REFORM AREA 2

FINANCIAL ACCOUNTABILITY

2.1   Require audit committees to have a majority of independent members, and an independent chair.

2.2   Strengthen the role of audit committees in councils' external audits, through a greater role in the appointment of the auditor and determining the scope of the audit, and as the chief liaison point with the auditor

2.3   Require audit committees to report on the council's approach to internal audit processes.

2.4   Require audit committee members to have specified skills, and an induction process.

2.5   Allow councils to form regional audit committees.

2.6   Require the Auditor-General to oversight all council audits.

	Create 'audit and risk committees' that play an expanded role in councils' financial management and performance. This could include—
2.7	• Reviewing councils' risk assessments and controls. • Providing comment on councils' rating policies and practices. • Reporting to council on its use of public resources. • Reporting to councils on prudential matters. • Performance monitoring of councils.
2.8	Require the chair of the 'audit and risk committee' to provide a report in the council's annual report on governance standards and compliance.
2.9	Require councils to develop and adopt a funding policy that would be reviewed by its audit and risk committee.
2.10	Require councils to release a summary of their draft annual business plan that states the proposed increase in total general rate revenue, and the reasons for this increase.
2.11	If a council's proposed increase in total general rate revenue is above a prescribed level (such as the Local Government Price Index), require its audit and risk committee to provide a report to the council on the reasons for this increase.
2.12	Create 'governance committees' to provide independent advice to councils on critical management, polices, processes and actions, potentially— • Councils' compliance and governance policies. • Councils' policies to improving ethical standards across councils and reduce fraud and corruption risks. • Councils' strategic management plans, and on progress to deliver priorities, particularly on the management of significant council projects. • Council member conduct—both on policies and processes to improve it, and on specific conduct matters (as described in Reform Area 1). • CEO appointment and management (as described in Reform Area 1).