

Town of Bassendean
Audit, Risk and Improvement Committee (ARIC)

TERMS OF REFERENCE

Purpose

The Audit, Risk and Improvement Committee (Committee) assists Council with its' due care and diligence in financial reporting, applying accounting policies, and managing the financial affairs of the Town of Bassendean as required by the *Local Government Act 1995* and associated Regulations.

The Committee is a formally appointed Committee of Council and is responsible to Council. The Committee does not have any delegated power from Council and cannot make decisions on behalf of Council, nor does the Committee have any executive authority in areas over which the Chief Executive Officer (CEO) has legislative responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

The Committee reports to Council and provides advice and recommendations on matters relevant to its' terms of reference to facilitate informed decision making by Council on matters that have not been delegated to the CEO.

Functions

The functions of the Committee are to:

- receive and review reports related to local government compliance audits required under the Act and regulations
- make recommendations to council on actions to be taken in relation to those reports
- receive and review reports on the effectiveness of the local government's systems and procedures in relation to financial management, legislative compliance and risk management
- make recommendations to council on improvements to those systems and procedures
- receive and review reports on any actions the local government is required to take under the Act, or has decided to take in relation to a compliance audit report or report into the effectiveness of the local government's systems and procedures, and

- perform any function conferred on the ARIC under the Regulations or another written law.

Compliance Audit Return

The CEO ensures a compliance audit of the Town's statutory compliance for the period 1 January to 31 December each year.

- The CEO will prepare the compliance audit return (CAR) in the Inspector approved form and provide it to the committee.
- The committee will review the CAR and report the results and any recommendations to Council.

CEO review and Council obligations

Under regulation 17 of the Audit Regulations the CEO must review financial management, legislative compliance and risk systems at least once every four years and report the results to the committee.

The committee plays a critical role in oversight and considers the CEO's review findings alongside other audit and compliance reports and provides recommendations to Council on any improvements or corrective actions that may be necessary.

Membership

Under section 7.1A of the Act, each committee must have a minimum of three members. These include an independent presiding member, an independent deputy of the presiding member, and at least one other member.

The Town of Bassendean committee will consist of five (5) members appointed by an Absolute Majority of Council and will include:

- An Independent Presiding Member
- An Independent Deputy of the Presiding Member (acts when the Presiding Member is unavailable)
- Three (3) Council Members, and
- One (1) Deputy Committee Member (Council Member [to attend when one of the appointed Council Members is unable to]).

Tenure

The tenure of all members' appointments to the committee must be compliant to s5.11. of the Act, being up to two years terminating on the day of the next ordinary elections day, at which time all members will be eligible for appointment.

Fee Payable for Independent Members

Independent Members are entitled to sitting fees as determined by the Salaries and Allowances Tribunal and in accordance with section 5.100 of the Act.

The sitting fee for the Independent Presiding Member is set at 40% of the maximum per meeting. *(From 1 July 2026 the maximum fee is \$1,215).*

This sitting fee represents reimbursement for preparation for meetings, presiding at meetings, travel and associated expenses.

Code of Conduct for Elected Members, Committee Members and Candidates

All ARIC members are bound by the Town of Bassendean Code of Conduct for Council Members, Committee Members and Candidates.

Meetings

The Committee shall meet on a quarterly basis or more frequently as required, with a minimum of four meetings per year.

Committee meetings will be held in accordance with the Town of Bassendean Council Meeting Procedures Local Law 2020.

Electronic attendance

Under regulation 14C of the Administration Regulations, electronic attendance at ARIC meetings is permitted but capped at no more than 50 per cent of meetings within any 12 month period.

Administration

- Agenda papers for the committee will be published and made available to members no less than five (5) days before a meeting.
- Reports and decisions of the committee will be considered at the next Ordinary Council Meeting, or Special Council Meeting as may be required.
- The accompanying officer report will include all specific recommendations, and a summary of the items considered at the relevant Committee Meeting.
- The Committee shall report to Council any significant issues or concerns regarding financial management, internal control, risk management, integrity, or legislative compliance that it identifies during its activities.

Legislative framework

- *Local Government Act 1995* (the Act).
- *Local Government Amendment Act 2024* (the 2024 Amendment Act).
- *Local Government (Audit) Regulations 1996* (the Audit Regulations).
- *Local Government (Administration) Regulations 1996* (the Administration Regulations).
- *Local Government Regulations Amendment Regulations (No. 4) 2025* (the ARIC Amendment Regulations).