

DOCUMENT MANAGEMENT

Date

23 April 2024

Amendment

Included regulatory services oversight.

Approval

Council resolution dated 23 April 2024

Terms of Reference

Audit, Risk, and Finance Committee

Membership

The committee shall be comprised of five (5) councillors, two (2) Independent Tangata Whenua Members, one (1) Independent Risk Advisor and one (1) Independent Consultant.

Chair:	Cr PL Jones
Members:	Cr J Blackwell Cr J Carr Cr J Crow
Māori representation:	Two (2) Independent Tangata Whenua Members George Riley and Dee-Ann Wolferstan (voting rights)
Ex officio:	Chair G Crawford (voting rights)
Independent Risk Advisor:	S Watene (voting rights)
Independent Consultant:	J Eriksen

Standing orders apply.

Quorum

The quorum for meetings of the committee shall be five. Ex-officio and independent members count towards a quorum.

Vision, mission and areas of focus (Long Term Plan 2021-2031)

Our Northland – together we thrive. Working together to create a healthy environment, strong economy and resilient communities.

Objectives

The objectives of the committee are to:

- Provide oversight and assistance to the Chief Executive on council's internal and external audit activities, ensuring that accountabilities and responsibilities are fulfilled;
- Make recommendations to council on audit matters; and
- Review financial performance.
- Provide oversight and assistance to the council's risk and health & safety activities, ensuring that accountabilities and responsibilities are fulfilled; and
- Make recommendations to council on risk management and health and safety matters.
- Provide oversight and assistance to the Chief Executive on council's investment activities within established limits, ensuring external accountabilities and responsibilities are fulfilled;
- Provide oversight and assistance to the council's Chief Executive to negotiate property sale and purchase agreements;
- Make recommendations to council on investment fund matters;
- Make recommendations to council on property investment matters; and
- Manage investment returns that can influence operational budgets and public equity.

Role and Responsibilities

The committee is directly responsible and accountable to the council for the

exercise of its responsibilities. In carrying out its responsibilities, the committee must at all times recognise that primary responsibility for management of the council rests with the Chief Executive.

For reasons of efficiency and/or expediency, should the subcommittee not be able to perform their functions, the council will assume their role and responsibilities.

Working Groups

The committee is further authorised to fulfil its role and responsibilities through the establishment or disestablishment of other working groups as the committee sees fit.

Working groups can include councillors, independent members, and advisors whose skills and experience are appropriate to the work being done. The staff member responsible to provide support to the working groups shall be the Chief Executive, who may delegate the role. Delegated authority and functions
The council authorises the committee, within the scope of its Terms of Reference, role, and responsibilities, to:

Delegated authority and functions

Audit and Risk

1. General

- a) Subject to operating within approved budget allocation - obtain information it needs from the CEO and/or external party (subject to their legal obligation to protect information);
- b) Discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- c) Request the attendance of any employee, subject to the Chief Executive's approval, at meetings of the committee or its working groups;
- d) In discussion with the CEO and subject to operating within approved budget allocation – request the CEO to obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the council's expense;
- e) Recommend the co-opting of a person as a (non-voting) member of the committee to assist with special projects;
- f) To review council finances on a quarterly basis;
- g) Recommend to council that additional members be appointed to the Committee should it consider wider representation would be of assistance in performing its functions;
- h) Review the delegation's manual from time to time and make recommendations to council for any changes;
- i) To regularly report progress on its functions to the council; and
- j) Undertake such other functions as may be delegated by council from time to time.

2. External Audit

- a) Act as a forum for communication between the Chief Executive, senior management, and internal and external auditors;
- b) Provide advice to the Chief Executive to negotiate fees with external auditors;
- c) Review Audit Management Letter;
- d) Review Audit Plan;
- e) Review Independent Audit Reports;
- f) Provide input and feedback on the financial statements and the audit coverage proposed by the external auditor, and provide feedback on the

audit services provided;

- g) Review all external plans and reports for planned or completed audits and monitor management's implementation of audit recommendations;
- h) Oversee the co-ordination of audit programmes conducted by the external auditors and other review functions; and
- i) Provide reports and advice to the council on action taken on significant issues raised in relevant external audit reports and good practice guides.

3. Finance

- a) Monitor and review financial policies;
- b) Monitor and review financial performance; and
- c) Recommend new borrowing to council.

4. Reporting

- a) Review and recommend to council the adoption of the Annual Report and Summary Annual Report, focusing particularly on:
 - i. Any changes in accounting policies and practices;
 - ii. Major judgemental areas;
 - iii. Significant adjustments resulting from audit;
 - iv. Compliance with financial reporting and other applicable standards;
 - v. Compliance with statutory requirements; and
 - vi. Other reports prepared by management for release to stakeholders, such as any summary financial reports.

5. Risk Management

- a) Determine whether management has appropriately considered legal, operational and compliance risks as part of council's risk management arrangements;
- b) Review council's risk management framework and policies for effective identification and management of the council's risks.
- c) Review the council's corporate risk register in line with the council's risk management framework and policies.
- d) Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings.
- e) Review the effect of the council's risk management framework on its control environment and insurance arrangements.
- f) Review whether a sound and effective approach has been followed in establishing council's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
- g) Review council's fraud control plan and satisfy itself that the council has appropriate processes and systems in place to capture and effectively investigate fraud-related information.
- h) Review and monitor the council's policies and practices relating to sensitive expenditure.
- i) Review the effectiveness of the system for monitoring council's compliance with relevant laws, regulations and associated policies and make recommendations to council on improvements to council's risk management framework.

6. Health and Safety

- a) Consider and review the council's health and safety management

system, including receiving reports from management on the system and organisational wellness.

- b) Make recommendations to council on improvements to the Health and Safety Management System.

Property and Investment

1. General

- a) Make decisions in accordance with the Terms of Reference
- b) Move investment funds between various managed funds within approved limits provided for in the Statement of Investment Policy and Objectives (SIPO).
- c) CEO to withdraw and invest in the Short Term Fund within established delegations.
- d) CEO to withdraw and invest funds held in term deposits being self-managed cash reserves.
- e) Recommend manager(s) of new funds for approval by council.
- f) Ensure that there are no withdrawals from funds except the Short-Term Fund without the approval of council.
- g) Subject to operating within approved budget allocation - obtain information it needs from the CEO and/or external party (subject to their legal obligation to protect information);
- h) Discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- i) Request the attendance of any employee, subject to the Chief Executive's approval, at meetings of the subcommittee or its working groups;
- j) Subject to operating within approved budget allocation - obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the council's expense;
- k) Co-opt a person as a (non-voting) member of the subcommittee to assist with special projects;
- l) Recommend to council that additional members be appointed to the Committee should it consider wider representation would be of assistance in performing its functions;
- m) Appoint working groups to make recommendations to the Committee on any matters of responsibility within the subcommittee's Terms of Reference, and act in accordance with resolutions of the subcommittee (in line with specific limitations) where there is urgency or special circumstance;
- n) To regularly report progress on its functions to the council; and
- o) Undertake such other functions as may be delegated by council from time to time.

2. Financial Management and Reporting

- a) Monitor and report on the financial performance of all funds against budget.
- b) Make recommendations to council on any forecast variances against budget.
- c) Determine the means of financial reporting to council and the public.

3. Funding, Financial and Other Policies

- a) Contribute to the review of any changes required to relevant sections of the council's funding and financial policies (including those required under Section 102 of the Local Government Act (LGA) 2002) specifically the:

- i. Revenue and Financing Policy; and
- ii. Investment Policy

4. Investment Functions

- a) To periodically review council's overall investment portfolio and provide recommendations to council as to adjustments to maintain an appropriate investment mix.
- b) Ensure there are no withdrawals from the Long-Term Fund without the approval of council, other than for operational funding from gains made in the fund and as budgeted in accordance with the current Long Term Plan or Annual Plan.
- c) Undertake the investment functions referred to in the Investment Policy adopted within the current LTP. These functions include:
 - i. To review performance and compliance against council's Investment Policy and reporting for all the council's investment funds (Statement of Investment Policy and Objectives).
 - ii. To make investment decisions within the subcommittee's delegations;
 - iii. To make recommendations to council on any changes that fall outside the subcommittee's delegations including changes to the construction of investment portfolios, the Investment Fund Statement of Investment Policies and Objectives, the Investment Policy, and investment management appointees.
 - iv. To recommend to the council targets, policies and strategies for undertaking its investment activities.
 - v. To oversee the administration and review of the council's investment opportunities within the subcommittees delegated authority and make recommendations to council as appropriate.

5. Property Investment Functions

- a) To work with the CEO to negotiate sale and purchase agreements for properties (within +/- 5% of their valuation) and provide appropriate sale and purchase recommendations to council for consideration.
- b) Undertake the property investment functions referred to in the Treasury Management Policy adopted within the current LTP. These functions include:
 - i) To review performance and compliance against council's Treasury Management Policy (and its objectives);
 - ii) To make recommendations to council on any changes to the subcommittee's delegations, the objectives and policies in the Treasury Management Policy;
 - iii) To recommend to the council targets, policies and strategies for undertaking its property activities.
 - iv) To oversee the administration and review of the council's property investment opportunities within the subcommittees delegated authority and make recommendations to council as appropriate.

Regulatory services oversight:

- i) Review and recommend to council for approval Regulatory Services guiding policies.
- ii) Review and recommend to council a hearing commissioner appointment policy.
- iii) Quarterly reporting of consent application.
- iv) Quarterly reporting of compliance monitoring activities.
- v) Quarterly reporting of formal enforcement activities (e.g. infringement notices, enforcement orders, prosecution cases).

No Delegated Authority – Power to Act

In Accordance Clause 32 (1) of Schedule 7 of the Local Government Act 2002, the subcommittee does not have the powers of council to borrow money or purchase or dispose of assets.