



**East Gippsland Water**

## **EXPRESSION OF INTEREST EXTERNAL AUDIT & RISK COMMITTEE MEMBER**

East Gippsland Water Corporation has a vacancy for one independent external member on the Corporation's Audit & Risk Committee (A&RC).

The A&RC is an advisory Committee of the Board comprising Directors and two independent members.

Members of the Committee would ideally have significant skills, experience and qualifications in one or more of the following areas:

- Accounting, financial management and financial reporting
- Risk management
- Information systems and technology
- Water industry administration
- Corporate governance
- Internal/external audit
- Audit committee/board membership

Members will be appointed for an initial period of up to three years, and are expected to attend four - five meetings each year. The Corporation's Audit & Risk Committee Charter is available on the Corporation's website, [www.egwater.vic.gov.au](http://www.egwater.vic.gov.au)

Expressions of interest and a detailed CV should be emailed to [SJohnston@egwater.vic.gov.au](mailto:SJohnston@egwater.vic.gov.au) or addressed to:

**Confidential – Audit & Risk Committee**

East Gippsland Water

133 Macleod Street / PO Box 52

Bairnsdale 3875

**Closing Date:** 5pm on Friday, February 6, 2015.

## AUDIT AND RISK COMMITTEE CHARTER

### 1. Introduction.

1.1. The Board of Directors (“Board”) continuously reviews current trends and best practice in relation to corporate governance. As part of the Board’s plans to fulfil its obligations in this area, it has constituted an Audit & Risk Committee to assist with :

- effective management of financial and administrative risks
- reliable management and financial reports
- compliance with laws and regulations
- effective internal control and risk management
- maintenance of an effective and efficient audit.

1.2 The Board recognises that the charter is a document giving the Audit & Risk Committee sufficient independence to carry out its functions. It also recognises that the role of the Audit & Risk Committee is that of governance, not of management.

1.3 This charter sets out the specific responsibilities delegated by the Board to the Audit & Risk Committee and details the manner in which the Audit & Risk Committee will operate.

### 2. Authority

The Board authorises the Audit & Risk Committee, within the scope of its responsibilities to:

- 2.1. Perform activities within the scope of this charter.
- 2.2 Ensure that the scope of the internal and other arranged external audits are adequate and that due emphasis is placed on areas where the Audit & Risk Committee, Management, the Victorian Auditor-General and the Internal Auditors believe that attention is necessary.
- 2.3 Develop an annual and three year rolling internal audit program which is aimed to test the internal controls over revenue, expenditure, asset and liability processes and other non-financial management control systems, having appropriate regard to risk and the information technology systems employed, and undertake reviews of the efficiency, effectiveness and economy of Corporation programs.

2.4 To seek any information it requires from;

- Executive management; (Executive management includes the MD).
- Any employee following request to Executive Management or the Corporation Secretary.
- Any employee in a situation where any conflict of interest may arise by approaching Executive Management.
- External parties.

### **3. Roles and Responsibilities**

#### **Risk Management and Internal Control**

- 3.1. Critically analyse and follow up any internal or external audit report on internal control systems and procedures.
- 3.2. Review and assess the adequacy of management reporting to the Board in terms of the quantity, quality and timing of information necessary to understand and report internally and externally on the entity's risks and financial condition.
- 3.3. Ensure that management has appropriate processes for identifying, assessing and responding to risks commensurate with the Corporation's risk threshold.
- 3.4. Understand the internal control systems implemented by management for the approval of transactions and the recording and processing of financial data.
- 3.5. Evaluate the overall effectiveness of the internal control and risk management frameworks and ensure that management has implemented recommendations made by the internal and external auditors.
- 3.6. Monitor compliance with other 'non accounting' legislated policy e.g. Health & Safety, Essential Services Commission.

#### **Financial Reporting**

- 3.7. Gain an understanding of the current areas of greatest financial risk and how these are being managed.
- 3.8. Review the annual financial statements and provide feedback to the Board for their adoption.
- 3.9. Assess the adequacy and timing of financial management information to the Corporation.
- 3.10. Meet with management and the external auditor to review financial statements, key accounting policies and decisions and the results of the audit.

### **Compliance with laws, regulations, internal policies and industry standards**

- 3.11. Review any major changes to the policies and practices of the accounting and internal control systems, and review the impact on the Corporation financial statements of major changes in accounting policies and regulations.
- 3.12. Review the findings of any examinations by the regulators.
- 3.13. Obtain regular updates from management about compliance matters that may have a material impact on the Corporation.

### **Working with the External Auditor**

- 3.14. Ensure that there are no management restrictions being placed upon either the internal or external auditors.
- 3.15. Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.
- 3.16. Ensure that significant findings and recommendations made by the external auditor and management's proposed response are received, discussed and acted on appropriately.
- 3.17. Meet separately with the external auditor at least once a year to discuss any matters that the committee or auditor believes should be discussed privately. Ensure the external auditor has access to the Chairperson of the Audit & Risk Committee when required.

### **Internal Audit**

- 3.18. Provide independent status to any audit engagement that allows them to perform their duties in an objective manner and provide impartial advice.
- 3.19. Receive independent objective assurance from any internal audit on the state of risks and internal controls with recommendations to improve controls.
- 3.20. Ensure that an independent internal audit function is carried out, through appointment, and dismissal of an internal auditor/s.
- 3.21. Review the function of the internal audit and discuss with the external auditor the standard of work performed.
- 3.22. Meet separately with the internal auditor to discuss matters that the committee believe should be discussed privately.
- 3.23. Ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed and appropriately acted on.
- 3.24. Review the proposed three year rolling internal audit plan and ensure that it addresses key areas of risk and that there is appropriate coordination with the external auditor.

### **Reporting Responsibilities**

- 3.25. Be appraised of the investigation of any suspected cases of fraud within the organisation and monitor the progress of any major law suits facing the Corporation.
- 3.26. Regularly update the Board about committee activities and make appropriate recommendations.
- 3.27. Ensure the Board is aware of matters that may significantly affect the financial condition or affairs of the business.
- 3.28. The members of the Audit & Risk Committee should not feel restricted in their capacity and therefore should report any urgent issues to the Board as they arise.

### **Evaluating Performance**

- 3.29. Evaluate the Audit & Risk Committee's own performance, of individual members and collectively, on a regular basis.
- 3.30. Assess the achievements of the duties specified in the charter and report the findings to the Board.

### **Review of the Committee Charter**

- 3.31. Review the Audit & Risk Committee charter annually and discuss required changes with the Board.
- 3.32. Ensure that the charter is approved and re-approved by the Board.

## **4. Administration Matters**

### *Membership and attendance at meetings:*

- 4.1. The Audit & Risk Committee will comprise of three members of the Board and two external independent persons with suitable knowledge and experience.
- 4.2. A quorum shall be three with at least one external independent member.
- 4.3. External auditor may make presentations to the Audit & Risk Committee at its meetings.
- 4.4. The Chairperson of the Audit & Risk Committee will be nominated by the Board from time to time.

## **5. Terms and Conditions of Appointment of independent external members:**

- 5.1. External Independent members of the Audit and Risk Committee are appointed for a maximum of three terms unless a suitable replacement cannot be found;
- 5.2. Expressions of interest are sought for the positions prior to the current member term expiring;

- 5.3. Expressions of interest are assessed and ranked by two members of the Executive Management team;
- 5.4. Management assessed rankings are submitted to the Chairperson of the Audit and Risk Committee for consideration;
- 5.5. A selection panel of up to three Board Directors will be nominated by the Chairperson of the Board to conduct interviews;
- 5.6. The selection panel will make a recommendation to the Board of a suitably qualified candidate;
- 5.7. New external members will be inducted into the Committee by the Executive Manager Finance and Customer Services.

## 6. **Meetings**

- 6.1. The Committee shall meet at least quarterly. Additional meetings may be convened at the discretion of the Chairperson or at the written request of any one of the members. The Audit & Risk Committee may invite other people (including management) to its meetings as it considers necessary.
- 6.2. External and Internal Auditors should be invited to make presentations to the Audit & Risk Committee as appropriate.
- 6.3. The Executive Assistant/Manager Governance will arrange circulation of the agenda and supporting documentation to the Audit & Risk Committee members within five working days before each meeting.
- 6.4. The Executive Assistant/Manager Governance will arrange circulation of the minutes of meetings to members of the Board, members of the Committee and the head of internal audit and the external auditor where appropriate.
- 6.5. The Audit & Risk Committee shall report to the Board after every meeting and should report annually, summarising the activities of the Committee during the previous financial year.
- 6.6. Members of the Audit & Risk Committee should attend every meeting of the Committee.

## 7. Remuneration

- 7.1. In an attempt to attract suitably qualified and experienced people, an external independent member shall be paid \$600 per meeting exclusive of GST

Other References

Internal Audit Charter Standard Operating Procedure (SOP 148)

### **REVIEW:**

This Policy will be reviewed annually.