



Audit and Risk Committee Charter

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1. Introduction

The Audit and Risk Committee is an advisory Committee to the WGCMA Board. The primary objective of the Audit and Risk Committee is to independently review and assess the effectiveness of the Authority's systems and controls for financial management, performance and sustainability, including risk management.

As part of the Board's governance obligations to its community and stakeholders, the Board has constituted an Audit and Risk Committee. The Audit and Risk Committee assists the Board to ensure:

- Risks to the organisation are identified and monitored effectively, and systems are in place to manage those risks
- A reliable system of internal controls is maintained, to ensure effective governance including compliance with laws and regulations
- Financial statements provide an accurate representation of the organisation's financial position.

2. Terms of Reference

2.1 General

The Audit and Risk Committee is a formally appointed committee of the Board which may be constituted under the Catchment and Land Protection Act 1994 (Schedule 1) and is responsible to the Board. The Audit and Risk Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any delegated financial responsibility. The Audit and Risk Committee does not have any management functions and is therefore independent of management.

The Audit and Risk Committee's role is to report to the Board and provide appropriate independent and objective advice and recommendations on matters relevant to its Charter in order to facilitate decision-making by the Board in relation to the discharge of its responsibilities.

2.2 Membership

2.2.1 The Audit and Risk Committee will comprise 4 members – two Board (or their Board Nominee) and two external independent persons. All members shall have full voting rights with the chair possessing the extra casting vote.

2.2.2 External independent persons will have senior business or financial management/reporting knowledge and experience and be conversant with the financial and other reporting requirements. The evaluation of potential members will be undertaken by the CMA Chair and Chief Executive Officer taking account of the candidates' experience and their likely ability to apply appropriate analytical and

strategic management skills, with a recommendation for appointment put to the Board.

- 2.2.3 Appointments of external persons shall be made by the Board by way of a public advertisement and be for a maximum term of 3 years. External persons can be reappointed for further terms at the discretion of Board. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Board's appointed representatives.
- 2.2.4 If the Board proposes to remove a member of the Audit and Risk Committee, it must give written notice to the member of its intention to do so and provide that Member with the opportunity to be heard at a Board meeting, if that member so requests.
- 2.2.5 Remuneration will be paid to each independent member of the Audit and Risk Committee as determined by the Remuneration Committee. (The basis may be an annual fee, with an additional amount paid to the Chair or a set fee per meeting, or another basis as appropriate).
- 2.2.6 The Chair shall be appointed from the external members of the Audit and Risk Committee by the Board. In the absence of the appointed Chair from a meeting, the meeting will appoint an acting Chair from the external members present.
- 2.2.7 A quorum shall be 3 members of the committee.
- 2.2.8 The Chief Executive Officer, Chief Financial Officer and internal auditor (whether a member of staff or contractor) may be asked to attend all meetings, except when the Audit and Risk Committee chooses to meet in camera. Other members of the Board or Board staff may be invited to attend at the discretion of the Audit and Risk Committee to advise and provide information when required.
- 2.2.9 Representatives of the external auditor should be invited to attend meetings at the discretion of the Committee. The external auditor or representative must present the draft annual financial report and results of the external audit to members of the Audit and Risk Committee.
- 2.2.10 The WGCMA shall provide secretarial and administrative support to the Audit and Risk Committee.
- 2.2.11 The WGCMA Board Chair can attend but has no voting rights.

2.3 Meetings

The Audit and Risk Committee shall meet at least quarterly.

A schedule of meetings will be developed and agreed to by the members. As an indicative guide, meetings would be arranged to coincide with relevant Board reporting deadlines, for example to coincide with the finalisation of the financial statements and the draft annual report to the Minister.

Additional meetings shall be convened at the discretion of the Chair or at the written request of any member of the Audit and Risk Committee, internal or external auditor.

Opportunities for the Board to interact with the Risk Committee will be created, including having the independent members participate in the Board Annual Strategic Planning session.

2.4 Reporting

The Audit and Risk Committee shall after every meeting forward the minutes of that meeting to Board Members and the next ordinary meeting of the Board, including a report explaining any specific recommendations and key outcomes.

The Audit and Risk Committee shall report annually through the Chair to the Board summarising the activities of the Committee during the previous financial year.

2.5 Duties and Responsibilities

The following are the duties and responsibilities of the Audit and Risk Committee in pursuing its Charter:

INTERNAL/EXTERNAL AUDIT

- determine the strategic internal audit plan and programme, with a three-year rolling period, and review the effectiveness of the function. This review should consider whether, over a period of years the internal audit plan systematically addresses
- internal controls over significant areas of risk, including non-financial management control systems
- internal controls over revenue, expenditure, assets and liability processes
- the efficiency, effectiveness and economy of significant Board programmes
- compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements

2.5.1 Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of the Board or Chief Executive Officer.

2.5.2 Review the level of resources allocated to the internal audit function and the scope of its authority. Meet privately with internal auditors if necessary.

2.5.3 Review reports of internal audit and the extent to which Board and management react to matters raised by internal audit, by monitoring the implementation of recommendations made by internal audit.

2.5.4 Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programmes.

- 2.5.5 Critically analyse and follow up any internal or external audit report that raises significant issues relating to risk management, internal control, financial reporting, performance, sustainability and other accountability or governance issues, and any other matters relevant under the Committees terms of reference. Review management's response to, and actions taken as a result of the issues raised.
- 2.5.6 Maintain effective communication with external auditors including providing a standing invitation to the external audit to attend Audit Committee meetings and meet privately at least once each year to ensure frank and open communication
- 2.5.7 Discuss with the external auditor the planning of the audit strategy.
- 2.5.8 Discuss with the external auditor issues arising from the audit, including any management letter issued by the auditor and the resolution of such matters.

COMPLIANCE & FINANCIAL MANAGEMENT

- 2.5.9 Review and monitor compliance with the Financial Management Act 1994, the Standing Directions for the Minister of Finance and advise the Board on the level of compliance attained.
- 2.5.10 Review and monitor remedial actions taken to address compliance deficiencies
- 2.5.11 Identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer, the internal auditor and the Board if appropriate. Oversee any subsequent investigation, including overseeing of the investigation of any suspected cases of fraud within the organisation.
- 2.5.12 Monitor ethical standards and related party transactions by determining whether the systems of control are adequate.
- 2.5.13 Review the Board's draft annual financial report, focusing on:
- accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;
 - compliance with accounting standards and other reporting requirements;
 - significant variances from prior years;
 - reviewing information in the report of operations on financial management, performance and sustainability
- 2.5.14 Recommend adoption of the annual financial report to the Board. Review any significant changes that may arise subsequent to any such recommendation but before the financial report is signed.

RISK MANAGEMENT

- 2.5.15 Monitor the risk exposure of the Board by determining if management has appropriate risk management processes and adequate management information systems.
- 2.5.16 Monitor the progress of any major lawsuits facing the Board.

GENERAL

- 2.5.17 Address issues brought to the attention of the Audit and Risk Committee, including responding to requests from the Board for advice that are within the parameters of the Audit and Risk Committee's terms of reference.
- 2.5.18 Report to the Board after each meeting, in the form of minutes or otherwise, and as necessary and provide an annual report to the Board summarising the activities undertaken during the year.
- 2.5.19 The Audit and Risk Committee in conjunction with the Board and the Chief Executive Officer develop Committee's performance indicators.

The Audit and Risk Committee, through the Chair and following authorisation from the Board, and within the scope of its responsibilities, may seek information or obtain expert advice on matters of concern.