

## Audit and Risk Management Subcommittee

### Voting Membership

The Audit and Risk Management Subcommittee will have up to three Councillors and up to two external persons as members.

### Quorum

2 (at least one elected member and one external member must be present for a quorum to exist).

### Chair

The Chair will be elected by Council and remunerated at a level determined by the Remuneration Authority.

### Frequency of Meetings

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

### Parent Body

The Subcommittee reports to the Strategy and Policy Committee.

### Objectives of the Subcommittee

The objectives of the Audit and Risk Management Subcommittee are to assist the Council to discharge its responsibilities for:

- a 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 internal and external audit functions
- e compliance with applicable laws, regulations, standards and best practice guidelines; and
- f the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.

In fulfilling their role on the Audit and Risk Management Subcommittee, members shall be impartial and independent at all times.

## Terms of Reference

### *1. Internal Control Framework*

- 1.1 Review whether management's approach to maintaining an effective internal control framework is sound and effective.
- 1.2 Review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour.
- 1.3 Review whether there are appropriate processes or systems in place to capture and effectively investigate fraud.

### *2. Internal Reporting*

- 2.1 To consider the processes for ensuring the completeness and quality of financial and operational information being provided to the Council.
- 2.2 To seek advice periodically from internal and external auditors regarding the completeness and quality of financial and operational information that is provided to the Council.

### *3. External Reporting and Accountability*

- 3.1 Consider the appropriateness of the Council's existing accounting policies and principles and any proposed changes:
- 3.2 Enquire of internal and external auditors for any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by management in response to the above.
- 3.3 Satisfy itself that the financial statements are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (i.e. letters of representation), and recommend signing of the financial statements by the Chief Executive/Mayor and adoption by Council.
- 3.4 Confirm that processes are in place to ensure that financial information included in the entity's annual report is consistent with the signed financial statements.

### *4. Risk Management*

- 4.1 Review whether 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.
- 4.2 Consider whether appropriate action is being taken by Management to mitigate Council's significant risks.

5. *Internal Audit*

- 5.1 Review and approve the internal audit coverage and annual work plans, ensuring these plans are based on the Council's risk profile.
- 5.2 Review the adequacy of management's implementation of internal audit recommendations.
- 5.3 Review the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place.
- 5.4 Conduct a members-only session (i.e. without any management being present) with internal audit to discuss any matters that the auditors wish to bring to the Subcommittee's attention.

6. *External Audit*

- 6.1 At the start of each audit, confirm the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.
- 6.2 Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised within.
- 6.3 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 Subcommittee's attention and/or any issues of independence.
- 6.4 Ensure any recommendation by management that the Office of the Auditor-General replace the external auditor is referred to and examined by the Audit and Risk Management Subcommittee.

7. *Compliance with Legislation, Standards and Best Practice Guidelines*

- 7.1 Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines as applicable.

*Delegated Authority*

The Audit and Risk Management Subcommittee will have delegated authority to carry out activities within its terms of reference.