

# Audit & Risk Committee Charter

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## 1. Scope

The role of the Audit & Risk Committee (the Committee) is to assist the Board in the effective discharge of its responsibilities in relation to TasWater's:

- financial and regulatory accounting and reporting practices,
- internal and external audit functions,
- internal controls,
- risk management systems and risk culture, and
- compliance with legislative and statutory obligations and internal policies and codes.

## 2. Authority

The Board authorises the Committee to conduct or authorise investigations into any matters within its scope of responsibilities. It is empowered to:

- recommend, note, accept, request, refer and defer any reports or matters tabled with the Committee,
- recommend to the Board the approval of policy, significant operational or capital expenditure and other matters that should rightly be considered by the Board as a whole,
- seek any information it requires to meet its obligations under this charter, from any officer or employee of TasWater, any subsidiaries or associated entities,
- access to both the internal and external auditors and to senior management necessary for it to carry out its duties and responsibilities, and
- with the consent of the Chair of the Board, consult experts at TasWater's expense, including independent counsel, accountants or others to advise the Committee or assist in the conduct of an investigation or any other matter within the scope of its responsibility.

For the sake of clarity,

- the Committee cannot make commitments on behalf of the TasWater Board, and
- the Board may delegate further authority from time to time including decision making authority.

## 3. Composition

The Committee shall comprise a minimum of three independent, non-executive Directors appointed by the Board.

The Chair of the Committee shall be appointed by the Board but cannot be the Board Chair.

The quorum is any two members of the Committee.

All members should have financial acumen and the Chair should have accounting and/or related financial management expertise and qualifications as determined by the Board. The members collectively should have the skills and experience appropriate to discharge the responsibilities of the Committee.

Any Directors may attend (but not vote at) a Committee meeting if they are not members. The Board shall review the membership of the Committee at least every two years.

## 4. Meetings

The Committee will develop an annual calendar that is consistent with the Board's annual calendar and shall meet at least four times a year.

The Chair will convene a special meeting if requested by:

- a Committee member, or
- CEO, CFO or General Counsel/Company Secretary.

The Committee may invite members of management, auditors or others to attend meetings and provide information as necessary.

Committee agenda and papers will be accessible to Committee members and all other directors.

All directors are expected to attend Committee meetings that consider the annual statutory financial statements.

Meeting agendas will be prepared and provided in advance to Committee members, along with appropriate briefing materials (papers).

Draft minutes of the Committee are to be circulated to all members after initial review by the Chair, recorded in the minute register, and signed by the Committee Chair at the next committee meeting.

### 4.1. Chair of the Committee

The Chair is responsible for:

- overseeing the planning and conduct of meetings,
- approving the agenda and draft minutes, and
- reporting to the Board.

If the Chair cannot attend a meeting, the Committee must appoint a Committee member as Acting Chair.

### 4.2. Company Secretary

The Company Secretary is responsible for:

- preparing the meeting agenda for approval by the Chair,
- circulating the agenda and papers prior to the meeting,
- preparing minutes and circulating them, and
- finalising meeting papers and agendas.

## 5. Responsibilities

The Committee will carry out the following responsibilities:

### 5.1. Financial Management and Reporting

The Committee will provide advice and recommendations to the Board in relation to financial management strategy and the quality and accuracy of published financial reports, including compliance with all relevant laws and standards.

The Committee will:

- review and recommend to the Board the adoption of all significant accounting policies, and proposed changes thereto,
- review significant accounting and reporting issues particularly those relating to significant accounting estimates and judgements and the assessment of going concern,
- assess the impact of changes in accounting, reporting or regulatory requirements on TasWater's financial accounts and operations,
- review the annual statutory financial statements and regulatory financial statements with the Chief Executive Officer, the Chief Financial Officer and the external auditors and, if considered appropriate, recommend acceptance to the Board,
- review representation letters signed by management to ensure all relevant matters are addressed,
- consider matters communicated to the Committee by the external auditors as required under auditing standards. This will include significant financial and/or regulatory reporting issues and judgments and differences of opinion with management,
- identify and direct any special projects or investigations deemed necessary or as referred by the Board,
- review significant transactions outside TasWater's normal business,
- provide recommendations to the Board in respect of TasWater's financial sustainability and treasury management strategy, policy and targets and their alignment with the organisation's overall strategy and vision,
- review and monitor compliance with the financial sustainability and treasury management strategy, policy and targets, and
- review and recommend to the Board TasWater's approach to debt financing and refinancing.

## 5.2. Risk Management

The Committee will provide advice and recommendations to the Board in relation to risk management including:

- regularly reviewing TasWater's enterprise risk management framework, including risk culture, and evaluating its overall effectiveness,
- providing advice to the Board in relation to elements of TasWater's risk management, including in relation to risk appetite,
- recommend to the Board, TasWater's risk appetite statement (RAS) and satisfying itself that TasWater acts with due regard for the risk appetite set by the Board,
- reviewing whether a sound and effective approach has been followed in establishing the TasWater's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically,
- evaluating TasWater's approach to fostering proactive risk behaviours that:
  - is regarded as an essential element in driving successful risk management,
  - is underpinned by a framework that is clearly articulated and well understood, and
  - which seeks to embed risk management as a driver of organisational change.
- ascertaining that key strategic and operational risks are identified, monitored, managed and reported on a regular basis

- TasWater's insurance program and the process for managing insurable risks, including the adequacy of insurance coverage, both self-insurance and external insurance cover, and
- TasWater's management of critical infrastructure risks and reporting under relevant legislation.

### 5.3. Internal Controls

The Committee will provide advice and recommendations to the Board in relation to internal control systems including:

- oversight of the development and maintenance of effective systems of accounting and internal control,
- evaluating and monitoring TasWater's exposure to fraud and corruption, including the results of investigations into incidents of fraud and corruption,
- oversight of TasWater's approach to monitoring and managing conflicts of interests, whistleblower (public interest) disclosures and other ethical issues, and
- reviewing TasWater's insurance program annually.

### 5.4. External Audit

The Committee will have oversight of external audit including:

- reviewing and recommending adoption of the annual statutory financial statements external audit plan to the Board,
- reviewing reports from the external auditors and assessing whether appropriate and timely action is taken in relation to matters raised,
- evaluating the overall effectiveness of external audit,
- reviewing and assessing the independence of the external auditors,
- confirming that there have been no restrictions or limitations placed on the external auditors, and
- meeting at least annually with the external auditors without management present.

### 5.5. Internal Audit

The Committee will have oversight of the internal audit function including:

- reviewing the resources and organisation of the internal audit function and, if the function is outsourced, recommending to the Board the appointment, reappointment, or replacement of the internal auditors,
- reviewing and recommending to the Board for approval the Internal Audit Charter,
- ensuring the internal audit program is aligned with coverage of key business risks,
- reviewing and recommending to the Board the adoption of the internal audit program comprising the three year internal audit strategy and annual plan,
- reviewing the reports and findings from the internal auditors and the appropriateness and timeliness of actions proposed by management in response,
- where appropriate, liaising with other Board Committees on specific reports,
- monitoring the progress of the internal audit program and, together with any additional investigative reviews, considering the implication on the control environment,
- evaluating the independence and overall effectiveness of the internal audit function including the internal auditor's performance,
- confirming that there have been no restrictions or limitations placed on the internal auditors, and
- meeting at least annually with the internal auditors without management present.

## 5.6. Compliance

The Committee will oversee the establishment of, and at least annually review the adequacy and effectiveness of TasWater’s compliance programs, including investigations into instances of material non-compliances.

## 5.7. Cyber Security

The Committee will:

- monitor the framework for identifying, mitigating and managing TasWater’s cyber resilience,
- provide recommendations to the Board in respect of TasWater’s cyber security strategies, supporting policies and targets and their alignment with the organisation’s overall strategy and vision, and
- assist the Board in its oversight and monitoring of cybersecurity risk, emerging issues and trends and the adequacy of TasWater’s cybersecurity management programs and controls.

## 6. General

The Committee’s meetings and operations are subject to TasWater’s Code of Conduct and the Board Charter, including conflict of interest protocols.

The Committee Chair shall report significant issues arising from the Committee’s meetings and table minutes at the next available Board meeting.

Significant issues requiring immediate attention will be reported to the Board immediately.

The Committee shall evaluate its own performance on an annual basis, usually in conjunction with the Board evaluation process.

## 7. Publication and Review of Charter

This Charter will be published on TasWater’s website.

The Committee will review this Charter at least every three years or more frequently as required.

<b>Title</b>	Audit & Risk Committee Charter
<b>Approved By</b>	Board
<b>Date</b>	25 September 2024