

# AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER



## Purpose

The objective of the Audit and Risk Management Committee (“the Committee”) is to provide independent assurance and assistance to the Board on Wannon Water’s risk, control and compliance framework, and its external accountability responsibilities, including:

1. Monitoring financial and regulatory reporting;
2. Independent review and assessment of key risks by independent audit;
3. Regular review of Wannon Water’s Risk Management Policy (based on AS/NZS ISO 31000 Risk Management – Principles and guidelines) and Risk Management Framework;
4. Reviewing the adequacy of Wannon Water’s Risk Register, associated internal controls and strategies to mitigate or take advantage of the risks;
5. Monitoring compliance and effectiveness of certified management systems, including Environment, Occupational Health & Safety and HACCP;
6. Monitoring Cyber Resilience; and
7. Ensuring that there is a suitable framework and process for compliance with legislation, regulations, standards, and best practice guidelines.

## Scope

The Committee is a formally appointed Committee of the Board and as such is responsible to the Board.

The Committee does not have:

- Powers or authority to implement actions in areas over which management has responsibility; or
- Any financial delegation; or
- Any responsibility for the financial performance of Wannon Water.

The delegation of responsibilities to this Committee does not absolve individual Board directors, or the Board as a whole, from their fiduciary responsibilities.

Committee members must comply with the Code of Conduct for Directors of Victorian Public Entities published by the Victorian Public Sector Commission and the Board Governance Framework in relation to the activities of the Committee.

## Membership

The Committee members will be appointed by the Board and:

- Shall consist of at least three independent non-executive Directors and up to three independent external members; and
- The majority of the Committee must be 'independent' members; and
- At least one member must have an appropriate expertise in financial accounting or auditing developed from one or a combination of:
  - Relevant past employment experience in an accounting profession;
  - Requisite professional qualification in accounting; or
  - Comparable experience with financial oversight experience

The Board shall appoint the Chairperson, noting that:

- the Chairperson shall be a non-executive director of the Board who meets the requirement for being deemed 'independent';
- the Chairperson of the Board is ineligible of being the Chairperson of the Committee; and
- Where the Board appointed Committee Chairperson is not present at a Committee meeting, the Committee must appoint a member of the Committee to preside as Chairperson.

A Committee member is considered 'independent' when they meet the criteria nominated in the *Standing Directions of the Minister for Finance under the Financial Management Act 1994*.

All members of the Committee must have and maintain:

- basic financial literacy (i.e. the ability to read and understand financial statements);
- reasonable knowledge of Wannon Water risks and controls;
- dedication of time and effort;
- an enquiring mind;
- independence of judgement; and
- Relevant industry knowledge and relevant experience.

Members who do not have the requisite level of financial literacy and/or industry knowledge at the time of their appointment must raise their competence in the first six months of membership.

New members will be inducted to the Committee by the Chief Finance and Accounting Officer (CFAO).

There shall be a minimum of three (3) members present at any meeting of the Committee to constitute a quorum.

The Committee shall determine the Officers who attend meetings. The Accountable Officer and the CFAO are to attend relevant aspects of meetings by standing invitation.

The Committee will at times meet without management and/or non-independent members in attendance, to enable the Committee to approach tasks objectively and to maintain actual and perceived independence.

## Areas of Responsibility

The Committee's areas of responsibility are:

1. Monitoring financial and regulatory reporting including:
  - Scrutinising financial statements and providing advice to the Board.

- Monitoring compliance with accounting policies and financial management compliance framework.
- Monitoring the adequacy of and compliance with internal control systems.
- Reviewing reports (other than Water Plan) to regulators requiring Board approval.
- Reviewing the acceptability, disclosure and correct accounting treatment of significant and non-routine transactions.
- Reviewing related-party transactions.
- Meeting with the external auditors prior to the annual audit to discuss the audit plan and following the annual audit.
- To be informed and abreast of evolving compliance requirements.
- Sign-off on accounting policies.
- Annual Review of Reimbursements for Directors and General Managers.

Financial reports provided to the Board will also be included with agenda papers for Committee meetings. Where a Committee meeting is not held in conjunction with a Board meeting, financial reports will be provided to external members of the Committee to provide an opportunity for the external member(s) of the Committee to raise matters related to the financial statements with the Chairperson of the Board or the CFAO prior to the following Board meeting.

2. Perform independent review and assessment of key risks by independent audit including:
  - Develop, review, and approve a risk based internal audit program (“The Internal Audit Plan”).
  - Regularly review and approve Wannon Water’s Internal Audit Charter.
  - Managing the procurement, scope of works, performance and quality of internal audit service provision.
  - Considering the scope, quality and findings of the external audit.
  - Review relationships that may impact the internal and external auditor’s independence.
3. Regular review of Wannon Water’s Risk Management Policy (based on AS/NZS ISO 31000 Risk Management – Principles and guidelines) and Risk Management Framework.
4. Review the adequacy of Wannon Water’s Risk Register, associated internal controls and strategies to mitigate the risks, including:
  - Monitoring the presence and effectiveness of internal controls.
  - Monitoring the implementation of internal audit and external audit findings and associated management actions.
  - Monitoring key risks and trigger events, including but not limited to health and safety; prevention and investigation of fraud, ethical culture, protection of assets and insurance.
5. Monitor compliance and effectiveness of certified management systems, including ISO14001, AS/NZS4801 (or ISO45001 following transition) and HACCP standards
6. Monitor and review cyber resilience, including:
  - Development and implementation of a Cyber Resilience Policy
  - Monitoring the implementation of a Cyber Resilience Strategy
  - Developing, reviewing and leading the organisation’s cyber resilience culture; and
  - Monitoring the cyber resilience risk profile.
7. Ensuring that there is a suitable framework and process for compliance with legislation, regulations, standards, and best practice guidelines.
8. Annually review the Charter and request Board approval for any proposed changes.
9. Annually review the Committee’s performance (see Section 7 below).

Deal with matters delegated by the Board.

## Meetings and Support

Meetings will be held not less than quarterly each year at times and dates convened by the Chairperson of the Committee.

All Board directors have a right of attendance.

The Committee will establish an annual calendar of agenda items.

The Manager Risk and Resilience will be the primary management linkage for the Committee in relation to the audit and risk management responsibilities of the Committee.

The General Manager People and Business Services will be the primary management linkage for the Committee in relation to the financial (including external financial audit), regulatory, OHS compliance and cyber resilience responsibilities of the Committee.

The Board Secretary will coordinate Committee agenda preparation.

The Executive Assistant will undertake administrative/secretariat support to the Committee.

## Reporting

The Agenda for any Committee meeting will be sent to all Board Directors.

The Committee will forward the draft minutes from the Committee meeting to the next scheduled Board meeting and confirm the minutes of the previous meeting at the commencement of each meeting.

The Committee Chairperson will provide a verbal report to the Board meeting following each Committee meeting and answer any questions the Board may have for the Committee. The Committee will report to the Board with such recommendations as the Committee may deem appropriate.

## Committee Performance

An annual review of the Committee performance will be carried out, including a self-assessment by the Committee of performance against the Charter as set out in the Board Governance Framework.

### Feedback

Employees may provide feedback about this document by emailing the [Document Controller](#).

### Document version history

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Date	Reviewed or actioned by	Version	Comments
3/09/2020	Jacinta Jubb	11.0	Transferred to the new Document Control template

