



## **TOWN OF PORT HEDLAND**

### **AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING MINUTES**

**WEDNESDAY 10 JUNE 2015 AT 12:00PM**

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

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**“A nationally significant, friendly city that people are proud to call home”**

*M.J. (Mal) Osborne  
Chief Executive Officer*



**TERMS OF REFERENCE**

**AIM/PURPOSE:**

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 Council's financial management systems and reporting

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

1. Liaise with the Auditor(s) to assist Council in carrying out functions in relation to external audit, including liaising with the Auditor and develop a process for selection and appointment of a person as the Auditor.
2. Receive Quarterly Budget Review Reports;
3. Receive Quarterly Financial Reports on all of the Town of Port Hedland's Managed Community Facilities;
4. Review and suggest improvements to Risk Management within the organisation; and
5. Assist the organization in the development of an internal audit program and make recommendations to Council regarding:
  - Financial Management
  - Risk Management
  - Internal Controls
  - Legislative Compliance
  - Internal and External Audit Planning and Reporting

**QUORUM:**

The quorum for the Committee be a minimum of 50% of its membership.

**MEMBERSHIP:**

Elected Members:

Mayor Kelly Howlett

Councillor Gloria Jacob – Presiding Member

Councillor Julie Hunt

Councillor Lorraine Butson – Deputy Presiding Member

Community Member:

Mr Bill Hrambanis

Deputy Members:  
Councillor George Daccache  
Councillor Jan Gillingham  
Councillor David Hooper  
Councillor Troy Melville

**MEETING FREQUENCY:**

As and when required.

**DELEGATION:**

The Town of Port Hedland Council provides delegated authority to the Audit and Finance Committee to meet annually with the Town's auditor(s) as required by Section 7.12A(2) of the Local Government Act 1995.

**TENURE:**

Ongoing

**RESPONSIBLE OFFICER:**

Director Corporate Services

*(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.)*

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**ITEM 1 OPENING OF MEETING**

The Presiding Member declared the meeting open at 12:05pm.

**ITEM 2 ACKNOWLEDGMENT OF TRADITIONAL OWNERS**

The Presiding Member acknowledged the traditional owners, the Kariyarra people.

**ITEM 3 RECORDING OF ATTENDANCE AND APOLOGIES**

**3.1 Attendance**

Elected Members:

Mayor Kelly Howlett

Councillor Gloria Jacob – Presiding Member

Councillor Lorraine Butson – Deputy Presiding Member

Community Member:

Mr Bill Hrambanis

Officers

Mal Osborne Chief Executive Officer

Sid Jain Director Corporate Services

Brendan Smith Director Works and Services

Chris Linnell Acting Director Community and Development Services

Grace Waugh Minute Taker/Governance Officer

Public 0

Media 0

ToPH officers 5

**3.2 Apologies**

Councillor Julie Hunt (approved leave of absence from Council)

**3.3 Approved Leave of Absence**

Nil

**ITEM 4 RESPONSE TO PREVIOUS QUESTIONS**

**4.1 Questions from Public at Audit & Finance Committee Meeting held on Wednesday 22 April 2015**

Nil

**4.2 Questions from Committee Members at Audit & Finance Committee Meeting held on Wednesday 22 April 2015**

Nil

**ITEM 5 PUBLIC TIME**

*Important note:*

*'This meeting is being recorded on audio tape as an additional record of the meeting and to assist with minute-taking purposes which may be released upon request to third parties. If you do not give permission for recording your participation please indicate this at the meeting. The public is also reminded that in accordance with Section 6.16 of the Town of Port Hedland Local Law on Standing Orders nobody shall use any visual or vocal electronic device or instrument to record the proceedings of any meeting unless that person has been given permission by the presiding member to do so.'*

Presiding Member opened Public Question Time at 12:09pm.

**5.1 Public Question Time**

Nil

Presiding Member closed Public Question Time at 12:09pm.

Presiding Member opened Public Statement Time at 12:10pm.

**5.2 Public Statement Time**

Nil

Presiding Member closed Public Statement Time at 12:10pm.

**ITEM 6 QUESTIONS FROM MEMBERS WITHOUT NOTICE**

**6.1 Councillor Jacob – Presiding Member**

*At the 22 April 2015 Audit and Finance Committee meeting there was a request for Town officers to provide a register of the outstanding recommendations and their status from the internal audit performed by UHY Haynes Norton. It hasn't been included in this agenda. Can this be included in future agendas?*

Chief Executive Officer advised that the request would be taken on notice.

*As previously requested at the last Audit and Finance Committee meeting, would it be possible for the Officers to provide information regarding the cost to repair or remove the Tower at the Port Hedland Visitors Centre?*

Chief Executive Officer advised that the report would require some time to compile and would be taken on notice.



**ITEM 7 DECLARATION BY MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING**

Councillor Jacob – Presiding Member	Councillor Butson – Deputy Presiding Member
Mayor Howlett	Mr Hrambanis

**ITEM 8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**8.1 Confirmation of Minutes of the Audit & Finance Committee Meeting held on Wednesday 22 April 2015**

**201415/045 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: CR BUTSON**

**That the Audit, Risk and Governance Committee confirm that the Minutes of the Audit & Finance Committee Meeting held on Wednesday 22 April 2015 are a true and correct record.**

**CARRIED 4/0**

**ITEM 9 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

Nil

**ITEM 10 PETITIONS/ DEPUTATIONS/ PRESENTATIONS/ SUBMISSIONS**

**10.1 Mr Ross Kyrwood, CEO, Ms Jenny Burns, Ms Diana Versace, CFO, Mr Travis Doye, Acting Executive Manager, Incoming Executive Manager, Recreation and Accommodation, from YMCA**

The YMCA discussed the following topics:

- The financial certainty of income and expenditure and the impact of the deficit risk to the Town going forward
- The current financial performance of the facilities against Tender Budget and agreed budget for 2014/15
- Housing Subsidy

*Disclaimer*

*Members of the public are cautioned against taking any action on Committee decisions, on items on today'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 Community and Development Services**

**11.1.1 Town of Port Hedland Leisure Facilities Management Contract - Review May 2015**

Graeme Hall, Manager Recreation Services and Facilities  
File No. 26/04/0015

**DISCLOSURE OF INTEREST BY OFFICER**

Nil

**201415/046 AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: CR BUTSON**

**That the Audit, Risk and Governance Committee close the meeting to members of the public as prescribed in section 5.23(2) of the Local Government Act 1995 to discuss the confidential documents provided by YMCA.**

***CARRIED 4/0***

12:42pm Presiding Member advised that the meeting is closed to members of the public.

**201415/047 AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: CR BUTSON**

**That the Audit, Risk and Governance Committee open the meeting to members of the public.**

***CARRIED 4/0***

1:22pm Presiding Member advised that the meeting is open to members of the public.

**RECOMMENDATION**

**That Audit, Risk and Governance Committee recommend that Council:**

- 1. Note that the May monthly report as provided by the YMCA.**
- 2. Note the Risk Assessment Report – attachment 1 prepared by officers in response to the request made by the Audit and Finance Committee at its meeting on 22 April.**
- 3. Note the draft budget as presented by the YMCA for the 2015/2016 financial year.**

**201415/048 AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: MR HRAMBANIS**

**That Audit, Risk and Governance Committee hold an Audit, Risk and Governance Committee meeting to discuss item 11.1.1 'Town of Port Hedland Leisure Facilities Management Contract - Review May 2015' on Wednesday 17 June 2015 at 1:00pm.**

***CARRIED 4/0***

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**EXECUTIVE SUMMARY**

The purpose of this report is to respond to the request by the Audit and Finance Committee that they be provided with the following:

- A risk management plan for the expected under performance of the 2014/2015 budget
- A proposal for the 2015/16 budget

It is recommended that the Audit and Finance Committee note both the internal Risk Assessment document as provided by officers and the draft 2015/2016 Budget as received from the YMCA on 27 April 2015.

**DETAILED REPORT**

The YMCA of Perth is engaged to manage the Town of Port Hedland Leisure Facilities. The current contract agreement commenced in July 2012, and is for a four year term. The current contract will conclude on 30 June 2016.

The YMCA is required to provide a monthly report by the 15<sup>th</sup> of each month. The monthly reports for September, December, March and June (Annual Report) are presented to the Audit and Finance Committee as quarterly reports. During the 2014/2015 financial year there has been a level of apprehension with regard to the financial performance of leisure facilities. Following each of its quarterly meetings the Audit and Finance Committee have sought additional information. Most recently information has been requested about the draft budget for the 2015/2016 financial year and a Risk Assessment Report for the current financial year.

A Risk Assessment Report (attachment 1) has been prepared internally by the Town. The initial recommendation was for the YMCA to prepare the report, however, officers have presented a report that provides the Council with an organizational viewpoint. The report is a conjoining of the financial information from the YMCA with an insight of the contract under which the YMCA are required to operate. The document provides the Audit and Finance Committee with two perspectives, these being 'contractual risk' and an understanding of the 'social obligations' that the Town has as a provider of leisure facilities.

The Risk Assessment Report (attachment 1) identifies six key areas of risk. It is clear from discussions with the YMCA in compiling this document that they will be seeking to reduce their responsibility for the additional operating deficit

at the end of the current financial year. At the current time this is in excess of \$300,000. The YMCA are expected to seek concessions from the Town with regard to:

- The staffing costs attributed to Gratwick Aquatic Centre for the period July to September (for the operation of the gym July to September during a period of pool closure)
- The revenue shortfall of the Wave Rider at the South Hedland Aquatic Centre
- The implications of a \$1.00 entry fee to the aquatic centres for children
- The economic down turn in Port Hedland that has seen a drop in membership income
- Modified hours of operation (South Hedland and Gratwick Aquatic Centre's changing their roles as the seasonal and year round operations)
- The impact of Health Department of Western Australia closures due to Cryptosporidium.

With the exception of the staffing costs at Gratwick Aquatic Centre which is estimated at \$36,000 and the impact of the \$1.00 child entry to the aquatic centres which could be \$92,282 the extent of the YMCA's requests are indeterminate. The YMCA has to date not provided any clarity with regard to what their expectations might be with regard to the remaining risks. At the time of writing this report the YMCA had provided a verbal commitment to provide detailed information by Friday 15 May 2015.

All requests for variations need to be well articulated by the YMCA with details clearly stated and evidence for each claim supplied. The Town would need to scrutinize the figures heavily as part of any negotiation process.

Under the contract the YMCA are obligated to review the facility operating budgets in February each year. The contract also requires that the YMCA provide a business plan, maintenance schedule and promotion/communications plans in February each year. These documents are intended to support the budget position as presented by the YMCA as a contractor. Attachment 2 is the draft budget provided to the Town as of 27 April 2015. At the time of preparing this report the Town has not received the required plans or schedules to support the budget figures.

The contract for the management of the leisure facilities is very specific about the YMCA obligations to provide the Town with revised/updated plans and schedules. The following sections of the contract clearly outline the requirements for the contractor:

- 8.2 Review of Operating Budgets
- 18.1 (7) Cleaning on the Facilities and Surrounding Landscapes
- 18.2 Servicing and Maintenance
- 32.1 Annual Business Plans

The provision of supporting information has been requested from the YMCA on a number of occasions (verbally and in writing).

In 2012, when the contract between the Town and the YMCA was endorsed by the Council there was an agreement to the operational deficits for each of the four years of the contract. In 2014/2015 the Council resolved that the operating deficit for the three leisure facilities would be as per the contract. In 2015/2016 the endorsed operating deficit as per the contract is \$2,273,714 (including management fees (\$330,652)).

An overview of the budget information as provided by the YMCA is as follows:

- Proposed operational deficit is \$2,375,673
- The proposed operational deficit is \$101,959 greater than the \$2,273,714 as stated in the contract
- Income expectations in the 2015/2016 budget are reduced by \$597,023
- Expenditure has been reduced by \$474,197

The strategy adopted by the YMCA is to reduce the income expectations of each facility. It is however, hard to determine the anticipated outcomes of the budget proposal due to there being no supporting information to provide clarity as to what services and facilities will be provided, and how key performance indicators will be met.

Observations regarding the budget made by officers are:

- Why is the housing cost \$187,200 being maintained given that the YMCA own their own accommodation and staff are being required to pay \$450 per week
- What is the staffing structure given the level of savings proposed
- What will be the implications of reduced expenditure in marketing costs
- What are the risks to the Town's assets as a result of not increasing maintenance expenditure at Wanangkura Stadium and not having a maintenance schedule to support the budget allocation

It is understood that the YMCA are proposing to eliminate the role of Swim School Coordinator as a budget saving. The swim school is an integral part of the business and by not filling this role the YMCA are unlikely to realize the potential of this very important program. In 2012, the YMCA made a very compelling case to add this position to the staff structure. The argument made at the time was that this was the single most important income stream for the aquatic centres.

### **FINANCIAL IMPLICATIONS**

There are two clear financial outcomes being addressed as part of the recommendations of this report to the Audit, Risk and Governance Committee, these being:

1. The identification of risks that the Council may need to address if the YMCA seek variations to reduce their obligations regarding the over expenditure of the leisure centres operating budgets. The over expenditure is known to be in excess of \$300,000 at the current time.
2. The consideration of a draft budget document by the YMCA that:

- Exceeds by \$101,959 the amount endorsed by the Council of \$2,273,714
- Is not supported by any supporting documentation or plans
- Reduces income expectations by \$597,023 without offering an explanation as to how key performance indicators are going to be achieved

The overall impact of the matters outlined in this report may have a significant impact on the budgets in both the current and 2015/2016 financial years. It is also possible that the community will receive a lesser level of service if the budget paradigm is adjusted in a manner that allows the YMCA to achieve a financial outcome by means of offering fewer programs and services.

### **STATUTORY AND POLICY IMPLICATIONS**

Section 1.2 'A vibrant community rich in diverse cultures' of the Strategic Community Plan 2014 – 2024 applies as the contract with the YMCA seeks to deliver facilities and services of a high standard and therefore attract and retain residents and increase the permanent population of the Town.

### **ATTACHMENTS**

1. Monthly Report document for Audit and Finance Committee (Under Separate Cover)
2. Risk Assessment Report (Under Separate Cover)
3. Risk Analysis and Report
4. Letter to YMCA regarding maintenance audit – to Risk Assessment document
5. Profit and Loss – Recreation Centres (Under Separate Cover)

21 May 2015

**ATTACHMENT 3 TO ITEM 11.1.1**

	<b>Income</b>	<b>2015/16 Budget</b>	<b>2014/15 Budget</b>	<b>Forecast</b>
<b>Income</b>	Gratwick	\$243,050	\$330,491	\$216,845
	SHAC	\$498,660	\$644,906	\$375,265
	Wana	\$2,215,634	\$2,578,970	\$1,990,491
	<b>Total</b>	<b>\$2,957,344</b>	<b>\$3,554,367</b>	<b>\$2,582,601</b>
<b>Expense</b>	Gratwick	\$772,380	\$882,647	\$693,614
	SHAC	\$1,711,378	\$1,810,199	\$1,512,859
	Wana	\$2,518,607	\$2,783,716	\$2,287,760
	<b>Total</b>	<b>\$5,002,366</b>	<b>\$5,476,563</b>	<b>\$4,494,233</b>
<b>Net Operating Result</b>	Gratwick	-\$529,329	-\$552,156	-\$476,769
	SHAC	-\$1,212,718	-\$1,165,293	-\$1,137,594
	Wana	-\$302,974	-\$204,746	-\$297,269
	<b>Net Operating Result</b>	<b>-\$2,045,021</b>	<b>-\$1,922,196</b>	<b>-\$1,911,632</b>

# AUDIT, RISK & GOVERNANCE COMMITTEE MEETING MINUTES 10 JUNE 2015

## 2015/2016 GRATWICK AQUATIC CENTRE

Income	2015/16 Budget	2014/15 Budget	Forecast	Variance
Aqua Aerobics Income	\$2,435	\$2,034	\$2,219	\$216
General Admission Income				
Casual Adult	\$40,729	\$34,600	\$37,724	\$3,005
Casual Child	\$8,682	\$6,563	\$7,926	\$756
Casual Family	\$0	\$0	\$410	-\$410
Spectator	\$1,088	\$1,753	\$908	\$180
Memberships	\$100,000	\$162,931	\$93,563	\$6,437
Aquatic Program Income			-\$575	
Adult	\$0	\$2,211		\$0
Child	\$1,440	\$1,145		\$1,440
Training	\$2,795	\$2,662		\$2,795
Schools Aquatic Program Income	\$1,227	\$1,736	\$950	\$277
Birthday Party Income	\$2,227	\$2,416	\$966	\$1,261
Aquatic Education Income	\$45,864	\$50,570	\$40,395	\$5,469
Facility Rental Income	\$4,400	\$16,256	\$4,172	\$228
Café Income	\$22,554	\$30,613	\$20,024	\$2,530
Merchandise Income	\$9,608	\$15,000	\$8,162	\$1,446
<b>Total</b>	<b>\$243,050</b>	<b>\$330,491</b>	<b>\$216,845</b>	<b>\$26,205</b>
Expense				
Salaries				
Area Manager	\$48,261	\$48,262	\$31,705	\$16,556
Housing Allocation	\$62,400	\$118,392	\$0	\$62,400
Vehicle Expense	\$5,000	\$5,500	\$1,120	\$3,880
Centre Manager	\$76,667	\$120,534	\$156,053	-\$79,387
Duty Managers	\$113,037	\$110,305	\$133,069	-\$20,032
Aqua Aerobics Instructors	\$6,632	\$12,982	\$5,478	\$1,153
Aquatic Education Instructors	\$16,208	\$36,144	\$37,756	-\$21,547
Lifeguards	\$115,599	\$112,493	\$116,319	-\$730
Aquatic Program Staff	\$2,189	\$3,270	\$46	\$2,143
Birthday Party Leaders	\$623	\$675	\$16	\$607
Business Support Officer		\$11,186	\$6,342	-\$6,342
			\$0	\$0
Birthday Party Expense	\$393	\$280	\$0	\$393
Café Expense	\$14,660	\$15,306	\$13,555	\$1,105
Merchandise Expense	\$6,245	\$7,500	\$5,075	\$1,170
Marketing Expense	\$1,750	\$6,000	\$1,255	\$495
Insurances	\$1,292	\$4,630	\$941	\$351
Bank Charges Expense	\$3,762	\$2,228	\$3,653	\$110
Cash Security Expense	\$592	\$2,448	\$575	\$17
Telephone / Internet Expense	\$5,087	\$5,215	\$4,939	\$148
Postage & Courier Expense	\$140	\$765	\$136	\$4
Stationary and Printing Expense	\$5,151	\$10,053	\$5,001	\$150
Licenses & Subscriptions	\$964	\$5,669	\$936	\$28
CERM	\$2,500	\$2,500	\$2,188	\$313
Training Expense	\$7,410	\$4,000	\$864	\$6,546
Recruitment Expense	\$1,000	\$912	\$0	\$1,000
Travel Expense	\$5,250	\$3,346	\$1,651	\$3,599
Uniforms	\$2,500	\$5,055	\$2,542	-\$42
Consumables Expense	\$742	\$98	\$720	\$22
Staff Amenities	\$982	\$1,200	\$953	\$29
Electricity	\$31,104	\$34,548	\$22,217	\$8,887
Water Expense	\$39,714	\$29,700	\$28,367	\$11,347
Maintenance Expense	\$80,008	\$75,732	\$51,858	\$28,150
Security Expense	\$3,862	\$5,049	\$3,749	\$112
Pool Chemicals Expense	\$36,210	\$21,152	\$35,155	\$1,055



## AUDIT, RISK & GOVERNANCE COMMITTEE MEETING MINUTES 10 JUNE 2015

Equipment Replacement	\$6,000	\$6,027	\$5,518	\$482	
Cleaning	\$10,870	\$18,003	\$10,553	\$317	
Gardening Expense	\$45,000	\$30,856	\$32,392	\$12,608	
First Aid and Safety	\$2,000	\$2,388	\$1,259	\$741	
Waste Disposal	\$1,200	\$144	\$910	\$290	
Equipment Lease Expense	\$9,387	\$2,099	\$1,575	\$7,812	
Total Expense	\$772,380	\$882,647	\$693,614		
Net Operating Result	-\$529,329.47	-\$552,155.99	-\$476,768.73		

# AUDIT, RISK & GOVERNANCE COMMITTEE MEETING MINUTES 10 JUNE 2015

## 2014-15 SOUTH HEDLAND AQUATIC CENTRE

Income	2015/16 Budget	2014/15 Budget	Projection	Notes
<u>Aqua Aerobics Income</u>	\$3,161	\$7,005	\$2,568	
<u>General Admission Income</u>				
<u>Casual Adult</u>	\$102,037	\$124,341	\$89,190	
<u>Casual Child</u>	\$55,177	\$27,588	\$22,768	
<u>Casual Family</u>	\$1,730	\$0	\$1,623	
<u>Spectator</u>	\$2,283	\$4,436	\$4,666	
<u>Memberships</u>	\$29,966	\$9,749	\$33,704	
<u>Surf Machine Income</u>	\$18,378	\$122,482	\$3,617	
<u>Aquatic Program Income</u>				
<u>Adult</u>	\$0	\$3,840	\$1,748	
<u>Child</u>	\$3,345	\$3,564	\$0	
<u>Training</u>	\$5,324	\$5,324	\$0	
<u>Birthday Party Income</u>	\$3,818	\$5,420	\$1,084	
<u>Schools Aquatic Program Income</u>	\$6,591	\$3,591	\$6,295	
<u>Aquatic Education Income</u>	\$153,950	\$183,890	\$110,449	
<u>Facility Rental Income</u>	\$19,678	\$8,844	\$17,789	
<u>Café Income</u>	\$70,000	\$113,610	\$63,949	
<u>Merchandise Income</u>	\$23,223	\$23,223	\$15,835	
Admin Income				
<b>Total</b>	<b>\$498,660</b>	<b>\$644,906</b>	<b>\$375,265</b>	
<b>Expense</b>			<b>\$0.00</b>	
Salaries				
<u>Area Manager</u>	\$48,261	\$48,262	\$39,777	
<u>Housing Allocation</u>	\$62,400	\$118,392	\$0	
<u>Vehicle Expense</u>	\$5,000	\$7,500	\$3,310	
<u>Centre Manager</u>	\$153,333	\$118,803	\$192,931	
<u>Duty Managers</u>	\$219,510	\$154,144	\$182,497	Assumption of opening 30 minutes later in winter
<u>Aqua Aerobics Instructors</u>	\$14,016	\$24,678	\$17,912	
<u>Aquatic Education Instructors</u>	\$47,382	\$102,827	\$100,233	
<u>Lifeguards</u>	\$319,682	\$322,809	\$278,694	
<u>Surf Machine Operators</u>	\$38,265	\$96,352	\$0	
<u>Kiosk</u>	\$0	\$65,689	\$0	
<u>Aquatic Program Staff</u>	\$3,502	\$7,170	\$122	
<u>Birthday Party Leaders</u>	\$1,178	\$1,901	\$31	
<u>BSO</u>			\$10,382	
<u>Birthday Party Expense</u>	\$674	\$1,011	\$0	
<u>Café Expense</u>	\$49,000	\$56,805	\$87,534	
<u>Merchandise Expense</u>	\$11,611	\$11,611	\$6,548	
<u>Marketing Expense</u>	\$6,000	\$16,900	\$6,865	
<u>Insurances</u>	\$3,045	\$7,287	\$2,443	
<u>Bank Charges Expense</u>	\$3,133	\$4,160	\$2,233	
<u>Cash Security Expense</u>	\$1,613	\$4,068	\$1,549	
<u>Telephone / Internet Expense</u>	\$11,973	\$8,061	\$7,890	
<u>Postage &amp; Courier Expense</u>	\$812	\$532	\$629	
<u>Stationary and Printing Expense</u>	\$6,194	\$12,000	\$5,256	
<u>Licenses &amp; Subscriptions</u>	\$6,402	\$6,402	\$2,491	
<u>CERM</u>	\$2,500	\$2,500	\$2,516	
<u>Training Expense</u>	\$16,515	\$12,454	\$6,482	
<u>Recruitment Expense</u>	\$1,000	\$794	\$0	
<u>Travel Expense</u>	\$5,250	\$4,877	\$4,702	

## AUDIT, RISK & GOVERNANCE COMMITTEE MEETING MINUTES 10 JUNE 2015

<a href="#">Uniforms</a>	\$5,498	\$5,496	\$3,816
<a href="#">Consumables Expense</a>	\$201	\$201	\$495
<a href="#">Staff Amenities</a>	\$4,200	\$4,200	\$3,179
<a href="#">Equipment Lease</a>	\$7,608	\$2,099	\$1,811
<a href="#">Electricity</a>	\$272,392	\$271,304	\$223,751
<a href="#">Water Expense</a>	\$51,114	\$33,504	\$41,986
<a href="#">Maintenance Expense</a>	\$154,370	\$130,370	\$129,131
<a href="#">Security Expense</a>	\$6,680	\$3,422	\$5,594
<a href="#">Pool Chemicals Expense</a>	\$77,018	\$58,704	\$64,493
<a href="#">Equipment Replacement</a>	\$10,140	\$9,052	\$8,491
<a href="#">Cleaning</a>	\$28,558	\$28,839	\$23,914
<a href="#">Gardening Expense</a>	\$50,000	\$41,114	\$38,525
<a href="#">First Aid and Safety</a>	\$4,081	\$3,682	\$3,417
<a href="#">Waste Disposal</a>	\$1,466	\$221	\$1,228
<b>Total Expense</b>	<b>\$1,711,378</b>	<b>\$1,810,199</b>	<b>\$1,512,859</b>
<b>Net Operating Result</b>	<b>-\$1,212,718</b>	<b>-\$1,165,293</b>	<b>-\$1,137,594</b>

# AUDIT, RISK & GOVERNANCE COMMITTEE MEETING MINUTES 10 JUNE 2015

## WANANGKURA STADIUM 2015/16 OPERATIONAL BUDGET

Income	2015/16 Budget	Previous Budget	Forecast 2014/15	Notes
Crèche Income	\$29,553	\$36,941	\$31,281	
Childrens Program Income	\$11,400	\$42,449	\$9,175	
Holiday Program Income	\$63,564	\$53,200	\$45,148	
Birthday Party Income	\$0	\$5,236	\$0	
Casual Group Fitness Income	\$74,929	\$113,415	\$95,693	
Health Club Membership Income	\$1,432,262	\$1,579,515	\$1,318,436	
Joining Fee Income	\$32,400	\$77,760	\$0	
Casual Health Club Income	\$190,909	\$169,091	\$189,957	
Personal Training Income	\$49,091	\$73,555	\$48,217	
Adult Programs Income	\$41,952	\$41,952	\$12,165	
Adult Sports Competition	\$83,949	\$108,957	\$69,881	
Junior Sports Competitions	\$19,614	\$9,324	\$57	
Facility Rental Income			\$0	
Function Room Rental	\$31,176	\$65,906	\$23,360	
Meeting Room Rental	\$11,366	\$32,062	\$9,312	
Sports Hall Rental	\$38,970	\$47,942	\$28,209	
Squash Court Rental	\$43,080	\$48,465	\$44,545	
Café Income	\$71,400	\$61,200	\$65,053	
Sponsorship Income	\$0	\$12,000	\$0	
<b>Total</b>	<b>\$2,215,634</b>	<b>\$2,578,970</b>	<b>\$1,990,491</b>	
Expense				
Salaries				
Area Manager	\$48,261	\$48,839	\$59,574	
Housing Allocation	\$62,400	\$118,392	\$0	
Vehicle Expense	\$5,000	\$5,500	\$1,494	
Centre Manager	\$115,000	\$120,534	\$123,469	
Team Sports Manager	\$93,500	\$104,353	\$74,078	
Customer Service & Functions Manager	\$93,500	\$104,353	\$90,657	
Business Support & Training & Officer	\$73,552	\$89,647	\$91,369	
Health & Fitness Manager	\$110,328	\$112,059	\$75,461	
Customer Service Officers	\$223,389	\$236,571	\$215,139	
Duty Managers	\$116,113	\$124,979	\$155,212	
Holiday Program Staff	\$50,907	\$38,009	\$44,592	
Creche Team Leader	\$58,493	\$63,165	\$18,499	Increase on forecast as previous Team Leader regularly absent
Creche Play Leader	\$68,508	\$73,246	\$70,284	
Gym Instructors	\$138,827	\$152,977	\$146,275	Additional 9 hours per week to man the Gratwick gym
Personal Trainers	\$45,894	\$64,756	\$49,496	
Group Fitness Instructors	\$164,956	\$187,918	\$163,725	
Umpires	\$48,142	\$67,409	\$42,846	
Adult Term Program Instructors	\$30,068	\$31,555	\$12,618	
Childrens Term Program Instructors	\$5,122	\$33,262	\$14,566	
Birthday Party Leaders	\$0	\$2,161	\$250	
Creche Expense	\$1,800	\$1,800	\$0	
Birthday Party Expense	\$0	\$1,506	\$0	
Holiday Program Expense	\$11,040	\$3,650	\$0	
Café Expense	\$45,060	\$36,000	\$39,871	
Marketing Expense	\$30,000	\$40,100	\$28,318	
Insurance	\$11,671	\$13,732	\$10,732	
Bank Charges Expense	\$16,967	\$20,256	\$16,472	
Cash Security Expense	\$7,952	\$10,176	\$7,720	
Telephone / Internet Expense	\$35,000	\$27,540	\$38,693	
Postal and Courier Expense	\$2,500	\$684	\$2,459	
Stationary and Printing Expense	\$21,921	\$36,144	\$21,283	
Licenses and Subscriptions	\$36,000	\$26,891	\$41,331	
CERM	\$4,750	\$4,750	\$0	
Training	\$29,009	\$38,000	\$10,388	
Recruitment	\$500	\$2,600	\$453	
Travel	\$10,500	\$11,376	\$4,576	
Uniforms	\$9,150	\$14,400	\$12,199	
Consumables	\$1,600	\$2,040	\$1,600	
Staff Amenities	\$600	\$1,020	\$307	
Equipment Lease	\$62,363	\$62,363	\$62,693	Flagging 180k
Utilities	\$292,596	\$313,538	\$278,663	
Maintenance Expense	\$149,326	\$149,326	\$94,719	\$50k due to be spent in last three months on preventative maintenance
Security Expense	\$3,245	\$3,246	\$0	
Equipment Replacement	\$11,580	\$11,580	\$13,419	
Cleaning	\$144,000	\$144,000	\$137,709	

## AUDIT, RISK & GOVERNANCE COMMITTEE MEETING MINUTES 10 JUNE 2015

Gardening Expense	\$9,600	\$9,600	\$8,533	
First aid and safety	\$1,500	\$1,298	\$2,254	
Waste Disposal	\$4,416	\$4,416	\$3,761	
PHL Sporting Club usage	\$12,000	\$12,000	\$0	
<b>Total Expense</b>	<b>\$2,518,607</b>	<b>\$2,783,716</b>	<b>\$2,287,760</b>	
<b>Net Operating Result</b>	<b>-\$302,974</b>	<b>-\$204,746</b>	<b>-\$297,269</b>	



Daniel Murphy  
Area Manager Port Hedland  
YMCA Perth  
201 Star Street  
WELSHPOOL WA 6106



Our Ref:  
Enquiries: Graeme Hall  
Direct Line: (08) 9158 9647

Dear Dan

**RE: MAINTENANCE SCHEDULES – TOWN OF PORT HEDLAND  
LEISURE FACILITIES**

As part of the Town's ongoing auditing of maintenance at the leisure centres can you please provide evidence that the following works have been completed:

**Wanangkura Stadium**

- Yearly service – Timber Flooring

**Gratwick Aquatic Centre**

- Half yearly service – Retractable shade sails

**South Hedland Aquatic Centre**

- Monthly service – Calibrate chemical controller and record all data

**BHPB- Wave Rider**

The following are required to be completed on weekly basis. Can you please provide records of this being completed during the month of January?

- Visual inspection drive belts
- Visual inspection tube nozzle
- Cleaning tube nozzle fascia plate
- Visual inspection ventilations fans/vents
- Check oil level
- Drain receiver
- Clean intake filter
- Visual inspection ride surface
- Inspect floor drainage

It would be appreciated if this information could be provided to the Town of Port Hedland prior to close of business on Tuesday 3 March 2015.

Thank you for your assistance with this matter.

Civic Centre  
McGregor Street

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PORT  
HEDLAND  
PILBARA'S  
PORT CITY



Yours sincerely



**Lucas Wimmer**  
Club Development Officer

Tuesday, 24 February 2015

Civic Centre  
McGregor Street

PO Box 41  
Port Hedland, WA 6721

**P** (08) 9158 9300  
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**PORT  
HEDLAND**  
PILBARA'S  
PORT CITY



### **11.1.2 Port Hedland Courthouse Gallery Contract Extension**

Paul Howrie, Manager Community Development  
File No.05/09/0017; 20/01/0026

#### **DISCLOSURE OF INTEREST BY OFFICER**

Nil

#### **201415/049 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: MR HRAMBANIS**

**That the Audit, Risk and Governance Committee:**

- 1. Receive and note the update on the extension of the Management Agreement with FORM for the Port Hedland Courthouse Gallery.**
- 2. Recommends that Council request the Chief Executive Officer, or his delegate(s), to negotiate and enter into a Management Agreement with FORM for the Courthouse Gallery for a 2 year period concluding on 30<sup>th</sup> June 2017.**

***CARRIED 4/0***

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#### **EXECUTIVE SUMMARY**

The purpose of this report is to update the Audit, Risk and Governance Committee ("Committee") on the extension to the management agreement for FORM to continue to manage the Port Hedland Courthouse Gallery for the 2015/16 and 2016/17 financial periods. The current management agreement expires on 30<sup>th</sup> June 2015.

#### **DETAILED REPORT**

The Management Agreement between the Town and FORM for the Courthouse Gallery expires on 30<sup>th</sup> June 2015. The current Management Agreement contains the following clause to extend the term: -

'The Town may in its sole discretion extend this Contract for an additional term of up to 2 years provided the Town gives the Contractor written notice of its intention to put into effect the Initial Extension at least three months prior to the expiry of the Initial Contract Term.'

The Town has contacted FORM to seek their interest in managing the PHCG for a further two years. In response, FORM has requested that the Town consider financially contributing towards the Hedland Art Awards, as part of the discussion for extending the current management agreement. As a result Council at its Ordinary Council Meeting on 27<sup>th</sup> May 2015 endorsed as part of its third quarter budget review, an allocation of \$35,000 towards the prize money for the Port Hedland Art Awards for 2015/16. In return, FORM will align the Art Awards with the start of the North West Festival and continue to be



involved with the Saturday morning Fringe activities of the Festival. The Town would also become a category sponsor of the Port Hedland Art Awards.

Specifically, the agreed changes to the existing contract extension would include: -

- FORM agrees to align the Hedland Art Awards with the start of the North West Festival. For clarification, the 2015 Hedland Art Awards will be held on Thursday evening 20<sup>th</sup> August 2015. The date for the 2016 Art Awards will be determined by mutual agreement between both Parties but will be aligned with the start of the North West Festival.
- FORM agrees that it will continue to be actively involved with the fringe activities on the Saturday morning of the North West Festival, which will include activation activities as mutually agreed to by both Parties.
- The Town will make a contribution of \$35K (ex GST) per year (financial years 2015/16 and 2016/17) which is to be used by FORM for the Hedland Art Awards. This money will be used to increase the prize money for the event, and the Town of Port Hedland will be nominated as one of the Category Sponsors of the Hedland Art Awards. The \$35K (ex GST) will be paid to FORM as a lump sum amount in the 1<sup>st</sup> quarter of each new financial year on the provision of a valid tax invoice.
- The contracted amount for the Courthouse Gallery which for 2014/15 is \$407,066 (ex GST) will be indexed by CPI (All Groups Perth, June Qtr) for the 2015/16 and the 2016/17 financial years.

The existing KPIs listed in the current management agreement will remain.

It is recommended that the CEO be delegated authority to negotiate the final contract agreements with FORM, for a 2 year extension of the management agreement for the PHCG.

### **FINANCIAL IMPLICATIONS**

Council will need to allocate \$407,066 (ex GST) plus CPI increases in the 2015/16 and 2016/17 budgets for the contract management fee of the PHCG, payable quarterly in advance, subject to the final contract negotiations.

An amount of \$35,000 (ex GST) being the Town's contribution towards the 2015/16 Port Hedland Art Awards has already been allocated in the current operating budget as mentioned earlier in this report. An amount of \$35,000 being the Town's contribution, will need to be allocated in the Town's 2016/17 operating budget.

### **STATUTORY AND POLICY IMPLICATIONS**

Strategic Community Plan 2014 – 2024

This report aligns with the strategic theme and associated performance indicators within the current *Strategic Community Plan 2014 - 2024*. This proposed project falls under the strategic theme (section 1.2) to support a vibrant community rich in diverse cultures.

In part, this strategic theme also highlights the delivery and support of programs, events, facilities and services which attract and retain residents to increase our permanent population, and also to celebrate our multiculturalism, indigenous culture, arts and history.

**ATTACHMENTS**

1. Current Management Agreement – Town of Port Hedland Courthouse Gallery (Under Separate Cover)

27 May 2015

### **11.1.3 Port Hedland Visitor Centre Management Agreement Extension**

Brie Holland, Economic Development Officer  
File No. 05/09/0017

#### **DISCLOSURE OF INTEREST BY OFFICER**

Nil

#### **RECOMMENDATION**

**That the Audit, Risk and Governance Committee recommend to Council that it notes the update on the extension of the Management Agreement with FORM for the Port Hedland Visitors Centre.**

#### **201415/050 AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: MR HRAMBANIS**

**That the Audit, Risk and Governance Committee recommend to Council that it:**

- 1. Note the update on the extension of the Management Agreement with FORM for the Port Hedland Visitors Centre.**
- 2. Request the Chief Executive Officer, or his delegate(s), to prepare a report for the 22 July 2015 OCM on the formation and operations of the proposed Tourism/ Economic Development reference group.**

***CARRIED 4/0***

---

#### **EXECUTIVE SUMMARY**

The purpose of this report is to update the Audit, Risk and Governance Committee ("Committee") on the extension to the management agreement (attached to this report) for FORM to continue to manage the Port Hedland Visitors Centre (PHVC) for the 2015/16 and 2016/17 financial periods. The current management agreement expires on 30<sup>th</sup> June 2015.

#### **DETAILED REPORT**

FORM have successfully managed the Town of Port Hedland's (the "Town") PHVC for the past three years. The PHVC refurbishment has been well received by residents and visitors. Tourism Council Australia carried out an audit of the PHVC in March of this year.

Once the report has been received FORM will forward a copy to the Town. The report provided positive verbal feedback and made specific verbal mention that the PHVC was the "best presented Visitor Centre in the State". Tourism Council went on to encourage the PHVC to nominate the 'Discover the Pilbara' online platform for a State Tourism Award.

The Management Agreement between the Town and FORM expires on 30<sup>th</sup> June 2015. The current Management Agreement contains the following clause to extend the term: -

*'The Town may in its sole discretion extend this Contract for an additional term of up to 2 years provided the Town gives the Contractor written notice of its intention to put into effect the Initial Extension at least three months prior to the expiry of the Initial Contract Term.'*

On Wednesday 26 November 2014 the Council resolved the following:-

*"Approve to extend the current contract with FORM for an additional term of up to two years, subject to agreeable management fee negotiations carried out by the CEO or his delegated officer and provided the Town gives FORM written notice of its intention to put into effect the initial extension at least three months prior to the expiry of the initial contract term (as per current contractual terms) subject to successful negotiations of the following:*

- *Management of all activities associated with the cruise ship visits*
- *Establishment of Key Performance Indicators*
- *Establishment of a Community reference group*
- *Development of Indigenous tourism products*
- *Development of a Port Hedland promotion campaign*

A Concept Briefing was held on Wednesday 22 April 2015 regarding the proposed variations to the contract.

#### *Contract variations*

Management of all activities associated with the cruise ship visit

All parties agree that the cruise ships visits require a great deal of flexibility and cooperation amongst all stakeholders. All entities have shown a willingness to work together as we strive improve from visit to visit. One example of the cooperation will be the production of a short vignette showcasing Port Hedland for the 2015/ 2016 seasons. The Town has received funding from the Pilbara Development Commission and the vignette will be co-produced by all the stakeholders. The responsibilities for each organisation are noted below.

The Town of Port Hedland:

- Organises the Ambassadors including supplying hats, shirts and lunch;
- Organises various functions on the day of the visit including cold water and chair rental; and
- Assists with the set up and break down.

The Chamber of Commerce:

- Markets the upcoming visitation to local businesses and provides advice on how increase patronage on the day of the visits; and

- Assists with the Ambassador recruitment and supplies some volunteers (based upon capacity) on the day of the visit including setting up and breaking down.

The Visitors Centre:

- Organises the tours on the day of visit;
- Organises the traffic management on the day of the visit;
- Organises the markets in conjunction with the Town;
- Assists with breakdown and set on the day of the visit; and
- Acts as primary contact with the cruise companies and ground agents (not the exclusive liaisons).

Establishment of Key Performance Indicators

Both parties will work collaboratively to ensure KPI's are met. The Town also agrees to help attract additional membership. Current KPI's within the agreement will include:

- Increasing centre membership;
- Maintaining minimum staffing of three Coordinators;
- Maintaining opening hours: Monday to Friday: 9-5; Saturday: 9am - 2pm; Sunday: 9am -2pm (peak tourism season); Closed for public holidays;
- Retaining Level 1 accreditation through the WA Visitor Centre Accreditation Program;
- Encouraging the Centre to be part of the regional school's curriculum and education program; and
- Providing tours - BHP industrial tour, Historical Tour and the Spinifex Hill Art Studio tour.

Establishment of a Community reference group

A Tourism/ Economic Development reference group is being developed and led by the Town. FORM will be a representative and participant. Other participants could include Chamber of Commerce, Representatives of the local hotel industry, Representatives of industry, Representatives of various small businesses that would benefit or have an interest in tourism, Pilbara Development Commission and the Seafarers Centre.

Development of Indigenous tourism product

FORM are willing to participate in collaborating with the Town, should the Town be successful in obtaining grant funding designed specifically for aiding the development of Indigenous specific tourism products.

Development of a Port Hedland promotion campaign

FORM is and will continue to be active in delivering promotion campaigns highlighting Port Hedland as a Tourist destination and is willing to collaborate with the Town's Corporate Information team to further facilitate this resolution. Additionally the Port Hedland Chamber of Commerce, the Town and FORM will collaborate closely in creating a presence at the Perth Caravan and Camping show held annually in Perth, from 2016.

FORM has successfully managed the Town's PHVC to a high quality for the past three years. The PHVC refurbishment is well received by residents and visitors and has raised the bar on what can be achieved in the realm of interior architecture for Visitor Centres in the State. Tourism Council Australia carried out an audit of the PHVC in March of this year. Once the report has been received FORM will forward a copy to the Town. The Tourism Council provided positive verbal feedback and making specific verbal mention that the PHVC was the "...*best presented Visitor Centre in the State*". Tourism Council went on to encourage the PHVC to nominate the Discover the Pilbara online platform for a State Tourism Award.

Council does have the option of requesting further contractual changes, however this is not recommended given it is an extension to the existing agreement rather than a new agreement.

FORM was consulted in the preparation of this report.

### **FINANCIAL IMPLICATIONS**

Council will need to allocate \$365,000 (ex GST) in the 2015/16 and 2016/17 budgets for the contract management fee of the PHVC, payable quarterly in advance. This fixed contract fee is a 3.25% increase on the 2014/15 fee.

### **STATUTORY AND POLICY IMPLICATIONS**

#### *Strategic Community Plan 2014 – 2024*

This report aligns with the strategic theme and associated performance indicators within the current *Strategic Community Plan 2014 - 2024*. This proposed project falls under the strategic theme (section 2.2.2) to support a diverse economy; develop Port Hedland's tourism industry, facilitate increased accommodation offerings and position Port Hedland as a unique destination.

*Local Government Act 1995 (WA) Section 6.8(1)* – Expenditure from municipal fund not included in annual budget. A Local Government cannot incur additional expenditure for an additional purpose except where the expenditure is authorized in advance by resolution.

### **ATTACHMENTS**

1. Management Agreement – Town of Port Hedland Visitor Centre

6 May 2015

**11.2 Corporate Services**

**11.2.1 Interim Audit – Management Letter**

Peter Kocian, Manager Financial Services  
File No. 12/19/0001

**DISCLOSURE OF INTEREST BY OFFICER**

Nil

**201415/051 AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: MR HRAMBANIS**

**That the Audit, Risk and Governance Committee close the meeting to members of the public as prescribed in section 5.23(2) of the Local Government Act 1995 to discuss the confidential attachment**

***CARRIED 4/0***

1:31pm Presiding Member advised that the meeting is closed to members of the public.

**201415/052 AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: CR BUTSON**

**SECONDED: MR HRAMBANIS**

**That the Audit, Risk and Governance Committee open the meeting to members of the public.**

***CARRIED 4/0***

1:56pm Presiding Member advised that the meeting is open to members of the public.

**201415/053 RECOMMENDATION/ AUDIT & FINANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: CR BUTSON**

**That the Audit, Risk and Governance Committee recommend that Council:**

- 1. That it receives the Management Letter and Report dated 4 June 2015 from the Town's Auditor, RSM Bird Cameron, (provided under confidential cover) noting that the following priority actions be undertaken to address the key findings:**

<b>Key Finding</b>	<b>Risk Rating</b>	<b>Action to be Undertaken</b>
<b>Reconciliation of payroll report to the general ledger</b>	<b>Moderate</b>	<b>A full audit of the payroll system is underway, verifying all pay rates, allowances, deductions, leave</b>

		entitlements. The payroll audit and reconciliation is expected to be completed by 30 June 2015 and the results of the payroll audit will be presented to the Executive for review.
Fortnightly payroll variance reporting	Moderate	No action. This is incorporated into the payroll process.
Employee Personnel File information	Moderate	That People and Culture prepare comprehensive personnel file information for all employees. Task to be completed by the end of July 2015.
Capturing of timesheets into the Synergy system	Moderate	Individual time sheets are to be reinstated rather than sign on sheets, and all hours other than normal time are to be supported by required documentation such as leave approval and overtime approval forms. Task to be completed by end of July 2015.
Monthly bank reconciliation	Moderate	No action. This has been implemented.
Monthly credit card reconciliation	Moderate	All credit card reconciliations are up to date and credit card statements will be included in the Monthly Financial Report commencing July 2015. The Credit Card IOP is to be amended to state that any consecutive occurrence of failing to acquit <u>all</u> credit card transactions with 30 days from the date of Statement will automatically result in the cancellation of the credit card.
Year-end accounting issues	Moderate	All of these requirements were identified by Management and will be addressed in end of year accounting as at 30 June 2015.
Minutes	Moderate	No action. Requirement to be noted by Council.
Monthly Financial Reports	Moderate	No action. An Income Statement for Landfill



		<b>Operations has now been prepared and is included in the Monthly Financial Report.</b>
<b>Implementation of Recommendations from Risk Management, Legislative Compliance and Internal Controls Review and Internal Audit</b>	<b>Moderate</b>	<b>Management is required to prioritise recommendations from this review and internal resourcing will need to be allocated to complete many of the tasks. Implementation is realistically a 12-month minimum timeline.</b>
<b>Outstanding cheques</b>	<b>Minor</b>	<b>No action. All stale cheques have been cleared.</b>

***CARRIED 4/0***

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## **EXECUTIVE SUMMARY**

The Audit, Risk and Governance Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference. One of the Committees principal duties is to examine the reports of the auditor and to ensure that appropriate action is taken in respect of those matters. As such, the Management Letter from the interim audit conducted from the 21 April to 24 April 2015 is presented to the Committee as Attachment 1, detailing key audit findings and management comment with respect to the findings.

## **DETAILED REPORT**

The Towns appointed Auditor, RSM Bird Cameron, completed the interim audit field work from 21 April to 24 April 2015. The interim audit is predominantly concerned with sample testing of financial transactions and a review of the internal controls, procedures and processes of the Town of Port Hedland.

The Auditors have prepared a Management Letter in accordance with Auditing Standard ASA 260 Communication with Those Charged with Governance. The Auditors have advised that the report is intended for the sole use of the Town. The report includes audit observations, risk assessment and recommendations, as well as management's formal responses.

The following is the summary of the key findings:

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Issues identified from 2015 interim audit:			
1. Reconciliation of payroll report to the general ledger		✓	
2. Fortnightly payroll variance reporting		✓	
3. Employee Personnel File information		✓	
4. Capturing of timesheets into the Synergy system		✓	
5. Monthly Bank Reconciliation		✓	
6. Monthly credit card reconciliation		✓	
7. Year End Accounting Issues		✓	
8. Minutes		✓	
9. Monthly Financial Reports		✓	
10. Implementation of Recommendations from Risk Management, Legislative Compliance and Internal Controls Review and Internal Audit		✓	
11. Outstanding cheques			✓

As a result of Audit procedures, the Auditors have not identified any matters of fraud and there were no disagreements with management about significant accounting matters.

#### **FINANCIAL IMPLICATIONS**

There are no financial implications relative to this item.

#### **RISK IMPLICATIONS**

The above risk matrix has been determined by the Auditors and is based on an assessment of risks and concerns with respect to probability and/or consequence of adverse outcomes if action is not taken. Potential adverse outcomes may be quantitative impact (for example financial loss) or qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

#### **STATUTORY AND POLICY IMPLICATIONS**

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

The *Local Government (Audit) Regulations 1996* also addresses the situation of audit.

The Department of Local Government and Communities has also prepared Operational Guideline Number 9 to provide guidelines to the Audit and Finance Committee for audit in local government.

Goal 4.1 of the Strategic Community Plan – Strategic and best practice local government administration is relevant to this item.

**ATTACHMENTS**

1. Management Letter on the interim phase of the audit for the year ending 30 June 2015 (Confidential Attachment Under Separate Cover)

05 June 2015

**ITEM 12 LATE ITEMS AS PERMITTED BY PRESIDING MEMBER/  
COMMITTEE**

Nil

**ITEM 13 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**ITEM 14 CONFIDENTIAL ITEMS**

Nil

**ITEM 15 APPLICATIONS FOR LEAVE OF ABSENCE FOR THE NEXT  
AUDIT & FINANCE COMMITTEE MEETING**

Nil

**ITEM 16 ATTENDANCE BY TELEPHONE/ INSTANTANEOUS  
COMMUNICATIONS**

Nil

**ITEM 17 CLOSURE**

**17.1 Date of Next Meeting**

The next Audit, Risk and Governance Committee Meeting of Council will be held on Wednesday 17 June 2015 at 1:00pm in Council Chambers.

**17.2 Closure**

There being no further business, the Presiding Member declared the meeting closed at 1:59 pm.

**Declaration of Confirmation of Minutes**

I certify that these Minutes were confirmed by the Audit, Risk and Governance Committee at its meeting held on \_\_\_\_\_.

CONFIRMATION:

\_\_\_\_\_  
PRESIDING MEMBER

\_\_\_\_\_  
DATE