



Approved by the Board on 27 June 2018



CONTENTS

1. INTRODUCTION
2. COMPOSITION
3. MEETINGS
4. RESPONSIBILITIES
5. OTHER MATTERS
6. AUTHORITY
7. REMUNERATION
8. COMMITTEE CHARTER



1. INTRODUCTION

The Audit & Risk Committee has been set up by the Central Water Board (the 'Board') to assist the Board in the discharge of its duties relating to:

- ✓ the overall control process of the Authority, including the safeguarding of assets, the monitoring of internal control process;
- ✓ setting up risk mitigation strategies and to assess and monitor the risk management process of the Authority.

This Charter is posted on the CWA's website.

2. COMPOSITION

- 2.1 The Audit & Risk Committee shall comprise of a minimum of three (3) members, all of whom shall be non-executive directors. The Chairperson and members of the Committee shall be appointed by the Board.
- 2.2 The General Manager, The Head of Internal Audit and other Head of Divisions / Officers (as and when required) shall be in attendance.
- 2.3 The Board may review the composition of the Committee at any time.
- 2.4 The Secretary to the Board (or any other officer as may be delegated by the General Manager in the absence of the Secretary) shall act as Secretary to the Committee.

3. MEETINGS

- 3.1 Meetings shall be held at least quarterly, or more frequently as circumstances require.
- 3.2 A meeting of the Committee may be called by the Chairperson or by the Secretary (upon consultation with the Chairperson) as and when required.
- 3.2 The quorum of the meetings of the Committee shall be the Chairperson and one member present throughout the meeting.
- 3.3 In the absence of the Chairperson, the members present shall select from among themselves a member to preside over the meeting.
- 3.4 Notice of each meeting, confirming the venue, date and time with the agenda of the items to be considered / discussed and supporting documents where appropriate shall be forwarded to each member of the Committee and to the officers in attendance in a timely manner to enable full and proper consideration to be given to the issues.
- 3.5 The Secretary shall keep appropriate records of all meetings of the Committee with minutes of the proceedings. The Secretary shall circulate minutes of any meeting of the Committee to all members of the Committee.

4. RESPONSIBILITIES

The Audit & Risk Committee shall have the following responsibilities and shall make recommendations to the Board for approval.

4.1 Financial Statements

The Committee will examine and review the quality and integrity of the annual financial statements focussing on the under mentioned points, prior to submission and approval by the Board:

- The implementation of new systems.
- Any changes in accounting policies and practices;
- Major judgmental areas;
- Significant issues resulting from the Audit;
- The basis on which the organisation has been determined a going concern;
- Capital adequacy and internal controls;
- Whether the organisation has followed appropriate accounting standards and made appropriate estimates and judgments taking into account the views of the external auditor;
- The clarity and completeness of disclosure in the financial reports and the context in which statements are made;
- Compliance with the financial conditions of any loan covenants;

4.2 Internal Controls and Risk Management Systems

The Committee shall:

Keep under review the adequacy and effectiveness of the organisation's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems; and

Review and approve the statements to be included in the annual report concerning internal controls and risk management.

4.3 Internal Audit

The Committee shall:

Review and approve the charter of the internal audit function and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal controls;

Ensure that the internal auditor has direct access to the Board Chairperson and to the committee Chairperson, and is accountable to the committee;

Review and assess the annual internal audit work plan;

Receive a report of the results of the internal auditor's work on a periodic basis;

Review and monitor management's responsiveness to the internal auditor's findings and recommendations;

Meet the head of internal audit at least once a year without the presence of management;

Monitor and review the effectiveness of the organisation's internal audit function, in the context of the organisation's overall risk management system;

Safeguard the organisation's assets against unauthorised use or disposal; and

Direct and supervise investigations into matters pertaining to evaluations of the effectiveness of the organisation's internal control, cases of employee fraud, misconduct or conflict of interest.

4.4 External Audit

The Committee shall:

- 4.4.1 Oversee the relationship with the external auditor including (but not limited to):
- Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - Seeking to ensure co-ordination with the activities of the internal audit function;
- 4.4.2 Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit.
- 4.4.3 Obtain assurance from the external auditor that adequate accounting records are being maintained.
- 4.4.4 Review the findings of the audit with the external auditor. This shall include but not limited to the following:
- A discussion of any major issues which arose during the audit;
 - Key accounting and audit judgments;
 - Level of errors identified during the audit;
 - The effectiveness of the audit process.
- 4.4.5 Review the management letter and management's response to the auditor's findings and recommendations.

4.5 Risk

The Committee shall:

- 4.5.1 Oversee the development of an effective risk management framework for the organization by implementing rigorous internal processes and controls which identify, monitor, measure and report different types of risk.
- 4.5.2 Review the principal risks, including, strategic, financial, operational, compliance, reputational risks and actions taken to mitigate them.
- 4.5.3 Review regular information on risk exposures and risk management activities and make appropriate recommendations to the Board.
- 4.5.4 Ensure that senior executives receive appropriate training with regard to the risks facing the organization and the techniques for managing those risks.

5. OTHER MATTERS

5.1 The Committee shall:

- 5.1.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties;
- 5.1.2 Have access to adequate resources in order to carry out its duties, including access to the Organisation's Secretariat for assistance as required;
- 5.1.3 Be provided with appropriate and timely training, both in form of an induction programme for new members and an ongoing basis for all members;
- 5.1.4 Give due consideration to laws and regulations, the Code and any other applicable rules, as appropriate;
- 5.1.5 Be responsible for co-ordination of the internal and external auditors;
- 5.1.6 Oversee any investigation of activities which are within its terms of reference;
- 5.1.7 Work and liaise as necessary with all other Board committees;

6. AUTHORITY

The Committee is authorised to:

- 6.1 Seek any information it requires from any employee of the organisation in order to perform its duties;
- 6.2 Obtain, at the organisation's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so, subject to prior approval of the Chairperson of the Board is obtained.
- 6.3 Call any employee to be questioned at a meeting of the committee as and when required.

7. Remuneration of Members

Every member shall be paid such remuneration and allowances from the General Funds as the Minister may determine.

8. Committee Charter

The Committee shall review and reassess the adequacy of this charter on an annual basis and recommend any proposed changes to the Board for approval.