



City of **Perth**

Agenda

Audit, Risk and Improvement Committee Meeting
21 January 2026

Michelle Reynolds
Chief Executive Officer
18 January 2026

AUDIT, RISK AND IMPROVEMENT COMMITTEE (ARIC)

OCTOBER 2025

<p>Establishment and Appointment</p>	<p>The Audit, Risk and Improvement Committee (“ARIC” or “Committee”) is a Committee of the City of Perth (the City) Council pursuant to the <i>Local Government Act 1995</i> (“the Act”), sections 5.8 and 7.1A.</p> <p>The Committee will operate in accordance with all relevant provisions of the Act, the <i>Local Government (Audit) Regulations 1996</i> and the <i>Local Government (Administration) Regulations 1996</i>.</p> <p>These Terms of Reference set out the ARICs purpose, authority, membership, functions, and responsibilities.</p>
<p>Role and Purpose</p>	<p>As prescribed by Regulation 16 of the <i>Local Government (Audit) Regulations 1996</i>, the ARIC provides appropriate advice to Council on matters relevant to its Terms of Reference. The ARIC achieves this by making a recommendation to Council on all matters brought before it.</p> <p>The ARIC advise Council in fulfilling its oversight responsibilities in relation to:</p> <ul style="list-style-type: none"> • Systems of risk management and internal control. • Performance reporting for external and internal audit. • Financial management and reporting practices. • Compliance with laws and regulations. <p>The ARIC is not responsible for the management of these functions but will engage with the administration in a constructive and professional manner to perform its oversight responsibilities.</p> <p>The Committee also acts as a forum for communication between Council, the administration, External Service Providers, and the Office of the Auditor General (“OAG”) and their selected auditor.</p> <p>Members of the Committee are expected to:</p> <ul style="list-style-type: none"> • Understand the legal and regulatory obligations of the Council. • Understand the governance arrangements that support achievement of the City’s strategies and objectives. • Exercise due care, diligence and skill when performing their duties. • Adhere to the <u>Code of Conduct for Council Members, Committee Members and Candidates</u> and demonstrate behaviour which reflects the City’s desired culture. • Be aware of contemporary and relevant issues impacting the public sector. • Only use information provided to the ARIC to carry out their responsibilities, unless expressly agreed by Council. • Be committed to implementing better practice principles within their workings.
<p>Authority and Independence</p>	<p>The ARIC is a Committee of Council and is responsible to that body. The ARIC does not have any delegated decision-making powers under Section 5.16 of the Act.</p> <p>The Council authorises the Committee, in accordance with these Terms of Reference, to:</p> <ul style="list-style-type: none"> • Obtain any information it requires from any official or external party (subject to any legal obligations to protect information).

	<ul style="list-style-type: none"> • Discuss any matters with internal auditors, OAG, other external parties, or members of the administration. • Request the attendance of an elected member at ARIC meetings. • Request that the CEO obtains legal or other professional advice when necessary to fulfil its role, at the entity’s expense, subject to approval by Council. <p>The Committee must remain independent from management of the City; however, it will be administratively supported by the Manager Audit and Risk. Any member of the ARIC can meet with the Manager Audit and Risk on request.</p> <p>The Committee is only to consider reported items that are within the scope outlined in these Terms of Reference, or as directed by Council. Any exceptions to this will be recorded in the minutes.</p>
<p>Membership and Meetings</p>	<p style="text-align: center;">Composition</p> <p>The ARIC is comprised of a maximum of six (6) members, of which, two (2) must be independent. All members will have full voting rights.</p> <p>Council must appoint a Presiding Member to chair ARIC meetings.</p> <p>Council may appoint a Deputy Presiding Member to act as Presiding Member in the Presiding Member’s absence.</p> <p>The Committee may request that the CEO invite the External Audit Service Providers and relevant management representatives to attend a meeting to present information and respond to questions at the meeting.</p> <p>A representative from the OAG may be invited to attend ARIC meetings as an observer.</p>
	<p style="text-align: center;">Appointment and Membership Terms</p> <p>Members of the ARIC are appointed by Council in accordance with Section 7.1A of the Act.</p> <p>Independent committee members must be appointed by Council, in accordance with section 5.10 of the Act. The appointment process will follow relevant Council Policies relating to Independent Committee Members.</p> <p>In accordance with section 5.11 of the Act, all members will be appointed by the Council, and will remain a member until —</p> <ol style="list-style-type: none"> a. the term of the person’s appointment as a committee member expires; or b. the local government removes the person from the office of committee member or the office of committee member otherwise becomes vacant; or c. the committee is disbanded; or d. the next ordinary elections day

	<p>The Presiding Member and Deputy Presiding Member of the Committee will each serve a term of two (2) years, in accordance with the <i>Local Government Act 1995</i>.</p> <p>Under Part 2, Regulation 4 of the <i>Local Government (Administration) Regulations 1996</i>, members may resign from the ARIC by giving the CEO or the ARIC’s Presiding Member written notice of their resignation. It is encouraged that ARIC members provide a notice period of three (3) months.</p> <p>The City will conduct an induction following each ordinary election to help support the skills and experience of elected and ARIC members.</p> <p>Any additional training for members will be in accordance with section 5.126 of the Act.</p>
Meetings	<p>Frequency: Quarterly for ordinary meetings, and as required.</p> <p>The Presiding Member is required to call a meeting in accordance with the Standing Orders</p> <p>Member attendance: Meeting attendances and absences are to be recorded and monitored. Where regular non-attendance is noted, the Presiding Member may raise this with the ARIC member.</p> <p>Quorum: As prescribed by Section 5.19 of the Act, the quorum for Committee meetings will be at least 50% of the number of offices of the Committee (whether vacant or not).</p> <p>Agenda: An agenda will be distributed at 72 hours prior to the meeting, along with reports and other attachments or information to be addressed.</p> <p>ARIC Agenda papers will be circulated to members via the Council Hub portal and to independent members via email.</p> <p>Voting: Voting is in accordance with Section 5.21 of the Act.</p> <p>All decisions to make a recommendation to Council must be made by simple majority.</p> <p>Minutes: All meetings will be minuted, and minutes will be submitted to the Committee at the next Committee meeting for confirmation, as per Section 5.22 of the Act.</p> <p>Minutes are to include all that is listed in Regulation 11 of the <i>Local Government (Administration) Regulations 1996</i>.</p> <p>Reporting: Where reports require a decision of Council, the ARIC will present its recommendation to the next Ordinary Council Meeting through the Agenda Briefing Session (if practicable)</p> <p>Confidentiality: All Committee members will be required to adhere to the City’s confidentiality requirements in accordance with the Act and the <u>Code of Conduct for Council Members, Committee Members and Candidates</u>.</p> <p>Conduct of Meetings: An in-camera session with the Manager Audit and Risk may be conducted before the conclusion of an ARIC meeting.</p>

Responsibilities	<p>The ARIC oversees the City’s systems of financial reporting, risk management and internal control. Its duty is to provide oversight over significant risk exposures and control issues, including fraud risks, governance issues and other matters as necessary or requested by the CEO or Council.</p> <p>The duties and responsibilities of the ARIC include, but are not limited to:</p> <ol style="list-style-type: none">1) Overseeing the City’s risk management, through:<ol style="list-style-type: none">a) Biennial review of the City’s Risk Management Policy.b) Reviewing reports on the movement of the City’s current strategic risks, and the emergence of new strategic risks.c) Overseeing strategic risks which sit outside of the City’s Risk Appetite.2) Overseeing the City’s processes for managing fraud and corruption, by:<ol style="list-style-type: none">a) Performing oversight responsibilities as per the City’s Fraud and Corruption Control Policy (CP 2.15) and reporting on this to Council annually.b) Enquiring with the CEO and the OAG about whether they are aware of any actual, suspected, or alleged fraud or corruption affecting the City.c) Reviewing summary reports from the CEO on communication from external parties including regulators that indicate problems in the internal control system or inappropriate management actions.3) Overseeing the City’s financial management and legislative compliance, by:<ol style="list-style-type: none">a) Reviewing the City’s annual Compliance Audit Return and reporting the results of that review to Council, in accordance with the <i>Local Government (Audit) Regulations 1996</i>.b) Receiving and reviewing reports from the CEO regarding the appropriateness and effectiveness of the City’s legislative compliance and ensuring any non-compliances are rectified on a timely basis.c) Considering and recommending adoption of the annual financial report to Council.4) Overseeing the internal audit function, by:<ol style="list-style-type: none">a) Assessing and making a recommendation to Council on the 3-year Strategic Internal Audit Plan to ensure that it comprehensively covers material business risks that may threaten the achievement of strategic objectives and an Assurance Map which identifies key risks and control mechanisms.b) Monitoring the progress of the 3-year Strategic Internal Audit Plan.c) Reviewing the quality and timeliness of internal audit reports.d) Considering the implications of internal audit findings on the business, its risks, and controls.e) Monitoring the implementation of internal audit recommendations.f) Reviewing and making a recommendation to Council on the level of resources allocated to internal audit and the scope of the function’s authority.g) Monitoring coordination of activities between the four (4) lines of defence.5) Fulfilling responsibilities pertaining to external audit, by:<ol style="list-style-type: none">a) Reviewing reports from the OAG, including auditor’s reports, closing reports and management letters.
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	<ul style="list-style-type: none"> b) Reviewing management’s response to OAG findings and recommendations. c) Monitoring the implementations of recommendations from external audits. d) Meeting with the OAG at least once per year without management presence. e) Reviewing results of relevant OAG audit reports and better practice publications for guidance on good practices, including any self-assessment by the CEO.
<p>Committee Sitting Fees and Reimbursement*</p>	<p>Independent Committee Members will be paid meeting attendance fees and reimbursed expenses in accordance with Section 5.100 of the Act and Council’s relevant policies on Independent Committee Members.</p> <p>*This section provides for Independent Member Committee members only as council members receive an annual fee for meeting attendance under relevant Council Policy.</p>
<p>Reporting</p>	<p>The City’s Internal Audit business unit provides functional reports to the ARIC while maintaining its administrative reporting line to the CEO. Clearly defining this relationship ensures the business unit is supported and able to fulfil its responsibilities effectively.</p> <p>The provision of reports to the ARIC also provides an additional safeguard in the event of a serious breakdown in internal controls or internal control culture at senior levels in the organisation.</p> <p>The Presiding Member of the ARIC meets with the Manager Audit and Risk:</p> <ul style="list-style-type: none"> i. Prior to the Agenda Papers being prepared; and ii. Before an ARIC meeting to discuss the Agenda Papers and address any questions relating to the conduct of the meeting.
<p>Conflicts of Interest</p>	<p>All members of the ARIC must disclose and manage any actual or perceived conflicts of interest in accordance with the Act, subsidiary legislation, and the City’s <u>Code of Conduct for Council Members, Committee Members and Candidates</u>.</p> <p>All members of the ARIC will be provided with information and support to enable them to understand and comply with their disclosure requirements.</p> <p>Members are expected to review Committee meeting agendas and papers to identify any relevant interests prior to meetings.</p> <p>Interests will be recorded in the ARIC minutes.</p>
<p>Audit, Risk and Improvement Committee Performance Assessment Arrangements</p>	<p>Once per year, the ARIC will perform a self-assessment of its performance, in collaboration with the CEO. Feedback on the Performance of the ARIC may be received verbally and/or in written form from the Members. Outcomes from the annual self-assessment will be communicated to Council.</p>

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6. Reports

In accordance with Section 5.23(3) of the Local Government Act 1995, the following Item 6.1 and its attachments are confidential.

6.1 Psychosocial Risk Assessment Report

Responsible Officer	Michelle Reynolds – Chief Executive Officer
Voting Requirements	Simple Majority
Attachments	Attachment 6.1A – Psychosocial Risk Assessment Report Attachment 6.1B – Recommendation Table - Psychosocial Risk Assessment - January 2026

7. Motions of which Previous Notice has been Given
8. General Business
9. Items for Consideration at a Future Meeting
10. Closure