

## **Audit & Risk Committee recommended terms of reference for Board approval**

### **1. Constitution**

The Audit & Risk Committee shall be a committee of the Board of Trustees established by the Board of Trustees at the commencement of each triennium. The Committee's mandate will survive until the end of the triennium, at which time it will be discharged until renewed (or not) by the Board of Trustees at the commencement of the next triennium.

### **2. Membership**

The Committee shall comprise at least three Trustees, one of whom will be the Trust Deputy Chairperson who will chair the Committee. The appointment of the other members shall be on the recommendation of the Trust Chairperson and be approved by the Board of Trustees at its second meeting following each triennial election.

The term of appointment of members of the Committee will be for the triennium.

At its first meeting following the triennial election the Committee shall appoint one of its members to act as alternate Committee Chairperson in the event the Trust Deputy Chairperson has other Board business to attend to or is for any other reason unable to attend a Committee meeting.

### **3. Objective**

The objective of the Committee shall be to assist the Board of Trustees in carrying out its duties in regard to legal compliance, financial reporting, and the monitoring of risk and the management control environment.

### **4. Authority**

Upon appointment the Committee shall be authorised by the Board of Trustees to investigate any activity within its terms of reference.

In particular it shall be authorised to seek any information it requires from any employee, and all employees shall be required to co-operate with any request made by the Committee. The Committee shall also be authorised, as it considers necessary, to invite management contractors, including the Trust's accountant and land valuer, and the external auditors to provide appropriate information and explanations.

### **5. Responsibilities**

The responsibilities and functions of the Committee shall be as follows:

### *External audit*

- Making recommendations to the Board of Trustees regarding the appointment of the external auditor, and approval of the external auditor's remuneration, the audit engagement letter and audit letter of representation.
- Liaising with the external auditor as necessary prior and subsequent to the annual audit, reviewing the findings of their management report and ensuring (responses to) their recommendations are actioned and communicated to the Board of Trustees.
- Providing opportunities for the external auditor to brief the Committee and the Board of Trustees without management present if necessary.

### *Financial reporting*

- Reviewing all financial statements prior to public release to ensure they are accurate and that appropriate accounting policies, standards and practices have been followed, and recommending their approval by the Board of Trustees for public release.
- Ensuring quality financial reporting to the Board of Trustees.
- Advising the Board on financial standards, practices and processes

### *Risk management*

- Monitoring the Trust's key risks and contingent liabilities.
- Monitoring compliance with the Trust's governing legislation and making recommendations for changes where these are relevant to the future management of the Trust's operations.
- Monitoring compliance with other relevant legislation.
- Reviewing the adequacy of the Trust's insurance cover.

### *Management control environment*

- Monitoring the adequacy of the overall management control environment to ensure appropriate checks and balances are being applied.
- Monitoring the effectiveness of the management control of the Trust's assets.
- Ensuring there are measures in place to control and identify fraud within the organisation.
- Monitoring and reviewing the application of accounting and procurement policies and procedures, and financial delegation limits.

### *General*

- Developing a 12 month work plan for approval by the Board of Trustees.
- Undertaking an annual self review of its objectives and responsibilities and report the outcome to the Board of Trustees.
- Attending to any other matter referred to it by the Board of Trustees.

## **6. Secretarial and meetings**

A quorum of members of the Committee shall be two.

Ordinary meetings of the Committee shall be held not less than three times a year having regard to the Trust's financial reporting and audit cycle and shall be called by the General Manager who will act as the Committee Secretary.

Notwithstanding the above, any Trustee, including a member of the Committee, the General Manager, or the external auditors shall be able to request a special meeting of the Committee at any time if they consider it necessary.

Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee and all other members of the Board by the General Manager.

The business of the Committee shall be conducted in compliance with the requirements of the Local Government Official Information and Meetings Act 1987 and in accordance with the latest applicable Trust Standing Orders.

Minutes of all meetings shall be kept.

## **7. Reporting procedures**

The General Manager shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the Trust, any material breakdown in internal controls, and any material event of fraud or malpractice.

After each Committee meeting the minutes shall be circulated to the Board of Trustees, the external auditors and to such other persons as the Board of Trustees directs. The Chairperson shall also report the Committee's findings and recommendations to the Board of Trustees.

The Chairperson shall also present an annual report to the Board of Trustees summarising the Committee's activities during the year and any related significant results and findings.