



Special Audit, Risk and Improvement Committee Meeting

17 March 2026

Minutes

To: Special Audit, Risk and Improvement Committee Meeting Members and Councillors.

Here within are the Meeting Minutes of the Special Audit, Risk and Improvement Committee Meeting, held on the above-mentioned date in the Shire of Toodyay Council Chambers, 15 Fiennes Street, Toodyay WA 6566.

A handwritten signature in black ink, appearing to be 'Alan Hart', is positioned above the printed name.

Alan Hart

ACTING CHIEF EXECUTIVE OFFICER

Preface

When the Chief Executive Officer approves these Minutes for distribution they are in essence "Unconfirmed" until the next Committee Meeting, where the Minutes will be confirmed subject to any amendments made by the Committee.

The "Confirmed" Minutes are then signed off by the Presiding Person.

Attachments that formed part of the Agenda, in addition to those tabled at the Meeting are incorporated into separate attachments to these Minutes.

Unconfirmed Minutes

These minutes were approved for distribution on 17 March 2026.



Alan Hart

ACTING CHIEF EXECUTIVE OFFICER

Confirmed Minutes

These minutes were confirmed at a meeting held on 14 May 2026.

Signed:

Note: The Presiding Member at the meeting at which the minutes were confirmed is the person who signs above.

CONTENTS

1	DECLARATION OF OPENING.....	1
	1.1 ANNOUNCEMENT OF VISITORS	1
	1.2 RECORD OF ATTENDANCE AND APOLOGIES.....	1
	1.3 DISCLOSURE OF INTEREST.....	2
2	OFFICER REPORTS	3
	2.1 ARIC Request for Special Meeting to consider Reporting Framework and proposed 2026 Meeting Schedule.....	3
3	CLOSURE OF MEETING.....	26

1 DECLARATION OF OPENING

Mrs N Mills, Chairperson, declared the meeting open at 10:30 am.

1.1 ANNOUNCEMENT OF VISITORS

1.2 RECORD OF ATTENDANCE AND APOLOGIES

Members

Mrs N Mills	Community Member (Chair)
Mr S Rutter	Community Member (via Zoom)
Ms K Barrack	Community Member
Cr M McKeown	Shire President
Cr M Dival	Deputy Shire President (via Zoom)
Cr J Prater	Councillor
Cr S Van der Heyden	Councillor (via Zoom)

Staff

Mr A Hart	Acting Chief Executive Officer
Mrs M Rebane	Governance Coordinator
Ms P Kaur	Executive Support Officer

Members of the Public

0

Apologies

Mr A Bowman JP	Chief Executive Officer
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Cr Dival made an announcement at 10:30 am:

“I disclose under the provisions of regulation 14CA of the Local Government (Administration) Regulations 1996 that I can maintain confidentiality during the meeting or closed part of the meeting if required in accordance with regulation 14CA(5).”

Cr Van Der Heyden made an announcement at 10:31 am:

“I disclose under the provisions of regulation 14CA of the Local Government (Administration) Regulations 1996 that I can maintain confidentiality during the meeting or closed part of the meeting if required in accordance with regulation 14CA(5).”

Mr S Rutter made an announcement at 10:31 am:

“I disclose under the provisions of regulation 14CA of the Local Government (Administration) Regulations 1996 that I can maintain confidentiality during the meeting or closed part of the meeting if required in accordance with regulation 14CA(5).”

1.3 DISCLOSURE OF INTEREST

The Chairperson advised that no disclosures of interest in the form of a written notice had been received prior to the commencement of the meeting.

2 OFFICER REPORTS

2.1 ARIC Request for Special Meeting to consider Reporting Framework and proposed 2026 Meeting Schedule

Date of Report:	16 March 2026
Applicant or Proponent:	Audit, Risk and Improvement Committee
File Reference:	COC2-02
Author:	M Rebane – Governance Coordinator
Responsible Officer:	A Hart – Executive Manager Finance and Corporate Services
Previously Before Council:	N/A
Author’s Disclosure of Interest:	Nil
Council’s Role in the matter:	Executive
Attachments:	<ol style="list-style-type: none"> 1. Memo from ARIC Chair including Notice of Meeting; 2. ARIC Reporting Framework & Meeting Schedule (Final Version)” – 12-page report; and 3. Email from CEO to ARIC Chair.

PURPOSE OF THE REPORT

To present to the Audit, Risk and Improvement Committee (ARIC), *without amendment*, the Reporting Framework and proposed 2026 Meeting Schedule received via email from the ARIC Chair together with the notice of meeting request (**Attachment 1 and 2**).

BACKGROUND

The CEO received correspondence from the ARIC Chair advising that:

- “The ARIC committee members and I have worked through the draft report and the proposed Reporting Framework”, and
- The final version is ready to be presented formally to ARIC, and the Chair requests a Special ARIC Meeting be convened for this purpose.

Clause 2.5 of the ARIC Charter requires the Committee to maintain an annual work plan, which the Chair advises relies on adopting the proposed Reporting Framework and meeting schedule.

Under *Standing Orders Local Law 2008, cl. 7.10*, the Presiding Member may call a committee meeting by written request to the CEO specifying the date and purpose. The Chair has issued such a request.

As required, the attached documents are presented unaltered, noting that report-writing is an administrative function of the CEO under section 5.41 of the *Local Government Act 1995*.

The Chair provided:

1. A formal request to convene a Special ARIC Meeting; and
2. Instructions that the Reporting Framework be “presented to the committee in its current form without any amendments”; and
3. A 12-page report proposing:
 - Monthly ARIC meetings (increasing from quarterly);
 - A comprehensive new structured reporting suite;
 - A 2026 meeting schedule; and
 - Substantial new reporting requirements across finance, governance, risk and operations.

COMMENTS AND DETAILS

The CEO provided a formal response to the ARIC Chair (**Attachment 3**) raising critical governance concerns.

Under Regulation 16 of the *Local Government (Audit) Regulations 1996*, ARIC’s functions relate to reviewing reports *provided by the CEO* and making *recommendations to Council*.

The *Local Government Act 1995 s.5.41* clearly places responsibility for administration, workforce management, systems, and reporting processes with the CEO—not ARIC.

Additional reporting requests must therefore be assessed for their administrative feasibility, resourcing needs, and legislative constraints before Council considers endorsement.

The Audit, Risk and Improvement Committee requested that the following statement by the Chairperson, N Mills, at 10:42 am be recorded in the minutes of the meeting.

MOTION/ARIC RESOLUTION NO.ARC007/03/26

MOVED Cr M Dival

SECONDED Mrs N Mills

Chairperson, N Mills, made the following statement at 10:42 am:

“We have all read the communication from the CEO regarding this Special Meeting.

I want to be very clear - Clause 2.5 of the ARIC Charter explicitly mandates this Committee to prepare an annual work plan. This is a direct obligation placed on ARIC by Council.

The responsibility sits squarely with us.

To meet this obligation, members must be able to discuss priorities and what reporting is required for proper oversight. This is not 'non-compliant' behaviour - it is the performance of our duty.

Clause 3.2 of the ARIC Charter provides explicit authorisation from the Council for ARIC to obtain any information it requires (subject to legal obligations to protect information) for the purposes of fulfilling its duties. This is the intent of the Framework developed for the Work Plan.

The suggestion of apprehended bias is also misplaced. Participation in processes mandated by the Charter is not evidence of bias; it is a necessary component of fulfilling our statutory responsibilities.

Regarding the comments on resourcing: if the reports required by the Framework cannot be produced, that represents a material organisational risk. Identifying such risks is one of the reasons why this Committee exists.

While it is disappointing that the Committee's integrity has been questioned, our focus remains on fulfilling the responsibilities assigned to us.

The CEO's comments and suggestions notwithstanding, ARIC is committed to moving from reactive action to a proactive approach in addressing organisational risks.

With that context noted, let's continue with the Agenda."

Voted For: N Mills, S Rutter, K Barrack, M Dival, M McKeown, J Prater and
S Van der Heyden

Voted Against: Nil

MOTION CARRIED 7/0

IMPLICATIONS TO CONSIDER

Consultative:

Internal consultation across Governance, Finance, Risk, Executive Services and relevant business units is required to determine feasibility.

Strategic:

Oversight improvements must align with the Integrated Planning and Reporting Framework and maintain good governance principles.

Policy related:

Local Government Payments and Gifts to Members Policy

Financial:

Substantial increases in staffing and operational costs are likely. Detailed estimates require further analysis.

Legal and Statutory:

Local Government Act 1995 (incl. s.5.41 CEO functions)

Local Government (Audit) Regulations 1996 r.16

Local Government (Administration) Regulations 1996 r.14

Standing Orders Local Law 2008 cl. 7.10

CCC Act 2003

Common law principles of apprehended bias.

Risk related:

There are several governance, legal, operational and procedural risks associated with ARIC making this recommendation to Council in its current form.

Moving to monthly meetings and endorsing a complex reporting schedule would impose significant administrative demands.

Three of the dates proposed are Council Workshop dates where other council business gets done and so scheduling meetings on these days would affect operations considerably.

Further, three of the dates proposed are currently meeting dates for other committees which means that these dates are not available to add in other meetings for other committees.

Under Regulation 16 of the *Local Government (Audit) Regulations 1996*, ARIC's functions are expressly limited to reviewing reports provided by the CEO and making recommendations about improvements to systems and procedures.

ARIC has no delegated authority to design or impose administrative systems, workflows, or reporting processes, and doing so without CEO input presents a risk of breaching the statutory separation of powers under s.5.41 of the *Local Government Act 1995*, which vests responsibility for the Shire's administration, operational systems, workforce management, and reporting processes exclusively in the CEO.

Under s.5.41 of the *Local Government Act 1995*, the CEO alone determines systems, procedures, resourcing and staffing requirements. ARIC recommending operational commitments without CEO assessment risks contravening the CEO's exclusive statutory role, creating potential legal and procedural non-compliance.

Workforce related:

Significant workload increases for finance, governance, risk and administrative staff.

VOTING REQUIREMENTS

Simple Majority

ARIC RECOMMENDATION/ARIC RESOLUTION NO.ARC008/03/26

MOVED Mrs N Mills

SECONDED Cr J Prater

That the Audit, Risk and Improvement Committee resolves to:

1. Approve the Audit, Risk and Improvement Committee Reporting Framework as outlined in **Attachment 2**.
2. Approve the meeting dates for the Audit, Risk and Improvement Committee for 2026, with a starting time of 10.30am, as follows:
 - 9 April 2026
 - 14 May 2026
 - 11 June 2026
 - 9 July 2026
 - 13 August 2026
 - 10 September 2026
 - 8 October 2026
 - 12 November 2026
 - 10 December 2026
3. Requests the CEO to implement the Reporting Framework as outlined in **Attachment 2**, ensuring that:
 - (a) all required reports are prepared in accordance with the specified frequency and content requirements; and
 - (b) reports are provided in written, evidence-based form.

Voted For: N Mills, S Rutter, K Barrack, M Dival, M McKeown, J Prater and
S Van der Heyden

Voted Against: Nil

MOTION CARRIED 7/0

ARIC RECOMMENDATION/ARIC RESOLUTION NO.ARC009/03/26

MOVED Mrs N Mills

SECONDED Ms K Barrack

The Audit, Risk and Improvement Committee recommends that Council:

1. Approves the change in the Audit, Risk and Improvement Committee meeting frequency from quarterly to monthly for the remainder of the 2026 calendar year.
2. Sets the meeting dates for the Audit, Risk and Improvement Committee for 2026, with a starting time of 10.30am, as follows:
 - a. 9 April 2026
 - b. 14 May 2026
 - c. 11 June 2026
 - d. 9 July 2026
 - e. 13 August 2026
 - f. 10 September 2026
 - g. 8 October 2026
 - h. 12 November 2026
 - i. 10 December 2026
3. Notes that the Reporting Framework has been developed in accordance with Section 2.5 of the Audit, Risk and Improvement Committee Charter, which requires the Committee to prepare an annual work plan outlining when it will perform key activities, in consultation with Council.
4. Endorses the reporting framework, as outlined in **Attachment 2**.
5. Notes that the Audit, Risk and Improvement Committee has requested the required reports from the CEO in accordance with its charter and statutory functions.

Voted For: N Mills, S Rutter, K Barrack, M Dival, M McKeown, J Prater and
S Van der Heyden

Voted Against: Nil

MOTION CARRIED 7/0

16/03/2026, 12:48

CM: [External]-ARIC Reporting Framework – Request to Convene Special Meeting - Tuesday 17 March 10.30am - Maria Re.



Outlook

CM: [External]-ARIC Reporting Framework – Request to Convene Special Meeting - Tuesday 17 March 10.30am

From Natalie Mills [redacted]
Date Fri 2026-03-13 8:04 AM
To Aaron Bowman [redacted]@toodyay.wa.gov.au>
Cc Maria Rebane [redacted]@toodyay.wa.gov.au>

1 attachment (549 KB)

Memorandum from ARIC - Special Meeting 17.03.2026.pdf;

Morning Aaron,

I hope all is well.

The ARIC committee members and I have now worked through the draft report and the proposed Reporting Framework, with everyone having the opportunity to review, comment, and shape the final version. This attached version reflects the collective input of the Committee members, and we are all comfortable presenting it formally for ARIC's consideration.

As you would be aware, Clause 2.5 of the ARIC Charter requires the Committee to adopt and maintain an annual work plan. The Reporting Framework and the proposed meeting schedule form the core structure of that work plan, and the Committee needs to consider and adopt these elements to ensure we can meet our Charter and statutory responsibilities for the 2026 year.

To progress this, I am requesting that a Special ARIC Meeting be convened, and I have attached the formal notice for your action in accordance with the Standing Orders. As this report has been developed by ARIC members for ARIC's consideration, I would appreciate it being presented to the Committee in its current form without amendment.

Please let me know if you need anything further from me.

Cheers

Nat Mills



MEMORANDUM

MEMO TO: Chief Executive Officer
FROM: ARIC Chairperson
DATE: 13 March 2026
SUBJECT: Calling a Special Committee Meeting

Administration Centre

15 Fiennes Street
PO Box 96
TOODYAY WA 6566

T (08) 9574 9300

F (08) 9574 2158

E records@toodyay.wa.gov.au

W www.toodyay.wa.gov.au

Dear CEO

This memorandum is notice, in accordance with the *Shire of Toodyay Standing Orders Local Law 2008 17.10(a)*, that I am calling a Special Committee Meeting in the Council Chambers, 15 Fiennes Street, Toodyay as follows:

Date: Tuesday, 17 March 2026

Time: 10:30 am

Venue: Council Chambers, Shire of Toodyay Administration Centre,
15 Fiennes Street, Toodyay WA 6566

For the purpose of considering all matters related to the following:-

- The Audit, Risk and Improvement Committee's Reporting Framework and the Committee's annual work plan, as outlined in the **attached report**, in accordance with Clause 2.5 of the ARIC Charter.
- The proposed Audit, Risk and Improvement Committee meeting schedule as a component of the annual work plan.

Yours sincerely

(Sign)



(Print Name)

NATALIE MILLS
Audit Risk and Improvement Committee Chairperson

Attachment

Audit, Risk and Improvement Committee Reporting Framework and Meeting Schedule

Purpose of the Report

The purpose of this report is to present a proposed Reporting Framework for the Audit, Risk and Improvement Committee (ARIC) to consider which has been developed in accordance with Section 2.5 of the ARIC Charter, which states:

“The Committee will prepare an annual work plan that outlines when it will perform key activities, in consultation with Council.”

Section 2.5 places a clear responsibility on ARIC to determine, in advance, the information, reporting, and assurance it requires to fulfil its statutory functions. Preparing an annual work plan is not simply an administrative exercise - it is the mechanism through which ARIC defines the timing, frequency, and scope of the oversight activities it must undertake. To meet this obligation, ARIC must establish a structured and predictable reporting framework that ensures it receives the information necessary to monitor financial controls, compliance, risk management, and organisational performance throughout the year.

The proposed Reporting Framework provides this structure. It sets out a suite of standing reports, delivered at defined intervals, to ensure ARIC receives timely, evidence-based information that supports informed decision-making and effective oversight. By embedding these reporting requirements into ARIC’s annual work plan, the Committee strengthens its ability to operate proactively rather than reactively, ensures alignment with its legislative responsibilities, and provides clarity to the CEO and administration regarding ARIC’s expectations for ongoing assurance.

Background

The Local Government Act 1995 and associated regulations establish ARIC as a key governance body responsible for oversight of risk management, internal controls, financial management, compliance, and continuous improvement. These responsibilities expanded significantly with the 1 January 2026 legislative reforms, which strengthened ARIC’s mandate and increased expectations for transparency, assurance, and independent oversight.

Under the revised framework, ARIC must:

- monitor the effectiveness of financial controls and risk systems
- oversee compliance with legislation, regulations, and internal policies
- review the adequacy of governance processes

Attachment

- provide independent advice to Council on risk, integrity, and performance
- ensure continuous improvement across the organisation

To meet these obligations, ARIC requires regular, structured, and evidence-based reporting that provides visibility of emerging risks, control weaknesses, compliance exposures, and operational developments. Historically, ARIC has received reports on a quarterly basis; however, this cadence limits the Committee's ability to detect issues early, monitor trends, or intervene before risks escalate.

The proposed Reporting Framework is designed to align ARIC's oversight with contemporary public-sector practice, support the enhanced legislative requirements, and embed a proactive assurance culture across the organisation.

Comments and Details

1. Meeting Frequency

It is proposed that ARIC's meeting frequency increase from quarterly to monthly to ensure the Committee can exercise effective and timely oversight.

Quarterly meetings create extended periods in which operational, financial, and compliance issues may escalate before ARIC becomes aware of them, limiting the Committee's ability to identify emerging risks, monitor control effectiveness, or intervene early.

Monthly meetings would enable ARIC to monitor trends in real time, maintain consistent visibility over the organisation's control environment, and support a proactive governance approach rather than retrospective review. Increasing the frequency strengthens ARIC's capacity to respond to emerging issues, maintain continuous assurance, and uphold its statutory responsibilities.

Community members have also indicated that if the primary barrier to increased frequency is financial - specifically, member sitting fees - they are willing to maintain the current annual fee structure, equivalent to payment for four meetings per year, even if additional meetings are held. This reflects a shared commitment to strengthening oversight without imposing additional cost pressures on the Shire.

2. Operational Overview Summary

It is proposed that a written Operational Overview Summary be provided at each meeting to ensure the Committee maintains clear visibility over the organisation's operating environment. This summary would present a concise account of key activities, material changes, significant incidents, and any emerging risks that have arisen since the previous ARIC meeting.

Attachment

For the purposes of this report, a “material change” refers to any development that may affect the Shire’s risk profile, internal controls, compliance obligations, financial position, or service delivery. A “significant incident” refers to any event or control failure that has resulted in, or has the potential to result in, financial exposure, compliance breaches, service disruption, reputational harm, or the need for investigation or corrective action.

The purpose is to ensure ARIC receives timely, structured insight into matters that may influence risk exposure, internal controls, compliance obligations, or service delivery performance.

Regular operational reporting is essential for ARIC to identify shifts or patterns that may signal emerging risks before they escalate. Early awareness enables the Committee to assess whether controls are functioning as intended, whether risk treatments remain appropriate, and whether any issues require escalation or further assurance activity. This level of visibility is fundamental to ARIC’s statutory mandate to provide independent advice on risk management, internal control effectiveness, and continuous improvement across the organisation.

Embedding this written summary as a standing item strengthens ARIC’s ability to maintain proactive oversight and ensures that operational developments are consistently captured, monitored, and addressed within the governance framework.

3. Reconciliation Status Report (with Evidence)

It is proposed that ARIC receive a Reconciliation Status Report, supported by documentary evidence, at each meeting as part of the standing Financial Controls Reports. This report would confirm the completion, accuracy, and review status of all key financial reconciliations. At a minimum, this includes bank accounts, GST, payroll, rates, creditors, debtors, and asset registers; however, any additional reconciliations that are material to the Shire’s financial control environment are also to be included to ensure full visibility over the integrity of the financial records.

For each reconciliation, ARIC should receive a clear statement of status - completed, outstanding, or delayed - supported by appropriate evidence such as system-generated reconciliation reports, ledger extracts, and reviewer sign-offs. Where relevant, the evidence may also include the bank-statement page showing the closing balance used in the reconciliation, particularly where ARIC requires additional assurance or where historical issues have been identified. Full bank statements are not required; only the closing-balance page is necessary to verify the integrity of the reconciliation.

Reconciliations are a fundamental internal control that underpin the accuracy of financial reporting and the reliability of the organisation’s financial systems. Evidence-based reporting enables ARIC to independently confirm that reconciliations

Attachment

are current, properly reviewed, and free from material discrepancies. This approach reflects standard practice in strong financial governance environments and supports ARIC's oversight of financial controls, early detection of issues, and assurance that the organisation maintains disciplined financial stewardship.

4. Unreconciled Items Register

It is proposed that ARIC receive an Unreconciled Items Register at each meeting as part of the standing Financial Controls Reports. This register would provide a clear and structured overview of all outstanding unreconciled items across the Shire's key financial processes. For each item, the register would identify the age of the item, the underlying root cause, the responsible officer, the corrective action underway, and the expected resolution date. The register is intended to capture all unreconciled items that are material to the integrity of the Shire's financial records and internal controls, rather than a limited or predefined subset.

The intent is to ensure ARIC has full visibility of discrepancies that remain unresolved within the organisation's financial systems and to understand whether these items are isolated, recurring, or indicative of broader control issues.

Unreconciled items are often early indicators of weaknesses in internal controls, process failures, system configuration issues, or potential fraud exposure. By tracking ageing and analysing root causes, ARIC can distinguish between routine timing differences and systemic problems that require management attention or further assurance activity. This level of transparency supports ARIC's responsibility to oversee financial integrity, monitor the effectiveness of internal controls, and ensure that corrective actions are timely, appropriate, and properly assigned.

Embedding this register as a standing item strengthens ARIC's ability to detect emerging risks, assess whether financial controls are functioning as intended, and maintain a proactive oversight posture. It also reinforces accountability by ensuring that unresolved items are monitored until fully cleared, rather than remaining hidden within operational processes.

5. Aged Payables and Receivables Report (90+ Days, >\$10,000)

It is proposed that ARIC receive an Aged Payables and Receivables Report at each meeting as part of the standing Financial Controls Reports. This report would provide visibility over all aged balances within the organisation's financial systems by detailing any payables or receivables aged over 90 days and exceeding \$10,000. The scope would include debtors, creditors, GST payable and receivable, superannuation payable, PAYG withholding payable, accrued expenses, accrued income, and any other long-outstanding asset or liability balances where ageing is relevant. Each item should

Attachment

be accompanied by an explanation of its nature, the reason for delay, and the actions underway to resolve it.

Long-aged balances above material thresholds are often early indicators of weaknesses in financial controls, process failures, or emerging financial stress. Statutory liabilities such as superannuation, PAYG, and GST carry strict compliance obligations, and delays in payment can expose the organisation to penalties, audit findings, and reputational risk. Aged debtors may signal revenue leakage, system errors, or unresolved disputes requiring escalation, while aged creditors may point to cash-flow constraints, approval bottlenecks, or breakdowns in procurement or invoice processing. These patterns are not visible in high-level financial reports but become clear when aged balances are monitored systematically.

Providing this report as a standing item strengthens ARIC's oversight of financial controls and risk management by ensuring the Committee has timely visibility of materially aged balances and can assess whether internal controls are functioning effectively. It also supports early intervention, targeted assurance activity, and accountability for the timely resolution of outstanding items.

6. Grants Register

It is proposed that ARIC receive a complete Grants Register each quarter as part of the Compliance & Obligations Reports. This register would provide a consolidated view of all active grants, including the total grant amount, outstanding acquittals, outstanding receipts, and all associated deadlines and compliance obligations.

The purpose is to ensure ARIC has clear visibility over the organisation's grant-related commitments and can assess whether financial, reporting, and compliance requirements are being met in a timely and controlled manner.

Grant management is a frequent source of audit findings, compliance breaches, and financial exposure across the local government sector. Without a structured register, it is difficult to identify overdue acquittals, unclaimed revenue, or approaching deadlines that may place the organisation at risk. Visibility of acquittals, receipts, and compliance milestones enables ARIC to understand the organisation's exposure, monitor whether obligations are being fulfilled, and identify areas where processes may require strengthening.

Including the Grants Register as a standing quarterly report supports ARIC's oversight of compliance, financial integrity, and internal control effectiveness. It ensures that grant-related risks are monitored systematically, that emerging issues are identified early, and that the organisation maintains disciplined and transparent grant management practices.

Attachment

7. Compliance Breach Register

It is proposed that ARIC receive a Compliance Breach Register each quarter as part of the Compliance & Obligations Reports. This register would provide structured visibility over all suspected or confirmed compliance breaches, including matters currently under investigation, the outcomes of completed investigations, and the corrective actions arising from them. For each item, the register would outline the nature of the suspected breach, the status of the investigation, the findings where applicable, the responsible officers, and the implementation status of any required remedial actions.

A compliance breach, for the purposes of this register, refers to any instance where legislation, regulations, internal policies, procedures, contractual obligations, or statutory requirements have not been followed or may not have been followed. This includes suspected breaches that are still being assessed, confirmed breaches identified through investigation, and systemic issues that result in repeated non-compliance. Including suspected breaches is essential, as early-stage concerns often reveal emerging control weaknesses before they escalate into formal findings.

Oversight of compliance systems is a core responsibility of ARIC, and early visibility of suspected breaches is essential to maintaining organisational accountability and process integrity. Transparency around investigations supports timely remediation, reduces the risk of issues being minimised or overlooked, and enables ARIC to identify patterns that may indicate systemic weaknesses in internal controls, training, or governance processes. Monitoring corrective actions and their implementation status also allows ARIC to assess whether the organisation is responding effectively to compliance failures and embedding continuous improvement.

Including the Compliance Breach Register as a standing quarterly report strengthens ARIC's ability to oversee compliance, financial integrity, and internal control effectiveness. It ensures that breaches are identified, escalated, and resolved in a timely and accountable manner, and that the organisation maintains a disciplined approach to compliance management.

8. Corporate Risk Register (Full Version)

It is proposed that ARIC receive the full Corporate Risk Register each quarter as part of the Risk & Assurance Reporting suite. This would provide complete visibility of all strategic, operational, financial, compliance, and project-related risks recorded within the organisation's risk management system. The full register would include inherent and residual risk ratings, assessments of control effectiveness, treatment plans and progress updates, and the assigned risk owners with corresponding due dates. Providing the complete register ensures that ARIC is not reliant on summaries or dashboards that may omit important detail, mask deteriorating risks, or obscure stalled treatments.

Page | 6 of 12

Attachment

ARIC's ability to provide meaningful oversight depends on access to the underlying risk information rather than high-level extracts. Full visibility enables the Committee to challenge assumptions, identify gaps in control design or operation, and assess whether risk treatments are realistic, appropriately resourced, and progressing as planned. It also allows ARIC to detect emerging patterns - such as repeated control failures, overdue treatments, or clusters of high-risk items - that may indicate systemic issues requiring escalation or further assurance activity.

Receiving the full Corporate Risk Register supports ARIC's statutory responsibility to oversee risk management and internal control effectiveness. It strengthens the Committee's capacity to monitor the organisation's risk profile, ensure accountability for risk ownership, and provide informed, independent advice on the adequacy of the risk management framework. This level of transparency is essential for proactive governance and for ensuring that risks are managed consistently, systematically, and in alignment with the organisation's strategic objectives.

9. CEO's Statement of Assurance

It is proposed that ARIC receive a formal written CEO's Statement of Assurance each quarter as part of the Risk & Assurance Reporting suite. This written statement would provide an executive-level attestation on the effectiveness of the organisation's financial controls, risk management systems, and compliance processes. The CEO would confirm in writing whether these systems are operating effectively, identify any areas where they are not, outline key concerns or emerging issues that warrant ARIC's attention, and disclose any resourcing or capability constraints affecting governance, finance, or risk functions. The intent is to ensure ARIC receives a clear, attributable, and auditable assurance directly from the accountable officer.

Quarterly written CEO attestations are standard practice across local government and the broader public sector because they strengthen executive accountability and provide governance bodies with direct insight into systemic issues. A written assurance statement enables ARIC to understand the CEO's level of confidence in the organisation's internal controls, identify areas where controls may be deteriorating, and assess whether emerging risks are being escalated appropriately. It also ensures that material concerns - whether operational, financial, compliance-related, or cultural - are documented transparently and not left to informal reporting channels.

Including a formal written CEO's Statement of Assurance as a standing quarterly report supports ARIC's statutory responsibility to oversee risk management and internal control effectiveness. It reinforces a culture of transparency, early escalation, and continuous improvement, and ensures that ARIC has the information it needs to provide informed, independent oversight of the organisation's governance environment.

Attachment

10. Proposed Meeting Schedule

The following schedule will follow a standard agenda structure that incorporates the Committee's standing reporting requirements, ensuring consistent oversight across financial controls, compliance, risk, and operational matters. In addition to these standard reports, the CEO will present further information where emerging issues, material risks, statutory obligations, or significant organisational developments warrant ARIC's attention.

This approach provides a stable and predictable meeting rhythm while maintaining the flexibility needed to respond to new or evolving matters throughout the year.

9 April 2026

- Operational Overview Summary
- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report

14 May 2026

- Operational Overview Summary
- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report
- Grants Register
- Compliance Breach Register

11 June 2026

- Operational Overview Summary
- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report
- Corporate Risk Register
- CEO's Statement of Assurance

9 July 2026

- Operational Overview Summary
- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report

13 August 2026

- Operational Overview Summary

Page | 8 of 12

Attachment

- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report
- Grants Register
- Compliance Breach Register

10 September 2026

- Operational Overview Summary
- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report
- Corporate Risk Register
- CEO's Statement of Assurance

8 October 2026

- Operational Overview Summary
- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report

12 November 2026

- Operational Overview Summary
- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report
- Grants Register
- Compliance Breach Register
- Review 2027 calendar meeting schedule

10 December 2026

- Operational Overview Summary
- Reconciliation Status Report
- Unreconciled Items Register
- Aged Payables and Receivables Report
- Corporate Risk Register
- CEO's Statement of Assurance

Attachment

Implications to Consider

Consultative

The framework requires consultation with the CEO and senior management to ensure reporting expectations are understood, achievable, and embedded into governance processes. Monthly reporting will require coordination across business units to ensure timely preparation and review.

Strategic

The framework strengthens governance maturity and aligns ARIC's oversight with contemporary public-sector risk and assurance practices. Improved visibility of risks, controls, and compliance obligations enhances ARIC's ability to support strategic decision-making and provide informed advice to Council.

Policy Related

Implementation may require updates to internal reporting procedures, delegations, and document-management practices. The framework aligns with ARIC's Charter and the Shire's governance policies, reinforcing transparency and continuous improvement.

Financial

Financial impacts are minimised as community members have indicated willingness to maintain the current annual fee structure even with monthly meetings. Increased administrative workload will be offset by earlier risk detection and strengthened financial control effectiveness.

Legal and Statutory

The framework supports compliance with the *Local Government Act 1995* and the strengthened ARIC requirements effective 1 January 2026. Formalising reporting expectations enhances the Shire's ability to demonstrate due diligence and statutory oversight.

Risk Related

The reporting suite improves early detection of emerging risks, control failures, and compliance breaches. Regular, structured reporting reduces the likelihood of financial loss, audit findings, and reputational damage.

Workforce Related

The framework requires consistent reporting contributions from finance, governance, risk, and operational teams. Training or process improvements may be required to ensure reports are accurate, evidence-based, and delivered on schedule.

Page | 10 of 12

Attachment

Audit, Risk and Improvement Committee Recommendation 1

The Audit, Risk and Improvement Committee resolves to:

1. Approve the Audit, Risk and Improvement Committee Reporting Framework as outlined in the report.
2. Approve the meeting dates for the Audit, Risk and Improvement Committee for 2026, with a starting time of 10.30am, as follows:
 - 9 April 2026
 - 14 May 2026
 - 11 June 2026
 - 9 July 2026
 - 13 August 2026
 - 10 September 2026
 - 8 October 2026
 - 12 November 2026
 - 10 December 2026
3. Requests the CEO to implement the Reporting Framework, ensuring that:
 - a. all required reports are prepared in accordance with the specified frequency and content requirements; and
 - b. reports are provided in written, evidence-based form.

Audit, Risk and Improvement Committee Recommendation 2

The Audit, Risk and Improvement Committee recommends that Council:

1. Approves the change in the Audit, Risk and Improvement Committee meeting frequency from quarterly to monthly for the remainder of the 2026 calendar year.
2. Sets the meeting dates for the Audit, Risk and Improvement Committee for 2026, with a starting time of 10.30am, as follows:
 - a. 9 April 2026
 - b. 14 May 2026
 - c. 11 June 2026
 - d. 9 July 2026
 - e. 13 August 2026
 - f. 10 September 2026
 - g. 8 October 2026
 - h. 12 November 2026
 - i. 10 December 2026
3. Notes that the Reporting Framework has been developed in accordance with Section 2.5 of the Audit, Risk and Improvement Committee Charter, which

Attachment

requires the Committee to prepare an annual work plan outlining when it will perform key activities, in consultation with Council.

4. Endorses the Reporting Framework, as outlined in the report.
5. Notes that Audit, Risk and Improvement Committee has requested the required reports from the CEO in accordance with its Charter and statutory functions.



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Mrs Natalie Mills
Chairperson
Shire of Toodyay ARIC

Dear ARIC Chair

RE: Special audit meeting

My apologies for not being able to be at the "special audit" committee meeting called, by yourself the Chairperson, by giving notice on Friday 13 March at 8.03am without the professional courtesies of any prior discussion with me on whether my relevant staff or I was available. I will be on leave, as all Councillors were aware.

I hold serious concerns into the conduct of potentially all audit committee members, in that informal meetings / discussions have apparently occurred, that have not been in a format that is required by the legislation. I form this view by the following comments in your email "The ARIC committee members and I have worked through the draft report and the proposed reporting framework". Secret, behind "closed doors" meetings / discussions do not promote transparency, accountability or openness amongst other matters of concern.

If you or any member of the audit committee wanted a more detailed work plan, which I cannot recall having been previously raised in any prior ARIC, the correct process to have followed is via a notice of motion for a report. This would then have allowed staff to provide professional advice, including any cost and resource implications for a fully informed decision to be made. In the absence of this, you and the audit committee members are proposing to make decisions without knowing the impact of such. Please note a quick scan of the 12-page document what you and apparently audit committee members have already appeared to have agreed to have both resourcing and staffing issues amongst other things. The details of how much cannot be provided without detailed investigation. Other matters such as it being impossible to hold two meetings at the same time in the same venue with some of the same stakeholders; an increase expenditure of independent sitting fees (as adopted by council) by 300%, requiring the CEO to breach confidentiality requirements also come to mind.

In my role I am required to provide professional advice, and to not do so would be a breach of my statutory duty. I note your comment in your email where you state "I would appreciate it being presented to the committee in its current form without any amendments" I have instructed my staff to do so, however it is important for me to advise you that your role and / or that of any other committee member is not to write reports – this is an administrative role and responsibility. The role of ARIC is **oversight** of risk management, internal controls, financial management, compliance and continuous improvement. MY staff will however provide a hastily put together report, that will provide a professional recommendation from staff as is required. If committee members choose not to follow this advice, the reasons for doing so must be documented in the minutes of the meeting as required by legislation.

I am concerned that you and other committee members, being the authors of said work plan have an apprehended bias, and as such it my professional responsibility to draw this to your attention. Your apprehension of bias together with other committee members comes about being the author of the said workforce plan, having already discussed and "worked through the draft report" that you are now required to make an impartial decision. I do not believe this can now occur.

Apprehend bias is a common law concept. The apprehended bias concept was the subject of a decision by Justice Archer in the Supreme Court in the case *Dain Pty Ltd v Shire of Peppermint Grove* (2019).

Arhcer J said

Bias may be caused by an interest in the outcome affection or enmity or prejudice. Whatever its cause the results that is feared is a deviation from the true course of decision making.

The governing principle for apprehended bias is whether a fair minded lay observer might reasonably apprehend that the decision maker might not bring an impartial mind to the decision. The question is largely a factual one, but must be considered in the legal, statutory and factual context in which the decision is made. IT is an objective test of "possibility" (real and not remote), not probability" The court need not be satisfied that the fair minded lay observer "would" have such an apprehension; nor need any apprehensions in the mind of the observer itself involved a state of satisfaction of the probabilities"

Archer J in paragraphs 94 – 96 of her reasons said further

*94 The propose approach, set out in *Ebner v Official Trustee in Bankruptcy*, involves two steps(Ebner test)*

First – the identification of what is said might lead a decision maker to decide a case other than on its legal and actual merits

Second the articulation of the logical connection between the matter and the feared deviation from the course of deciding the case on its merits

95 *As is apparent from the description, the first step is not an identification of those things that **will** cause the decision maker to decide a case other than on its legal and actual merits. It is an identification of the factors that **might** lead the decision maker to decide a case other than on its legal and actual merits.*

96 *Similarly the second step is directed to the **capability** to affect a decision not actual affectation.*

For there to be a reasonable apprehension of bias sufficient to disqualify a person from a decision-making role, it is not necessary that there be actual bias. A person required to carry out an evaluation may be particularly high minded and may in fact be capable of overcoming an apprehended bias and may be capable of making a fair and balanced evaluation. But apprehended bias principle is not concerned with the quality of mind of the individual decision maker. It is concerned with the apparent capability of the apprehended bias circumstance to affect decision making role.

Your Sincerely



Aaron Bowman JP

Chief Executive Officer

3 CLOSURE OF MEETING

The Chairperson closed the meeting at 10:45 am.