

**TERMS OF REFERENCE FOR THE
OTOROHANGA DISTRICT COUNCIL RISK AND ASSURANCE COMMITTEE
FOR THE 2019-22 TRIENNIUM**

1. ESTABLISHMENT

This document establishes the responsibilities and explains the role of the Risk and Assurance Committee within Council.

2. OBJECTIVES

The general objective of the Risk and Assurance Committee is to assist and advise the Otorohanga District Council in its responsibility and ownership for risk management, Councils control and compliance framework, and its external accountability and responsibilities.

Specific objectives are to:

- Recommend to Council an appropriate risk management strategy and monitor the effectiveness of that strategy, including the advancement of any projects or programmes of work focussing on the appropriate management of risk.
- Monitor the Council's audit process and the resolution of any issues that are raised.
- Assist in any investigation of potentially inappropriate actions by Council staff or elected members, specifically any allegations of fraudulent activity, bribery or corruption.
- Monitor compliance with laws and regulations
- Oversee the preparation of and review key formal external accountability documents such as the Long-Term Plan, Annual Plan and the Annual Report in order to provide advice and recommendation in respect to the integrity and appropriateness of the documents and disclosures made.
- Provide a forum for communication between management, auditors and the governance level of Council specifically on matters relating to risk and assurance.
- Ensure the independence and effectiveness of Council's internal audit process.
- Monitor existing corporate policies and recommend new corporate policies to prohibit unethical, questionable or illegal activities
- Support measures to improve management performance and internal controls

3. MEMBERSHIP

The committee will be appointed by resolution and shall comprise of no greater than four members including His Worship the Mayor as an ex-officio member with full membership and voting rights.

To perform their role effectively, each Committee member must develop and maintain their skills and knowledge, including an understanding of the committee's responsibilities, and of the Council's business, operations and risks.

The Chair of the Committee shall be an external appointee.

The Chief Executive, Group Manager Corporate and Finance Manager shall attend all meetings in a key advisory capacity but are not members and have no voting rights. Other Council officers may be required to attend the Committee meetings as required.

Members will be appointed at the commencement of each triennium term of Council.

4. RESPONSIBILITIES

Audit and External Accountability

- Engage with Council's auditors regarding the audit work programme and agree the terms and arrangements of the audit.
- Oversee the preparation of and review key formal external accountability documents such as the Long-term Plan and the Annual Report in order to provide advice and recommendation to Council in respect of the appropriateness of the documents and disclosures made.
- To recommend the adoption of the Annual Report and the approval of the Summary Annual Report to Council.
- Review of the effectiveness of the annual audit and Long-term Plan audit
- Monitor management response to audit reports and the extent to which audit recommendations concerning internal accounting controls and other matters are implemented.

Risk Management

- Review the risk management framework, and associated strategy policy and procedure to ensure they are current, comprehensive and appropriate for effective identification and management of Council's financial and business risk, including fraud.
- Assist Council with determining 'risk appetite'
- Review the effectiveness of Council's risk management framework and internal control systems
- Review risk management reporting on a quarterly basis

Other Matters

- Review the effectiveness of the system for monitoring Council's compliance with relevant laws, regulations and associated government policies.
- Review the systems and processes that Council has in place to prevent fraud, bribery and corruption, and assist in any investigations related to these matters
- Review whether a sound and effective approach has been followed in establishing Council's business continuity planning arrangements
- Review the development of the financial strategy and the infrastructure strategy as required by the long-term plan
- Engage with auditors on any specific one-off audit assignments
- Consider matters referred to the committee by the Chief Executive, Council or other Council committees

5. MEETINGS, RECORDS AND REPORTING STRUCTURE

- The committee will meet at least four times in each financial year
- The Group Manager Corporate will be responsible for the preparation of the meeting agendas and will oversee the preparation of any reports for the committee and the minutes of the committee meetings
- A quorum consists of two members
- A report of the key matters of discussion of each meeting of the Committee will be made to the next Council meeting and accompanied by the draft minutes of the meeting

6. DELEGATIONS

The committee has no decision making powers other than those in these terms of reference

The Committee may request expert advice through the Chief Executive where necessary. Should there be a financial implication beyond the approved budgets and/or delegations of the Chief Executive a recommendation will go from the Committee to Council for specific resources.

The committee has delegated authority to:

- Receive and consider audit reports.
- Receive and consider staff reports on audit, internal control and risk management related matters
- Make recommendations to Council on financial, internal control and risk management policy and procedure matters as appropriate
- To approve the Auditors engagement and arrangement letters
- To deal with any other matter requested of the Committee by Council or any of its other Committees

7. REVIEW OF TERMS OF REFERENCE

These Terms of Reference will be confirmed by Council at the commencement of every Triennium after consideration of any recommendation made by the Committee in regard to proposed changes or refocus.