



Audit and Risk Committee – Terms of reference

1. Purpose

The Audit and Risk Committee (the Committee) is a standing committee of 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 OAG audit;
 - Oversight of internal audit;
- and
- Ensuring the integrity of external financial 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. Membership

- Council will consider and appoint the Committee Chair, 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 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.
- 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.
- The CEO and members of management will not be members of the committee.

3. 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 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 chair of 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. Responsibilities

Generally

- To ensure that Council is informed about changes in statutory requirements, accounting standards, or guidelines affecting financial 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, 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 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 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 executive 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. 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 chair of the committee, 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 chair of the committee will have a casting vote.

Secretarial services and minutes

The committee secretary will (in conjunction with the chair of the committee) be responsible for:

- Drawing up the agenda, supported by documentation, and circulating that material to committee members at least two weeks 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 chair of the committee (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 CFO, while recognising that in certain situations the auditors may wish to communicate with the Committee and/or Council.
- The chair of the Committee 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 chair of the Committee 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).

Confidential communications from employees

Employees will be advised that under certain limited circumstances they may communicate to the chair of the Committee regarding potential fraud or misappropriation, weaknesses in internal controls or the adequacy or accuracy of information being provided within the organisation to senior managers or the Council (in accordance with the *policy on reporting of serious wrongdoing*). Such communications (which will be in writing) will be treated as confidential¹ and will explain whether the matters have previously been discussed with an employee's manager, and if not, why the employee has chosen to report to the Committee.

Maintenance of registers

- The secretary of the committee 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 chair of the Committee 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 annually, or whenever there are major changes in the management structure.

Review of committee performance

The committee will review its performance annually, with particular attention being paid to the extent to which it has met its responsibilities.

6. 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.

Document	Approved by Council on: 7 December 2021
control	To be reviewed by: 30 September 2022

¹ Subject to any requirements of natural justice