6.5. Late Item - Independent Audit, Risk and Improvement Committee Member Appointment

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Authorising Officer	Director Community and Corporate Services, Samantha Chamberlain
Nature of the Decision	Executive/Strategic
Attachments	1. CONFIDENTIAL - Confidential Attachment 6.5.1 - Applicant 1 Resume and Cover Letter [**6.5.1** - 4 pages] 2. CONFIDENTIAL - Confidential Attachment 6.5.2 - Applicant 2 Resume and Cover Letter [**6.5.2** - 5 pages] 3. CONFIDENTIAL - Confidential Attachment 6.5.3 - Applicant 3 Resume and Cover Letter [**6.5.3** - 6 pages]
Confidential Status	*This item is not a confidential matter.*

Proposal

Consider the attached candidate applications for the positions of Independent Members of the Audit, Risk and Improvement Committee.

Officer's Recommendation

That the Audit, Risk and Improvement Committee recommend to the Council to:

1. Not appoint the attached candidates to the positions of Independent Members of the Audit, Risk and Improvement Committee.

2. Consider a budgetary adjustment to include sitting fees for the Independent Members positions of $450 per meeting at the January 2026 Ordinary Meeting and re-advertise the positions with the remuneration included in the advertisement.

3. Adjust the Audit, Risk and Improvement Committee Terms of Reference to reflect the changes.

Background

The Shire of Capel (the Shire) Audit, Risk and Improvement Committee (the Committee) is a standing committee of the Council under the *Local Government Act 1995* (the Act). Five Councillors were appointed to the Committee at the 29 October 2025 Ordinary Council Meeting, for a term ending on the 2027 Local Government election day.

Following the 2023 Election, Independent Member. Dr Kenneth Parker was appointed, with the appointment term ending at the 2025 Ordinary Election.

Applications for a new Independent Member to the Committee were advertised to the public, through the recruitment website – seek.com.au, the Shire's website and social media forums from 24 November to 9 December 2025, requesting applicants to demonstrate experience in any or all of the following:

Internal/external audit.
- Risk management.
- Financial management/reporting.
- Understanding of complexities associated with the Shire.
- Strong links with the community.

Three applications were received.

Previous Council Decisions

20 December 2023 – AC014/2023 - The Audit and Risk Committee supported the appointment of Dr Kenneth Parker for the position of Independent Member following approval from his employer.

Decision Framework

Shire of Capel Strategic Community Plan 2025-2035

Direction 4 - Deliver good leadership, governance, and decision-making:
4.1 Effective and compliant governance.
4.2 Informed and transparent decision making.

Corporate Business Plan 2025-2029

GOV 8 - **Internal Audit** - Development of future internal auditing function for systems and processes ensuring compliance, efficiency and effectiveness.

Statutory Framework

State Framework

Local Government Act 1995

7.1A. Audit committee

(1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.
(2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.

** Absolute majority required.*

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 —

(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;

Local Government (Audit) Regulations 1996

16. Functions of the Audit Committee

Local Government (Administration) Regulations 1996

14C. Attendance at meetings by electronic means may be authorised (Act s. 5.25(1)(ba))

(2) A member of a council or committee may attend a meeting by electronic means —

(a) if —
(i) a public health emergency or state of emergency exists, or a natural disaster has occurred; and
(ii) because of the public health emergency, state of emergency or natural disaster, the member is unable, or considers it inappropriate, to be present in person at the meeting; and
(iii) the member is authorised to attend the meeting by electronic means by the mayor, president, or council;
or
(b) if the member is otherwise authorised to attend the meeting by electronic means by the mayor, president, or council.

New changes through the Local Government Reform:

Division 1A — Audit, risk and improvement committee

7.1A. Establishment of audit, risk and improvement committee

(3) The presiding member of the audit, risk and improvement committee cannot be a council member of the local government or of any other local government.

(4) Any deputy presiding member of the audit, risk and improvement committee cannot be a council member of the local government or of any other local government.

These changes are anticipated to be in effect by June 2026.

Policy Framework

The following Shire Policies apply:

- Fraud and Corruption.
- Legislative Compliance.
- Purchasing.
- Risk Management Framework.
- Travel Expenses.

Implications

Risk Implications

Risk	Likelihood	Consequence	Mitigation
Risk 1 Financial **Rating:** Low	Unlikely	Minor	Interstate candidates not recommended.
Risk Description: Appointment of a committee member from interstate has financial risks relating to the provision of costs for flights to attend meetings.			
Risk 2 Reputation **Rating:** Low	Unlikely	Minor	Ensuring a transparent process, whilst finding suitably qualified applicants.
Risk Description: Applicants may feel aggrieved by the appointment or a failure to appoint an independent member.			
Opportunity: Appointing independent members provide an additional layer of transparency through independent oversight and legislative compliance.			

Financial Implications

Budget

The budgetary impact equates to a sitting fee of $450 per Independent Member, resulting in a total allocation of $2,700 to be incorporated into the adopted annual budget, with a budget adjustment completed through the mid-year budget review process in January / February 2026.

Long Term

As no assets/infrastructure are being created, there are no long-term financial implications relevant to this proposal.

Sustainability Implications

Constant improvement to the Shire's internal systems and procedures is essential to the sound management of the Shire's governance framework. This facilitates consistent and equitable decision making, which is essential to create positive social, economic, and environmental impacts in the community.

Consultation/Engagement

External Consultation

No external consultation was undertaken.

Internal Consultation

The Director Community and Corporate and Manager Governance and Risk reviewed and assessed the applications based on the criteria in the position description and Terms of Reference.

Officer's Comment

The appointment of Independent Members to the Audit and Risk Committee is an opportunity to provide new skills, experience, and independent oversight to the committee, increasing transparency and strengthening corporate governance.

The *Local Government Act 1995* section 7.1B(2) creates a specific exemption to the limit on the delegation of powers and duties to committees under section 5.17, providing for the appointment of independent members to the Audit and Risk Committee.

The recent Local Government Reform Package includes the appointment of Independent Members as Chairpersons and Deputy Chairpersons; however, these changes aren't anticipated to be required until June 2026.

Following the advertising of these positions, the Shire received three applications from candidates.

Two of the three candidates reside in interstate and international locations; the new amendments to the *Local Government Act 1995,* gives ability to attend by electronic means. However, in the instance where the Committee and/or the Independent Member requests to attend a meeting in-person, the Shire would be liable for reimbursement of travel costs for meeting attendance i.e., air fares.

Additionally, with the requirement for the Independent Member to serve as the Chairperson of the Committee, there is a potential risk to the effective functioning of meetings. While the Shire is equipped to facilitate digital attendance, experience has shown that remote participation can limit a member's ability to fully engage in discussions and fulfil their role to its fullest capacity.

The third candidate is local to the Southwest and exhibits experience in risk management and work health and safety, however, has not demonstrated understanding in the other essential criteria.

For this reason, it is recommended that the Committee consider an alternative approach to the appointment process, including the introduction of a sitting fee to attract a broader range of suitably qualified candidates. The Shire may also undertake an enhanced advertising strategy to increase the depth of the applicant's pool. Applicants from the initial process will be encouraged to reapply.

The Shire will also consider the WALGA pool of Independent Members as part of the appointment process.

Summary

The appointment of Independent Members to the Audit, Risk and Improvement Committee provides an opportunity for the Shire to increase transparency and strengthen corporate governance.

It is recommended that the Committee consider adjusting the position offerings to attract a broader pool of candidates who can demonstrate the essential criteria required for the role.

Voting Requirements

Simple Majority.

Officer's Recommendation – 6.5.

That the Audit, Risk and Improvement Committee recommend to the Council to:

1. **Not appoint the attached candidates to the positions of Independent Members of the Audit, Risk and Improvement Committee.**

2. **Consider a budgetary adjustment to include sitting fees for the Independent Members positions of $450 per meeting at the January 2026 Ordinary Meeting and re-advertise the positions with the remuneration included in the advertisement.**

3. **Adjust the Audit, Risk and Improvement Committee Terms of Reference to reflect the changes.**