

Audit, Risk and Improvement Committee

Terms of reference

1. Purpose

In line with the *Local Government (Audit) Regulations 1995* (Regulations), the purpose of the Audit, Risk and Improvement Committee (Committee) is to:

- Support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structures, strategic and operational risk management, audit functions, corporate business planning and ethical accountability.
- Critically examine the audit and management reports from internal and external audits and ensure that the Town appropriately implements any recommended actions.
- Receive and review reports prepared by the Chief Executive Officer (CEO) and make recommendations to Council on its findings.

2. Role and functions

The role of the Audit, Risk and Improvement Committee is to provide guidance and assistance to Council in fulfilling its governance and oversight responsibilities, in relation to the following key areas:

2.1 Financial reporting

- (1) Make recommendations to Council on how to enhance credibility and objectivity in the Town's financial reporting.
- (2) Review the Town's draft annual financial report, focusing on:
 - accounting policies and practices
 - changes to accounting policies and practices
 - the process used in making significant accounting estimates
 - significant adjustments to the financial report (if any) arising from the audit process
 - compliance with accounting standards and other reporting requirements
 - significant variances from prior years.
- (3) Consider and recommend the Town's annual financial report to Council for adoption.

2.2 Internal control

- (1) Review the CEO's report/s made under Regulation 17 of the Regulations, relating to systems and procedures concerning risk management, internal controls, and legislative compliance, and:
 - a) Make recommendations to Council to address issues identified in the reviews.
 - b) Oversee the implementation of recommendations arising from the reviews undertaken, once accepted by Council.
- (2) Review the annual Compliance Audit Return and report to Council on the results of that review.
- (3) Ensure continued compliance with relevant laws and regulations.

2.3 Strategic ~~r~~Risk management

- (1) Review whether the Town has an effective risk management system and report back to Council on its findings.

- (2) Obtain and review ~~strategic~~ risk reports, which identify key strategic and operational risks, the status and effectiveness of risk management systems, and report back to Council on any adverse trends identified, and any risks that need further attention.
- (3) Ensure that fraud and misconduct risks have been identified and have an appropriate treatment plan.
- (3)(4) Oversee the adequacy of the Town's operational risk management practices, ensuring that significant operational risks are identified, assessed, and managed in accordance with the Town's Risk Management Policy and Framework.

2.4 External audit

- (1) Liaise with the appointed external auditor to ensure that Council can be satisfied with the performance of the local government in managing its financial affairs.
- (2) Promote a more effective and efficient external audit process by providing an independent review of reports presented to the Committee and reporting to Council on the results of that review.
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2.5 Internal audit

- (1) Help Council form an opinion on the local government's audit requirements by recommending courses of action which ensure that internal audit processes are appropriate, accountable, and transparent.
- (2) Review and recommend to Council the Town's an annual internal audit program, ~~to Council including the 3-year internal audit plan and the annual audit schedule derived from this plan.~~
- (3) Review the appropriateness of special internal audit assignments undertaken by the internal auditor at the request of Council or the CEO.
- (4) Review internal audit reports and make recommendations to Council on its results.
- (5) Oversee and monitor the implementation of internal audit recommendations.

2.6 Corporate Business Planning

- (1) Receive quarterly progress reports on:
 - a) the Corporate Business Plan
 - b) Annual Strategic Project Summary

3. Delegation

- (1) This Committee has no delegated authority.
- (2) The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility.
- (3) The Committee does not have any management functions and cannot involve itself in management processes or procedures, other than by making a recommendation to Council.

4. Membership

- (1) The Committee shall comprise at least four (4) and not more than six (6) members being:
 - a) four (4) elected members with at least one member from each ward.
 - b) up to two (2) independent persons appointed by Council, having the requisite skills and experience to serve as a member of the Committee.

- (2) For the purpose of appointment of members under section 4(1)(b) requisite skills and experience may include:
 - a) experience auditing and/or accounting
 - b) legal, governance and risk management experience
 - c) experience in information technology; and/or
 - d) the management of a large public or private enterprise.
- (3) The CEO or their nominee is to be available to attend meetings to provide advice to the Audit, Risk and Improvement Committee.
- (4) Appointments to the Committee will be for a two-year term, with membership coinciding with the local government ordinary election.

5. Quorum

The quorum for a committee meeting is set by section 5.19 of the *Local Government Act 1995*.

6. Meetings

- (1) The Audit, Risk and Improvement Committee must elect a presiding member and deputy presiding member in accordance with section 5.12 and Schedule 2.3 of the *Local Government Act 1995*.

~~(2)~~ The Audit, Risk and Improvement Committee will meet quarterly and as required.

~~(2)~~ 7. —Reporting

The Committee shall report to Council by way of its minutes and any recommendations it may make.

Revision history

Version	Action	Date	Authority	Resolution number	Report number
1	Adopted	21/05/2019	Council	86/2019	Item 10.3
2	Amended	21/04/2020	Council	385/2020	Item 15.8
3	Reviewed and amended	15/02/2022	Council	17/2022	Item 15.2
4	Reviewed and amended	12/12/2023	Council	266/2023	Item 15.1
<u>5</u>	<u>Reviewed and amended</u>	20/10/2025	<u>Council</u>		