



MINUTES

Audit, Risk and Compliance Committee Meeting

Tuesday 11 March 2025

Time: 5:30pm

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

Distribution Date: 17 March 2025

Order of Business

1	Opening of Meeting	4
2	Acknowledgement of Traditional Owners and Dignitaries	4
3	Recording of Attendance	4
3.1	Attendance	4
3.2	Attendance by Telephone / Instantaneous Communications	5
3.3	Apologies	5
3.4	Approved Leave of Absence	5
3.5	Disclosures Of Interest	5
4	Applications for Leave of Absence	5
5	Response to Previous Questions	5
5.1	Response to Questions taken on notice from Elected Member at the Audit, Risk and Compliance Committee Meeting held on 26 November 2024	5
5.2	Response to Questions taken on notice from Public at the Audit, Risk and Compliance Committee Meeting held on 26 November 2024	5
6	Public Time	5
6.1	Public Question Time	6
6.1.1	Janet Gillingham	6
6.1.2	Jillian Fisher	7
6.2	Public Statement Time	8
6.3	Petitions / Deputations / Presentations / Submissions	8
7	Questions from Members without Notice	8
8	Announcements by Presiding Member without Discussion	9
8.1	Deputy Mayor Ash Christensen	8
9	Declarations of All Members to have given due consideration to all matters contained in the Agenda before the Meeting	9
10	Confirmation of Minutes of Previous Meeting	10
11	Reports of Officers	11
11.1	Quarterly Internal Audit Log Review	11
11.2	Risk Register Review	15

11.3 2024 Compliance Audit Return.....20

11.4 Asset Management Framework Progress Report.....27

11.5 2024-2025 Quarter 2 Procurement Report on Panels Usage.....32

11.6 Enterprise Resource Planning Implementation Progress Report.....36

12 Motions of Which Previous Notice have been given43

13 New Business of an Urgent Nature (Late Items)43

14 Matters for Which Meeting May be Closed (Confidential Matters).....43

 14.1 CONFIDENTIAL ITEM - Town Debtors.....43

15 Closure44

15.1 Date of Next Meeting44

15.2 Closure.....44

1 Opening of Meeting

The Presiding Member declared the meeting open at 5:30pm.

2 Acknowledgement of Traditional Owners and Dignitaries

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 pays respect to elders past, present and emerging.

3 Recording of Attendance

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:

Deputy Mayor Ash Christensen
Cr Lorraine Butson
Cr Ambika Rebello

Scheduled for Attendance:

Mark Dacombe (Interim Chief Executive Officer)
Stephen Leeson (Director Corporate Services)
Tom Kettle (Manager Governance)
Rebecca Faloon (Senior Audit, Risk & Insurance Advisor)
Jessica Hunt (Audit, Risk & Insurance Support Officer)
Kaleena Cruickshank (Manager Financial Services)
Stephen Galvin (Manager ERP Project)

Public: 3

Media: 0

3.2 Attendance by Telephone / Instantaneous Communications

Nil.

3.3 Apologies

Nil.

3.4 Approved Leave of Absence

Nil.

3.5 Disclosures Of Interest

Nil.

4 Applications for Leave of Absence

Nil.

5 Response to Previous Questions

5.1 Response to Questions taken on notice from Elected Member at the Audit, Risk and Compliance Committee Meeting held on 26 November 2024.

Nil.

5.2 Response to Questions taken on notice from Public at the Audit, Risk and Compliance Committee Meeting held on 26 November 2024.

Nil.

6 Public Time

6.1 Public Question Time

The Presiding Member declared Public Question Time open at 5:33pm.

6.1.1	Janet Gillingham
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Question 1

Deputy Mayor Christensen, as Presiding Member of the Audit, Risk & Finance Committee Meeting, at the last ARC meeting you mentioned that you had not been able to read the 2023/24 Budget Review Agenda item due to work commitments and also the lateness of the Agenda item reaching yourself and fellow committee members.

Could this item have been deferred until all Committee Members were clear on the contents of the agenda item?

Deputy Mayor Christensen provided the following response:

Thank you for the question, it very well could have been. I think we have some availability to be able to defer items of that nature. Being that it was such an important item, I believe the onus was on this Committee to allow it to go to the next step. During that meeting we were not putting in any approval, nor were we doing anything else but recommending that report go to Council for further consideration and for the debate to take further wings. In my personal opinion, it was well within our rights and it's good practice, in my opinion, to allow such an important item to continue on with its journey, which it did allow for further communication and conversations to be had between all Councillors before it was approved.

Question 2

Why was the 2023/24 Budget Review Agenda item voted on and passed at the ARC Meeting when yourself and possibly the Committee members were not able to read thoroughly through that agenda item that you would have received later in that day?

Deputy Mayor Christensen provided the following response:

I think it's important to understand that again, when we say given due diligence, several different Councillors on board here will have different opinions of what level is acceptable. And I'll tell you right now, my level is pretty high to hold myself to account, so, I always feel I can do better. But again, it doesn't mean that I personally haven't given any due diligence to it. I'd given enough to be able to vote otherwise again, as you would have seen me do several times, ordering a Council Meeting if I don't feel comfortable in giving the consideration as due, then I wouldn't have allowed it to go through to where I am. I was comfortable that it had been given enough for myself.

Open for the other Councillors if they wish to present their own argument on that.
Thanks.

Councillor Ambika Rebello provided the following response:

Through the Chair, putting it on record that I was not present for that Special Audit, Risk & Compliance Committee Meeting. I was on holidays.

Question 3

With the recent Category 5 cyclone, which we've all experienced recently, which has bombarded DeGrey and Carlindie Stations. Can relief funding be fast-tracked, put into action, especially for the DeGrey Station, as soon as possible through the ARC, DeGrey being in our constituent of the Town of Port Hedland.

Could the Public ask Committee members to bring this to Council at the next OCM, or fast-track it. Can Carlindie Station also be included in some form of relief funding, even though they do come under the East Pilbara Shire.

I do know that there is a Go Fund Me, especially for Carlindie Station, the families from Carlindie are very much Port Hedland people, have been all over the years. I just wanted to put that forward on behalf of the Public of Port Hedland.

CEO provided the following response:

Taken on Notice.

It was raised at the last Council Meeting, so I expect some work has been done at the present time.

6.1.2	Jillian Fisher
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Question

Cr Blanco and I have both asked the Town of Port Hedland how \$1.1million was spent on the Port Hedland International Airport without Council approval.

On further investigation, some money was approved, not by the Council, but by the Commissioner in 2020. This unspent money was rolled over for five years until now and then spent without approval in the 2024/25 Budget.

Will the Audit, Risk & Compliance Committee be investigating the spending of this \$1.1 million, which is far in excess of the delegated authority and with no 2024/25 Budget approval?

And also, that this appears to create a non-compliance and especially now that Council was made aware of the issue at the recent February OCM. Can the Presiding Member detail the actions going forward to investigate this unapproved use of Council funds?

Deputy Mayor Christensen provided the following response:

We have taken that question on notice at the previous OCM off the top of my head, so I'd assume the administration will be doing their due diligence in that aspect.

Director of Corporate Services provided the following response:

As mentioned at the previous OCM, the funding was an accumulation over two years, and I'll just refer you to section 6.8 of the Local Government Act which explains how funding needs to be approved, and one of the sub parts says in any prior year. Even though it might have been a couple of years back and it's been carried forward, its authority comes from that it was approved in a budget in a previous year. It will carry forward until there is a rescinding motion of such.

Deputy Mayor Christensen provided the following response:

So, again you've got my commitment at any point in time, and I always say to all the Community Members, if you which to reach out to me a bit more so we can talk in more detail and you're not limited to just 3 or 4 questions, I think it would be handy to just have a conversation with me and we can work out what other concerns you might have. again, through my position, I'll try and see what I can do to help alleviate any questions or concerns you might have. I am always happy to do that, at any point in time.

The Presiding Member declared Public Question Time closed at 5:42pm.

6.2 Public Statement Time

The Presiding Member declared Public Statement Time open at 5:42pm.

Nil.

The Presiding Member declared Public Statement Time closed at 5:42pm

6.3 Petitions / Deputations / Presentations / Submissions

Nil.

7 Questions from Members without Notice

Nil.

8 Announcements by Presiding Member without Discussion

8.1	Deputy Mayor Ash Christensen
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First and foremost, it has been brought to my attention earlier today that we had a bit of a mix up on our Town Website where we have openly advertised this meeting to start at 5:00pm. As the Chair of this Committee, I wish to apologise for any inconveniences that this might have caused to any members of the Public or the staff involved. We have now rectified the issue for further upcoming meetings.

Second to that, and Agenda Feedback Session for Committee Members was held on Tuesday 4th March 2025. The session provides the Committee members with the opportunity to ask questions and raise any concerns regarding any item from the Agenda that is to be brought before the Committee the following week at the Audit, Risk and Compliance Committee Meeting. All these items have been discussed.

Questions have been allowed to take part, and I think there has been some healthy debate and some talking that has happened for these items.

9 Declarations of All Members to have given due consideration to all matters contained in the Agenda before the Meeting

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

Deputy Mayor Ash Christensen
Cr Ambika Rebello

10 Confirmation of Minutes of Previous Meeting

ARC202425/029 COUNCIL DECISION

MOVED: Cr Ambika Rebello

SECONDED: Cr Lorraine Butson

That Committee Members confirm that the Minutes of the Audit, Risk and Compliance Committee Meeting held on Tuesday 26 November, 2024 are a true and correct record.

CARRIED BY SIMPLE MAJORITY (3/0)

*For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil*

ARC202425/030 COUNCIL DECISION

MOVED: Cr Lorraine Butson

SECONDED: Cr Ambika Rebello

That Committee Members confirm that the Minutes of the Special Audit, Risk and Compliance Committee Meeting held on Wednesday 11 December, 2024 are a true and correct record.

CARRIED BY SIMPLE MAJORITY (3/0)

*For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: 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.

11 Reports of Officers

11.1	Quarterly Internal Audit Log Review
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Author: Senior Audit, Risk & Insurance Advisor
Authorising Officer: Manager Governance
Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

ARC202425/031 COMMITTEE DECISION

MOVED: Deputy Mayor Ash Christensen SECONDED: Cr Ambika Rebello

That the Audit, Risk and Compliance Committee receive and note the progress update against the management actions contained within the Internal Audit Report, as per Attachment 1.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (the “ARC Committee”) to receive and note the progress update against the management actions contained within the Quarterly Internal Audit Report.

DETAIL

The Internal Audit Report functions as a comprehensive record encompassing all internal audit items owned by the Town. It covers all internal audit items associated with both the preceding 3-Year Strategic Internal Audit Plan (2020-23) and the current 3-Year Strategic Internal Audit Plan (2023-26) to date. We have now included actions from previous Office of the Auditor General audits, such as;

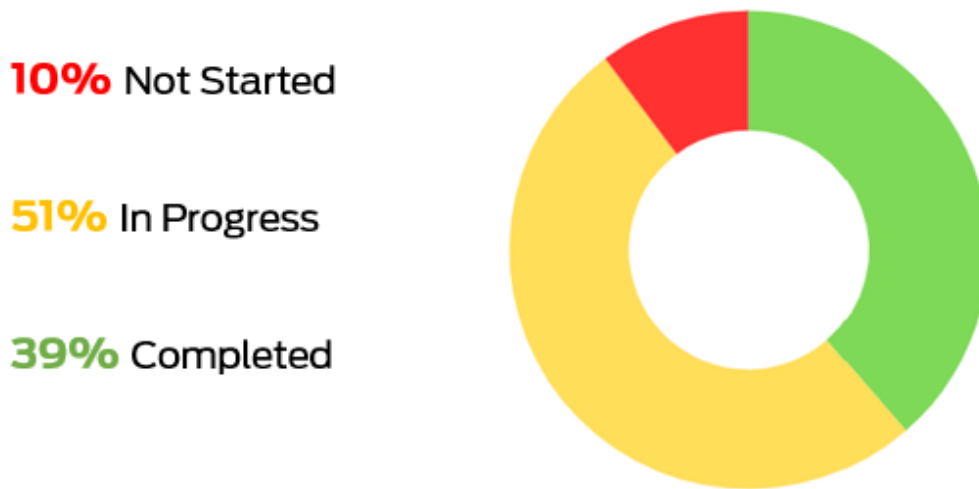
- 2022-2023 Information Systems Audit
- 2022-2023 Annual Financial Statements Audit
- 2023-2024 IT General Controls Audit
- 2023-2024 Annual Financial Statements Audit

The primary objective of the Audit Report is to provide the administration with a clear overview of all audit items and their respective statuses, whether they are completed, in progress, or overdue. Each audit item is assigned a risk rating, facilitating the administration in prioritising and scheduling tasks for completion.

Regular reviews of the Internal Audit Report are conducted, with subsequent reporting to the ARC Committee. This process acts as a mechanism for oversight and contributes to the enhancement of organisational accountability and transparency.

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

Completed	In progress	Not Started	Total
34	45	9	88



Verification of items marked as complete by management is periodically conducted by the Town’s internal audit function. To provide an additional layer of assurance, Paxon Group has scheduled a review in FY 2024-25 to further verify the completion of these items by auditing the log.

Unfortunately, the software that the Town utilises to record audit items is experiencing minor technical difficulties while generating the audit reports. To allow the Committee Members the ability to access the relevant information, this has been provided as an excel spreadsheet as an interim solution. The reporting issue has been escalated to the software provider and we are awaiting their feedback for potential resolutions to the issue.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is 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*

- Action Owners

External Agencies

- Paxon Group

Community

- Nil

LEGISLATION AND POLICY CONSIDERATIONS

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

FINANCE AND RESOURCE IMPLICATIONS

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

STRATEGIC SUSTAINABILITY IMPLICATIONS

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

Our Leadership:

4.2.3 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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

Corporate Business Plan

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

Our Corporate Services:

Audit and Risk Management - Committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Operational
Risk Category	Compliance
Cause	Non-completion of agreed management actions
Effect	Non-compliance with best practice principles, industry standards, legal requirements and compliance guidelines.
Risk Treatment	Accept
<p>There is a compliance risk associated with this item caused by potential non-completion of agreed management actions, leading to non-compliance with industry standards and best practice, legal requirements and compliance guidelines.</p> <p>The risk rating is considered medium (9) which is determined by a likelihood of possible (3) and a consequence of moderate (3).</p> <p>This risk has been accepted due to the adequacy of controls in place including periodic tracking of management actions in the system, automated reminders and follow-up mechanisms.</p>	

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 has reviewed and acknowledged the progress update on the management actions in the Internal Audit Report. This report tracks the status of all internal audit items under both the preceding and current 3-Year Strategic Internal Audit Plans. Regular review and reporting ensure compliance with best practices and legal requirements, enhancing transparency and accountability. The attached progress summary provides further details on the status of the agreed management actions.

ATTACHMENTS

1. CONFIDENTIAL REDACTED - 20250226 Audit Log Q 3 Updates [11.1.1 - 10 pages]

11.2	Risk Register Review
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Author: Senior Audit, Risk & Insurance Advisor

Authorising Officer: Manager Governance

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

ARC202425/032 COMMITTEE DECISION

MOVED: Cr Ambika Rebello

SECONDED: Cr Lorraine Butson

That the Audit, Risk and Compliance Committee receives the Quarterly Operational Risk Report.

CARRIED BY SIMPLE MAJORITY (3/0)

*For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil*

PURPOSE

This report provides the Audit, Risk and Compliance Committee (ARC Committee) with an update on the Town's risk management activities.

DETAIL

The Town's Risk Management Policy, along with the Risk Management Framework (RMF), outlines the approach for identifying, assessing, managing, and monitoring risks.

Implemented in early 2024, the Town's risk management system captures a comprehensive register of risks at the strategic, operational, and project levels. Risk owners, responsible for operational-level risks, are expected to update their risks periodically in line with RMF requirements.

Established in 2024, the Camms software is used to record the details of risk. The software is also used to monitor the status of the risks. Data in the system continues to be refined.

Overview of Risk Assessment Process

1. Inherent Risk Assessment – This involves evaluating the risk against the Town’s Risk Assessment and Acceptance Criteria, focusing solely on the raw potential impact and likelihood, independent of any existing controls.
2. Residual Risk Assessment – This assessment considers all existing controls and mitigation measures, providing a realistic depiction of the actual risk exposure faced by the Town after controls are implemented.
3. Forecast/Future Risk Assessment – If the residual risk exceeds the acceptable threshold, potential treatment plans are considered to further mitigate the risk. Some risks may remain beyond acceptable levels despite efforts; these require rigorous monitoring and review.

Operational risks

The operational risks are often integral to the daily functioning of the Town. They can be influenced by the external and internal context, including factors like operational processes, employee actions, and external conditions. Operational risks are managed at Strategic Leadership Team level.

Since the last update to the ARC Committee, risk and control owners have completed a review of the risks.

The operational risks with high and extreme residual risk ratings are summarised in Attachment 1.

Strategic risks

The strategic risks are directly linked to the Town’s strategic objectives and are influenced by the external context (e.g., regulatory changes) as well as internal factors like strategic decisions and resource allocation. Strategic risks are managed at Executive Leadership Team (ELT) level.

Since the last update to the ARC Committee, the ELT reviewed the strategic risks and agreed their relevance to the Corporate Business Plan. Control owners have undertaken a review of the controls. Next steps to be completed prior to reporting the strategic risks to the ARC Committee in May 2025 include:

- Review of residual risk ratings
- Determination of forecast risk assessments

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is of medium significance. It is likely that the community expects the ARC Committee to be well informed about the significant risks facing the Town. Additionally, there is an implicit expectation that the ARC Committee is knowledgeable about the strategies implemented to mitigate these risks, especially concerning the Town's financial

stability, ability to deliver essential services, preservation of its reputation, and other critical aspects affecting the community's well-being.

CONSULTATION

Internal

- Strategic Leadership Team
- Executive Leadership Team

External Agencies

- Nil

Community

- Nil

LEGISLATION AND POLICY CONSIDERATIONS

- AS ISO31000:2018 Risk Management

FINANCE AND RESOURCE IMPLICATIONS

Certain risks outlined in the Risk Register could potentially have financial implications for the Town should they materialise. These specific risks and their corresponding financial implications have been thoroughly documented within the Risk Register.

STRATEGIC SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2022-2032 is applicable in the consideration of this item:

Our Leadership:

4.2.3 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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

Corporate Business Plan

The following action of the Town’s Corporate Business Plan 2023-2027 apply in relation to this item:

Our Corporate Services:

Audit and Risk Management - Committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Operational
Risk Category	Service Interruption
Cause	Failure to routinely review and update risk assessments
Effect	Implementation of inappropriate or ineffective risk mitigation measures, leaving the organisation vulnerable to potential threats and decreasing responsiveness to emerging risks.
Risk Treatment	Accept with existing controls
<p>There is a service interruption risk associated with this item caused by failure to periodically review and update risk assessments and perpetuation of outdated risks within the register. This could lead to implementation of inappropriate or ineffective risk mitigation measures, leaving the organisation vulnerable to potential threats and decreased responsiveness to emerging risks, hindering the organisation’s ability to proactively identify and address emerging risks, increasing the likelihood of unexpected disruptions.</p> <p>The risk rating is considered Medium (9) determined by a likelihood of Possible (3) and a consequence of Moderate (3).</p> <p>This risk will be accepted, considering existing controls are functional, including:</p> <ul style="list-style-type: none"> • Training is provided to risk owners. • Reminders are sent to risk owners who have not completed their risk reviews within the specified timeframe. 	

OPTIONS

- Option 1 – Adopt officer’s recommendation
- Option 2 – Amend officer’s recommendation
- Option 3 – Do not adopt officer’s recommendation

CONCLUSION

This report provides the ARC Committee with an update on the Town's Risk Management progress. Through the newly introduced standing report, the ARC Committee gains insight into current and emerging risks, guided by the Risk Management Policy and Framework. Efforts are underway to formalise reporting on strategic risks, with the strategic risk register now functional and populated; monitoring and review mechanisms are in the process of being implemented.

ATTACHMENTS

1. CONFIDENTIAL REDACTED - 20250218 Operational Risk Register _ Residual High and Extreme [**11.2.1** - 1 page]

11.3	2024 Compliance Audit Return
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Author: Senior Audit, Risk & Insurance Advisor

Authorising Officer: Manager Governance

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

ARC202425/033 COMMITTEE DECISION

MOVED: Cr Ambika Rebello

SECONDED: Cr Lorraine Butson

That the Audit, Risk and Compliance Committee:

- 1. Notes the outcome of the 2024 Compliance Audit Return;**
- 2. Notes the actions the Town will undertake to ensure future compliance;**
- 3. Recommends Council adopt the 2024 Compliance Audit Return; and**
- 4. Recommends Council authorise the Mayor and Chief Executive Officer to sign and submit the Town's Compliance Audit Return 2024 to the Department of Local Government, Sport and Cultural Industries by 31 March 2025.**

CARRIED BY SIMPLE MAJORITY (3/0)

For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson

Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (ARC Committee) to consider the Town's 2024 Compliance Audit Return (CAR).

DETAIL

Annually, every Local Government Authority in Western Australia is required to perform a compliance audit for the preceding calendar year and submit the results to the Department of Local Government, Sport, and Cultural Industries (DLGSC) by March 31. The Compliance Audit Return (CAR) is a self-assessment tool that assesses the local government's compliance with the *Local Government Act 1995* and its subsidiary regulations.

The ARC Committee is required to review the CAR, present its findings to Council for adoption, and recommend the Council authorise the Mayor and Chief Executive Officer sign and submit the CAR to the DLGSC by the statutory deadline of 31 March 2025.

The CAR serves as a tool used by the DLGSC to assess the operational compliance of local governments during the previous calendar year. Areas of identified non-compliance offer valuable insights, guiding officers in reviewing processes to enhance compliance standards.

Evidence based approach

The Town used an evidence-based methodology to complete the 2024 CAR. Management were assigned the responsibility of addressing questions pertaining to their specific business units. Following the receipt of their responses, the Audit, Risk, and Insurance business unit requested sample evidence to verify the accuracy of the provided information. The sample evidence was cited and validated to ensure the accuracy of the responses.

Where a question inquired if a document had been uploaded to the website as mandated by statutory requirements, the Audit, Risk, and Insurance business unit confirmed and validated that the Town had indeed fulfilled this obligation.

Analysis of compliance

For the 2024 calendar year, the Town of Port Hedland attained a compliance rate of 97%, inclusive of all 'Yes' and 'N/A' responses.

A summary of the 2024 CAR results are as follows:

Category	Yes	N/A	No	Total	Compliance
Commercial Enterprises by Local Governments	4	1		5	100%
Delegation of Power/Duty	13			13	100%
Disclosure of Interest	13	5	3	21	86%
Disposal of Property	2			2	100%
Elections		3		3	100%
Finance	6	1		7	100%
Integrated Planning and Reporting	3			3	100%
Local Government Employees	2	3		5	100%
Official Conduct	4			4	100%
Optional Questions	9			9	100%
Tenders for Providing Goods and Services	20	2		22	100%
Total	76	15	3	94	97%

Analysis of non-compliance

There were 3 instances of non-compliance for the 2024 calendar year.

The Town intends to address non-compliances over the 2025 calendar year. The CAR will be integrated into the compliance management system and responsible officers will be expected to provide routine updates.

Category	Reference	Question	Comments
Disclosure of Interest	S5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	There were a total of 14 Primary returns for new employees submitted late from dates 01/09/2023 - 31/08/2024. Weekly reminders are sent from Attain and followed up by Governance support staff. All forms were eventually lodged, however not within the 3 month date. Ongoing education via the governance staff is in place to educate staff on the need to complete their forms on time.
Disclosure of Interest	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2024?	There were 11 Annual Returns completed after 31 August 2024. All other employee returns were completed on time. Of the 11, 1 was completed in October 2024. All others were completed in September 2024 with the majority being in the first week of September. Employees are sent weekly reminders as well as being followed-up on by Governance Staff. Ongoing education into this process is being conducted, however with high staff turnover, there is still confusion regarding the need and regulations for annual returns.
Disclosure of Interest	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	This will be completed. This process is now in progress of being conducted - during the beginning of the year however, there was a lapse in the process. This has been rectified with all persons who have ceased employment now being removed from the register.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance, due to the potential consequences resulting from non-compliance, the potential impact on the Town's service delivery capabilities, the potential effect on the Town's reputation, and the general interest shown by the community in the compliance of the Town's business operations.

CONSULTATION

Internal

- Executive Leadership Team
- Strategic Leadership Team
- Director Corporate Services
- Senior Governance Advisor
- Principal Economic Development
- Audit, Risk & Insurance Support Officer
- Contracts Advisor
- Senior Corporate Performance Advisor

External Agencies

- Department of Local Government, Sport and Cultural Industries (DLGSC)

Community

- Nil

LEGISLATION AND POLICY CONSIDERATIONS

Regulation 14 of the Local Government (Audit) Regulations 1996 (Audit Regulations) requires that a CAR be completed and submitted to the Department by 31 March 2025.

14. Compliance audits by local governments

(1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.

(2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.

(3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.

(3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —

(a) presented to the council at a meeting of the council; and

(b) adopted by the council; and

(c) recorded in the minutes of the meeting at which it is adopted.

Regulation 15 of the Audit Regulations requires a joint certification to be completed by the Mayor and Chief Executive Officer. The document is to be forwarded to the Department via its online portal.

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with
- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit,

is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.

- (2) In this regulation — certified in relation to a compliance audit return means signed by —

- (a) the mayor or president; and
- (b) the CEO.

FINANCE AND RESOURCE IMPLICATIONS

There are no financial implications related to this item.

STRATEGIC SUSTAINABILITY IMPLICATIONS

The following section of the Town's Strategic Community Plan 2022-2032 is applicable in the consideration of this item:

Nil.

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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

Corporate Business Plan

The following action of the Town’s Corporate Business Plan 2023-2027 apply in relation to this item:

Our Corporate Services:

Audit and Risk Management - Committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Operational
Risk Category	Compliance
Cause	ARC Committee failing to reach a resolution to recommend Council’s adoption of the 2024 CAR.
Effect	Non-compliance with Regulation 15 of the Local Government (Audit) Regulations 1996, which requires the Town to submit its CAR to the DLGSC by March 31.
Risk Treatment	<ul style="list-style-type: none"> • An analysis of non-compliance has been conducted, and strategies for improvement will be discussed with the Executive Leadership Team and individual business units to enhance compliance in the 2025 Calendar Year. • The ARC Committee has received detailed commentary on each non-compliance to provide context. • To mitigate the risk, it is essential for the ARC Committee to reach a resolution recommending the Council's adoption.
<p>There is a compliance risk associated with this item if the ARC Committee fails to reach a resolution to recommend Council’s adoption of the 2024 CAR. Such an outcome could result in non-compliance with Regulation 15 of the Local Government (Audit) Regulations 1996, which requires the Town to submit its CAR to the DLGSC by March 31.</p> <p>The risk rating is considered Medium (6) determined by a likelihood of Possible (3) and a result of Minor (2).</p> <p>This risk will be mitigated by the ARC Committee resolving to recommend Council’s adoption of the 2024 CAR.</p>	

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Amend officer’s recommendation

Option 3 – Do not adopt officer’s recommendation

CONCLUSION

The CAR is an obligatory requirement imposed on all local governments for statutory compliance. It serves as a tool for the Town to assess its procedures, ascertain compliance, and relay the review outcomes to the DLGSC. The ARC Committee is advised to recommend that Council adopt the 2024 CAR.

ATTACHMENTS

1. 2024 Compliance Audit Return Questions [**11.3.1** - 12 pages]

11.4	Asset Management Framework Progress Report
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Author: Director Corporate Services

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.

ARC202425/034 COMMITTEE DECISION

MOVED: Deputy Mayor Ash Christensen **SECONDED:** Cr Ambika Rebello

That the Audit Risk and Compliance Committee receive the progress report on the Asset Management Framework.

CARRIED BY SIMPLE MAJORITY (3/0)

*For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil*

PURPOSE

The purpose of this report is to inform the Audit Risk and Compliance Committee on the progress of the Town of Port Hedland's Asset Management Framework (AMF) Project Control Group (PCG).

DETAIL

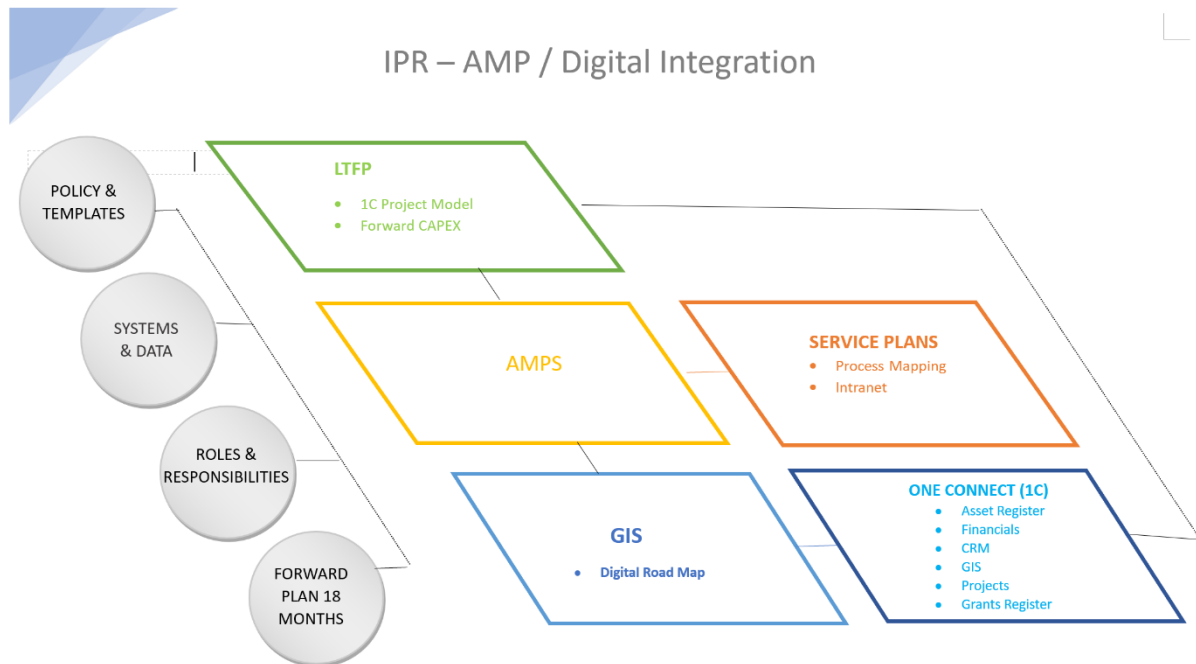
The Town is implementing a systems-based approach towards the management of its organisational and community infrastructure assets, which focuses on:

- GovernanceStrategy, policy, plans
- SystemOne Connect and GIS
- DataAsset attributes
- PeopleRoles and Responsibilities
- ProcessCorporate knowledge

This will enable the establishment, update and reliance upon Asset Management Plans (AMP's) to inform the Town's Long Term Financial Plan (LTFP) as key informing strategies required for an Integrated Planning and Reporting Framework (IPRF) approach to "Plan for the future of the district".

This is being established in conjunction with the implementation of the Town's new Enterprise Resource Planning (ERP) system called One Connect, which is a Technology One SaaS (software as a service) product.

There are multiple components and requirements to be integrated by the Town’s Projects & Assets, Finance, ERP and Digital Services teams. These are summarised below:



The progress report on the AMF project components scope, resourcing and milestone details is included as Attachment 1.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 ‘Significant Decision Making’, this matter is considered to be significant. The matter will have implications for the present and future social, economic, environmental, and cultural well-being of Port Hedland.

CONSULTATION

Internal

- Projects and Assets Team
- Financial Services Team
- Digital Services Team
- ERP Team

External Agencies

- Office of the Auditor General WA
- National Transport Research Organisation – Consultancy services for AMF

Community

- N/A

LEGISLATION AND POLICY CONSIDERATIONS

- Local Government (Administration) Regulations 1996
19DA. Corporate business plans, requirements for (Act s. 5.56)
(3) A corporate business plan for a district is to —
(c) develop and integrate matters relating to resources,
including asset management, workforce planning and long-term
financial planning.
- DLGSC Asset Management Framework and Guidelines
https://www.dlgsc.wa.gov.au/docs/default-source/local-government/integrated-planning-and-reporting/integrated-planning-and-reporting-asset-management-framework-guidelines.pdf?sfvrsn=d6c24373_3
- 9/010 Asset Management Policy

FINANCE AND RESOURCE IMPLICATIONS

- Town of Port Hedland Annual Budget
- New position established and advertised – Senior Asset Management
- Advertised previously vacant position - Project Engineer - Asset Management

STRATEGIC SUSTAINABILITY IMPLICATIONS

The following sections of the Town's Strategic Community Plan 2022-2032 are applicable in the consideration of this item:

Our Built and Natural Environment:

3.2.1 1 Identify, plan and develop the present and future needs for serviced land and infrastructure provision.

3.3.2 The community has access to attractive natural habitats, built form, parks and amenities.

Our Leadership:

4.3.4 Efficiency strategies across the town's infrastructure and amenity assets are implemented.

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

Access and Inclusion

The following outcome of the Town's Access and Inclusion Plan 2023-2026 apply in relation to this item:

- Outcome 2 – Buildings and Facilities
Considered through the renewal of community assets planning process

Corporate Business Plan

The following action of the Town’s Corporate Business Plan 2023-2027 apply in relation to this item:

Our Infrastructure Services:

Projects and Assets - Effective and efficient project and asset management.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Operational
Risk Category	Health & Safety Financial Service Interruption Compliance Reputational
Cause	Lack of effective asset management detail, process and data
Effect	Qualified audit reporting, ineffective asset maintenance and renewal planning leading to service interruption and failures.
Risk Treatment	Establish and integrate asset management plans through a systems-based approach and effective corporate knowledge
<p>There is an Operational, risk associated with this item caused by a lack of effective asset management detail, process and data, leading to qualified audit reporting, ineffective asset maintenance and renewal planning leading to service interruption and failures.</p> <p>The risk rating is considered to be Medium (9) which is determined by a likelihood of Possible (3) and a consequence of Moderate (3).</p> <p>This risk will be treated by the governance oversight established through the project control group and reporting to the Audit Risk and Compliance committee.</p>	

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Do not adopt officer’s recommendation

CONCLUSION

The Town of Port Hedland Asset Management Framework aims to ensure the integration with the Strategic Community and Corporate Business Plan including the Long-Term Financial Plan, be compliant with Australian Accounting Standards, Legislation & Regulations and other relevant Australian Standards, as well as IPWEA guidelines and standards.

A forward program of works to implement and achieve optimal and effective asset management framework has been established with an 18-month timeframe for a series of required and related tasks.

ATTACHMENTS

1. Asset Management Framework - Projects [**11.4.1** - 6 pages]

11.5 Quarter 4 Procurement Report on Panel Usage

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

ARC202425/035 COMMITTEE DECISION

MOVED: Deputy Mayor Ash Christensen SECONDED: Cr Ambika Rebello

That the Audit, Risk and Compliance Committee note 'Nil' identified non-compliance with Policy 2/022 Panels of Pre-Qualified Suppliers for Quarter 2 Financial Year 2024-25.

CARRIED BY SIMPLE MAJORITY (3/0)

For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil

PURPOSE

The purpose of this report is for the Audit, Risk and Compliance Committee (the "ARC Committee") to consider:
 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;

Panel Number	Pre-qualified Panel Name	Total usage
RFT2122-08	Project Management Consultants	19
RFT2324-01	Construction	13
RFT2324-05	Trades	14
RFT2324-19	Civil Constructions	2
RFT2324-22	Civil Construction Material	0
RFT2324-28	Report Writing Investigation & Response	1
RFT2325-11	Graphic Design	1
RFT2324-20	Construction Professional	7

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 for 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.

The Procurement Team diligently collaborated with the ERP team to address gaps discovered in the ERP system, which had hindered the compilation of the last quarter's report. The process of obtaining the required data proved to be challenging; however, valuable suggestions have been proposed to the ERP Team to streamline the procedure and ensure accurate data compilation in the future.

During this period, Procurement successfully identified the list of projects awarded to Pre-Qualified Panel Suppliers on VendorPanel and TechOne for the duration of 01 October 2024 to 31 December 2024. However, it is essential to acknowledge that the data, though diligently obtained, has been produced through a manual process. Internal Buyers use VendorPanel for purchases under \$100,000.00.

Based on the available data, the Procurement Team reports no instances of non-compliance with the Panels Policy, indicating a satisfactory level of adherence.

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 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

FINANCE AND RESOURCE IMPLICATIONS

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

STRATEGIC SUSTAINABILITY IMPLICATIONS

The following section of the Town’s Strategic Community Plan 2022-2032 is applicable in the consideration of this item:

- 4.2.3 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 applies 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

Risk Type	Operational
Risk Category	Compliance
Cause	Failure to implement the right procedure.
Effect	Non-compliance with industry best practice.
Risk Treatment	The risk will be mitigated by ensuring officers follow the procedures as per the procurement requirements in accordance with the Town’s Policy documents.
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 October to 31 December 2024.

ATTACHMENTS

1. CONFIDENTIAL - Panels Usage – 01 October 2024 to 31 December 2024
[11.5.1 - 1 page]
2. CONFIDENTIAL – Procurement Report – Panel Suppliers Oct Nov Dec 2024
[11.5.2 - 3 Pages]

11.6 Enterprise Resource Planning Implementation Progress Report

Author: **Manager ERP Project**

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.

ARC202425/036 COMMITTEE DECISION

MOVED: Cr Ambika Rebello **SECONDED:** Deputy Mayor Ash Christensen

That the Audit Risk and Compliance Committee receive the progress report on the Enterprise Resource Planning Implementation project.

CARRIED BY SIMPLE MAJORITY (3/0)

*For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil*

PURPOSE

This report is to inform the Audit Risk and Compliance Committee on the progress of the Town of Port Hedland’s Enterprise Resource Planning (ERP) Implementation Project Control Group (PCG).

DETAIL

Background

At the 30 June 2021 Ordinary Council Meeting report 11.1.3 Award of RFT 2021022 – Enterprise Resource Planning (ERP) Software SAAS was endorsed by Council. Awarded to Technology One, it initially proposed as a 5-year project with forecast budget expenditure for the project of \$6,383,000.

	20/21	21/22	22/23	23/24	24/25	Total
Operating	174	450	306	312	-	1,242
Capital	500	2,000	1,464	997	180	5,141
Total	674	2,450	1,770	1,309	180	6,383

→ Approved Budget-OCM 30 June 2021

The provision of Technology One license fees and implementation were estimated at \$2,680,412 (excluding GST and CPI contracted increases). The balance of \$3,596,109 was budgeted for costs relating to:

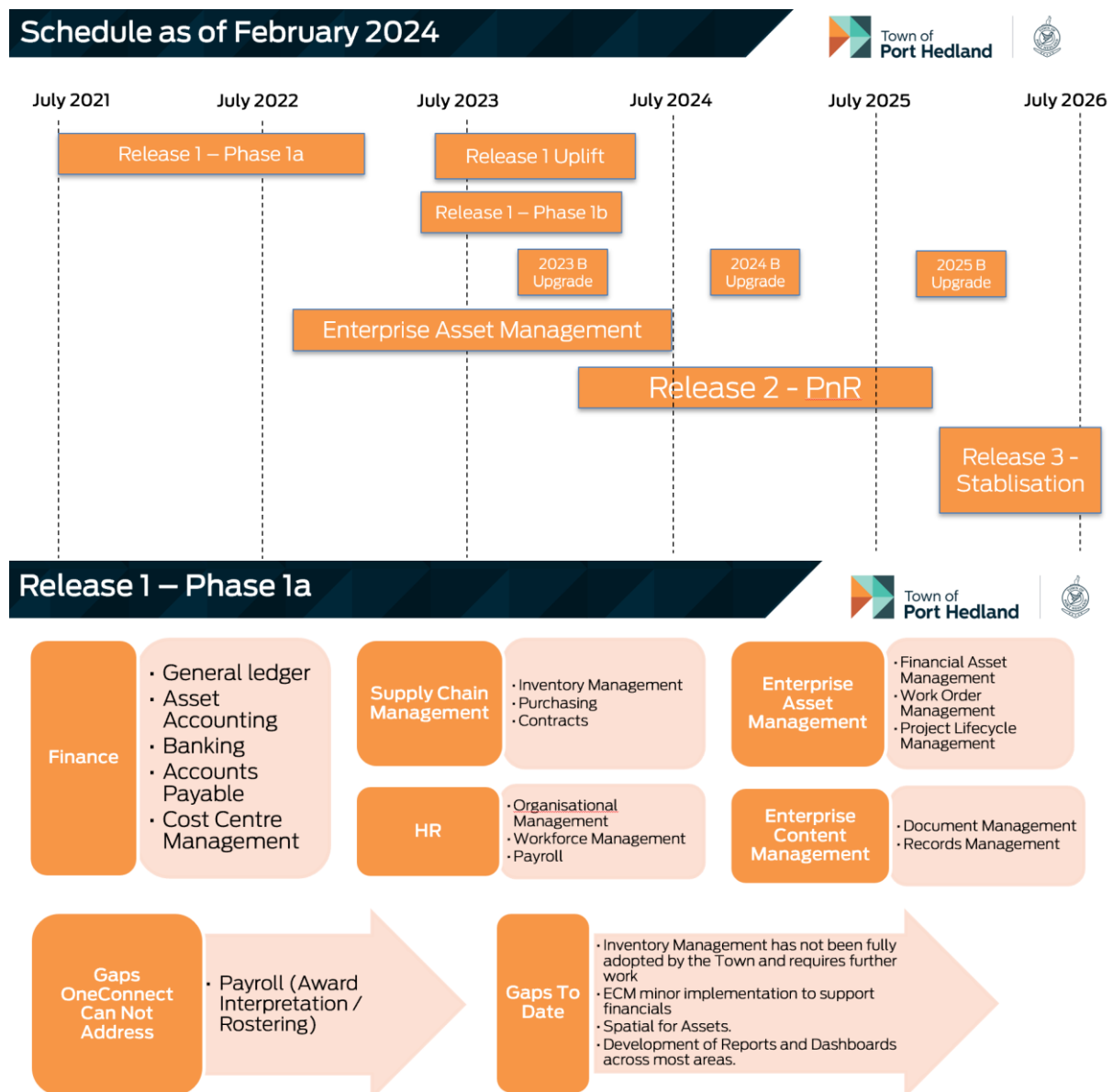
- Appointment of a dedicated ERP project team;
- Organisational change management processes;

- Organisational training; and
- Data cleansing and data migration processes.

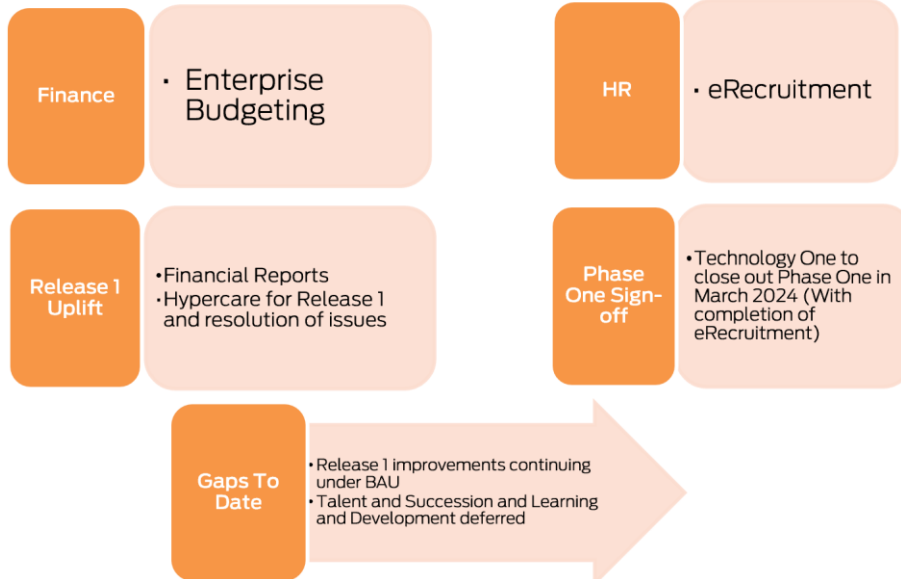
The initial ERP contract period is five (5) years, however there are a further three (3) by three (3) year contract option extensions. This represents a total potential contract term of fourteen (14) years (1Jul21 – 30Jun35).

Scope of Works

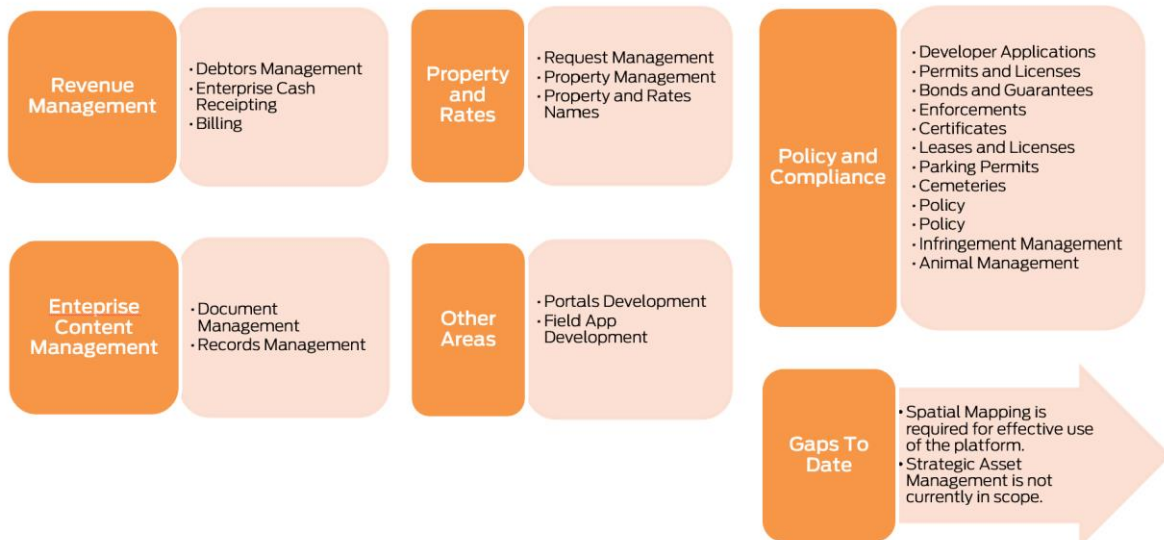
The following details presented to Council on 11 March 2024 workshop remain current. Due to a lack of suitably qualified and experienced people to staff the project initially, consultants were later engaged which extended the timeframe to 30 June 2026 with additional costs.



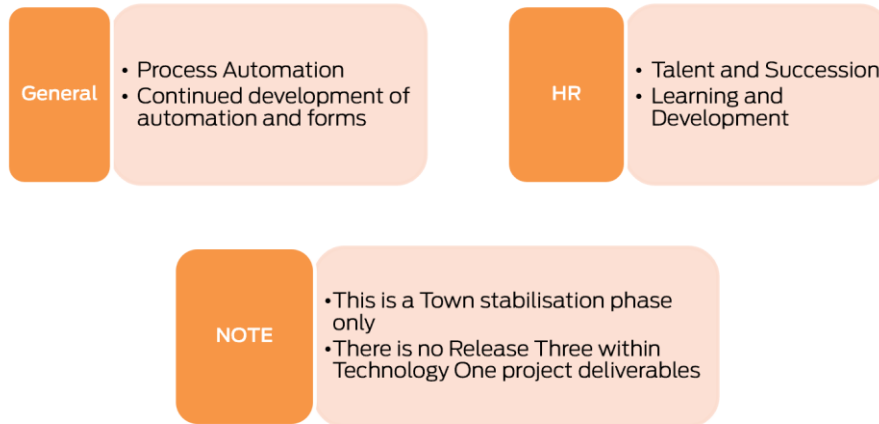
Release 1 - Phase 1b



Release 2 – Property and Rating



Release 3 – Stabilisation



Progress

2024 – 2025 Overview

Project Budget: \$2,161,409

Expenditure to Date: \$1,359,072

Financial Status: The OneConnect Project remains on track, operating under budget with 60% completion. Key milestones, including successful system deployments and User Acceptance Testing, have been achieved, positioning the project for continued success. However, challenges such as staff turnover, resource constraints, and complex data migration efforts require proactive management. No financial risks require mitigation or escalation at this stage.

The Project Control Group (PCG) summary of project tasks is included as attachment 1.

LEVEL OF SIGNIFICANCE

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be significant. A decision that will significantly affect the capacity of the Council to carry out any activity identified in the strategic plan.

CONSULTATION

Internal

- Town of Port Hedland Staff

External Agencies

- Technology One Vendor Support
- KPMG consultancy

Community

- Public feedback through request logging mechanisms

LEGISLATION AND POLICY CONSIDERATIONS

- Digital Roadmap 2024 – 2027
- ISO/IEC 27001 Compliance for cybersecurity measures

FINANCE AND RESOURCE IMPLICATIONS

Current project actual cost and future estimates are as follows:

Total Project Financial Estimate													
Component	FY20/21 Actual	FY20/21 Budget	FY21/22 Actual	FY21/22 Budget	FY22/23 Actual	FY22/23 Budget	FY23/24 Actual	FY23/24 Budget	FY24/25 YTD Actual	FY24/25 YTD Budget	FY24/25 Budget	FY25/26 Forecast	Total (Actual + Forecast)
Material and Contracts	\$30,000		\$729,906		\$494,329	\$931,383	\$1,032,191	\$1,312,112	\$331,125	\$398,283	\$599,409	\$1,562,000	\$4,179,551
Employee costs	\$9,000		\$1,005,411		\$1,043,675	\$1,027,545	\$729,249	\$1,016,121	\$501,563	\$1,041,333	\$1,562,000	\$661,551	\$3,950,449
Total	\$39,000	\$674,000	\$1,735,317	\$2,450,000	\$1,538,004	\$1,958,928	\$1,761,440	\$2,328,233	\$832,688	\$1,439,616	\$2,161,409	\$2,223,551	\$8,130,000
Total Surplus/Deficit	\$635,000		\$714,683		\$420,924		\$566,793		\$606,928				

STRATEGIC SUSTAINABILITY IMPLICATIONS

The following sections of the Town’s Strategic Community Plan 2022-2032 are applicable in the consideration of this item:

Our Leadership:

4.2.2 Transparent and regular financial reporting and communication to the community is undertaken.

4.2.3 Transparent and regular governance reporting and communication to the community is undertaken.

4.3.1 High-quality and responsive customer service is provided.

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

Access and Inclusion

The following outcome of the Town’s Access and Inclusion Plan 2023-2026 apply in relation to this item:

Nil.

Corporate Business Plan

The following actions of the Town’s Corporate Business Plan 2023-2027 apply in relation to this item:

Our Corporate Services:

Governance and Procurement - Provide high standards of governance and leadership.
 Financial Management and Rates - Financial management services compliant with legislation to enable the Town to sustainably provide services to the community.

Information Communications Technology - To provide a reliable and cost-effective Information Communications Technology (ICT) solution that meets users’ needs.

Records Management - Records managed effectively in accordance with the State Records Act.

Strategic and Corporate Planning - Planning for the future (Integrated Planning and Reporting): community vision, clear strategic direction and financial sustainability.

Audit and Risk Management - Committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

Customer Service - High quality and responsive customer service is provided.

Our Infrastructure Services:

Projects and Assets - Effective and efficient project and asset management.

RISK MANAGEMENT CONSIDERATIONS

Risk Type	Project Operational
Risk Category	Financial Service Interruption
Cause	Resource demands
Effect	Organisational capacity and service delivery
Risk Treatment	Additional resources and effective project management
<p>There is both a Project and Operational risk associated with this item caused by the need to manage resource demands and meet task milestones, leading to increased workload which impacts day to day service delivery.</p> <p>The risk rating is considered to be Medium (9) which is determined by a likelihood of Possible (3) and a consequence of Moderate (3).</p> <p>This risk will be accepted through effective project management and oversight reporting.</p>	

OPTIONS

Option 1 – Adopt officer’s recommendation

Option 2 – Do not adopt officer’s recommendation

CONCLUSION

The Town of Port Hedland Enterprise Resource Planning Implementation Project integrates several Corporate Business Plan initiatives and strategies, including the Digital Road Map, Customer Service Strategy and Asset Management.

A forward program of works to implement core modules and then achieve optimal effectiveness of the system has been established with an 18-month timeframe remaining.

ATTACHMENTS

1. ERP - PCG Attachment v 1 [**11.6.1** - 2 pages]

12 Motions of Which Previous Notice have been given

Nil.

13 New Business of an Urgent Nature (Late Items)

Nil.

14 Matters for Which Meeting May be Closed (Confidential Matters)

ARC202425/037 COMMITTEE DECISION

MOVED: Cr Lorraine Butson

SECONDED: Cr Ambika Rebello

That the Audit, Risk & Compliance Committee close the meeting to members of the public as prescribed in section 5.23(2) of the Local Government Act 1995, to consider item 14.1.

CARRIED BY SIMPLE MAJORITY (3/0)

*For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil*

The Presiding Member declared the meeting closed to the public 5:52pm.

14.1	Town Debtors
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ARC202425/038 COMMITTEE DECISION

MOVED: Cr Ambika Rebello

SECONDED: Cr Lorraine Butson

That the Audit, Risk & Compliance Committee recommends that Council:

- 1. Receives the report on Town Debt**
- 2. Writes off \$15,163.74 in Rates Debtors.**

CARRIED BY SIMPLE MAJORITY (3/0)

*For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil*

ARC202425/039 COMMITTEE DECISION**MOVED: Cr Lorraine Butson****SECONDED: Cr Ambika Rebello****That the Audit, Risk & Compliance Committee reopens the meeting to members of the public.*****CARRIED BY SIMPLE MAJORITY (3/0)***

*For: Deputy Mayor Ash Christensen, Cr Ambika Rebello and Cr Lorraine Butson
Against: Nil*

The Presiding Member declared the meeting open to the public 5:58pm.**15 Closure****15.1 Date of Next Meeting**

The next Audit, Risk and Compliance Committee Meeting will be held on Tuesday 13 May 2025, commencing at 5:30pm.

15.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 5:59pm.



Town of
Port Hedland

TOWN OF PORT HEDLAND
AUDIT, RISK AND COMPLIANCE COMMITTEE
TERMS OF REFERENCE

1. Purpose of the Terms of Reference

The purpose of this document is to define the Terms of Reference (TOR) for the Audit, Risk and Compliance Committee (the “ARC Committee” or “Committee”).

These TOR describe the Committee's purpose, authority, membership, functions, reporting requirements and responsibilities.

2. Establishment and Appointment

The ARC Committee is a formally appointed committee of the Council for the Town of Port Hedland (the “Town”) pursuant to section 7.1A of the *Local Government Act 1995* (“the Act”).

3. Role

The ARC Committee is to provide guidance and assistance to Council concerning matters within its Terms of Reference. It assumes a key role in assisting the Town of Port Hedland (the “Town”) in fulfilling its governance and oversight obligations related to financial reporting, internal controls, risk management systems, legislative compliance, ethical accountability, and internal and external audit functions.

4. Objectives

The primary objective of the ARC Committee is to assume responsibility for the annual external audit and establish effective communication with the Town’s external auditor. This ensures that Council can be satisfied with the performance of the local government in managing its financial affairs.

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

- 4.1 The scope of work, objectivity, performance and independence of the external auditor.
- 4.2 The integrity of internal and external financial reporting, including accounting policies.

- 4.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.
- 4.4 The systems or procedures that are designed to ensure that the Town comply with relevant statutory and regulatory requirements.
- 4.5 The process and systems which protect the Council against risk, fraud and irregularities.
- 4.6 Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- 4.7 Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.

5. Authority and Independence

The ARC Committee does not have executive powers or authority to implement actions in areas over which the administration (management) has responsibility. Furthermore, the ARC Committee does not have any delegated financial responsibility. This ensures that the Committee is able to fulfill its function as an impartial advisory body separate from the Town's management, thereby ensuring objective assessments and guidance.

Under the Town's Register of Delegated Authority – Statutory, the ARC Committee:

- 5.1 Has the authority to meet with the Town's Auditor at least once every year on behalf of the Council [s.7.12A(2) of the Act].
- 5.2 Has the authority to:
 - i. Examine an audit report received by the local government.
 - ii. determine if any matters raised by the audit report, require action to be taken by the local government; and
 - iii. Ensure that appropriate action is taken in respect of those matters.
- 5.3 Has the authority to review and endorse the Town's report on any actions taken in response to an Auditor's report, prior to it being forwarded to the Minister [s.7.12A(4) of the Act].

6. Membership

Composition

- 6.1 The ARC Committee will comprise of a minimum of three and a maximum of five Elected Members, with one member being an independently appointed member, where possible. All members shall have full voting rights and will be appointed by an absolute majority vote of the Council [s.10(1)(a) of the Act].
- 6.2 Council may appoint by an absolute majority up to three (3) Councillors to be Deputy Members of the Committee. Any Deputy Member may perform the functions of any Committee Member when the Member is unable to do so by reason of illness, absence or other cause. A Deputy of a Member of a Committee, while acting as a Member, has all the functions of and all the protection given to a member [s.11A(2)(a),(3) and (4) of the Act].
- 6.3 Deputy Members do not operate as substitutes for individual members. In situations where more than one Deputy Member is in attendance at a Committee meeting, the Committee will conduct a vote to designate which Deputy Member is authorised to perform the duties of the absent member.

Term

- 6.4 In compliance with section 5.11 of the Act, all members will be appointed by Council, and will remain a member until:
- a) the term of the person's appointment as a committee member expires; or
 - b) the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or
 - c) the committee is disbanded; or
 - d) the next ordinary elections day

Appointment

- 6.5 The Presiding Member and Deputy Presiding Member will be appointed by the ARC Committee Members at the Committee's first meeting following an Election.

Skills and Experience

- 6.6 Collectively, the group of Committee members possess a diverse set of skills and expertise encompassing risk management, assurance, business acumen and background in related fields.
- 6.7 Members may seek advice from an external independent advisor. 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)
 - *Local Government Act 1995*
 - Local Government experience and/or Band 1 Council
- 6.8 New members will receive relevant information and briefings on their appointment to assist them to meet their Committee responsibilities.

Declaration of an Interest

- 6.9 ARC Committee members are required by the 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.

Resignation from the Committee

- 6.10 In accordance with Part 2, Regulation 4 of the *Local Government (Administration) Regulations 1996*, A Committee member may resign from membership of the Committee by giving the CEO or the Committee's presiding member written notice of the resignation. It is recommended that ARC Committee members provide a notice period of three (3) months.

Management excluded from membership

- 6.11 The Chief Executive Officer and Employees are not members of the Committee (Section 7.1A(3)&(4) of the Act).

Management attendance

6.12 The following individuals from the Town's administration will be present at ARC Committee Meetings to offer advice, guidance, and undertake the responsibility of recording minutes:

- Chief Executive Officer
- Director Corporate Services
- Manager Governance
- Manager Financial Services
- Senior Audit, Risk and Insurance Advisor
- Audit, Risk and Insurance Support Officer

7. Meetings

7.1 The Committee shall meet at least quarterly.

7.2 The Presiding Member of the Committee has the authority to convene extra meetings, or such meetings may be convened upon the request of the Chief Executive Officer.

7.3 The 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 Act.

7.4 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.

7.5 Meeting attendance is subject to Electronic Meetings and Electronic Attendance Policy 4/011.

7.6 As prescribed by Section 5.19 of the Act, the quorum for Committee meetings shall be at least 50% of the number of offices of the Committee (whether vacant or not).

7.7 The Chief Executive Officer will facilitate the meetings of the Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.

- 7.8 The Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, which covers the responsibilities outlined in this terms of reference.
- 7.9 Meeting agendas will be prepared and provided at least 72 hours in advance to members, along with appropriate briefing materials.
- 7.10 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.
- 7.11 Pursuant to Regulation 13 of the *Local Government (Administration) Regulations 1996*, the unconfirmed minutes of the Committee meeting will be published within 7 days after the meeting is held.
- 7.12 Voting is in accordance with Section 5.21 of the Act.

8. Responsibilities

The Committee will fulfill the following responsibilities:

Risk Management

- 8.1 Review and suggest improvements to whether management has in place a current and fit-for-purpose risk management framework and associated procedures for effective identification and management of the Town's risks, including fraud.
- 8.2 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.
- 8.3 Assess the impact of the Town's risk management framework on its control environment.
- 8.4 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.

- 8.5 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.

Internal Control and Internal Audit

- 8.6 Ensure adequate systems of internal control are in place to mitigate key business risks and promote the effectiveness and efficiency of operations.
- 8.7 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.
- 8.8 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.
- 8.9 Monitor management's implementation of internal audit recommendations, processes and practices to ensure that the independence of the audit function is maintained.
- 8.10 Oversee the coordination of planned activities among the four lines of defence, delineating ownership, accountabilities, resources and governance of risk management activities within the Town.

Financial Reporting

- 8.11 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.
- 8.12 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.
- 8.13 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.

- 8.14 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.

Compliance

- 8.15 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.
- 8.16 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.
- 8.17 Obtain regular updates from management about compliance matters.
- 8.18 Review and suggest improvements to the annual Compliance Audit Return and report to the Council the results of the review.

External Audit

- 8.19 Meet with the Office of the Auditor General to discuss the audit plan (audit entrance meeting) and the results of the financial audit (audit exit meeting).
- 8.20 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.
- 8.21 Provide an opportunity for the ARC Committee to meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.
- 8.22 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with the external audit function.
- 8.23 Monitor management's implementation of external audit recommendations.

Reporting

8.24 Report regularly to the Council ARC Committee activities, issues, and related recommendations through circulation of minutes.

8.25 Monitor that open communication between the internal auditor, the external auditors, and the Town's management occurs.

Other Responsibilities

8.26 Perform other activities related to this terms of reference as requested by the Council or through audit recommendations.

8.27 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.

9. Definitions

Term	Definition
ARC Committee	The Audit, Risk and Compliance Committee
CEO	The Chief Executive Officer
Committee	The Audit, Risk and Compliance Committee
The Act	The <i>Local Government Act 1995</i>
The Town	The Town of Port Hedland
TOR	The Terms of Reference

10. Version Control

Version	Meeting
V1	<i>Adopted by Council at its Ordinary Meeting held 16 November 2011.</i>
V2	<i>Amended by Council at its Ordinary Meeting held 23 October 2013.</i>
V3	<i>Amended by Council at its Ordinary Meeting held on 11 December 2013.</i>
V4	<i>Amended by Council at its Ordinary Meeting held on 27 May 2015.</i>

V5	<i>Amended by Council at its Ordinary Meeting held on 28 October 2015.</i>
V6	<i>Amended by Council at its Ordinary Meeting held on 22 June 2016.</i>
V7	<i>Amended by Council at its Ordinary Meeting held on 24 May 2017.</i>
V8	<i>Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.</i>
V9	<i>Re-Adopted by Council at its Ordinary Meeting held on 19 December 2019.</i>
V10	<i>Amended by Council at its Ordinary Meeting held on 23 September 2020.</i>
V11	<i>Amended by Council at its Ordinary Meeting held on 7 September 2022.</i>
V12	<i>Amended by Council at its Ordinary Meeting held on 29 May 2024.</i>