

# RISK ASSURANCE AND AUDIT CHARTER

## Objectives:

This Charter commits Risk Assurance and Audit to provide independent, objective assurance and consulting services that add value and improve Horizon Power's operations, regulatory obligations and stakeholders' aims.

Risk Assurance and Audit will bring a systematic, disciplined approach to the evaluation and improvement of the effectiveness of risk management systems and controls and governance processes.

## Scope of Risk Assurance and Audit Activities:

Risk Assurance and Audit's scope of work will determine if Horizon Power's risk management, control and governance processes and frameworks are identified, adequate, relevant, effective and managed by:

- interacting effectively with Horizon Power's various governance groups;
- undertaking and achieving Risk Assurance and Audit's objectives, plans and programs, in an effective, efficient and economic manner;
- complying with the audit and business standards and procedures approved by the Audit and Risk Management Committee as appropriate for the Risk Assurance and Audit function;
- verifying if the processes by which the provision of significant financial, managerial and operating information is accurate, reliable and timely;
- periodically confirming if results are consistent with Horizon Power's goals, regulations, legislation and standards requirements;
- periodically reporting the status of the audit plan, completed audit activities, and key performance indicators to the Audit and Risk Management Committee;
- confirming compliance to Horizon Power's policies, plans, procedures, laws and regulations;
- assessing effectiveness, efficiency and recommending improvement of management controls;
- assessing the proper acquisition, identification, safeguarding and use of Horizon Power's assets and resources; and
- communicating results and findings to the appropriate level of management, ARMC and Board.

## Authority and Independence

The Risk Assurance and Audit Manager is accountable to the Audit and Risk Management Committee, however administratively reports to the Manager Corporate Services. The Risk Assurance and Audit Manager also has a direct line of communication to the Chair of the Audit and Risk Management Committee and the Managing Director.

In order to perform the Risk Assurance and Audit Manager duties, the following work categories / prerequisites are needed:

- consultation with the Audit and Risk Management Committee and Executive Management regarding the annual audit plan, with the Committee's subsequent approval;
- authorisation to:
  - ◇ conduct audits as identified on the audit plan, raised at the discretion of the Audit and Risk Management Committee and/or the Risk Assurance and Audit Manager, which fulfil the objectives of this charter;
  - ◇ determine the scope, objectives and methodology for all audits;
  - ◇ obtain Management comments regarding actions to be taken in response to audit findings and recommendations.
- ability to acquire resources to fulfil the objectives of this charter and to maintain professional staff and expertise with sufficient knowledge, skills, experience and certification to meet this Charter's requirements;
- direct access to the Audit and Risk Management Committee, with the ability to report on any matters relating to Risk Assurance and Audit reviews and functions;
- maintaining the independence of Risk Assurance and Audit from Management, and Management's activities, to enable the reporting of audit findings in a free and unbiased manner;
- Management's support to effectively perform work, with unrestricted access to processes, records, personnel, assets and information;
- functioning separate to Management's own checking and assessment activities; and
- ability to coordinate, consult and provide assistance to other control and monitoring functions (safety, risk management, compliance, security, legal, ethics, environmental, external audits, fraud, etc).