

# AGENDA

Dear Committee Members,

I respectfully advise that an **AUDIT, RISK AND COMPLIANCE COMMITTEE MEETING** will be held in the **Council Chambers, McGregor St, Port Hedland**, on **Wednesday, 10 August 2022**, commencing at **5:30pm**

**MEETING AGENDA ATTACHED**

Yours faithfully



Carl Askew  
Chief Executive Officer

5 August 2022

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**DISCLOSURE OF FINANCIAL/ IMPARTIALITY/ PROXIMITY INTERESTS**

*Local Government Act 1995 – Section 5.65, 5.70 and 5.71  
Local Government (Model Code of Conduct) Regulations 2021*

<i>This form is provided to enable members and officers to disclose an Interest in a matter in accordance with the regulations of Section 5.65, 5.70 and 5.71 of the Local Government Act and Local Government (Model Code of Conduct) Regulations 2021</i>			
Name			
Position			
Date of Meeting			
Type of Meeting (Please circle one)	Council Meeting/ Committee Meeting/ Special Council Meeting Workshop/ Public Agenda Briefing/ Confidential Briefing		
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**Important Note:** Should you declare a **Financial or Proximity Interest**, in accordance with the Act and Regulations noted above, you are required to leave the room while the item is being considered.

For an **Impartiality** Interest, you must state the following prior to the consideration of the item:

*“With regard to agenda item (read item number and title), I disclose that I have an impartiality interest because (read your reason for interest). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.”*

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## Item 1 Opening of Meeting

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The Presiding Member is to declare the meeting open at [Enter Time](#).

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## Item 2 Acknowledgement of Traditional Owners and Dignitaries

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The Presiding Member acknowledges the Kariyarra people as the Traditional Custodians of the land that we are meeting on and recognises their strength and resilience and he pays his respects to elders past, present and emerging.

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## Item 3 Recording of Attendance

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*Important note:*

*This meeting is being audio recorded to facilitate community participation and for minute-taking purposes, which may be released upon request to third parties. In accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders members of the public are not permitted to 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 Standing Orders Local Law mobile telephones must be switched off and not used during the meeting.*

### 3.1 Attendance

#### Scheduled Present:

#### Committee Members:

Deputy Mayor Tim Turner (Presiding Member)  
Councillor Flo Bennett  
Councillor Ash Christensen

#### Scheduled for Attendance:

Carl Askew (Chief Executive Officer)  
Karren MacClure (Director Corporate Services)  
Joyce Routledge (Senior Governance Advisor)  
Stephanie Sikaloski (Acting Senior Risk and Audit Advisor  
/Minute Taker)

### 3.2 Attendance by Telephone / Instantaneous Communications

### 3.3 Apologies

### 3.4 Approved Leave of Absence

### 3.5 Disclosure of Interests

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**Item 4 Applications for Leave of Absence**

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Nil.

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**Item 5 Response to Previous Questions**

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Nil.

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**Item 6 Public Time**

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*Important note:*

*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.*

*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

6.2 Public Statement Time

6.3 Petitions/Deputations/Presentations/Submissions

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**Item 7 Questions from Members without Notice**

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**Item 8 Announcements by Presiding Member without Discussion**

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

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

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**Item 10 Confirmation of Minutes from Previous Meeting**

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**OFFICER'S RECOMMENDATION**

That the Audit, Risk and Compliance Committee confirm that the Minutes of the Audit, Risk and Compliance Committee Meeting held on Tuesday, 17 May 2022 are a true and correct record.

*SIMPLE MAJORITY VOTE REQUIRED*

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## Item 11 Reports of Officers

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### 11.1 Corporate Services

11.1.1	<b>AUDIT, RISK AND COMPLIANCE COMMITTEE - UPDATED TERMS OF REFERENCE</b>
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**Author:** Acting Senior Risk and Audit Advisor  
**Authorising Officer:** Director Corporate Services  
**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

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#### OFFICER'S RECOMMENDATION

That the Audit, Risk and Compliance Committee receive and recommend Council adopt the reviewed ARC Committee Terms of Reference, as per Attachment 1.

*SIMPLE MAJORITY VOTE REQUIRED*

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#### PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to receive and recommend Council adopt the reviewed ARC Committee Terms of Reference as per Attachment 1.

#### DETAIL

An Audit Committee is to be established in accordance with section 7 of the Local Government Act 1995. The Committee is to provide guidance and assistance to the local government and is accountable to Council. This Committee also supports Council in fulfilling its responsibilities in relation to financial reporting, risk management, internal control and audit functions.

The ARC Committee Terms of Reference (TOR) was first adopted by Council in November 2011. The purpose of the TOR is to facilitate and provide guidance in relation to the operation of the ARC Committee. The ARC Committee have a responsibility to request that the Chief Executive Officer performs a review of the TOR after an election. Council is required to approve any proposed changes and ensure appropriate disclosures as might be required by legislation or regulation.

All amendments made to the current TOR are shown via track changes in Attachment 1.

Notable changes to the TOR include:

- Voting procedure has been referenced to the Act;
- Following adoption of the Town's Business Continuity Plan on 25 May 2022 (CM202122/206), the ARC Committee have been prescribed an additional responsibility under 'Risk Management' to determine whether the Town has a sound and effective approach for business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically reviewed and tested.

## LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance, because the amendments made to the ARC Committee Terms of Reference as part of the review are minor and will not have any financial impact on the Town or social, economic or environmental impact on the community.

## CONSULTATION

### *Internal*

- Acting Senior Risk and Audit Advisor

### *External Agencies*

- Office of the Auditor General (WA)

### *Community*

- Nil.

## LEGISLATION AND POLICY CONSIDERATIONS

- *Local Government Act 1995 – Section 7*

## FINANCIAL AND RESOURCES IMPLICATIONS

Nil.

## STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 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.

### *Corporate Business Plan*

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

- 4.b.3.1 Ensure governance information provided to the community is in line with legislated requirements.

## RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because the ARC Committee is required to comply with section 7 of the Local Government Act 1995. If the reviewed ARC Committee Terms of Reference are not adopted, the Terms of Reference may be considered outdated and certain criteria which should be reported to the ARC Committee will not be documented. The risk rating is considered to be medium (6), which is determined by a likelihood of possible (3) 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 ARC Committee primarily focuses on matters relating to financial reporting, internal control risk management, and audit functions. The reviewed TOR aim to reflect current practices and legislative compliance, whilst providing a more succinct framework to exercise thorough internal and external audit functions, financial and risk management practices, and promote the provision of recommendations and advice to Council.

**ATTACHMENTS**

1. Updated ARC Committee Terms of Reference (With Markup) (under separate cover)
2. Updated ARC Committee Terms of Reference (Without Markup) (under separate cover)

**11.1.2 EXTERNAL AUDIT PLANNING MEMORANDUM FOR FINANCIAL YEAR ENDING 30 JUNE 2022**

**Author:** Acting Senior Risk and Audit Advisor  
**Authorising Officer:** Director Corporate Services  
**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

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**OFFICER'S RECOMMENDATION**

That the Audit, Risk and Compliance Committee receive and note the 2021-22 Audit Planning Memorandum, as per Attachment 1.

*SIMPLE MAJORITY VOTE REQUIRED*

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**PURPOSE**

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to receive and note the Audit Planning Memorandum, as per Attachment 1.

The ARC Committee, through section 7.5.1 of its Terms of Reference, has a responsibility to 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.

**DETAIL**

The primary purpose of the Audit Planning Memorandum (APM) is to brief the ARC Committee on the proposed approach by RSM Australia (RSM), on behalf of the Office of the Auditor General (OAG), to audit the financial report of the Town for the year ending 30 June 2022.

The Town's administration and Deputy Mayor Tim Turner met with RMS and the OAG on 27 May 2022 to verbally discuss the APM. The APM is a key tool for discharging the auditor's responsibilities in relation to communicating with those charged with governance.

The APM is presented and discussed at this entrance meeting to ensure the ARC Committee understands the Towns and the auditor's responsibilities in the audit process

**LEVEL OF SIGNIFICANCE**

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of low significance. It does not meet any requirements of a 'significant' decision.

**CONSULTATION***Internal*

- Director Corporate Services
- Manager Financial Services
- Senior Governance Advisor
- Acting Senior Risk and Audit Advisor
- ARC Committee

*External Agencies*

- Office of the Auditor General WA (OAG)

*Community*

- Nil

**LEGISLATION AND POLICY CONSIDERATIONS**

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*
- *Local Government (Audit) Regulations 1996*

**FINANCIAL AND RESOURCES IMPLICATIONS**

The indicative fee for the audit of the Town's 2021-22 annual financial report is \$108,700 (excluding GST). The indicative fee represents an increase compared to the prior year audit fee of \$96,100.

**STRATEGIC AND SUSTAINABILITY IMPLICATIONS**

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

- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

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

*Corporate Business Plan*

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

- 4.b.3.1 Ensure governance information provided to the community is in line with legislated requirements.

**RISK MANAGEMENT CONSIDERATIONS**

There is a compliance risk associated with this item, because if the audit plan is not carried out in accordance with documented timeframes, statutory deadlines for reporting may not be met. The risk rating is considered to be low (8), which is determined by a likelihood of unlikely (2) and a consequence of major (4). This risk will be eliminated by maintaining regular communication between the Town and the auditors to ensure timeframes are adhered to.

**OPTIONS**

*Option 1 – Adopt officer's recommendation*

*Option 2 – Amend officer's recommendation*

*Option 3 – Do not adopt officer's recommendation*

## **CONCLUSION**

It is recommended that the ARC Committee receive and note the 2022 Audit Planning Memorandum. The APM provides the ARC Committee members insight on which items are to be addressed in the upcoming external audit and offers structure and guidance to the process.

## **ATTACHMENTS**

1. Audit Planning Memorandum (under separate cover)

**11.1.3 INTERNAL AUDIT REPORT - SAFETY AND SECURITY MANAGEMENT**

**Author:** Acting Senior Risk and Audit Advisor  
**Authorising Officer:** Director Corporate Services  
**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

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**OFFICER'S RECOMMENDATION**

That the Audit, Risk and Compliance Committee receive and note the 2021/22 Financial Year Internal Audit Report of Safety and Security Management, as per Attachment 1.

*SIMPLE MAJORITY VOTE REQUIRED*

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**PURPOSE**

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to note the outcomes of the 2021/22 Financial Year Internal Audit Report of Safety and Security Management.

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

**DETAIL**

William Buck Advisors (WA) were engaged by the Town to act as the Town's internal audit function in February 2020. Following the engagement, William Buck prepared a Strategic Three (3) Year Rolling and Annual Internal Audit Plan (Internal Audit Plan) that was considered and adopted by the Audit, Risk and Compliance Committee on 11 August 2020 (Committee Decision: ARC202021/013).

In accordance with the Internal Audit Plan, William Buck was tasked to review the Town's controls implemented in respect to the effectiveness of the safety and security processes in place. This area of review was clearly defined in the Internal Audit Plan, for the 2021/22 Financial Year.

***Scope of Review***

The scope of the audit considered on a high level the key controls in place to ensure the Town achieves the key business objectives in the following areas:

- The Town's security measures are adequate;
- Appropriate Occupational Safety and Health processes are implemented, including appropriate insurance; and
- Policies and procedures are adequate to ensure risks are well managed.

***Overall Comment & Findings by William Buck Advisors (WA):***

"Overall, based on the work we have performed, the Town has implemented many physical safety and security controls for its work environment.

We observed and checked the controls in the following main locations: Civic Centre, Depot and Landfill site.

However, we identified some critical control weaknesses especially in the information and cyber security management domain.”

### *Recommendations from Review*

The Town has started the process of implementing recommendations. The target completion date provided by the management for each recommendation is given below.

Target Completion Date	No of Recommendations
Actioned	2
30/09/2022	4
31/12/2022	6
30/03/2023	3
30/06/2023	3
30/12/2023	1
01/07/2024	1

### *Current status of Internal Audit Plan*

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

Year	Quarter	Area of Internal Audit Review	Status
2020/21	1st	Procurement and Contract Management	Complete
	3rd	Regulation 17 Review (Statutory Obligation)	Complete
	4th	Records Management	Complete
2021/22	1st	Finance Management Review (Statutory Obligation)	Complete
	2nd	Safety and Security Management	Complete
	3rd	Project Management	Complete
2022/23	1st	Business Continuity and Disaster Recovery	In progress
	2nd	Fraud Risk Management and Misconduct	Not commenced
	3rd	Strategic Asset Management and Maintenance	Not commenced

### **LEVEL OF SIGNIFICANCE**

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town’s ability to deliver services, impact the Town’s reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.



## CONSULTATION

### *Internal*

Director Corporate Services  
Director Infrastructure Services  
Manager Human Resources  
Manager IT & Program Delivery  
Manager Governance  
Acting Manager Infrastructure Operations  
Senior WHS Advisor  
Acting Senior Risk and Audit Advisor  
Property Management Officer

### *External Agencies*

William Buck Advisors (WA):

- Director
- Internal Auditor

### *Community*

Nil.

## LEGISLATION AND POLICY CONSIDERATIONS

- *Part 7 – Local Government Act 1995; and*
- *Local Government (Audit) Regulations 1996*

## FINANCIAL AND RESOURCES IMPLICATIONS

The value of works, as contracted with William Buck and identified in the Amended Strategic 3 Year Rolling and Annual Internal Audit Plan was recorded, considered, and adopted in the Audit, Risk and Compliance Committee on 10 March 2021.

The adopted FY2021/22 Budget included sufficient funding for the internal audit costs. 60 Hours were billed at \$140 per hour excluding GST. An additional \$243.27 cost was incurred for disbursements related to the auditors site visit. The costs incurred in relation to the Safety and Security Management Review were \$8,643.27 excluding GST.

## STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

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

### *Corporate Business Plan*

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

- 4.b.3.1 Ensure governance information provided to the community is in line with legislated requirements.

**RISK MANAGEMENT CONSIDERATIONS**

There is a compliance risk associated with this item. If the auditor's recommendations are not considered and the management action plans not implemented, the Town is at risk of not meeting compliance, regulatory or best practice requirements. The risk rating is considered to be medium (9), which is determined by a likelihood of possible (3) and a consequence of moderate (3).

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

**OPTIONS**

*Option 1 – Adopt officer's recommendation*

*Option 2 – Amend officer's recommendation*

*Option 3 – Do not adopt officer's recommendation*

**CONCLUSION**

This report presents the Audit, Risk and Compliance Committee with an overview of the review of Safety and Security Management, and how the Town's administration will be addressing all relevant findings for improvement.

**ATTACHMENTS**

1. FY2021-22 Safety and Security Internal Audit Report (under separate cover)

**11.1.4 REVIEW OF AUDIT LOG FOR THE STRATEGIC 3-YEAR INTERNAL AUDIT PLAN**

**Author:** Acting Senior Risk and Audit Advisor  
**Authorising Officer:** Director Corporate Services  
**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

**OFFICER'S RECOMMENDATION**

That the Audit, Risk and Compliance Committee receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan, which commenced in Financial Year 2020-21.

*SIMPLE MAJORITY VOTE REQUIRED*

**PURPOSE**

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan.

The ARC Committee, through section 7.2.4 of its Terms of Reference, has a responsibility to monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

**DETAIL**

William Buck Advisors (WA) were engaged by the Town to act as the Town's internal audit function in February 2020. Following the engagement, William Buck prepared a Strategic Three (3) Year Rolling and Annual Internal Audit Plan (Internal Audit Plan) that was considered and adopted by the Audit, Risk and Compliance Committee on 11 August 2020 (Committee Decision: ARC202021/013).

The below table summarises the current status of the three-year rolling and annual internal audit plan. Audits that are complete and have been reported to the ARC Committee are reflected in the Audit Log to be actioned by the Town's administration. Audits that are complete and not yet reported will be added to the Audit Log following reporting to the ARC Committee.

Year	Quarter	Area of Internal Audit Review	Status
2020/21	1st	Procurement and Contract Management	Complete
	3rd	Regulation 17 Review (Statutory Obligation)	Complete
	4th	Records Management	Complete
2021/22	1st	Finance Management Review (Statutory Obligation)	Complete
	2nd	Safety and Security Management	Complete
	3rd	Project Management	Complete
2022/23	1st	Business Continuity and Disaster Recovery	In progress
	2nd	Fraud Risk Management and Misconduct	Not commenced
	3rd	Strategic Asset Management and Maintenance	Not commenced

In accordance with the Internal Audit Plan, the Town is required to maintain an Audit Log to track the status of agreed management actions.

A summary of the status of agreed management actions is found in the table below.

Financial Year	Completed	In progress	Total
2020-21	5	5 (Overdue)	10
2021-22	10	15 (Overdue)	25
2022-23	9	29	38
2023-24	0	7	7
<b>Total</b>	<b>24</b>	<b>36</b>	<b>80</b>

Several management actions have not been actioned by their target due date as detailed in the table above due to staff and resourcing limitations. A new process has been implemented internally involving regular communication and reporting to increase accountability and ensure all Accountable Officers remain diligent in meeting target due dates in the future.

Overdue management actions have been assigned a revised due date in agreement with the Accountable Officer.

## LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town's ability to deliver services, impact the Town's reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

## CONSULTATION

### *Internal*

- Acting Senior Risk and Audit Advisor

### *External Agencies*

- William Buck Advisory (WA)

### *Community*

- Nil

## LEGISLATION AND POLICY CONSIDERATIONS

- *Regulation 17, Local Government (Audit) Regulations 1996*

## FINANCIAL AND RESOURCES IMPLICATIONS

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

## STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

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

#### *Corporate Business Plan*

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

- 4.b.3.1 Ensure governance information provided to the community is in line with legislated requirements.

### **RISK MANAGEMENT CONSIDERATIONS**

There is a compliance risk associated with this item because the Town has committed to implement agreed management action plans from audit recommendations made through its Strategic 3-Year Internal Audit Plan. The risk rating is considered to be medium (9), which is determined by a likelihood of possible (3) and a consequence of moderate (3). The risk will be mitigated through the administration's and ARC Committee's regular reviewing and monitoring of the Audit Log.

### **OPTIONS**

*Option 1 – Adopt officer's recommendation*

*Option 2 – Amend officer's recommendation*

*Option 3 – Do not adopt officer's recommendation*

### **CONCLUSION**

It is recommended that the ARC Committee receive and note the progress update against the management actions contained within the Audit Log for the Strategic 3-Year Internal Audit Plan. Any overdue items have been re-assigned a new due date in agreement with the Accountable Officer. With the ARC Committee providing oversight over the status of management actions, this will strengthen accountability and transparency.

### **ATTACHMENTS**

**Attachment 1. Audit Log (Confidential) (under separate cover)**

**11.1.5 POLICY REVIEW - 1/022 RISK MANAGEMENT**

**Author:** Acting Senior Risk and Audit Advisor  
**Authorising Officer:** Director Corporate Services  
**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

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**OFFICER'S RECOMMENDATION**

1. That the Audit, Risk and Compliance Committee note the reviewed Policy 1/022 Risk Management as per Attachment 1; and
2. That the Audit, Risk and Compliance Committee recommend Council adopt the reviewed Policy 1/022 Risk Management, as per Attachment 1.

*SIMPLE MAJORITY VOTE REQUIRED*

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**PURPOSE**

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to note the reviewed Policy 1/022 Risk Management. The reviewed policy will be put up to Council for adoption at the OCM to be held on 7 September 2022.

**DETAIL**

The Town of Port Hedland's policies are systematically reviewed, updated and adopted by Council. They establish guidelines, providing direction for the Town's activities and actions. Policies are defined as the principles and intent behind the programs that a local government implements. A policy can also be a general plan or approach to a specific need, problem, or issue.

Systematically reviewing policies ensures the policies remain current and align with updated legislative, regulatory and best practice requirements, where possible. This policy has been reviewed to bring the policy up-to-date with Standard AS/NZS ISO 31000:2018 – Risk Management and ensure consistency with other informing and operational risk management documentation used within the organisation.

This policy is an informing document and overarches the Risk Management Framework and other operational documentation and processes. The policy outlines the Town's commitment to the principles, framework, and process of managing risk as outlined in AS/NZS ISO 31000:2018.

**LEVEL OF SIGNIFICANCE**

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, as the reviewed policy will act as a tool to inform decision-making by Council and Town's administration. It is expected there will be some general interest from the community on how Council and Town's administration make decisions.

## CONSULTATION

### *Internal*

- Director of Corporate Services.
- Senior Governance Advisor
- Acting Senior Risk & Audit Advisor
- Project Control Group

### *External Agencies*

- Department of Local Government, Sport and Cultural Industries.
- WALGA

### *Community*

- Nil.

## LEGISLATION AND POLICY CONSIDERATIONS

- *Section 2.7(2)(b) of the Act* provides that a council is to determine the local government's policies
- AS/NZS ISO 31000:2018 Risk Management

## FINANCIAL AND RESOURCES IMPLICATIONS

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

## STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

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

### *Disability Access and Inclusion Plan*

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

- Outcome 3 – Information.

### *Corporate Business Plan*

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

- 2.b.3.1 – Regularly review policies and local laws to minimise red tape within statutory frameworks.

## RISK MANAGEMENT CONSIDERATIONS

There is a reputational risk associated with this item, as it may be perceived that the Town's policies are outdated, do not meet community expectations and do not reflect the requirements of the Act, relevant standards or best practice principles. The risk rating is considered to be

medium (6), which is determined by a likelihood of possible (3) and a consequence of minor (2). This risk will be mitigated if Council adopt the reviewed policy.

## **OPTIONS**

*Option 1 – Adopt officer’s recommendation*

*Option 2 – Amend officer’s recommendation*

*Option 3 – Do not adopt officer’s recommendation*

## **CONCLUSION**

It is recommended that the ARC Committee note the reviewed Policy 1/022 Risk Management, which has been updated to inform the application of the Risk Management Framework and other operational documents and procedures. The reviewed policy will be put up for adoption at the Ordinary Council Meeting to be held on 7 September 2022.

## **ATTACHMENTS**

1. Policy 1/022 Risk Management (With Markup) (under separate cover)
2. Policy 1/022 Risk Management (Without Markup) (under separate cover)



**11.1.6 RISK MANAGEMENT FRAMEWORK**

<b>Author:</b>	<b>Acting Senior Risk and Audit Advisor</b>
<b>Authorising Officer:</b>	<b>Director Corporate Services</b>
<b>Disclosure of Interest:</b>	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

**OFFICER'S RECOMMENDATION**

That the Audit, Risk and Compliance Committee:

1. Receive and note the Town of Port Hedland Risk Management Framework, as per Attachment 1; and
2. Recommend Council receive and note the Town of Port Hedland Risk Management Framework, as per Attachment 1.

*SIMPLE MAJORITY VOTE REQUIRED*

**PURPOSE**

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to receive and note the Town of Port Hedland Risk Management Framework (Framework) and recommend it be received and noted by Council. The purpose of the Framework is to assist the Town in integrating effective risk management practices, processes and principles throughout the organisation.

**DETAIL**

The ARC Committee, through its Terms of Reference, has an objective to oversee compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control, and legislative compliance.

To ensure compliance with current standards and best practice guidelines where possible relative to risk management, the Town has developed a Framework which is designed to promote a consistent and organisation-wide approach to effective risk management. The objectives of the Framework are to:

- Provide a consistent and structured risk management approach throughout the organisation;
- Establish a consistent system for decision-making and ensure that risk is included as a core component of the planning process across contracts, projects and everyday business activities;
- Provide a clear reporting line to ensure risks are escalated appropriately; and
- Comply with relevant legislative requirements.

The Framework project commenced in July 2021. A status update of the Framework can be found in the table below.

Risk Management Framework Status Update	
Documents	Status
Risk Appetite Statement	Complete
Risk Management Framework	Complete
Risk Management Policy 1/022	To be adopted at 7 September 2022 OCM
Training	To be commenced

## LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, as it relates to an organisation-wide framework which will support setting the tone for risk taking and decision making throughout the organisation both on an operational and strategic level. Inherently, there may be general community interest in this matter.

## CONSULTATION

### *Internal*

- Director Corporate Services
- Senior Governance Advisor
- Acting Senior Risk and Audit Advisor
- Project Control Group

### *External Agencies*

- Moore Australia

### *Community*

- Nil

## LEGISLATION AND POLICY CONSIDERATIONS

- Policy 1/022 Risk Management
- AS/NZS 31000:2018 Risk Management
- *Regulation 17, Local Government (Audit) Regulations 1996*

## FINANCIAL AND RESOURCES IMPLICATIONS

Moore Australia were contracted to deliver the Town a Draft Framework. The Draft Framework was used as a guideline in the development of the Final Framework (Attachment 1). The cost associated with the delivery of the Draft Framework from Moore Australia was \$15,125.00.

## STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

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

### *Corporate Business Plan*

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

- 4.b.3.1 – Ensure governance information provided to the community is in line with legislated requirements.
- 4.b.3.2 – Develop, implement and review a risk management framework.

### **RISK MANAGEMENT CONSIDERATIONS**

There is a compliance risk associated with this item because the Town must ensure that it has adequate risk procedures and documentation in place to preserve and protect its systems, assets, procedures and reputation. If the Framework is not implemented, the Town will forgo a centralised Risk Management approach with suitably documented guidelines and procedures. This will forbid maturity of the Town's risk management processes. The risk rating is considered to be high (16), which is determined by a likelihood of likely (4) and a consequence of major (4).

The risk will be mitigated by adopting the Officer's recommendation and upon organisation-wide implementation of the Framework.

### **OPTIONS**

*Option 1 – Adopt officer's recommendation*

*Option 2 – Amend officer's recommendation*

*Option 3 – Do not adopt officer's recommendation*

### **CONCLUSION**

It is recommended that the ARC Committee receive and note the Framework and recommend Council receive and note the Framework. The Framework will ensure the Town applies a consistent and uniform approach to Risk Management and its principles, framework and guidelines are aligned with current standard AS/NZS 31000:2018 Risk Management.

### **ATTACHMENTS**

1. Risk Management Framework (under separate cover)

**11.1.7 FY 2021-22 QUARTER 4 PROCUREMENT REPORT ON PANELS USAGE**

**Author:** Senior Procurement & Contracting Advisor  
**Authorising Officer:** Director Corporate Services  
**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

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**OFFICER'S RECOMMENDATION**

That the Audit, Risk and Compliance Committee note 'Nil' identified non-compliance with Policy 2/022 Panels of Pre-Qualified Suppliers for Quarter 4 Financial Year 2021-22.

*SIMPLE MAJORITY VOTE REQUIRED*

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**PURPOSE**

As part of Panels of Pre-Qualified Suppliers Policy 2/022, Section 3 Compliance and Reporting the Town shall on a quarterly basis report to the Town's Audit, Risk and Compliance Committee any identified non-compliance with the Policy.

**DETAIL**

In accordance with Regulation 24AC of the Local Government (Functions and General) Regulations 1996, the Town has established the following Panels of Pre-Qualified Suppliers:

1. RFT 1920-48 Pre-Qualified Panel for Tradespeople
2. RFT 2021-02 Panel of Engineering Consultants
3. RFT 2021-04 Waste Management Consulting Panel
4. RFT 2122-01 Design Review Panel
5. RFT 2122-08 Project Management Consultants Panel
6. RFT 2122-12 Panel for Concrete Placement Program
7. RFT 2122-17 Panel for Supply of Plant Equipment and Operators for Infrastructure Works

As per section 2.2 of Policy 2/022 Panels of Pre-Qualified Suppliers, the Town exercises one of the following options for the distribution of work:

- a) The Town will obtain quotations from each pre-qualified supplier on the panel with respect to all purchases.

Or

- b) The Town will purchase goods and services exclusively from any prequalified supplier appointed to that panel.

The quotes obtained are authorised in accordance with the Town's Delegation Register. In every instance, a contract for an item of work with a prequalified supplier is not to exceed 12 months or include any options to renew or extend.

Procurement identified the list of works that were awarded to the Pre-Qualified Panel Suppliers on VendorPanel for the quarter 01 April 2022 to 30 June 2022 and report 'Nil' non-compliance with the Panels Policy.

## LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to likely consequences arising from non-compliance, potential to impact the Town's ability to deliver services, impact the Town's reputation and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

## CONSULTATION

### *Internal*

Senior Procurement and Contracting Advisor

### *External Agencies*

Nil.

### *Community*

Nil.

## LEGISLATION AND POLICY CONSIDERATIONS

- Policy 2/022 - Panels of Pre-Qualified Suppliers.
- Policy 2/007 - Procurement Policy
- *Regulation 24AC of the Local Government (Functions and General) Regulations 1996*

## FINANCIAL AND RESOURCES IMPLICATIONS

Nil

## STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 4.b.3 Transparent and regular governance reporting and communication to the community is undertaken

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

### *Corporate Business Plan*

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

- 4.b.3.1 – Ensure Governance information provided to the community is in line with legislated requirements.

## RISK MANAGEMENT CONSIDERATIONS

There is a compliance risk associated with this item because failure to implement the right procedure will result in non-compliance with industry best practice. The risk rating is considered to be medium (6), which is determined by a likelihood of possible (3) and a consequence of minor (2).

The risk will be mitigated by ensuring officers follow the procedures as per the procurement requirements in accordance with the Town's Policy documents.

## **OPTIONS**

*Option 1 – Adopt officer's recommendation*

*Option 2 – Amend officer's recommendation*

*Option 3 – Do not adopt officer's recommendation*

## **CONCLUSION**

In accordance with the Panels of Pre-Qualified Suppliers Policy 2/022, Section 3, Compliance and Reporting, this report presents the Audit, Risk and Compliance Committee with an overview of the Procurement findings for non-compliance with the Panels Policy for the quarter 01 April 2022 to 30 June 2022.

## **ATTACHMENTS**

Nil

## 11.2 Community Services

Nil.

## 11.3 Regulatory Services

Nil.

## 11.4 Infrastructure Services

Nil.

## 11.5 Executive Services

### 11.5.1 GOLD WORKSAFE PLAN CERTIFICATE OF ACHIEVEMENT

<b>Author:</b>	WHS Advisor
<b>Authorising Officer:</b>	Manager Human Resources
<b>Disclosure of Interest:</b>	The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

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#### OFFICER'S RECOMMENDATION

That the Audit, Risk and Compliance Committee:

1. Note the Town has been awarded the 2022 Gold WorkSafe Plan Certificate of Achievement as per Attachment 1 and 2.
2. Recommend Council receive and note the Town has been awarded the 2022 Gold WorkSafe Plan Certificate of Achievement as per Attachment 1 and 2.

*SIMPLE MAJORITY VOTE REQUIRED*

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#### PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee to note that the Town has fulfilled the requirements for a Gold Certificate of Achievement under the WorkSafe Plan assessment process.

#### DETAIL

##### Background

On the 31st April to 2nd May 2021 the Town underwent a second LGIS Worksafe Plan Assessment.

On the 30th July 2021 LGIS advised the Town that they had achieved a very good Worksafe Plan Audit score of 89% which was a significant increase from the previous score of 43% in July 2018. In recognition of this the Town was awarded the LGIS Tier 3 Silver Diligence in Safety Certificate.

On the 22nd November 2021, on behalf of the Town, the LGIS Senior OSH Consultant, Risk & Governance submitted an application to WorkSafe for a WorkSafe Plan Certificate of Achievement.

Following their assessment, a letter was received from Worksafe on the 8th June 2022 advising the Town that they achieved the Gold Worksafe Plan Certificate of Achievement.

Note: It took Worksafe seven months to assess the Town's application due to their involvement in the new WHS Legislation coming into effect. The Certificate of Achievement will remain valid for two years from the date of issue, which was the 31st May 2022.



## Scope

The WorkSafe Plan is an audit and assessment process that can be used to rate safety and health management systems. It can be used for auditing to provide information and ratings on the extent to which an organisation has implemented a systematic approach to the management of safety and health and the extent to which an organisation is complying with some of the legislative requirements.

WorkSafe encourages best practice by presenting WorkSafe Plan Certificates of Achievement to organisations that have undertaken an independent assessment and have achieved high ratings in each element of the WorkSafe Plan and rates of work-related injury and disease that are reducing or kept at low levels.

WorkSafe Plan Certificates of Achievement are presented at three levels:

- Silver - for organisations meeting minimum standards.
- Gold - for organisations demonstrating good progress toward a best practice approach to safety and health management.
- Platinum - for organisations that achieve the highest standards.

## Overall Comment & Findings

A total of 36 parts were audited under the four Categories of which 25 units were all measured as “Satisfactory”, 11 were given an “Insufficient” criterion, there were no “Ad Hoc or Unsatisfactory” findings.

## LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is considered to be of low significance, due to the reputation of the Town of Port Hedland and general interest by the community in the compliance capability of the business operations of the Town of Port Hedland.

## CONSULTATION

### *Internal*

- Chief Executive Officer
- Directors and Managers
- Manager Human Resources

### *External Agencies*

- LGIS (Marsh Advisory Pacific):
  - o Senior OSH Consultant - Risk & Governance

### *Community*

- Nil

## LEGISLATION AND POLICY CONSIDERATIONS

- *Work Health and Safety Act 2020*
- *Work Health and Safety Regulations 2022*
- 1/016 ToPH Workplace Health and Safety Policy V03 Adopted June 2022

## **FINANCIAL AND RESOURCES IMPLICATIONS**

- Nil

## **STRATEGIC AND SUSTAINABILITY IMPLICATIONS**

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

## **RISK MANAGEMENT CONSIDERATIONS**

There are no risk management considerations relating to this item.

## **OPTIONS**

*Option 1 – Adopt officer's recommendation*

## **CONCLUSION**

It is recommended that the Audit, Risk and Compliance Committee recommend that Council note the 2022 Gold WorkSafe plan Certificate of Achievement.

## **ATTACHMENTS**

1. Worksafe Plan Gold Certificate (under separate cover)

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**Item 12 Motions of which Previous Notice has been given**

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Nil.

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**Item 13 New Business of an Urgent Nature (Late items)**

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Nil.

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

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Nil.

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**Item 15 Closure**

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**15.1 Date of Next Meeting**

The next Audit, Risk and Compliance Committee Meeting will be held on Tuesday, 29 November 2022 commencing at 5:30pm.

**15.2 Closure**

There being no further business, the Presiding Member declared the meeting closed at [enter time](#).

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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 Compliance Committee.

### 2. Introduction

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

The Audit, Risk and Compliance Committee is an advisory committee formally appointed by the Council and is responsible to the Council. The Audit, Risk and Compliance Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any financial responsibility. The Audit, Risk and Compliance Committee does not have any management functions and is therefore independent of management.

The Audit, Risk and Compliance Committee will primarily focus on relevant matters relating to Audit (internal and external) Risk and Compliance.

The Audit, Risk and Compliance Committee objective is to assist the Town of Port Hedland Council in liaising with the auditors and overseeing the external audit function, and promoting the transparency and accountability of the Town's financial management systems and reporting. The role of the Audit, Risk and Compliance Committee is to report to the Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate decision making by the Council in relation to the discharge of its responsibilities.

### 3. Objectives

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

- 3.1 The integrity of internal and external financial reporting, including accounting policies.
- 3.2 The scope of work, objectivity, performance and independence of the external auditor.
- 3.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.
- 3.4 The systems or procedures that are designed to ensure that the Town and its subsidiaries comply with relevant statutory and regulatory requirements.
- 3.5 The process for recognising risks arising from the Town's operations and strategies, and consider the adequacy of measures taken to manage those risks.
- 3.6 The process and systems which protect the Council against fraud and irregularities.
- 3.7 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.

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

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

#### 4. Authority

The Audit, Risk and Compliance Committee has the authority to:

- 4.1 Review and suggest improvements to the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken.
- 4.2 Monitor and advise the Chief Executive Officer in reviews conducted under regulation 17(1) of the *Local Government (Audit) Regulations 1996* and regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.
- 4.3 Formally meet with the Town's appointed external auditor as necessary.
- 4.4 Seek resolution on any disagreements between management and the external auditors on financial reporting.
- 4.5 Advise Council on any or all of the above as deemed necessary.

#### 5. Composition of Committee Members

- 5.1 The Audit, Risk and Compliance Committee will comprise of three Elected Members.
- 5.2 The Council will appoint Audit, Risk and Compliance Committee members.
- 5.3 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Compliance Committee Members after an Election.
- 5.4 The members, taken collectively, will have a broad range of skills and experience in accounting or related financial management, with an understanding of accounting and auditing standards in a public sector environment.
- 5.5 Members may seek advice from an external independent advisor. The independent advisor will have a Certified Practising Accountant (CPA), Chartered Accountancy (CA) qualification or relevant discipline or experience in a similar position. The independent advisor must be able to demonstrate expertise and knowledge in at least one of the disciplines of financial risk management, corporate governance, risk management or auditing. The independent advisor will also have demonstrated understanding and/or experience in:
  - Accounting Standards (AASB)
  - Tax Legislation
  - *Local Government Act 1995*
  - Local Government experience and/or Band 1 Council
- 5.6 A quorum will be a minimum of 50% of the membership.

- 5.7 Audit, Risk and Compliance Committee members are required by the Local Government Act and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.
- 5.8 New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.
- 5.9 The Chief Executive Officer and employees are not members of the Committee.

## 6. Meetings

- 6.1 Meetings may be called by the Presiding Member of the Audit, Risk and Compliance Committee, or at the request of the Mayor or Chief Executive Officer.
- 6.2 The Audit, Risk and Compliance Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the *Local Government Act 1995*.
- 6.3 All Elected Members are invited to attend each Audit, Risk and Compliance Committee meeting, but will not be eligible to vote on any items presented at the meeting.
- 6.4 All Audit, Risk and Compliance Committee members are expected to attend each meeting in person.
- 6.5 The Chief Executive Officer will facilitate the meetings of the Audit, Risk and Compliance Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 6.6 The Audit, Risk and Compliance Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined in this terms of reference.
- 6.7 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 6.8 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 6.9 Pursuant to regulation 13 of the *Local Government (Administration) Regulations 1996*, unconfirmed minutes will be made available for inspection by members of the public, within 5 (five) business days after the meeting.

## 7. Responsibilities

The Audit, Risk and Compliance Committee will carry out the following responsibilities:

- 7.1 Risk management

- 7.1.1 Review and suggest improvements to whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the Town's business and financial risks, including fraud.
- 7.1.2 Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.
- 7.1.3 Assess the impact of the Town's enterprise risk management framework on its control environment and insurance arrangements.
- 7.1.4 Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.

## 7.2 Internal Control and Internal Audit

- 7.2.1 Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- 7.2.2 Approve, review and suggest improvements to the Internal Audit Plan and ensure the Internal Audit function is operating effectively, independently and in accordance with the Institute of Internal Auditor's International Standards for the Professional Practice of Internal Auditing.
- 7.2.3 Receive and review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- 7.2.4 Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.

## 7.3 Financial Report

- 7.3.1 Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- 7.3.2 Review with management and the external auditors the results of the audit, including any difficulties encountered, and suggest improvements if required.
- 7.3.3 Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.



- 7.3.4 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Compliance Committee under the Australian Auditing Standards, and suggest improvements if required.
- 7.3.5 Review and suggest improvements (subject to legislation) to the draft Annual Financial Statements (subject to legislation) and recommend the adoption of the Annual Financial Statements to Council.

#### 7.4 Compliance

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

#### 7.5 External Audit

- 7.5.1 Review and suggest improvements to the external auditor's proposed audit scope and approach for financial performance audits, including any reliance on internal auditor activity.
- 7.5.2 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.
- 7.5.3 Provide an opportunity for the Audit, Risk and Compliance Committee to meet with the external auditors to discuss any matters that the Audit, Risk and Compliance Committee or the external auditors believe should be discussed privately.
- 7.5.4 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with external audit function.
- 7.5.5 Monitor management's implementation of external audit recommendations.

#### 7.6 Reporting Responsibilities

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

## 8 Other Responsibilities

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

*(Adopted by Council at its Ordinary Meeting held 16 November 2011.  
Amended by Council at its Ordinary Meeting held 23 October 2013.  
Amended by Council at its Ordinary Meeting held on 11 December 2013.  
Amended by Council at its Ordinary Meeting held on 27 May 2015.  
Amended by Council at its Ordinary Meeting held on 28 October 2015.  
Amended by Council at its Ordinary Meeting held on 22 June 2016.  
Amended by Council at its Ordinary Meeting held on 24 May 2017.  
Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.  
Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.  
Amended by Council at its Ordinary Meeting held on 23 September 2020.)*