Terms of Reference

Audit and Risk Committee

August 2026

Contents

Constitution

1. This document sets out the Terms of Reference for a duly constituted committee of the Commerce Commission Board (the Board), established under Schedule 5, clause 14 of the Crown Entities Act 2004.

2. It will be known as the Audit and Risk Committee (the Committee).

Purpose

3. The Commerce Commission's vision is that New Zealanders are better off because markets work well, and consumers and businesses are confident market participants.

4. The Commission's Audit and Risk Committee assists the Board to deliver these outcomes by providing assurance that good practice audit, risk management and finance is implemented in the organisation.

5. The Commission is a public benefit entity (PBE). This means that good practice encompasses both financial and non-financial performance reporting.

6. In setting the annual work programme, the Audit and Risk Committee will have regard to the Office of the Controller and Auditor-General's five areas of focus:

    6.1. Performance – the Commission must undertake its business efficiently and effectively;

    6.2. Authority – the Commission must act within its authority;

    6.3. Waste – The Commission must apply its resources economically;

    6.4. Probity – The Commission must meet public sector standards of behaviour; and

    6.5. Accountability – The Commission must give full and proper account of its activities.

7. The Audit and Risk Committee discharges its role at a governance oversight level and does not hold the authority or power to make decisions on the Board's behalf.

8. The Audit and Risk Committee provides governance oversight of the Commission's policies, processes, systems, and controls with the objective of achieving good practice which is appropriate for an organisation of the Commission's size and type.

Core Functions

9. The Audit and Risk Committee will discharge its core functions in accordance with good practice.

10. Core functions include audit, risk management, and finance.

Audit

External Audits

11. The Audit and Risk Committee provides governance oversight in relation to external audit with the objective of the organisation:

    11.1. achieving an unmodified audit opinion on its financial statements; and

    11.2. establishing and maintaining an appropriate management control environment, financial information systems and controls, and service performance information and associated systems and controls.

12. While seeking this objective, the Audit and Risk Committee will take into account the context of the Commission's operating environment including cost/benefit, risk, efficiency, and usefulness.

Internal Audit

13. The Audit and Risk Committee provides governance oversight to give assurance that good practice internal audit is conducted. Internal audit will comprise independent reviews of performance, systems, and controls to minimise and isolate the risk of financial or performance weakness and identify areas for improvement. The Audit and Risk Committee will ensure that recommendations are actioned promptly.

14. The Audit and Risk Committee provides governance oversight of the multi-year rolling Internal Assurance Programme.

15. The Audit and Risk Committee will review the expenditure of the Chair every six months to ensure that it is reasonable and in accordance with policy.

Risk management

16. The role of the Audit and Risk Committee in risk management is to support the Board by assuring the effectiveness of the risk framework and providing independent advice on the Commission's efficacy in managing its most significant risks.

17. The Audit and Risk Committee will oversee assurance work across any area of risk management, or any specific risks, that the Audit and Risk Committee considers are worthy of attention.

18. The Audit and Risk Committee will provide recommendations to the Board in relation to any risk-related matters reported to the Board through the regular Audit and Risk Committee/Board cycle.

19. One of the Commission's significant areas of risk is off balance sheet contingent liabilities. The Audit and Risk Committee will provide assurance to the Board that there are systems in place to report contingent assets and liabilities for internal reporting purposes and for external reporting in accordance with the relevant accounting standard.

20. The Audit and Risk Committee will also provide assurance to the Board of the Commission's ability to fund its contingent liabilities in the event they become realised. It is the Board's responsibility to properly disclose contingent assets and liabilities in its financial statements and to ensure that it has sufficient reserves available to fund contingent liabilities.

Finance

Internal and external reporting

21. The Audit and Risk Committee provides governance oversight of the Commission's objective of good practice financial and non-financial reporting, including performance measures that demonstrate the effective and efficient delivery of the Commission's strategic objectives, including outputs, outcomes, and impacts.

22. Each year the Audit and Risk Committee will review the Commission's draft budget that has been prepared by management. The Audit and Risk Committee will review the budget process to ensure that it has been robust, ensure management has documented key budget assumptions, and provide advice on any budget matters that need to be brought to the Board's attention.

23. The Audit and Risk Committee will provide governance oversight to provide assurance that the Board has the information to meet their obligations under the Crown Entities Act and other relevant standards. It is each Member's individual and the Board's collective duty under the Crown Entities Act to ensure that the organisation is financially stable and fiscally responsible

Supporting Documents

24. The Audit and Risk Committee will oversee the development of a:

    24.1. multi-year Internal Assurance Programme; and

    24.2. an Annual Work Plan.

25. The Internal Assurance Programme and Annual Work Plan will be provided to the Board for approval each year.

Membership

Appointment

26. Members of the Committee shall comprise of members appointed by the Board by resolution. It shall be comprised of at least three members, and not more than five members, of which two will be Commissioners.

27. Committee members may be Commissioners Associate Commissioners, or external persons that the Board may wish to appoint.

28. Regarding the appointment of Associate Commissioners, it is good practice that the Committee's functions and powers are within the member's notice of appointment. If they are not, then Associate Commissioners may still be appointed, however it will be in the capacity of an external member and not as part of their Associate Commissioner role.

29. Membership of the Audit and Risk Committee should include at least one Chartered Accountant, not provisional or retired.

30. Members will be appointed for an initial period not exceeding three years, after which they will be eligible for extension or re-appointment, after review of their performance.

31. Should a Committee member resign or retire during the period in which the Committee is operating, the Board may choose to appoint a replacement member.

Role of Chair

32. The Board will also appoint a Chair of the Committee, noting that it is best practice for the Chair to be an independent external member.

33. The Chair should have appropriate financial and risk management expertise.

34. The Chair's primary role is to:

    34.1. Lead each meeting of the Committee, ensuring the agenda is efficiently progressed, conversations in the meeting are focused and balanced and guide the Committee towards decision making.

    34.2. Ensure the Board is kept informed in a timely manner of material risks which may affect the Commission, or of matters which might impact (adversely or positively) on the reputation of the Commission.

34.3. Oversee, with other members of the Committee, the development and execution of a strategic work programme for the Committee, having regard to the Commission's wider strategic plan.

34.4. Work with staff and other members with a view to ensuring that the work programme of the Committee is executed in the most efficient way, having regard to the expertise of staff and the unique contribution of members.

34.5. Provide expert input, advice and review of work where appropriate, including in instances where work is not yet ready to be considered by the Committee.

34.6. Lead and facilitate (with support from the General Manager or nominated delegate) the process of reporting to the Board on the Committee's work programme, progress, and results.

35. The Chair is also responsible for providing new members of the Audit and Risk Committee with appropriate material to enable them to understand the role and responsibilities of the Audit and Risk Committee.

36. In the Chair's absence, members present at a meeting of the Committee will appoint one of their number to Chair the meeting.

Responsibilities of members

37. In discharging their role as a member of the Committee, all members (including external members) should act in accordance with the expectations set out in the Commission's Governance Manual – particularly Chapter Four (General Board and Member Duties) and Chapter Ten (Board Committees and Divisions).

38. Committee members who are not Board members will also act in accordance with Schedule 5, clause 15 of the Crown Entities Act 2004, and any contract or letter of appointment agreed with the Commission in terms of their membership.

Procedure

Authority

39. The Audit and Risk Committee members are appointed by the Board to carry out the responsibilities and functions detailed in this Terms of Reference. The Audit and Risk Committee is authorised to carry out any investigations it feels necessary to fulfil its functions and responsibilities. The Audit and Risk Committee is authorised to seek any information it requires from any employee. All employees are directed by the Board to co-operate with any request made by the Audit and Risk Committee subject to the Commission's obligations under legislative requirements.

40. The Audit and Risk Committee has no executive powers with regard to its findings and recommendations.

41. The Chair of the Audit and Risk Committee will be responsible for drawing to the Commission Chair's immediate attention any material matter that relates to the financial condition of the organisation and any material breakdowns in internal controls.

42. The Audit and Risk Committee has the authority to obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Commission's expense.

Communication with the auditors

43. It is expected that the Audit and Risk Committee will maintain clear, unobstructed lines of communication with the auditors. The Audit and Risk Committee will meet separately with the auditors, without management present as frequently as deemed necessary by the Audit and Risk Committee but at a minimum at least once per annum, including the audit clearance meeting.

44. The auditors will be invited and have the right to attend any meetings of the Audit and Risk Committee but should notify the Chair when they wish to attend. The auditors should receive a copy of the agenda for each meeting, and other papers on request.

Meetings

45. The Committee will meet as determined by the Chair, ensuring sufficient notice is provided to other Committee members, and at least three times per year.

46. The Committee may undertake any of its roles or functions via email, outside of formal meetings.

47. The Committee may seek independent advice and obtain information if the Chair of the Committee considers it is necessary. This will generally be arranged through the accountable General Manager.

Quorum

48. The quorum for all meetings of the Committee is two members, of which at least one must be a Commissioner.

49. When a recommendation is made to the Board without the involvement of an independent Member or independent advisor the advice to the Board must include an acknowledgement of this fact.

50. In addition, the Committee will apply best endeavours to seek the independent Member's (or independent advisor's) advice out-of-cycle.

Attendance

51. Any Committee member who cannot attend a regularly scheduled meeting of the Committee must provide their apologies to the Chair ahead of the meeting.

52. Any Commissioner who is not a member of the Committee may attend any meeting of the Committee as an observer, so long as they provide sufficient notice to the Chair and are not otherwise excluded (i.e. in order to manage interests or potential conflicts of interest).

53. The Committee may have in attendance members of staff such as the Chief Executive and other persons as it considers necessary to provide appropriate information and explanations to the Committee, and other parties it invites to attend such as the external auditor, and can meet without management and the auditors present.

Reporting

54. The Chair of the Audit and Risk Committee or a delegate of the Chair who is an Audit and Risk Committee member will report to the Board following each meeting of the Audit and Risk Committee.

55. The minutes of the Audit and Risk Committee will be made available to the Board.

56. Outside of this report, the Chair should ensure they escalate any matters on an as-required basis to the Board if they have broader implications for the Commission.

Self-Review

57. The Chair of the Audit and Risk Committee will initiate a review of the performance of the Audit and Risk Committee at least once every two years. The review will be conducted on a self-assessment basis with appropriate input sought from the Chief Executive, the internal and external auditors, management, and any other relevant stakeholders.

Review of Terms of Reference

58. At least once every two years, the Audit and Risk Committee will review this Terms of Reference. Any substantive changes will be recommended by the Audit and Risk Committee and formally approved by the Board.

Administration

59. Secretariat services, planning, delivery and decision-making support will be provided by the Organisational Performance and Enablement Branch, via the General Manager as the accountable General Manager[1].

[1] Note that, for the avoidance of doubt, while the accountable General Manager remains the key point of accountability for the Committee, the accountable General Manager may delegate administration and delivery responsibility within their Branch.

60. The accountable General Manager is responsible for ensuring papers are circulated to Committee members in a timely manner and in line with the process and deadlines issued by the Office of the Board and Chief Executive. Any distribution of papers after the stated deadline must be approved by the Chair.

61. The Secretariat will be responsible for preparing the minutes of each meeting, circulating minutes for review, and maintaining the minutes of each meeting as a complete record in accordance with records management requirements. Draft minutes will be circulated to all the Committee members as soon as practicable after each meeting.

62. Aside from the matters outlined in this Terms of Reference and in the Commission's Governance Manual, the Committee may set its own procedure as it sees fit.

Term of office

63. Subject to the individual terms noted in paragraph 30, the Committee will continue to meet under these Terms of Reference until the Board chooses to vary them or dissolve the Committee. The Terms of Reference may be amended, varied or modified at the agreement of the Board.

Version control

Date	Version	Author	Comments
27/08/2025	1.0	Gemma Allcock, Senior Governance Adviser	Initial drafting
21/05/2026	1.1	Tamsin Royson, Head of OPE Strategy, Performance and Operations	Updated ToR dates, Committee member term dates and Secretariat responsibilities.
6/8/2026	1.2	Tamsin Royson, Head of the Office of the GM OPE	Updated to reflect feedback from ARC June 2026 – updates to Committee membership, removal of Committee Chair feedback on GM performance. Endorsed by ARC 6/8.

Appendix A: Audit and Risk Committee Membership

Name	Role	Term
Warren Allen	Chair (External)	1 August 2023 - 1 August 2027
Anne Callinan	Member	2 October 2023 - 9 July 2028
Pierre van Heerden	Member	2 October 2023 - 8 July 2028
Nathan Strong	Member	8 September 2022 - 27 August 2027