



BOARD POLICY

Audit and Risk Management Committee Charter

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1 OBJECTIVES, ROLES AND RESPONSIBILITIES

The Audit and Risk Management Committee (Committee) is a committee of the Board and is directly responsible to the Board.

The Committee does not replace or replicate established management responsibilities and delegations, or the reporting lines and responsibilities of the internal audit and external audit functions.

A key responsibility of the Committee is to provide reasonable assurance to the Board that LinkWater Projects' core business goals and objectives are being achieved in an efficient and economical manner, within an appropriate framework of internal control and risk management. The discharge of this responsibility principally involves the consideration and reporting of audit and audit-related findings, including in respect of performance management.

In the assessment of audit findings, the Committee will take into account Management's responses and recommendations.

The Committee's core responsibilities are to assist the Board to:

- assess and contribute to the audit planning processes, taking into account the financial and operational environment in which LinkWater Projects operates and its performance management framework;
- assess, oversee and enhance LinkWater Projects' corporate governance, including its systems of internal control, risk management and compliance; and
- oversee and appraise LinkWater Projects' financial and operational reporting processes.

Other key responsibilities of the Committee, through its respective internal and external audit functions, are to assist the Board to discharge the responsibilities of 'due care and diligence' in relation to:

- the delivery of LinkWater Projects' outputs efficiently, effectively and economically so as to encourage and obtain optimal value for money;
- optimising LinkWater Projects' performance in terms of quality, quantity, timeliness, cost and, where appropriate, location;
- reporting LinkWater Projects' financial and operational information in a relevant, reliable and timely manner;
- correctly applying relevant Australian Accounting Standards, Statements of Accounting Concepts and Australian Interpretations issued by the Australian Accounting Standards Board;
- keeping under review the effectiveness of LinkWater Projects' internal

control and risk management systems;

- ensuring the integrity and consistency of LinkWater Projects' corporate culture relative to ethical conduct and probity, including in relation to its tendering, contracting and other procurement processes;
- monitoring and reviewing policies, processes and procedures for ensuring compliance with laws, regulations and other requirements relating to external financial and non-financial reporting, however, with respect to Work, Health and Safety matters, the Board retains full responsibility for this and has not delegated this to the Committee;
- monitoring and reporting to the Board on Management's responsiveness to recommendations made by the Internal and External Auditors; and
- monitoring and reviewing LinkWater Projects' exposure to fraud.

2 RELATED LEGISLATION

Compliance with all aspects of the Compliance Guides.

3 AUTHORITY

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

- examine any matter in relation to its objectives as it sees fit or as requested by the Board;
- engage external resources if necessary to obtain independent advice;
- recommend the engagement and dismissal of auditors to the Board;
- ensure that the internal auditor does not provide external audit services and is independent of the external audit function;
- have access to all levels of Management and seek information from any employee in order to carry out the Committee's responsibilities; and
- have access to any documents or records of LinkWater.

4 RELATIONSHIP WITH MANAGEMENT

The role of the Committee with respect to Management will focus on whether the actions proposed to address audit concerns are satisfactory and cost-effective and will enhance the efficiency of LinkWater Projects.

5 RELATIONSHIP WITH INTERNAL AUDIT

LinkWater Projects has an outsourced internal audit function. Internal audit has its own internal audit charter.

The Committee will act as a forum for internal audit and oversee its planning, monitoring and reporting processes.

In its review and evaluation of the internal audit function, the Committee must review and advise LinkWater Projects as to the:

- adequacy of the internal audit charter;
- structure, qualification requirements and professional and ethical practices;
- internal audit strategic and operational plans to ensure an optimum, cost-effective audit coverage;
- performance of internal audit relative to its annual audit plan; and
- findings of internal audit and the actions proposed to be taken by Management, including an assessment of whether the proposed solution is the most appropriate and cost-effective.

To the extent practicable, the Committee will seek to ensure that there are no unnecessary overlaps between the internal and external audit functions.

The Committee has the right of direct contact with the internal auditors. Similarly, the internal auditors have a right of direct and unfettered access to the Committee through the Chairperson.

6 RELATIONSHIP WITH EXTERNAL AUDIT

The Directors must appoint the Queensland Auditor General as the External Auditor.

The Committee has no power of direction over the external audit or the manner in which the external audit is planned or undertaken, but will act as a forum for interaction with external audit for consideration of external audit findings.

The Committee will consult with the External Auditors on the proposed audit strategy and audit fee for each year, and ensure that an integrated audit process occurs having particular regard to the work undertaken by internal audit.

The Committee has the right of direct contact with the External Auditors. Similarly, the External Auditors have a right of direct and unfettered access to the Committee through the Chairperson.

7 MEMBERSHIP

The Committee shall be made up of at least three members appointed by the Board. All members of the Committee shall be independent non-executive Directors. To remove any doubt if a Director ceases to act or is removed as a Director, then that Director is removed as a member of the Committee. The Chairperson of the Board shall not be Chairperson of the Committee. General Manager Legal Services or nominee shall act as the Secretary of the Committee.

At least one Committee member must be a member of one of the professional accounting or audit bodies and have a professional accounting, management consultancy or audit background.

Collectively, the Committee shall possess:

- a thorough understanding of the core activities of LinkWater Projects and the environment in which it operates;
- a commitment to the continual improvement of LinkWater Projects' outputs;
- strong business acumen and management skills;
- a high level of understanding of best practice internal control, risk oversight and management and corporate governance;
- a sound knowledge of information systems and emerging technology;
- a high level of competency in financial and operational reporting; and
- an inquiring attitude, objectivity and independence.

8 ETHICAL PRACTICES

Committee members will at all times exercise honesty, objectivity and probity. Members will refrain from entering into any activity that may prejudice their ability to carry out their duties and responsibilities objectively in accordance with BDP-009 Conflict of Interest Policy, and must at all times act in a proper and prudent manner in the use of information acquired in the course of their duties in accordance with BDP-016 Code of Conduct and BDP-015 Trading and Investment Policy.

9 COMMITTEE MEETINGS

Meetings must be held at least three times each year. A meeting agenda will be prepared and distributed to all Committee members prior to a meeting.

Minutes of meetings will be distributed to Committee members as soon as

possible after each meeting, and confirmed as an accurate record at the next meeting of the Committee.

Two members of the Committee must be present at a meeting to provide a quorum.

Subject to this charter, the Committee may conduct its business, including its meetings, in the way it considers appropriate.

Only members of the Committee have the right to attend Committee meetings. All Directors who are not members of the Committee have a standing invitation to attend.

The Internal/External Auditors will be invited to attend meetings of the Committee on a regular basis. The Committee Chairperson may request any employee or a specialist consultant to attend all or part of any meeting or present and comment on appropriate agenda items.

10 COMMITTEE REPORTS

Minutes of Committee meetings will be provided to the Board within one month of the date of being confirmed as an accurate record by the Committee. As far as practicable, a decision of the Committee shall be regarded as its collective decision. Where there is material dissension, a minority view may be placed before the Board and will be recorded in the minutes of the meeting.

In conjunction, the Committee will prepare reports to the Board outlining matters that require specific attention by the Board. The Committee Chairperson will also prepare an annual report to the Board summarising the performance of the Committee.

A summary of the role and findings of the Committee shall be included in the annual report of LinkWater Projects together with a statement that the Committee has observed the terms of its charter.

The Committee must review the Charter annually and recommend any changes to the Board.

11 COOPERATION WITH COMMITTEE

Each employee must provide frank, truthful and meaningful advice on any issue raised by the Committee within a reasonable time of receiving a request, and shall cooperate fully with the activities of the Committee in all other respects.