

Audit and Risk Committee Charter

Purpose

1. The purpose of this Board established Committee (**Committee**) is to assist the Board in fulfilling its audit, risk, assurance, regulatory compliance and financial reporting and management responsibilities.
2. The purpose of this charter (**Charter**) is to outline the role of this Committee and how it will undertake its business.

Role of the Committee

Financial Reporting

3. The Committee will consider and make recommendations to the Board in relation to the approval of the annual statutory financial statements. In so doing, the Committee will review:
 - a. compliance with accounting standards, including an assessment of the appropriateness of Management's supporting various accounting policies and disclosures;
 - b. any significant changes to accounting policies and practices;
 - c. significant external audit adjustments and recommendations;
 - d. sign-off by Management in relation to the quality of the financial statements and the supporting internal controls, and compliance with internal controls; and
 - e. external audit findings reported in the audit management letters and other reports provided by the Audit Office.

Relationship with Auditors

4. The Committee is to act as a forum for communication between the Board, Management and WaterNSW's internal and external auditors.

External Audit – Audit Office

5. The Committee will review the annual Audit Plan (i.e. the Client Service Plan) and budget and make the appropriate recommendations as to the acceptance of the plan and budget to the Board.

6. The Committee will meet with the Audit Office to review and discuss the scope of the audit, the identified risk areas, and the Audit Office's approach in carrying the review.
7. The Committee will monitor Management's responsiveness to addressing Audit Office findings and recommendations.

Debt Management

8. The Committee will:
 - a. review the Annual Debt Management Plan and recommend to the Board the annual strategy;
 - b. review the Debt Management Policy, every two years, and recommend any changes to the Board; and
 - c. monitor compliance with the Debt Management Policy and Strategy.

Internal Audit

9. The Committee will:
 - a. review the proposed internal audit coverage and the Annual Internal Audit Workplan;
 - b. review internal audit reports (which do not fall within the scope of any other Board Committee) and provide advice to the Board on significant issues identified in the audit reports and recommend action on significant issues raised; and
 - c. monitor Management's responsiveness to addressing internal audit findings and recommendations.
10. The Committee will consider the appointment of the internal audit service provider or providers, where the internal audit function is outsourced.
11. The Committee will receive regular (annual) reports from other Board Committees on the internal audit and other assurance processes they have undertaken, summarising the key issues raised, trends that assist in identifying control/compliance weaknesses and responsiveness to addressing audit recommendations, and any key risks identified or emerging.
12. The Committee will periodically review the effectiveness of the Audit and assurance Framework and the effectiveness of the Internal Audit function (including its scope, resources and performance).

Risk Management

13. The Committee will review the implementation and adequacy of a risk management framework and internal control system for WaterNSW to manage its risks. This is to support the objectives and strategies of WaterNSW and to ensure that significant risks are identified, evaluated, treated and monitored, within the risk appetite set by the Board.
14. The Committee will have oversight of the identification, assessment, monitoring and management of fraud related risks;
15. The Committee will review WaterNSW's actual and emerging business, financial, reputational, operational, legal and compliance risk exposures, and consider the adequacy of the enterprise wide risk profile.
16. The Committee will monitor that there is an appropriate risk management culture.
17. The Committee is to bring to the Board's attention, on an annual basis, a summary of the existing and emerging significant risks and the key controls and mitigating actions.

Regulatory Compliance

18. The Committee will:
 - a. consider the framework, controls and policies to achieve ongoing regulatory compliance with WaterNSW's external regulatory obligations;
 - b. consider whether Management has appropriately considered regulatory compliance risks as part of the Risk Management Framework; and
 - c. review the results of Management's investigations and follow up of instances of non-compliance.

IPART – Operating Licence

19. The Committee is to receive and note periodic reports in relation to the Independent Pricing and Regulatory Tribunal audit of the Operating Licence obligations, including receipt of updates on the implementation of recommendations.

Organisational Resilience

20. The Committee will review the approach that has been followed in establishing WaterNSW's business continuity and crisis management planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

Data Governance and Cybersecurity

21. The Committee will consider the key reviews and policies which identify, assess, manage and review WaterNSW's data governance and cybersecurity.
22. The Committee will monitor compliance with the data governance and cybersecurity policies and their effectiveness in achieving the appropriate level of data governance and cybersecurity.

Public Interest Disclosure Policy

23. The Committee will:
 - a. review the Public Interest Disclosure Policy on a biennial basis; and
 - b. receive periodic reports on the number and types of disclosures made and, subject to confidentiality requirements, the outcomes of investigations and any disciplinary or remedial action taken.

Focus and approach of Regular reports

24. In discharging its role, the Committee will receive a number of regular internal reports. The emphases of these regular reports, where possible, is to be on performance and trend analysis.

Committee Meetings and Processes

25. The processes and protocols applying to this Committee and the conduct of the Committee's business will be in accordance with the *Protocols for WaterNSW Board Committees*.

Committee Charter

26. This Charter was approved by the Board on 26 June 2019.