

Town of  
Port Hedland



## **TOWN OF PORT HEDLAND**

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

**TUESDAY 17 NOVEMBER 2015 AT  
5:30PM**

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

**“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 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

**MEMBERSHIP**

Mayor Kelly Howlett  
Councillor Camilo Blanco – Presiding Member  
Councillor Lorraine Butson – Deputy Presiding Member  
Councillor Richard Whitwell

Proxy  
Councillor David Hooper  
Councillor Julie Arif

Expression of interest for two community members closing on 19 November 2015.

**QUORUM**

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

**MEETING FREQUENCY, TIMES AND VENUE**

Quarterly on Tuesdays at 5:30pm in Council Chambers or as determined from the Council from time to time.

**DELEGATION:**

The Town of Port Hedland Council provides delegated authority to the Audit, Risk and Governance 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.*

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

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**ITEM 1 OPENING OF MEETING**

The Chief Executive Officer declared the meeting open at 5:35pm.

**ITEM 2 ACKNOWLEDGMENT OF TRADITIONAL OWNERS**

The Chief Executive Officer acknowledged the traditional owners, the Kariyarra people.

**ITEM 3 RECORDING OF ATTENDANCE AND APOLOGIES****3.1 Attendance**

Elected Members:

Mayor Kelly Howlett

Councillor Camilo Blanco – Presiding Member

Councillor Lorraine Butson – Deputy Presiding Member

Councillor Richard Whitwell

Observers:

Councillor Julie Hunt

Councillor Louise Newbery

Officers:

Mal Osborne Chief Executive Officer

Sid Jain Director Corporate Services

Chris Linnell Director Community and Development Services

Grace Waugh Minute Taker/ Governance Officer

Public 2

Media 0

ToPH Officers 4

**3.2 Apologies**

Nil

**3.3 Approved Leave of Absence**

Nil

**3.4 Election of Presiding Member and Deputy Presiding Member****3.4.1 Election of Presiding Member**

Chief Executive Officer called for nominations for Presiding Member of the Audit, Risk and Governance Committee.

Chief Executive Officer declared that the following nomination was received for Presiding Member at 5:38pm:

- Councillor Blanco

Chief Executive Officer declared that Councillor Blanco was elected as the Presiding Member unopposed.

### 3.4.2 Election of Deputy Presiding Member

Presiding Member called for nominations for Deputy Presiding Member of the Audit, Risk and Governance Committee.

Presiding Member declared that the following nomination was received for Deputy Presiding Member at 5:39pm:

- Councillor Butson

Presiding Member declared that Councillor Butson was elected as the Deputy Presiding Member unopposed.

## ITEM 4 RESPONSE TO PREVIOUS QUESTIONS

### 4.1 Questions from Public at Audit & Finance Committee Meeting held on Wednesday 10 September 2015

Nil

### 4.2 Questions from Committee Members at Audit & Finance Committee Meeting held on Wednesday 10 September 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 5:40pm.

### 5.1 Public Question Time

#### 5.1.1 Councillor Hunt

*This morning [at the 'Community Development in Port Hedland' workshop] the presenter, Jim Diers, spoke about a matched donations type of arrangement rather than the donations process that the Town currently follows. Is this something that the Town could look into doing in the future?*

Chief Executive Officer advised that policies are reviewed from time to time. The presentation from Mr Diers was very interesting and the Town would be happy to bring those models as discussion points for the Committee and Council to consider.

Presiding Member closed Public Question Time at 5:43pm.

Presiding Member opened Public Statement Time at 5:43pm.

## 5.2 Public Statement Time

Nil

Presiding Member closed Public Statement Time at 5:44pm.

## ITEM 6 QUESTIONS FROM MEMBERS WITHOUT NOTICE

### 6.1 Mayor Howlett

*How is the development of the Town's risk register progressing? Does it include any potential legal risks to the Town?*

Chief Executive Officer advised that the Town advises the insurers of any legal risks that we are aware of. The Town doesn't always make these declarations public because of the sensitivities surrounding them. The Town does manage the risk and if the matter involves legal action then the Town will defend or take action depending on the matter.

*Can Elected Members be provided, under confidential cover, the risks that have been highlighted to the insurers?*

Chief Executive Officer advised that the Town will look into providing this information to ensure we retain commercially confidential matters.

*Can the Committee be provided a copy of the current risk register as of today's date?*

Chief Executive Officer advised that the current risk register was produced by UHY Haines Norton [now called Moore Stephens] and as projects or issues evolve they may be added to the risk register as required. A copy of the Town's current risk register can be provided.

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

Councillor Blanco – Presiding Member	Mayor Howlett
Councillor Butson – Deputy Presiding Member	Councillor Whitwell

**ITEM 8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING****8.1 Confirmation of Minutes of the Audit, Risk and Governance Committee Meeting held on Wednesday 10 September 2015****201516/009 RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION****MOVED: CR BUTSON****SECONDED: MAYOR HOWLETT**

**That the Audit, Risk and Governance Committee confirm that the Minutes of the Audit & Finance Committee Meeting held on Wednesday 10 September 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 Overview of the Audit, Risk and Governance Committee Terms of Reference**

Chief Executive Officer provided a brief overview of the terms of reference for the Audit, Risk and Governance Committee. Chief Executive Officer advised that the Committee's main purposes are to liaise with the auditor, receive quarterly budget review reports, receive quarterly financial reports on the Town's managed community facilities, review and suggest improvements to the risk management and assist the organisation in the development of an internal audit, program.

Chief Executive Officer advised that due to the timing of the completion of the first quarter budget review for 2015/16 the item was unable to be presented to the Committee prior to it being considered by Council. In the future an item would be presented to the Committee first and then considered by Council with the Committees endorsement.

Chief Executive Officer advised Committee Members that if they wished to make any amendments to the Audit, Risk and Governance Committee terms of reference then they can suggest changes for the Council to consider.

*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 Community Donations – Update for the Period 1 September to 31 October 2015**

Graeme Hall, Manager Recreation Facilities and Services  
File No. 02/05/0001

**DISCLOSURE OF INTEREST BY OFFICER**

Nil

**201516/010 RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: CR BUTSON**

**That the Audit, Risk and Governance Committee note the report of donations provided to the community as outlined in Attachment 1.**

***CARRIED 4/0***

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**EXECUTIVE SUMMARY**

Council Policy 6/003 Funding & Donations states the Town of Port Hedland will work in collaboration with the community to support the delivery of events, celebrations and community activities which reflect the unique identity, add to the social fabric of the Town of Port Hedland and the wellbeing of residents.

This report recommends that the Audit, Risk and Governance Committee notes the funding support offered to community groups for the period 1 September 2015 to 31 October 2015.

**DETAILED REPORT**

The objectives of Council Policy 6/003 Funding & Donations are:

1. To support community initiatives that strengthen the capacity of local organisations and that deliver valuable outcomes to the Town's residents
2. To assist in the initiation and establishment of new, independently sustainable events, programs and activities that build capacity within the community
3. To enable the Town to implement a consistent response to support requests received from community organisations, individuals and not for profit organisations
4. To provide budget certainty to applicants
5. To provide both local residents and community organisations with guidance in respect to the Town's expectations of such requests.

The Town considers applications from community organisations on an ongoing basis. Attachment 1 provides a clear overview of the projects supported by the Town from the period 1 September 2015 to 31 October 2014.

During this period the Town has considered ten applications all of which have been supported (at least in part). The initiatives supported are extremely diverse and offer support to a variety of groups or individuals within the community. The support provided by the program is greatly appreciated by the recipients.

*Consultation*

Mayor  
 Chief Executive Officer  
 Director Community and Development Services  
 Manager Community Development  
 Manager Recreation Facilities and Services

Recommendations by officers are endorsed by both the Chief Executive Officer and the Mayor. Applicants are advised of the outcome of their support request within an average of ten business days.

**FINANCIAL AND RISK IMPLICATIONS**

Donations are funded from GL Account 813285 and GL Account 813286. The budget and actuals for the current financial year are outlined in the tables below:

GL Account 813285 – Donations to the Community	
2015/16 Financial Year Budget	\$70,000.00
Expenditure for period 01/07/2015 – 31/08/2015	\$6050.00
Expenditure for period 01/09/2015 – 31/10/2015	\$10,942.73
Balance as at 31/10/2015	\$53,007.27

GL Account 813286 – Community In Kind Contributions & Fee Waivers	
2015/16 Financial Year Budget	\$25,625.00
Expenditure for period 01/07/2015 – 31/08/2015	\$2431.83
Expenditure for period 01/09/2015 – 31/10/2015	\$6253.73
Balance as at 31/10/2015	\$16,939.44

**STATUTORY AND POLICY IMPLICATIONS**

Support provided to the community through the Council Policy 6/003 Funding & Donations contribute to the following goals as outlined in the Strategic Community Plan:

- 1.1 A unified community across our townships
- 1.2 A vibrant community rich in diverse cultures
- 4.2 Engage our community and stakeholders

**ATTACHMENTS**

1. Summary of Community Funding Applications up to 31 October 2015

10 November 2015

ATTACHMENT 1 TO ITEM 11.1.1



SUMMARY OF COMMUNITY FUNDING AND DONATIONS APPLICATIONS FOR THE PERIOD OF 1 SEPTEMBER TO 31 OCTOBER 2015 TO BE NOTED AT THE AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING ON 17 NOVEMBER 2015



2015 – 2016 Financial Year Budget for donations:	\$95,625.00
Donations supported 01/07/2015 – 31/08/2015:	\$ 8,481.83
Donations supported 01/09/2015 – 31/10/2015:	\$17,196.46
Total expenditure as at 31/10/2015:	\$25,678.29
<b>Amount remaining in Budget as at 31/10/2015:</b>	<b>\$69,946.71</b>

Organisation	Event	Assistance Requested	Value of support	GL Account	Officer's Comment
South Hedland Business Association	'Keep it Local' Campaign	\$10,000.00 cash to coordinate a 6 month 'Keep it Local' advertising program across all forms of media.	\$5,000.00 (Noted as a one off occurrence due to exceptional circumstances)	813285	This assistance allows the South Hedland Business Association to establish the 'Keep it Local' Campaign to promote, support and enhance the long term sustainability of small and medium enterprises in Port Hedland. It should be noted that this support is a one off occurrence due to exceptional circumstances and any further funding requests for this project will need to occur through a Community Partnership Funding application.
Port Hedland North West Championships 2015 Softball Team	Karratha 2015 Softball North West Championships	In kind usage of the Community Bus and \$2,000.00 cash to cover expenses including accommodation, meals, uniforms and registration fees for the team.	\$2,339.55	813285 813286	The assistance provided allows the Port Hedland Softball Association to be represented through 15 players (including experienced juniors and seniors), coaches, officials and team manager. The support assisted with subsidising costs for accommodation, meals, uniforms and registration fees for the team.
Bloodwood Tree Association	Bloodwood Tree Association/VTEC 'Pre-employment Pilot Program'	\$1,257.00 cash to pay for daily gym usage at Wanangkura Stadium for all participants in the three week program.	\$1,142.73	813285	The assistance provided allowed Bloodwood Tree Association to include exercise and routine into the VTEC program for 17 long term job seekers. Bloodwood Tree Association successfully secured 10 guaranteed jobs in the hospitality industry in Port Hedland for participants to commence on completion of the program.

## SUMMARY OF COMMUNITY FUNDING AND DONATIONS APPLICATIONS FOR THE PERIOD OF 1 SEPTEMBER TO 31 OCTOBER 2015 TO BE NOTED AT THE AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING ON 17 NOVEMBER 2015



Organisation	Event	Assistance Requested	Value of support	GL Account	Officer's Comment
John Van Bockmeer	One World Summit 2015	\$500.00 cash to contribute to registration fees.	\$500.00	813285	The One World Summit 2015 is a large international event that John was selected to attend as a young global leader. The skills and experience gained through attending the Summit will be of benefit to the community through John's charity organisation 'Fair Game Australia'.
Audrey Thompson	Bunbury BMX State Championships	\$500.00 cash to assist with the cost of flights and accommodation.	\$500.00	813285	The assistance provided will allow Audrey to gain experience at a higher level and on an Olympic standard track as she competes at the State Championships after qualifying through the North West Super Series of BMX.
Hedland Community Radio Inc.	Replace damaged equipment	\$1,800.00 cash to purchase replacement server and external storage after original was damaged.	\$1,800.00	813285	Hedland Community Radio is a unique community asset that operates heavily on volunteer support. The assistance provided assisted with the replacement of operational equipment to allow the organisation to continue storing music and other studio recordings.
Shaun Coles for 'The Great Hedland Mud Run'	The Great Hedland Mud Run	In kind water and water cartage. Waiving of tipping fees for second hand tyres used for the obstacle course.	\$1,697.68 (Standpipe usage and tyre tipping fees only)	813286	The assistance requested allowed for Shaun Coles to organise a community event with the aim of raising funds for Bright Blue (the Police Commissioners Charity for Sick Kids) and the family of Mark Tweeddale, who passed away suddenly earlier this year. The event was well attended and enjoyed by local community members. It should be noted that additional funds for the water cartage hours will be transferred internally and noted at a later date.
Community Solutions Inc.	YOH Fest	Waiver of venue hire and equipment fees for the Matt Dann Theatre & Cinema	\$3,181.82	813286	YOH Fest is one of Australia's leading forums for youth health education, giving thousands of school students the opportunity to take part in an innovative and revolutionary approach to health education through the arts. YOH Fest has a good connection with Hedland and the assistance requested would greatly benefit students from Hedland Senior High School as they participate in the event. It should be noted that this application was confirmed as supported in the 2014/15 financial year, but as the event was held in September, the funds



SUMMARY OF COMMUNITY FUNDING AND DONATIONS APPLICATIONS FOR THE PERIOD OF 1 SEPTEMBER TO 31 OCTOBER 2015 TO BE NOTED AT THE AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING ON 17 NOVEMBER 2015

Organisation	Event	Assistance Requested	Value of support	GL Account	Officer's Comment
Hedland Family Violence Action Group	Families working together as a team	Waiver of hire fees for Colin Matheson Oval	\$125.59	813286	The assistance requested for this event would allow the Hedland Family Violence Action Group to hold a community event encouraging participation including all family members. The free community event will highlight the important message 'violence towards women and children is unacceptable'.
Hedland School of Dance	Dark Nights, Bright Lights	Partial waiver of venue hire and equipment fees for the Matt Dann Theatre & Cinema	\$909.09	813286	The assistance requested allowed 45 students from 2-36 years old to perform in the production 'Dark Nights, Bright Lights' with family, friends and members of the Port Hedland community in the audience. Hedland School of Dance covered the remainder of the hire costs through ticket sales, fundraising and tuition fees.
<b>Total</b>			<b>\$ 17,196.46</b>		have been expended from the 2015/16 financial year.

5:59pm Director Community and Development Services declared a financial interest in item 11.1.2 'Town of Port Hedland Leisure Facilities Management Contract – First Quarter Report 2015/16' as he has a family member who works for YMCA.

Director Community and Development Services left the room.

### **11.1.2 Town of Port Hedland Leisure Facilities Management Contract - First Quarter Report 2015/16**

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

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

Nil

#### **201516/011 RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**

**MOVED: CR BUTSON**

**SECONDED: CR WHITWELL**

**That The Audit, Risk and Governance Committee endorse the first quarter report (attachment 1) for the operation of the Town of Port Hedland Leisure Facilities Management Contract with the YMCA of Perth for the Period 1 July to 30 September 2015.**

***CARRIED 4/0***

6:31pm Director Community and Development Services reentered the room and resumed his chair.

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#### **EXECUTIVE SUMMARY**

The purpose of this report is for the Audit, Risk and Governance Committee to endorse the first quarter report as presented by the YMCA for the Town of Port Hedland Leisure Facilities Management Contract.

It is recommended that the first quarter report received from the YMCA be endorsed.

#### **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 period ends on 30 June 2016.

The YMCA is required to provide monthly, quarterly and annual reports as part of the contract. Attached is the first quarter report for the 2015/2016 financial year.

The report indicates that the YMCA are experiencing reduced levels of income, they are also controlling expenditure to a level that shows that they are performing positively from an operational deficit perspective.

The first quarter report is reflective of the Gratwick Aquatic Centre not being fully operational during the winter period. The end of quarter two will provide a better insight into the overall performance of all three facilities.

#### *Key issues*

The report provided by the YMCA clearly outline that they are experiencing some reduced income in key income streams. Gym membership and swim school enrolments are key financial drivers for any leisure facility and at the current time these are behind where the YMCA would like them to be.

### FINANCIAL AND RISK IMPLICATIONS

Table 1 below outlines the financial performance of the three leisure facilities from the first quarter of the 2015/2016 financial year.

Table 1–June 2015

	Budget	Actual	Variance
Income	\$691,779	\$597,489	\$(94,290)
Expenditure	\$1,184,494	\$1,013,619	\$(170,875)
TOTAL	\$(492,715)	\$(416,130)	\$76,585

Based on the information provided in table 1, overall variance is positive because whilst there was less income there was also less expenditure by a greater amount. The YMCA are therefore ahead of their anticipated year to date position.

Key areas for the significant levels of saving during the first quarter are:

- Maintenance
- Staffing/salaries
- Gardening
- Electricity
- Training

The areas of expenditure currently being identified will be addressed as the year progresses. The YMCA have a clear program in place to manage the Towns assets.

Given that this is the first quarter only there is time to determine if these savings are sustainable, there is also sufficient time for the budget position to change.

### 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. YMCA Report First Quarter Report-2015 (Under Separate Cover)

6 November 2015

**11.2 Corporate Services****11.2.1 Audited Annual Financial Report for the Year Ended 30 June 2015**

Laura Delaney, Acting Manager Financial Services  
File No. 12/14/0001

**DISCLOSURE OF INTEREST BY OFFICER**

Nil

**201516/012 RECOMMENDATION/ AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: CR BUTSON**

**That the Audit, Risk and Governance Committee note the Audited Annual Financial Report, Independent Auditor's Report, Audit Findings and Closing Report for the Year Ended 30 June 2015.**

***CARRIED 4/0***

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**EXECUTIVE SUMMARY**

This report presents the audited Annual Financial Report (AFR), the Independent Auditors Report, Audit Findings and Closing Report from the Town's Auditors, RSM Bird Cameron for the year ended 30 June 2015.

The Town aims to provide this information to the Audit, Risk and Governance Committee prior to presenting to the Council. However, due to the recent Council elections this was not possible.

The AFR, Independent Auditors Report and Audit Findings were considered by Council at its Ordinary Council Meeting on 28<sup>th</sup> October 2015. This item was carried by an absolute majority vote (Council Decision 201516/078). An additional report which is the Auditor's Closing report is attached to this report for the Committee's consideration. This report details the audit methodology and approach taken by the Auditors, RSM Bird Cameron.

**DETAILED REPORT**

The Town is required to prepare general purpose financial reports each year and refer them to audit as soon as practicable, no later than 30 September following end of financial year (Section 6.4 of the Local Government Act 1995). The Audit Report is to be received by no later than 31 December (Section 7.9 of the Local Government Act 1995).

The Town's Auditors, RSM Bird Cameron, conducted the end of year audit onsite from 8-11 September 2015, with the draft Annual Financial Report submitted to the Auditors on 1 September 2015. The Audit Report on the audit from RSM Bird Cameron is attached.

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's responsibility is to prepare it in accordance with the Standards, Act and Regulations and to ensure that the reports present fairly the financial performance and position of the Town, free from material misstatement, whether due to fraud or error.

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.

Council's Audit, Risk and Governance Committee has delegated authority to liaise with the Auditor, and receive and examine the Auditor's report and any Management Letters arising from the conduct of the audit (as attached).

#### *Summary of Financial Report for the Year Ended 30 June 2015*

It should be noted that due to the process to lease the Port Hedland International Airport being in progress at 30 June 2015, the Town was required to treat the Airport operations differently in its Annual Financial Report. As can be seen from the Statement of Comprehensive Income the Airport operations are shown under 'Discontinued Operations' and separated from the Town's continuing operations (normal business). The Statement of Financial Position was also affected and required the value of assets on the Town's books to be shown under current assets rather than non-current assets.

Independent advice regarding this accounting treatment and subsequent one off disclosures (Note 42) in the report was received from accounting firm, Moore Stephens. The advice was then agreed to by the Town's auditors, RSM Bird Cameron.

**Carried Forward Surplus** – the carried forward surplus as at 30 June 2015 is \$5.066m (as shown in the rate setting statement in the attached AFR). This is a \$2.1m improvement on the 15/16 budget estimate and a \$3.3m increase on the 2014/15 original budgeted closing surplus. The surplus can primarily be attributed to interim rate revenue, increased interest earnings, other revenue and savings in expenditure. At the Ordinary Council Meeting 28 October 2015, Council Decision 201516/078 saw the budget amended to transfer the additional surplus of \$2.116m to the Asset Management Reserve for the purpose of funding future asset renewal and upgrades.

**Operating Income** – total operating income (excluding Airport operations) as at 30 June 2015 amounted to \$59.1m compared to an original Budget of \$51.4m. The variance of \$7.7m between budget and actual can be explained as follows:

- Interim and back rates generated were \$2.7m above budget. These were not included in the original budget.
- Interest earnings was \$1.5m above budget as a result of a dedicated Treasury function within Finance and a review of the investment policy, reducing restriction on our ability to invest.

- Other Revenue of \$3.5m above budget due to ‘Other Revenue’ classified as ‘Fees & Charges’ at time of 2014/15 budget adoption. Income received but not budgeted was received for reimbursement of Insurance claims, Insurance rebates and distributions, Lease Income and GP Housing Rental Income.

More detail can be found in Notes 2(a), 24(a), 29 and 30 of the attached AFR.

**Operating Expenditure** – total operating expenditure as at 30 June 2015 (excluding Airport operations) amounted to \$54.3m compared to an original Budget of \$58.3m. The variance of \$4.0m between budget and actual can be attributed primarily to an underspend of \$2.8m on salaries and wages due to numerous vacancies (including senior staff) carried throughout the year. The balance was a result of savings/underspend in other expenditure categories. More detail can be found in Notes 2(a) and 33 of the attached AFR.

**Capital Expenditure** – total capital expenditure as at 30 June 2015 amounted to \$74.53m of which \$36.7m was for construction and purchase of roads, drains, footpaths, parks & ovals, airport infrastructure, property, plant and equipment. Also contained within the \$74.53m total capital expenditure were developer contributed land assets to the Town of \$37.8m, relating to the Kingsford Smith Business Park.

**Cash and Cash Equivalents** - as at 30 June 2015 these amounted to \$81.1m compared to \$75.4m in the previous financial year. \$79.5m of this is restricted while \$1.6m is unrestricted. More detail can be found in Note 3 of the attached AFR.

**Net Assets and Revaluation of Infrastructure** – total net assets as at 30 June 2015 amounted to \$586.3m compared to \$401m as at 30 June 2014. The increase in net assets is primarily explained by the revaluation of land and buildings with total asset revaluation of \$115m. The value of Property, Plant and Equipment increased from \$188m to \$195m whilst the value of Infrastructure assets increased from \$164m to \$252m.

## FINANCIAL AND RISK IMPLICATIONS

As demonstrated by the Statement of Comprehensive Income (by nature and type) in the attached Annual Financial Report the Town’s financial position is strong with an Operating Result from Continuing Operations of \$4.82m (excluding Airport operations) and a carry forward surplus as at 30 June 2015 of \$5.066m.

Note 22 of the audited AFR details the financial ratios which are a measure of financial sustainability. All financial ratios of the town for 2014/15 are better than minimum targets set by the Department of Local Government and Communities.

## STATUTORY AND POLICY IMPLICATIONS

The 2015/16 AFR has been prepared and audited in accordance with sections 6.4 and 7.9 of the Local Government Act 1995 and regulation 36 of the Local Government (Financial Management) Regulations 1996.

Pursuant to the Community Strategic Plan, the Town is to provide high quality corporate governance, accountability and compliance. The Town will also deliver responsible management of infrastructure, assets, resources and technology.

**ATTACHMENTS**

1. Audited Annual Financial Report for the Year Ended 30 June 2015 and RSM Bird Cameron Independent Auditor's Report (Under Separate Cover)
2. RSM Bird Cameron Audit Findings
3. RSM Bird Cameron Closing Report

9 November 2015

## ATTACHMENT 2 TO ITEM 11.2.1



RSM Bird Cameron Partners  
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E-mail: david.wall@rsmi.com.au  
DJW:SET

20 October 2015

**PRIVATE AND CONFIDENTIAL**

Mr Mal Osborne  
Chief Executive Officer  
Town of Port Hedland  
Civic Centre  
McGregor Street  
PORT HEDLAND WA 6721

Dear Mr Osborne

**Audit Findings for the Year Ended 30 June 2015**

We have now completed our final audit work subject to normal completion procedures.

This report is part of a continuing dialogue between the Town and ourselves. This report has been prepared to detail the principal audit and accounting issues of governance interest that have come to our attention as a result of the performance of our audit for the year ended 30 June 2015. We have prepared this report in accordance with ISA 260 'Communications of audit matters with those charged with governance'.

An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters. For this reason the report is intended for the sole use of the Town and we consider it inappropriate for this report to be made available to third parties, or quoted or referred to, without our written consent. We do not accept responsibility to any other persons or for any reliance that third parties may place on it.

We set out below details of significant matters concerning the Town of Port Hedland (the Town) internal control, accounting practices and other observations which should be considered by management; however an audit is not designed to identify all matters relevant to governance.

**Auditor's Independence**

We are not aware of any other relationships between member firms of RSM Bird Cameron and the Council that, in our professional judgement, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgement, RSM Bird Cameron is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

Liability limited by a  
scheme approved  
under Professional  
Standards Legislation

Major Offices in:  
Perth, Sydney, Melbourne,  
Adelaide and Canberra  
ABN 36 965 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.





### 1. Internal Financial Controls

During our audit we examined the design and implementation of the internal controls relevant to the accounting and financial control systems.

The matters to report to management in relation to the Town's internal financial controls are detailed in **Annexure A**.

### 2. Audit Adjustments

**Refer to Annexure B**

### Other Matters

As a result of our procedures, we have not identified any matters of fraud to report to you and we had no disagreements with management about significant accounting matters.

This letter has been prepared for the sole use of Town. It must not be disclosed to a third party or quoted to or referred to without our written consent. No responsibility is assumed by RSM Bird Cameron to any other person.

Finally, we would like to take this opportunity to thank your staff for the co-operation we have received throughout our audit. If there are any further matters which you wish to discuss concerning our audit, please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D J Wall'.

D J WALL  
Director

## ANNEXURE A

## TOWN OF PORT HEDLAND

PERIOD OF AUDIT: 30 JUNE 2015

## FINDINGS IDENTIFIED DURING THE AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>New issues identified from 2015 Interim audit:</b>			
1. High annual leave accrual at year end		✓	
2. Negative leave balances		✓	
3. Fortnightly payroll variance reporting		✓	
4. No loan agreements in place regarding self-supporting loan		✓	
5. Overhead allocation		✓	

## KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

## ANNEXURE A

**TOWN OF PORT HEDLAND**

PERIOD OF AUDIT: 30 JUNE 2015

**FINDINGS IDENTIFIED DURING THE AUDIT****1. High annual leave accrual at year end*****Findings:***

During the course of our audit we noted that some employees have annual leave accrued balances in excess of 300 hours.

***Rating:***

Moderate

***Implication:***

Excessive annual leave accrued balances increases the risk of an adverse impact through excessive financial liabilities and may also indicate over-reliance on key individuals. This over-reliance can result in business interruption if the employee leaves the Town. Failure to take leave also increases the risk of fraud.

***Recommendation:***

The Town should continue to manage and monitor the excessive annual leave accrued balances to reduce the financial liability, risk of business interruption and fraud.

***Management Comment:***

The Town has and will continue to manage excessive leave accruals through its Leave Management Internal Operating Procedure. Staff that have in excess of 228 hours annual leave are required to negotiate with their manager for the leave to be taken within a reasonable timeframe. All staff are encouraged to take annual leave regularly for their wellbeing.

***Responsible Person: Sid Jain******Completion Date: 19/10/2015***

## ANNEXURE A

**TOWN OF PORT HEDLAND**

PERIOD OF AUDIT: 30 JUNE 2015

**FINDINGS IDENTIFIED DURING THE AUDIT****2. Negative leave balances*****Findings:***

During the course of our audit we noted that the Synergy payroll system contains errors regarding employee leave entitlements. As a result, some employees have large negative leave balances, which means they have overdrawn their leave entitlements and are in a position where they effectively owe that amount back to the Town.

***Rating:***

Moderate

***Implication:***

Failure to have accurate payroll information increases the risk of overpayment of leave entitlements to employees and can create the situation where employees are unable to repay the overpayment resulting in financial loss to the Town.

***Recommendation:***

The Town should continue to correct the Synergy payroll system and manage and monitor the annual leave taken by employees in order to avoid leave entitlements going into negative balances.

***Management Comment:***

The Town will continue to manage and monitor leave balances to ensure they do not go into negative. A recent audit of staff annual leave has resulted in corrections to leave balances. This has led to some staff having negative leave balances. During payroll processing, all leave applications are checked against leave balances and if no leave is available the request is processed as leave without pay. Any negative leave balances are adjusted in termination payouts should those staff leave the employment of the Town.

***Responsible Person: Sid Jain******Completion Date: 19/10/2015***

## ANNEXURE A

**TOWN OF PORT HEDLAND**

PERIOD OF AUDIT: 30 JUNE 2015

**FINDINGS IDENTIFIED DURING THE AUDIT****3. Fortnightly payroll variance reporting*****Findings:***

As reported in our interim audit findings letter, a back pay of \$62,212 that was paid again in January 2015, was still not resolved by fully recovering the outstanding amount from employees. The amount still owing from employees equates to \$36,427 as at 30 June 2015.

***Rating:***

Moderate

***Implication:***

Failure to recover the overpayment of payroll on a timely basis increases the risk of non-recovery of the overpaid amount from the employees.

***Recommendation:***

We recommend the fortnightly exception report be reviewed and any variances between previous and current pay should be scrutinised and followed up. Exception reporting should be reviewed by a senior staff member, independent from the preparer, and evidenced by way of signature and date. Arrangements should be made with those employees, who are still repay their overpayment, to agree on the terms and conditions of the repayment of the overpaid payroll.

***Management Comment:***

Fortnightly payroll exception reporting is already in working and is signed off. This will not prevent a repeat of the duplicate back pay. Because there was a fortnight between the first and second back pay payments and some of the second back pay payments was correction and not straight forward duplications, this was not picked up by the exception report. Also, because it is a back pay run, it already is an exception in its own.

The original back pay run was done prior to the agreement final interpretation and acceptance. This will not happen in future. In addition, it was a manual run whereas the second was a system payrun. The system payrun picks up correct history to do the back pay. In future, no manual back pay runs will be made. Any amendments for back pay will be properly reconciled and discussed with the staff member as well as signed off by a P&C, prior to processing.

***Responsible Person: Sid Jain******Completion Date: 19/10/2015***

## ANNEXURE A

**TOWN OF PORT HEDLAND**

PERIOD OF AUDIT: 30 JUNE 2015

**FINDINGS IDENTIFIED DURING THE AUDIT****4. No loan agreements in place regarding self-supporting loan*****Findings:***

During the course of our audit we noted that two loans from 2007 did not have a loan agreement in place.

***Rating:***

Moderate

***Implication:***

Failure to have loan agreements increases the risk of not recovering the balance outstanding and dispute could occur between the borrower and lender.

***Recommendation:***

The Town should review these two circumstances and arrange for loan agreements to be documented and signed by both parties.

***Management Comment:***

These loans date back to 2007 and no written agreement as such was put in place back then. We are currently negotiating with one party to get the agreement signed. All current agreements are signed and kept in the Town's records database.

***Responsible Person: Sid Jain******Completion Date: 19/10/2015***

## ANNEXURE A

**TOWN OF PORT HEDLAND**

PERIOD OF AUDIT: 30 JUNE 2015

**FINDINGS IDENTIFIED DURING THE AUDIT****5. Overhead allocation****Findings:**

Regulation 14 of the *Local Government (Financial Management) Regulations 1996* (FMR) requires local government to disclose by nature or type classification operating revenue and expenses in the Statement of Comprehensive Income. In order to ensure completeness of the allocations into the appropriate program titles, the Town performs a reconciliation of the amounts in the General Ledger to the amounts allocated and disclosed in the Statement of Comprehensive Income.

During the audit testing of the overhead allocation reconciliation it was noted that plant operating cost and public works overhead amounts in the General Ledger were understated in the Statement of Comprehensive Income by \$214,607 and \$832,723 respectively. The failure to fully allocate these amounts does not affect the operating results of the Town and, on this occasion, the Town determined that these amounts are not material and did not adjust the allocations to the program titles in Statement of Comprehensive Income.

**Rating:**

Moderate

**Implication:**

Failure to properly reconcile the amounts in the General Ledger to the amounts allocated and disclosed in the Statement of Comprehensive Income increases the risk of non-compliance with FMR and inaccurate disclosure of program costs.

**Recommendation:**

The Town should review its procedures for the reconciliation of the amounts in the General Ledger to the amounts allocated and disclosed in the Statement of Comprehensive Income.

**Management Comment:**

A restructure of the General Ledger was commenced during the 2014/15 financial year. As part of this process, the classification of costs and overhead allocation is being reviewed with a view to further improvement occurring throughout 2015/16 and beyond. An internal operating procedure/policy for allocation of overheads will also be developed to formalise a methodology.

**Responsible Person: Sid Jain****Completion Date: 19/10/2015**

Year End: 30 June 2015  
 Adjusting Journal entries  
 Date: 01/07/2014 To 30/06/2015

ANNEXURE B

Prepared by	Reviewed by	Reviewed by	Reviewed by
MACI 02/10/2015	MACI 02/10/2015		

Number	Date	Name	Account No	Reference	Annulment	Debit	Credit	Recurance	Miscellaneous
RSM001	30/06/2015	Current Assets - Trade and Other Receivables	1000010060	2602			630,000.00		
RSM001	30/06/2015	Current Liabilities - Trade and Other Payable	1000010070	2602		693,000.00			
RSM001	30/06/2015	Current Liabilities - Trade and Other Payable	1000011200	2602			63,000.00		
		Correction of allocation of Prepaid expenses to creditors							
RSM002	30/06/2015	Non Current Assets - Infrastructure - Fair	1000012650			1,871,220.29			
RSM002	30/06/2015	Equity - Asset Revaluation Reserve - Revalu	1000013050				1,871,220.29		
		The adjustment to revaluation of culverts and bridges							
						2,364,220.29	2,364,220.29		

Net Income (Loss) 70,264,219.81

**11.3 Office of the CEO****11.3.1 Risk Management Policy 1/022 and Risk Management Strategy & Framework**

Peter Kocian, Executive Officer  
File No.

**DISCLOSURE OF INTEREST BY OFFICER**

Nil

**RECOMMENDATION**

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

- 1. Endorse the attached Risk Management Policy (Policy Number 1/022) for presentation to Council;**
- 2. Note that a Risk Management Strategy and Framework is to be developed to guide and support the implementation of risk management.**

**201516/013 AUDIT, RISK AND GOVERNANCE COMMITTEE DECISION**

**MOVED: MAYOR HOWLETT**

**SECONDED: CR BLANCO**

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

- 1. Endorse the attached Risk Management Policy (Policy Number 1/022) for presentation to Council;**
- 2. Note that a Risk Management Strategy and Framework is to be developed to guide and support the implementation of risk management.**
- 3. Request the Chief Executive Officer, or his delegate(s), prepare a discussion document on the Town's risk appetite, risk register and consideration to be workshopped with Elected Members and the Audit, Risk and Governance Committee Members at the earliest opportunity.**

***CARRIED 4/0***

---

**EXECUTIVE SUMMARY**

A Risk Management Improvement Plan has been developed as a result of a review completed earlier this year in regard to risk management, internal compliance and legislative compliance. Two of the recommended improvements were to develop a Risk Management Policy and a Risk Management Strategy and Framework.

## **DETAILED REPORT**

At the Ordinary Meeting of 27 May 2015, Council received the report prepared by UHY Haines Norton (now called Moore Stephens) on Risk Management, Legislative Compliance and Internal Controls pursuant to the requirements of Regulation 17 of the Local Government (Audit) Regulations 1996. Part of Council's resolution was to support the development and implementation of an integrated risk management system.

A Risk Management Policy has been prepared, based on a template developed by the Department of Local Government and Communities. The Policy affirms that risk management is an integral management function and is to be applied to decision making though all levels of the organisation in relation to planning or executing any function, service or activity.

A comprehensive Risk Management Strategy and Framework will also be developed in line with Australian Standards (AS/NZS ISO 31000:2009). The introduction of risk management and ensuring its ongoing effectiveness will require strong and sustained commitment by management, as well as strategic and rigorous planning to achieve commitment at all levels. This includes the allocation of necessary resources.

## **FINANCIAL AND RISK IMPLICATIONS**

Additional resources will be required to embed an integrated risk management system in the organisation. Resourcing will be assessed as part of the development of the Risk Management Strategy and Framework.

## **STATUTORY AND POLICY IMPLICATIONS**

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the CEO to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance separately or all at the one time, on the provision that each matter is reviewed at least once every two years. The CEO is also required to report the results of that review to Council.

Section 4.1 'Strategic and best practice local government administration' of the Towns 2014-2024 Strategic Community Plan applies with regard to high quality corporate governance accountability and compliance, and maintaining a strong and sustained financial position.

## **ATTACHMENTS**

1. Improvement Plan
2. Risk Management Policy

9 October 2015

## TOWN OF PORT HEDLAND

IMPROVEMENT PLAN RESULTING FROM THE

REPORT ON THE REVIEW OF

RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS

APRIL 2015



*Powerful insights  
Astute advice*

## INTRODUCTION

---

The Town of Port Hedland engaged UHY Haines Norton (WA) Pty Ltd to complete a review of its risk management, legislative compliance and internal controls in relation to the Local Government (Audit) Regulation 1996

As a result of this review, the following improvement plan has been developed and is to be read in conjunction with the report. The plan identifies the Department responsible for actioning each item and provides a guide as to the priority when implementing these improvements.

Prioritisation of improvements should be undertaken on a risk basis once a risk management strategy or framework has been developed.



*Powerful insights  
Astute advice*

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## RISK MANAGEMENT IMPROVEMENT PLAN

FRAMEWORK		RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY	
No.	COMPONENTS	PURPOSE/GOAL			
RM 1.1	Council Policy - Risk Management Policy	To evidence the Council's commitment to incorporating risk management practices into decision making and its importance to the Organisation.	That a risk management policy be developed for adoption by the Council.	Council and Executive	High
RM 1.2	Risk Management Strategy or Framework	A documented strategy and framework to support a risk management policy.	That a risk management strategy and framework (including an organisational risk matrix) be developed to guide and support the implementation of risk management.	Executive	High
RM 2.2	Insurance Strategy or Policy	A policy to provide guidance to Officers as to the management of risk through insurance.	That an Insurance Strategy and Policy be developed to provide clarity on issues such as the level of self-insurance, the adequacy of cover and the basis of the valuation of the insured assets.	Council and Executive	Medium
RM 2.3	Risk Management Working Group	A working group to progress the implementation of risk management across the organisation and to monitor risk management practices.	That a working group be established and maintained to progress and oversee the implementation of any risk management strategy and framework.	Executive	Medium
RM 2.4	Staff Induction	To ensure new staff are aware of their obligations to be aware of risk management, the OSH risks and their obligation to report breaches of controls and other risk related incidences.	That long term employees be the subject of a re-induction process to ensure they are aware of changes to risk management and OSH risks procedures since their initial induction.	Corporate Services	High
RM 2.5	OSH Committee	A working committee is established to implement OSH strategy and procedures.	That records of inductions are maintained within staff personnel files. That a risk based assessment of OSH issues be undertaken by the working committee and included within the minutes to enable prioritisation of risk treatments.	Corporate Services	High
RM 2.6	Town of Port Hedland Business Continuity Management Arrangements	To plan for the prevention, response and recovery from events that may threaten the capacity of the Town to continue to provide services and good governance.	That the Business Continuity Management Arrangements be subject to documented testing and reviewed following testing.	Executive	Medium
RM 2.7	Local Emergency Management Plan 2011 Draft	A plan is prepared in accordance with the requirements of Emergency Management Act 2005 [s.41(4)] and State Emergency Management Policy 2.5	That the plan be reviewed and updated. Documented testing should be undertaken in accordance with Part 7 of the plan.	Executive	Medium

## RISK MANAGEMENT IMPROVEMENT PLAN (CONTINUED)

### FRAMEWORK

No.	COMPONENTS	PURPOSE/GOAL	RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
RM 2.9	Records Disaster Management Plan	A plan is prepared to minimise the risk of loss of records in the event of a disaster.	<p>That a Plan be developed to:</p> <ul style="list-style-type: none"> <li>o Consider risks in accordance with Risk Management Policy and the associated Strategy and Framework.</li> <li>o Provide for the timely electronic storing of all records.</li> <li>o Require electronic records to be routinely backed up and stored at sufficiently remote geographic location to reduce the risk of the impact of a common disaster event.</li> </ul> <p>Require routine testing to ensure currency and completeness of restored backups.</p>	Corporate Services	High
RM 2.10	IT Disaster Recovery Plan	A plan to minimise the risk of loss of IT systems, processes and information in the event of a disaster.	That steps to address already identified critical IT issues continue and an IT Disaster Recovery Plan be developed.	Corporate Services	High
RM 2.11	Long Term Financial Plan 2014/15 – 2023/24	A plan to reflect the Town's forecast financial capabilities over the Long Term.	That a Long Term Financial Plan be developed which considers financial risks and conforms with statutory limits set out by Section 6.34 of the <i>Local Government Act 1995</i> be developed.	Corporate Services	High
RM 2.12	Asset Management Policy 9/010	A policy is to ensure the Town has sufficient structure, systems, processes, resources and commitment to deliver asset service outcomes.	Review the asset management plans to ensure a risk based approach to asset management in accordance with the Asset Management Policy.	Corporate Services	Medium
RM 2.13	Safe Work Procedure 09 – Incident and Hazard Reporting	To ensure reporting of incidents and hazards occurs in a timely manner with corrective action being taken.	<p>That the procedure be amended to:</p> <ul style="list-style-type: none"> <li>o Require relevant evidence (preferably photographic) to be obtained on a timely basis;</li> <li>o Provide clarity as to whom contractors, temporary personnel, service personnel and volunteers should report incidents;</li> <li>o Implement controls to ensure procedure is followed at all times; and</li> </ul> <p>Require the recording of incidents/accidents in the incident/accident register.</p>	Corporate Services	High
RM 2.14	Emergency/ Evacuation Plan – Town Buildings	To ensure uniformity in the handling of building related emergency situations and evacuations.	<p>That emergency/evacuation plans for all Town buildings be developed and implemented.</p> <p>That existing emergency/evacuation plans be reviewed to ensure they remain current.</p>	Works and Services	High

## RISK MANAGEMENT IMPROVEMENT PLAN (CONTINUED)

FRAMEWORK		RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
No.	COMPONENTS	PURPOSE/GOAL		
RM 2.16	Events risk assessment	To require risk assessment to be undertaken as part of the hosting of community events on Town property.	That a standardised risk management plan for completion by event hosts and review by senior officers be developed.	Community and Development Services Medium
RM 2.17	Asset Management Risk Assessment	Inclusion of a risk assessment undertaken as part of development and maintenance of the Town of Port Hedland Asset Management Plans.	That the Asset Management Risk assessments be undertaken in accordance with the risk management strategy/framework (to be developed). Treatment plans should be monitored to ensure risks are reduced to a medium level.	Corporate Services Low
RM 2.18	Workforce Risk Assessment	Inclusion of a risk assessment undertaken as part of the development and maintenance of the Town of Port Hedland's Workforce Plan 2012-2016.	That future revisions of the Workforce Plan include an assessment of key risks.	Corporate Services Low
RM 2.19	Project Specific Risk Assessments	To undertake a risk assessment as part of a major project brief.	That procedures be developed to ensure risk assessments are undertaken in accordance with a risk strategy and framework (to be developed) prior to major project approval.	Executive Medium
RM 2.20	Entity Risk Register	A risk management tool to record the risk management processes for the organisation.	That an entity risk register be outlined in the risk management Strategy and Framework (to be developed) and the register be routinely maintained and monitored.	Executive Medium
RM 2.22	Occupational Safety and Health (OSH) Register	The maintenance of a hazard based register of OSH matters.	That an OSH register capable of providing regular reports and identifying OSH trends be maintained and regularly reviewed by the OSH Committee.	Corporate Services Medium
RM 3.1	Audit (Risk and Finance) Committee	An Audit (Risk and Finance) Committee is required by the Local Government (Audit) Regulations 1996, and its composition and role is prescribed.	That the Committee receive bi-annually reports containing information on extreme and high risk ratings in accordance with a Risk Management Strategy and Framework.	Council and Executive High
RM 3.2	Executive Leadership Team (ELT)	The establishment of an effective ELT charged with implementation of Council policies.	That risks are regularly documented and monitored by the ELT with key operational risks included within the minutes.	Executive Medium
RM 3.3	Council Agendas and Minutes	Key risks impacting on decisions are disclosed to the Council at the time staff recommendations are made.	That a separate heading relating to risk be included within Council agenda items to draw attention to the risks associated with the decision.	Executive Low



# LEGISLATIVE COMPLIANCE IMPROVEMENT PLAN

TOWN OF PORT HEDLAND  
REGULATION 17 REVIEW IMPROVEMENT PLAN 7

FRAMEWORK COMPONENTS		PURPOSE/GOAL	RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
LC 1.1	Management Framework - Legislative Compliance In Action	An established Legislative Compliance Framework with a Risk Register, systems and controls and detailed practices to support Legislative Compliance.	That a Legislative Compliance strategy and framework be developed to support legislative compliance.	Executive	High
LC 2.1	Staff training strategy	To ensure staff have the appropriate induction and training to understand the legislative requirements relevant to their role.	That a risk based training matrix be developed identifying and addressing training needs as part of a broader workforce plan. We note management has recently developed a draft training plan and intends to further develop this plan.	Corporate Services	Low
LC 2.2	Experienced Staff	To ensure staff engaged at a senior level and in technical roles have an understanding of the legislative requirements relevant to their role.	That actions continue to address staff recruitment issues with the goal of improving the effectiveness of recruiting appropriately qualified and experienced staff.	Corporate Services	Medium
LC 2.4	Code of Conduct for Elected Members and Staff	The elected members and staff have consistent guidelines for an acceptable standard of professional conduct in relation to legislative compliance.	To provide clarity on the applicable Code of Conduct the two Codes of Conduct should be consolidated into a single version. Old version should be removed and both Elected Members and Staff inducted in a new consolidated Code of Conduct. The new Code of Conduct should require the reporting of any noted potential breaches of legislation by Elected Members or Staff.	Council and Executive	High
LC 2.5	Code of Conduct for Contractors and Volunteers.	To provide contractors and volunteers with consistent guidelines for an acceptable standard of conduct in relation to legislative compliance.	That an abridged Code of Conduct be developed which applies to contractors and volunteers and requires the reporting of any noted potential breaches of Legislation.	Corporate Services	Medium
LC 2.7	Council Policy - Records Management	To provide the principles for the management of Records by elected members and staff.	That a Records Management Policy be developed to provide clear policy guidelines for the management of the Town's records.	Council and Executive	High
LC 2.9	Management Procedure - Compliance Audit Return	Management procedures designed to guide staff on the completion of the annual compliance audit return.	That procedures be developed for officers involved in completion of the return to follow and sign off on the accuracy of their responses.	Corporate Services	Low
LC 2.10	Executive Leadership Team (ELT)	An ELT charged with implementation of Council policies.	That the legislative compliance register be routinely reviewed by the ELT.	Executive	Low

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# LEGISLATIVE COMPLIANCE IMPROVEMENT PLAN (CONTINUED)

TOWN OF PORT HEDLAND  
REGULATION 17 REVIEW / IMPROVEMENT 8

FRAMEWORK No. COMPONENTS	PURPOSE/GOAL	RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
LC 2.11 Communication	To ensure staff, contractors and regular volunteers are aware of their obligation to report breaches of legislation to the appropriate Officer.	That an obligation to report legislative breaches be included within the Code of Conduct. A condensed Code of Conduct/induction be developed for regular contractors and volunteers.	Corporate Services	High
LC 3.1 Audit and Risk Committee	An Audit (Risk and Finance) Committee is required by the Local Government (Audit) Regulations 1996, and its composition and role is prescribed.	That a management framework (to be developed) requires the reporting of breaches of other legislation to the Committee.	Corporate Services	High
LC 3.2 Legislative Compliance Register	A Legislative Compliance risk management tool used to record legislative compliance breaches for the Town.	That a concise legislative compliance register be developed to enable the monitoring and recording of legislative breaches and associated controls.	Corporate Services	High
LC 3.4 Executive Leadership Team (ELT)	The ELT establishes senior management leadership in relation to legislative compliance practices, monitoring the progress of implementation and the effectiveness of the associated controls and systems.	That legislative compliance issues be raised and documented.	Executive	High
LC 3.5 Complaints Handling	To ensure a process exists to track complaints from the public and staff regarding legislative compliance.	That the procedure for handling customer complaints be reviewed and updated to ensure all complaints are tracked, investigated and appropriately addressed.	Corporate Services and Works and Services	Low
LC 4.1 Ongoing Improvement Program	A plan developed to guide improvements in legislative compliance practices and to support the legislative compliance framework.	That an improvement plan developed from this report be prepared in support of the legislative compliance framework (to be developed).	Corporate Services	High

# INTERNAL CONTROLS IMPROVEMENT PLAN

FRAMEWORK		RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
No.	COMPONENTS	PURPOSE/GOAL		
IC 1.1	Management Framework - Legislative Compliance In Action	An established Legislative Compliance Framework with a Risk Register, systems and controls and detailed practices to support Legislative Compliance.	That a Legislative Compliance strategy and framework be developed to support legislative compliance.	Corporate Services High
IC 1.2	Code of Conduct for Elected Members and Staff	To provide Elected Members and staff with consistent guidelines for an acceptable standard of professional conduct in relation to internal controls.	Refer to LC 2.4	Refer to LC 2.4
IC 1.3	Code of Conduct for Contractors and Volunteers.	To provide contractors and volunteers with consistent guidelines for an acceptable standard of conduct in relation to internal controls.	Refer to LC 2.5	Refer to LC 2.5
IC 1.4	Communication of modifications	To ensure staff are notified of changes to internal controls and have access to current documented procedures.	That a documented procedure be developed to advise staff of changes in policies and procedures and ensure the retraction of updated or revised policies or procedures. All current policies and procedures should be in one central location accessible to all relevant staff.	Corporate Services High
IC 1.5	Staff Training	To ensure staff have access to ongoing training in internal controls and attend appropriate training sessions.	Refer to LC 2.1	Refer to LC 2.1
IC 1.6	Experienced Staff	To ensure all senior staff have an understanding of the inherent risks internal controls are addressing associated with, and relevant to, their role.	Refer to LC 2.2	Refer to LC 2.2
IC 1.8	Occupational Safety and Health Policy 1/016 Amended January 2006	This policy acknowledges that the safety and health of employees within the Town is the responsibility of Council and all employees.	That the policy be reviewed and amended to: <ul style="list-style-type: none"> <li>o Provide a risk based approach to Occupational Health and Safety.</li> <li>o Require the recording of any accident/incidents in a register and the annual reporting of accident/incidents numbers to the Audit Committee.</li> <li>o Provide additional clarity.</li> </ul> Require the routine testing and practice of emergency evacuation procedures at all facilities.	Council and Executive High

# INTERNAL CONTROLS IMPROVEMENT PLAN (CONTINUED)

FRAMEWORK No.	COMPONENTS	PURPOSE/GOAL	RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
IC.1.9	Community Services Policy 8/001 Adopted November 2004	The policy and associated procedures are designed to provide guidance on circumstances under which Council will develop and operate community services.	That the Community Services Policy be reviewed to acknowledge the guidance of the Strategic Community Plan.	Council and Executive	Medium
IC.1.10	Complaints against Third Parties Policy 1/002 Amended January 2006	The policy seeks to guide officers when dealing with complaints against third parties.	That a comprehensive complaints policy be developed to ensure all complaints are tracked, investigated and appropriately addressed. Where no action is taken in relation to a complaint the complainant should be notified accordingly.	Council and Executive	Medium
IC.1.12	Vandalism – Reward for Conviction Policy 1/008 Amended January 2006	Framework for payment of a reward to any person for information which may facilitate proceedings open to Council for prosecution of offenders or the recovery of expenses incurred from vandalism.	That the policy be reviewed to ensure it remains current.	Council and Executive	Low
IC.1.13	Legal Representation Policy 1/009 Amended January 2006	To protect interests of elected members and employees in the event of civil legal proceedings as a consequence of their official functions.	That the policy be reviewed to ensure its remains current.	Council and Executive	Medium
IC.1.14	Rating Policy 2/004 Amended April 2006	To provide direction on collection procedures, concessions and exemptions in rating.	That the policy be amended to require annual assessment of the charitable use of properties wishing to maintain an exemption from rates in accordance with Council Policy 2/013 _ Rates Exemption Policy (Non Rateable Land), and to provide clarity on the policy for the collection of rates debtors.	Council and Executive	Medium
IC.1.15	Debt Management Policy 2/005 Amended November 2014	Provide a framework for the efficient and effective collection of outstanding debts; and fulfil statutory requirements in relation to the recovery of rates, charges, fees and other debts.	That Council Policy 2/004 – Rating be amended to ensure clarity on the policy for the collection of rates debtors. That procedures be implemented to ensure the implementation of the Policy and reduce the level of receivables.	Council and Executive	Medium

# INTERNAL CONTROLS IMPROVEMENT PLAN (CONTINUED)

TOWN OF PORT HEDLAND  
REGULATION 17 REVIEW / IMPROVEMENT 11

FRAMEWORK COMPONENTS	PURPOSE/GOAL	RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
IC 1.16 Procurement Policy 2/007 Amended January 2014	Ensure that Town of Port Hedland's procurement of goods and services is compliant, ethical, and procurement is Town's advantage.	That the policy be amended to provide clarity on the policy for the application of Regional Price Preferences and for the establishment, adjudication and approval of PSA's and SOA's. An appropriate definition of a sole supplier situation should be provided to help ensure this exemption is only applied in rare and exceptional circumstances. Appropriate procedures should be implemented to ensure compliance with the Policy at all times.	Council and Executive	High
IC 1.17 Council Investments Policy 2/010 Amended June 2009	Provide a framework for the investment of Council funds that are excess to current requirements	That the policy be amended to only allow for investment in authorised institutions as defined by the regulation.	Council and Executive	High
IC 1.18 Tender Policy 2/011 Amended August 2013	To ensure statutory compliance with all relevant legislation and Town of Port Hedland related policies and encompasses best practice when procuring goods and services through a Tender process.	That advice be obtained to ensure 'Awarded Tenders – Period Contracts' are compliant with the Act. That the policy be reviewed to provide a high level of governance when evaluating tenders and, in particular, for persons to be independent of tenderers.	Council and Executive	High
IC 1.20 Rates Exemption (Non Rateable Land) Policy 2/013 Amended February 2012	Provide an administrative framework for assessing applications for properties to be classified as non-rateable land on the ground of being used for charitable purposes.	That the policy be considered for incorporation into Council Policy 2/004 when it is reviewed.	Council and Executive	Low
IC 1.21 Rates Concession (Rateable Land) Policy 2/014 Amended February 2012	Framework for assessing applications requesting the waiving or granting concession from rates to 'not for profit' community based organisations occupying rateable land.	That the Policy be rescinded.	Council and Executive	Low
IC 1.22 Notice of Discontinuance (Rates and Debtors) Policy 2/015 Adopted May 2013	Outline how the Town of Port Hedland processes a request for a Notice of Discontinuance.	That the policy may be incorporated within Council Policy 2/004 when it is reviewed.	Council and Executive	Low

## INTERNAL CONTROLS IMPROVEMENT PLAN (CONTINUED)

FRAMEWORK		RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
No.	COMPONENTS	PURPOSE/GOAL		
IC 1.23	Regional Price Preference Policy 2/016  Adopted August 2013	To maximise the use of competitive local business in the procurement of goods and services, supporting local business and industry and to encourage employment of local people thereby generating economic growth within the Town.	Council and Executive	High
IC 1.24	Subsidies and Allowances Policy 3/003  Amended December 2014	Provide framework for applicable staff subsidies and allowances.  That the policy be rescinded.	Council and Executive	Low
IC 1.26	Funding & Donations Policy 6/003  Amended September 2014	Provide structure to the provision of assistance to the community in relation to the delivery of events, celebration and community activities.	Council and Executive	Low
IC 1.27	Recreation Reserve and Facilities – Seasonal Hire Policy 6/010  Amended April 2014	Provide the Town of Port Hedland with guidelines for usage of the Town’s recreation reserves and facilities by sporting groups and ensure appropriate management of the Town’s recreation reserves and facilities by local sporting groups.	Council and Executive	Medium
IC 1.28	Acquisition and Management of Artworks Policy 7/002  Adopted November 2004	To provide a framework for the development and expansion of the Town of Port Hedland Art Collection. To implement procedures for the acquisition of artworks. To provide a framework for the management of the Art collection.  That the policy be reviewed to ensure it remains current.	Council and Executive	Low

# INTERNAL CONTROLS IMPROVEMENT PLAN (CONTINUED)

TOWN OF PORT HEDLAND 13  
REGULATION 17 REVIEW IMPROVEMENT

FRAMEWORK		RECOMMENDED IMPROVEMENTS	RESPONSIBILITY	PRIORITY
No.	COMPONENTS	PURPOSE/GOAL		
IC 1.29	Internal Control Procedures	Documented operating and control procedures to help minimise the risk of fraud or error and ensure compliance with Council Policies.	Corporate Services	High
		That a procedure for the development, review and updating of documented procedures be developed. That the latest version of all documented procedures be centrally located in an electronic format for access by authorised staff. That documented procedures be developed and reviewed based on a risk based prioritisation.		
IC 2.1	Audit Committee	An Audit (Risk and Finance) Committee is required by the Local Government (Audit) Regulations 1996, and its composition and role is prescribed.	Council and Executive	High
		That the Audit (Risk and Finance) Committee meet at least once a year (more regularly if possible) to review any internal control weaknesses identified or reported by the ELT and the Auditors.		
IC 2.4	Monitoring	To ensure policies and other controls relating to internal controls are adhered to within the organisation and their effectiveness is monitored.	Corporate Services	Medium
		That a process for documented routine monitoring of financial and non-financial internal controls be established based on the risk the controls intend to address.		
IC 2.5	Internal Controls Executive Leadership Team	A management group to maintain internal controls across the Town and monitor adherence to internal controls practices.	Executive	High
		That ELT continue to monitor internal control issues and record consideration of any breaches of controls in their minutes.		
IC 3.1	Ongoing Improvement Plan	A program developed to plan and implement improvements in internal controls practices and to guide the process of implementation.	Executive	High
		That an improvement plan developed from this report be prepared in support of the internal controls framework (to be developed).		

## ATTACHMENT 2 TO ITEM 11.3.1



## 1/022 RISK MANAGEMENT POLICY

### Policy Objective

The Town of Port Hedland is 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.

### Definitions

Definition of "Risk": AS/NZS ISO 31000:2009 defines risk as "the effect of uncertainty on objectives".

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.

Definition of "Risk Management": The application of coordinated activities to direct and control an organisation with regard to risk.

### Policy Content

The Town of Port Hedland considers risk management to be an essential management function in its operations. It recognises that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk.

Council is committed to the principles, framework and process of managing risk as outlined in AS/NZS ISO 31000:2009.

The Town will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. It will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

In particular it will be applied to:

- Strategic planning
- Expenditure of large amounts of money
- New strategies and procedures
- Management of projects, tenders and proposals
- Introducing significant change, and
- The management of sensitive areas



#### Risk Management Objectives:

- The achievement of organisational goals and objectives
- The ongoing health and safety of all employees at the workplace
- Ensuring public safety within the Council's jurisdiction is not compromised
- Limited loss or damage to property and other assets
- Limited interruption to business continuity
- Positive public perception of Council and the Town of Port Hedland
- Application of equal opportunity principles in the workforce and the community.

#### Responsibilities:

- Executives, managers and supervisors have the responsibility and accountability for ensuring that all staff manage the risks within their own work areas. Risks should be anticipated and reasonable protective measures taken.
- All managers will encourage openness and honesty in the reporting and escalation of risks.
- All staff will be encouraged to alert management to the risks that exist within their area, without fear of recrimination.
- All staff will, after appropriate training, adopt the principles of risk management and comply with all policies, procedures and practices relating to risk management.
- All staff and employees will, as required, conduct risk assessments during the performance of their daily duties.
- The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe reasonable directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- It is the responsibility of every department to observe and implement this policy in accordance with procedures and initiatives that are developed by management.
- Council is committed morally and financially to the concept and resourcing of risk management.

#### Monitor and Review:

The Town will implement a robust reporting and recording system that will be regularly monitored to ensure closeout of risks and identification of ongoing issues and trends.

Risk management key performance indicators, relating to both organisational and personal performance will be developed, implemented and monitored, by the Town.

Town of  
Port Hedland



RISK MANAGEMENT POLICY



Signed \_\_\_\_\_

Chief Executive Officer

Date \_\_\_\_\_

Council adoption date and resolution no.	
Date of adoption of amendment and resolution number <b>do not delete the previous dates</b>	
Relevant legislation	
Delegated authority	
Business unit	
Directorate	
Review frequency	

**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, RISK AND GOVERNANCE 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 at a date and time that is to be confirmed by the Presiding Member.

**17.2 Closure**

There being no further business, the Presiding Member declared the meeting closed at 6:42pm.