

# Board & Committee Charters

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This document contains the Board & Committee Charters which sets out the roles, responsibilities, structures and processes of the Board of Directors (the Board) and its Committees of Westernport Region Water Corporation, trading as Westernport Water (WPW) (the “Corporation”).

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## 1 Legislative Context

WPW is constituted under the *Water Act 1989* (the Act) with oversight by the Department of Energy, Environment & Climate Action (DEECA). Although a Government owned-business, WPW acts as stand-alone entity and is responsible for its own management and performance.

Under provisions of the Act, the Board of each water corporation reports to the Minister for Water (the Minister) via DEECA. In turn, the Minister is responsible for reporting to Parliament on the performance of each water corporation.

WPW is governed by a Board of Directors (the Board), led by a Chair (the Chair) appointed by the Minister, and managed day-to-day by the Managing Director (the MD) under delegation from the Board. The Board is accountable to the Minister for the performance of WPW.

The MD is a member of the Board and is the primary link between the Board and WPW's employees – providing organisational leadership, communicating Board priorities and policies to the employees, and presenting reports, submissions and budgets to the Board.

The *Water Act 1989 (Vic)* and the *Public Administration Act 2004* establish the relationship between the Minister and the Corporation.

As well as reporting to the Minister, the Corporation has a responsibility to report to, and take direction from, the following entities:

Organisation	Area of Regulation
Department of Treasury and Finance (DTF)	Financial management
Department of Health (DOH)	Safe drinking water
Essential Services Commission (ESC)	Pricing & performance
Environment Protection Agency (EPA)	Environmental protection
Energy and Water Ombudsman Victoria (EWOV)	Customer dispute resolution
Worksafe	Workplace safety, health & wellbeing

## 2 General Guidance & Information for Directors

### 2.1 Right to seek professional advice

Subject to the approval of the Chair, the Board collectively and each Director individually, has the right to seek independent professional advice on matters pertaining to governing the Corporation. In the Chair's absence, the Deputy Chair may provide approval.

Upon receipt, the advice is to be circulated to all Directors. Other Directors should be advised of both an approval to seek independent advice and of any declined request for a Director to obtain advice.

### 2.2 Conduct

Directors are subject to policies that set the expected conduct for all public sector directors, including: the *Public Administration Act 2004* (PAA) and the Victorian Public Sector Commission's Code of Conduct for Directors of Public Entities. In addition, DEECA has published *A Guide to Governing in the Water Sector*, which is essential reading for every Director.

Under the PAA (Section 79) a director of WPW's board – in the exercise of the functions of their office – must always act:

- honestly
- in good faith in the best interests of WPW
- with integrity
- in a financially responsible manner
- with a reasonable degree of care, diligence and skill, and
- in compliance with the Act or subordinate instrument or other document under which the WPW is established.

A director must not improperly use their position or any information acquired by them by reason of their position to:

- gain an advantage for them self or another person, or
- cause detriment to WPW.

The Board assesses independence of Directors annually through a Declaration of Private Interests.

### 2.3 Conflict of Interest

In discharging their responsibilities, the Directors have a duty to act in the best interests of the Corporation as a whole, irrespective of personal, professional, commercial or other interests, loyalties or affiliations.

Directors must comply with the Corporation's Conflict of Interest Policy, which requires the Board avoid any action, position or interest that conflicts with an interest of WPW or gives the appearance of a conflict. Directors are expected to use the position of Director appropriately, which includes:

- Not using the position as a Director to seek an undue advantage for themselves, family members or associates, or to cause detriment to the Corporation;
- Declining any gifts, benefits, or hospitality that may cast doubt on the Director's ability to apply independent judgement as a Director of WPW.
- A Director who has a material personal interest in a matter that relates to the affairs of WPW must give the other Directors notice of such interest, even if this interest has been noted in the Corporation's Register of Declarations of Private Interest, at the commencement of every Board meeting.

- A Director must notify other Directors of any Conflicts of Duty arising as a result of their employment with, and duty to, another public or private organisation, including other public sector organisations (e.g. as a Committee member, employee, volunteer, or organisation member).
- Directors must notify the Board if they become a candidate in any local, state or federal election. Directors must not use WPW resources in connection with their candidature.

## **2.4 Dispute resolution**

The following protocol applies where there is a question whether or not a Director has failed to comply with the intent of and the principles and procedures in this Charter:

- A Director who considers that another Director has breached this Charter may inform the Chair of the alleged breach.
- A Director who considers that the Chair has breached this Charter may inform the Deputy Chair of the alleged breach.
- The Chair or Deputy Chair must inform the Director of the allegation as soon as practical after it has been made.

The Chair or Deputy Chair will determine a resolution process that will be consistent with WPW's Dispute Resolution Policy (in-line with DEECA's model policy).

## **2.5 Expenses and allowances**

Directors are entitled to be reimbursed out of the Corporation's funds for reasonable travel, undertaking training, accommodation and meal expenses incurred in carrying out Board functions and exercising Board powers under the *Water Act 1989*. These expenses should be consistent with the Code of Conduct for Victorian Public Sector Employees and WPW's Travel & Accommodation Policy.

## **2.6 Insurance**

WPW maintains Directors and Officers Liability insurance cover. The amount of cover may be adjusted from time to time and is determined by the Board.

## **2.7 Director's Deed of Access, Indemnity & Insurance**

As per WPW's Deed of Access, Directors are indemnified from any costs, charges, losses, damages, expenses, penalties and liabilities of any kind (or appearing before any court, tribunal, Government Agency or other body) arising out of the conduct of the water corporation if they have acted in good faith, in the public interest and in accordance with public sector values.

As per Clause 8 of the Deed, Directors must notify the Board before the acceptance of any other Director position on a Board. Within a reasonable timeframe, Directors may do this by notifying the Chair, or all Directors, via email or in person at a scheduled meeting allowing the Chair or the Board to raise any concerns or objections.

The Deed of Access, Indemnity & Insurance document is to be reviewed every 4 (four) years.

## **2.7 Newly appointed Directors & new Committee members**

New Directors and new Committee members will be inducted to the Board / Committee by the Managing Director, Executive Team and Corporate Secretary.

### **3 Common Administrative and Procedural Provisions (applicable to Board & Committees)**

The Board and its Committees adopt processes outlined in the *Water Act 1989 (s120-122A)* and follows good practice from the DEECA model policy for Meetings and Decisions.

The model policy sets out common administrative procedures to ensure ease of operation and consistency of operating protocols.

#### **3.1 Meetings**

The Board & Committee Chairs are responsible for the conduct of all Board & Committee meetings. This includes being satisfied that the agendas are comprehensive, that all agenda items are appropriate, that recommendations fit within the broad strategic direction set by the Board, meetings are run in an effective and timely manner and all Board members treat one another with respect and courtesy and participate actively and constructively in each decision.

Members of the Executive Team may be invited to attend Board & Committee meetings. Directors have access to the executive managers (direct reports to the MD) in relation to issues for which they are accountable. All such enquiries are to be made via the Chair with the knowledge and consent of the MD.

The Board & Committees will from time to time meet without executive management ("In Camera").

Board & Committee meetings shall take place in accordance with provisions above, and may occur at other such frequency as determined by the Board. The Board may meet, adjourn and otherwise regulate its meetings as it thinks fit.

Meetings may occur:

- At any location agreed to by the Board; or
- By using any form of technology; or
- By using a combination of the above.

#### **3.2 Quorum**

A majority of Directors present at a Board meeting constitutes a quorum.

A minimum of two members present at any Committee meeting shall constitute a quorum.

#### **3.3 Agenda & minutes**

The agenda together with supporting papers are made available through an approved online platform Diligent Boards not less than five (5) business days before the meeting to provide Directors with reasonable time to prepare for the meeting.

Committees shall provide the Board with unredacted minutes of the Committee meeting at the next Board meeting following the Committee meeting (even if they are yet to be confirmed by the Committee).

Committee meeting minutes must be approved by the Committee Chair and circulated prior to the following meeting to each member. The Chair will sign the minutes upon their adoption by the Committee.

The Board will delegate the task of recording the minutes of each Board & Committee meeting to the Corporate Secretary or another WPW employee, as it sees fit. The proceedings of all meetings will be minuted to reflect discussions and decisions made by the Board & Committee to address its roles and discharge its responsibilities.

An initial draft of the minutes will be sent to Chairs for initial review within five (5) business days of the meeting.

The Board Chair will provide the detail of decisions for minuting made during “In Camera” sessions to the Corporate Secretary following the meeting.

### **3.4 Conflicts of interest**

A Director (or member) is required to declare a conflict of interest that relates to an item on the agenda even if they have already declared it on their Declaration of Private Interests form.

### **3.5 Decisions and decision making**

The Board may make decisions on any matter put to the Board at a Board meeting and any other matter the Board sees fit.

Following Board discussion, any decision made by the Board is deemed to have been made unanimously unless:

- The matter has been put to a formal vote; or
- A Director explicitly states to the Board at the meeting that they abstain from making a decision on the matter or disagrees with the decision being made. Regardless of differing views on any decision, the Board must observe ‘Cabinet solidarity’.

Any Director may request that a matter being decided at a Board meeting be put to a formal vote. At the request of any Director, the Chair will articulate the question being decided before the formal vote is conducted. A matter put to a formal vote will be determined by a majority of votes.

The board will also ensure that each of its decisions is in the public interest, including that it is:

- ethically sound and fair (e.g. consistent with the Directors’ Code of Conduct); and
- consistent with government policy; the organisation’s strategic and business plans; and any directions, guidelines, and/or statements of obligation or expectation issued by the Minister.

### **3.6 Attendance by Directors**

A Director cannot nominate another person to attend a Board meeting on their behalf or exercise any of their decision-making powers or rights as a Director.

A minimum attendance by each Director of 75% of all Board meetings together with 75% of Committee meetings of which they are an appointed member is required unless good reason exists.

### **3.7 Charter review**

This Charter will be reviewed every two years, or a lesser time should direction from Government require its amendment / review at another time.

## 4 Board Committees – General Operational Provisions

The Board has established Committees to assist the Board in exercising its authority, including the responsibilities set out in *the Act*.

### 4.1 Standing Committees

The standing Board Committees are:

- Audit and Risk Committee;
- People, Safety & Community Committee (PSCC);
- Infrastructure, Sustainability & Innovation Committee (ISIC).

The Board may establish or amend standing Committees or ad hoc Committees to consider matters of special importance as it considers necessary or appropriate to exercise the delegated authority of the Board.

*The Act* (s.122c) directs the Committees on meeting protocols and failure by a Committee to comply with rules made by the Board regarding the Committee's proceedings may breach section 122C(2)(d)(iii) of *The Act*.

### 4.2 Committee Charters

The Board will determine the Charters of standing and ad hoc Board Committees, which will set out the roles and responsibilities of each Committee.

Committee Charters are subservient to the Board Charter; i.e., the Board Charter is the overarching Charter that provides direction to the Board and Committees.

### 4.3 Composition and term

The Board will determine the membership and composition and appointment of Board Committees, having regard to workload, skills and experience, and any regulatory requirements.

Board Committees will include at least three members, two of whom must be non-executive Directors.

Committees must include a majority of non-executive Directors.

Appointment to the Committee will be for a period as determined by the Board and members will be progressively rotated to maintain continuity.

The duties and responsibilities of members of the Committee are in addition to those duties set out for a Director of the Board.

The Chair of the Board will appoint the Chair of the Committee noting that the Committee Chair:

- Shall be a non-executive director of the Board;
- Shall be appointed Chair for a period no longer than 24 months (unless reappointed by the Board Chair);
- Cannot be the Chair of the Board; and
- Where the Committee Chair is not present at a Committee meeting, the Committee must appoint a member of the Committee to preside as Chair.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of WPW.

At an annual meeting the Board will review the composition of the Board Committees. The timing of this review allows for Committee membership to be considered following the Ministers appointment of Corporation Directors.

#### **4.4 Decision making**

Unless explicitly empowered by the Board, Committees cannot make decisions for or speak on behalf of the Board.

The responsibilities of Committees may be revised or expanded in consultation with, or as requested by, the Board from time to time.

Committees do not hold any delegated decision making authority and must defer to the Board on all matters requiring a decision.

Committees may obtain expert advice where appropriate following consultation with the Chair of the Board.

#### **4.5 Meeting cycle**

The Board & its Committees have a duty to act with care and diligence, work as a team, and meet on a regular basis:

- The Board no less than once every three months;
- The Audit & Risk Committee no less than four times per year;
- Other Committees, not less than twice per year.

#### **4.6 Reports from Committees**

Committees report to the Board on all matters within their Charter and provide advice and recommendations to facilitate decision-making by the Board and management.

Committee Chairs report to the Chair of the Board.

#### **4.7 Review of performance**

An annual calendar year review of each Committee operation will be undertaken which shall be incorporated with the annual performance review of the Board, usually due in March annually.



## 5 Board Charter

### 5.1 Role of the Board

The role of the Board is, through effective corporate governance, to provide strategic guidance and leadership for the Corporation.

### 5.2 Responsibilities of the Board

The responsibilities of the Board are (but not limited to):

- Leading the strategic direction of the Corporation including the development with management of the corporate objectives, strategy and policy, approving plans, new investments, major capital and operating expenditures, and major funding activities proposed by management;
- Understanding and protecting the Corporation's financial position through approving annual targets and financial statements and monitoring actual financial performance against forecast and prior periods;
- Providing oversight and monitoring the Corporation's obligations set out within its governing legislation, including workplace, health and safety, monitoring the health and wellbeing of the Corporation's employees, monitoring legal and regulatory compliance, compliance with accounting standards, unfair trading legislations and maintaining environmental standards. ;
- Considering and approving the Corporation's frameworks for managing all categories of risk and monitoring the effectiveness of risk management, including satisfying itself through appropriate reporting and oversight that effective internal control mechanisms are in place and are being implemented in accordance with regulatory requirements;
- Assessing and determining whether to accept risks beyond the approval discretion provided to management;
- Attending to matters referred to it by the MD or Committees of the Board and to any matters identified through the Machinery of Government and as reserved by legislation or policy to the Board;
- Protecting the reputation of the Corporation by being aware of and informing the other directors of any litigation, actions, transactions, issues, papers and reports to external/third parties which impact on the Corporation and may attract significant public, government, regulatory or other interest;
- Assuring itself that appropriate audit arrangements are in place;
- Reviewing the MD's performance on an annual basis, with recommendation from the PSCC;

Unless requested to do so by the Chair, members of the Board other than the Chair and the MD may not comment publicly on the Corporation's functions, performance or affairs of the Board. The Chair and the MD will confer and agree with each other before making a significant public comment. Copies of all significant press releases are forwarded to all Directors.

### 5.3 The Board and the Managing Director

*The Act* provides direction on terms relating to the appointment and removal of the MD, including that the Board is responsible for:

- Subject to Government direction of the day recommend to the Minister the appointment of the MD;
- Evaluating and assessing performance of, rewarding and if necessary, the removal of the MD;
- Determining the corporate goals and objectives relevant to the remuneration of the MD and evaluating the performance of the MD in light of these objectives;
- Reviewing and approving succession plans for the MD, executives reporting to the MD and any other key personnel; and
- Providing oversight of individual remuneration levels for executives who report directly to the MD and any other person the Board determines.

The roles and responsibilities of the Board, Chair and MD when managing the MD's performance can be found on pages 19-20 of the Charter.

#### **5.4 Chair of the Board**

The Minister appoints one of the Directors to be the Chair in accordance with the *Water Act 1989*.

The Chair represents the Board to the Minister and communicates the Board's position.

The Chair presides at meetings of the Board.

The Chair ensures the Board has ready access to up-to-date copies of relevant legislation, policies and procedures.

The Board appoints a Deputy Chair who must act as Chair if the position is vacant or the Chair is unable, for any reason, to perform the duties of the office. While acting as Chair, the Deputy Chair has and may exercise all the powers, and must perform all the duties of the Chair.

A Director cannot nominate another person to attend a Board meeting on their behalf or exercise any of their decision-making powers or rights as a Director.

In the event that the Chair departs the Corporation, the Deputy Chair would become the Acting Chair until a time that the Minister appoints a replacement. With Board approval, the Acting Chair would then recommend another Director as a replacement Acting Deputy Chair.

In this scenario, the Acting Chair would then need to relinquish any Committee Chair positions and, with Committee approval, would recommend an Acting Committee Chair.

#### **5.5 Resolutions without meetings**

The Board may pass resolutions without a formal meeting. When a matter requiring decision before the next Board meeting is circulated electronically, Directors will receive correspondence regarding a Circular Resolution including a paper with a clear recommendation and date for reply. Directors are required to send approval / dissent to the Chair by email before the due date specified in the paper. The Chair will notify Directors by email of the results of the Resolution.

At the following Board meeting, the Resolution will be presented as a Ratification paper in the agenda and recorded in the Minutes.

#### **5.6 Special meetings**

The Chair may at any time (and must if requested by two Directors) call a Special Meeting of the Board.

Notice of the Special Meeting must be in writing, be served on each Director, and specify the time and place of the meeting and the reason for it. A Special Meeting must deal only with business stated in the notice.

#### **5.7 Board performance and assessment**

Directors are required to take appropriate and timely action to ensure they have the requisite understanding of the water industry structure and the Corporation's position within it and its operations and financial management risks, to enable them to discharge their responsibilities.

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As per the Statement of Obligations, a review of performance of the Board is required annually.. The aim of the assessment is to identify areas of improvement and provide an opportunity for further Director development and/or Board renewal.

The Board may use specialist corporate governance consultants/facilitators at intervals set by the Board to manage the process impartially and independent reviews occur three-yearly.

A report of the collective performance of the Board will be prepared by the Chair and must be provided to the Minister annually as per the DEECA Performance Assessment process and guidelines.

## 6 Audit & Risk Committee Charter

*The Water Act (1989)* and the *Financial Management Act (1994)* require Westernport Region Water Corporation (WPW) (the Corporation) to establish and maintain an Audit and Risk Committee (ARC).

This Charter sets out the ARC (“the Committee”) objectives, authority, composition, roles and responsibilities, procedures, performance, and reporting and administrative arrangements.

### 6.1 Purpose

The purpose of the ARC is to assist the Board in discharging its duties regarding the Corporation’s financial management, risk and control framework and its external accountability responsibilities.

### 6.2 Scope

The Committee is formally appointed by the Board and as such is responsible to the Board. Members are expected to understand and observe the requirements of the *Victorian Government Risk Management Framework* including the *Financial Management Act 1994*, and *Standing Directions, Instructions* and related directives from the Victorian Government.

As per the Standing Directions, the Committee is responsible for::

- oversee the internal audit function, including to:
  - review and approve the internal audit charter;
  - review and approve the strategic internal audit plan;
  - review and approve the annual audit work program;
  - review the effectiveness and efficiency of the function;
  - advise WPW on the appointment and performance of the internal auditors; and
  - meet privately with internal auditors if necessary;
- review annual financial statements and make a recommendation to the Board as to whether to authorise the statements before they are released to Parliament;
- review information in the report of operations on financial management, performance and sustainability before it is released to Parliament;
- review and monitor compliance with the FMA, these Directions and the Instructions, and advise the Board on the level of compliance attained;
- review and monitor remedial actions taken to address Compliance Deficiencies;
- maintain effective communication with external auditors (including the Auditor General and the Auditor-General’s duly appointed agents and representatives), including by:
  - understanding the external audit strategy and internal audit activities;
  - considering the external auditor’s views on any issues, including accounting issues that may impact on the financial statements, financial management compliance issues and other relevant risks impacting WPW’s finances;
  - considering external audit outcomes, including financial and performance audits;
  - providing a standing invitation to the external auditor to attend Audit Committee meetings; and
  - meeting privately at least once each year to ensure frank and open communication;
- consider recommendations made by internal and external auditors relating to or impacting on financial management, performance and sustainability and the actions to be taken by WPW to resolve issues raised; and
- regularly review implementation of actions in response to internal or external audits, including remedial actions to mitigate future instances of non compliance.

As per the Standing Directions and Victorian Government Risk Management Framework, the Committee is also responsible for ensuring that the Board is satisfied that:

- WPW has a risk management framework in place consistent with AS ISO 31000:2018 Risk Management – Guidelines;
- the risk management framework is reviewed annually to ensure it remains current and is enhanced, as required;
- a positive risk culture in the agency is able to be demonstrated;
- the agency defines its risk appetite;
- it is clear who is responsible for managing each risk;
- 'shared risks are identified and managed through communication, collaboration and/or coordination by the impacted agencies;
- the agency contributes to the identification and management of state significant risks, as appropriate;
- strategic and business planning and decision-making processes embed risk management and demonstrate consideration of the agency's material risks;
- adequate resources are assigned to risk management; and
- the agency risk profile and risk appetite must be reviewed at least annually.

### 6.3 Membership

The Committee members will be appointed by the Board and:

- Shall consist of at least three independent non-executive Directors and the Board may appoint independent external members. The independent member(s) will not be a non-executive Director of the Corporation nor hold any other responsibilities at the Corporation; and
- The majority of the Committee must be 'independent' members as defined in the *Standing Directions of the Minister for Finance* under the *Financial Management Act 1994*.

The Board shall appoint the Chair, noting that:

- The Chair shall be a non-executive Director of the Board;
- The Chair of the Board is ineligible of being the Chair of the Committee; and
- Where the Board appointed Committee Chair is not present at a Committee meeting, the Committee must appoint a member of the Committee to preside as Chair.

The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Corporation to discharge the ARC's responsibilities. At least one member of the Committee must have significant expertise in financial accounting or auditing. The Committee should also collectively possess significant skill and knowledge in risk management.

Members must take appropriate and timely action to ensure they have the requisite understanding of the Corporation's structure, operations and financial management risks to enable them to discharge their responsibilities.

The Committee will not include the following persons as members:

- The Managing Director
- The Chief Finance Officer
- The Internal Auditor(s)

An external independent member can be appointed to the Committee provided they meet the requirements of WPW's Conflict of Interest Policy.

Independent Committee members may be appointed for a period of up to three years after which they will be eligible for re-appointment after a formal review of their performance.

#### 6.4 Authority/Areas of Responsibility

The delegation of responsibilities to this Committee does not absolve individual Board Directors, or the Board as a whole, from their fiduciary responsibilities.

The following image outlines the broad areas of responsibility and oversight of this Committee.



The responsibilities of the Committee may be revised or expanded in consultation with, or as requested by, the Board from time to time.

The Audit and Risk Committee's areas of oversight are *(further defined in Table 1)*:

1. Financial performance
2. Risk management
3. Control and compliance framework
4. Internal audit
5. External audit

Table 1

<ol style="list-style-type: none"> <li>1. Financial Performance</li> </ol>	<ol style="list-style-type: none"> <li>1.1. Review financial management reports to ensure that resources allocated to attaining the Corporation's goals are disbursed in an effective, efficient and responsible manner;</li> <li>1.2. Oversee the embedding of a culture of financial compliance across the Corporation;</li> <li>1.3. Review the current areas of greatest financial risk and how these are being managed in the Corporation;</li> <li>1.4. Review material accounting and reporting issues, including recent professional and regulatory pronouncements, changes to professional accounting and auditing standards, and changes to accounting policy, and understand their impact on the financial statements;</li> <li>1.5. Ensure compliance with the Standing Directions of the Minister for Finance as amended from time to time and provide an annual recommendation to the Board on compliance with the Financial Management Framework (FMCF) to assist with the annual attestation;</li> </ol>
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	<p>1.6. Oversee the financial reporting process implemented by management and review any interim financial statements and annual financial statements prior to their release to determine whether they are complete, reflect appropriate accounting principles, contain appropriate disclosures, and are consistent with the information known to Committee members and recommend to the Board that they be adopted. In discharging this responsibility, the Committee will:</p> <p>1.7. Ensure accounting policies are consistently applied and any new accounting standards requirements related to the Corporation are appropriately reflected;</p> <p>1.8. Pay particular attention to complex and/or unusual transactions including those resulting from government policy changes where applicable;</p> <p>1.9. Focus on areas of the financial statements requiring judgment, for example those involving revenue recognition, valuation of assets and liabilities, environmental liabilities, and other commitments and contingencies;</p> <p>1.10. Obtain the relevant representations from management as to the preparation of the financial statements;</p> <p>1.11. Discuss with management, material movements in the financial statements between year-end financial reporting periods and from budget and ensure that explanations are consistent with the Committee's understanding of the business.</p> <p>1.12. Review fraud control policies and procedures.</p> <p>1.13. Receive reports from management on all cases of suspected or actual fraud and review and assess action taken or proposed to ensure appropriate levels of control are maintained.</p> <p>1.14. Require any and all incidents of fraud and plans to remedy it to be reported both through the ARC and to Government (the Minister, Department, Auditor General and Independent Broad-based Anticorruption Commission).</p>
2. Risk Management	<p>2.1. Review the Corporation's policy for the oversight and management of business risks;</p> <p>2.2. Provide oversight and annual review of the Corporation's risk management framework (including policies, objectives, plans, resources, accountabilities, processes and activities);</p> <p>2.3. Provide oversight of the establishment and implementation of the Corporation's risk management system;</p> <p>2.4. Ensure risk appetite statements are reviewed in line with the Risk Management Framework as part of the annual Risk &amp; Strategy Workshop;</p> <p>2.5. Ensure that the Corporation identifies, reviews and regularly updates the profile of the principal strategic, operational and financial risks;</p> <p>2.6. Review trends in the Corporation's risk profile and the status of the risk management process;</p> <p>2.7. Monitor management performance in implementing risk management processes and systems; and evaluate the adequacy and integrity of key risk controls;</p> <p>2.8. Provide oversight of the annual review and update of the Corporation's risk profile and provide the Board with an opinion to confirm or otherwise the Responsible Officer's FMCF attestation regarding compliance with the mandatory requirements of the Victorian Government Risk Management Framework;</p> <p>2.9. Ensure a positive risk culture of beliefs, values and behaviours is monitored and reviewed on an annual basis;</p> <p>2.10. Review the adequacy of the Corporation's Insurance program; and</p> <p>2.11. Review the adequacy of the Corporation's Emergency Management &amp; Business Continuity Procedures.</p>

<p>3. Control and Compliance Framework</p>	<p>3.1. Periodically review the Corporation's internal controls, including policies, procedures, processes and delegations;</p> <p>3.2. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance;</p> <p>3.3. Ensure that all allegations of non-compliance with legislation and policies (including those related to fraud and corruption, conflicts of interest, travel and gifts, benefits and hospitality) are investigated;</p> <p>3.4. Obtain regular updates from management regarding compliance matters that may have a material impact on the Corporation's reputation or financial statements;</p> <p>3.5. Review Audit Action Items to satisfy itself such matters are progressing and when complete approve closure.</p> <p>3.6. Make appropriate enquiries to satisfy itself that all regulatory compliance matters related to the business of the Corporation, have been considered in the preparation of the financial statements;</p> <p>3.7. Review the findings and recommendations of any examinations by Regulatory Agencies; and</p> <p>3.8. Ensure any and all theft and losses of significant and systemic incidents are reported as soon as practical to DEECA and DTF.</p>
<p>4. Internal Audit</p>	<p>4.1. Review and approve the Corporation's Internal Audit Charter in-line with the Board policy review schedule;</p> <p>4.2. Manage the procurement, scope of works, performance and quality of the Internal Audit Service Provider (Internal Auditor);</p> <p>4.3. Ratify the engagement and dismissal by management of the Internal Auditor;</p> <p>4.4. Work through the internal auditor to:</p> <ul style="list-style-type: none"> <li>• Review the adequacy and focus of the internal audit work plan and its fit with the Corporation's risk profile and the work of external auditors;</li> <li>• Review the performance of the internal audit function, its authority, the adequacy of its resources and the proposed allocation of those resources;</li> <li>• Take steps to confirm that the internal auditor has not been unduly influenced by management or experienced any problems with management; and</li> <li>• Meet together and privately with the internal auditors if necessary, to ensure free, frank and open communications.</li> </ul> <p>In addition, the Committee should make appropriate enquiries to:</p> <p>4.5. Monitor key risks and trigger events, including prevention and investigation of fraud, ethical culture, protection of assets and insurance;</p> <p>4.6. Approve and review management's proposals as to how the Corporation plans to respond to advice received from the internal auditor, and direct management accordingly;</p> <p>4.7. Monitor actions taken by management to resolve issues raised by the internal auditor;</p> <p>4.8. Advise management to adopt and address the accepted recommendations from the internal auditor including remedial actions to mitigate future instances of non-compliance on a timely basis;</p> <p>4.9. Review all audit reports and provide advice to the Board on significant issues identified and action taken on issues raised, including identification and dissemination of good practice;</p> <p>4.10. Ensure that the internal audit work plan periodically includes a detailed analysis of the effectiveness of the Corporation's risk management, internal compliance and control system over a four year cycle; and</p>



	4.11. Provide advice to the Board on the appointment and ongoing engagement of the outsourced internal audit provider.
5. External Audit	5.1. Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope or access to information; 5.2. Consider all external audit reports and ensure that significant findings and recommendations made by the external auditor, and management's proposed responses to them, are appropriate and acted upon in a timely manner; 5.3. Monitor actions taken by management to resolve issues raised by external audit; 5.4. Recommend how the Board should act on advice received from external auditors and ensure management take appropriate action; and 5.5. Meet with the external auditor at least annually in the absence of management to ensure there is open communication between the Committee and the external auditor on relevant matters.

## 6.5 Meetings

As a minimum, the Committee is to meet not less than four times per annum. Additional meetings may also be held where the Chair, the Managing Director or a member of the Committee deems this to be necessary. The Committee may also agree to conduct an out-of-session review and endorsement or approval of item(s), where appropriate.

The Committee will establish an annual calendar of agenda items. The General Manager Corporate & Customer together with the Corporate Secretary will be the primary management linkage for the Committee in relation to the audit responsibilities of the Committee.

The Committee shall determine the Officers who attend meetings. The Managing Director, General Manager Corporate and Customer, the Executive Manager Finance - CFO, internal auditors and external auditors are to attend relevant aspects of meetings by standing invitation.

The Committee Chair will meet privately with the Internal Auditor at least once a year.

The Committee reports directly to the Board on all matters within its Charter and provides advice and recommendations to facilitate decision-making by the Board and management.

The Chair of the Committee will report issues of concern direct to the Chair of the Board as they arise.

The Chair of the Committee will report at least annually to the Board on how the Corporation has performed from an internal audit and corporate governance perspective.

The Chair of the Committee will provide the Board with an endorsement in relation to the annual Financial Statements and verification to support the FMCF Attestation.

## 6.6 Committee member performance

The Committee is required to undertake an annual review of their own performance and report the results of that review to the Board.

## 7 People, Safety & Community Committee Charter

This Charter sets out the People, Safety & Community Committee (PSCC) (“the Committee”) objectives, authority, composition, roles and responsibilities, procedures, performance, and reporting and administrative arrangements.

### 7.1 Purpose

The purpose of the PSCC is to assist the Board to oversee its responsibilities and duties in regards to workplace, health & safety, human resource, remuneration, organisational development, diversity and inclusion and community engagement functions.

### 7.2 Scope

The Committee is formally appointed by the Board and is responsible to the Board.

The Committee will review, monitor and recommend to the Board for approval of relevant policies and strategic plans in relation to:

- Workplace, health and safety
- Remuneration, recruitment, retention and termination policies
- Organisational culture and employee engagement
- Executive performance and remuneration
- Diversity and inclusion
- Community engagement and customer satisfaction

### 7.3 Responsibilities

The responsibilities of the Committee are as follows:

#### *Workplace, Health and Safety*

- Review the effectiveness of WPW’s policies and procedures for a safe and healthy workplace.
- Review and monitor WPW’s systems for achieving compliance with relevant statutory workplace health and safety obligations.
- Monitor WPW’s Workplace Health and Safety (WHS) performance and compliance including progress of audit actions, review of remedial actions and the comparison of performance against industry benchmarks.
- Monitor the work and progress of the Health & Safety Committee.
- Provide a forum that encourages a culture where safety is owned by all employees and key contractors in their everyday activities.
- To encourage continuous improvement in safety practices throughout the organisation.

#### *Recruitment, Remuneration & Performance Management*

- Oversee the recruitment of the MD.
- Review the MD’s performance outcomes and associated performance indicators, following initial review from the Chair, and recommended to the Board including annual adjustments of the executive bands by the Victorian Independent Remuneration Tribunal.
- Ensure that WPW’s remuneration, recruitment, retention and termination policies, as well as the incentive policies, practices and performance indicators are aligned to WPW’s vision, values and overall business objectives.

- Ensure that WPW's remuneration, recruitment, retention and termination policies for the Managing Director ("MD") and Public Entity Executive Remuneration Policy ("PEER Policy") comply with government policy.
- Review the MD's remuneration within the terms of the employment contract and PEER Policy conditions as recommended by the Chair of the Board.
- Note and review the MD's assessment of the senior executives' performance and key performance indicators.

#### *Diversity and Inclusion*

- Oversee the Corporation's performance against WPW's current Diversity and Inclusion Plan and the associated legislative and policy requirements regarding diversity and inclusion as set by the Victorian Government.
- Make recommendations to the Board regarding the measurable objectives for diversity and inclusion, including gender, cultural and ethnic diversity across WPW.

#### *Organisational Culture and Employee Engagement*

- Ensure the robustness and alignment of the performance appraisal system with the Corporation's policies and strategies.
- Monitor training, education and development programs and policies for the MD and senior executives.
- Monitor the organisational engagement and annual engagement survey results and satisfy the Board that the culture, engagement and work environment are appropriate and safe for all employees.

#### *Enterprise Bargaining*

- Provide oversight of the Enterprise Agreement relating to matters of strategic significance.

#### *Community Engagement and Customer Satisfaction*

- Consider and review WPW's key customer service, stakeholder engagement strategies to ensure consistency with vision, strategic direction and the expectations of WPW's customers and community stakeholders.
- Consider and provide guidance on emerging customer and community issues and policy development.
- Review customer service performance and community engagement activities against objectives and targets, including key performance indicators.
- Review customer and community insights, including annual customer satisfaction surveys, and provide guidance on how trends are addressed and managed.
- Review performance against regulatory targets identified in the 2023 Essential Services Commission Price Determination.
- Consider and review WPW's key community engagement and education strategies.
- Consider opportunities to enhance the recreational values of WPW's sites and water resources.

### **7.4 MD Performance Review**

When undertaking the MD Performance Review, the following KPI development and performance appraisal process should be followed:

#### *Performance Plan*

- Board Chair and MD meet to discuss initial draft KPIs (v1) that reflect the Board's priorities for the upcoming financial year (PSCC Chair is an optional attendee) - March

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- Revised draft KPIs (v2) are presented to PSCC by the Board Chair for discussion and feedback - April
- Revised draft KPIs (v3) are presented to the Board for approval – June

### *Performance Appraisal*

- Directors and Executive Team members provide performance feedback to the Board Chair – July
- Performance results are provided to the Board Chair by the MD – August
- Board Chair and MD meet to discuss initial performance feedback on the prior financial year (PSCC Chair is an optional attendee) – August
- Performance appraisal (v1) presented to the PSCC by the Board Chair for discussion In-Camera – September
- PSCC will recommend the final MD performance appraisal (v2) to the Board for approval – September

## 8 Infrastructure, Sustainability and Innovation Committee Charter

This Charter sets out the Infrastructure, Sustainability & Innovation Committee (ISIC) (“the Committee”) objectives, authority, composition, roles and responsibilities, procedures, performance, and reporting and administrative arrangements.

### 8.1 Purpose

The purpose of the ISIC (“the Committee”) is to assist the Board to oversee its responsibilities and to meet its governance requirements in regards to drinking water quality, sustainability, innovation, infrastructure (including Capital Projects and ICT), asset management and environmental management.

### 8.2 Scope

The Committee is formally appointed by the Board and is responsible to the Board.

The Committee has authority to obtain any information it requires from management in order to discharge its duties in line with its responsibilities.

The Committee is responsible for the oversight of:

- Drinking water quality
- Environmental performance
- Reconciliation Action Plan and Aboriginal Values
- Key innovation strategies
- The application and delivery of key new sustainability projects and initiatives
- Capital projects (including infrastructure and ICT)
- Asset management and performance

### 8.3 Responsibilities

The responsibilities of the Committee are as follows:

#### *Drinking Water Quality*

- Review WPW’s strategies and methodologies to consistently deliver high quality drinking water
- Review and provide guidance to the Board in regard to opportunities to improve our water quality.
- Review the effectiveness of WPW’s policies and procedures to manage water security.
- Review water quality management controls and activities to ensure the Corporation meets water quality standards.

#### *Reconciliation and Aboriginal water management*

- Review WPW's Reconciliation Action Plan to meet the expectations of the Aboriginal and Torres Strait Islander community.
- Review and provide guidance to the Board on opportunities that align with Water is Life: Traditional Owner Access to Water Roadmap.
- Make recommendations to the Board on the continuous improvement and development of policy, processes and procedures that support and deliver outcomes for Aboriginal and Torres Strait Islander people.

*Innovation, Sustainability and Environmental Management*

- Review WPW's key innovation, sustainability and environmental strategies to ensure consistency with vision, strategic direction and the expectations of key stakeholders.
- Review and provide guidance to the Board in regard to opportunities for innovation.
- To make recommendations to the Board on the strategic direction(s) and continuous improvement in relation to innovation, sustainability and environmental management.
- Review the effectiveness of WPW's policies and procedures for environmental management.
- Review Environmental management controls and activities to ensure the Corporation meets its environmental obligations.

*Capital Projects (including infrastructure and ICT)*

- Review and monitor the strategic projects (relating to infrastructure and ICT) included within the Price Submission 2023-28 or relevant Corporate Plan year.
- Review and provide guidance to the Board in regard to opportunities for improvement.
- Review the effectiveness of WPW's procedures for the delivery of the Capital Program.
- Review Capital Project management controls and activities to ensure the Corporation meets its Price Submission 2023-28 commitments.

*Asset Management and Performance*

- Review and monitor WPW's asset management strategies and maturity level in application of the Asset Management Accountability Framework, noting that the ARC has the final responsibility for the annual FMCF attestation.
- Review and provide guidance to the Board on opportunities to increase asset management performance.
- Review the effectiveness of WPW's policies and procedures in regard to Asset Management.
- Review Asset Management controls and activities to ensure the Corporation meets its compliance obligations.
- Monitor the work and progress of the Strategic Asset Management Committee.