Audit, Risk and Improvement Committee (ARIC) Charter

Approved and adopted by Council on Thursday 1 October 2026 (CRN: **OCM/242/06/26**)

1. Introduction

1.1 In accordance with section 7.1A of the Local Government Act 1995, Council must establish an Audit, Risk and Improvement Committee of three or more persons to provide independent oversight, assurance and advice to Council on matters of audit, risk, internal control, financial reporting, legislative compliance, governance and continuous improvement.

1.2 The Committee is led by an independent Presiding Member and an independent Deputy Presiding Member, neither of whom may be a Councillor or employee of any local government, in accordance with the Local Government Act 1995 and the leadership criteria set out in section 6 of this Charter. Membership composition is set out in section 6.

2. Role

2.1 The Committee assists Council to fulfil its statutory oversight responsibilities under section 7.1A of the Act and Regulation 16 of the Local Government (Audit) Regulations 1996, including oversight of risk management, internal control, financial and performance reporting, integrity and legislative compliance, and monitoring the CEO's implementation of actions required under section 7.12A.

2.2 The Committee is a Council committee and is independent of the CEO and administration. It performs oversight functions only and must not involve itself in operational management, administrative decision-making, or the direction of employees.

2.3 The Committee will conduct its oversight role in a professional and respectful manner. In performing its responsibilities, the Committee may engage with management as required, while maintaining its independence and its right to seek information, reports and explanations directly in accordance with section 7.1C of the Act. Engagement with management must not limit the Committee's ability to question, challenge or scrutinise matters within its remit.

2.4 The Committee is responsible to, and reports directly to, Council. All findings, recommendations and reports of the Committee are provided to Council in the form approved by the Committee.

2.5 Members of the Committee are expected to:

(a) understand the legal and regulatory obligations relevant to the Committee's oversight role;

(b) understand the Shire's governance, risk and assurance frameworks to the extent necessary to perform their oversight responsibilities;

(c) exercise due care, diligence and skill in carrying out their duties;

(d) comply with the Shire of Toodyay's Code of Conduct for Council Members, Committee Members and Candidates, and any applicable professional codes of ethics;

(e) remain informed of contemporary issues and developments relevant to local government governance, audit, risk and integrity;

(f) maintain confidentiality only in relation to information that is lawfully confidential or considered in a closed meeting under section 5.23(2) of the Act, while retaining the right and obligation to report matters directly to Council in accordance with this Charter and the Act; and

(g) be provided with an induction on appointment, coordinated by the Presiding Member, covering the Committee's functions, legislative framework, the Shire's governance and risk arrangements, and the obligations of Committee membership.

3. Authority

3.1 The Committee does not have executive powers, operational responsibilities or authority to implement actions, direct employees or make decisions on behalf of the local government. The Committee operates strictly as an advisory body and has no delegated authority under the Act.

3.2 The Committee's role is oversight. In performing this role, the Committee may review, question and seek assurance regarding any matter within its remit, including matters for which the Chief Executive Officer has administrative or legislative responsibility. The Committee may obtain information, documents and explanations in accordance with section 5.92 of the Act and may make findings and recommendations directly to Council in accordance with Section 5.20 and Section 7.1CA of the Act.

3.3 The Committee shall seek information and reports through the Chief Executive Officer to enable it to perform its functions under Regulation 16 of the Local Government (Audit) Regulations 1996.

3.4 The Council authorises the Committee, in accordance with this Charter for the purpose of performing its functions under Regulation 16, to:

(a) obtain any information it requires to fulfill its functions under Regulation 16, subject to any lawful confidentiality obligations and legal professional privilege;

(b) request attendance or participation by relevant persons where reasonably necessary and lawfully available at Committee meetings, including employees, auditors, consultants, regulators or elected members, as reasonably required to perform its functions;

(c) develop, maintain and amend its rolling work plan, and to determine the timing, scope and content of matters to be considered by the Committee; and

(d) make findings and recommendations directly to Council on any matter within its remit, including risk, internal control, financial reporting, integrity, legislative compliance and governance improvement.

3.5 The Committee may consider matters referred by Council and matters relevant to the functions prescribed by Regulation 16.

3.6 Where necessary to perform its oversight functions, the Committee may recommend to Council that independent legal or specialist advice be obtained. Once approved by Council, the Chief Executive Officer must facilitate access to such advice in accordance with section 5.41 of the Act.

3.7 The Committee cannot be delegated executive, operational or financial powers and must not be assigned responsibilities that fall within the administrative functions of the Chief Executive Officer under the Act.

3.8 The Committee is to be provided with information, documents and explanations reasonably necessary to enable it to perform its statutory oversight functions, subject to the Local Government Act 1995, applicable legislation, lawful confidentiality obligations and legal professional privilege.

3.9 Internal resolutions of the Committee, including resolutions requesting information, documents, reports or explanations, are not recommendations to Council and must not be referred to Council unless the Committee expressly resolves to make a recommendation.

3.10 The inclusion of Committee minutes in the Council agenda does not authorise placement of internal Committee resolutions before Council for amendment, adoption or rejection. Only resolutions expressly adopted as recommendations may be presented for Council consideration.

3.11 Nothing in this Charter prevents Committee members from undertaking preparation, briefing, training, technical discussion or collaborative oversight discussions outside formal meetings, provided that no formal decision-making or consensus-building occurs and the Committee's findings, recommendations and positions are determined at properly convened Committee meetings in accordance with the Act.

3.12 In the event of inconsistency between this Charter, the Local Government Act 1995, regulations or the Shire's Standing Orders Local Law, the Act, regulations and Local Law prevail.

4. Title of Committee

The Committee shall be known as the 'Audit, Risk and Improvement Committee.'

4.1 Decisions made by the Committee

4.1.1 Decisions of the Committee are to be made in accordance with section 7.1CA of the Act. A decision of the Committee requires a simple majority of the members present and voting. If votes are equally divided, the person presiding must cast a second vote in accordance with section 5.21(3) of the Act.

4.1.2 Quorum and voting procedures are governed by section 5.19 of the Act.

4.1.3 Committee decisions are recommendations or determinations of the Committee within its statutory role and must be recorded accurately in the minutes.

5. Membership

Membership shall consist of up to seven members.

5.1 Committee Members

(a) The Committee will consist of Councillors and independent community members appointed by Council in accordance with section 7.1A of the Act and this Charter.

(b) In accordance with sections 7.1A(3) and 7.1A(4) of the Act, the Presiding Member and Deputy Presiding Member must be independent community members. The independence criteria for these positions are set out in section 6.2.

(c) Council will review the membership of the Committee after each ordinary election day in accordance with section 5.11 of the Act.

(d) When reviewing membership, Council may reappoint members based on their ability to contribute to the Committee's work, ensuring an appropriate balance between continuity, fresh perspectives and a suitable mix of qualifications, knowledge, skills and experience.

(e) As a matter of governance policy, and not by statutory requirement, an independent community member will ordinarily serve in a leadership capacity (as Presiding Member or Deputy Presiding Member) for a maximum cumulative period of six years. Council retains its statutory power under section 5.12 of the Act to reappoint a Presiding Member or Deputy Presiding Member beyond this period where Council considers it appropriate to do so, for example where no suitable replacement is available. There is no maximum cumulative term for an ordinary independent community member, subject to the biennial appointment review process set out in clause 6.1(c).

(f) A person's membership continues until whichever of the following occurs first:

i. the person resigns;

ii. Council removes the person from office or the office otherwise becomes vacant;

iii. the Committee is disbanded; or

iv. the next ordinary election day.

(g) in accordance with the Local Government Act 1995.

i. Where a vacancy arises for an independent community member, the recruitment and appointment process set out in clause 6.2 applies.

ii. Committee members will collectively possess a broad range of skills, knowledge and experience to competently perform the Committee's oversight responsibilities.

5.2 Independent Community Members

5.2.1 Appointment of Presiding and Deputy Presiding Member

(a) In accordance with section 5.12 of the Act, Council must appoint a Presiding Member of the Committee. In accordance with section 7.1A(3), the Presiding Member cannot be a council member of the Shire or of any other local government.

(b) In accordance with section 7.1B of the Act, Council must appoint a Deputy Presiding Member of the Committee. In accordance with section 7.1B(2), the Deputy Presiding Member cannot be a council member of the Shire or of any other local government.

(c) The Chief Executive Officer has no role in the nomination, selection or appointment of the Presiding Member or Deputy Presiding Member.

5.3 Knowledge and skills

When assessing applications for independent community member positions, including the Presiding Member and Deputy Presiding Member roles, Council will consider the applicant's:

(a) Relevant qualifications or experience in areas such as audit, risk, governance, finance, accounting, law, business, information technology or cyber security.

(b) Understanding of corporate governance and oversight principles.

(c) Understanding of, or experience in, local government.

(d) Previous experience on audit, risk, governance or similar Committees.

(e) Demonstrated independence, sound judgement and high ethical standards.

5.4 Independence

To ensure the Committee maintains its independence and is seen to be independent, neither the Presiding Member nor the Deputy Presiding Member may be:

(f) A Councillor of the Shire or of any other local government.

(g) An employee of the Shire, or a person nominated by, or appointed to represent, any employee of the Shire.

(h) A person with any operational responsibilities within the Shire.

(i) A person who provides paid services to the Shire, either directly or indirectly, in any other capacity.

5.5 Term

(j) The Presiding Member and Deputy Presiding Member are appointed for a term of up to two years, with each term concluding at the next ordinary election day.

(k) A person may serve a maximum of three terms (six years in total) in either role. This limit applies to time served as Presiding Member or Deputy Presiding Member and does not prevent the person from continuing as an ordinary independent member of the Committee, subject to clause 6.1(e).

5.6 Remuneration

Remuneration and reimbursement of Committee members will be determined in accordance with applicable legislation and Local Government Payments and Gifts to Members Council Policy.

5.7 Recruitment process

(a) Where a vacancy arises in an independent community member position, the Shire will publicly advertise the vacancy.

(b) Applications will be reviewed and assessed by a Selection Panel consisting of the Shire President, the Deputy Shire President, and one Councillor appointed by Council. The Panel may request administrative support from Shire officers for coordination and compliance purposes. Officers may provide administrative support but will not participate in assessment or decision-making.

(c) The Selection Panel will identify the applicants it considers suitable for appointment and will recommend preferred candidates to Council for appointment.

(d) Council will appoint independent community members in accordance with this Charter and the Act.

(e) Administrative tasks associated with the recruitment process will be undertaken by Shire officers under the administrative supervision of the Chief Executive Officer, in consultation with the Shire President.

5.8 Reserve Pool of suitable applicants

(a) Where a recruitment process results in more than the required number of suitably qualified applicants, the Selection Panel may identify additional applicants as suitable for appointment and recommend that Council retain them in a reserve pool for the remainder of the term.

(b) If a vacancy arises in an independent community member position during the same term, Council may appoint a person from the reserve pool without undertaking a further public recruitment process, provided the person remains eligible and willing to serve.

5.9 Meeting attendees

(a) The Chief Executive Officer and Shire officers are not members of the Committee.

(b) The Presiding Member may invite the Chief Executive Officer to attend and to participate in the meeting for specific items where information, context or clarification is required.

(c) The Presiding Member may invite, through the Chief Executive Officer, other Shire Officers to attend and to participate in the meeting for specific items where information, context or clarification is required.External parties such as the Office of the Auditor General, the Shire's contracted external auditor, internal auditors, or specialist advisors may attend Committee meetings when invited by the Presiding Member for matters relevant to their role.

(d) All proposed external attendees must be notified to, and approved by, the Presiding Member prior to being included on the agenda or invited to attend.

5.10 The Committee will be provided with administrative support by a Shire officer nominated by the Chief Executive Officer. The administrative support officer will assist with coordination, minute-taking, agenda preparation and other administrative functions

5.11 The administrative support officer is expected to perform their duties with accuracy, impartiality and responsiveness to the Committee's requirements. If the Presiding Member considers that the nominated officer is unable to meet these expectations, the Presiding Member may request that the Chief Executive Officer nominate an alternative officer to support the Committee. The Chief Executive Officer retains full discretion in relation to the nomination, supervision and management of Shire officers, including any officer nominated to support the Committee, in accordance with section 5.41 of the Act. If the matter cannot be resolved between the Presiding Member and the Chief Executive Officer, the Presiding Member may refer the matter to Council.

5.12 Committee members may attend a meeting by electronic means in accordance with Regulation 14C of the Local Government (Administration) Regulations 1996. A member must request approval to attend electronically under Regulation 14C(2)(b), and may only do so when authorised by the Shire President or by Council.

5.13 The Shire President must not authorise electronic attendance if doing so would result in the member attending more than half of the Committee meetings held in any rolling 12-month period by electronic means, as required by Regulation 14C(3) of the Local Government (Administration) Regulations 1996.

5.14 A Committee member attending a meeting by electronic means must, before the meeting or before the meeting is closed to the public, declare that they can maintain confidentiality during the meeting, in accordance with Regulation 14CA(5) of the Local Government (Administration) Regulations 1996.

5.15 The Presiding Member may require any member attending a closed session, whether in person or electronically, to confirm that they are able to maintain confidentiality for the duration of the closed session.

6. Responsibilities

6.1 The Committee is an independent Committee established under sections 7.1A-7.1C of the Local Government Act 1995. Its functions are those set out in Regulation 16 of the Local Government (Audit) Regulations 1996, being to provide independent oversight, advice and recommendations to Council on the

effectiveness of the Shire's systems for risk management, internal control, legislative compliance, financial reporting and audit.

6.2 Risk management, internal control and legislative compliance systems

6.3 The Committee is responsible for providing independent oversight of the Shire's systems and processes for managing risk, internal control and compliance, including:

(a) reviewing the appropriateness and effectiveness of the Shire's systems for risk management, internal control and legislative compliance, including the Chief Executive Officer's reports prepared under Regulation 17;

(b) monitoring the implementation of improvements arising from these reviews; and

(c) considering significant risk events and internal control failures, including those relating to fraud, corruption, governance or legislative compliance, that may impact the Shire's operations or risk profile;

(d) reviewing the Shire's risk management framework, risk profile and key strategic risks; and

(e) considering reports from regulators or external bodies that identify control weaknesses or governance concerns.

6.4 Financial and performance reporting

The Committee assists Council in overseeing the integrity of the Shire's financial and performance reporting by:

(a) reviewing the annual financial statements and advising Council on whether they should be accepted;

(b) considering significant accounting matters, judgements or disclosures raised during the preparation or audit of the financial statements;

(c) reviewing the effectiveness of the Shire's financial reporting processes, including how Administration ensures compliance with relevant legislation and accounting standards; and

(d) considering the Chief Executive Officer's reports on the appropriateness and effectiveness of the Shire's financial management systems.

6.5 Audit (external and internal)

The Committee provides oversight of both external and internal audit functions by:

(a) reviewing the audit plan, audit scope and audit reports prepared by the Office of the Auditor General or its contracted auditor;

(b) meeting with the auditor at least once each year to discuss audit findings and matters relevant to the Committee's functions;

(c) meeting privately with the external auditor or internal auditor, without the presence of the Chief Executive Officer or Shire officers, where the Committee considers it necessary to support its oversight functions. Any matters requiring action, attention or Council consideration arising from such

meetings must be reported to Council through the Committee's normal reporting processes, subject to any lawful confidentiality requirements

(d) overseeing the internal audit function where one exists, including reviewing and endorsing the internal audit plan, assessing the adequacy of internal audit resourcing, and receiving all internal audit reports directly. The Committee may recommend or request specific internal audit work within the approved internal audit budget. Where the Committee has concerns about the independence or adequacy of the internal audit function, it must report those concerns and any recommendations to Council in accordance with Regulation 16.

(e) monitoring the implementation of audit recommendations, including those required under section 7.12A of the *Local Government Act 1995*; and

(f) considering the results of performance audits and other relevant reports issued by the Office of the Auditor General.

6.6 Other advisory functions

The Committee may:

(a) provide independent advice and recommendations to Council on matters within the Committee's functions; and

(b) perform any other functions assigned to the Committee by Council that are consistent with Regulation 16.

6.7 Public Interest Disclosures

The Committee's role in relation to Public Interest Disclosures is limited to reviewing reports regarding the effectiveness and compliance of the local government's Public Interest Disclosure framework as part of the Committee's broader oversight of legislative compliance under Regulation 16 and the CEO reviews required under Regulation 17. The Committee has no role in receiving, assessing or investigating individual disclosures.

7. Meetings

7.1 Given the breadth and frequency of the Committee's statutory functions under Regulation 16 of the Local Government (Audit) Regulations 1996, the Committee will meet monthly to ensure timely and effective oversight.

7.2 Special meetings may be convened at any time, in accordance with the Shire of Toodyay Standing Orders Local Law 2008.

7.3 The Committee will adopt its annual meeting schedule at its last meeting each calendar year.

7.4 Agenda

7.4.1 The Chief Executive Officer is responsible for the preparation and publication of meeting agendas and supporting material. The Chief Executive Officer shall consult with the Presiding Member regarding proposed agenda content and meeting priorities.

7.4.2 Agenda items will ordinarily relate to the Committee's adopted work plan, matters referred by Council, statutory reporting obligations, or matters otherwise considered relevant to the Committee's statutory functions. The agenda is not a vehicle for operational updates or administrative reports unless specifically requested by the Committee or required by legislation.

7.5 Council Referral

Council may, by resolution, formally refer any matter within the Committee's statutory functions to the Committee for oversight, review or advice. Such referrals must be included in the Committee's work plan and addressed within a timeframe specified in the referral resolution or, if not specified, within two ordinary meeting cycles. The Committee will report back to Council on the outcome of all formally referred matters.

8. Work Plan

8.1 The Committee will maintain a rolling work plan covering a minimum forward period of 12 months. The work plan will outline the timing, scope and sequencing of the Committee's key oversight activities, including risk management, internal control, financial reporting, performance reporting, integrity matters, legislative compliance and audit follow-up in accordance with Regulation 16 of the Local Government (Audit) Regulations 1996.

8.2 The Committee is responsible for developing, approving and amending its work plan within its statutory functions and having regard to Council priorities, emerging risks and operational practicability. The work plan is not subject to approval by the Chief Executive Officer or the administration and may be updated by the Committee at any time to respond to emerging risks, audit findings, integrity matters, changes in the control environment, or Council priorities.

8.3 Council may formally refer matters to the Committee for inclusion in the work plan by resolution, in accordance with section 8 of this Charter.

8.4 The work plan must remain predictable, transparent and continuously current to ensure effective oversight and to provide clarity to Council, the administration and the community regarding the Committee's forward program of work.

8.5 The Committee may request information, reports, officer attendance or external advice as needed. Provision of such support is governed by section 3 of this Charter.

8.6 The Committee will review its work plan at each meeting to ensure it remains aligned with the Committee's statutory functions, emerging risks, audit recommendations, integrity matters and Council expectations.

9. Independence and conflicts of interest

9.1 Committee members must comply with the Local Government Act 1995, the Local Government (Model Code of Conduct) Regulations 2021, the Shire's Code of Conduct and all relevant policies relating to conflicts of interest, impartiality, and ethical conduct. Members must consider past employment, consultancy arrangements, financial relationships and related-party matters when assessing and declaring interests

9.2 At the start of each meeting, members must declare any financial, proximity or impartiality interests in accordance with Part 5, Division 6 of the Local Government Act 1995 and the Local Government (Model Code of Conduct) Regulations 2021.

9.3 Where a financial or proximity interest is disclosed, the disclosing member must leave the meeting while the matter is considered and voted upon, unless participation is authorised by an absolute majority of the remaining members under section 5.68 of the Act, or by the Minister under section 5.69.

9.4 Impartiality interests are to be declared and managed by the disclosing member in accordance with the Model Code of Conduct. The Presiding Member may provide procedural guidance to ensure declarations are made and recorded, but has no authority to override statutory requirements relating to financial or proximity interests.

9.5 All declared interests, and the actions taken to manage them, must be recorded in the minutes and in the appropriate registers, including the Register of Financial Interests maintained under section 5.88 of the Local Government Act 1995.

10. Performance Assessment arrangements

10.1 The Presiding Member will coordinate an annual assessment of the Committee's performance, having regard to its functions under Regulation 16 of the Local Government (Audit) Regulations 1996 and the effectiveness of its oversight activities.

10.2 The assessment will draw on input from Committee members, Council, Shire officers and other relevant stakeholders, as appropriate.

10.3 The Presiding Member will provide observations to Council regarding Committee effectiveness and member participation.

10.4 In undertaking its work, the Committee will consider the costs and benefits of its activities and the efficiency and effectiveness of its processes.

10.5 Council may periodically review the effectiveness, membership and operation of the Committee and take into consideration any advice from the Presiding Member and / or Committee.

11. Reporting

11.1 The Committee will, as often as necessary and at least annually, report to Council on its operations and activities, including its review of the Compliance Audit Return, its monitoring of improvement actions under section 7.12A of the Local Government Act 1995, and the manner in which it has carried out the functions set out in this Charter.

11.2 Following Council's consideration and adoption of the Compliance Audit Return, the local government must submit the return to the Local Government Inspector by 31 March of the year following the audit period, in accordance with regulations 14 and 15 of the Local Government (Audit) Regulations 1996. The submission must include the Committee's recommendations, the relevant Council meeting minutes, and any explanatory or qualifying information required by the Inspector.

11.3 Where the Committee identifies a matter of significant risk, integrity concern or governance failure, it may report the matter directly to Council outside the normal reporting cycle.

11.4 The Committee may, at any time, report to Council on any matter it considers to be of sufficient importance or urgency.

11.5 Committee reports to Council are to be presented substantially in the form approved by the Committee. Administrative formatting, procedural advice or statutory commentary may be added by the Chief Executive Officer where reasonably necessary to support Council's consideration of the matter.

12. Review of charter

The following process applies to the review and amendment of this Charter.

12.1 The Committee will review this Charter every two years following local government ordinary elections, or more frequently if required, with input from Committee members and, where appropriate, Shire officers and other relevant stakeholders.

12.2 The Shire may review the Charter and provide advice regarding legislative compliance, governance, operational implementation and administrative considerations prior to the Charter being returned to the Committee for further review.

12.3 Council will review and formally approve this Charter following consideration of the Committee's final recommended version.

Approval by Council – Resolution No OCM/242/06/26

M V Make — 14/10/2026

Signature – Shire President — **Date**

Received by the Audit, Risk and Improvement Committee:

12 NOV 2026

Signature – Audit, Risk and Improvement Committee Presiding Member — **Date**

Reference Information

- *Risk Management Framework endorsed by Council.*

Legislation

- *Local Government Act 1995*
- *Local Government (Audit) Regulations 1996*
- *Local Government (Administration) Regulations 1996*

Associated documents

- Shire of Toodyay Standing Orders (Local Law) 2008(3.4, Part 13, and 17.6);
- Code of Conduct for Council Members, Committee Members and Candidates
- Statement of Business Ethics

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