

Risk and Audit Committee

Terms of Reference

Adopted by Hawke's Bay Regional Council resolution 30 August 2023

1. Purpose

The purpose of the Risk and Audit Committee is to provide advice and recommend actions, responses and changes to the Council about risk management, assurance activities, governance oversight and internal control matters, including external reporting and audit matters. Specifically this includes the following matters:

- 1.1. The robustness of Council's risk management systems, policies, practice and assurance processes.
- 1.2. The appropriateness of controls to safeguard the Council's financial and non-financial assets, the integrity of internal and external reporting and accountability arrangements.
- 1.3. Review the Council's revenue and expenditure policies, amongst others, and the effectiveness of those policies in ensuring limited risk is generated.
- 1.4. Assurance on the independence and adequacy of internal and external audit functions.
- 1.5. Council's compliance with applicable laws, regulations, standards and best practice guidelines.

2. Specific Responsibilities

The Risk and Audit Committee shall have responsibility and authority to:

- 2.1. Review whether Council management has a current and comprehensive risk management framework and associated procedures for effective identification and management of the Council's significant risks in place.
- 2.2. Undertake periodic monitoring of corporate risk assessment, and the internal controls instituted in response to such risks.
- 2.3. Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), Council's own standards, and best practice guidelines, including health and safety.
- 2.4. Consider the appropriateness of the Council's existing accounting policies and principles and any proposed changes.
- 2.5. Satisfy itself that the financial statements and statements of service performance are supported by adequate management sign-off and adequate internal controls.
- 2.6. Confirm that processes are in place to ensure that financial information included in Council's Annual Report is consistent with the signed financial statements.
- 2.7. Confirm the terms of appointment and engagement of external auditors, including the nature and scope of the audit, timetable, and fees.
- 2.8. Receive the internal and external audit report(s) and review actions to be taken by management on significant issues and recommendations raised within the report(s).
- 2.9. Enquire of internal and external auditors any information that affects the quality and clarity of the Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to this.

- 2.10. Conduct a Committee members-only session with Council's appointed Auditors to discuss any matters that the auditors wish to bring to the Committee's attention and/or any issues of independence.
- 2.11. Review and recommend to Council the approach to insurance strategy and placements as part of its risk management practices.

3. Accountability

- 3.1. The Risk and Audit Committee is not delegated to make any decisions unless by specific delegation of Council.

The Risk and Audit Committee is delegated by Council to:

- 3.2. Obtain external legal or independent professional advice within approved budgets in the satisfaction of its responsibilities and duties.
- 3.3. Secure the attendance at meetings of third parties with relevant experience and expertise as appropriate.
- 3.4. Receive all of the information and documentation needed or requested to fulfil its responsibilities and duties, subject to applicable legislation.
- 3.5. Ensure that recommendations in audit management reports are considered and, if appropriate, actioned by management.
- 3.6. Review the objectives and scope of the internal risk and audit functions, and ensure those objectives are aligned with Council's overall risk management framework.
- 3.7. Assess the performance of the internal risk and audit functions and seek assurance that these are adequately resourced and have the appropriate authority and standing within Council.

4. Membership

- 4.1. Up to four members of Council, appointed by Council being: councillors Xan Harding, Jock Mackintosh, Neil Kirton and Thompson Hokianga.
- 4.2. Up to two independent members appointed by Council.
- 4.3. The Committee may appoint up to two specialist advisors to advise on special matters within the scope of the work of the Committee.

5. Chairperson and Deputy Chairperson

- 5.1. An independent member of the Committee shall be appointed by the Council to be Chairperson; being: Stephanie Maloy.
- 5.2. An elected member of the Council shall be appointed the Deputy Chairperson; being Councillor Xan Harding. In the event the Chairperson cannot attend a meeting of the Committee the Deputy Chairperson shall chair the meeting.

6. Meeting Frequency

As a minimum the Committee shall meet quarterly. Additional meetings may be called at the discretion of the Chairperson or as required by Council.

The Committee shall meet at least once a year to consider the performance of the Committee, its membership and any other matters relating to the Committee's performance and effectiveness.

7. **Quorum**

The quorum at any meeting of the Sub-committee shall be 3 including the independent chair or deputy chair.

8. **Officers Responsible**

8.1. Chief Executive

8.2. Group Manager Corporate Services.