

Audit, Risk and Improvement Committee (ARIC)

Terms of Reference

Purpose

The purpose of ARIC is to:

1. provide independent assurance and assistance to the Council in overseeing the financial reporting process.
2. Assist Council to manage the Integrity Strategy.
3. Assist Council to manage risk through an endorsed approach, approved risk registers and regular reporting.
4. Assist Council to manage internal audit through a set internal audit plan, oversight of audit reports and monitoring of audit findings.
5. Assist Council to ensure appropriate and effective financial management, legislative compliance and risk management controls are set and maintained and to monitor ongoing performance of these controls.

The ARIC also aims to promote transparency and accountability in the City's operations and to provide guidance and recommendations for continuous improvement of financial management, legislative compliance and risk management.

Background

1. The Audit, Risk and Improvement Committee (ARIC) is a formally appointed Committee of Council as required under the Local Government Act 1995.
2. The ARIC does not have executive powers or authority to implement actions in areas over which the Administration (management) has responsibility and remains independent of the Administration.

Objectives and Duties

1. The ARIC is responsible for:
 - a. receiving and reviewing reports on, and recommending to Council actions to be taken in respect of, financial, supplementary or performance audits under Part 7 of the Local Government Act 1995.
 - b. receiving and reviewing reports on, and recommending actions to be taken in relation to, the annual compliance audit required under r.14 of the Local Government (Audit) Regulations 1996.
 - c. receiving and reviewing reports on, and recommending to Council actions to be taken in respect of the four-yearly CEO review into financial management, legislative compliance and risk management required under r.17 of the Local Government (Audit) Regulations 1996.
 - d. receiving and reviewing reports on the appropriateness and effectiveness of, and recommending to Council improvements to, the City's systems and procedures in relation to financial management, legislative compliance and risk management.

- e. receiving and reviewing reports on, and recommending to Council improvements to, the implementation of any actions the City:
 - o is required to take under section 7.12A(3) of the Local Government Act 1995
 - o has stated it has or intends to take under section 7.12A(4)(a) of the Local Government Act 1995;
 - o has otherwise decided to take in respect of financial, supplementary or performance audits or annual compliance audits
 - o has stated it has done or will do or proposes to do in written advice prepared under section 8.16(1)(a) or 8.23(4)(a) of the Local Government Act 1995
 - f. receiving the Annual Financial Report of the City, prepared under section 6.4 of the Local Government Act 1995, for ultimate referral to Council.
 - g. receiving the Auditor's Report, Audit Opinion and any Audit Management letter in respect of the Annual Financial Report, prepared by the auditor of the local government, for ultimate referral to Council.
 - h. meeting with the auditor of the local government, as required by section 7.12A of the Local Government Act 1995.
 - i. recommending to Council an appropriate internal audit program for the City and monitoring the progress of audits identified in the internal audit program.
 - j. monitoring and reporting on the effectiveness of the City's risk management framework, including reviewing risk assessments, risk treatment plans, and the effectiveness of controls.
 - k. monitoring and reporting on the effectiveness of the City's Integrity Strategy.
 - l. monitoring the City's progress in respect of any improvement or other actions Council has resolved to take to address any audit done by a local government auditor or by another auditor pursuant to the internal audit plan.
2. The ARIC performs any other function conferred on it by the Act, Regulations, or any other written law.

Membership

- 1. The Committee will comprise of a minimum of four (4) Elected Members but with no upper limit, who shall be appointed by Council for a two-year term, in accordance with the two-year Electoral Cycle.
- 2. At least one, but up to two (2) independent and appropriately-qualified persons will also be appointed by Council to the ARIC as an Independent Member.
- 3. The Presiding Member of the Committee, any Deputy Presiding Member of the Committee, and the Deputy of the Presiding Member shall be an Independent Member, as appointed by Council.
- 4. Payment of any fee to the Independent Member is as per the Salaries and Allowances Tribunal (SAT) determination. The Presiding Member (and Deputy of the Presiding Member) is to be paid the maximum allowable by the SAT. The Deputy Presiding Member is to be paid 75% of the maximum allowable by SAT.
- 5. Elected Members who are ARIC Members (including any deputies) will be encouraged to undertake training to support their role as ARIC Members. Training recommendations will be in accordance with the CEO recommendations.

6. The CEO and the officers responsible for the external and internal audit functions, risk management and legislative compliance will attend meetings to advise and provide information, as required, and cannot be ARIC Members.
7. Other City officers shall attend as required to provide necessary administrative and secretarial support to the Committee.

Meetings

1. The Committee shall meet on a quarterly basis or more frequently as required, with a minimum of four meetings per year.
2. The Committee shall be held in person at a time and date scheduled by Council in the Annual Meeting Calendar.
3. An Audit Committee Calendar will be produced as guidance for the matters to be included on each regular meeting agenda and will be arranged to coincide with any relevant legislative deadlines.
4. Representatives of the Office of the Auditor General and the contracted external and internal auditors shall be invited to attend ARIC Meetings as appropriate. The relevant auditors must attend the meetings where the draft Annual Financial Report and results of the external audit are to be considered.

Delegation

1. Nil

Reporting

1. The ARIC Agenda will be published and made available to Members no less than seven (7) days before a meeting.
2. Reports and decisions of the ARIC will be considered at the next Ordinary Council Meeting, or Special Council Meeting, as may be required.
3. Reports to Council from ARIC will include the Committee recommendation, as well as the Officer Recommendation.
4. The Committee shall report to Council any significant issues or concerns regarding financial management, internal control, risk management, integrity, or legislative compliance that it identifies during its activities.

Strategic Link:	Strategic Community Plan 'Listening and Leading'
Category:	Governance
Lead Business Unit:	Governance and Council Support
Public Consultation: (Yes or No)	No
Adoption Date:	9 June 2026

(Governance Purpose Only)	
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