

Terms of Reference: Audit and Risk Committee

The purpose of the Audit and Risk Committee is to provide governance and oversight of the effectiveness of risk management and internal control systems, including internal audit and external audit relationships.

1.1 Terms of Reference

1. Monitor the council's external and internal audit process.
2. Consider and make recommendations to the council on:
 - a) Monitoring the robustness of the internal control framework and financial management practices;
 - b) The integrity and appropriateness of internal and external reporting and accountability arrangements;
 - c) The robustness of risk management systems, processes and practices;
 - d) The independence and adequacy of external audit functions;
 - e) All year-end financial reporting obligations;
 - f) Compliance with applicable laws, regulations and standards, and best practice guidelines; and
 - g) The establishment and maintenance of controls to safeguard the Council's financial and non- financial assets.
3. Discuss, with the external auditor, matters affecting the annual financial and non-financial statements and the annual audit.
4. Monitor existing corporate policies and recommend new corporate policies to prohibit unethical, questionable or illegal activities.
5. Support measures to improve management performance and internal controls.
6. Ensure the quality of internal and external reports of financial and non-financial information.
7. Develop policy relating to published financial statements and accounting standards of the council.
8. Review annual financial statements prior to Council adoption and ensure disclosures are in accordance with statutory requirements and consistent with best practice.
9. Develop and monitor Annual Reports.

1.2 The scope of this committee includes:

1. Approve the annual external audit proposal.
2. Liaise with Council's external auditor:
 - a) At the start of each audit, confirm the terms of engagement with the external auditor including the nature and scope of the audit, timetable and fees;
 - b) Approve the external audit engagement letter and letter of undertaking and any additional services to be provided by the external auditor;
 - c) Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised within;
 - d) Conduct a members-only session (i.e. without any management present) with external audit to discuss any matters that the auditors wish to bring to the

- committee's attention and/or any issues of independence;
- e) Meet with council's audit director on a quarterly basis.
3. Internal Control Framework:
- a) Review whether management's approach to maintaining an effective internal control framework is sound and effective;
 - b) Review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour;
 - c) Review whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud.
4. External Reporting and Accountability:
- a) Agree the appropriateness of the council's existing accounting policies and principles and any proposed change;
 - b) Enquire of external auditors for any information that affects the quality and clarity of the council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above;
 - c) Satisfy itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (ie letters of representation), and recommend to council the signing of the financial statements by the Chief Executive/Mayor and adoption of the Annual Report.
5. Oversee the Council's systems, processes, and practices for risk management:
- a) Ensure that management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's significant risks (including financial and non-financial risks);
 - b) Consider whether appropriate action is being taken by management to mitigate Council's significant risks.
6. Review insurance arrangements annually.
7. Monitoring insurance claims.
8. Review all audit reports of council activities, including (but not limited to) building control authority audit reports, NZTA audit reports, Long Term Plan audit, and any other external audits.
9. Prepare the Annual Report and carryovers.

Membership	The Audit and Risk Committee will be a standing committee of all councillors and the Mayor. The Committee may appoint an additional person to the committee where it considers that person has skills, attributes, or knowledge that will assist the work of the committee.
Quorum	The quorum shall be five members.
Chair	The Chair will be appointed by the Mayor.

Meetings

The Audit and Risk Committee will meet on a quarterly basis or as required.
