

Audit, Risk and Governance Committee Minutes

Council Chambers, McGregor St, Port Hedland

5:30pm Tuesday, 13 August 2019

Distribution Date:
21 August 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 5.30pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledged the Kariyarra people, on whose lands we are meeting, and paid his respects to Elders past, present and emerging.

Item 3 Recording of Attendance

3.1 Attendance

Commissioner Hon Fredrick Riebeling
Mr Arnold Carter

Presiding Member
Community Member

David Pentz
Michael Cuvalo

Chief Executive Officer
Acting Director Development,
Sustainability and Lifestyle
Director Corporate and Performance
Manager Governance
Corporate Support Officer/ Minute Taker

Anthea Bird
Jo Bianchi
Wendy Barnard

Public 0
Staff 2
Media 0

3.2 Attendance by Telephone / Instantaneous Communications

Nil

3.3 Apologies

Nil

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 14 May 2019

Nil

5.2 Response to questions taken on notice from Committee Members at the Audit, Risk and Governance Committee Meeting held on Tuesday 14 May 2019

Nil

Item 6 Public Time

Important note:

This meeting is being recorded on audio tape. If you do not give permission for recording your participation please indicate this at the meeting. In accordance with the Town's Standing Orders nobody shall record the proceedings of any meeting unless that person has been given permission by the chairperson to do so and mobile telephones must be switched off.

Unless the Presiding Member determines otherwise, a person may ask up to three questions at a meeting. The time to be allocated for the asking of and responding to questions raised by members of the public is up to 15 minutes but the Presiding member may extend question time for up to 60 minutes after the end of the minimum time for questions. Members of the public are required to complete a question form and place the completed form in the tray provided.

In accordance with the Town's Standing Orders, if the Presiding Member determines that questions and statements are out of order due to the use of an offensive or objectionable expression, or are defamatory, they will not be recorded or responded to.

6.1 Public Question Time

Nil

6.2 Public Statement Time

Nil

6.3 Petitions/Deputations/Presentations/Submissions

Nil

Item 7 Questions from Members without Notice

7.1 Mr Arnold Carter

Have the financial statements to 30 June 2019 been accepted by Council and included in the 2019-20 budget, or are the budget figures estimates?

The Director Corporate and Performance advised that the 30 June 2019 accounts are being finalised and are expected to be available in draft format by 15 August 2019. As per legislation, the financial statements do not have to be adopted by Council until the August Ordinary Council meeting.

The 30 June 2019 statements have not been used as the opening position to update the budget. The Quarter 1 budget review will include those statements will be presented to this Committee.

When the airport lease was compiled, it was agreed that our financial committee de-form for the purpose of engaging professional people for the lease period and assist with financial expenditure over 50 years. I refer you to the Status of Council Decisions which states categorically that you did form one for a period of time, but the latest updates, on 27 November 2018 and on 8 March 2019, state that there have been no further discussions on this resolution.

When is this proposed committee going to be formed and when will the public be informed?

The Chief Executive Officer advised that a recommendation regarding the future of the financial committee will be tabled at a future Ordinary Council Meeting.

The Commissioner queried if Mr Carter was referring to a management of funds committee?

Mr Carter advised in the affirmative.

The Commissioner enquired if that Committee should be the whole of Council?

No, not necessarily. Mr Carter read from the Status of Council Decisions: "That Council request that the Chief Executive Officer engage a suitably experienced legal firm to review the attached draft Trust governance structure presented as part of the Airport lease funds wealth management framework from a legal and tax perspective and report back to Council at a future meeting."

The Chief Executive Officer advised that a fair amount of work has been done in this space, but action was delayed pending the review of the *Local Government Act 1995*, as the review may present opportunities that were not previously available.

The Commissioner advised that Mr Carter would be notified when the Wealth Management Framework item is presented to Council.

The Port Hedland International Airport opening balance is \$144,074,954, with a transfer out of \$10,000,000, leaving an anticipated balance of \$134,074,954 as at 30 June 2020. Do you not anticipate any funds going in to that account?

The Director Corporate and Performance advised that interest revenue is no longer attributed to the reserve account, the interest is credited to the general operating fund of the Town. This has been the practice for the past two years. Therefore, there will be no transfer into that fund.

The budget definition states that this will be done on a short term basis.

The Commissioner queried if Mr Carter's question related to the investment of the funds.

The question relates to the use of the interest only. Mr Carter read from the Status of Council Decisions:

"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. This reserve is to be used as the Town's overdraft facility for the purpose of not utilising external overdraft facilities for short periods from time to time during the financial year."

You have withdrawn the full balance over the last 12 months.

The Chief Executive Officer advised that the above decision does not refer to the interest, it refers to the use of the principal to cover the shortfall if and when required.

I am concerned about the time factor.

The Chief Executive Officer advised that the interest on those funds is used throughout the year, but the decision relates to the utilisation of the principal for a short period of time.

At the moment \$10M is being withdrawn, which would have to be the principal because no interest is being deposited to this account. I was not aware that the reserve is for a period of 12 months, but the budget reflects that these funds are not going to be used for the full year.

The Chief Executive Officer advised that the interest would be utilised.

There is no indication of what that deposit is going to earn in interest.

The Director Corporate and Performance advised that that figure is reflected in the interest revenue line in the general statement.

That information will not be available until the financial interest received documentation is received from the auditors at the end of the year.

The Director Corporate and Performance advised that in the budget a flat rate of 2% is forecast as interest revenue on the reserve balances. This figure is a conservative view and calculations are made on the closing reserve position, which is a lower point than the opening reserve position.

What did you consider would be an appropriate reflection of money earned during that time?

The Director Corporate and Performance advised that 2% interest is the assumption.

The income on that account is zero, there is only \$10M being withdrawn.

The Director Corporate and Performance advised that the interest revenue is not attributed to the reserves, it is reflected on the general statements.

You also said you estimated the amount of income coming in, where is that figure in the budget?

The Director Corporate and Performance advised that the income is shown in the June 2020 Statement of Comprehensive Income, which is on page 20 of the budget document, on a line called "interest earnings".

That covers all the interest earned by the Town.

The Director Corporate and Performance advised in the affirmative. The amount of interest earned was \$4.6M.

What interest did that amount earn during the year?

The Director Corporate and Performance enquired if Mr Carter was referring to FY19 or FY20.

You have estimated an amount in your budget this year that is included in the interest figure, what was that figure?

The Director Corporate and Performance advised the figure was \$4.6M based on 2% interest revenue.

Does that include the total interest received?

The Director Corporate and Performance advised in the affirmative. This information is reflected on page 15 of the budget document.

Was a risk assessment discussed when compiling the additional rate revenue being paid by state agreements mining subleases? Why defer the release of funds for 12 months pending possible appeals and the establishment of a financial risk reserve which includes finance not received from additional rate revenues. I quote the following financial figures as per your budget figures.

Opening balance \$17,866,416
Transfer in \$14,509,502
Transfer out \$ 7,501,208

At 30 June you will have in your reserve account for risk management an amount of \$24,864,710. What is the reason for this balance?

The Director Corporate and Performance advised that the decision was made by Council to be prudent in relation to the rates as the Town was concerned that the people to whom the rates notices were issued would challenge the valuation. Due to the high quantum of those amounts the Town did not consider it an acceptable risk to include those in the general funds for this financial year until the time for submissions had passed.

The Chief Executive Officer advised that the funds were put aside until the rates were beyond challenge.

The Commissioner queried if the rates are now beyond challenge.

The Director Corporate and Performance advised that the valuation on which the rates are based are always subject to challenge. One proponent is disputing the boundaries of their lease with the Pilbara Ports Authority and until that matter is settled the money is still at risk. There are some challenges and legal issues currently being considered.

I have read the Onslow ones.

The Director Corporate and Performance advised that the issues did not relate to Onslow.

Is it Ashburton?

The Director Corporate and Performance advised in the affirmative. Some valuations were received late in June in relation to Landgate reducing the Unimproved Valuation (UV) amount that the Town had applied the rating dollar to. It is still prudent to continue to quarantine those funds.

Those leases and the State agreement land could be changed by the Minister.

The change could be for good and bad.

The Director Corporate and Performance agreed and advised that is why the Town feels it is prudent to quarantine that money on a rolling 12 month basis.

I have been told that at the present moment there is no litigation at all on the additional rate revenues received by the Town of Port Hedland.

The Director Corporate and Performance agreed that that is true for the FY19 rates notices, but advised that the rates notices for FY20 have just been issued and the ratepayers have six months to lodge a challenge.

The Commissioner queried when it is envisaged that the money could be taken out of the reserve account.

The Director Corporate and Performance advised that the monies are deposited on a rolling 12 month basis, so the money for FY19 is able to be released this financial year, but the FY20 money goes back in to the reserve.

The Commissioner queried how long that process would continue.

The Director Corporate and Performance advised that the timescale had not been discussed with Council, but the Town would be comfortable releasing the funds once three years have passed and the back rates situation has been resolved.

The \$17M from the first year which has now been completed will stay in the reserve for another two years?

The Director Corporate and Performance advised in the negative.

When will those funds be released?

The Director Corporate and Performance advised the funds will be released this financial year.

So you have not included that amount in any expenditure forecast?

The Director Corporate and Performance advised that those funds are included in the budgeted expenditure.

Why have you not shown those funds as being transferred out?

The Director Corporate and Performance advised that those funds are reflected as transferred out.

Opening balance was \$17,866M, Transfer in was \$14M, transfer out is \$7.501M. That is not the \$17M that you put in the first year.

The Director Corporate and Performance advised that the rates notices were not issued until late in the year, so a prudent view was taken and 66% of the reserve was released. The rates notices were not issued at the beginning of FY19, they were issued towards the end of that year.

So you still have \$10M there if you want to use it?

The Director Corporate and Performance advised in the affirmative.

We have had 18 months of no swimming pool available at the Gratwick Aquatic Centre. When are the repairs going to be finished, what is the total cost and why did it take 18 months?

The Chief Executive Officer advised that the planned completion date was October 2019 and the project is on track to be completed by that time.

What has the total cost been? Or up to date cost?

The Director Corporate and Performance advised we would take this question on notice.

The Chief Executive Officer advised that there were some extra works being done post Cyclone Veronica.

The Chief Executive Officer further advised that the reason for the 18 month timescale was that the sand filters had to be fabricated, they are not available off the shelf. When the sand filters were connected and put under pressure they split and had to be replaced, like for like, in order to not have the old filtration system replaced with state of the art filtration systems.

Item 8 Announcements by Presiding Member without Discussion

The Commissioner advised that with two members the Committee is not in compliance with the Terms of Reference of this Committee, as the Elected Members should be in the majority, but meetings will continue for the sake of accountability and openness.

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.

Commissioner Hon Fredrick Riebeling
Mr Arnold Carter

Presiding Member
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 14 May 2019

ARG201920/017 OFFICER’S RECOMMENDATION / ARG COMMITTEE DECISION

MOVED: COMMISSIONER RIEBELING

SECONDED: MR CARTER

That the Audit, Risk and Governance Committee confirm that the Minutes of the Audit, Risk and Governance Committee Meeting held on Tuesday 14 May 2019 are a true and correct record.

*CARRIED 2/0**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 Non-Current, Non-Financial Asset Write-offs (*File No. 12/14/0002*)

Author	Senior Project Manager
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.

ARG201920/018 OFFICER'S RECOMMENDATION / ARG COMMITTEE DECISION

MOVED: COMMISSIONER RIEBELING

SECONDED: MR CARTER

That the Audit, Risk and Governance Committee note that the following non-current, non-financial assets have been written-off during preparation of the 2018-19 financial statements in accordance with Regulation 17A(5) of the *Local Government (Financial Management) Regulations 1996*:

- Minor assets with a combined written down value of \$186,734; and
- Impaired assets with a combined written down value of \$51,609.

CARRIED 2/0

PURPOSE

The purpose of this report is for the Audit, Risk and Governance Committee to consider and note the write-down of non-current, non-financial assets that occurred during preparation of the 2018-19 financial statements.

DETAIL

Minor Assets

The Town of Port Hedland's (Town's) financial statements are prepared in accordance with *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. Due to changes in regulation 17A(5), the Town is required to write-off items of property, plant and equipment and infrastructure having an acquisition cost of less than \$5,000. To comply with the relevant accounting standard this adjustment needs to be applied to existing assets at the start of the financial year

as well as subsequent asset acquisitions. This will result in an additional expense of \$186,734 for the current year and a reduction in non-current assets of \$186,734.

It should be noted that non-compliance with the regulations and accounting standards would result in a qualified audit opinion.

A listing of assets written off can be found in attachment 1.

Impaired Assets

During preparation of the annual financial statements, the Town performs an annual impairment and valuation review of its assets. During this review two assets were identified for impairment. A set of cricket practice nets were considered to be too dilapidated to be useful and a below-ground reticulation installation had been destroyed. This will result in an additional expense of \$51,609 and a reduction in non-current assets of \$51,609.

Details of the relevant assets are:

Asset Number	Description	Acquisition Cost	Accumulated Depreciation	Written Down Value
<u>Infrastructure – Parks, Gardens and Reserves</u>				
IRR028	Below ground irrigation system – Cottier Drive, South Hedland	95,670	50,600	45,070
PKE0023	Cricket nets – Marie Marland Oval, South Hedland	20,400	13,861	6,539
TOTAL		116,070	64,461	51,609

LEVEL OF SIGNIFICANCE

In terms of public consultation, and in accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance:

- The minor assets will continue to exist and be available to the Town.
- The written-down value of the assets written off is \$238,343 from an asset base with a written down value of \$288.1 million.

CONSULTATION

Internal

- Director Corporate and Performance
- Manager Financial Services
- Manager Governance

External Agencies

- The Town's auditors, RSM Australia

LEGISLATION AND POLICY CONSIDERATIONS

These adjustments are in accordance with section 6.4(2)(a) of the *Local Government Act 1995*, as it will enable the financial report to be prepared and presented in the manner and form prescribed.

Regulation 17A(2) of *Local Government (Financial Management) Regulations 1996* requires the value of an asset shown in a local government's financial reports to be shown at the fair value of the asset.

Regulation 17A(5) of *Local Government (Financial Management) Regulations 1996* requires an asset to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5,000.

Regulation 5A of *Local Government (Financial Management) Regulations 1996* requires the annual financial report of a local government to comply with Australian Accounting Standards.

Paragraph 22 of *Australian Accounting Standard 108 Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

Regulation 17B(b) of *Local Government (Financial Management) Regulations 1996* requires a CEO to take all reasonable steps to prevent the theft or loss of an asset referred to in regulation 17A(5).

FINANCIAL AND RESOURCES IMPLICATIONS

The adjustments will cause an increase in expenses and a reduction in the carrying value of non-current assets of \$238,343. There is no cash flow impact.

The assets will be retired from the fixed asset register and a separate register will be created and actively managed to account for assets that are considered attractive items.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

4.b.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.

Corporate Business Plan

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

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

RISK MANAGEMENT CONSIDERATIONS

There is low (2) financial risk associated with this item as it will enable the Town to comply with Regulation 17A(5) and paragraph 22 of AASB 108.

The identified risk is that the value assigned to individual assets is incorrect causing assets to be erroneously included or excluded or the total amount of the write-off to be incorrect. Asset values are based on historical records or valuations by suitably qualified and experienced valuation specialists and have been accepted in prior year financial statements. Any errors would be difficult to detect and the impact immaterial.

ATTACHMENTS

1. Non-Financial Assets with an Acquisition Cost less than \$5,000 to be Written-off

*ATTACHMENT 1 TO ITEM 11.1.1***Attachment: Non-Financial Assets with an Acquisition Cost less than \$5,000 to be Written-off**

Asset Number	Description	Acquisition Cost	Accumulated Depreciation	Fair Value
<u>Furniture and Equipment</u>				
ICT302	Veriton L6630 desktop computer	4,893	3,267	1,627
BE0041	Scan Pro 200 film scanner	4,500	4,500	-
OTH21	Conference table and 14 x black leather office chairs for Council Chambers	4,500	1,287	3,213
ICT300	Dell PowerEdge R620 rack server	4,450	1,485	2,965
BE0029	50 bay compactus	4,100	2,737	1,363
ICT314	Acer TM P645 laptop computer	4,016	2,681	1,335
ICT629	APC Smart-UPS 1000VA UPS	3,914	1,568	2,346
ICT553	APC Smart-UPS RT 20kVA UPS	3,841	1,539	2,303
OTH05	Stadium dividing net	3,600	1,202	2,398
BE0017	Aqua run hurdles fun run	3,500	584	2,916
BE0026	Digital projector	3,500	1,402	2,098
BE0030	Manitowoc ice maker	3,500	876	2,624
BE0040	Aqua run including trolley	3,500	2,337	1,163
ICT570	Samsung 460UX-3 46" LCD flat panel display	3,200	2,136	1,064
BE0025	9 X 2 bay compactus	3,150	901	2,249
BE0027	Audio system	3,000	1,202	1,798
ICT607	Dell Optiplex 9020 desktop computer	2,847	1,901	946
BE0042	Roband ERX23 food display	2,700	541	2,159
BE0038	Elite pool blanket	2,600	1,041	1,559
OTH11	Furniture and equipment fit-out	2,550	509	2,041
BE0032	Point of sale system	2,400	1,602	798
OTH09	Tan ottoman with half back on 150mm legs	2,400	477	1,923
BE0031	Ice-O-Matic ice maker	2,300	576	1,724

Asset Number	Description	Acquisition Cost	Accumulated Depreciation	Fair Value
OTH01	Sound system equipment	2,300	768	1,532
ICT670	Acer Veriton N4640G desktop computer	2,198	735	1,463
ICT544	Cisco 3010 ethernet switch	1,992	570	1,422
BE0012	Hydraulic lift and sling	1,850	371	1,479
BE0019	Ultramax robotic pool cleaner	1,800	300	1,500
CCTV011	South Hedland Aquatic Centre CCTV network	1,800	901	899
CCTV013	South Hedland Police Station CCTV network	1,800	901	899
ICT309	Optiplex9020 desktop computer	1,506	1,005	501
ICT423	Acer L6630 desktop computer	1,486	992	494
ICT669	Acer Veriton M6640G desktop computer	1,440	481	959
CCTV010	Civic Centre CCTV monitors	1,350	676	674
ICT626	APC SURT1000XLI rackmount UPS	1,229	492	737
ICT543	Latitude 6530 laptop computer	1,136	325	811
BE0037	Dolphin pool cleaner	1,100	734	366
CCTV004	Gratwick Aquatic Centre CCTV	950	476	474
ICT551	APC Smart-UPS 3kVA UPS	842	337	505
ICT535	Lexmark MS310d laser printer	697	199	497
OTH24	Small sound system and associated equipment	600	120	480
ICT374	Cisco SG200-26P 26 port gigabit smart switch	597	399	199
ICT317	Optiplex 9010 desktop computer	499	333	166
ICT375	Acer M6620G desktop computer	355	119	236
ICT301	Veriton L6620 desktop computer	339	226	113
ICT315	Veriton X6620G desktop computer	314	209	104
ICT319	Acer L6620 desktop computer	311	208	103

Asset Number	Description	Acquisition Cost	Accumulated Depreciation	Fair Value
BE0033	Boca ticket printer	300	300	-
ICT334	Latitude E6530 laptop computer	91	60	30
<u>Infrastructure - Drainage</u>				
PT0041	Grated gully pit	1,705	-	1,705
PT0341	Grated gully pit	3,314	-	3,314
OD0039	Open drain	2,978	-	2,978
CV0220	Culvert	1,776	-	1,776
OD0034	Open drain	2,356	-	2,356
OD0057	Open drain	2,190	-	2,190
OD0049	Open drain	1,612	-	1,612
OD0040	Open drain	728	-	728
OD0048	Open drain	312	-	312
<u>Infrastructure – Footpaths and Cycleways</u>				
FPN0197	Footpath	3,163	-	3,163
FPN0324	Footpath - right	2,992	-	2,992
FPP0021	Footpath	2,461	-	2,461
<u>Infrastructure - Other</u>				
IRR047	Below ground system	3,618	-	3,618
FC0050	Automatic double gates	644	-	644
FC0051	Automatic double gates	618	-	618
<u>Infrastructure – Parks, Gardens and Reserves</u>				
STR0048	Shade sail	671	-	671
SN0002	Daylesford Park signage	1,336	-	1,336
SN0003	Faye Gladstone Netball Courts signage	1,336	-	1,336

Asset Number	Description	Acquisition Cost	Accumulated Depreciation	Fair Value
SN0004	Kevin Scott Oval signage	1,336	-	1,336
SN0005	Marie Marland Oval signage	1,336	-	1,336
FB0001	Footbridge	1,643	-	1,643
FC0012	Gate - vehicle	275	-	275
FC0026	Gate - vehicle	637	-	637
<u>Infrastructure – Roads and Bridges</u>				
RD0439	Traine Crescent Service Road Entry: 0-11M, single carriageway	1,414	-	1,414
<u>Plant and Equipment</u>				
P12081224	Jarrett 7' slasher	4,950	1,580	3,370
P12081228	Ekon DNB 110IIS hydraulic breaker	4,500	1,250	3,250
P12081250	Grundfos variable speed water pump	4,500	1,125	3,375
P12081615	Nessco Pressure System Infinity Plus compressor	4,500	900	3,600
L7030208	Sea container for Environmental Health	4,000	800	3,200
P10040212	Grave shoring system	4,000	800	3,200
P12081218	20' sea container	4,000	1,500	2,500
P12081223	Komatsu forklift attachment	4,000	800	3,200
P12081236	Water pump - nursery	3,900	650	3,250
P12081235	Screening bucket	3,300	657	2,643
P12082413	Brush fork grapple	3,100	620	2,480
P10040307	ESB 91 magnet with control box, cable and lifting chains	3,000	600	2,400
P12080814	Caterpillar 264-9600 brushcutter attachment	3,000	600	2,400
P12081220	20' sea container	3,000	1,000	2,000
P12081239	Grundfos water pump	3,000	750	2,250

Asset Number	Description	Acquisition Cost	Accumulated Depreciation	Fair Value
P12081240	Grundfos water pump	3,000	750	2,250
P12081243	Grundfos irrigation pump	3,000	857	2,143
P50202-06	Yamaha Grizzly quad bike	3,000	2,000	1,000
P12081247	Grundfos submersible water pump	2,900	580	2,320
	Auger attachment 15C, 150, 300 & 600mm, for Bobcat	2,750	550	2,200
P12082013	T630 track loader			2,143
P12081234	2m mud bucket	2,600	457	1,913
P12081249	Lowra irrigation pump	2,550	637	2,000
P12081523	Dwyer & Felton 26" reel mower	2,500	500	2,000
P385	Southern Cross model TX-250FX travelling irrigator	2,500	500	1,725
P12081232	Transtank self-bunded container	2,450	725	1,920
P1110 - 02	Howard EHD180 rota-slasher	2,400	480	1,972
P12081246	Grundfos irrigation pump	2,300	328	1,800
P70301-07	Leco Vector fogger	2,250	450	1,680
P12080114	2 x Spraymaster spray shop hardikit with electric start	2,100	420	2,011
P12081607	Stihl MS 201T chainsaw	2,011	-	950
P12081219	Spitwater SW151 steam cleaner	1,900	950	-
P12081254	Southern Cross irrigation pump	1,900	1,900	-
P12081258	Southern Cross irrigation pump	1,900	1,900	1,080
P12081251	Water quality monitoring	1,800	720	1,080
P12081252	Chemical dosing	1,800	720	1,080
P12081256	Chemical dosing	1,800	720	1,075
P12081227	QZ grab	1,500	425	
P12081253	Weather station	1,500	600	900

Asset Number	Description	Acquisition Cost	Accumulated Depreciation	Fair Value
P12081910	Bend-Pak mower hoist	1,500	300	1,200
P371	Southern Cross model 250 travelling irrigator	1,400	280	1,120
P372	Southern Cross model 250 travelling irrigator	1,400	280	1,120
P12081217	Ravaglioli RAV422N 4 post vehicle hoist	1,200	100	1,100
P12082109	Jarrett Park TS360 ride-on mower	1,200	240	960
P12081231	Mild steel mixing hopper	1,100	20	1,080
P12082313	72 rake bucket	800	160	640
P12081230	Line marker	750	-	750
P12081226	Digga Cleana 6' road broom	700	-	700
TOTAL		289,347	102,613	186,734

11.1.2 Financial Statements FY18 (File No. 14/06/0001)

Author	Acting Manager Financial Services
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.

ARG201920/019 OFFICER'S RECOMMENDATION / ARG COMMITTEE DECISION**MOVED: COMMISSIONER RIEBELING****SECONDED: MR CARTER**

That the Audit, Risk and Governance Committee receive and endorse to Council the Updated Closing Report and Management Letter of Audit Findings for the financial year ended 30 June 2018.

*CARRIED 2/0***PURPOSE**

The purpose of this report is for the Audit, Risk and Governance Committee to consider the Updated Closing Report and Management Letter of Audit Findings from the Town's Auditors, RSM Australia Pty Ltd, for the year ended 30 June 2018.

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.

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 in February 2019. However, due to an administrative oversight the Town did not respond to the outstanding finding that carried over from the 2017/2018 financial year. To comply with Section 7.12A(4) of the *Local Government Act 1995* we need to respond to the outstanding finding.

DETAIL

Council adopted the audited accounts on 13 Feb 2019 (refer Council decision CM201819/104). 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.

On 28 June 2019 we received a letter from the Department informing us we were currently not compliant with Section 7.12A(4) as we had not provided a report to the Department on a matter identified as significant by the auditor.

Section 7.12A(4) states:

"A local government is to —

- (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and*
- (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time."*

Due to an administrative error, the open matter from 2017/2018 financial report was missed and not reported to the ARG and published with the financial statements.

The other significant matters and the audit report had been previously received by the ARG on 12 February 2019.

The only outstanding matter was the Town not meeting acceptable banding for legislated ratios. The two ratios that did not meet the Department's standards was the Debt Service Ratio and the Operating Surplus Ratio.

This was due to loss on revaluation of \$12.7m relating to infrastructure assets. This revaluation contributed to the net operating deficit of \$15.8m. Without this non-cash expense the Town would have been above the acceptable target for the ratios. The Town does not expect a revaluation expense as large in the 2018/2019 financial year. It should be noted that the devaluation was essentially a reversal of the revaluation booked in 2014/2015, with both entries being non-cash.

In relation to the Debt Service Cover Ratio, the Town has paid out all loans as at 17 June 2019. The Town is now above the standards required by the Local Government Operational Guidelines and will be compliant in the 2018/2019 financial year.

The Town improved on the Asset Sustainability Ratio to reach the acceptable banding from 2017/2018 financial year to the 2018/2019 financial year.

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 and the Governance 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 CEO'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 were included in the 2017/18 budget and financial statements.

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 (6), with risk managed by adequate controls, managed by specific procedures and subject to regular monitoring.

RSM identified seven matters for consideration to be addressed by Management. Six matter have already been endorsed by the ARG and Council. Management require endorsement for the outstanding finding for ratios, further detail is available in Annexure A of the Closing Report.

The Audit Report is to be accepted by Council no later than 27 August 2019 to comply with the letter received from the Department and remedy the non-compliance. As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be Medium (6).

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 updated 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. Town drafted addition to Town of Port Hedland Closing Report 30 June 2018

*ATTACHMENT 1 TO ITEM 11.1.2***TOWN OF PORT HEDLAND****PERIOD OF AUDIT: 30 JUNE 2018 FINAL****RESPONSE TO OPEN FINDING****1. Ratio's**

Local Government Operational Guideline Number 18 – June 2013 (the Guideline), provides benchmark standards for the ratios required to be reported under regulation 50 of the Local Government (Financial Management) Regulations 1996.

The following table summarises the Town's ratios in relation to the standard

		Council's Actual Ratios		
		2018	2017	2016
Current Ratio	≥ 1	1.94	1.26	1.44
Asset Sustainability Ratio	≥ 0.90	1.02	0.83	0.37
Debt Service Cover Ratio	≥ 2	(2.34)	1.84	9.68
Operating Surplus Ratio	≥ 0.01	(0.42)	(0.21)	0.51
Own Source Revenue Coverage Ratio	≥ 0.40	0.64	0.76	0.71
Asset Consumption Ratio	≥ 0.50	0.94	0.82	0.74
Asset Renewal Funding Ratio	≥ 0.75	0.91	1.04	1.07
Key				
		Above target as per guidelines	Below acceptable banding as per guidelines	
¹ Local Government Operational Guidelines Number 18 – June 2013 sets out standards for each ratio.				

Implication:

Ratios below the benchmark standard could indicate adverse trends in the short term financial sustainability of the Town in accordance with the Guideline.

Recommendation:

The Town needs to consider the impact of the above ratios on the short term financial sustainability of the Town and any actions required to be incorporated into budgets and the long term financial plan to address this.

Management Comment:

Since the 2017/2018 financial report the Town has increased the Asset Sustainability ratio to a level within the standard.

The Town was below the acceptable banding for the Debt Service Cover Ratio and Operating Surplus Ratio for the 2017/2018 due to the loss on revaluation of \$12.71m relating to infrastructure assets. This revaluation contributed to the net operating deficit of \$15.78m. Without this non-cash expense

TOWN OF PORT HEDLAND**PERIOD OF AUDIT: 30 JUNE 2018 FINAL****RESPONSE TO OPEN FINDING**

the Town would have been above the acceptable target for the ratios. The Town does not expect a revaluation expense as large in the 2018/2019 financial year.

In relation to the Debt Service Cover Ratio the Town has paid out all loans as at 17 June 2019. The Town is now above the standards required by the Local Government Operational Guidelines and will be compliant in the 2018/2019 financial year.

Responsible Person:

Manager Financial Services

Completion Date:

30 June 2020

11.1.3 Funding and Donations for the quarter 1 April 2019 to 30 June 2019 (File No. 02/05/0001)

Author

Program Activation 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.

ARG201920/020 OFFICER'S RECOMMENDATION / ARG COMMITTEE DECISION**MOVED: COMMISSIONER RIEBELING
CARTER****SECONDED: MR**

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 April 2019 to 30 June 2019 in accordance with the 2018/19 adopted budget.

*CARRIED 2/0***PURPOSE**

The purpose of this report is for the Audit, Risk and Governance Committee to consider the Funding and Donations Policy report for the quarter 1 April 2019 to 30 June 2019.

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 (ARG) Committee detailing all funding and donations that have been made by the Town of Port Hedland. Attachment 1 lists \$43,939.91 of funding and donations paid throughout the quarter (1 April 2019 to 30 June 2019) in the 2018/19 financial year.

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 \$43,939.91 of funding and donations paid from 1 April 2019 to 30 June 2019.

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

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 ARG 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.

\$43,939.91 was paid to 29 successful and eligible community grant applicants from 1 April 2019 to 30 June 2019, with \$26,141.05 paid from 1 July 2018 to 31 March 2019 to 13 successful and eligible community grant applicants.

This leaves \$88,580.40 uncommitted in the 2018/19 budget.

Annual Community Development Grants of \$39,000 were scheduled to be endorsed at the June 2019 Ordinary Council Meeting (OCM). This agenda item was deferred until the 24 July 2019 OCM. Accordingly, the amount of \$39,000 has been allocated to the 2019/2020 financial year budget.

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 ARG Committee detailing all funding and donations that have been made for the quarter - 1 April to 30 June 2019. The Officer's 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 April 2019 to 30 June 2019

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



18/19 Budget for Community Grants	\$158,661.36
Less Payments:	
• Quarter 1 (Q1 - 1 Jul – 30 Sep)	\$20,125.00
• Quarter 2 (Q2 - 1 Oct – 31 Dec)	\$5,200.00
• Quarter 3 (Q3 - 1 Jan – 31 Mar)	\$816.05
• Quarter 4 (Q4 - 1 Apr – 30 Jun)	\$43,939.91
Total payments	\$70,080.96
Balance uncommitted as 30 June 2019	\$88,580.40

Quarter 4						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Port Hedland Motorcycle Club	\$3,000.00	\$3,000.00	Community Sports Grant	Port Hedland Motorcycle Club MX	N/A	No
Port Hedland Golf Club	\$1,000.00	\$1,000.00	Community Sports Grant	My Golf Junior Club	N/A	15/16 \$155

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 4						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Hedland BMX Club	\$1,000.00	\$1,000.00	Community Sports Grant	Pole padding for safety	N/A	No
Jamie Gilbert	\$236.10	\$150.00	Youth Leadership and Development Grant	TAFE Course 2019 (Paid TAFE directly)	Remainder of grant was paid in Q3 (\$66.05)	No
Kayden Dann	\$1,000.00	\$658.00	Athlete Development Grant	2019 Singapore South East Asia Youth Baseball and Softball Tournament	Applied for items that the grant does not cover	No
SAFE Hedland	\$2,000.00	\$2,000.00	Special Events Grant	Hedland Paws Walk	N/A	No
Juan Franklin	\$962.95	\$962.95	Athlete Development Grant	South East Asia Youth Baseball and Softball Tournament - Perth Allstars Baseball Singapore Tournament	N/A	No

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 4						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Lincoln Vile	\$500.00	\$500.00	Athlete Development Grant	Little Athletics State Championships	N/A	No
Cory Baumgarten	\$1,000.00	\$899.95	Youth Leadership and Development Grant	Youth Grant	Actual costings were different to requested	No
Mr Wyatt Wilson	\$750.00	\$750.00	Athlete Development Grant	Think Again – Under 13/14 Regional Development Carnival	Mr Wyatt Wilson	No
Kye Richards	\$500.00	\$500.00	Athlete Development Grant	U/13- 14 Regional Development Cricket Carnival	N/A	No
Jack Bowins	\$750.00	\$750.00	Athlete Development Grant	School Sports National Baseball Championships 2019	N/A	Yes 17/18 \$500.00 16/17 \$500.00 15/16 \$500.00

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 4						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Tabba Tabba Pty Limited	\$2,000.00	\$1,818.18	Business and Tourism Innovation Grant	Multi Media And Advertising Project	Variance due to GST included in amount requested. GST was excluded out of different GL.	No
Port Hedland Shooters Club	\$3,000.00	\$3,000.00	Community Sports Grant	Safety Mound Remediation Stage 1	N/A	No
North West Spearfishing	\$1,000.00	\$1,000.00	Community Sports Grant	Port Hedland Spearfishing Competition	N/A	No
Port Hedland Rovers Club	\$3,000.00	\$3,000.00	Community Sports Grant	Rovers In The Community- Yandeyarra/Warralong/Marble Bar Football Clinics	N/A	No
Port Hedland Turf Club	\$3,000.00	\$3,000.00	Community Sports Grant	Race Track Improvement	N/A	No

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 4						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Pilbara Music Festival	\$3,000.00	\$3,000.00	Community Arts & Culture Grant	Pilbara Music Festival Inc	N/A	17/18 \$3,000.00
Chloe Glasson	\$500.00	\$500.00	Athlete Development Grant	WA State 15u Softball Selection	N/A	17/18 \$500.00
Tadiwanashe Kuzamba	\$1,000.00	\$1,000.00	Athlete Development Grant	Phuket Cup Tournament		No
Rutendo Kuzamba	\$1,000.00	\$1,000.00	Athlete Development Grant	Singapore Cup Soccer Tournament U14 Girls	N/A	No
Hedland Taekwondo Club	\$2,000.00	\$1,000.00	Athlete Development Grant	WA Taekwondo States Championships	Applied for incorrect amount.	No

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 4						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Port Hedland Arts Council (HARTZ)	\$2,000.00	\$2,000.00	Artist Development Grant	Painting Workshop With Karol Oakley	N/A	No
Hedland Kart Club	\$3,000.00	\$3,000.00	Community Sports Grant	Power Infrastructure Upgrade	N/A	No
Hedland Camera Club	\$3,000.00	\$3,000.00	Community Arts & Culture Grant	July Camera Club - Hedland Weekend Showcase	N/A	No
Hedland Swans Club	\$3,000.00	\$2,216.30	Community Sports Grant	South Hedland Swans 2019 Season	Applied for incorrect amount.	No
Care for Hedland	\$1,000.00	\$1,000.00	Public space Activation	Coastal Sign Replacement	N/A	No

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 4						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Lisa Dawson	\$250.00	\$234.53	Friendly Neighbourhood Grant	Cook Point BBQ	Total varied from actual spent	No
Port Hedland Primary School	\$2,000.00	\$2,000.00	Artist Development Grant	Lion King - Musical Production	N/A	No
Total	\$46,449.05	\$43,939.91				

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 3						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Mr Wyatt Wilson	\$750.00	\$750.00	Individual Sport Donation	Think Again – Under 13/14 Regional Development Carnival	N/A	No
Miss Jamie Gilbert	\$236.10	66.05	Youth Development Donation	TAFE Course 2019	Remainder of grant was paid in Q4 (\$150.00)	No
Total	\$986.10	\$816.05				

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



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
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 APRIL 2019 TO 30 JUNE 2019



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
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

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 1						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
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
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

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 APRIL 2019 TO 30 JUNE 2019



Quarter 1						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
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				

11.2 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 12 November 2019, commencing at 5:30pm.

15.2 Closure

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

DECLARATION OF CONFIRMATION OF MINUTES

I certify that these Minutes were confirmed by the Audit, Risk & Governance Committee at its Committee Meeting of 12 November 2019.

CONFIRMATION:



COMMISSIONER

12 November 2019

DATE