

# Audit & Risk Committee Charter

## 1. Objectives

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

- Financial accounting and reporting practices;
- Internal controls;
- Risk management systems; and
- Compliance with legislative and statutory obligations.

## 2. Duties and Responsibilities

### 2.1 Financial Reporting

The Committee will provide advice and recommendations to the Board in relation to 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;
- 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 General Manager Finance and Commercial Services 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; and
- Review significant transactions outside TasWater's normal business.

### 2.2 Risk Management and Internal Controls

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

- Regularly reviewing TasWater's risk management framework and evaluating its overall effectiveness;
- Providing advice as required to the Board in relation to elements of TasWater's risk management, including in relation to risk appetite;

- Ascertaining that key business and financial risks are identified, monitored, managed and reported on a regular basis;
- Reviewing TasWater's insurance program annually;
- Oversight of the development and maintenance of effective systems of accounting and internal control; and
- Evaluating and monitoring TasWater's exposure to fraud and corruption.

### 2.3 External Audit

The Committee will have oversight of the external audit function 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 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.

### 2.4 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 the adoption of the internal audit plan to the Board;
- Reviewing the reports from the internal auditors and the appropriateness 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.

### 2.5 Legal Compliance

The Committee will oversee the establishment of, and at least annually review the adequacy and effectiveness of TasWater's legal compliance programs.

## 3. Membership

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

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

All members should be financially literate and at least one member should have accounting and/or related financial management expertise and qualifications as determined by the Board.

#### 4. Resources

The Committee has the authority to seek any information it requires to meet its obligations under this charter, from any officer or employee of TasWater, any subsidiaries or associated entities.

The Committee has access to both the internal and external auditors and to senior management necessary for it to carry out its duties and responsibilities.

Where the Committee considers it necessary, it may, with the consent of the Chairman of the Board, consult experts at TasWater's expense.

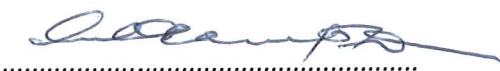
#### 5. Meetings

- 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.
- Two members shall comprise a quorum.
- The Chief Executive Officer, General Manager Finance and Commercial Services and General Manager Legal and Governance may be invited to attend meetings of the Committee.
- External and internal auditors may be given notice of meetings and invited to attend.
- Other Directors may attend Committee meetings if they wish, and all Committee papers will be accessible to all other directors.
- All directors are expected to attend AAR meetings that consider the annual statutory financial statements.
- Draft minutes of the Committee are to be circulated to all members, recorded in the minute book within one month of the meeting and signed by the Committee Chairman at the next committee meeting.

#### 6. General

- The Committee's meetings and operations are subject to the Directors' Code of Conduct and, as applicable, the Board Charter.
- The Committee Chairman shall report significant issues arising from the Committee's meetings and table minutes at the next available Board meeting.
- The Committee shall review and reassess its Charter at least every three years.
- The Committee shall evaluate its own performance on an annual basis, usually in conjunction with the Board evaluation process.

*Approved by the Board at its meeting on 25 October 2017*



*Chairman*

## TasWater Audit & Risk Committee

### Annual Calendar

<b>August</b>	Review and approve annual financial statements Meet with external auditors without management present
<b>September</b>	Review and endorse the submission of the draft unaudited annual regulatory financial statements
<b>February</b>	Review External audit strategy Review Legal Compliance Program
<b>May</b>	Review asset valuation model Review model financial statements Review Insurance renewal program Finalise internal Audit Plan for following year

In addition to the items noted above, the Committee will receive regular reports in relation to compliance assurance and internal audit activities and actions.

It is anticipated that during the year the committee will receive briefings on major aspects of TasWater's business structure, systems controls and transactions in order to adequately understand and assess the significant business risks.