



TOWN OF PORT HEDLAND

AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING MINUTES

THURSDAY 7 DECEMBER 2017 AT 5:30PM

**COUNCIL CHAMBERS, MCGREGOR STREET,
PORT HEDLAND**

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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 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 this 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 this 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

The Presiding Member acknowledges 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

Committee Members:

Mayor Camilo Blanco – Presiding Member

Deputy Mayor Louise Newbery

Councillor Julie Arif

Councillor Richard Whitwell

Councillor Peter Carter

Councillor George Daccache

Councillor Tricia Hebbard – entered the meeting at 5:34pm

Councillor Telona Pitt – Deputy Presiding Member

David Pentz	Chief Executive Officer
Gerard Sherlock	Director Infrastructure and Town Services
Robert Leeds	Director Development, Sustainability and Lifestyle
Josephine Bianchi	Manager Governance
Jodi Marchant	Manager Financial Services
Louise O'Donnell	Governance Officer / Minute Taker

Public	3
Media	0
Officers	5

3.2 Apologies

Nil

3.3 Approved Leave of Absence

Councillor Warren McDonogh

3.4 Disclosure of Interests

Nil

Item 4 Response to Previous Questions

4.1 Questions taken on notice from Public at Audit, Risk and Governance Committee Meeting held on Tuesday 15 November 2017**4.1.1 Ms Nina Pangahas**

The Paxon Group report noted a number of breaches in relation to redundancy payments, how much did it cost the Town? And does the cost include the payments made to the former CEO, Acting CEO and other members of the senior management? How much money has it cost the Town as a consequence of these breaches?

A detailed response from the Manager Human Resources will be provided prior to the meeting.

I refer to the announcement you made on the Town's website, which states that "At the Audit, Risk and Governance Committee meeting held on 15 November 2017, the Committee adjourned the meeting, and resolved to recommence the meeting at 5:30pm in Council Chambers, on Tuesday, 21 November 2017 for the purpose of endorsing the Audited Annual Financial Statements to Council". You have excluded the two community members from this process, without the participation of the two community members don't you think this might be perceived as a conflict of interest as two identical groups being this Committee and Council, are making the same decision. I also note that section 7.4.6 of the Committee's Terms of Reference states "review and suggest improvement to the draft annual financial statements and recommend adoption of the annual financial statements to Council". When did you receive the draft annual financial statements and has this Committee been given adequate time to review and suggest improvements?

The Director Development, Sustainability and Lifestyle advises that Community Committee members were not excluded from the meeting as they have not been appointed by Council yet. The Director Development, Sustainability and Lifestyle advises that Council, on 1 November 2017, resolved to issue an Expression of Interest to seek two community members interested in applying for the positions, and that the deadline for submissions was 28 November 2017. The Director Development, Sustainability and Lifestyle advises that a report will be presented to Council at the 13 December 2017 Ordinary Council Meeting for Council to formally appoint suitable community members to the ARG Committee.

The Director Development, Sustainability and Lifestyle also advises that there is no conflict of interest in having all of the Town's Elected Members on the ARG Committee.

The Manager Financial Services advises that the draft Financial Statements were officially received by Elected Members and uploaded onto the website on 15 November 2017, and had been updated on 17 November 2017 following the decision to defer the ARG meeting to 21 November 2017. The Manager Financial Services advises that a decision was made by the ARG committee to defer the final endorsement of the Annual Financial Statements to the December ARG Committee meeting to allow additional time for review and suggestion and that the final signed off statements, audit report, closing report and management letter will be issued with the agenda accordingly.

4.2 Questions taken on notice from Committee Members at Audit, Risk and Governance Committee Meeting held on Tuesday 15 November 2017

Nil

Item 5 Applications for Leave of Absence

Nil

Item 6 Attendance by Telephone/Instantaneous Communications

Nil

Item 7 Public Time

Important note:

'This meeting is being recorded on audio tape 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 presiding member to do so. Members of the public are also reminded that in accordance with section 6.17(4) of the Town of Port Hedland 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.

The Presiding Member opened Public Question Time at 5:33pm

7.1 Public Question Time**7.1.1 Nina Pangahas**

In relation to item 4.1 of this agenda, at the Audit, Risk and Governance Committee meeting held on 15 November, I asked two questions which were taken on notice, one of which was included in this agenda and the other question is missing.

When do you think the calculations will be available in relation to the separation payments made to the former CEO, Acting CEO and other members of the senior management which is listed under item 4.1.1 of this agenda?

Also the missing question from this agenda includes clarification as to the points of difference between the old and the new recruitment and selection procedures and how have the changes made prevented any breaches of the recruitment process?

The Mayor advised that the answer had not been completed when the agenda was issued and a response is pending which will be issued to Ms Pangahas shortly.

Can this question be included in the next agenda as it has not been answered and when will the Manager Human Resources provide this answer to me?

The Mayor advised in that this question and the response will be included in the next agenda for the Audit, Risk and Governance Committee meeting.

The Director Development, Sustainability and Lifestyle advised that the intentions was to provide Ms Pangahas with a response for the question taken on notice prior to this meeting, however Town staff are required to redact confidential names of staff from this response which has led to a delay. This will be ready and sent to Ms Pangahas tomorrow.

Under section 4.1.1 of this agenda, paragraph 3, line 7, I would like to request the wording of my question taken on notice to be changed from "this is perceived as a conflict of interest" to "this might be a conflict of interest"?

The Mayor advised in the affirmative.

In relation to item 12.1.3 attachment 3 - 'Risks Derived from Council Decisions', item line 6 in relation to Port Haven TWA Village - lease renewal, could the Town outline all the risks identified through the risk assessment process?

The Mayor advised that this question would be taken on notice.

The Presiding Member closed Public Question Time at 5:41pm

The Presiding Member opened Public Statement Time at 5:41pm

7.2 Public Statement Time

Nil

The Presiding Member closed Public Statement Time at 5:41pm

7.3 Petitions/Deputations/Presentations/Submissions

Nil

Item 8 Questions from Members without Notice

8.1 Councillor Louise Newbery

In relation to the airport and the 10 year lease for Kingsford Smith Business Park, at the bottom of this page 56 of Attachment 1 for item 12.1.2 'Audited Annual Financial Report for the period ended 30 June 2017' it stated "at the end of 2016/17 financial year 35 lots remained for sale of which 4 lots are being leased to the airport operator", what does this mean?

The Mayor advised that this question would be taken on notice.

The term of the lease is for 10 years for a 4000 bed camp, when did this lease commence?

The Chief Executive Officer advised that this question would be taken on notice.

In relation to the airport 50 year lease, this was for a 50 year lease and the sale of the business, what does this mean?

The Director of Development, Sustainability and Lifestyle advised that the land is owned by the Town but the operating rights are with Port Hedland International Airport.

Does this mean that the Town would need to buy the business back in 50 years?

The Director of Development, Sustainability and Lifestyle advised that if the Town took the land back, the Town would start its own business again.

8.2 Councillor Richard Whitwell

On page 21 of attachment 2 for item 12.1.2 'Audited Annual Financial Report for the period ended 30 June 2017', how did the Town get to the point where they have failed on 3 out of 7 fundamental financial indicators in relation to Council ratio which were identified by the auditor?

The Manager Financial Services advised that the 3 ratios each have their own separate issues, quite a few of these issues were discussed when the auditor attended a meeting in Port Hedland.

The Debt Service Cover Ratio is a direct result of the loss of income coming from the airport and the ability to then fund loans which were taken out with the provision of that income being part of the Town's operations and with this reduction in income it has now become apparent that there is an issue in relation to this ratio.

The Asset Sustainability Ratio has improved from last financial year, this is a focus of the organisation to making sure the Town maintain our asset renewal across all of the Town's assets. The final completion comes down to completion of capital works by the end of financial year which came in 0.07 off the target which is quite close and this will continue to be a focus of the Town moving forward.

The Operating Surplus Ratio has come in as a negative. Fundamentally when an operating surplus ratio is zero this could possibly mean that the Town are rating the ratepayers too high. By coming in at zero or slightly under means we are not rating too high in relation to the operations that we currently have at the Town and this has to be managed through the Town's source revenue.

In relation to item 12.1.2 'Audited Annual Financial Report for the period ended 30 June 2017', was the Town aware that targets were not being met prior to the auditor's report?

The Director of Development, Sustainability and Lifestyle advised that these were identified by the Town prior to audit, with regards to the Assets Sustainability Ratio, these were an issue last year and the Town has worked significantly hard on this area this year and this was a big focus during the budget process to get the renewals covered as best as the Town could.

For the Operating Surplus Ratio, the Town just came in under zero and it came in much better than what was budgeted last year and it has improved significantly over the last 6 months. The Debt Service Cover Ratio was discussed during the budget review when the Town was working on the revenue side making sure the Town had enough revenue to reach the target to which the Town made every effort to achieve the amount of revenue required. The Town have also had preliminary discussions on how to pay off debts entirely which will fix this position and that is a discussion that the Town will continue to have through the budgeting process.

The Manager Financial Services advised that the Town report their actual position ratios every month as part of the monthly health checks in the monthly financial statements.

Were those monthly ratios always correct?

The Chief Executive Officer advised that the monthly ratios were correct at the time of preparing the monthly statements. They have now gone through the audited financials and required amendments have been identified and made.

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
- Deputy Mayor Louise Newbery
- Councillor Julie Arif
- Councillor Richard Whitwell
- Councillor Peter Carter
- Councillor George Daccache
- Councillor Telona Pitt
- Councillor Tricia Hebbard

Item 10 Confirmation of Minutes of Previous Meeting

10.1 Confirmation of Minutes of the Audit, Risk and Governance Committee Meeting held on Tuesday 15 November 2017

ARG201718/051 OFFICER RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION

MOVED: CR ARIF

SECONDED: CR NEWBERY

That the Audit, Risk and Governance Committee confirm that the Minutes of the Audit, Risk and Governance Committee Meeting held on Tuesday 15 November 2017 and adjourned to 21 November 2017 are a true and correct record.

CARRIED 7/1

For: Mayor Blanco, Councillor Arif, Councillor Whitwell, Councillor Hebbard, Councillor Newbery, Councillor Pitt and Councillor Carter
Against: Councillor Daccache

Item 11 Announcements by Presiding Member without Discussion

Nil

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 12 Reports of Officers

12.1 Corporate Performance**12.1.1 Funding and Donations for the period of 1 July to 30 November 2017 (File No. 02/05/0001)**

Author	Finance Officer
Authorising Officer	Director Development, Sustainability and Lifestyle
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201718/052 OFFICER RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR ARIF****SECONDED: CR CARTER**

That the Audit, Risk and Governance Committee receive the list of funding and donations made for the period 1 July 2017 to 30 November 2017 in accordance with the 2017/18 adopted Budget.

CARRIED 8/0

PURPOSE

The guidelines to the Town of Port Hedland Funding and Donations Policy 6/003 state that 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 since the previous quarter. Attachment 1 lists \$10,266 of funding and donations paid for the period 1 July 2017 to 30 November 2017.

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 22 June 2016 (201516/265). The objective of the policy is to ensure Council allocates financial support to the community in the most effective manner within the guidelines and in within the budget allocation for the year.

As per the guidelines of Policy 6/003 Funding and Donations, attachment 1 lists \$10,266 of funding and donations paid during 1 July 2017 to 30 November 2017.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance as the item for noting only.

CONSULTATION

Internal Consultation included:
Acting Director Corporate & Performance and Manager Financial Services.

External Consultation included:

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 Town of Port Hedland Chief Executive Officer is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all Matched Funding Grants and Community Donations that have been made since the previous quarter.

Providing attachment 1 ensures compliance with this policy.

FINANCIAL AND RESOURCES IMPLICATIONS

\$170,025 was included in the 2017/18 adopted budget for community grants.

\$10,266 has been paid to successful and eligible community grant applicants from 1 July 2017 to 30 November 2017.

This leaves \$159,759.00 remaining uncommitted in the 2017/18 budget as at 30 November 2017. This \$159,759 includes Community Partnerships Budget of up to \$45,000 to be allocated pending the current year's round of applications.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following sections of the Council's *Strategic Community Plan 2014-2024* are applicable in the consideration of this item:

1.1 A unified community across our townships

- Ensure all members of the community can access our services and facilities
- Provide safe and accessible community facilities, services, events and open spaces that connect people and neighbours
- Facilitate the provision of high-quality health services and facilities equal to those found in metropolitan areas

1.2 A vibrant community rich in diverse cultures

- Deliver and support programs, events, facilities and services which attract and retain residents to increase our permanent population
- Celebrate our multiculturalism, indigenous culture, arts and history
- Work with key agencies and our community to reduce antisocial behaviours and improve community safety

4.2 Engage our community and stakeholders

- Lead a community-oriented organisation that delivers responsive and helpful services to our customers
- Represent our community and provide transparent and accountable civic leadership
- Facilitate community engagement and civic participation
- Be a powerful voice and influential partner with Federal and State Governments and major industries for the development of Port Hedland
- Ensure community members know how to access our services and facilities
- Promote a positive representation of our community and Town's services

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

RISK MANAGEMENT CONSIDERATIONS

There is a risk rating of Low (2) assigned to the financial impact risk that Town of Port Hedland may exceed the budget and / or approve applications that are deemed ineligible as per Policy 6/003.

OPTIONS

Option 1 - Adopt Officers Recommendation

Option 2 - Amended Officers Recommendation

Option 3 – Do not adopt Officers 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 period 1 July 2017 to 30 June 2018. Recommendation is to accept attachment 1 as compliance with guidelines included in Policy 6/003 Funding and Donations.

ATTACHMENTS

1. List of funding and donations made for the period 1 July 2017 to 30 November 2017

ATTACHMENT 1 TO ITEM 12.1.1



SUMMARY OF COMMUNITY FUNDING AND DONATIONS PAID FOR THE PERIOD 1 JULY 2017 TO 30 NOVEMBER 2017



17/18 Budget for Community Grants	\$170,025.00
Less Payments made from 1 July 2017 to 30 November 2017	E0810800
Balance in Budget as at 30 November 2017	\$10,266.00
	\$159,759.00

Applicant	Amount Requested	Amount Paid	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Pilbara Music Festival	\$3,000	\$3,000	Community Support Grant	Pilbara Music Festival 2017 – cash support towards hire of Matt Dann Cultural Centre and Adjudicator.	N/A	Waiver of Fees: 2014/15 \$3,704.55 2015/16 \$3,835.45
Kurtzi 9's Memorial Rugby League Team c/o Hedland Touch Association	\$3,000	\$3,000	Community Support Grant	Support to attend to attend 2 day Kimberley Rugby League Association's event in Kununurra.	N/A	No.
Australian Navy Cadets - TS Pilbara	\$3,000	\$3,000	Community Support Grant	10 x TS Pilbara Cadets attending the Youth Adventure Voyage Sail.	N/A	2014/15 \$2,000 2015/16 \$3,000
Cassia Primary School P & C Association	\$766	\$766	Community Support Grant	End of Year School Presentation and Concert – cash support to hire Wanangkurra Stadium.	N/A	2015/16 \$617
Chloe Glasson	\$500	\$500	Youth Support Grant	Support to attend Under 15 Regional/State Softball Championship in Perth January 2018	N/A	No
TOTAL	\$10,266	\$10,266				

**12.1.2 Audited Annual Financial Report for the period ended 30 June 2017
(File No. 12/14/0001)**

Author	Manager Financial Services
Authorising Officer	Director Development, Sustainability & Lifestyle
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201718/053 OFFICER RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR CARTER****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 2017.

CARRIED 7/1

For: Mayor Blanco, Councillor Arif, Councillor Daccache, Councillor Hebbard, Councillor Newbery, Councillor Pitt and Councillor Carter
Against: Councillor Whitwell

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 Bird Cameron, for the year ended 30 June 2017.

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). A qualified opinion was also reported in relation to statutory compliance due to the Town not submitting balances 30 June accounts to the auditor by 31 October 2017 as required by section 6.4(3)(a) of the Local Government Act 1995. RSM presented four significant matters and five moderate matters for consideration to be presented during next year's audit as identified in Annexure A Management Letter.

The Department of Local Government, Sport and Cultural Industries A/Manager, Sector monitoring has confirmed that the qualified opinion reported would classify as a "reporting non-compliance", however non-compliance does not impact on the accuracy of the information in the annual financial report, therefore would not classify it as qualified audit report in their monitoring.

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 6 September 2017 the Town requested an extension of time from the Department of Local Government and subsequently obtained an extension to 31 October 2017 for the preparation of the general purpose financial reports. The Audit Report is to be accepted by Council no later than 31 December (Section 5.54 of the *Local Government Act 1995*).

The Annual Financial Report is prepared in accordance with Australian Accounting Standards; the *Local Government (LG) 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, free from material misstatement, whether due to fraud or error.

The Town's Auditors, RSM Australia, conducted the end of year audit onsite from 30 October to 1 November 2017, with the Annual Financial Report submitted to the Auditors on 31 October 2017. Areas of audit emphasis included the following:

- Payroll
- Cash and Treasury Cycles
- Inventory
- Fixed Assets
- End of Year Accruals
- Restricted Cash Reserves
- Airport Provisions

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). A qualified opinion was reported in relation to statutory compliance due to the Town not submitting its balanced accounts as at 30 June 2017 to the Auditors by 31 October 2017 as required by section 6.4(3)(a) of the *Local Government Act 1995*.

The Department of Local Government, Sport and Cultural Industries A/Manager, Sector monitoring has confirmed that the qualified opinion reported by RSM in their audit report would classify as a "reporting non-compliance" with Part 6 of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations*. However, the non-compliance reported does not impact on the accuracy of the information in the annual financial report, therefore the Department would not classify it as qualified audit report in their monitoring.

The result of the reported non-compliance means the Town will be placed on a Risk Profile list for 2018, due to the Department having a no risk policy. This listing will ensure the Town comes back into compliance for future financial years.

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 15 November 2017 to discuss audit procedures and findings.

SUMMARY OF FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017*Continuing Operations*

A municipal surplus occurs where an opening balance carried forward plus revenue exceeds expenditure in a particular financial year. The Town recognises a closing municipal surplus of \$4,125M from 2016/17 to be carried forward to the 2017/18 financial year. The surplus was realised mainly due to unfinished capital projects which have been re-budgeted in 2017/18 for completion as well as the requirement to recognise Federal Assistance Grants to fund 2017/18 operations received prior to 30 June 2017.

When compared with 2015/16, the Town's operating revenue streams decreased overall by 3.48%, mainly due to rates yield being less than previous years. It is worth noting that interest earned on reserves relating to the Port Hedland International Airport (PHIA) lease proceeds saw a significant increase in interest income, however this income is restricted to the PHIA Lease Proceeds Reserve and is unable to be utilised to fund the Town's operational expenditure.

The Town's operating expenses decreased by 16.87% following structure reviews and reduction of employee costs; a decrease in depreciation relating to revaluations of furniture and equipment and plant; and generally coming in under budget across materials and contracts.

These operating results have seen the Town realise a net deficit of \$4,540M in the operating result from continuing operations (excludes capital expenditure); and an Operating Surplus Ratio of -0.21%.

The financial sustainability of the Town reflected in the ratios presented in the AFR is a direct result of reduced grant income and other available income sources to use for continuing operations as well as the pressure to continue to reduce rates, fees and charges. It is important to note the impact of reduced and restricted income in relation to the Town's Debt Service Coverage Ratio, calculated at 1.76 which is below the Department target of 2.0. The long term sustainability of the Town will be dependent on reviewing the current debt portfolio and management of debt moving forward.

Throughout the 2016/17 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 decline in trade receivables is consistent with the state and nation wide economic downturn, resulting in an increase in the number of defaults and bankruptcies.

The asset sustainability ratio increased from 0.37 in the 2015/16 financial year, to 0.82 in 2016/17. 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. While still slightly below the Department target of 0.90, the increase directly reflects on the Town's commitment to continuing to focus on asset renewal.

Management Letter Audit Findings

Through the audit process of the 2016/17 Annual Financial Report, RSM presented four significant matters and five moderate matters for consideration to be presented during next year's audit as identified in Annexure A Management Letter.

A summarized table of the findings and management response/action plan is included below, with further detail available in Annexure A of the Closing Report.

AUDIT FINDINGS	RATING	MANAGEMENT ACTION
Submission of Annual Financial Report to Auditors	Significant	Issues were identified early by the Town and already commenced action to address concerns through: <ul style="list-style-type: none"> • Process and Structure review of the Finance team • Engagement of Moore Stephens to review current processes and rectify issues • Appointment of new Manager Financial Services • All statement imbalances have already been addressed for the final AFR 16/17
Reconciliation of Fixed Assets	Significant	<ul style="list-style-type: none"> • Cease use of Assetic for asset accounting • Centralise all asset accounting functions into SynergySoft for central control • Review of current asset procedures
Ratio's	Significant	In order to address financial sustainability for the Town the following key documents are to be completed/reviewed: <ul style="list-style-type: none"> • Strategic Community Plan • Service Level Reviews • Long Term Financial Plan • Asset Management Plans Other key tasks to address: <ul style="list-style-type: none"> • Debt Portfolio • Own Source Revenue
Bank Reconciliations	Significant	<ul style="list-style-type: none"> • Automation of bank reconciliations using current software • Documented procedures relating to journal processing into bank balance sheet accounts • Monthly checklists to review and reconcile bank balance sheet accounts
Non-compliance with purchasing policy	Moderate	<ul style="list-style-type: none"> • Review of the Purchasing Policy to ensure best practice • Review current practices to align to WALGA best practices • Investigation of online purchase order processing and authorization • Implementation of the Procurement team • Launch RFT/RFQ online portal
Completeness of Tender Register	Moderate	<ul style="list-style-type: none"> • Implementation of the Procurement team • Monthly reconciliations
Failure to submit 'Related Party Disclosure' declaration forms	Moderate	<ul style="list-style-type: none"> • Implementation of policy on Related Party Disclosures

Nature of Income and Expense (IE) codes 701 and 702	Moderate	<ul style="list-style-type: none"> Revision of the chart of accounts to provide better clarification on these expense and revenue types
Incomplete Overhead Allocations	Moderate	<ul style="list-style-type: none"> Overhead allocations review in line with Legislation (mid-year budget review) Monthly reconciliations of overhead accounts Review and update the Plant module

The Town will prepare and present an Audit and Governance Action Plan to the ARG Committee as a separate item in the coming months. This action plan will cover all audit findings from recent audits including the 2015/16 and 2016/17 Annual Financial Statement findings, the Paxton audit findings and other currently outstanding audit and governance findings which need to be monitored for completion.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, because it represents the financial position of the Town at 30 June 2017. 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
- The Department of Local Government, Sport and Cultural Industries

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 are captured in the 2016/17 budget.

Completion of the Annual Financial Report will present a confirmed closing municipal surplus of \$4,125M from 2016/17 to be carried forward to the 2017/18 financial year.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following section/s of the Council's *Strategic Community Plan 2014-2024* are applicable in the consideration of this item:

- 4.1 Strategic and best practice local government administration*
- Deliver high quality corporate governance accountability and compliance.
 - Maintain a strong and sustainable financial position

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

RISK MANAGEMENT CONSIDERATIONS

Findings were identified during the audit of the Annual Financial Report. These risks will be detailed in the final Closing Report and Management Letter presented by RSM Australia. As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be Medium (9).

Please see the attached management letter for detail regarding risks identified by RSM Australia.

The Audit Report is to be accepted by Council no later than 31 December (Section 5.54 of the *Local Government Act 1995*). Not accepting the report by this time will be a breach of the Local Government 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 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 2017 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 12.1.2



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

Our ref PH3-3#07, E1739252
Enquiries Alan Carmichael
Phone 6552 1430
Email alan.carmichael@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 2016/17 ANNUAL FINANCIAL REPORT**

Thank you for your application of 6 September 2017 seeking an extension of time to complete and submit to your Auditor the Annual Financial Report for the 2016/17 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 31 October 2017 to submit to your Auditor, the balanced accounts and Annual Financial Report for 2016/17.

If you wish to discuss this matter, please contact Mr Alan Carmichael, A/Manager Sector Monitoring at the Department of Local Government, Sport and Cultural Industries via the details listed above.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jenni Law'.

Jenni Law
DIRECTOR LOCAL GOVERNMENT REGULATION AND SUPPORT

8 September 2017

Gordon Stephenson House, 140 William Street
PO Box 8349 Perth Business Centre, WA 6849
Telephone (08) 6552 7300
Email info@dlgsc.wa.gov.au
Web www.dlgsc.wa.gov.au

12.1.3 Quarterly Status Reports of the Audit, Risk and Governance Committee and revised ARG Committee Work Plan (File No. 12/14/0002)

Author	Governance Support Officer
Authorising Officer	Director Development, Sustainability and Lifestyle
Disclosure of Interest	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201718/054 OFFICER RECOMMENDATION 1/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR ARIF****SECONDED: CR DACCACHE**

That the Audit, Risk and Governance Committee receive the following reports:

1. Quarterly Status of Audit, Risk and Governance Committee Decisions, as at 29 November 2017;
2. Quarterly Audit, Risk and Governance Committee Decision Completion Report, as at 24 November 2017; and
3. Council Decision Risk Register as at 29 November 2017.

CARRIED 8/0**ARG201718/055 OFFICER RECOMMENDATION 2/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION****MOVED: CR ARIF****SECONDED: CR DACCACHE**

That the Audit, Risk and Governance Committee note the revised Audit, Risk and Governance Committee Work Plan for 2017-18 as noted in attachment 5.

CARRIED 8/0**PURPOSE**

The purpose of this report is to provide the Audit, Risk and Governance (ARG) Committee with a quarterly status of all outstanding ARG Committee decisions, all completed ARG Committee decisions, and the current Council decision risk register, which lists items that have been derived from Council decisions showing active risks with a rating of ten (10) or over.

This report also recommends that the ARG Committee note the amended work plan subsequent to the recent adoption by Council to amend the Committee's meeting frequency from bi-monthly to quarterly.

DETAIL

At the ARG Committee meeting held on 7 June 2016, it was requested by a Committee Community Member that the ARG Committee receive a ‘Status Report’ of items that have been endorsed by the ARG Committee to Council. The Chief Executive Officer at the time confirmed that status reports would be presented to the Committee in each subsequent agenda as an information only item. The Town has further expanded on this requested report, and provides the register of risk ratings derived from Council decisions to the Committee in addition to the initial request.

Outstanding Decisions Report

Currently, there are five (5) ARG Committee decisions that are outstanding, which are noted in further detail in attachment 1.

Of particular note is line 3 of the attachment, which refers to the Committee’s work plan. The ARG Committee work plan was adopted by the Committee at its meeting on 5 September 2018; however, at the Council meeting held on 1 November 2017, Council resolved to amend the frequency of the ARG Committee’s meetings to quarterly. This now directly affects the adopted work plan, and will require an adjustment to align with the new Committee meeting frequency.

The amended work plan is attached for the Committee to note in accordance with Council’s adopted meeting dates as shown in the Council decision below:

CM201718/066 OFFICER RECOMMENDATION 3/ COUNCIL DECISION

MOVED: CR ARIF **SECONDED: CR DACCACHE**

That Council approve:

- 1. The following meeting schedule of the Audit, Risk and Governance Committee, to be held at 5:30pm in Council Chambers:**
 - **Wednesday 15th November 2017 – endorse the 2016/2017 Audited Annual Financial Statements**
 - **Tuesday 5th December 2017 – endorse reg. 17 Audit and Budget Review**
 - **Tuesday 6th March 2018 - endorse the Compliance Audit Return**
 - **Tuesday 5th June 2018**
 - **Tuesday 4th September 2018**
 - **Tuesday 4th December 2018**
- 2. The Chief Executive Officer to advertise the schedule of the Audit, Risk and Governance Committee.**

Completed Decisions Report

This report outlines all ARG Committee Decisions that have been marked as ‘Complete’ by officers in the last ninety (90) days. Currently, there have been six (6) ARG Committee decisions marked complete in this period, these include:

Original Meeting Date	Item Title	Comment

05/09/2017	12.1.1 Quarterly Better Practice Review Update	No action required, this item is for noting only.
05/09/2017	12.1.2 Bi-Monthly Status Reports of the ARG Committee	No action required, this item is for noting only.
05/09/2017	12.1.3 Funding and Donations for the period of 1 April 2017 to 30 June 2017	No action required, this item is for noting only.
05/09/2017	12.1.5 Outcome of Paxon Group Audits	The minutes of the ARG Committee Meeting where the Paxon Audits were presented were noted by Council at their meeting on 27 September 2017. All items requiring action arising from the audits have been added to the Town's Business Improvement Plan and will be submitted to the Committee on a quarterly basis for review.
21/11/2017	Item 4 Applications for Leave of Absence	This decision was referred to Council to formally approve. The ARG Committee does not have the authority to grant leave of absence and can only recommend to Council for them to approve.
21/11/2017	Item 6 Attendance by Telephone/instantaneous Communications	As above, this decision was also referred to Council to formally approve, this is because attendance by telephone must have an Absolute Majority Vote by Council. The ARG Committee cannot approve attendance by telephone and can only recommend to Council for them to approve.

Register of risk ratings derived from Council decisions

An updated spreadsheet of risks that are derived from Council Decisions is attached (attachment 3). This attachment outlines the risks associated with decisions of Council that are rated as 'high' or 'extreme'. There are eleven (11) active risks on this register.

LEVEL OF SIGNIFICANCE

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

CONSULTATION

All consultation has been conducted internally with relevant officers to ensure the timely completion of outstanding status items on the registers.

LEGISLATION AND POLICY CONSIDERATIONS

There are no legislative requirements for the ARG Committee to receive these reports. Policy 1/022 'Risk Management Policy' outlines the Towns responsibility to manage and monitor risks. The policy does not require the status of any risks that are identified to be presented to the ARG Committee, however, by presenting them to the ARG Committee, the town is promoting accountability and transparency.

The Terms of Reference (TOR) of the ARG Committee state that a work plan for the forthcoming year is to be developed.

Although the adoption of an ARG Committee work plan is not legislatively required, the TOR, which were adopted by the Committee, are a requirement of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial implications associated with the ARG Committee receiving or accepting the bi-monthly status reports, as they are for information purposes only.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following section/s of the Council's *Strategic Community Plan 2014-2024* are applicable in the consideration of this item:

- 4.1 Strategic and best practice local government administration*
- Deliver high quality corporate governance accountability and compliance.
 - Maintain a strong and sustainable financial position
 - Be efficient and effective in use of resources, infrastructure, assets and technology
 - Attract, develop and retain an effective workforce to deliver organisational outcomes

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

RISK MANAGEMENT CONSIDERATIONS

As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be Low (4) .

OPTIONS

Option 1 - Adopt Officers Recommendation

Option 2 – Do not adopt Officers Recommendation

Should the ARG Committee not wish to adopt the officer's recommendation to receive and note the attached reports, this would be achieved simply by the vote being lost.

CONCLUSION

The quarterly reports to the ARG Committee showing the status of the ARG Committee's outstanding decisions, the completed ARG Committee decisions over the last 90 days, and the a register of risks derived from Council decisions with risk ratings over ten (10). The ARG Committee are not required to endorse or action the attached reports, the reports are for information purposes only. These reports are being presented at each meeting as requested by the Committee.

It is recommended that the ARG Committee note the revised work plan to align with the new meeting schedule as adopted by Council, from bi-monthly to quarterly.

ATTACHMENTS

1. Status of ARG Committee Decisions (Under separate cover)
2. ARG Committee Decision Completion Report (Under separate cover)
3. Register of Risk Ratings derived from Council Decisions (Under separate cover)
4. Current ARG Committee Work Plan (Under separate cover)
5. Amended ARG Committee Work Plan (Under separate cover)

12.1.4 Quarterly Better Practice Review (File No. 12/14/0002)

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

ARG201718/056 OFFICER RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR ARIF****SECONDED: CR DACCACHE**

That with respect to the Better Practice Review conducted by the Department of Local Government during 2016, the Audit, Risk and Governance Committee:

- 1. Note the Better Practice Review extract from the Town's Business Improvement Plan Register.**
- 2. Note the implementation progress of the identified Better Practice items.**

CARRIED 8/0**PURPOSE**

The Department of Local Government conducted a Better Practice Review of the Town of Port Hedland on 22 June 2016. A report was issued outlining better practice improvements for the Town. Implementation of these suggested better practice items will reduce the risk related to legislative non-compliance.

DETAIL

During the Better Practice Review, the Department of Local Government identified thirty one (31) items for improvement. To date, seventeen (17) items have been marked as complete. Of the remaining outstanding items, nine (9) have been identified as high priority and five (5) as medium priority. Six (6) of these items relate to the Strategic Community Plan, which is currently under review, and any actions or updates will be reliant upon adoption of the SCP in early 2018.

The Town has made progress in achieving the outcomes and are very committed to continue to make improvements within the Town and reporting back to Audit, Risk and Governance Committee quarterly. The Town has made significant progress with the Strategic Community Plan with consultants being appointed to undertake community consultation. The 'Live It Tell It' program has commenced with a number of community consultation sessions taking place across the town in recent weeks. It is envisaged that a draft Strategic Community Plan will be ready in early 2018. The Governance Team are continuing to review policies and Internal operating procedures and will create an internal plan which will prioritise the review of policies and IOP's in accordance with the necessity and urgency within the organisation.

An outline of the remaining high priority items are noted below:

Item	Officers Status Update	Category	Priority
Implement an internal audit functionality	<p>Internal audit function endorsed by the Audit, Risk and Governance Committee at its March 2016 meeting. Position descriptions are being developed and should be advertised by the end of November 2016. Risk and Internal Audit Officer appointed in February 2017.</p> <p>The role has not been carried out in its entirety due to and internal secondment which is still current.</p> <p>24/11/2017 - Risk management and internal audit functions are covered by the Governance team. A formal framework has yet to be established. It is expected this will be built upon during the 17/18 financial year and presented to the Audit Committee accordingly.</p>	Risk Management Framework	High
Continue to improve the town's processes, procedures and documentation in respect to the DA process, to provide members of the public with high quality information and a high level of customer service.	Reviewed, documented, dedicated resource appointed to implement process improvement of public planning and building submissions for approval. (Development Assessment Process)	Sundry	High
Review the community safety and development information on the Town's website, ensuring that current initiatives are promoted through this and other online platforms.	<p>Significant website re-design is now complete.</p> <p>Content currently under review, with information to be uploaded by 30 June 2018</p>	Sundry	High
Update and review the heritage inventory in line with requirements of the Heritage of WA Act 1990.	<p>Draft provided to Historical Society for review. Amendments requested. Ongoing meetings continue with Historical Society to work through the document. Review completed May 16, Engagement and Consultation regarding inventory ended Dec 16, Submission report for New heritage Inventory 2017 in process of draft, Submission date to Council estimated as 22/3/17, adoption of inventory expected at the July 2017 OCM.</p> <p>Council adopted its new heritage inventory list at its July 2017 OCM as per officer's recommendation. The document is currently being finalised following Council adoption.</p> <p>An updated version of Town of Port Hedland Municipal Heritage Inventory 2017 was adopted by Council at 23 August 2017 OCM.</p>	Sundry	High

<p>Continue working towards the full review of the Strategic Community plan in line with legislative requirements and best practice recommendations as outlined in the Act, associated regulations, IPR Guidelines and IPR Advisory Standard.</p>	<p>Project plan for SCP review being prepared. Expected review from Oct 2017 – March 2018. 25/11/17 Manager Governance - Consultants appointed to undertake community consultation, the 'Live It Tell It' program has commenced with a number of community consultation sessions having been undertaken across the town boundaries from 30 October 2017 to 4 December 2017. It is envisaged that a draft Strategic Community Plan will be ready in early 2018.</p>	<p>Strategic Community Plan</p>	<p>High</p>
<p>Establish a system/s to measure, and report on, the Town's performance, and progress, in respect to achieving its strategic objectives (and by extension, the community's priorities) as outlined by the Strategic Community Plan's success indicators.</p>	<p>Community survey to be undertaken based on SCP indicators. 25/11/2017 Manager Governance - The Corporate Planner will take care of the implementation of this system upon commencement with the Town in early 2018.</p>	<p>Strategic Community Plan</p>	<p>High</p>
<p>Continue working towards the full review of the plan in line with legislative requirements and best practice recommendations as outlined in the Act, associated regulations, IPR Guidelines and IPR Advisory Standard.</p>	<p>Council endorsed updated CBP at March OCM. Full review to be conducted in line with SCP review. 25/11/2017 Manager Governance - The Corporate Planner will take care of the implementation of this system upon commencement with the Town in early 2018.</p>	<p>Strategic Community Plan</p>	<p>High</p>
<p>When undertaking the next annual review of the plan, ensure the review results in the development of an evolving and rolling four-year plan, with the current financial year as the base year and one which is clearly linked to the current year's annual budget.</p>	<p>Council endorsed updated CBP at March OCM. Full review to be conducted in line with SCP review. 25/11/2017 Manager Governance - The Corporate Planner will take care of the implementation of this system upon commencement with the Town in early 2018.</p>	<p>Strategic Community Plan</p>	<p>High</p>
<p>Continue working towards developing an economic development plan to support the local economy.</p>	<p>Plan being drafted to capture existing Town of Port Hedland projects plus PDC initiatives identified in Regional Blueprint Town staff are fostering economic development by creating a conducive regulatory and planning environment, prioritising projects in partnerships with other parties and engaging with prospective investors to attract jobs and assets into the Town.</p>	<p>Strategic Community Plan</p>	<p>High</p>

Previous Decisions

The Audit, Risk and Governance (ARG) Committee receive an update on the Town's Better Practice Review and the progress that the Town has made in regards to achieving these goals. These updates were to be provided the Committee on a quarterly basis, but since the ARG Committee meetings have now been amended to occur quarterly, however, the updates will be presented to the Committee at each meeting, ensuring that the requirement for providing the Committee with the updates is not breached.

The ARG Committee has been provided an update of the Better Practice review at the following Committee meetings:

- August 2016
- May 2017
- July 2017
- September 2017

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, because it is important to make improvements in line with the auditor's recommendations.

CONSULTATION

Internal

All communication has been conducted internally, with all relevant officers being consulted on the status of each outstanding item.

LEGISLATION AND POLICY CONSIDERATIONS

The Local Government Act 1995 sets out the Audit committee objectives in Guideline 09; Audit in Local Government. One of the objectives is to, in liaison with the Chief Executive Officer, ensure the effective and efficient management of the Town's financial systems and compliance with legislation. This includes the use of better practice guidelines relative to audit, risk management, internal control and legislative compliance.

The Risk Management Policy no. 1/022, outlines the Town's commitment to consider risk management as an essential management function in the Towns' functioning and operations. Implementing best practice in the Town is part of the ongoing risk management of the Town. By implementing better practices, this reduces risk levels and contributes towards effective and efficient management of the Town's financial systems and compliance with legislation.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial implications related to receiving the better practice extract.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following section/s of the Council's *Strategic Community Plan 2014-2024* are applicable in the consideration of this item:

- 4.1 Strategic and best practice local government administration*
- Deliver high quality corporate governance accountability and compliance.
 - Maintain a strong and sustainable financial position
 - Be efficient and effective in use of resources, infrastructure, assets and technology
 - Attract, develop and retain an effective workforce to deliver organisational outcomes

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

RISK MANAGEMENT CONSIDERATIONS

As per the risk matrix contained in policy 1/022 'Risk Management', the level of risk is considered to be Low (3) because there could be a risk of a legislative breach if best practice is not implemented and followed within the organisation.

OPTIONS

Option 1 - Adopt Officers Recommendation

Option 2 - Do not adopt Officers Recommendation

CONCLUSION

During the Better Practice Review, the Department of Local Government identified a list of Better Practice improvements for the Town. This list was accepted by the Town and officers have been steadily working towards implementation of these best practices.

These improvements will reduce the risk of legislative non-compliance and provide the assurance to the CEO that risk has been mitigated in the areas identified during the review.

ATTACHMENTS

1. Better Practice Review extract from the Business Improvement Plan Register (under separate cover)

Item 13 Motions of Which Previous Notice Has Been Given

Nil

Item 14 New Business of an Urgent Nature**14.1 2017/18 Budget Review for the period ended 31 October 2017
(File No. 12/05/0013)**

Author Manager Financial Services
Authorising Officer Director Development, Sustainability and Lifestyle
Disclosure of Interest The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARG201718/057 OFFICER RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**MOVED: CR ARIF****SECONDED: CR CARTER**

That the Audit Risk and Governance Committee:

1. Endorse the 2017/18 Budget Review for period ended 31 October 2017 for adoption at Council, resulting in a projected closing municipal surplus of \$484,070 as at 30 June 2018;
2. Endorse the new/expanded initiatives as per the below table (already included in the above municipal surplus figure):

Project	Current Budget	Proposed Budget	Funding	Muni Impact
Illegal Dumping	\$50,000	\$100,000	\$100,000	\$0
Landfill OHS	\$0	\$102,000	\$102,000	\$0
Stage 2 Telecommunications renewal & upgrade project (renewal)	\$0	\$500,000	\$0	\$500,000
Kevin Scott Oval Irrigation compound (upgrade)	\$0	\$20,000	\$0	\$20,000
South Hedland Aquatic Centre - Work to renew and upgrade to working condition	\$500,000	\$1,300,000	\$1,300,000	\$0
Faye Gladstone Netball Courts Clubroom Upgrade	\$1,361,972	\$1,461,972	\$1,365,805	\$96,167
Pinga Street - Rehabilitation of Existing Pavement	\$2,236,246	\$2,686,246	\$1,478,678	\$1,207,568
Marquee Park pump replacement and repair (renewal)	\$0	\$20,000	\$0	\$20,000
Drainage Renewal Program	\$300,000	\$450,000	\$0	\$450,000

3. Endorse Council to commit all proceeds received from the sale of lots at Kingsford Smith Business Park are transferred to the Asset Management – Infrastructure and Community Facilities Reserve.

CARRIED 8/0

PURPOSE

This report presents the 2017/18 first quarterly Budget Review for period ended 31 October 2017. 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 others factors that are affecting the operational activities and revenue streams which have resulted in budget variations and are discussed in the background of this report. The proposed budget changes from the review indicate an overall budget variation of \$128,806, resulting in an estimated closing municipal surplus of \$484,070 as at 30 June 2018.

DETAIL

Following the 2017/18 Budget adoption on 26th July 2017, 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 October 2017 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 30 September 2017:

- Capital expenditure to date is tracking at 17% budget spent to date, with committed orders bringing the current financial completion to 45%. Pinga Street Rehabilitation has been completed, drainage construction at the Faye Gladstone Netball Courts is near completion, the Marina Development is awaiting a response from the State Government and South Hedland Aquatic Centre Works are well underway with a proposed re-opening date set for January 2018.
- Operating expenditure is currently 17% of budget. This is slightly under the expected budget YTD, mainly due to lower than expected expenses across the all areas.
- Rating income is overall on target YTD with grant payments under budget due to timing of payments and interest income ahead of schedule due varied timing of maturities.

For more detailed information, please refer to the Statement of Financial Activity for the period ended 30 September 2017 as adopted at OCM on 1 November 2017.

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 overall reduction of \$377k:
 - \$1,014K decrease in Operating Grants, Subsidies and Contributions attributed mainly to a portion of the 2017/18 FAG Grant received prior to 30 June 2017 and recognised in the 2016/17 financial year;

- \$73K decrease in Fees and Charges mainly in relation to reduced Fines and Penalties revenue as a result of providing additional education to the Community regarding the Local Laws; and for reduced kiosk sales at the Matt Dann;
- \$579K increase in Other Revenue recognises reimbursement income from the YMCA for a Variation of \$150K due to the closure of SHAC, and reimbursements totaling \$376K to the TOPH for their share of less than budgeted deficits for Wanangkurra Stadium, GAC and SHAC; and reimbursement income from North West Festival 2017 for \$55K from Sunset events for sponsorship the TOPH sourced for the event.
- \$131K increase for the Profit on Sale of Assets due to additional lots being secured for sale at Kingsford Smith Business Park (the profit recognised in a non-cash item and is the net value of proceeds from sale less the written down value of the asset);
- Operating Expenditure overall reduction of \$325K
 - \$512k decrease in employee costs attributed to vacancies recognised. The reduced employee cost figure takes into account all redundancies paid to date;
 - \$139K decrease to Materials & Contracts overall with a number of movements:
 - \$237K increase to Contractors – trade: new/expanded initiatives including \$50K for Illegal Dumping scope expansion funded by reserves and \$102K for OSH issues at the Landfill; \$23K for increased collection of green waste this pre-cyclone clean-up; \$40K to repair irrigation due to unforeseen blowouts in Wise terrace and South Hedland CBD funded by savings identified in material and parts; and \$65K engagement of ITVision to support the Rates department through the PRC;
 - \$114K decrease in consumables at the Landfill and Depot;
 - \$74K decrease for registration costs mainly relating to Fleet;
 - \$70K decrease for consultant costs across the organisation mainly in relation to Building Services and Landfill;
 - \$32K reduction in Gratwick Aquatic Centre
 - \$27K reduction on Management Contract agreements, mainly with YMCA;
 - \$25K increase to Utilities mostly attributed to unbudgeted electricity costs for the records storage shed at the Airport;
 - \$300K increase to Other Expenditure for:
 - \$276K increase to North West Festival management payment for expenditure carried forward from 2016/17
 - \$26K for the lease of the Depot Building
- Capital Expenditure and Revenue:
 - \$899K increase of Capital Expenditure – refer to attached Capital Work Program for a detailed breakdown of movements. Majority of movements have been funded by reserves;
 - \$512K increase in revenue from proceeds of sale of land at Kingsford Smith Business Park – to be transferred to the Asset Management Infrastructure & Community Facilities Reserve;
 - \$171K net decrease in Non-operating grants, subsidies and contributions to correctly identify WANDRRA funding approved and for revenue in relation to the Faye Gladstone Netball Pavilion grant funding payable on practical completion;
 - \$799,474 of additional transfers from reserves to municipal to release funds for expenditure incurred in 2016/17 but not transferred from reserve;
 - \$132K net increase in transfers to reserves to move KSPB proceeds from sale and adjustment of the waste management reserve following budget review amendments;

- Municipal Surplus Brought Forward 1 July 2017 has been amended to reflect the final audited closing balance of \$4,1M as per the 2016/17 Annual Financial Statements to be presented to ARG at this same meeting. This was originally estimated in the budget at \$4,5M.

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	Priority
Illegal Dumping	\$50,000	\$100,000	\$100,000	\$0	Additional funds requested to expand the scope of the Illegal Dumping project and investigate long term solutions (2 Mile \$60k; Collier Drive \$40k). Additional budget to be funded from the Waste Management Reserve \$50K.	High
Landfill OHS	\$0	\$102,000	\$102,000	\$0	Require additional unbudgeted amounts for OHS issues which have come to light as a result of recent safety review. Work required to include traffic management, Landfill drainage and operator compliance training. To be funded by the Waste Management Reserve.	High
Stage 2 Telecommunications renewal & upgrade project (renewal)	\$0	\$500,000	\$0	\$500,000	Upgrade 50 year old copper infrastructure to fibre optic cable linked directly to each building. Core construction is required as it was outside the NBN installation route.	High

Kevin Scott Oval Irrigation compound (upgrade)	\$0	\$20,000	\$0	\$20,000	Fencing required around irrigation compound as per the non-potable water irrigation guidelines. Fencing was allowed for in the tank replacement project in the 2016/17 budget but due to adjacent construction of the Faye Gladstone netball pavilion was unable to be installed at that time.	Medium
South Hedland Aquatic Centre - Work to renew and upgrade to working condition	\$500,000	\$1,300,000	\$1,300,000	\$0	Additional funds required to remove wave rider and address water filtration issues which are currently not compliant and for additional civil works. \$500K Approved by Council Decision CM201718/055 at Special Council Meeting held 04/10/2017. To be funded by the Asset Management Reserve.	High
Faye Gladstone Netball Courts Clubroom Upgrade	\$1,361,972	\$1,461,972	\$1,365,805	\$96,167	Additional funds required to cover additional seating, hydrostatic membrane and fencing as well as extra stainless steel balustrade as existing drop is greater than minimum. Increase funded by municipal.	High
Pinga Street - Rehabilitation of Existing Pavement	\$2,236,246	\$2,686,246	\$1,478,678	\$1,207,568	Additional \$450K required to complete project. Approved by Council Decision CM201617/246 at Ordinary	High

					Council Meeting held 28 June 2017. Increase to be funded by the Asset Management Reserve.	
Marquee Park pump replacement and repair (renewal)	\$0	\$20,000	\$0	\$20,000	Purchase and installation of a new pump and service existing pump at Marquee Park. There has been problems with the probe which is associated with the dosing of the system.	High
Drainage Renewal Program	\$300,000	\$450,000	\$0	\$450,000	Additional \$150K requested for continuation of program and installation of better stabilisation products.	Low

Through the review it has been identified that there is not an over-arching Council decision on how the proceeds from the sale of lots at the Kingsford Smith Business Park (KSBP) should be utilised. In previous years, funds have been placed into the Airport Reserve, however given the lease of the PHIA for the next 50 years, it is recommended the KSBP proceeds from sale be placed into the Asset Management Reserve to secure the funds for future maintenance, refurbishment, renewal, replacement and upgrade of Council owned infrastructure assets and community facilities. This will ensure the proceeds are not used to fund operations.

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

Internal

The 2017/18 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.

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 Audit, Risk and Governance Committee a section has been included in the Committee's terms of reference under 7.4.7 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 October 2017 to provide the Committee and Council with overview and insight to the budget progress 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 at its Ordinary Meeting on 13 December 2017 for consideration.

If the local government has delegated to the CEO the exercise of its power to make payments from the municipal fund or the trust fund, as this Council has, Regulation 13 of the *Local Government (Financial Management) Regulations 1996* requires the Town to prepare a list of accounts paid by the CEO each month showing for each account paid since the last such list was prepared —

- (a) the payee's name; and
- (b) the amount of the payment; and
- (c) the date of the payment; and
- (d) sufficient information to identify the transaction.

FINANCIAL AND RESOURCES IMPLICATIONS

The 2017/18 first quarter Budget Review for period ended 31 October 2017 has identified a decreased operating revenue and a decrease in operating expenditure, resulting in an operating deficit increase of \$52K. In addition to the budget amendments presented, this report also provides to amend the municipal surplus brought forward at 1 July 2017 to match the final audited Annual Financial Statements 2016/17 with a brought forward figure of \$4,1M. The overall result of the budget amendments is a proposed increase to the closing municipal surplus, resulting in an estimated closing municipal surplus of \$484,070 as at 30 June 2018.

Figures presented in this report are indicative and subject to change following further budget review processes which will be undertaken during January and April 2018 and presented to ARG Committee and Council accordingly.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

This following section of the Council's *Strategic Community Plan 2014-2024* are applicable in the consideration of this item:

4.1 Strategic and best practice local government administration

- Deliver high quality corporate governance accountability and compliance
- Maintain a strong and sustainable financial position
- Be efficient and effective in use of resources, infrastructure, assets and technology
- Attract, develop and retain an effective workforce to deliver organisational outcomes

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

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 2017/18 Budget Review for period ended 31 October 2017, 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 2017/18 Budget Review for period ended 31 October 2017 for adoption at Council, resulting in a projected closing municipal surplus of \$484,070 as at 30 June 2018 including new/extended initiatives and projects; and endorse Council to commit all proceeds received from the sale of lots at Kingsford Smith Business Park are transferred to the Asset Management – Infrastructure and Community Facilities Reserve.

Option 2 – Do not adopt Officers Recommendation

That ARG Committee do not endorse the proposed amendments presented in the 2017/18 Budget Review for period ended 30 October 2017.

CONCLUSION

This report presents a summary of the 2017/18 Budget Review for period ended 31 October 2017. A number of variations are proposed as part of this review to meet community and organisational requirements and reflect reduction in some revenue streams. The outcome of the review presents an estimated municipal surplus of \$484,070 as at 30 June 2018. 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. 2017/18 Budget Review Financial Statements and Supplementary Documents for period ended 31 October 2017 (Under Separate Cover)

14.2 Regulation 17 Audit

This item was removed from the agenda.

Item 15 Matters for Which Meeting May Be Closed (Confidential Matters)

Nil

Item 16 Closure

16.1 Date of Next Meeting

The next Audit, Risk and Governance Committee Meeting will be held on Tuesday 6 March 2018, commencing at 5:30pm.

16.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 6:12pm.