

# Audit and Risk Management Committee

## Terms of Reference

### Purpose

In line with the *Local Government (Audit) Regulations 1996* (Regulations), the purpose of the Audit and Risk Management Committee (Committee) is to:

- Support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, external audit functions and ethical accountability,
- Examine the audit and management reports from external audits, and ensure that the Shire of Ashburton (Shire) appropriately implements any actions, and
- Receive and review reports prepared by the Chief Executive Officer (CEO) in accordance with the Regulations and provide recommendations to Council on its findings and proposed actions.

### Role and functions


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

#### Financial reporting

1. Make recommendations to Council on how to enhance credibility and objectivity in the Shire's financial reporting.
2. Review the Shire's draft annual financial report, focusing on:
  - 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 Shire's annual financial report to Council for adoption.

#### 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,

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- a. Make recommendations to Council to address issues identified in the reviews, and
    - 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 legislation.

### Strategic risk management

1. Review whether the Shire has an effective risk management system and report back to Council on its findings.
2. Receive and review strategic risk reports which identify key risks and the status and effectiveness of risk management systems.
3. Report back to Council on any adverse trends identified and any risks that need further attention.
4. Ensure that fraud and misconduct risks have been identified and have an appropriate treatment plan.

### 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.

### Internal audit

1. Assist Council to 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 a regular internal audit program to Council.
3. Review internal audit reports and make recommendations to Council on its results.
4. Oversee and monitor the implementation of internal audit recommendations.

### Delegation

1. This Committee has no delegated authority and no authority to implement its recommendations without resolution of Council.

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.

## Membership

1. The Committee shall comprise of all elected members of the Shire.
2. The CEO or their nominee is to be available to attend meetings to provide advice to the Committee.
3. Appointments to the Committee will be for up to two-year terms, with membership expiry coinciding with the local government ordinary elections.

## Quorum

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

## Meetings

1. The 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. Meetings will be scheduled as and when required in consultation with the presiding member, with no less than three (3) meetings being held each year.

## Reporting

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

Office use only				
Relevant delegations	Nil			
Council adoption	Date	13 December 2022	Resolution #	181/2022
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