State Administrative Tribunal.	Louise O'Donnell

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into 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 Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	No	The Town is aware of one project that was delivered via multiple contracts rather than by the process of inviting a tender.	Louise O'Donnell
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	No	The Town is aware of one project that was delivered via multiple contracts rather than by the process of inviting a tender.	Louise O'Donnell

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No	Reference	Question	Response	Comments	Respondent
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes	All tenders were advertised in the West Australian on all occasions.	Louise O'Donnell
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes	All tenders were advertised for a minimum of 14 days, contained the correct information, and are opened in accordance with regulations.	Louise O'Donnell
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes	The Town use Vendorpanel as their only source for suppliers to submit their tenders. All addendums are issued online utilising Vendorpanel to all suppliers to ensure everyone gets notice of any changes made.	Louise O'Donnell
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes	All tender submissions are opened at the Civic Centre reception and in public with two local government officers present to open the tender. A list of respondents is printed and added to the tender register. Responsible officers that open tenders sign the register.	Louise O'Donnell
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes	Only submissions received on time, and using Vendorpanel are evaluated, all others are rejected.	Louise O'Donnell
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes	Evaluation Criteria is used for all tenders, and is listed in the request document. Vendorpanel (Multi-Party Evaluation) is used to assess all tenders.	Louise O'Donnell
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes	The tender register is kept up to date by the procurement team and is available for public view. This register contains all relevant information.	Louise O'Donnell
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes	Letters are sent to all respondents advising of the outcome particulars of each tender.	Louise O'Donnell
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	No expressions of interest were released in 2018.	Louise O'Donnell

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No	Reference	Question	Response	Comments	Respondent
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A		Louise O'Donnell
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	N/A		Louise O'Donnell
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	N/A		Louise O'Donnell
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes	All Invitations were advertised in the West Australian on all occasions.	Louise O'Donnell
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	Yes	All invitations were advertised for a minimum of 14 days, contained the correct information.	Louise O'Donnell
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	Yes	All tender submissions are opened in public at the Civic Centre reception, with 2 officers present. A list of respondents is printed and added to the tender register.	Louise O'Donnell
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	Yes	All addendums are issued online utilising Vendorpanel to all suppliers.	Louise O'Donnell
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	Yes	An emailed response was rejected and marked non compliant. Only those received via Vendorpanel within the applicable timeframe, were evaluated.	Louise O'Donnell
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Louise O'Donnell
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	Yes	The tender register is available for public view and contains the relevant information.	Louise O'Donnell

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No	Reference	Question	Response	Comments	Respondent
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	Yes	Letters are sent to all respondents advising of the outcome.	Louise O'Donnell
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	Yes	The Council adopted a regional price preference policy in 2013 with the latest review adopted by Council in February 2018.	Louise O'Donnell
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	No	The Town did not advertise the amended Regional Price Preference Policy in 2018.	Louise O'Donnell
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes	Council adopted a purchasing policy in 2009. This policy has been amended a number of times with Council adopting the latest version in February 2018.	Louise O'Donnell

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

Signed Mayor / President, Port Hedland

Signed CEO, Port Hedland

11.2 Development, Sustainability and Lifestyle

Nil

11.3 Infrastructure and Town Services

Nil

Item 12 Motions of Which Previous Notice Has Been Given

Nil

Item 13 New Business of an Urgent Nature

Nil

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

Nil

Item 15 Closure

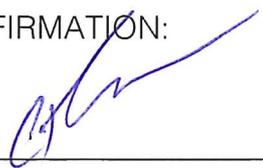
15.1 Date of Next Meeting

The next Audit, Risk and Governance Committee Meeting will be held on Tuesday 14 May 2019, commencing at 5:30pm.

15.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 6.00pm.

CONFIRMATION:



PRESIDING MEMBER



DATE