ARIC Failure - Risk Matrix
Statutory Non-Compliance & Integrity Risk

Statutory / Policy Provision	Documented Melville Practice / Structure	Library - Longitudinal Verification	Material Governance & Financial Risk
Local Government Act s1.3(2) & s2.7(2)(b) &7.1A Requires absolute separation between parties practicing risk-taking and parties auditing risk.	**Councillor-Dominated Voting Majority** The Melville ARIC is structurally composed of a voting majority of sitting councillors, allowing elected members who approve expenditure to hold supreme voting control over the audit committee.	**Entry 1** ***ARIC Failures*** • 2019 DLGSC Inquiry • 2019 AICD Review • 2026 Council Meeting Minutes	**Self-Assessment Bias & Loss of Public Confidence:** Completely invalidates independent audit integrity. Allows a political majority to outvote the independent Presiding Member, effectively allowing Council to audit its own financial decisions.
WA Local Government Act Part 7 & Local Government (Audit) Regulations Reg 19 Mandates that an Audit, Risk and Improvement Committee (**ARIC**) must have both an **independent presiding member** and an **independent deputy presiding member** who are not council members or employees.	**Automatic Structural Non-Compliance on Individual Absence** Because *all* remaining committee positions are councillor-held, the absence of **either** the independent Presiding Member or the independent Deputy Presiding Member breaks the mandatory independent line of succession, leaving no lawful, independent alternative to chair deliberations.	**Entry 1** **Quorum & Succession Collapse** • 2026 ARIC Meeting Attendance Records • City of Melville Policy CP-021 Charter Clauses **[1, 7, 8, 9]**	**Immediate Regulatory Non-Compliance and Operational Gridlock:** The absence of either independent officer strips the committee of its required neutral leadership redundancy. If a meeting proceeds under an acting Councillor Presiding Member, it violates the **statutory mandate for independent neutral oversight**. Conversely, if a single conflict-of-interest recusal or unexpected absence occurs during the meeting, the committee is forced into an illegal state and **immediate structural collapse**, delaying time-sensitive financial and compliance risk reviews required by law.
Local Government Act s7.1A(2) Limits committee framework to independent experts and non-interfering advisors to prevent executive capture.	**CEO Structurally Installed as an ARIC Member** Council endorsed the CEO as a listed "member" of the ARIC, rather than an external operational witness called upon strictly on request.	**Entry 3** ***Administrative Creep / CEO Functions*** • 2021 Gary Hunt Review • 2020 Customer Science Report • 2026 Council Meeting Minutes	**Conflict of Controlling Interest:** The CEO actively guides, influences, and participates in deliberations regarding the audit and review of her own administrative performance and regulatory systems.

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Local Government Act s5.41(2)(c) Requires the CEO to cause to be produced and maintained systems and procedures to manage operations in a manner that ensures uniformity and integrity.	**Complete Absence of Published Operational Systems** The administration fails to produce, index, or publish any formalized internal control frameworks or procedure registers governing the execution of the CEO's core statutory functions under subsections (a), (b), and (e).	**Entry** 2 ***Systemic Failure to Document and Publish Management Systems*** • 2019 AICD Governance Review • 2021 Garry Hunt Review	**Arbitrary Administrative Guidance & Accountability Vacuum:** Leaves the executive and operational employees without an identifiable baseline for integrity, resulting in un-auditable, siloed decision-making. Prevents Elected Members from objectively verifying the uniformity of information curation and strategic administrative advice.
City of Melville Policy CP-021 Mandates that councillors must constitute no more than one-third (33%) of total committee membership to preserve independence.	**Explicit Local Policy Non-Compliance** The City of Melville's ARIC operates in open defiance of its own operational policy, maintaining an overwhelming councillor majority.	**Entry** 5 ***Policy Non-Compliance*** • 2021 Weir Legal Report 2022 GFG Consulting Review • Policy CP-021 Inspectorate Cross-Contamination Record (Deflected via irrelevant Policy CP-130 framework)	**Institutional Blindness:** Setting a dangerous precedent that local governance policies are "optional" for the administration, actively subverting the statutory intent of s5.41. This defensive structure directly contributes to a hidden organizational dispute-containment cost estimated at $6 to $10 per capita, which is buried under general operational overheads to obscure the financial scale of municipal litigation from public scrutiny.
Local Government (Audit) Regulations 1996 - Reg 14 & 15 Requires absolute integrity in the preparation and validation of the annual Compliance Audit Return (CAR).	**Exclusion of External Validation Paths** The ARIC has zero non-councillor, non-executive line-item review channels. Meeting agendas and review texts are exclusively scripted and managed by the executive administration.	**Entry 4** *(Briefing Bias)* • 2021 OAG Sector Report 21 • 2026 OAG Audit Status Report	**Risk of Inaccurate CAR Declarations:** Councillor members are structurally isolated from alternative information or critical data streams that challenge the executive narrative, preventing compliance with Reg 14(6). Operating this closed feedback loop masks systemic service failures, driving up hidden administrative filtering and officer hour costs to a projected $6 to $10 per capita without transparent line-item reporting to the community.