8.2 REAPPOINTMENT OF CHAIRPERSON AND DEPUTY CHAIR AUDIT AND RISK COMMITTEE

Attachments: **Nil**

RECOMMENDATION:

That Council, by ABSOLUTE MAJORITY, formally reappoint:

1. **George Araj as Chairperson of the Audit and Risk Committee until the day of the Ordinary Council Elections in October 2025; and**

2. **Cr Ron Alexander as Deputy Chairperson of the Audit and Risk Committee until the day of the Ordinary Council elections in October 2025.**

PURPOSE OF REPORT:

To formally reappoint the Chairperson and Deputy Chairperson of the Audit and Risk Committee until the day of the Ordinary Council elections in October 2025 to ensure continuity and legislative compliance.

DELEGATION:

Section 5.12(1) and (2) of the *Local Government Act 1995* requires that Council makes these appointments by absolute majority resolution. Delegation of this power is not permitted, as per section 5.43(a) of the Act, which prohibits delegating any power or duty that requires an absolute majority decision of Council.

BACKGROUND:

The Audit and Risk Committee is a formally appointed committee in accordance with Section 7.1A of the *Local Government Act 1995* (Act).

At the 21 November 2023 Ordinary Council Meeting, Council adopted the Committee's composition, which includes:

Council Members:

- Mayor Alison Xamon;
- Cr Ron Alexander;
- Cr Alex Castle; and
- Cr Jonathan Hallett.

External Independent Members:

- Mr George Araj (Chairperson);
- Mr Conley Manifis; and
- Mr Baptiste Isambert.

Committee appointments are fixed in accordance with section 5.11(1)(d) of the *Local Government Act 1995*, which provides that committee membership expires on the day of the next ordinary local government election. Accordingly, current members will remain appointed until the election scheduled for October 2025.

Previously, the Committee selected its Chair and Deputy Chair via nominations and vote at its first meeting following appointments. At the 7 December 2023 meeting, Mr George Araj was reappointed as Chairperson, and Cr Ron Alexander was appointed as Deputy Chairperson using this process.

LEGISLATIVE AMENDMENTS:

The *Local Government Amendment Act 2024* introduces a change to section 5.12 of the *Local Government Act 1995*. From 1 July 2025, the Act will require that Council, not the committee, must appoint the Presiding Member and Deputy Presiding Member of all committees by absolute majority.

This change removes the practice of committees electing their own leadership and reinforces the role of Council in formal appointments.

DETAILS:

To prepare for the upcoming legislative change and ensure compliance, Administration has contacted both the current Chairperson and Deputy Chairperson.

- Mr George Araj has confirmed his willingness to continue as Chairperson.
- Cr Ron Alexander has also confirmed his willingness to continue as Deputy Chairperson.

The Committee's next meeting is scheduled for 2 July 2025, immediately after the new legislative requirements come into effect. Two further meetings are scheduled for 3 September and 12 November 2025.

It is therefore appropriate for Council to resolve the appointments of the Chairperson and Deputy Chairperson in advance of the 2 July meeting, in accordance with amended section 5.12 of the Act.

After the October 2025 election, Council will be required to reappoint the Committee membership and leadership in line with the legislative framework.

FUTURE LEGISLATIVE CHANGES

Section 87 of the *Local Government Amendment Act 2024* introduces a new requirement for all WA local governments to establish an Audit, Risk and Improvement Committee (ARIC)**.** These changes are not yet in effect and will commence on a date to be proclaimed. It is anticipated that they will take effect after the 2025 Local Government Election.

Once proclaimed, the following will apply:

- All local governments must establish an ARIC.
- The Presiding Member (Chairperson) must be an independent person.
- A Deputy to the Presiding Member must also be appointed and must be independent.
- A Deputy to the Deputy Presiding Member (if appointed) must also be independent.
- Local governments may share an ARIC with other councils, including a shared independent Chair, to increase efficiency and collaboration.

Although not currently required by legislation, the City has appointed an independent Chairperson since November 2019**.** This approach was formalised in the September 2020 review of the Committee's Terms of Reference. However, there has been no requirement for the Deputy Chairperson to be independent under current arrangements.

Following the proclamation of these changes, the City will review and update its Terms of Reference and all relevant appointments to ensure compliance with the new legislative requirements.

CONSULTATION/ADVERTISING:

Not Applicable.

LEGAL/POLICY:

The Audit and Risk Committee is a formally appointed committee in accordance with section 7.1A of the *Local Government Act 1995* (Act).

The reappointment of both the Presiding Member and Deputy Presiding Member is in accordance with (sections 5.12(1) and 5.12(2)) of the *Local Government Amendment Act 2024* (Act).

RISK MANAGEMENT IMPLICATIONS

Risk Category	Risk Appetite and tolerance statement	description/clarifications
Governance, Due diligence, Accountability and Sustainability	The City has a low risk tolerance for less that better practice decision making for governance, due diligence, accountability, and sustainability, as measured by accepted industry standards and practices.	The reappointment of the Chairperson and Deputy Chairperson ensures continuity of oversight, alignment with the upcoming legislative changes under *the Local Government Amendment Act 2024*, and compliance with the Act's requirements.
Regulatory Compliance and Legal Obligations	The City has a very low risk appetite for breaches of legislation, professional standards or ethical requirements.	The recommendation ensures compliance with new legislative provisions under section 5.12 of the *Local Government Act 1995*, which come into effect on 1 July 2025, by formalising the appointments in advance. This proactive approach minimises legal risk and reinforces adherence to best practice governance standards.
Business Service Disruption	The City has a very low tolerance for risks that may result in disruption to the operation of the business.	Reappointing the current committee leadership maintains stability and continuity in the Audit and Risk Committee's operations. This minimises risk of delay or disruption in the Committee's ability to perform its audit, risk, and oversight functions.

Low: It is low risk for Council to formally reappoint the Chairperson and Deputy Chairperson of the Audit and Risk Committee until the October 2025 local government elections. These appointments ensure compliance with upcoming legislative changes, maintain continuity of oversight, and support effective governance of audit and risk matters at the City.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2022-2032*:

Innovative and Accountable

Our resources and assets are planned and managed in an efficient and sustainable manner. We are open and accountable to an engaged community.

FINANCIAL/BUDGET IMPLICATIONS:

Nil.