

## **Finance, Audit and Risk Sub-committee**

### **Terms of Reference**

*Adopted by Hawke's Bay  
Regional Council resolution  
25 March 2020*

#### **1. Purpose**

The purpose of the Finance, Audit and Risk Sub-committee is to report to the Corporate and Strategic Committee to fulfil its responsibilities for:

- 1.1. The provision of appropriate controls to safeguard the Council's financial and non-financial assets, the integrity of internal and external reporting and accountability arrangements
- 1.2. The review of Council's revenue and expenditure policies and the effectiveness of those policies.
- 1.3. The independence and adequacy of internal and external audit functions
- 1.4. The robustness of risk management systems, processes and practices
- 1.5. Compliance with applicable laws, regulations, standards and best practice guidelines.

#### **2. Specific Responsibilities**

The Finance, Audit and Risk Sub-committee shall have responsibility and authority to:

- 2.1. Consider the appropriateness of the Council's existing accounting policies and principles and any proposed changes
- 2.2. Satisfy itself that the financial statements and statements of service performance are supported by adequate management signoff and adequate internal controls and recommend adoption of the Annual Report by Council
- 2.3. Confirm that processes are in place to ensure that financial information included in Council's Annual Report is consistent with the signed financial statements
- 2.4. Monitor the performance of Council's investment portfolio
- 2.5. Confirm the terms of appointment and engagement of external auditors, including the nature and scope of the audit, timetable, and fees
- 2.6. 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)
- 2.7. Enquire of internal and external auditors for 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
- 2.8. Conduct a sub-committee members-only session with Audit NZ to discuss any matters that the auditors wish to bring to the Sub-committee's attention and/or any issues of independence
- 2.9. 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

- 2.10. Undertake periodic monitoring of corporate risk assessment, and the internal controls instituted in response to such risks
- 2.11. Undertake systematic reviews of Council operational activities against Council stated performance criteria to determine efficiency/effectiveness of delivery of Council services
- 2.12. 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.

### **3. Accountability**

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

The Finance, Audit and Risk Sub-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 fulfill 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 audit function, and ensure those objectives are aligned with Council's overall risk management framework
- 3.7. Assess the performance of the internal audit function, and ensure that the function is adequately resourced and has appropriate authority and standing within Council.

### **4. Membership**

- 4.1. Up to four members of Council, being: Councillors Will Foley, Craig Foss and Neil Kirton (*confirmed by Council resolution 6 November 2019*)
- 4.2. An external appointee, being: Rebekah Dinwoodie (*confirmed by Council resolution 6 November 2019*)

### **5. Chairperson**

A member of the Committee as elected by the Council, being Councillor Craig Foss (*confirmed by Council resolution 9 November 2016*)

### **6. Meeting Frequency**

The Committee shall meet quarterly, or as required

### **7. Quorum**

The quorum at any meeting of the Committee shall be not less than 3 members of the Committee.

### **8. Officers Responsible**

- 8.1. Chief Executive
- 8.2. Group Manager Corporate Services
- 8.3. Group Manager Office of the Chief Executive and Chair