



# **CONFIRMED MINUTES**

## **Special Audit, Risk and Compliance Committee Meeting Wednesday 11 December 2024**

**Time: 4:00pm**

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

**Distribution Date: 17 December 2024**

**Presiding Member:** \_\_\_\_\_

A handwritten signature in black ink, written over a horizontal line.

**Order of Business**

<b>1</b>	<b>Opening of Meeting</b>	<b>4</b>
<b>2</b>	<b>Acknowledgement of Traditional Owners and Dignitaries</b>	<b>4</b>
<b>3</b>	<b>Recording of Attendance</b>	<b>4</b>
<b>3.1</b>	<b>Attendance</b>	<b>4</b>
<b>3.2</b>	<b>Attendance by Telephone / Instantaneous Communications</b>	<b>5</b>
<b>3.3</b>	<b>Apologies</b>	<b>5</b>
<b>3.4</b>	<b>Approved Leave of Absence</b>	<b>5</b>
<b>3.5</b>	<b>Disclosures Of Interest</b>	<b>5</b>
<b>4</b>	<b>Applications for Leave of Absence</b>	<b>5</b>
<b>5</b>	<b>Response to Previous Questions</b>	<b>7</b>
<b>5.1</b>	<b>Response to Questions taken on notice from Elected Member at the Audit, Risk and Compliance Committee Meeting held on 26 November 2024</b>	<b>7</b>
<b>5.2</b>	<b>Response to Questions taken on notice from Public at the Audit, Risk and Compliance Committee Meeting held on 26 November 2024</b>	<b>7</b>
<b>6</b>	<b>Public Time</b>	<b>7</b>
<b>6.1</b>	<b>Public Question Time</b>	<b>7</b>
<b>6.1.1</b>	<b>Question 1</b>	<b>7</b>
<b>6.2</b>	<b>Public Statement Time</b>	<b>8</b>
<b>6.2.1</b>	<b>Statement 1</b>	<b>8</b>
<b>6.3</b>	<b>Petitions / Deputations / Presentations / Submissions</b>	<b>9</b>
<b>7</b>	<b>Questions from Members without Notice</b>	<b>9</b>
<b>8</b>	<b>Announcements by Presiding Member without Discussion</b>	<b>9</b>
<b>9</b>	<b>Declarations of All Members to have given due consideration to all matters contained in the Agenda before the Meeting</b>	<b>9</b>
<b>10</b>	<b>Reports of Officers</b>	<b>10</b>
<b>10.1</b>	<b>Audit Financial Statements - Financial Year 2023-2024</b>	<b>10</b>
<b>11</b>	<b>Motions of Which Previous Notice have been given</b>	<b>15</b>
<b>12</b>	<b>New Business of an Urgent Nature (Late Items)</b>	<b>15</b>
<b>13</b>	<b>Matters for Which Meeting May be Closed (Confidential Matters)</b>	<b>15</b>
<b>14</b>	<b>Closure</b>	<b>15</b>

**14.1 Date of Next Meeting ..... 15**  
**14.2 Closure..... 15**

## 1 Opening of Meeting

The Presiding Member declared the meeting open at 4:22pm.

## 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledged 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

#### *Scheduled for Attendance:*

Mark Dacombe (Interim Chief Executive Officer)

Steve Leeson (Director Corporate Services)

Tom Kettle (Manager Governance)

Rebecca Faloon (Audit, Risk & Insurance Advisor)

Sarah Bevan (Contracts Advisor – Governance)

Kaleena Cruickshank (Manager Financial Services)

### **3.2 Attendance by Telephone / Instantaneous Communications**

Tim Sanya (Senior Director, OAG)

Amit Kabra (Partner, RSM)

Domenic Zappa (Senior Manager Audit & Assurance, RSM)

### **3.3 Apologies**

Cr Ambika Rebello

### **3.4 Approved Leave of Absence**

Nil.

### **3.5 Disclosures Of Interest**

Nil.

## **4 Applications for Leave of Absence**

Nil.

### **ARC202425/024 Procedural Motion**

**MOVED: Cr Lorraine Butson SECONDED: Deputy Mayor Ash Christensen**

**That the ARC Committee close the meeting to members of the public as prescribed in section 5.23(2) of the Local Government Act 1995, to conduct the exit meeting with the Town's Auditors.**

***CARRIED BY SIMPLE MAJORITY (2/0)***

*For: Cr Lorraine Butson and Deputy Mayor Ash Christensen*

*Against: Nil*

Meeting closed to the public at 4.25pm.

**ARC202425/025 Procedural Motion**

**MOVED: Cr Lorraine Butson SECONDED: Deputy Mayor Ash Christensen**

**That the ARC Committee reopen suspend the Standing Orders under clause 18.2(3) Standing Orders Local Law 2014.**

***CARRIED BY SIMPLE MAJORITY (2/0)***

*For: Cr Lorraine Butson and Deputy Mayor Ash Christensen*

*Against: Nil*

**ARC202425/026 Procedural Motion**

**MOVED: Cr Lorraine Butson SECONDED: Deputy Mayor Ash Christensen**

**That the ARC Committee resume the Standing Orders under clause 18.2(3) Standing Orders Local Law 2014.**

***CARRIED BY SIMPLE MAJORITY (2/0)***

*For: Cr Lorraine Butson and Deputy Mayor Ash Christensen*

*Against: Nil*

**ARC202425/027 Procedural Motion**

**MOVED: Cr Lorraine Butson SECONDED: Deputy Mayor Ash Christensen**

**That Council reopen the meeting to members of the public as prescribed in section 5.23 of the Local Government Act 1995.**

***CARRIED BY SIMPLE MAJORITY (2/0)***

*For: Cr Lorraine Butson and Deputy Mayor Ash Christensen*

*Against: Nil*

Meeting opened to the public at 5.06pm.

**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 5:09pm.**

***6.1.1 Question 1***

*Cr Camilo Blanco asked the following question*

*When does the Audit Committee intend to have a meeting with the auditors by themselves without the staff?*

Deputy Mayor Ash Christensen provided the following response

I don't believe we have any meetings planned nor booked in but I will throw to administration to confirm that if I can please.

Mark Dacombe (Interim Chief Executive Officer) provided the following response

No that's correct.

*They are not planned, or is that something that we have struck off now, we don't do that any more?*

Deputy Mayor Ash Christensen provided the following response

Again, I can take that on notice and if we've done it previously, but right now we have no intention currently or nor do we have any bookings in place to conduct those meetings.

*OK can I get this question answered then. Is there a requirement in the Local Government Act that the Audit Committee have that meeting with the auditors without staff to ask questions and receive answers without staff present?*

Deputy Mayor Ash Christensen provided the following response

Thanks for the question. I'll throw that to the administration if I may.

Mark Dacombe (Interim Chief Executive Officer) provided the following response  
I would have to take that on notice unless Mr Leeson can respond.

Steve Leeson (Director Corporate Services) provided the following response

Thank you through the Chair. It is not prescribed in the Act or the Regulations so far as I can recall. It's just customary practice that the Audit Exit Meeting is with the staff there to answer questions to the Audit Committee as well.

**The Presiding Member declared Public Question Time closed at 5:11pm.**

## **6.2 Public Statement Time**

**The Presiding Member declared Public Statement Time open at 5:11pm**

### **6.2.1 Statement 1**

*Cr Camilo Blanco made a statement in relation to:*

- His opinion that the ARC Committee should meet with the external auditors without Town employees present.*



- *His belief that this provides an opportunity for the ARC Committee to ask further questions of the external auditors.*
- *The improvement that has been made in the external audit from the previous year.*
- *Encouragement for the ARC Committee to arrange meeting with the external auditors without Town employees present.*

**The Presiding Member declared Public Statement Time closed at 5:13pm**

### **6.3 Petitions / Deputations / Presentations / Submissions**

Nil.

### **7 Questions from Members without Notice**

Nil.

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

Nil.

### **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 Lorraine Butson

**10 Reports of Officers****10.1 Audited Financial Statements - Financial Year 2023-2024****Author:** Manager Financial 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.**ARC202425/028 COMMITTEE DECISION****MOVED: Cr Lorraine Butson SECONDED: Deputy Mayor Ash Christensen****That the Audit, Risk and Compliance Committee:**

- 1. Receive the Audited Annual Financial Report, Independent Auditor's Closing Report, and Management Letter of Audit Findings for the Financial Year ended 30 June 2024; and**
- 2. Recommend Council adopt the Audited Annual Financial Report, Independent Auditor's Closing Report, and Management Letter of Audit Findings for the financial year ended 30 June 2024.**

***CARRIED BY SIMPLE MAJORITY (2/0)****For: Cr Lorraine Butson and Deputy Mayor Ash Christensen**Against: Nil***PURPOSE**

The purpose of this report is for the Audit, Risk and Compliance Committee (Committee) to consider the Audited Annual Financial Report, Independent Auditor's Closing Report and Management Letter for the financial year ended 30 June 2024, and to endorse all reports to Council.

The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to the Committee's terms of reference. One of the Committee's principal duties is to make recommendations to Council regarding external audit reporting.

RSM Australia Pty Ltd ("the Town's Auditors") have advised that the Office of the Auditor General (OAG) intends to issue a qualified audit opinion for the financial year ended 30 June 2024.

## **DETAIL**

Each year, the Town of Port Hedland (the "Town") is required to prepare general purpose financial statements and refer them to its Auditors as soon as practicable, no later than 30 September following the end of the financial year (Section 6.4 of the *Local Government Act 1995*). The draft Annual Financial Report for the year-ended 30 June 2023 was submitted to its Auditors on 30 September 2024.

The Annual Financial Report is prepared in accordance with Australian Accounting Standards; the *Local Government Act 1995*; and the *Local Government (Financial Management) Regulations 1996*. Management is responsible for preparing the Annual Financial Report in accordance with the Standards, Act and Regulations and to ensure that it fairly reflects the financial performance and position of the Town.

The Town's Auditors conducted the end of year audit offsite between 7-11 October 2024 and onsite between 14-18 October 2024. The role of the Auditor is to provide an opinion based on their audit as to whether Management has fulfilled these obligations. The Auditors also prepare a separate, more detailed report for Management, identifying any issues arising from the conduct of the audit, and recommending any corrective actions.

The Town's Auditors intend to issue the Town with a qualified audit opinion with respect to the Annual Financial Report. It was acknowledged that the Town had engaged an independent valuer in line with 2023 recommendations, however there were \$17 million worth of Infrastructure Assets which were revalued to Nil which the Auditors were unable to obtain sufficient appropriate audit evidence in regards to the attributes and location of the assets, to reliably value these assets within its accounting records. Due to the proportion of the Town's Infrastructure assets to the Total assets, and the uncertainty of the size of any potential misstatement arising, the impact on the financial statements is considered material. It is acknowledged that the Town is implementing an asset management framework to address these process and control deficiencies as well as engaging an independent valuer to address the valuation of the assets ahead of the preparation of the 30 June 2025 Financial Statements.

The Auditors have presented several matters for consideration by management as identified in Confidential Attachment 1 and 2

Under section 5.54 of the *Local Government Act 1995*, the Annual Financial Report and Independent Auditor's Report must be accepted by the local government by 31 December.

The Audited Annual Financial Report and Management Letter are expected to be signed off by the Auditors on 11 December 2024, during the Exit Meeting. The Audit

Risk and Compliance Committee has delegated authority to liaise with the Auditor, receive and examine the Auditor's report and any Management issues arising from the conduct of the audit.

## **SUMMARY OF FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2024**

### *Continuing Operations*

The Town reports a net surplus of \$8,902,394 (refer to page 3 of the Annual Financial Report), this is favourable to budget by \$871,349.

The Town's operating revenue streams in financial year 2023/24 is favourable to budget by \$8,873,024 or 9.6%. This mostly relates to interest revenue on the Town's term deposits where better than RBA cash rate has been received.

The Town's operating expenses are unfavourable to budget by 4.3%. While Employee costs and Materials and Contracts have come in under budget the main driver for this variance relates to Depreciation, which increased by 38% due to capitalisation of \$30.7 million worth of assets.

## **AUDIT FINDINGS**

The Town's Auditors have identified several matters for consideration to be addressed by Management. Please refer to Confidential Attachment 3 for these findings.

## **LEVEL OF SIGNIFICANCE**

In accordance with Policy 4/009 'Significant Decision Making', this matter is considered to be of medium significance as it summarises the financial position of the Town for the financial year ended 30 June 2024 and reflects performance against the Strategic Community Plan and Corporate Business Plan in existence at the time. Risks associated with the audit findings are set out in this report under the heading 'Risk Management Considerations'.

## **CONSULTATION**

### *Internal*

The Annual Financial Reports and audit were completed with the input and assistance of the Executive Leadership team, the Financial Services team and the Governance team.

### *External Agencies*

- RSM Australia

- The Office of the Auditor General

### *Community*

- Nil

## **LEGISLATION AND POLICY CONSIDERATIONS**

Part 7 of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* details the requirements for audit.

The Department of Local Government, Sport and Cultural Industries has also prepared Operational Guideline Number 9 to provide guidelines for the Committee relating to Audit in Local Government.

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* details the CEO's duties in relation to financial management.

Under section 5.54 of the *Local Government Act 1995*, the annual financial statements and audit report must be accepted by 31 December, provided the auditor's report is available. If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

## **FINANCE AND RESOURCE IMPLICATIONS**

The costs associated with conducting the interim and end of financial year audit are included in the 2023/24 budget and financial statements.

## **STRATEGIC SUSTAINABILITY IMPLICATIONS**

### **Strategic Community Plan**

#### 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.

### **Access and Inclusion**

There are no significant identifiable outcome/outcomes of the Town's Access and Inclusion Plan 2023-2026 relating to this item.

**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.

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**

<b>Risk Type</b>	Operational
<b>Risk Category</b>	Compliance
<b>Cause</b>	Regulated financial and reporting requirements
<b>Effect</b>	Non-compliance
<b>Risk Treatment</b>	Management controls and external support and overview
<p>There is an operational, risk associated with this item caused by Regulated financial and reporting requirements, leading to potential for non-compliance.</p> <p>The risk rating is considered to be Medium (6) which is determined by a likelihood of Possible (3) and a consequence of Minor (2).</p> <p>This risk will be accepted by the management accounting practices, with external support services and overview by audit agencies.</p>	

**OPTIONS**

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

**CONCLUSION**

The 2023/24 Financial Year Annual Financial Report, Independent Auditor’s Closing Report and Management Letters are attached for the ARC Committee’s review.

## **ATTACHMENTS**

1. Audited Financial Statements 2023-2024 ToPH vs14
2. CONFIDENTIAL - Town of Port Hedland – Closing Report (30 June 2024) – (issued 6 Dec 2024)
3. CONFIDENTIAL - Financial Services Management Letter FY24
4. CONFIDENTIAL - Information Technology Management Letter FY24

## **11 Motions of Which Previous Notice have been given**

Nil.

## **12 New Business of an Urgent Nature (Late Items)**

Nil.

## **13 Matters for Which Meeting May be Closed (Confidential Matters)**

Nil.

## **14 Closure**

### **14.1 Date of Next Meeting**

The next Audit, Risk and Compliance Committee Meeting will be held on Tuesday 11 March 2025 commencing at 5:30pm.

### **14.2 Closure**

There being no further business, the Presiding Member declared the meeting closed at 5.16pm.

**DECLARATION OF CONFIRMATION OF MINUTES**

I certify that these Minutes were confirmed by the Committee at its Audit, Risk and Compliance (ARC) Committee Meeting held on 11 March 2025.

**CONFIRMATION:**

ASHLIEGH CHRISTENSEN

PRESIDING MEMBER

  
\_\_\_\_\_

PRESIDING MEMBER SIGNATURE

11-03-2025

DATED



## **1. Purpose of the Terms of Reference**

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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**

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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**

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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**

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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**

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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**

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### 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.5.11A(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**

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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**

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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**

<b>Term</b>	<b>Definition</b>
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**

<b>Version</b>	<b>Meeting</b>
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>

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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>