

## Risk & Assurance Committee

<b>Reports to:</b>	Council
<b>Chairperson:</b>	Independent Chair Susan Kosmala
<b>Deputy Chairperson:</b>	Cr Joblin
<b>Membership:</b>	Mayor Tripe, Crs Duncan, Chandulal-Mackay, Oskam, Law, and independent member Mike Timmer
<b>Meeting frequency:</b>	No less than quarterly, with other meetings as required.
<b>Quorum:</b>	Half of the members (including vacancies)
<b>ELT Lead:</b>	Chief Executive or Chief Financial Officer

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### **Purpose:**

The Risk & Assurance Committee is responsible for providing objective advice and recommendations to the Council on the adequacy and functioning of the Council's risk management and assurance framework and external reporting. This includes ensuring that the Council:

- operates with a robust internal control framework and risk management systems, processes and procedures.
- has effective risk management and robust financial controls in place for significant projects.
- complies with applicable legislation, standards, policies, and best practice guidelines for local government.
- maintains the independence and effectiveness of its internal audit processes;
- maintains controls to safeguard its financial and non-financial assets.

**The Risk & Assurance Committee has the following Terms of Reference and is delegated the following powers:**

### **Risk Management**

1. To monitor and review:
  - i. the Council's risk management framework and Strategic Risk Register to effectively identify and manage financial, non-financial and emerging risks in line with the Council's risk appetite
  - ii. business continuity planning arrangements, including whether disaster recovery plans have been tested periodically;
2. To undertake periodic in-depth reviews of specific, significant risks.
3. To review the risk appetite and recommend any changes to Council

### **Internal and Fraud Control Framework**

1. To review and monitor whether management's approach to maintaining an effective internal control framework is sound and effective. In particular, the Committee has the responsibility to:
  - i. review procedures under the Protected Disclosures (Protection of Whistleblowers) Act 2022.
  - ii. review procedures and policies in relation to the prevention, detection, reporting and investigation of fraud and corruption.
  - iii. review and monitor Council's policies and processes to manage conflicts of interest.
  - iv. review systems to manage legislative compliance.
2. To review the adequacy and effectiveness of Council's health and safety programme and cybersecurity programme.

#### **Note:**

- *The Committee may recommend changes to policies to Council or the Strategy & Policy Committee, as appropriate.*

### **Insurance**

1. To review Council's insurance arrangements, including the terms of annual insurance contracts.
2. To monitor risks associated with the Council's insurance function, including the Council's annual insurance contract to ensure that the Council has appropriate and affordable insurance coverage in place.

### **Treasury**

1. To monitor Council's Treasury policies and any risks associated with the Council's treasury requirements.

### **Internal Audit**

1. To recommend to the Council the engagement of the internal auditor (out-sourced)
2. With the Chief Executive, to agree on the scope of the annual internal audit work plan, having regard to Council's risk framework, and Internal Audit Charter and recommend the plan to the Council for approval.
3. To monitor the coordination of audit programmes conducted by the internal and external auditors and other review functions.
4. To review all audit reports and provide direction to the Council on significant issues identified in audit reports and action taken on issues raised, including identification and implementation of good practice.
5. To monitor management's implementation of the internal auditor's recommendations.

### **External Audit**

1. To engage with Council's external auditors regarding the external audit work programme and agree the proposed terms and arrangements of the external audit (including error and materiality levels).
2. To review the effectiveness of the external audit work programme (including the Long Term Plan and Annual Report audits).
3. To monitor management's implementation of external auditor's recommendations, including the implementation of external audit recommendations concerning internal accounting controls and other matters.

### **External Reporting**

1. To review the appropriateness of the Council's existing accounting policies and principles and recommend any proposed changes in line with applicable New Zealand and international accounting standards and legislative requirements.
2. To review Council's financial statements, provide direction (including whether appropriate action has been taken in response to audit recommendations and adjustments) and recommend their adoption by the Council. In particular, the Committee will:
  - I. satisfy itself that the financial statements are supported by appropriate management sign-off on the statements and on the adequacy of the systems of internal controls;
  - II. review the processes in place designed to ensure that financial information included in the annual report is consistent with the signed financial statements.

### **Council Controlled Organisations**

3. To consider and provide direction on any CCO matters referred to the Committee by other Council committees.
4. To enquire and monitor to ensure adequate processes at a governance level exist to identify and manage risks within a CCO. Where an identified risk may impact on the Council, the Committee will ensure that all affected bodies and staff are aware of, and appropriately managing, the relevant risk.

### **Other matters**

5. To act as a forum for communication between management, and internal and external auditors.
6. To conduct special investigations in accordance with Council policy and approved budget or in response to material matters raised by staff or committee members.

### **General**

7. The Committee may make recommendations to the Council, a Council committee and/or the Chief Executive, as appropriate.
8. The Committee may request expert external advice, where necessary, through the Chief Executive within budget and the Committee's terms of reference.

### **Review of Terms of Reference**

The Committee will review its terms of reference at least once a year and make any recommendations for change to the Council.

**Note:**

**Membership**

- *Committee members must be impartial and independent at all times, treating all information received as a member with appropriate confidentiality (as required).*
- *Independent members will be appointed for an initial period not exceeding three years, after which they will be eligible for extension or re-appointment after a formal performance review, provided they have not already served two terms on the committee.*
- *The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the council. At least one member of the committee should have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector/local government environment. Members should also have familiarity with risk management approaches.*

**Attendance at meetings**

- *The Chief Executive, Executive Leadership Team members, the Risk Manager and internal and external audit representatives will generally attend each meeting. Other Council staff, or other suitably qualified persons with interest or expertise in special topics, may attend committee meetings or be present for certain agenda items.*
- *The committee should meet separately with both the internal and external auditors at least once a year.*

**Reporting**

*The Committee should review its own performance annually. The review should include:*

- *a summary of the work the committee performed to discharge its responsibilities during the preceding year and how it has contributed to the Council's governance and strategic objectives; and*
- *a summary of the Whanganui District Council's progress in addressing the findings and recommendations made in internal and external audit reports, and the Auditor-General's reports as derived from the Organisational Improvement Register (if applicable).*
- *The Committee may, at any time, report to the Chief Executive or the Council on any other matter it considers of sufficient importance to do so. In addition, at any time an individual committee member may request a meeting with the Chief Executive or the Council.*