

	<b>District Council of Grant</b> <b>Audit &amp; Risk Committee</b> <b>Terms of Reference</b>	<b>Version Number:</b>	7.0
		<b>Issued:</b>	18 April 2016
		<b>Review:</b>	1 November 2026
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The District Council of Grant Audit and Risk Committee (herein after referred to as “the Committee”) was established by the District Council of Grant pursuant to Section 41 of the *Local Government Act 1999* on 19 March 2007.

## 1. Membership

- 1.1 Members of the committee are appointed by the Council. The committee shall consist of up to three (3) independent members with up to two (2) additional members from the Elected Members of Council.
- 1.2 The Independent members of the committee should have recent and relevant experience in financial controls and reporting, risk management, governance or internal audit. The members of the committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the committee, including in financial management, risk management, governance and any other prescribed matter.
- 1.3 Members shall not be employees of the council (although an employee may attend a meeting of the committee if appropriate to provide administrative support), however may be a member of another council audit and risk committee.
- 1.4 In accordance with the principles of open, transparent and informed decision making, committee meetings must be conducted in a place open to the public. The agenda and minutes of the committee meetings, subject to any items that are discussed in confidence under Section 90 of the *Local Government Act 1999 (the Act)* and subsequently retained as confidential under Section 91 of the Act, are also required to be made available to the public.
- 1.5 Council’s external auditors may be invited to attend meetings of the committee.
- 1.6 Appointments to the committee shall be for a period of up to four (4) years. Appointees may be reappointed by Council.
- 1.7 The committee shall appoint the Presiding Member at the first meeting of the committee by way of majority vote.
- 1.8 Remuneration will be paid to each independent member of the committee to be set by Council from time to time. At a minimum, the remuneration paid to expert member will be reviewed within 12 months from the date of a Council (periodic) election.

## 2. Secretarial Resources

The Chief Executive Officer shall provide sufficient administrative resources to the committee to enable it to adequately carry out its functions.

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### 3. Quorum

The quorum necessary for the transaction of business shall be 50% of the number of members of the Committee plus one. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

### 4. Frequency of Meetings

The committee shall meet at least four times a year and at least once per quarter at appropriate times in the reporting and audit cycle and otherwise as required.

### 5. Notice of Meetings

- 5.1 Ordinary meetings of the committee will be held at times and places determined by Council or, subject to a decision of the committee. A special meeting of the committee may be called in accordance with the Act.
- 5.2 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee and observers, no later than 3 clear days before the date of the meeting. Supporting papers shall be sent to committee members (and to other attendees as appropriate) at the same time.

### 6. Electronic Participation

- 6.1 Members of the Committee may participate in a meeting of the Committee by electronic means if approved by the Presiding Member not less than three (3) clear days prior to the meeting, or otherwise under such circumstances as the Presiding Member deems appropriate.
- 6.2 In the event the meeting is to be conducted entirely via electronic means, the minute secretary shall provide notice to the members of Committee that the meeting is to be conducted electronically at the time the Agenda is distributed, including directions on how to participate electronically.
- 6.3 A member of the Committee participating in a meeting by electronic means is taken to be present at the meeting provided that the member:
  - a) can hear all other members present at the meeting;
  - b) can be heard by all other members present at the meeting; and
  - c) can be heard by the person recording the minutes of the meeting.

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## 7. Minutes of Meetings

- 7.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance are minuted and that the minutes otherwise comply with the requirements of the *Local Government (Procedure at Meetings) Regulations 2013*, with the exception of Part 2.
- 7.2 Minutes of committee meetings shall be circulated within five days after a meeting to all members of the committee and to all members of the Council and will (as appropriate) be available to the public.

## 8. Functions of Committee

The functions of a council audit and risk committee include—

- 8.1 reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
- 8.2 proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and
- 8.3 monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and
- 8.4 proposing, and reviewing, the exercise of powers under section 130A; and
- 8.5 liaising with the council's auditor in accordance with any requirements prescribed by the regulations; and
- 8.6 reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and —
  - 8.6.1 if the council has an internal audit function—
    - (A) providing oversight of planning and scoping of the internal audit work plan; and
    - (B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or
  - 8.6.2 if the council does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and
- 8.7 reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and
- 8.8 reviewing any report obtained by the council under section 48(1); and
- 8.9 performing any other function determined by the council or prescribed by the regulations.

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## 9. External Audit

### 9.1 The committee shall:

- 9.1.1 Consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor. The committee shall oversee the selection process for new auditors and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required;
- 9.1.2 Oversee Council's relationship with the external auditor including, but not limited to:
  - recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
  - recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
  - assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;
  - satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
  - monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and
  - assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process (which shall include a report from the external auditor on the audit committee's own internal quality procedures);
- 9.1.3 Meet as needed with the external auditor. The committee shall meet the external auditor at least once a year, without management being present; to discuss the external auditor's report and any issues arising from the audit;
- 9.1.4 Review and make recommendations on the annual audit plan, and in particular it's consistency with the scope of the external audit engagement;

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9.1.5 Review the findings of the audit with the external auditor. This shall include, but not be limited to, the following;

- a discussion of any major issues which arose during the external audit;
- any accounting and audit judgements; and
- levels of errors identified during the external audit. The committee shall also review the effectiveness of the external audit.

9.1.6 Review any representation letter(s) requested by the external auditor before they are signed by the Chief Executive Officer; (Note that these representation letters are a standard practice of any audit and provide the auditor confirmation from management, that, amongst other matters, accounting standards have been consistently applied, that all matters that need to be disclosed have been so disclosed and that the valuation of assets has been consistently applied);

9.1.7 Review the management letter and the Chief Executive Officer's response to the external auditor's findings and recommendations.

## **10. Reporting Responsibilities**

10.1 A council audit and risk committee must—

- 10.1.1 provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting; and
- 10.1.2 provide an annual report to the council on the work of the committee during the period to which the report relates.

10.2 A council must ensure that the annual report of its audit and risk committee is included in its annual report

## **11. Other Matters**

11.1 The committee shall:

- 11.1.1 have access to reasonable resources in order to carry out its duties; (Note that this is subject to any budget allocation being approved by Council);
- 11.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 11.1.3 give due consideration to laws and regulations of the *Local Government Act 1999*;
- 11.1.4 oversee any investigation of activities which are within its terms of reference;

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11.1.5 oversee action to follow up on matters raised by the external auditors.

## 12. Authority

The Committee is appointed by the Council and has the authority to require any information it sees as relevant to its activities from any Councillor, manager, staff member, contractor or consultant, each of whom are required to respond to such enquiries. The Committee is authorised to obtain independent professional advice where considered necessary following consultation with the CEO.

## 13. Review

The Council, may, at any time, either on its own initiative or at the request of the Committee, alter, delete or add to any provisions of these Terms of Reference. In doing so, the Council will consult with the Committee prior to adoption.

Action	Date	Minute Reference
Adopted by Council	19 March 2007	07069.2
Amended	18 May 2009	09134.2.4
Reviewed	15 February 2010	10006.1.5
Amended	21 March 2011	11071.1.2
Amended	18 March 2013	13030.2.6
Reviewed	3 March 2014	14026.1.2
Amended	16 March 2015	15035.1.2
Amended	18 April 2016	16043.1
Reviewed	3 April 2017	17044.1
Reviewed	4 April 2018	18049.1.4
Amended	1 April 2019	19046.1.3
Amended	3 May 2021	21069.1
Amended	20 April 2022	22101.2
Amended	28 November 2022	22314
Amended	18 December 2023	23255