Te Rōpū Arotake Pūtea me te Tūraru[1] | Audit and Risk Committee
Ngā Tikanga Tohutoro | Terms of Reference

1. Te Aronga | Purpose

The Te Rōpū Arotake Pūtea me te Tūraru | Audit and Risk Committee (the Committee) is a standing committee of Te Kaunihera Rata o Aotearoa | Medical Council of New Zealand (Council). The purpose is to assist Council by providing:

- Risk management programme oversight;
- Reviews of risk profile (including legal compliance, privacy, health, safety and wellbeing, financial, statutory reporting, and fraud risks);
- Monitoring of internal control system and assessment to obtain reasonable assurance;
- Oversight of annual external Office of the Auditor-General audit;
- Oversight of internal audit;

and

- Ensuring the integrity of external financial and performance reporting;
- Ensuring appropriate financial management policies and practices are in place;
- Ensuring that Council and management are provided with financial information that is of high quality and relevant
- Conducting special investigations as required by Council

2. Ngā Tāngata o te Rōpū | Membership

- Council will consider and appoint the Poutoko | Committee Chair (Committee Chair), Poutoko Tuarua | Committee Deputy Chair (Committee Deputy Chair), and all committee members each year or as deemed necessary by Council, with options to renew or remove. The terms of appointment of members who are also members of Council are limited by their respective terms of appointment on Council.
- The Tumuaki | Chair of Council (Chair of Council) shall be an ex-officio member of the Committee.
- The Committee will consist of at least three members, one of which will be a Council lay member.
- Any member can appoint a representative from Council to represent that member on the committee whenever the member is absent or unable to act as a member of the committee for one or more specific meetings.
- At least one member of the Committee must have relevant experience in financial accounting and reporting. To that end, the Council may engage or co-opt an independent expert as a member of the committee.

[1] Definitions (Source: https://maoridictionary.co.nz/)
Rōpū: 1. *(noun) group, party of people, company, gang, association, entourage, committee, organisation, category.*
Arotake Pūtea: 1. *(noun) audit, financial review.*
Tūraru: 1. *(noun) risk.*

3. Te Mana o te Rōpū | Authority

- The Committee will make determinations about matters for which it is responsible, except where these terms of reference limit the Committee's authority to that of making recommendations to the Council.
- The Committee will be provided with a Kaiāwhina | Committee Secretary (Committee Secretary) who in consultation with the CEO will deliver quality secretarial services to the Committee.
- The Committee has the authority to require members of management or others to attend meetings and to provide advice or information.
- The Committee has the authority to access the Council's documents and records.
- The Committee may directly access legal or other independent specialist advice.
- Each year a budget will be endorsed by the Committee in consultation with the CEO and Chair of Council, for consideration and approval by Council.
- The Committee will have no executive functions or powers and any Council delegation will be within Standing Order requirements.

4. Ngā Mahi o te Rōpū |Responsibilities

Generally

- To ensure that Council is informed about changes in statutory requirements, accounting standards, or guidelines affecting financial and service performance reporting
- To ensure that effective risk management is in place to mitigate Council's risks (including financial risk assessment, adequacy of insurance arrangements, internal controls, business continuity planning, health and safety, and information security).
- To consider and periodically review financial delegated authorities.
- To provide a statement in the Council annual report describing the Committee's objectives and responsibilities, and how it has discharged those responsibilities during the past financial year.

Responsibilities in relation to external and internal audit

- To oversee the external audit process including the appointment of an auditor, the scope and coverage of the audit (including that it is consistent with the Council's risk assessment).
- To meet separately with the external auditor to discuss any matters that the Committee or external auditor believes should be discussed privately.
- To seek the external auditor's assessment of the quality and coverage of finance and internal audit work.
- To assess the performance of the external auditor on an annual basis, and to consider whether it is appropriate to consult with any appropriate external agency on any matter arising.
- To oversee the process for the appointment and engagement of a firm to undertake internal auditing.
- To review with the internal auditor, external auditor, the CEO and relevant managers, the coordination of audit efforts.
- To monitor that the audit efforts result in the efficient and effective use of audit resources and contribute to risk management.

Responsibilities in relation to internal reporting

- To consider the completeness and quality of financial information being provided to the Council, and to suggest ways in which those reports might be improved.
- To consider the need for pre- or post-implementation reviews or audits of major projects or transactions to assess the adequacy of the risk management / controls.

Responsibilities in relation to external reporting

- To review the statement of accounting policies and other notes in the draft accounts and ensure that notes to the financial statements describing the choice and application of accounting policies are informative.
- To gain an awareness of the areas in which management discretion in the choice of accounting methods has been exercised.
- To make determinations in relation to the choice of accounting policies.
- To review draft annual financial and performance statements, prior to endorsement by the Council.
- To review reporting arrangements to ensure that Council meets its obligations to regulatory agencies such as the Charities Commission.

Related party transactions and sensitive expenditure

- To consider requests for out of policy travel or expenditure by Council members or staff.
- To review the adequacy of internal controls relating to sensitive expenditure i.e., Council members and senior management travel and entertainment.

5. Ngā Tikanga | Procedures

Meetings

- The Committee Secretary will propose a schedule of Committee meetings (date and time allocation) and annual work plan to ensure that all of the Committee's responsibilities are addressed during the financial year.
- Normally the Committee will meet at least four times per annum.
- Additional meetings may be called by the Committee Chair, or at the request of the Chair of Council.
- A meeting quorum will be three members.
- Decision-making shall be by simple majority vote. The Committee Chair will have a casting vote.

Secretarial services and minutes

The Committee Secretary will (in conjunction with the Committee Chair) be responsible for:

- Drawing up the agenda, supported by documentation, and circulating that material to committee members at least one week prior to each meeting;
- Preparing draft minutes of the meetings of the Committee, and circulating minutes to members of the committee within ten working days of the Committee meeting;
- Maintaining registers of agreed actions and status reports; and
- Ensuring copies of all relevant Council policies and Council minutes are available at meetings.

Copies of minutes of Committee meetings will be provided to the Council at its next meeting after those draft minutes have been reviewed by the Committee Chair (and oral reports of any meetings held subsequent to the last Council meeting for which minutes have yet to be prepared).

The Committee Chair is responsible for ensuring that matters requiring immediate escalation are properly addressed through the Council Chair and CEO.

Reporting relationships with the external auditor

- The external auditor normally will communicate directly with the CEO and Kaitiaki Pūtea Mātāmua | Chief Financial Officer (CFO), while recognising that in certain situations the auditors may wish to communicate with the Committee and/or Council.

- The Committee Chair will be provided with draft management letters or other reports at the same time as they are provided to management (but will, except in exceptional circumstances, not pursue enquiries until management have had an opportunity to respond to the draft report).

Reporting relationships with the internal auditor

- The Committee is a 'client' of the internal auditor. As such, final reports will be provided to the Committee.
- The Committee Chair will be provided with draft reports from the internal auditor at the same time as management (but will, except in exceptional circumstances, not pursue enquiries until management has had an opportunity to respond to the draft report).

Protected disclosures (Whistleblowing)

The Committee Chair may receive disclosures of serious wrongdoing, or other concerns which may not fall within the definition of 'serious wrongdoing'. Such disclosures will be treated confidentially and handled in accordance with the policy on Protected Disclosures (Whistleblowing).

Maintenance of registers

- The Committee Secretary will maintain a register of recommendations made by the external and internal auditors. The register will record a summary of management responses to those recommendations, and whether the recommendations were adopted, implemented, or rejected.
- The Committee Chair will maintain a register of employee confidential communications, and how they were dealt with.

Review of financial delegations

Schedules of financial delegations are to be reviewed at least every two years, or whenever there are major changes in the management structure.

Review of committee performance

The Committee will review its performance every two years, alternating with the separate review of Council performance. The Committee review will focus on the extent to which it has met its responsibilities.

6. Ngā Tikanga Tohutoro | Terms of Reference

The terms of reference will be made available on the Council's web site and reviewed annually, initially by the Committee and then by the Council.