

 <b>COUNCIL COMMITTEE</b>	<b>Authorising Body</b>	Mayor/Council
	<b>Status</b>	Standing Committee
	<b>Title</b>	Audit and Risk Committee Terms of Reference
	<b>Approval Date</b>	25 October 2016
	<b>Administrative Support</b>	Legal Counsel

### Purpose

The purpose of the Audit and Risk Committee (the Committee) is to assist and advise the Governing Body in discharging its responsibility and ownership of governance, risk management, and internal control.

The Committee will review the effectiveness of the following aspects of governance, risk management and internal control:

- Enterprise Risk Management (ERM).
- Internal Audit.
- Integrity and Investigations.
- External Audit.
- Monitoring of compliance with laws and regulations.
- Significant projects and programmes of work focussing on the appropriate management of risk.
- Oversight of preparation of the LTP, Annual Report, and other external financial reports required by statute.

The scope of the committee includes the oversight of risk management and assurance across Council's CCO's – with respect to risk that is significant to Thames-Coromandel District Council.

To perform his or her role effectively, each Committee member must develop and maintain his or her skills and knowledge, including an understanding of the Committee's responsibilities, and of the Council's business, operations and risks.

### Membership

*The Chairperson of the Audit and Risk Committee shall be determined by the Mayor. The Council will determine the other members of the Audit and Risk Committee including at least one independent appointment with suitable financial and risk management knowledge and experience.*

The Audit and Risk Committee will comprise of at least four elected members ~~(one of which will be the chairperson)~~, and one independent appointed member (one of which will be the chairperson).

### Quorum

The quorum at any meeting of the Committee shall be not less than three members of the Committee.

## Frequency of Meetings

The Audit and Risk Committee shall meet at least four times a year.

## Committees Responsibilities

The Committees responsibilities are described below:

### Risk management

- Review, approve and monitor the implementation of the ERM policy, framework and strategy (including risks pertaining to CCOs)
- Review the effectiveness of risk management and internal control systems including all material financial, operational, compliance and other material controls. This includes legislative compliance, significant projects and programmes of work, and significant procurement.
- Review risk management reports identifying new and / or emerging risks, and any subsequent changes to the ERM "Top Risk" register.

### Internal Audit

- Review ~~annually-triennially the Audit and Risk Committee's terms of reference the Internal Audit Charter~~ – which confirms the authority, independence and scope of the function
- Review and approve annually and monitor the implementation of the 3 year Internal Audit Strategy and 12 month detailed Internal Audit Plan
- Review the co-ordination between the risk and internal audit functions – including the integration of Councils ERM risk profile with the Internal Audit programme. This includes assurance over all material financial, operational, compliance and other material controls. This includes legislative compliance, significant projects and programmes of work, and significant procurement.
- Review the reports of the Internal Audit functions dealing with findings, conclusions and recommendations (including assurance over risks pertaining to CCOs)
- Review and monitor management's responsiveness to the findings and recommendations – enquiring into the reasons that any recommendation is not acted upon.

### ~~Fraud and Integrity, Bribery and Corruption~~

- Review ~~and approve annually,~~ and monitor the implementation of the Fraud ~~Policy and Integrity Strategy, including detailed work programme.~~
- Review the whistleblowing procedures and ensure that arrangements are in place by which staff, may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters, and that there is proportionate and independent investigation of such matters and appropriate follow up action.
- Review the procedures in relation to the prevention, detection, reporting and investigation of ~~fraud, bribery and corruption~~fraud.
- Review and monitor all matters related to managing Conflicts of Interest amongst Elected Members, management, staff, consultants and contractors.
- Review reports from the ~~r~~Risk, ~~i~~Internal ~~a~~Audit, Integrity and Investigations, external audit and management related to whistle blower, ethics, ~~fraud, bribery, corruption~~ and ~~fraud~~-related incidents.

### **Statutory Reporting**

Review and monitor the integrity of the interim and annual report including statutory financial statements and any other formal announcements relating to the Council's financial performance, focussing particularly on:

- Compliance with, and the appropriate application of, relevant accounting policies, practices and accounting standards.
- Compliance with applicable legal requirements relevant to statutory reporting
- The consistency of application of accounting policies.
- Changes to accounting policies and practices that may affect the way that accounts are presented.
- Any decisions involving significant judgement, estimation or uncertainty.
- The extent to which financial statements are affected by any unusual transactions and the manner in which they are disclosed.
- The disclosure of contingent liabilities and contingent assets.
- The clarity of disclosures generally.
- The basis for the adoption of the going concern assumption.
- Significant adjustments resulting from the audit.

### **External Audit**

- Discuss with the external auditor before the audit commences :
  - the nature and scope of the external audit.
  - areas of audit focus.
  - error and materiality levels.
- Review with the external auditors representations required by Elected Members and senior management, including representations as to the fraud and integrity control environment.
- Review the external auditors management letter and management responses, and inquire into reasons for any recommendations not acted upon.
- Where required the Chair may ask a senior representative of the Office of the Auditor General's office to attend the committee meetings to discuss the Office's plans, findings and other matters of mutual interest.

### **Development Contributions**

Hear individual applications for the review-reassessment of Development Contributions payable on a development, including special assessments , in line with Council's Development Contribution Policy, (as per the prevailing policy).

### **Rates Remissions**

Hear appeals against decisions made by officials acting under delegated authority under the Rates Remissions policy. The Chairperson of the Audit and Risk Committee shall have delegation to decide whether an appeal will be heard by the Committee. In determining whether or not to hear an appeal, the Chairperson must decide that:

- there is some doubt as to interpretation of the policy; or,
- there appears to be a serious issue of equity and fairness involved.

The Committee will consider and make decisions as per delegations noted in the Rates Remission Policy. ~~on remissions on privately initiated Council adopted plan changes to the prevailing District Plan where such a plan will have a rating effect on properties.~~

~~It will also consider and make decisions on applications for relief from solid waste targeted rates for rating units other than those expressly noted in the Rates Remission Policy.~~

~~The Committee is also delegated to consider and make decisions on applications for relief under the Rates Remission for Miscellaneous Purposes Policy.~~

**Formatted:** Space After: 10 pt, Line spacing: Multiple 1.2 li, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

### **Performance Review**

The Chair of the Committee will annually submit a written performance review to the Chief Executive on an annual basis. The review will summarise the activities of the Committee and how it has contributed to the Council's governance and strategic objectives. ~~The Chief Executive will place the report on the next available agenda of the governing body.~~