

## Audit and Risk Management Subcommittee

### **Voting Membership:**

The Subcommittee will have up to three Councillors and up to two external persons as members.

### **Quorum:**

2 (at least one Councillor must be present for a quorum to exist)

### **Chair:**

The chair will be elected by Council and remunerated at a level determined by the Remuneration Authority.

### **Frequency of Meetings:**

The Subcommittee will meet on a quarterly basis or as required.

### **Parent Body:**

The Subcommittee reports to the Strategy and Policy Committee.

### **Objectives of the Subcommittee:**

The objectives of the Subcommittee are to:

- 1.0 assist the Council to discharge its responsibility to exercise due care, diligence and skill in relation to the Council's:
  - a) reporting of financial information to users of financial reports;
  - b) application of accounting policies;
  - c) financial management;
  - d) systems of internal control;
  - e) risk management systems, processes and practices;
  - f) business policies and practices;
  - g) protection of the Council's assets;
  - h) compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial disclosure;

Sustain the credibility and objectivity of the governance process (including financial reporting);

Ensure the quality of internal and external reporting of financial and non-financial information;

Foster an ethical culture throughout the Council.

**Terms of Reference:**

The Subcommittee will have responsibility and authority to:

- 2.0 consider the appointment of the external auditor and assess the independence of the external auditor;
- 2.1 approve the annual external audit fees;
- 2.2 discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- 2.3 review the external auditor's management letter and management's response;
- 2.4 review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Council;
- 2.5 review summaries of management's and the internal auditor's reports on the effectiveness of systems for internal control, financial reporting and risk management;
- 2.6 consider management's response to major external or internal audit recommendations;
- 2.7 at the end of each quarterly meeting, discuss with internal and/or external auditors, in a closed session without management present, any matters that the auditors wish to bring to the Board's attention;
- 2.8 receive the Letter of Representation from senior management supporting their recommendation to adopt the annual financial statements;
- 2.9 review, and challenge where necessary, the actions and judgements of management, in relation to the annual financial statements before recommending them for approval to Council, paying particular attention to:
  - (i) critical accounting policies and practices, and any changes in them;
  - (ii) decisions requiring a major element of judgement;
  - (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
  - (iv) the clarity of disclosures;
  - (v) significant adjustments resulting from the audit;
  - (vi) compliance with accounting standards.

***Delegated Authority***

The Audit and Risk Management Subcommittee will have delegated authority to carry out activities within its terms of reference.