



Minutes

Audit and Risk Committee Meeting

Thursday 26 March 2026 at 4.30pm

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**MINUTES OF SHIRE OF MURRAY
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE MURRAY SHIRE COUNCIL, 1915 PINJARRA ROAD, PINJARRA
ON THURSDAY, 26 MARCH 2026 AT 4.30PM**

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open the time being 4.30pm.

2 ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

PRESENT

President Douglas McLarty, Cr Ange Rogers (Deputy President), Cr Geoff Black, Cr Stuart Kirkham, Cr Stewart Carter, Cr Nicole Willis, Cr Prue George

IN ATTENDANCE

Dean Unsworth (Chief Executive Officer), Tracie Unsworth (Director Corporate Services), Alan Smith (Director Infrastructure Services), Rod Peake (Director Planning & Sustainability), Krystal Dawe (Director Community and Economic Development), Belinda Brown (Minute Taker)

There was one (1) member of staff in attendance at this time.

APOLOGIES

Cr Steve Lee

LEAVE OF ABSENCE

Cr Rob Cashman.

3 CONFIRMATION OF MINUTES OF MEETING

3.1 Audit and Risk Committee Meeting – 13 November 2025

Recommendation/Committee Decision AC26/001

Moved: Cr A Rogers

Seconded: Cr S Kirkham

That the Minutes of the Audit and Risk Committee Meeting held on Thursday 13 November 2025 be noted.

In Favour: President Douglas McLarty, Crs Geoff Black, Stuart Kirkham, Ange Rogers, Stewart Carter, Nicole Willis and Prue George

Against: Nil.

CARRIED UNANIMOUSLY 7:0

4 BUSINESS ARISING FROM THE PREVIOUS MEETING

Nil.

5 BUSINESS ARISING

5.1 Establishment of Audit, Risk and Improvement Committee and Terms of Reference

File Ref:	D26/13036
Previous Items:	Nil.
Applicant:	Nil.
Author and Title:	Louise Pleasance, Manager Governance
Declaration of Interest:	Nil.
Voting Requirements:	Absolute Majority
Appendices:	Item 5.1 Appendix 1 - Draft Audit Risk and Improvement Committee Terms of Reference

Recommendation/Committee Decision AC26/002

Moved: Cr S Kirkham

Seconded: Cr A Rogers

That the Audit and Risk Committee recommends that Council:

- 1. Adopts the Shire of Murray Audit, Risk and Improvement Committee Terms of Reference, as shown in Appendix 1.**
- 2. Appoints the Shire President Douglas McLarty, Deputy Shire President Ange Rogers, Cr Black and Cr Willis, as Audit, Risk and Improvement Committee Members.**
- 3. Appoints Cr Carter and Cr George as deputies to the appointed Council Members of the Audit, Risk and Improvement Committee.**
- 4. Acknowledges that the two Independent Member nominations for the Audit, Risk and Improvement Committee will be put to Council for consideration at the May Ordinary Council Meeting to be held on 28 May 2026.**

In Favour: President Douglas McLarty, Crs Geoff Black, Stuart Kirkham, Ange Rogers, Stewart Carter, Nicole Willis and Prue George

Against: Nil.

CARRIED UNANIMOUSLY 7:0

In Brief

Following the commencement of the *Local Government Regulations Amendment Regulations (No. 4) 2025 (ARIC Regulations)* on 1 January 2026, the Audit and Risk Committee is to transition to the Audit, Risk and Improvement Committee (ARIC). The Shire of Murray has until 30 June 2026 to implement these changes.

This report sets out the proposed Terms of Reference of the new Shire of Murray ARIC including its responsibilities and obligations and committee membership which includes an independent presiding member and independent deputy of the presiding member in accordance with the *Local Government Act 1995 (Act)*.

Background

On 1 January 2026 the ARIC Regulations came into effect, with transitional provisions for local governments to implement the changes by 30 June 2026. This included the amendment to section 7.1A of the Act to require a local government to establish a committee of council known as the audit, risk and improvement committee.

The existing local government Audit and Risk Committees will now be known as Audit, Risk and Improvement Committee and must have an independent presiding member and an independent deputy of the presiding member to ensure a level of neutrality and impartial oversight in chairing

these meetings. The independent members must not be a council member of any local government or an employee of the local government.

Report Detail

The ARIC Regulations are intended to strengthen transparency by enhancing a local governments' financial, risk, and governance practices and the council in fulfilling its corporate governance responsibilities, including the functions outlined in regulation 16 of the *Local Government (Audit) Regulations 1996 (Audit Regulations)*.

The ARIC is a legislative requirement to be established by Council. It is the only committee that is required to be established under the Act, and it is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference.

To comply with the new ARIC requirements, a draft Terms of Reference which details the ARIC responsibilities and obligations including the independent presiding member and deputy of presiding member membership, tenure, criteria and meeting procedures has been prepared. The draft Terms of Reference is included as **Appendix 1**.

To give effect requirements of 7.1A of the Act and Audit Regulations, the Council is required to establish the ARIC by considering and adopting the ARIC Terms of Reference (Appendix 1), which proposes the membership for the ARIC:

- Appoint four Council Members to the ARIC.
- Appoint two deputy Council Members (to attend when a Council Member is unavailable).
- Appoint two independent External Members as the Presiding Member and Deputy of the Presiding Member.

The Terms of Reference and membership appointments will be reviewed following the next ordinary election to be held on 15 October 2027.

Independent Members

The ARIC must have an independent presiding member to ensure a level of neutrality and impartial oversight in chairing ARIC meetings. An independent member must be a person who is not a council member of any local government or an employee of the local government. If a deputy presiding member is appointed, they must also be independent. The Act provides for the following independent external member roles:

- **Presiding Member** (mandatory appointment, s.7.1A(3))
 - Appointed first as a committee member under s.5.10(1) and then appointed as the presiding member under s.5.12 of the Act.
- **Deputy of the Presiding Member** (mandatory appointment, s.7.1B)
 - Appointed only as a deputy committee member under s.5.11A, deputising only to the office of presiding member.
 - The Deputy of the Presiding Member does not attend ARIC meetings, unless the Presiding Member is unable to attend the meeting.
- **Deputy Presiding Member** (Optional appointment s.7.1A(4))
 - Appointed first as a committee member under s.5.10(1) and then appointed as the deputy presiding member under s.5.12(2).
 - A Deputy Presiding Member is a committee member and therefore would attend all meetings.

It is recommended that Council adopt the Terms of Reference which includes membership for the Presiding Member and the Deputy of the Presiding Member as members of the ARIC. While both an

independent Presiding Member and an independent Deputy of the Presiding Member must be appointed, only one is to attend any given meeting. A Deputy Presiding Member is optional under the Act and not considered necessary for the Shire's ARIC.

Upon adoption of the ARIC Terms of Reference, the CEO and Shire President will commence sourcing nominations for independent members, and the CEO will evaluate and report to Council the nominations and recommendation for appointment of those independent members at May's Ordinary Council Meeting. Once this is appointment is undertaken the Shire's ARIC will be compliant with the Act, meeting the compliance requirement deadline of 30 June 2026.

Public Meetings

Further amendments to the Act, included that committee of council meetings are to be open to the public. Previously this was only required for committees that held a delegated power or duty of the Council. Going forward ARIC meetings will be open to the public, except where confidential matters fall under section 5.23(2)–(4) of the Act. It is expected that some matters considered by the ARIC may be closed to the public however, the meeting itself will commence as an open meeting, and only individual items may be closed via resolution. Other than confidential papers and attachments, agendas and minutes of the ARIC will be made publicly available on the Shire's website in accordance with Section 5.96A of the Act within specified legislative timeframe.

Council Plan

Focus Area	Performance
Outcome	Capable and accountable leadership and governance.
Objectives	Establish a strong corporate governance framework to ensure high standards of integrity, ethics and accountability.

Other Strategic Links

Nil.

Statutory Environment

Section 7.1A. Establishment of audit, risk and improvement committee – *Local Government Act 1995*

Section 7.1B. Deputy of presiding member or of deputy presiding member – *Local Government Act 1995*

Regulation 16 of the *Local Government (Audit) Regulations 1996*

Regulation 34ACA of the *Local Government (Audit) Regulations 1996*

Sustainability & Risk Considerations

Economic - (Impact on the Economy of the Shire and Region)

Nil.

Social – (Quality of life to community and/or affected landowners)

Nil.

Environment – (Impact on environment's sustainability)

Nil.

Policy Implications

Amendment to Council Policy M2 - Member Fees, Allowances, Superannuation and Reimbursement of Expenses will be considered separately to this report.

Risk Management Implications

<i>Risk Level</i>	<i>Comment</i>
High	The establishment of the ARIC is required in order to comply with the amendments to the <i>Local Government 1995</i> .

Consultation

Council Members were provided an update of the local government reforms which came into effect on 1 January 2026, which included the changes to the Audit Risk and Improvement Committee.

Resource Implications*Financial*

Nil.

Workforce

Nil.

Options

1. Adopt the officer recommendation.
2. Amend the officer recommendation.

Conclusion

In accordance with section 5.8 of the *Local Government Act 1995*, the Council is requested to establish the Audit, Risk and Improvement Committee, adopt the Terms of Reference and appoint Council Members accordingly.

5.2 Council Policy M2 - Council Members Fees, Allowances, Superannuation and Reimbursement of Expenses Amendment

File Ref: D26/13037
Previous Items: OCM 18 Dec 25 Item 12.2 (OCM25/159)
Applicant: Nil.
Author and Title: Louise Pleasance, Manager Governance
Declaration of Interest: Nil.
Voting Requirements: Simple Majority
Appendices: Item 5.2 Appendix 1 - Council Policy M2 - Member Fees, Allowances, Superannuation and Reimbursement of Expenses
Item 5.2 Appendix 2 - SAT Variation - Meeting Fees for ARIC Independent Members

Amended Recommendation/Committee Decision AC26/003**Moved: Cr A Rogers****Seconded: Cr N Willis****That the Audit and Risk Committee recommends that Council:**

1. **Adopts Council Policy M2 – Members Fees, Allowances, Superannuation and Reimbursement of Expenses, as shown in Appendix 1 with the following amendment:**
2. **Delete existing Clause 3 and replace with:**
3. **Independent Member Meeting Attendance Fee - Audit, Risk and Improvement Committee (ARIC)**

3.1 Meeting Fees

- (a) **Independent Presiding Member of the ARIC will receive 50% of the meeting fee range payable as determined annually by the Salaries and Allowances Tribunal for each ARIC Meeting the Presiding Member attends.**
- (b) **Independent Deputy of the Presiding Member (Deputy) of the ARIC will receive the minimum meeting fee payable as determined annually by the Salaries and Allowances Tribunal for each ARIC meeting, unless acting in Office of the ARIC Presiding Member where the meeting fee payable is as per Clause 3.1(a).**

In Favour: President Douglas McLarty, Crs Geoff Black, Stuart Kirkham, Ange Rogers, Stewart Carter, Nicole Willis and Prue George

Against: Nil.

CARRIED UNANIMOUSLY 7:0

Reason for Change: Inclusion of a fee payable to the Deputy of the Presiding Member to recognise the time and contribution the Deputy will make to remain informed of the Shire of Murray ARIC activities and functions.

Officer Recommendation

Moved: Cr A Rogers
 Seconded: Cr N Willis

That the Audit and Risk Committee recommends that Council:

1. Adopts Council Policy M2 – Members Fees, Allowances, Superannuation and Reimbursement of Expenses, as shown in Appendix 1.

In Brief

On 1 January 2026, the *Local Government Act 1995 (Act)* and associated Regulations were amended to give effect to reforms under the *Local Government Amendment Act 2024*. As a result of the reforms, the Audit and Risk Committee is to transition to the Audit Risk and Improvement Committee (**ARIC**) with the Presiding Member and Deputy of the Presiding Members to be independent committee members from the Council.

The amendment to Council Policy M2 – Council Members Fees, Allowances, Superannuation and Reimbursement of Expenses establishes the sitting fee and reimbursements for travel and associated costs available to independent members for attending ARIC meetings in accordance with the Salaries and Allowances Tribunal Determination.

Background

The *Local Government Amendment Act 2024 Commencement Proclamation (No.4) 2025* was published on 17 December 2025, bringing additional provisions of the *Local Government Amendment Act 2024* into effect as of 1 January 2026. These amendments included the commencement of the Office of the Inspector and the establishment of the Audit, Risk and Improvement Committee.

To align with relevant provisions of the *Local Government Amendment Act 2024* and associated Regulations regarding ARICs, the Salaries and Allowances Tribunal (**SAT**) issued a Variation to the Local Government Determination regarding the fees provided to Independent Members of Audit, Risk and Improvement Committees. This Variation took effect from 1 January 2026.

Report Detail

To make clear the meeting attendance fees payable by the Shire for Independent Members of the ARIC, Council Policy M2 – Council Members Fees, Allowances, Superannuation and Reimbursement of Expenses has been amended, as shown with tracked changes in **Appendix 1**.

A meeting attendance fee range was set by the SAT for all local government bands:

Table 1: *per meeting fees for independent ARIC members – local government and regional local governments*

Independent ARIC per meeting fees		
Bands	Independent ARIC Member	
	Min	Max
1 – 4	\$105	\$1,215

The Shire of Murray is a Band 2 local government, accordingly it is proposed that the Shire of Murray Independent ARIC per meeting fee is set at 50% of the range, as determined annually by the SAT. Also, in accordance with sections 5.100(4), (5) and (6) of the Act, an independent ARIC member can be reimbursed for attending ARIC meetings to the extent to which the member can claim

reimbursement for actual costs incurred for attending an ARIC meeting such as travel and other associated costs. A copy of the SAT Variation is attached at **Appendix 2**.

By amending Council Policy M2 to include ARIC Independent Member meeting fees, it will assist with sourcing eligible candidates for the role of ARIC Presiding Member and Deputy of Presiding Member.

Council Plan

Focus Area	Performance
Outcome	Capable and accountable leadership and governance.
Objectives	Establish a strong corporate governance framework to ensure high standards of integrity, ethics and accountability.

Other Strategic Links

Nil.

Statutory Environment

Local Government Act 1995 – Section 2.7 Role of Council

(2) The council's governing role includes the following —

(b) determining the local government's policies;

Local Government Act 1995 – Section 5.100. Fees paid and expenses reimbursed to committee members

(2) *A committee member who attends a meeting of the committee is entitled to be paid —*

(a) the fee determined for attending a committee meeting; or

(b) if the local government has set a fee within the range determined for committee meeting attendance fees — that fee.

(3) *A committee member who attends a meeting of a prescribed type at the request of the council is entitled to be paid —*

(a) the fee determined for attending a meeting of that type; or

(b) if the local government has set a fee within the range determined for meetings of that type — that fee.

(4) *Subsection (5) applies if a committee member incurs —*

(a) an expense that is of a kind prescribed as being an expense to be reimbursed by all local governments; or

(b) an expense —

(i) that is of a kind prescribed as being an expense which may be approved by any local government for reimbursement by the local government; and

(ii) which has been approved by the local government for reimbursement.

(5) *The committee member must be reimbursed for the expense —*

(a) if the extent of reimbursement for the expense has been determined — to that extent; or

(b) if the local government has set the extent to which the expense can be reimbursed and that extent is within the range determined for reimbursement — to that extent.

Sustainability & Risk Considerations

Economic - (Impact on the Economy of the Shire and Region)

Based on the current range set by the SAT Variation, the 50% fee for ARIC Independent Members is \$607.50 per member/per meeting.

The SAT makes a new Determination for the Local Government CEO and Elected Council Members annual each April, which takes effect from 1 July of each year.

Social – (Quality of life to community and/or affected landowners)

Nil.

Environment – (Impact on environment's sustainability)

Nil.

Policy Implications

The policy implications are described in this report.

Risk Management Implications

<i>Risk Level</i>	<i>Comment</i>
Moderate	The amendments are required in order to comply with the amendments to the <i>Local Government 1995</i> .

Consultation

Nil.

Resource Implications

Financial

Nil.

Workforce

Nil.

Options

1. Adopt the amended policy as proposed in Appendix 1.
2. Make an amendment to the policy as proposed in Appendix 1.

Conclusion

As a result of amendments to the *Local Government Act 1995* and associated Regulations that took effect from 1 January 2026, Council Policy M2 - Council Members Fees, Allowances, Superannuation and Reimbursement of Expenses requires amendment to set the meeting fee payable to ARIC Independent Members, the Council Policy M2 has been amended for consideration.

5.3 Financial Management Systems and Procedures Review June 2025 - Progress Report on Implementation of Improvement Opportunities February 2026

File Ref:	D26/12014
Previous Items:	Nil.
Applicant:	Nil.
Author and Title:	Michelle Larkworthy, Executive Manager Corporate Services
Declaration of Interest:	Nil.
Voting Requirements:	Simple Majority
Appendices:	Item 5.3 Appendix 1 - Progress Report on Implementation of Improvement Opportunities - February 2026

Recommendation/Committee Decision AC26/004

Moved: Cr G Black

Seconded: Cr S Carter

That the Audit and Risk Committee receives the February 2026 progress report on implementation of improvement opportunities contained within the Financial Management Systems and Procedures Review June 2025.

In Favour: President Douglas McLarty, Crs Geoff Black, Stuart Kirkham, Ange Rogers, Stewart Carter, Nicole Willis and Prue George

Against: Nil.

CARRIED UNANIMOUSLY 7:0

In Brief

Prior to recent legislative changes, Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996 (Regulations)* required that at least every three financial years the CEO will review the appropriateness and effectiveness of the financial management systems and procedures of the local government. The last review was undertaken in June 2025. This item provides a report on the progress of implementing improvement opportunities contained in the June 2025 review.

Background

In accordance with Regulation 5(2)(c) a review of the Shire's financial systems and procedures was undertaken in June 2025. The report outlined findings and included opportunities for improvement to address weaknesses identified in systems and controls.

The CEO's report on this review was presented to the Audit and Risk Committee on 13 November 2025. Following its review the Committee resolved as follows:

"That the Audit and Risk Committee:

- 1. Recommend Council accept the report as contained in Appendix 1, dated 17 June 2025, on the appropriateness and effectiveness of the Shire's financial management systems and procedures.*
- 2. Recommend a report on the progress of implementing the improvement opportunities be provided quarterly to the Audit and Risk Committee."*

The report and recommendations were subsequently endorsed by Council at its ordinary meeting held on 27 November 2025.

Report Detail

The primary objective of the June 2025 Financial Management Systems and Procedures review was to provide assurance to Council that its financial management systems are appropriate, incorporate adequate controls, procedures and are being effectively managed.

The review included the following focus areas:

- Proper collection of all money owing to the local government.
- Safe custody and security of all money collected or held by the local government.
- Maintenance and security of the financial records of the local government.
- Ensure proper accounting for all income, expenditure, assets and liabilities of the municipal or trust funds.
- Ensure proper authorisation for the incurring of liabilities and the making of payments.
- Maintenance of payroll, stock control and costing records.
- Preparation of budgets, budget reviews, accounts and reports required by the Local Government Act 1995 and associated regulations.

A number of improvement opportunities were included in the report. In accordance with the Audit and Risk Committee's recommendation a progress report on implementing the improvement opportunities is presented for the committee's review.

Council Plan

Focus Area	Performance
Outcome 14	Capable and accountable leadership and governance.
Objectives 14.1	Establish a strong corporate governance framework to ensure high standards of integrity, ethics and accountability.

Other Strategic Links

Nil.

Statutory Environment

Regulation 5.2(c) of the *Local Government (Financial Management) Regulations 1996* required the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years) and report to the local government the results of those reviews.

Regulation 5.2(c) has recently been deleted from the *Local Government (Financial Management) Regulations 1996*. The requirement to undertake reviews of the financial management systems has now been incorporated into the review required under Regulation 17 of the *Local Government (Audit) Regulations 1996*.

Sustainability & Risk Considerations

Economic - (Impact on the Economy of the Shire and Region)

Nil.

Social – (Quality of life to community and/or affected landowners)

Nil.

Environment – (Impact on environment's sustainability)

Nil.

Policy Implications

Implementation of identified improvement opportunities may require the development of new or review of existing Council policies and administrative procedures.

Risk Management Implications

<i>Risk Level</i>	<i>Comment</i>
Moderate	Regular review of Council's financial systems along with implementation of identified improvement opportunities will have the effect of mitigating the likelihood of officer error or fraud events occurring.

Consultation

Nil.

Resource Implications*Financial*

Nil.

Workforce

Nil.

Options

1. Receiving the February 2026 progress report on implementation of improvement opportunities contained in the Financial Management Systems and Procedures Review June 2025.
2. Not receiving the February 2026 progress report on implementation of improvement opportunities contained in the Financial Management Systems and Procedures Review June 2025.

Conclusion

Presentation of this progress report provides a mechanism for the Audit and Risk Committee to monitor whether identified improvement opportunities are being implemented effectively. The requirement for regular updates helps maintain organisational focus on continuous improvement and provides a documented record of progress contributing to stronger financial oversight, improved efficiency and increased confidence in the organisation's financial governance.

6 REPORTS – EXTERNAL AGENCIES

Nil.

7 MOTIONS WITHOUT NOTICE FOR DISCUSSION AT THE NEXT MEETING

Nil.

8 NEXT MEETING

The next Audit and Risk Committee will be held on Thursday 4 June commencing at 4.30pm.

9 CLOSURE OF MEETING

There being no further business the Presiding Member declared the meeting closed the time being 4.39pm.



PRESIDING MEMBER