



Audit and Risk Committee Charter

POL-00053

Revision no.	Approved for issue
6	Board approved – 14 June 2018
Annual Review	Approved by Board without change – July 2019

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1. The Charter

This Audit and Risk Committee Charter of the Queensland Bulk Water Supply Authority, trading as Seqwater (Seqwater) has been approved by the Board of Seqwater.

The purpose of this charter is to outline the role, responsibilities, composition and operating guidelines of the Audit and Risk Committee (the committee) in accordance with the *Financial and Performance Management Standard 2009*.

2. Authority and Independence

The Committee has no executive powers, unless delegated to it by the Seqwater Board.

The Committee is a committee of the Seqwater Board and is directly responsible to the Seqwater Board. In discharging its responsibilities, the Committee has the authority to:

- Conduct or authorise investigations into matters within its scope of responsibility
- Access information, records and personnel of Seqwater for such purpose
- Request the attendance of any employee, including Executives, at committee meetings
- Conduct meetings with Seqwater internal and external auditors, as necessary.

The Committee is entitled to independent professional advice as considered necessary to fulfil its relevant duties and responsibilities, with the prior approval of the Board Chairman. The Committee should share relevant information and advice received with the other Board members where appropriate.

3. Role

The role of the Committee is to oversee assurance and assistance to the Seqwater Board on:

- The Governance, Risk and Compliance frameworks
- Seqwater's external accountability responsibilities as prescribed in the *Financial Accountability Act 2009* and Accounting Policy Standards
- The Committee does not replace or replicate established management responsibilities and delegations, the responsibilities of other executive management groups within Seqwater or the reporting lines and responsibilities of either internal audit or external audit functions. The Committee will evaluate the quality and facilitate the practical discharge of the internal audit function, particularly in the areas of planning, monitoring and reporting.

The Committee will provide prompt and constructive reports on its findings directly to the Seqwater Board, particularly when issues are identified that could present a material risk or threat to Seqwater.

The Committee will have regard to the *Audit Committee - Guidelines for Improving Accountability and Performance June 2012*.

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4. Duties and Responsibilities

The Committee is directly responsible and accountable to the Seqwater Board for the exercise of its duties and responsibilities. In carrying out its duties and responsibilities, the Committee must at all times recognise that primary responsibility for management of Seqwater rests with the Seqwater Board.

5. Governance Risk Compliance

The Audit and Risk Committee's duties and responsibilities are to oversee compliance with all mandatory requirements of Seqwater's corporate governance, including the systems of internal control.

The Committee will:

5.1 Financial Statements

- Review the appropriateness of accounting policies adopted by the agency and ensure the accounting policies adopted are relevant to the agency and its specific circumstances
- Review the appropriateness of significant assumptions and critical judgements made by management, particularly around estimations which impact on reported amounts of assets, liabilities, income and expenses in the financial statements
- Review the financial statements for compliance with prescribed accounting and other requirements
- Assess and contribute to the audit planning process relating to the risks and threats to Seqwater, taking into account the financial and operational environment in which it operates and its performance management framework
- Review, with management and the external auditors, the results of the external audit and any significant issues identified
- Exercise scepticism by questioning and seeking full and adequate explanations for any unusual transactions and their presentation in the financial statements
- Analyse the financial performance and financial position and seek explanation for significant trends or variations from budget or forecasts
- Ensure that assurance with respect to the accuracy and completeness of the financial statements is given by management.

5.2 Risk Management

- Review the risk management framework for identifying, monitoring and managing significant risks, including fraud
- Satisfy itself that insurance arrangements are appropriate for the risk management framework, where appropriate
- Liaise with management to ensure there is a common understanding of the key risks to the agency. These risks will be clearly documented in a risk register which will be regularly reviewed to ensure it remains up-to-date
- Assess and contribute to the audit planning processes relating to the risks and threats to Seqwater

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- Review effectiveness of Seqwater's processes for identifying and escalating risks, particularly strategic risks
- Assess risk as it pertains to fraud and corruption and review effectiveness of fraud and corruption awareness at Seqwater and the effectiveness of Seqwater's processes for identifying, treating and eliminating fraud and corruption.

5.3 Internal Audit

- Review the budget, staffing and skills of the internal audit function
- Review and approve the internal audit plan, its scope and progress, and any significant changes to it, including any difficulties or restrictions on scope of activities, or significant disagreements with management
- Monitor the proposed internal audit strategic plan and annual plan to ensure they cover key risks and that there is appropriate co-ordination with the external auditor
- Review the findings and recommendations of internal audit and the response to them by management
- Review the implementation of internal audit recommendations accepted by management
- Ensure that there is no material overlap between the internal and external audit functions.

5.4 External Audit

- Consult with external audit on the proposed audit strategy, audit plan and audit fees for the year
- Review the findings and recommendation of external audit (including from performance audits) and the response to them by management
- Monitor responses provided by management to ensure they are in line with Seqwater's risk management framework
- Review the implementation of external audit recommendations accepted by management and where issues remain unresolved ensure that satisfactory progression is being made to mitigate the risk associated with the audit findings.

5.5 Compliance

- Determine whether management has considered legal and compliance risks as part of Seqwater's risk assessment and management arrangements
- Monitor and review relevant policies, processes and procedures for ensuring compliance with laws, regulations and other requirements relating to the external reporting by Seqwater of financial and non-financial information
- Review the effectiveness of the system for monitoring Seqwater's compliance with relevant laws, regulations and government policies
- Review the findings of any examinations by regulatory agencies, and any auditor observations.

5.6 Board Reporting

- Circulate minutes of the Committee meetings to Seqwater Board, Committee members and invited guests as appropriate

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- Prepare an annual report to the Seqwater Board summarising the performance and achievements for the previous year, including Committee members' attendance at the meetings. An interim program of the planned activities for the coming year is also to be provided
- Submit a summary of its activities for inclusion in Seqwater's Annual Report.

6. Membership and Meetings

6.1 Membership

- Members, including the Chair, are appointed by the Seqwater Board
- Memberships of the committee will consist of a minimum of three and a maximum of six (unless otherwise determined by the Seqwater Board)
- At least one member will have 'financial expertise' as described in the Queensland Treasury publication, Audit Committee Guidelines – Improving Accountability and Performance, June 2012
- At least one member will have expertise in the bulk water industry
- The term of appointment is for three years. Members may be reappointed subject to the composition and skill requirements of the Committee
- Members are appointed on the basis of personal qualities and skills
- Any member may appoint another Seqwater Board member as an alternate member for a specific Committee meeting which the member is unable to attend. A Board member who is an alternate member may be counted for the purpose of determining whether a quorum is present. An alternate member is not entitled to receive any remuneration for serving as an alternate.

6.2 Chair

- The Chair will be a person having the appropriate qualifications and who is approved by the Chairman of the Seqwater Board
- The Chair will possess sound communication and strong leadership skills.

6.3 Secretary

- A secretary/secretariat function will be appointed by the Seqwater Board to facilitate the Committee's meetings and reporting duties
- The secretary, in consultation with the Chair, will prepare and send notices of meetings and agendas and accurately transcribe all decisions of the Committee
- The secretary will table all correspondence, reports and other information relevant to the Committee's activities and operations.

6.4 Ethical Practices

Members are required to declare any interests that could constitute a real, potential or apparent conflict of interest with respect to participation on the Committee. The declaration must be made on appointment to the Committee and in relation to specific agenda items at the outset of each Committee meeting, and be updated as necessary.

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6.5 Meetings and Attendance

- The Committee will meet at least four times a year and the schedule of meetings will be agreed in advance
- A quorum will consist of two members
- The Chief Executive Officer and the Chief Financial Officer in conjunction with General Counsel and Company Secretary, will attend each meeting
- All Seqwater Board members are entitled to attend Committee meetings as non-members and are entitled to receive Committee papers.

Consideration of matters without a meeting - circulating resolutions

The Committee may consider matters without a meeting via the following procedure:

- notice of the proposed resolution will be circulated by the secretary
- a circulating resolution will be validly passed if a majority of the eligible Committee members give written agreement to the resolution.

6.6 Meeting Agenda

- The Committee should determine its own agenda, ensuring appropriate consultation to include emerging issues and emphasis on the most significant risk and threats
- It is the responsibility of the Chief Financial Officer to manage the agenda and prepare and present the Committee papers with the assistance of the Secretary
- The agenda and relevant papers will be distributed to members at least seven days prior to the meetings.

7. Relationships

7.1 Internal Audit

- The Committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes. This process will form part of the governance processes that ensure that Seqwater's internal audit function operates effectively, efficiently and economically
- The internal auditor will have a standing invitation to attend Committee meetings
- The Chair and Committee members will hold sessions with the internal audit service provider, with or without management, at least twice a year

The Committee will review:

- the adequacy of the Internal Audit Charter for recommendation to the Board
- the structure, qualification requirements, professional, ethical practices and training needs of internal audit
- internal audit strategic and operational plans to ensure an optimum, cost-effective audit cover, and make recommendations regarding the adoption of such plans for the Board's consideration/approval
- the performance of internal audit relative to its annual audit plan
- the findings of internal audit and the actions proposed to be taken by management, including an assessment that the proposed solution is the most appropriate and cost-effective.

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7.2 External Audit

- The Committee has no power of direction over external audit or the manner in which the external audit is planned or undertaken, but will act as a forum for the consideration of external audit findings and will ensure that they are balanced with the views of management
- The external auditor will have a standing invitation to attend committee meetings
- The Chair and at least one Committee member will hold executive sessions with external audit at least twice per year, if required.

7.3 Other Committees

The Audit and Risk Committee shall liaise with the Investment and Procurement Committee and the People and Culture Committee as required to ensure:

- that its statutory and operational responsibilities are met
- that there is no material overlap between the functions and duties of the committees
- frank and meaningful interchange of information.

8. Evaluation of Committee Activities

- The Committee will once each year undertake a self-assessment of its performance for the previous twelve months
- The Committee will provide a report of the annual review outcomes to the Seqwater Board
- The Chair will provide each individual member with feedback on that person's contribution to the Committee's activities at least once during each member's term of office. This assessment will include a review of any training needs of the member.

9. Review of the Charter

- The charter will be reviewed annually by the Committee to ensure it remains consistent with the Committee's authority, objectives and responsibilities
- Any amendments to the charter must be approved by the Seqwater Board.

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