

## Audit and Risk Terms of Reference

Policy	COM-AUR: Audit and Risk Terms of Reference
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### Constitution

The Audit and Risk Committee (*"the Committee"*) is a committee of Council with specific delegated powers as set out in this Terms of Reference.

### Objectives

The purpose of the Committee is to assist the InternetNZ Council (*"Council"*) in the effective discharge of its responsibilities for financial reporting, internal controls, risk management, statutory compliance, external audit, and health and safety. The committee is also responsible for oversight and development of financial policies at the governance level – those related to expenditure control, investment and treasury functions and delegated authorities. Within the boundaries of this purpose, the Committee's scope is direct oversight of InternetNZ operations while, in relation to the subsidiary organisations, it has the same scope as Council has as shareholder.

The Committee provides the opportunity for Councillors to dedicate specific time to consider audit, risk management and related issues.

The Committee does not relieve any Councillors of their responsibilities for these matters.

### Membership

The Committee shall consist of between three and five Councillors who have, between them, relevant skills and experience, including finance, risk management and accounting.

Council shall appoint members and a Chair (*"the Chair"*) of the Committee and review these appointments annually at its first ordinary meeting after the Annual General Meeting of the Society.

Members of the Committee:

1. shall be Councillors;
2. must be able to read and understand financial statements;
3. are not necessarily financial or accounting experts;
4. are not personally required to conduct accounting reviews or audits;
5. are entitled to rely on employees of the Society and professional advisers where they reasonably believe that the employee or adviser is reliable and competent and the reliance was made in good faith and after making an independent assessment of the information.

6. Any member who ceases to be a Councillor ceases to be a member of the Committee.
7. The InternetNZ President is not a member of the Committee ex-officio and is not eligible to be the Chair of the Committee.
8. shall not be member of a committee charged with the responsibilities of deciding the distribution of funds e.g. the Grants Committee.

Any policy of Council on conflicts of interest applies to the Committee. At its discretion, the Committee may exclude a Councillor who, in the Committee's view, has a conflict of interest with an item of business before the Committee or who is the subject of an investigation by the Committee from proceedings that are relevant to that conflict or investigation.

## Attendance

The Committee shall, in consultation with the Chief Executive, appoint a member of staff to act as Committee Secretary.

The Chief Executive and Committee Secretary shall normally attend meetings of the Committee but shall not be members of the Committee. Other staff may be invited to attend meetings at the discretion of the Committee.

At its discretion, the Committee may choose to meet in whole or in part without staff or advisers present.

Councillors who are not members of the Committee shall have the right of attendance (except in the case of a conflict of interest, as determined by the Committee).

## Meetings

The Committee shall meet at least three times each year but shall otherwise itself determine the frequency of its meetings.

Meetings of the Committee shall be scheduled by agreement with the Chair and with due regard to reasonable notice, the availability of Committee members and staff and so as to avoid unnecessary re-scheduling of meetings.

Any member of the Committee may request that a meeting of the Committee be convened.

A majority of Committee members, present in person or by using any technology, shall constitute a quorum.

Unless directed by the Chair, the Committee Secretary shall distribute an agenda and any related papers in advance of a meeting to:

- a) members of the Committee;
- b) Councillors who are not members of the Committee; and
- c) the Chief Executive.

## Minutes

The Committee Secretary shall prepare minutes of meetings and have them approved by the Chair.

Minutes of meetings shall be confirmed at the next meeting of the Committee.

## **Responsibilities**

The Committee shall consider any matters it thinks relevant to the audit, financial affairs, health and safety, and risk management of the Society and the policies applicable to these.

The duties of the Committee are to:

### *Annual Report and Financial Statements*

- a) Review the Annual Report and financial statements, and recommend them to Council for approval.
- b) Review and assess the appropriateness of the Society's accounting policies and principles.
- c) Review and monitor compliance with statutory responsibilities relating to financial reporting and with accounting policies.

### *Risk Management*

- d) Review risks facing InternetNZ and the shared risks facing the group to ensure that there are appropriate levels of mitigation.
- e) Consider whether the Society has effective risk management systems in place to review, assess and manage business, financial and operational risk.
- f) Review and consider the policy and processes used by management to monitor and ensure compliance with laws, regulations and other requirements.
- g) Monitor and advise the Council on the implementation and maintenance of the Council's risk management strategy, framework and procedures.
- h) Recommend risk management policies to be approved by Council.

### *Audit*

- i) Review and agree with the auditor the terms of engagement for the auditor.
- j) Review the scope of the external audit with the auditor, including identified risk areas and approve external audit plans.
- k) Review the findings of the external audit.
- l) Review and monitor management's responsiveness to the external audit findings.
- m) On a regular basis, meet with the auditor without management present.
- n) Monitor the effectiveness and independence of the auditor.
- o) Review and assess the provision of non-audit services by the auditor, considering any potential to impair, or appear to impair, the auditor's judgment or independence of the Society.
- p) Make recommendations to Council on the appointment, reappointment or replacement of the auditor and any fees.

## *Health and Safety*

- q) Review and monitor health and safety objectives and strategic plan.
- r) Review and monitor health and safety performance and programme progress.
- s) Review and monitor health and safety risks.
- t) Review health and safety reviews and audit findings.
- u) Provide health and safety updated to Council and provide health and safety advice as appropriate.
- v) Engage with the Health and Safety Officer regarding health and safety updated performance, risk and areas of concern.

## *Council Policies*

- w) Maintain an oversight of policies relating to the Committee's role and where appropriate provide advice to Council on proposed amendments or updates.
- x) Review Council policies periodically to ensure compliance.
- y) Review Council resolutions periodically to ensure consistency and compliance.

## *Other Matters*

- z) To review and advise Council on material changes advised by subsidiaries in policies and forecasts that have a material impact on the financials and risks of InternetNZ and its subsidiaries as a whole.
- aa) Supervise or initiate any special investigations.
- bb) Consider any other matters that are referred by staff where these are generally consistent with the Committee Terms of Reference.
- cc) Consider any other matters referred by Council.

## **Authorities**

The Audit and Risk Committee is an advisory body with no executive powers.

The Committee shall have the authority to seek any information it requires from any employee of the Society and from the Society's accountants and auditors.

The Committee is authorised to obtain such independent professional advice as it considers necessary at expense of the Society.

The Committee is authorised to make reasonable arrangements as it considers necessary for travel, accommodation, meals and meeting facilities for members of the Committee, advisers to the Committee and staff at the expense of the Society.

The Committee must exercise the powers delegated to it in accordance with any directions of Council.

The Committee can invite other parties to attend meetings from time to time as circumstances require.

The Committee may initiate special investigations as it sees fit in relation to matters set out in this Terms of Reference or as directed by Council, or the President.

## **Reporting**

After each Committee meeting, the Chair shall report the Committee's findings and recommendations to Council.

Unless directed by the Chair, the minutes of all committee meetings shall be circulated to Councillors, the Chief Executive, the Society's accountants, the external auditors and to such other persons as the Committee directs.

At its discretion, the Committee may from time-to-time choose to specify that parts of its proceedings are confidential and that the record of those proceedings is not to be included in the minutes of the Committee circulated to the Chief Executive, the Society's accountants, the external auditors and such other persons. Except in the case of a conflict of interest, Councillors shall be entitled to have access to the confidential proceedings of the Committee by whatever means the Chair deems appropriate.

## **Communication**

The Chief Executive and the Society's accountants shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the Society, any material breakdown in internal controls, and any material event of fraud or malpractice.

The committee shall maintain direct lines of communication with the external auditors, the Chief Executive, the Society's accountants and with staff generally including those responsible for non-financial risk management.

## **Review**

This Terms of Reference document and the performance of the Committee shall be subject to annual review by Council.