



AUDIT AND RISK COMMITTEE

Terms of reference

1. ESTABLISHMENT

- 1.1 The Council has established the Audit and Risk Committee (referred to in these Terms of Reference as "the Committee") pursuant to sections 41 and 126 of the Local Government Act 1999 ("the Act").
- 1.2 The Committee will be known as the Audit and Risk Committee.
- 1.3 The Committee may be wound up at any time by resolution of the Council.
- 1.4 These Terms of Reference were adopted by the Council on 28 November 2022 (CO22/180).

2. FUNCTIONS

The Committee is established for the specific purpose of providing advice to the Council in its financial reporting and sustainability, internal controls and risk management systems, whistleblowing/public interest disclosure, internal and external audit functions, governance, and other related investigations in accordance with the following:

Strategic, Financial and Management Planning

2.1 The Committee shall:

- 2.1.1 review and provide information and recommendations in relation to the Council's Strategic Management Plan, Long Term Financial Plan, Asset Management Plan and Annual Business Plan and Budget prior to being adopted by Council;
- 2.1.2 review and make recommendations on the sustainability of Council operations, including proposed debt levels and addressing asset infrastructure issues.

Financial Reporting

2.2 The Committee shall:

- 2.2.1 monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and any judgments which they may contain;
- 2.2.2 review the consistency of and/or changes to, the Council's accounting policies;
- 2.2.3 monitor whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;

- 2.2.4 provide clarity of disclosure in the Council's financial reports and the context in which statements are made;
- 2.2.5 consider all material information presented with the financial statements; and
- 2.2.6 review Council's financial policies.

Internal Controls and Risk Management

2.3 The Committee shall:

- 2.3.1 keep under review the effectiveness of the Council's internal controls and risk management system;
- 2.3.2 review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management;
- 2.3.3 keep under review the Council's overall risk profile and monitor risk exposures;
- 2.3.4 keep under review the Council's management information system; and
- 2.3.5 review the work that the Auditor undertakes to formulate the audit opinion in relation to the internal controls in accordance with section 129 of the Act.

Internal Audit

2.4 The Committee shall:

- 2.4.1 monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system and annual budget;
- 2.4.2 review the independence of the function from operations of the Council, along with the adequacy of resource levels, scope and authority;
- 2.4.3 review the Council's compliance framework for identifying, monitoring and managing compliance with all laws and regulations;
- 2.4.4 obtain regular updates from Management and / or External Auditors regarding compliance matters in relation to the Council's significant statutory requirements;
- 2.4.5 review and monitor management's responsiveness to the findings and recommendations of any internal audits undertaken, relevant to the Committee Works Plan; and
- 2.4.6 where appropriate, meet with Chief Executive Officer to discuss any issues arising from the internal audits carried out.

External Audit

2.5 The Committee shall:

- 2.5.1 oversee the selection process for the external auditor and make recommendations in this regard to the Council;

- 2.5.2 if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- 2.5.3 oversee the Council's relationship with the external auditor, including, but not limited to:
 - 2.7.3.1 recommending the approval of the external auditor's remuneration, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - 2.7.3.2 recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - 2.7.3.3 assessing the external auditor's independence and satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in ordinary course of business);
 - 2.7.3.4 monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
 - 2.7.3.5 assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the Committee's own internal quality procedures);
- 2.5.4 meet as needed with the external auditor and the Committee shall meet the external auditor at least once in each financial year to discuss the external auditor's report and any issues arising from the audit;
- 2.5.5 review the findings of the audit with the external auditor – this shall include, but not be limited to the following:
 - 2.7.7.1 a discussion of any major issues which arose during the external audit;
 - 2.7.7.2 any accounting or audit judgments; and
 - 2.7.7.3 levels of errors identified during the external audit; and
- 2.5.6 review the effectiveness of the external audit;
- 2.5.7 review all audit reports and management's response to the external auditor's findings and recommendations; and
- 2.5.8 oversee action to follow up on matters raised by the external auditors.

Governance

- 2.6 The Committee shall:
 - 2.6.1 review and comment on the overall adequacy of Council's Policy Development and Policy Management Framework.

Efficiency and Economy Measures

2.7 The Committee shall:

- 2.7.1 propose and review, as appropriate, the exercise by the Council of the powers under section 130A of the Act.

Reporting Responsibilities

- 2.8 The Committee shall make whatever recommendations to the Council it deems appropriate on any area within the Terms of Reference where, in its view, action or improvement is needed.

Whistle Blowing and Public Interest Disclosure

- 2.9 The Committee shall keep under review the Whistleblower Policy, which supports the Whistleblowers Protection Act 1993; and
- 2.10 On commencement of the Public Interest Disclosure Act 2016 (replacing the Whistleblowers Protection Act 1993) the Committee shall keep under review the Council's Public Interest Disclosure Policy, which will support the Public Interest Disclosure Act 2018.

Other Matters

2.11 The Committee shall:

- 2.11.1 have access to reasonable resources and administrative support in order to carry out its functions;
- 2.11.2 be provided with appropriate and timely training, both in the form of an induction program and on an ongoing basis for all members;
- 2.11.3 oversee action to follow up on matters raised by the external auditor;
- 2.11.4 at least once in each financial year review its own performance and Terms of Reference to ensure it is operating effectively and recommend any changes it considers necessary to the Council for approval; and
- 2.11.5 consider any other matters referred to it by the Council.

3. **MEMBERSHIP**

3.1 Membership of the Committee shall be comprised as follows as disclosed in Schedule 1:

- 3.1.1 2 elected member(s) appointed by the Council; and
- 3.1.2 3 independent members appointed by the Council, and who determined by the Council to have skills, knowledge and experience relevant to the functions of the committee, including in financial management, risk management, governance and any other prescribed matter.

- 3.2 Elected members of the Committee will each be appointed for a period of four (4) years concluding in November 2026.

- 3.3 Independent members of the Committee will each be appointed for four (4) years concluding in November 2026.
- 3.4 Independent members of the Committee will be paid an allowance in the form of a sitting fee for each meeting attended as set by Council resolution.
- 3.5 The Council will appoint one (1) of the independent members as the Presiding Member of the Committee.
- 3.6 The role of the Presiding Member includes, but is not limited to:
 - 3.6.1 overseeing and facilitating the conduct of meetings in accordance with the Local Government Act and the Local Government (Procedures at Meetings) Regulations 2013; and
 - 3.6.2 ensuring that the Committee acts and operates at all times in accordance with these Terms of Reference.

4. **TERMS OF REFERENCE - OPERATIONAL MATTERS**

- 4.1 Pursuant to section 44 of the Act the Committee does not enjoy the delegation of any powers, functions and duties of the Council. All decisions of the Committee will, therefore, constitute only recommendations to the Council
- 4.2 The Committee shall act at all times in accordance with the Local Government Act and the Local Government (Procedure at Meetings) Regulations 2013.
- 4.3 The Committee, subject to clause 4.4 of these Terms of Reference, shall meet on such dates, times and places as the Committee may determine by resolution.
- 4.4 The Committee shall meet at least four (4) times per year and may hold additional meetings as resolved by the Committee or otherwise required by the Council.
- 4.5 A quorum for a meeting of the Committee shall be three (3) members of the Committee, one of whom must be an independent member appointed under clause 3.1.3 of these Terms of Reference. If the Presiding Member is unavailable to chair the meeting, a person will be selected from those members in attendance to chair the meeting.
- 4.6 All members of the Committee present at a meeting must vote on a question arising for decision.
- 4.7 All decisions of the Committee shall be made on the basis of a majority decision of the members present.
- 4.8 Insofar as the Act and Local Government (Procedure at Meetings) Regulations 2013 and these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Committee, the Committee may determine its own procedure.
- 4.9 The reporting and accountability requirements of the Committee (for the purposes of section 41(8) of the Act) are satisfied by the provision of the minutes of Committee meetings to all members of the Council and by the requirements of clause 9 of these Terms of Reference.

4.10 The Council Chief Executive Officer or nominated delegate will provide support for the purposes of co-ordination and preparation of agendas and reports for and minutes of Committee meetings and as a point of contact for all Committee members

5. **CONDUCT AND DISCLOSURE OF INTERESTS**

Members of the Committee must comply with the conduct and conflict of interest provisions of the Act. In particular section 62 (general duties), section 63 (code of conduct) and sections 73-75A (conflict of interest) must be adhered to.

6. **DELEGATIONS**

Council may delegate (additional) matters that are within the scope of the Terms of Reference to the Committee in accordance with section 41 of the Act.

7. **NOTICE OF MEETINGS**

In accordance with section 87 of the Act, a minimum of three (3) clear days' notice of an ordinary meeting will be provided to the members of the Committee.

8. **PUBLIC ACCESS TO MEETINGS**

Members of the public are able to attend all meetings of the Committee, unless prohibited by resolution of the Committee under the confidentiality provisions of section 90 of the Act.

9. **REPORTING**

The Presiding Member of the Committee will, where necessary, report to the next available meeting of the Council recommending items that require resolution of the Council.

Schedule 1 – Committee Membership

Independent Members:

3 Independent members, including the Independent Chair of the Committee – TBA

Elected Members:

Councillor Peter Linn

Councillor Karen Hollamby