

<b>Audit and Risk Committee Policy</b>	
<b>Issuing Authority</b>	<b>Tasman Bays Heritage Trust</b>

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<b>Last Revised</b>	<b>June 2009</b>
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<b>Policy Type</b>	<b>Governance</b>
<b>Status</b>	<b>Approved, 29 November 2018</b>
<b>Applies to</b>	<b>Trustees</b>
<b>Monitored by</b>	<b>CEO</b>
<b>Revision due</b>	<b>November 2021</b>

### **1.0 Purpose**

The purpose of the policy is to set out the objectives, membership, term of office and duties and responsibilities of the Audit and Risk Committee.

### **2.0 Application**

Trustees.

### **3.0 Background**

The Tasman Bays Heritage Trust (the Trust) has resolved to establish an Audit and Risk Committee (the Committee). The Committee is a delegated sub-committee of the Trust Board.

### **4.0 Objectives of the Committee**

The objectives of the Committee are to undertake the Trustee governance responsibilities to exercise due care skill and diligence in relation to oversight of:

- Reporting financial information to users of the financial reports
- Applying accounting policies
- Maintaining the independence of the auditors
- Financial Management
- Internal Controls
- Risk Management
- Compliance with the Trust's policy requirements and material contracts
- Compliance obligations for a council-controlled organisation
- Compliance with applicable laws and regulations

### **5.0 Structure and Composition of the Committee**

The Trust will confirm the membership of the Committee annually. It will comprise of a minimum of two Trustees and the Trust Chair as an ex officio member. At least one member of the Committee shall have an accounting or financial background.

One of the members will be appointed Committee Chair by the Committee.

The Committee has the authority to co-opt individuals to advise the Committee from time to time, including but not limited to the Chief Executive Officer (CEO), Accountant and the external auditors.

## **6.0 Meetings**

The Committee will meet in at least three times a year and as it deems necessary to properly fulfil its obligations and discharge its duties. In addition, the Chair is required to call a meeting of the Committee if requested to do so by any Committee member, the CEO, Accountant or the external auditors.

A quorum shall consist of no less than two Committee members, one of whom shall be the Chair or a nominee of the Chair. There will be no alternates or proxy voting of Committee members.

Any Trustee shall be entitled to attend a meeting of the Committee.

Minutes will be taken and presented to the next practicable Trust Board meeting.

## **7.0 Access to Information**

The Committee shall have the authority to seek any information it requires from any officer or employee of the Trust, and such officers or employees are instructed by the Board to respond to such enquiries.

The Committee is authorised to take such professional advice as it considers necessary to execute its duties and responsibilities, subject to existing delegations.

## **8.0 Duties and Responsibilities**

The Committee examines the financial affairs of the Trust and the external audit, reviews and makes recommendations to the Trust in relation to the Trust's risk appetite and risk management framework. The Committee also examines any other matters referred by the Trust.

### *Financial Information*

- Review the financial information presented by management to the Trust
- Review the annual financial statements draft before the Trust approval focusing on:
  - Significant changes in accounting policies and practices, in particular, new accounting policies or amendments to existing accounting policies, to ensure appropriateness and compliance with generally accepted accounting practice and applicable financial reporting standards
  - Major areas of judgement
  - Significant audit adjustments
  - Compliance with statutory requirements for financial reporting

### *External Auditors*

- Recommend to the Trust the appointment of the external auditor and approve their fees

- Review the annual audit plan, timetable and audit fee
- Review the performance of the external auditors
- Ensure no management restrictions are being placed on the external auditor
- Monitor the independence of the external auditors and their compliance with generally accepted accounting and audit standards.
- Approve any proposal for any non-audit services
- Ensure the annual report discloses external audit fees
- Receive, consider and ensure appropriate action is taken on the external auditor's report to management on the status of internal control and management systems
- Provide advice on and review the Trust's Annual Report prior to consideration by the Trust Board.
- Provide advice to the stakeholders and public at the Annual General Meeting
- Receive, consider and ensure appropriate action is taken on the external auditors report to management on the status of internal control and management systems

#### *Risk Management, Monitoring and Reporting*

- Review the Trust's Risk Management Policy and Risk Framework annually
- Review management's prioritisation of risks as set out in the framework and recommend key risks to the Trust for which risk management plans will be developed and implemented
- Review and approve management's annual risk management programme to ensure risks are managed in a systematic and prioritised manner and assessed regularly
- Ensure management undertake a regular legal and statutory compliance review, including assessment of all elements of the Trust
- Review annually the Code of Ethics and Code of Conduct and related procedures to ensure compliance
- Ensure the development of regular reporting mechanisms to the Trust to give assurance on compliance with the Risk Management Policy
- Review and approve management's annual compliance management and training implementation programme to ensure risks are managed and training is implemented in a systematic and prioritised manner

#### *Investment Review*

- Evaluate post-implementation reviews on capital expenditure projects / investment above the delegated authority of the CEO within 3 months of project/investment completion and at 12 months post-completion

#### *Other Committee Duties*

- Review other financial issues as delegated by the Trust
- Identify and direct any special projects or investigations deemed necessary
- Undertake other duties as delegated by the Trust from time to time
- Review Delegation of Authority to management annually
- Review the Committee Policy every 3 years

### *Limits on Authority*

The Committee is a sub-committee of the Trust and as such is accountable to it, and must report regularly to it. The Committee must operate in accordance with the directions from the Trust and unless the Trust delegates decision making power to the Committee it has no delegated authority except to make recommendations or provide advice to the Trust.

#### **9.0 Breaches of the Policy**

Committee members are responsible for ensuring they are familiar with and fully understand all aspects of the policy.

Failure to comply with this policy will be treated seriously and may lead to remedial action.

#### **10.0 Related documents/references**

This policy is to be used in conjunction with documents including:

- Financial Reporting Act 2013
- Charitable Trusts Act 1957
- Local Government Act 2002
- Purpose and Values of the Museum
- Code of Ethics and Professional Practice Museums Aotearoa
- Code of Conduct Policy

#### **11.0 Review**

This policy will be reviewed every three years.