



Audit, Risk and Governance Committee Minutes

Tuesday, 4 December 2018 at 5:30pm

Council Chambers, McGregor Street, Port Hedland

Our Vision:

“To be Australia’s leading Port Town embracing community, culture and environment”

David Pentz
Chief Executive Officer

Distribution Date: 11 December 2018

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TERMS OF REFERENCE

1. Purpose of the Terms of Reference

The purpose of the terms of reference is to facilitate the operation of the Audit, Risk and Governance Committee.

2. Introduction

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

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

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

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

3. Objectives

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

- 3.1 The integrity of external financial reporting, including accounting policies.
- 3.2 The scope of work, objectivity, performance and independence of the external auditor.
- 3.3 The establishment, effectiveness and maintenance of controls and systems to safeguard the Town's financial and physical resources.
- 3.4 The systems or procedures that are designed to ensure that the Town and its subsidiaries comply with relevant statutory and regulatory requirements.
- 3.5 The process for recognising risks arising from the Town's operations and strategies, and consider the adequacy of measures taken to manage those risks.

- 3.6 The process and systems which protect the Council against fraud and irregularities.

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

4. Authority

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

- 4.1 Review and suggest improvements to the internal and external auditor's annual audit plans and the outcomes/results of all audits undertaken.
- 4.2 Formally meet with the Town's appointed external auditor as necessary.
- 4.3 Seek resolution on any disagreements between management and the external auditors on financial reporting.
- 4.4 Advise Council on any or all of the above as deemed necessary.

5. Composition

- 5.1 The Audit, Risk and Governance Committee will comprise of eleven members, nine Elected Members and two independent members.
- 5.2 The Council will appoint Audit, Risk and Governance Committee members.
- 5.3 The Presiding Member and Deputy Presiding Member will be appointed by the Audit, Risk and Governance Committee, biennially by election by all committee members after the Ordinary Local Government Election.
- 5.4 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Town. At least one member of the committee will have accounting or related financial management experience with an understanding of accounting and auditing standards in a public sector environment.
- 5.5 Independent members will be appointed until the next Ordinary Local Government Election.
- 5.6 A quorum will be a minimum of 50% of the membership.
- 5.7 Audit, Risk and Governance Committee members are required by the *Local Government Act 1995* and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.
- 5.8 New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities.

6. Meetings

- 6.1 Meetings may be called by the Presiding Member of the Audit, Risk and Governance Committee, or at the request of the Mayor or Chief Executive Officer.
- 6.2 The Audit, Risk and Governance Committee meetings are generally open to the public unless the Presiding Member or Chief Executive Officer deem it necessary to proceed behind closed doors pursuant to Section 5.23 of the *Local Government Act 1995*.
- 6.3 All Elected Members are invited to attend each Audit, Risk and Governance Committee meeting.
- 6.4 All Audit, Risk and Governance Committee members are expected to attend each meeting in person.
- 6.5 The Chief Executive Officer will facilitate the meetings of the Audit, Risk and Governance Committee and invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.
- 6.6 The Audit, Risk and Governance Committee will develop a forward meeting schedule that includes the dates, location, and proposed work plan for each meeting for the forthcoming year, that cover all the responsibilities outlined in these terms of reference.
- 6.7 Meeting agendas will be prepared and provided at least one week in advance to members, along with appropriate briefing materials.
- 6.8 Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation.

7. Responsibilities

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

7.1 Risk management

- 7.1.1 Review and suggest improvements to whether management has in place a current and comprehensive enterprise risk management framework and associated procedures for effective identification and management of the Town's business and financial risks, including fraud.
- 7.1.2 Determine whether a sound and effective approach has been followed in managing the Town's major risks including those associated with individual projects, program implementation, and activities.
- 7.1.3 Assess the impact of the Town's enterprise risk management framework on its control environment and insurance arrangements.

- 7.1.4 Review and suggest improvements to the process of developing and implementing the Town's fraud control arrangements and satisfy itself the Town has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.

7.2 Business continuity

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

7.3 Internal Control

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

7.4 Financial Report

- 7.4.1 Review and suggest improvements to significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the financial report.
- 7.4.2 Review with management and the external auditors the results of the audit, including any difficulties encountered, and suggest improvements if required.
- 7.4.3 Review and suggest improvements to the annual financial report and performance report of the Town of Port Hedland and its subsidiaries, and consider whether it is complete, consistent with information known to Audit, Risk and Governance Committee members, and reflects appropriate accounting principles.

- 7.4.4 Review and suggest improvements to the process for the consolidation of financial information of the Town related entities into the financial reports of the Town.
- 7.4.5 Review with management and the external auditors all matters required to be communicated to the Audit, Risk and Governance Committee under the Australian Auditing Standards, and suggest improvements if required.
- 7.4.6 Review and suggest improvements to the draft Annual Financial Statements and recommend the adoption of the Annual Financial Statements to Council.
- 7.4.7 Receive the quarterly budget review.

7.5 Compliance

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

7.6 Internal Audit

- 7.6.1 Review with management and the internal auditor the terms of reference, activities and resourcing of the internal audit function and suggest improvements if required.
- 7.6.2 Review, suggest improvements to and recommend the annual internal audit plan for approval by the Council and all major changes to the plan.
- 7.6.3 Monitor that the internal auditor's annual plan is linked with and covers the material business risks.
- 7.6.4 Monitor processes and practices to ensure that the independence of the audit function is maintained.
- 7.6.5 Annually review the performance of the internal audit including the level of satisfaction with internal audit function having consideration of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and suggest improvements if required.

7.6.6 Review and suggest improvements to all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.

7.6.7 Monitor management's implementation of internal audit recommendations.

7.7 External Audit

7.7.1 Review and suggest improvements to the external auditor's proposed audit scope and approach for financial performance audits, including any reliance on internal auditor activity.

7.7.2 Consider the findings and recommendations of relevant Performance Audits undertaken by the external auditor and ensure the Town implements relevant recommendations.

7.7.3 Provide an opportunity for the Audit, Risk and Governance Committee to meet with the external auditors to discuss any matters that the Audit, Risk and Governance Committee or the external auditors believe should be discussed privately.

7.7.4 Annually review and suggest improvements to the performance of external audit including the level of satisfaction with external audit function.

7.7.5 Monitor management's implementation of external audit recommendations.

7.8 Reporting Responsibilities

7.8.1 Report regularly to the Council about Audit, Risk and Governance Committee activities, issues, and related recommendations through circulation of minutes.

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

7.9 Other Responsibilities

7.9.1 Perform other activities related to these terms of reference as requested by the Council.

- 7.9.2 Annually review, suggest improvements to and assess the adequacy of the Audit, Risk and Governance Committee terms of reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation.

(Adopted by Council at its Ordinary Meeting held 16 November 2011.

Amended by Council at its Ordinary Meeting held 23 October 2013.

Amended by Council at its Ordinary Meeting held on 11 December 2013.

Amended by Council at its Ordinary Meeting held on 27 May 2015.

Amended by Council at its Ordinary Meeting held on 28 October 2015.

Amended by Council at its Ordinary Meeting held on 22 June 2016.

Amended by Council at its Ordinary Meeting held on 24 May 2017.

Re-Adopted by Council at its Ordinary Meeting held on 1 November 2017.)

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Item 1 Opening of Meeting

The Presiding Member declared the meeting open at 5:31pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

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

Item 3 Recording of Attendance

3.1 Attendance

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

David Pentz	Chief Executive Officer
Anthea Bird	Director Corporate and Performance
Gerard Sherlock	Director Infrastructure and Town Services
Josephine Bianchi	Manager Governance
Angelique Lewis	Governance Officer / Minute Taker
Wendy Barnard	Corporate Support Officer / Minute Taker

Public	0
Media	0
Officers	2

3.2 Attendance by Telephone / Instantaneous Communications

Nil

3.3 Apologies

Deputy Mayor Louise Newbery
Councillor Julie Arif
Councillor Warren McDonogh

3.4 Approved Leave of Absence

Councillor George Daccache was on approved leave of absence, however was present at this meeting.

3.5 Disclosures of Interest

Name	Item no.	Interest	Nature
Councillor Tricia Hebbard	11.1.1 Funding and Donations for the quarter 1 July 2018 to 30 September 2018.	Impartiality	Councillor Hebbard declared she pays fees for her son to attend Treloar Child Care Centre once a week. This centre has received a community grant from the Town.

Item 4 Applications for Leave of Absence

Councillor Daccache requested for the following leave of absence:

- 11 - 28 December 2018

This leave of absence will be considered at the next Ordinary Council Meeting which is being held on 12 December 2018.

Item 5 Response to Previous Questions

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

Nil

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

Nil

Item 6 Public Time

Important note:

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

In accordance with section 6.7(3) of the Town of Port Hedland Local Law on Standing Orders, members of the public are required to complete a question form and place the completed form in the tray provided.

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

6.1 Public Question Time

Nil

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

The Presiding Member opened Public Statement Time at 5:35pm

6.2 Public Statement Time

Nil

The Presiding Member closed Public Statement Time at 5:35pm

6.3 Petitions/Deputations/Presentations/Submissions

Nil

Item 7 Questions from Members without Notice

7.1 Councillor Whitwell

Are you happy with the frequency of these meetings [Audit, Risk and Governance Meetings] now and the depth of the interim of these meetings?

The Mayor advised in the affirmative. The Mayor asked Councillor Whitwell if he would like to ask that question to the Committee?

No.

The Mayor asked Councillor Whitwell if he had any further questions?

That is the only question I had.

7.2 Mr Arnold Carter

I have one question that is confidential, do you want me to deal with that under item 14 or do you want to take it now?

Mayor referred the question to the Manager Governance.

The Manager Governance advised that the meeting is being recorded.

The Mayor confirmed that Mr Carter's question can be asked under the confidential part of this meeting [Matters for Which Meeting May Be Closed (Confidential Matters)].

Item 8 Announcements by Presiding Member without Discussion

Nil

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

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

- Mayor Camilo Blanco – Presiding Member
- Councillor Richard Whitwell
- Councillor Peter Carter
- Councillor Tricia Hebbard
- Councillor George Daccache
- Councillor Telona Pitt – Deputy Presiding Member
- Mr Arnold Carter – Community Member

Item 10 Confirmation of Minutes of Previous Meeting

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

ARG201819/086 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION

MOVED: MR CARTER

SECONDED: CR CARTER

That the Audit, Risk and Governance Committee confirmed that the Minutes of the Audit, Risk and Governance Committee Meeting held on Tuesday 4 December 2018 are a true and correct record.

CARRIED 7/0

Disclaimer

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

Item 11 Reports of Officers

11.1 Corporate and Performance

5:38pm Cr Hebbard declared an impartiality interest on item 11.1.1 'Funding and Donations for the quarter 1 July 2018 to 30 September 2018' as she pays fees for her son to attend Treloar Child Care Centre once a week. This centre has received a community grant from the Town.

11.1.1 Funding and Donations for the quarter 1 July 2018 to 30 September 2018 (File No. 02/05/0001)

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

ARG201819/087 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION**MOVED: CR WHITWELL****SECONDED: CR CARTER**

That the Audit, Risk and Governance Committee received the list of funding and donations made by the Town of Port Hedland for the quarter 1 July 2018 to 30 September 2018 in accordance with the 2018/19 adopted budget.

CARRIED 7/0**PURPOSE**

Policy 6/003 Community Grants Program states that the Chief Executive Officer is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all funding and donations that have been made by the Town of Port Hedland. Attachment 1 lists \$20,125 of funding and donations paid for the quarter 1 July 2018 to 30 September 2018.

DETAIL

Town of Port Hedland Policy 6/003 Community Grants Program was recently amended at the Ordinary Council Meeting held on 24 October 2018, to make the approval process easier for the community to apply for grants, and to ensure that a wider section of the community may apply. The objective of the policy is to ensure Council allocates financial support to the community in the most effective manner within the guidelines and within the budget allocation for the year.

As per the guidelines of the policy, attachment 1 lists \$20,125 of funding and donations paid from 1 July 2018 to 30 September 2018.

LEVEL OF SIGNIFICANCE

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

CONSULTATION

Internal

- Director Corporate & Performance
- Manager Financial Services

External Agencies

- Applicants of funding and donations as stated in attachment 1.

LEGISLATION AND POLICY CONSIDERATIONS

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

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

Providing attachment 1 ensures compliance with this policy.

FINANCIAL AND RESOURCES IMPLICATIONS

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

\$20,125 was paid to successful and eligible community grant applicants from 1 July 2018 to 30 September 2018.

This leaves \$138,536.36 remaining uncommitted in the 2018/19 budget as at 30 September 2018.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

- 1.a.1** Stakeholders are engaged to develop a whole of town approach to increase accessibility to quality health and wellbeing services
- 1.a.2** Community needs and gaps in health provision are identified and delivered
- 1.a.4** Partnerships with stakeholders to deliver sport and recreation are enhanced

- 1.a.5* Agencies and the community are fully engaged to reduce anti-social behaviours and improve community safety
- 1.a.6* Town-wide health, safety, recreation and sporting activities and services
- 1.b.5* Opportunities to get involved and results of engagement are regularly promoted
- 1.c.1* The community, industry, arts and cultural organisations are engaged to identify, plan and coordinate events and activities
- 1.c.2* Events and activities to celebrate the Town's cultural heritage, arts and Pilbara lifestyle are consistently programmed and delivered
- 4.b.2* Transparent and regular financial reporting and communication to the community is undertaken

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

RISK MANAGEMENT CONSIDERATIONS

There is a financial risk associated with this item because as the Town of Port Hedland may exceed the budget and/or approve applications that are deemed ineligible as per Policy 6/003. The risk rating is considered to be Low (2) which is determined by a likelihood of (1) and a consequence of (2).

OPTIONS

Option 1 – Adopt officer's recommendation

Option 2 – Amend officer's recommendation

Option 3 – Do not adopt officer's recommendation

CONCLUSION

The guidelines of the Town's Policy 6/003 'Community Grants Program' state the Chief Executive Officer is to submit quarterly reports to the Audit, Risk and Governance Committee detailing all funding and donations that have been made for the quarter 1 July 2018 to 30 September 2018. It is recommended that the Committee accept attachment 1 as it complies with the guidelines included in the policy.

ATTACHMENTS

1. List of funding and donations made for the quarter 1 July 2018 to 30 September 2018.

ATTACHMENT 1 TO ITEM 11.1.1



18/19 Budget for Community Grants	\$158,661.36
Less Payments: Quarter 1	\$20,125.00
Total payments	\$20,125.00
Balance uncommitted as at 30 September 2018	\$138,536.36

Quarter 1						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Tura New Music Ltd	\$3,000	\$3,000	Community Support Grant	Support for free community concert on Saturday 1 September.	N/A	No



Quarter 1						
Applicant	Amount Requested	Amount Granted	Funding Category	Project	Reason for Variation	Previously received funding? If so how much?
Hedland Touch Association	\$3,000	\$2,000	Community Support Grant	Support for Hedland’s Touch Football Association Women’s Team to attend competition in Kimberley in September.	\$2,000 is the maximum permitted for a team attending the same competition under the 6/003 Funding and Donations Policy.	2017/18 \$3,000 2014/15 \$500 2012/13 \$3,000
Pilbara for Purpose	\$3,000	\$3,000	Community Support Grant	Support for hosting the Pilbara Community Services Excellence Awards in Karratha and attended by at least ten community organisations based in Port Hedland.	N/A	No
South Hedland Primary School P&C	\$3,000	\$3,000	Community Support Grant	Support for Years 5 and 6 students to attend school camp.	N/A	No

SUMMARY OF COMMUNITY FUNDING & DONATIONS PAID FOR THE QUARTER 1 JULY 2018 TO 30 SEPTEMBER 2018| Page 2



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



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

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

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

ARG201819/088 OFFICER'S RECOMMENDATION/ARG COMMITTEE DECISION

MOVED: CR DECCACHE

SECONDED: CR CARTER

That the Audit, Risk and Governance Committee noted the status of new risks added to the Council Decision Risk Register for the period of June to October 2018.

CARRIED 7/0

PURPOSE

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

DETAIL

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

All new risks added the register with initial risk rating of high (10) or over, are presented to the ARG Committee for information purposes. The last update was provided to the Committee at their meeting of 5 June 2018.

How a Risk Rating is determined

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

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

- Environment;

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

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

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

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

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

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

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

NEW RISKS ON THE REGISTER

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

Appointment of Approved Mentor

Date of meeting	27 June 2018
Risk theme	Reputational and Financial
Initial risk rating	Extreme (20)
Description of risk	The level of risk is considered to be extreme (20) in terms of reputational impact, resignation of Council members and/or election costs to ratepayers.
Risk action plan	The mentor was provided with a scope of works to use as a basis for his dealings with Elected Members.

Residual rating	High (12)
Status update	21/11/2018 – Manager Governance The Council mentor has been working with the Elected Members by holding meetings and offering advice and support as and when required. The mentor has also attended various briefings and Council meetings. The mentor’s term of appointment concludes in December 2018.

Rating Strategy 2018/19

Date of meeting	28 June 2018
Risk theme	Financial
Initial risk rating	High (12)
Description of risk	There is a financial risk with a rating of high (12) that valuation objections to Landgate (if re-valued down) will result in less rates yield achieved than budgeted. This will have a flow on effect in relation to the deliverability of services and asset renewal.
Risk action plan	The Town is contacting Landgate to seek information about valuations objections.
Residual rating	High (12)
Status update	21/11/2018 – Manager Financial Services

LEVEL OF SIGNIFICANCE

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

CONSULTATION

Internal

- Manager Governance
- Manager Financial Services
- Executive Leadership Group

LEGISLATION AND POLICY CONSIDERATIONS

Policy 1/022 ‘Risk Management’ applies.

FINANCIAL AND RESOURCES IMPLICATIONS

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

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

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

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

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

RISK MANAGEMENT CONSIDERATIONS

There are no risk management considerations associated with this item.

OPTIONS

There are no alternative options associated with this item.

CONCLUSION

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

ATTACHMENTS

Nil

Item 12 Motions of Which Previous Notice Has Been Given

Nil

Item 13 New Business of an Urgent Nature

Nil

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

Mr Arnold Carter referred to a confidential matter relating to a letter from RSM.

The Director Corporate and Performance recommended for this confidential matter to be discussed after the meeting is formally closed.

The Mayor asked Mr Carter if he would like to discuss this matter after the meeting is closed.

Mr Arnold Carter advised in the affirmative.

Item 15 Closure

15.1 Date of Next Meeting

The next Audit, Risk and Governance Committee meeting will be held on Tuesday 12 February 2019.

15.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 5:42pm.