
Annual Report on the Performance of the Audit and Risk Committee

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Purpose

1. This purpose of this report is to review and summarise the activities of the Audit and Risk Committee for the 15-month period to September 2016.

Executive summary

2. The committee's responsibilities are set out in its Terms of Reference.
3. The Terms of Reference provide that the chair of the committee will submit a written review of the performance of the committee to the Chief Executive on an annual basis. The review will summarise the activities of the committee, and how it has contributed to the council's governance and strategic objectives. The Chief Executive will place the report on the next available agenda of the governing body.
4. Further, it is good practice that Audit and Risk Committees should review their performance on an annual basis. This is the first annual review of this committee's performance.
5. This report covers the 15-month period from 1 July 2015 to present. The committee has met seven times through this period.
6. This report summarises the key actions performed by the committee, in response to the committee's responsibilities as contained in the committee's Terms of Reference.
7. The committee has fully discharged its responsibilities as contained in that Terms of Reference.

Recommendation/s

That the Audit and Risk Committee:

- a) receive this Annual Report on the Performance of the Audit and Risk Committee report.
- b) recommend that the Chief Executive place the report on the next available agenda of the governing body.

Introduction

8. The Audit and Risk Committee can make a valuable contribution to improving the governance and performance of council. The role and purpose of the committee is unique and different to most other committees. It is advisory in nature.
9. The Terms of Reference of the committee are based on good practice – focusing on governance, enterprise risk management and internal control.

Key actions performed by the Audit and Risk Committee through the period

10. A review of the functioning of the committee was requested by the Mayor. The review made recommendations designed to improve the effectiveness of the committee and was considered at the committee's December 2015 meeting.
11. The key recommendations made were:
 - Adopting a new detailed Terms of Reference, which clarified the roles and responsibilities of the committee;

- Implementing a forward work programme, aligned to the Enterprise Risk Management Framework;
 - Transitioning to an independent chair and an equal number of elected members and external members. This will take effect in the next term of office, following the Local Government elections in October 2016.
12. A forward work programme has been established (effective December 2015). This has provided for in-depth sessions in workshops for the committee to be briefed on key risks and mitigations with respect to
- NewCore;
 - Health and Safety, and in particular the Health and Safety at Work Act 2015;
 - The “Do it Right” Legislative Compliance Programme; and
 - Council’s programmes and projects.
13. The committee has regularly reviewed a summary of health, safety and well-being performance information. This discharges due diligence responsibilities under the Health and Safety at Work Act 2015.
14. Through the period, the committee has regularly reviewed the Enterprise Risk Management work programme. This has included:
- Reviewing the council’s “Top Risks” and risk mitigations;
 - Monitoring the implementation of the Enterprise Risk Management Strategy and Plan 2015-2017;
 - Reviewing and approving council’s risk appetite as expressed in “Risk Appetite Statements”. This included a workshop on risk appetite statements.
 - Receiving and reviewing risk updated from council’s substantive Council-controlled Organisations; and
 - Reviewing council’s Risk Maturity results in May 2016.
15. The committee has reviewed on a regular basis through the period the Internal Audit work programme. This has included:
- Approving the Internal Audit Charter, which establishes the independence, mandate, scope and authority of the Internal Audit department;
 - Reviewing, approving and monitoring the implementation of the Internal Audit Strategy 2015-2018, and the Integrity and Ethics Strategy;
 - Reviewing, approving and monitoring the implementation of the detailed Internal Audit programme;
 - Reviewing the status of outstanding audit recommendations; and
 - Conducting regular committee only sessions have been held with the Internal Auditor.
16. The Committee has reviewed the work of external audit. This has included:
- Reviewing the areas of audit focus as contained in the Annual Audit Arrangements Letter (audit of annual report) and the Interim financial Statements Review Engagement Letter (review of six month interim group financial statements);
 - Reviewing the interim and final management reports with respect to each engagement;
 - Reviewing the status of outstanding external audit recommendations;
 - Conducting regular committee only session with external audit.
17. In addition, the committee has reviewed and provided feedback on the draft Annual Report and draft interim group financial statements prior to consideration by the Finance and Performance Committee.

18. The committee has annually reviewed council's insurance renewal programme.

Conclusions

19. The committee has discharged its responsibilities under its Terms of Reference.

Consideration

Local board views and implications

20. Nil applicable.

Māori impact statement

21. Nil applicable.

Implementation

22. Nil applicable.

Attachments

There are no attachments for this report.

Signatories

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