

Governance and Audit Committee Terms of Reference (updated November 2019)

1. Objective

- 1.1 The Board of the Australian Water Association Ltd (the Association) has established a Governance and Audit Committee (the Committee) as a sub-committee of the Board under clause 19.3(a) of the Constitution to assist the Board to fulfil its statutory and fiduciary responsibilities and to establish best practice standards in corporate governance.
- 1.2 The Committee is to assist in the strategic review of Strategy'22 and is responsible for making any recommendations on the strategy's implications for the Association's governance.

2. Term

- 2.1 The Committee shall have a two-year term aligned to the term of the President.

3. Purposes, Functions & Responsibilities

The Committee's main purpose is to advise the Board on the Association's sustainability by monitoring the governance processes, statutory compliance requirements, risk assessment, finances and investments, and all internal and external audits.

Management and staff will provide briefings and papers to assist the Committee to fulfil the following responsibilities:

3.1 Diversity and Inclusion

Monitor the implementation of Strategic Goal 3 – Diversity and Inclusion – and the Indigenous Water Priority Project;

3.2 Statutory Reporting

Monitor the compliance of all statutory reporting requirements including but not limited to ASIC, Australian Charities and Not-for-profits Commission, Australian Taxation Office, and State/territory Payroll Tax reporting,

3.3 Best Practice Governance

Monitor and advise on best practice governance for all internal reporting including but not limited to the protocols between the Board and CEO, liaison between the Board, Strategic Advisory Council, Branch Committees, Specialist Networks, National YWP Taskforce, and any other ad-hoc structures established.

3.4 Annual Budget

Review and advise on the annual budget and its associated timelines, development, approval, and reporting processes,

3.5 Audited Financial Statement

Review and advise on the Association's Annual Financial Statement including its preparation timetable, audit process, and the content of the final presentation. The Committee is authorised to meet, or otherwise communicate, with the auditor, without the presence of senior management, after conclusion of the audit, or at any other time. The Committee is

also responsible for reviewing the auditor's annual engagement letter and scope of work, and advising the Board on the rotation of auditors at approximately 5 year intervals.

3.6 Financial Management

Review and advise on the Association's financial management including its' monthly financial reporting, forecasting, financial policies, financial delegations, and the performance of its investment portfolio.

3.7 Risk Management

Review and advise on the Association's risk management processes including the assessment of the Risk Register, Contracts Register, Investment Policy, and the Financial Delegations.

3.8 Internal Audits

Review and advise on periodic internal audits for which the Committee is authorised to engage the assistance of external advisers.

4. Composition

- 4.1 All positions shall be nominated by the President (including the appointment of committee chairperson) and ratified by the Board. The Chairperson will be a current Board member.
- 4.2 The Committee will consist of no fewer than three members of the Board. The term of appointment will be for a period of two years that align with the term of the President. However, re- appointment is permitted to allow for continuity of membership. Members may include individuals who are not Board directors.
- 4.3 The President, the CEO, and the National Manager – Finance and Administration will be invited to attend meetings to provide operational insights and support;
- 4.3 The Company Secretary will attend the meetings to ensure discharge of the company's legal duties and responsibilities and will be responsible for taking minutes and administrative support for the Committee.

5. Meetings

- 5.1 The Committee shall meet throughout the year as required. However, they must meet at least twice per year. Any member of the Committee, President, or CEO may request a meeting if they consider that one is necessary, and such a request is to be met.
- 5.2 Decision making will be by consensus. If a matter cannot be decided on by the Committee, then the Chairperson and the CEO will try to resolve it or refer the matter to the Board for resolution.
- 5.3 A quorum shall be any three members of the Committee.

6 Authority

- 6.1 The Board authorises the Committee to undertake the matters outlined within these terms of reference.
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7. Reporting

- 7.1 The Chairperson, or another delegated member of the Committee, will report to Board meetings on the Committee's activities and any specific recommendations for Board approval will be submitted as Board papers.
- 7.2 The Committee may decide to report to the Board out of session if required.

8 Document Control

- 8.1 These Terms of Reference were reviewed and updated in November 2019 and will be reviewed as required but no later than June 2022, to align with the Association's new 3 year Strategic Plan commencing in July 2022.
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