



INTERNAL AUDIT CHARTER


QF-1100-MD-001

Revision: 2

Effective Date: 8 October 2019

	Prepared	Reviewed	Endorsed
Signature			
Designation	Internal Audit Coordinator	Legal Affairs Manager	MD & CEO
Date	9 OCT 2019	9-10-19	9/10/2019

	Approved		
Signature			
Designation	Chairman-Board Audit Committee	Vice Chairman-Board Audit Committee	Member- Board Audit Committee
Date	14/10/19	14/10/19	 14/10/19

	Final Approval
Signature	
Designation	Chairman of the Board of Directors
Date	15 OCT 2019

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Document Authorisation

Document Authority / Owner	Document Controller / Custodian
Internal Audit	IMS Administrator
Is overall responsible for the content, quality, adequacy, and continuing applicability of this document.	Is responsible for maintaining updated versions of this document in WOQOD intranet and deleting the previous versions.

Revision Record

Revision Number	Date of Revision	Reason for Revision / Description of Changes	Prepared by	Reviewed by	Endorsed by	Approved by	Approved by
0	16 May 2016	First Issue	IAM	-	CAO	MD & CEO	-
1	15 May 2018	Revised as per new Organization Structure	IAM	-	CAO	MD & CEO	-
2	8 October 2019	<ul style="list-style-type: none"> Change Document Number Revised the whole document 	IAC	LAM	MD & CEO	BAC	Chairman BOD

Document Control

Deviations and deferments from the requirements specified in this document are permitted only if approved in writing by the Document Authority. Any such deviations and deferments shall be approved for only a limited and specified time and shall be supported by a risk assessment and control.

Before making reference to this document, it is the user's responsibility to ensure that the version used (hard or electronic copy) is current.


Review Cycle

This document shall be reviewed and revised as necessary at least once in 3 years by the Document Authority. In addition, this procedure must be reviewed and revised as necessary whenever there are any significant changes in WOQOD's IMS Manual affecting the procedure. Such changes may include changes to the IMS policies, organization structure, roles and responsibilities, and any management or control procedure directly linked to this procedure. What constitutes a "significant" change must be determined by the Document Authority in line with the criteria specified in the Management of Change (MOC) Procedure.

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SECTION 1 INTRODUCTION

The mission of Qatar Fuel (Woqod)' s Internal Audit is to provide an independent and Objective assurance to the Board of Directors, Board Audit Committee, Senior Management, Divisions, Departments and Line Managements and perform consulting and advisory services designed to add value and to improve operations.

Internal Audit Activity to have a systematic and disciplined approach for evaluating the Enterprise Risk Management process, evaluating the establishment of and the effectiveness of internal control systems and the governance processes by performing independent review of the operations, processes, functions across Woqod and its subsidiaries.

1.1 PURPOSE

Internal Audit Activity in Woqod is in conformance with adherence to the Article (21) of Governance Code for Companies and Legal Entities Listed on the Main Market, issued by Qatar Financial Markets Authority.

1.2 GLOSSARY OF TERMS

The definition of key technical terms used in this document are provided in the following table

Term	Definition
MD&CEO	Managing Director and Chief Executive Officer
BAC	Board Audit Committee
IAC	Internal Audit Coordinator
IA	Internal Audit
IIA	Institute of Internal Auditors
P&P	Policies and Procedures
QFMA	Qatar Financial Markets Authority
Subsidiaries	QJET and FAHES

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SECTION 2 ORGANIZATION STRUCTURE

The Internal Audit Coordinator will report functionally to the Board Audit Committee (BAC) and administratively to the Managing Director and Chief Executive Officer (MD&CEO).

SECTION 3 INDEPENDENCE & OBJECTIVITY


The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to ensure maintenance of a necessary independent and objective mental attitude.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make balanced and unbiased assessments of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

SECTION 4 AUTHORITY

In fulfilling their roles and responsibilities, the Internal Audit team (inhouse or outsourced), with strict accountability for confidentiality and safeguarding records and information, are authorized:

- a) Full, free, and unrestricted access to:
 - All functions across Woqod and subsidiaries
 - All records (either manual or electronic) e.g., files, data, information, documents (whether created internally or externally).
 - Physical properties (movable / unmovable).
 - Any personnel across the organization.
- b) To approach any employee to supply information, explanation and render any assistance relating to audit work. The internal auditor(s) need not take permission from the employees' superiors / manager while soliciting information for audit work.
- c) Liaise with external auditors to ensure proper coverage.
- d) Allocate resources, set frequencies, select subjects, determine scope of work, and apply the applicable and recognized audit procedures to accomplish audit objectives.
- e) Obtain necessary assistance of personnel of the unit where audit is performed, as well as other specialized services from within or outside the organization.

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The Internal Audit Coordinator or the audit team **are not authorised** to:

- a) Have direct responsibility or authority over any activities or operations that they review.
- b) Approve and install policy and procedures, prepare records, or engage in activities that would normally be reviewed by them.
- c) Direct the activities of any employee of the organization (other than that of internal auditors) except to the extent that such an employee has been appropriately assigned to assist internal audit.

❖ RESPONSIBILITY

The Internal Audit Coordinator and the audit team are responsible for:

- Preparing an annual Audit Plan using appropriate risk-based methodology, including risks or control concerns identified by management and the BAC, and submit the plan to the BAC for review and approval.
- Implement the annual Audit Plan, as approved, including, any special mandates or projects requested by top management and the BAC.
- The audit team should have enough knowledge, skills, experience and professional certifications to perform the audit work efficiently.
- Issue audit reports to management and any other relevant parties at the conclusion of each audit in order to communicate the audit findings, recommendations and management action plans.
- Follow up on outstanding management action plans to ensure significant risks and major deficiencies identified are effectively addressed and remediated by management within the mutually agreed timeframe.
- Prepare and present quarterly reports to the Board Audit Committee summarizing the status and the results of audit activities.
- To ensure compliance with significant policies, plans, procedures, laws, and regulations.
- To review the reliability and integrity of management and financial information processes, including the means of identifying, measuring, classification of such information.
- Reviewing the adequacy of the process of safeguarding of assets.

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Internal Audit is responsible for evaluating all processes of the organization including governance processes. It also assists the BAC in evaluating the quality of performance of external auditors and maintains effective coordination with external auditors.

Internal audit must perform consulting and advisory services related to governance, risk management and internal control as and when requested by top management, BAC. It may also evaluate specific operations at the request of the Board, BAC or management, as appropriate.

Based on its activity, Internal audit is responsible for reporting significant risk exposures and internal control issues to the BAC and Senior Management, including exposure to fraud risks, governance issues, and any other matter requested by the BAC.

❖ ACCOUNTABILITY

In discharging their duties, the Internal Audit Coordinator and the audit team, are accountable to the BAC:

- To submit to the BAC an annual internal audit activity plan.
- Periodically report to the BAC on the status and results of the annual audit plan.
- Provide an assessment of the adequacy and effectiveness of the organization's processes for controlling the activities and managing its risks.
- Report significant issues related to the processes controlling the activities of the organization and recommend improvements to those processes.
- Coordinate with and provide oversight of other internal control and monitoring functions (i.e. risk management, compliance, safety, legal, code of business ethics, conflict of interest, environmental issues, external audit, etc.)

SECTION 5 ADHERING TO THE STANDARDS FOR THE INTERNAL AUDIT PRACTICE

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional

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practice of internal auditing and for evaluating the effectiveness of the internal audit performance.

The IIA'S practice advisories, practice guides, position papers and QFMA's guidelines will be adhered to as applicable to guide the internal audit activity. In addition, the internal audit activity must adhere to Qatar Fuel (Woqod)'s relevant policies and procedures and the internal audit policies and procedures manual.

❖ AUDIT PLAN

At the beginning of each of year, Internal Audit Activity to update its annual Audit Plan based on outcome of the previous and current year audits, input from management based on latest risk assessments if any adjusting its multi years (three or five) approved audit plan. The updated annual audit plan to be approved by the BAC. The annual Audit Plan includes a mix of the following types of audits as an example, which provides assurance to the Board, Board Audit Committee and to the management that:

- The data processed and stored in the functions of the organization is accurate, reliable and its availability at any time is ensured.
- Corporate assets are properly safeguarded.
- The internal controls are properly designed and functioning as intended.
- Functions and operations in the organization compliant with established policies and procedures.
- All external requirements / regulations are complied with.
- The objectives and scope set in audits to ensure focus on improving efficiencies and effectiveness of operations contributing to cost optimizations without compromising on the quality of work.
- Special assignments audits based on the request and guidance of top management

❖ INTERNAL AUDIT REPORTS

A written report will be prepared and issued by the Internal Audit team after conclusion of each internal audit engagement and will be distributed to respective parties. A summary of audit report will be submitted to MD & CEO after each audit. Internal Audit to submit report to BAC in each BAC meeting.

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The internal audit report shall include management's response and corrective action taken or to be taken regarding the specific findings and recommendations. Management's response to be received and included in the final audit report. Auditee response received should include a time frame for implementing each corrective action.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings and recommendations to remain open until agreed corrective action is taken

SECTION 6 RELATIONSHIP & COORDINATION WITH THE EXTERNAL AUDITOR

The Internal Audit Coordinator to prepare and submit the Policies and Procedures for nominating and contacting with External Auditor to BAC for their review and approval. The P&P must be updated on periodical basis as and when required.

There should be periodical meetings among the Internal Audit Coordinator, outsourced internal audit team and the External Auditor to discuss the internal and external audit plans, reports and any concerns / issues to share. These meetings are required to ensure that the activities of the internal and external audit are coordinated and avoid duplication of efforts.

SECTION 7 BOARD AUDIT COMMITTEE

As per QFMA guidelines the BAC should meet at least six times in a financial year. Internal Audit Coordinator to organize the periodical BAC meetings as per the availability and convenience of the BAC. Out of the six meetings four meetings should be organized before the Board meetings to discuss the financial statements results before it is presented to the Board.

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SECTION 8 RELATED DOCUMENTS

- Institute of Internal Auditor's Standards
 - ✓ Practise Advisories
 - ✓ Practise Guides
 - ✓ Position Papers
- Governance Code for Companies & Legal Entities Listed on the Main Market (Qatar financial Markets Authority)



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