

## Document Management

<b>Date</b>	<b>Detail</b>	<b>Authorised by</b>
4 Dec 2023	Updated membership	Council resolution 28 Nov 2023
8 Jan 2024	Removal of reference to Independent Financial Advisor	Administrative update

## Terms of Reference

### Audit and Risk Subcommittee

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#### Membership

The Audit and Risk Subcommittee shall be comprised of five (5) councillors, two (2) Independent Tangata Whenua Members (voting rights) and one (1) Independent Risk Advisor (voting rights) as follows:

Chair:	Cr P Jones
Members:	Cr J Carr Cr A Macdonald Cr M Robinson Cr R Stolwerk
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)

Standing orders apply.

#### Quorum

The quorum for meetings of the sub-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 subcommittee 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.

#### Responsibilities

The subcommittee is directly responsible and accountable to the council for the exercise of its responsibilities. The Chairperson, supported by staff, will provide a brief verbal report of subcommittee activities to each council meeting.

In carrying out its responsibilities, the subcommittee 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.

## **ROLE AND FUNCTIONS**

The council authorises the subcommittee, within the scope of its Terms of Reference, role and responsibilities, to:

### **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 subcommittee 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 subcommittee 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 sub-committee should it consider wider representation would be of assistance in performing its functions;
- h) To regularly report progress on its functions to the council; and
- i) Undertake such other functions as may be delegated by council from time to time.

### **2. External Audit**

The subcommittee responsibilities are to:

- 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**

The subcommittee responsibilities are to:

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

### **4. Reporting**

The subcommittee responsibilities are to:

- 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**

The subcommittee are to:

- 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**

The subcommittee responsibilities are to:

- 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.

**7. 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.

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