

## 4.1 Finance, Audit and Risk Subcommittee

<b>Chair</b>	Councillor Diane Calvert
<b>Deputy Chair</b>	Councillor Jenny Condie
<b>Membership</b>	Councillor Sean Rush Councillor Tamatha Paul Councillor Iona Pannett
<b>External Membership</b>	Roy Tiffin Linda Rieper
<b>Parent Committee</b>	Strategy and Policy Committee
<b>Quorum</b>	4 (including at least one external member)
<b>Frequency of meeting</b>	Quarterly or as and when required

### Area of focus

1. The Finance, Audit and Risk Subcommittee oversees the work of the Council in discharging its responsibilities in the areas of risk management, statutory reporting, internal and external audit and assurance, monitoring of compliance with laws and regulations (including health and safety), and significant projects and programmes of work focussing on the appropriate management of risk.

### Members

2. Members of the Finance, Audit and Risk Subcommittee shall be impartial and independent at all times.
3. External members will be appointed for an initial period not exceeding three years, after which they will be eligible for extension or re-appointment, and have not already served two terms on the committee. Councillors appointed to the subcommittee will automatically cease to hold office at the time of the local authority triennial elections. They may be eligible for re-appointment post those elections if they are returned to office and have not already served two terms on the subcommittee.
4. The Chief Executive and the senior management team members will not be members of the committee.
5. 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.

## **Delegations**

### **Statutory Reporting**

6. Review and monitor the integrity of the interim and annual report including statutory financial statements and any other formal announcements relating to the council's financial performance, focussing in particular on:
  - (a) compliance with, and the appropriate application of, relevant accounting policies, best practices and accounting standards
  - (b) compliance with applicable legal requirements relevant to statutory reporting
  - (c) the consistency of application of accounting policies, across reporting periods, and the Wellington City Council group
  - (d) agreeing accounting policies and practices including any changes that may affect the way that accounts are presented
  - (e) any decisions involving significant judgement, estimation or uncertainty
  - (f) the extent to which financial statements are affected by any unusual transactions and the manner in which they are disclosed
  - (g) the disclosure of contingent liabilities and contingent assets
  - (h) the clarity of disclosures generally
  - (i) the basis for the adoption of the going concern assumption
  - (j) significant adjustments resulting from the audit

### **Risk management**

7. Review, approve and monitor the implementation of the risk management programme of work, the risk management policy, framework and strategy (including risks pertaining to CCOs that are significant to the Wellington city Council group), focussing in particular on:
  - (a) Providing guidance and approval of Council's appetite for Risk
  - (b) Oversight of the systems in place to manage legislative compliance (including Health and Safety), significant projects and programmes of work, and significant procurement activity

### **Audit**

8. Review and monitor whether management's approach to maintaining an effective internal control framework is sound and effective, and in particular:
  - (a) Review whether management has taken steps to embed a culture that is committed to probity and ethical behaviour
  - (b) Review whether management has in place relevant policies and procedures and how these are reviewed and monitored
  - (c) Review whether there are appropriate systems, processes and controls in place to prevent, detect and effectively investigate fraud

### **Internal Audit**

9. Review and monitor whether management's approach to maintaining an effective internal control framework is sound and effective, and in particular:
  - (a) Review and approve the internal audit coverage and annual work plans, ensuring these plans are based on the Council's risk profile
  - (b) Review the adequacy of management's implementation of internal audit recommendations
  - (c) Review the internal audit charter to ensure appropriate organisational structures, authority, access, independence, resourcing and reporting arrangements are in place

### **External Audit**

10. At the start of each audit, confirm the terms of the engagement, including the nature and scope of the audit, timetable and fees, with the external auditor.
11. Receive the external audit report(s) and review action to be taken by management on significant issues and audit recommendations raised within.
12. Conduct a members only session (i.e. without any management present) with external audit to discuss any matters that the auditors wish to bring.

### **External Reporting and Accountability**

13. Agree the appropriateness of the Council's existing accounting policies and principles and any proposed change.
14. Enquire of internal and external auditors for any information that affects the quality and clarity of the Council's financial statements and statements of service performance, and assess whether appropriate action has been taken by management in response to the above.
15. Satisfy itself that the financial statements and statements of service performance are supported by appropriate management signoff on the statements and on the adequacy of the systems of internal control (i.e. letters of representation), and recommend signing of the financial statements by the Chief Executive/Mayor and adoption of the Annual Report.
16. Confirm that processes are in place to ensure that financial information included in the entity's Annual Report is consistent with the signed financial statements.

### **Council Controlled Organisations**

17. Other committees dealing with CCO matters may refer matters to the Audit and Risk Committee for review and advice.
18. This subcommittee will enquire to ensure adequate processes at a governance level exist to identify and manage risks within a CCO. Where an identified risk may impact on Wellington City Council or the wider group, the subcommittee will ensure that all affected entities are aware of and appropriately managing the relevant risk.