

## Risk and Assurance Committee



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The Risk and Assurance Committee (RAC) (the Committee) operates as a Committee of the Icon Water Limited (Icon Water) Board in accordance with the Icon Water Board Charter. This Committee Charter sets out the role, responsibilities, membership, meetings, reporting and other requirements.

### 1. Role of the committee

The Committee's role is to provide independent assurance and advice to the Board on the integrity of Icon Water's internal control and compliance framework. This includes internal control and compliance activities in relation to all risk categories: safety, environment, financial, legal/regulatory, strategic, reputation and operational. The Committee achieves this through their review and independent assurance on matters relating to assurance, risk management and internal control, and financial management.

### 2. Responsibilities

The Committee's responsibilities in relation to key subject matter are listed below.

#### Assurance

The Committee shall:

- review and approve the Internal Audit Charter to ensure appropriate organisational structures, authority, access and reporting arrangements are in place
- review and approve the annual program of internal audit activity to ensure it is aligned with key risks, makes the best use of internal audit resources and minimises duplication with other internal assurance activities
- monitor delivery of the annual program of internal audit activity
- review all internal audit reports including in relation to significant issues identified, agreed management actions and proposed good practice
- monitor the implementation of internal audit recommendations
- periodically review the effectiveness of the Internal Audit function
- where required, meet separately with the Manager Internal Audit to discuss any matters that the committee or auditors believe should be discussed privately.

#### Risk management and internal control

The Committee shall monitor management's operation and continuous improvement of arrangements for:

- work health and safety management
- internal control
- risk management
- compliance management
- emergency and continuity management
- fraud and corruption control.

**Table 1. Oversight of risk management and internal control**

<b>Responsibility</b>	<b>Key Committee considerations</b>
Work health and safety management	<ul style="list-style-type: none"> <li>▪ Work health and safety strategy implementation.</li> <li>▪ Operational safety performance, including consistency with industry best practice.</li> <li>▪ Appropriate investigation and response to major safety incidents.</li> </ul>
Internal control	<ul style="list-style-type: none"> <li>▪ Consistency with best practice.</li> <li>▪ Effective maintenance and review of policies and procedures.</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>▪ Consistency with best practice.</li> <li>▪ Appropriate policy and procedures.</li> </ul>
Compliance management	<ul style="list-style-type: none"> <li>▪ Consistency with best practice.</li> <li>▪ Effective maintenance and review of policies and procedures.</li> <li>▪ Appropriate policy and procedures.</li> </ul>
Emergency and continuity management	<ul style="list-style-type: none"> <li>▪ Consistency with best practice.</li> <li>▪ Appropriate emergency, business continuity and disaster recovery plans and arrangements.</li> </ul>
Fraud and corruption control	<ul style="list-style-type: none"> <li>▪ Consistency with best practice.</li> <li>▪ Appropriate policy and procedures to prevent, detect, record, report and effectively respond to fraud related information.</li> <li>▪ Appropriate management of fraud and corruption incidents.</li> </ul>

The Committee shall periodically review management’s treatment of strategic risks and key risks in other risk categories (including business interruption, fraud and corruption, safety and environment risks), to ensure they are being effectively managed.

The Committee shall monitor whether management has taken steps to embed a culture of ethical and lawful behaviour.

### **Financial management**

The Committee shall:

- review all external financial audit plans and reports and monitor implementation of agreed recommendations
- review the financial statements and ensure they are supported by appropriate management sign-off and key internal controls
- review the performance of the external financial auditors and provide advice to the Board on any related issues identified
- review and confirm the independence of the external financial auditors
- where required, meet separately with the external financial auditors to discuss any matters that the committee or auditors believe should be discussed privately
- advise the Board as to whether the process for the preparation of the financial statements is adequate and that measures have been put in place to ensure financial statements are free from material misstatement
- advise the Board as to whether appropriate action has been taken in response to audit recommendations and adjustments to the draft financial statements, and (as appropriate) recommend the signing of the financial statements by the Board.

### **3. Membership**

The membership of the Committee shall be a minimum of three and a maximum of five non-executive Icon Water Directors, including the Committee Chair.

Members of the Committee shall be appointed by the Board. Committee membership shall be for the duration of their appointment as a Board Director, unless otherwise determined by the Board.

Members must have the necessary analytical skills, knowledge and experience to discharge their responsibilities. At least one member shall have accounting or related financial management experience and an understanding of accounting and audit matters.

Committee members shall:

- function in accordance with this Charter
- operate independently of the Managing Director<sup>1</sup> and Executives<sup>2</sup>.

### **4. Chair of the Committee**

The Chair of the Committee is appointed by the Board. The responsibilities of the Chair include:

- procedural control over Committee meetings and facilitating discussions
- providing leadership to the Committee, encouraging and facilitating the effective participation of all members, and focusing the Committee's deliberations on the most important issues
- acting as a spokesperson for the Committee
- promoting the efficient organisation and conduct of the Committee's functions
- seeking the input of advisers, observers and other experts to maximise their contribution to the deliberations of the Committee
- briefing the Board on key issues
- promoting constructive and respectful relations between Committee members and between the Committee and Executive Management
- promoting constructive and respectful relations between the Committee and other key stakeholders in relation to its duties and responsibilities.

### **5. Meetings**

#### **Frequency**

The Committee shall meet four to six times per year, in order to fulfil its duties. The Committee may convene at any time at the request of the Board or its Members.

A meeting planner shall be produced annually and approved by the Committee, to outline the coverage of responsibilities specified in this Charter.

#### **Quorum**

A quorum for meetings is two when the number of Committee Members is three, three when the number of Members is four and three when the number of Members is five.

#### **In camera sessions**

The Committee may from time to time hold in camera sessions. In particular, the Committee may choose to meet separately with the auditors or relevant Icon Water Managers to discuss any matters that the committee or auditors believe should be discussed privately. Unless otherwise agreed by the Committee, no other Icon Water employees, including those providing secretariat services will be present for the in camera sessions.

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<sup>1</sup> Reference to Managing Director means the same as Chief Executive Officer as per Icon Water's Constitution.

<sup>2</sup> Executives are individuals who report directly to the Managing Director (not including the Executive Officer).

The minutes will record that an in camera discussion was held. Following closure of the in camera session, the Chair will summarise any decisions made or actions arising to enable these to be captured in the minutes of the meeting.

### **Attendees**

All committee members are expected to attend each meeting, in person or via video or tele conferencing.

Any Director who is not a member of the Committee can attend a meeting as an observer.

The Committee may from time to time invite anyone, including management representatives or external parties, to attend meetings and participate in discussions concerning specific issues.

### **Declarations of interest**

At the commencement of each Committee meeting members are required to declare any actual, potential or perceived conflicts of interest that may apply to any matters to be considered at the meeting.

Details of actual, potential or perceived conflicts of interest declared by members and any action taken should be appropriately minuted from the meetings.

Additional Director obligations on disclosure of conflicts of interest can be found in the Icon Water Board Charter and *Directors' Duties: A Practical Guide*.

### **Secretariat**

The Legal and Secretariat Branch of the Business Services Group shall provide secretariat support, including taking and distributing minutes of each meeting.

The Legal and Secretariat Branch shall:

- schedule meetings for each calendar year
- issue invitations to meeting participants
- support communication between internal and external stakeholders and the Committee
- coordinate meeting arrangements (such as room set-up and catering)
- liaise with the Chair in the preparation of meetings
- collate and distribute meeting packs
- take and distribute minutes of each meeting.

## **6. Access to information and independent advice by directors**

Committee members have access to any Icon Water information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

Committee members shall have access to:

- written Committee or Board papers sponsored by Executive Management
- Executive Management to seek explanations and information
- auditors, both internal and external, to seek information from them without management being present.

Committee members may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.

## **7. Reporting**

Minutes of each meeting shall be circulated to all Committee members for agreement.

The Chair of the Committee shall report to the Board on the work of the Committee and the outcomes of each meeting, including significant issues discussed.

## 8. Performance assessment

The Committee shall review its performance in meeting the obligations included in this Charter periodically, but not less than every two years. The Chair of the Committee shall report outcomes of this self-assessment to the Board.

## 9. Review and approval

This Charter shall be reviewed annually and any major amendments<sup>3</sup> will be recommended for approval by the Board. The Committee can approve minor amendments and the General Manager Business Services can approve administrative amendments.

## 10. Document control

Version	Author	Description of changes	Approved by/date
1	Jane Breaden, General Manager Business Services	New Charter	Board 27 November 2015
2	Vanessa Borham, Governance Secretariat Officer, Legal and Secretariat	Minor amendments	Committee 16 February 2017
3	Alison Pratt, Manager Legal and Secretariat, Business Services Group	Minor amendments	Committee 21 February 2018

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<sup>3</sup> A major amendment is a change to a current Integrated Management System (IMS) document that significantly impacts upon the content, including its meaning or intent. (Source: Icon Water procedure *PR11.03 Creating and maintaining IMS documents*, which also includes definitions for minor and administrative amendments, which also defines minor and administrative amendments.)