



INTERNAL AUDIT CHARTER


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	Prepared	Reviewed	Endorsed
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Date	05 OCT 2022	05/10/22	5/10/2022

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Date			

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Document Authorisation

Document Authority / Owner	Document Controller / Custodian
Internal Audit Manager	IMS Administrator
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Revision Record

Revision Number	Date of Revision	Reason for Revision / Description of Changes	Prepared by	Reviewed by	Endorsed by	Approved by	Final Approval
0	16 May 2016	First Issue	IAM	-	CAO	MD&CEO	
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3	10 October 2022	Revised as per new organization structure	H - FA	IAM	MD&CEO	BAC	

Document Control

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

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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 purpose of this Charter is to document the role, responsibility, and authority of the WOQOD Internal Audit Department (IAD) and, the objective, scope, and limitations of Internal Audit activities. This Charter also documents the IA Manager's authority to achieve these objectives.

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 encompasses the examination and evaluation of the adequacy, efficiency and effectiveness of the organization's Governance, risk management process, system of internal control structure, asset safeguarding and compliance with procedures, policies, laws and regulations of the company and the regulatory bodies.

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, in alphabetical order.

Term	Definition
BAC	Board Audit Committee
MD&CEO	Managing Director and Chief Executive Officer
IA	Internal Audit
IAM	Internal Audit Manager
H - FA	Head – Financial Audits
IAD	Internal Audit Department
Management	The Management includes Senior Executives and Managers of the Company responsible for day-to-day operations and performance of the Company.
Conflict of Interest	Any relationship that is, or appears to be, not in the best interest of the Company. A conflict of interest would prejudice an individuals' ability to perform assigned duties and responsibilities objectively.

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Term	Definition
Governance	The combination of processes and structures implemented by the Company Management to inform, direct, manage, and monitor the activities of the Company toward the achievement of its objectives.
Risk	The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.
Risk Management	A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.
Compliance	Adherence to policies, plans, procedures, laws, regulations, applicable standards, contracts, and other requirements.
Control	Any action taken by the Management and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.
Fraud	Any illegal act characterized by deceit, concealment, or violation of trust.
Independence	The freedom from conditions that threaten the ability to carry out responsibilities in an unbiased manner.
Integrity	Establishing trust and thus provides the basis for reliance on their judgment
Objectivity	Exhibiting the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments
Confidentiality	Respecting the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so
Competency	Applying the knowledge, skills, and experience needed in the performance of internal audit services
Investigation	A detailed and systematic search, inquiry, or examination in order to discover facts.
QFMA	Qatar Financial Markets Authority
WOQOD	WOQOD and Subsidiaries



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SECTION 2 ORGANIZATION STRUCTURE AND REPORTING LINES

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

Functional reporting to the BAC includes the IAM approaching the BAC for:

- a) Approval of the Internal Audit Charter.
- b) Approval and oversight of annual and strategic audit work plans and supporting tasks.
- c) Review and approval of IAD budget and any subsequent amendments to it
- d) Review and approval of IA organization structure (manpower headcount, retirements, designations, promotions, overall staffing, compensation package, reporting lines etc.) and any reduction, changes, or amendments there to.
- e) Review and approve IAD strategies, business plans, and KPIs.
- f) Approval of IAD staff training and development plans and setting minimum CPE requirements for each audit resource level.
- g) Audit reports on significant audit findings and material control weaknesses.
- h) Update on actions taken by the Management to address high risk areas identified by IA
- i) Approval for engaging the outside counsels or service providers for audits, investigations, and other relevant matters.
- j) Submitting the performance assessment of outsourced IA Service Providers; and
- k) Any other issues or concerns in relation to implementation of personnel & administrative plans as approved by the BAC.

Administrative reporting of IAM to the MD&CEO includes:

- a) Personnel administration requirements of the IAD as approved by the BAC (e.g., recruitment, training and development, outsourcing contracts, leaves& absences etc); and
- b) Any other matter as delegated by the BAC.

SECTION 3 INDEPENDENCE & OBJECTIVITY

The Internal Audit activity shall remain free from influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content in order to maintain an independent and objective mental attitude necessary in rendering audit services.

Internal Auditors should have an impartial attitude and avoid conflicts of interest. Internal Auditors shall sign declaration on Conflict of Interests and confidentiality on an annual basis.

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

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balanced and unbiased assessments of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal Audit review or appraisal does not in any way relieve the Management of any assigned responsibilities. Accordingly, responsibility for Internal Control (including the prevention and detection of fraud) and implementation of audit recommendations rest fully with the Management.

SECTION 4 INTERNAL AUDIT 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:
 - i) All functions across WOQOD and subsidiaries
 - ii) All records (either manual or electronic) e.g., files, data, information systems, documents (whether created internally or externally).
 - iii) Physical properties (movable / immovable).
 - iv) 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 audit areas, determine scope of work, and apply any audit techniques/ 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.
- f) Meet with WOQOD and Subsidiaries Management, Legal Counsel, External Auditors, or outside counsel as necessary.
- g) Investigate or commission the investigation of issues or concerns, as it may deem appropriate.
- h) Engage advisors or otherwise obtain independent legal, accounting, and other professional services as it may deem appropriate with approval from the BAC; and
- i) Undertake any action or arrange for appropriate steps to fulfil its objectives and responsibilities



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

- a) Have direct responsibility or authority over any activities or operations that they review.
- b) Accordingly, they should not develop or install systems or procedures, prepare records, or engage in any other activity which would normally be reviewed by Internal Auditors.
- 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.

SECTION 5 INTERNAL AUDIT RESPONSIBILITY

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

- a) 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.
- b) Implement the annual Audit Plan, as approved, including, any special mandates or projects requested by top management and/or the BAC.
- c) The audit team should have enough knowledge, skills, experience, and professional certifications to perform the audit work efficiently.
- d) Issue audit reports to management and any other relevant parties at the conclusion of each audit to communicate the audit findings, recommendations, and management action plans.
- e) 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.
- f) Prepare and present reports to the Board Audit Committee summarizing the status and the results of audit activities, in BAC meetings.
- g) To ensure compliance with significant policies, plans, procedures, laws, and regulations.
- h) To review the reliability and integrity of management and financial information processes, including the means of identifying, measuring, classification of such information.
- i) Reviewing the adequacy of the process of safeguarding of assets.

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.



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Internal Audit may perform consulting and advisory services related to governance, risk management and internal control as and when requested by management and/or, BAC. The nature and scope of such advisory/consultancy services shall be agreed with the Management and are intended to add value and improve Governance, risk management and Internal Control processes without the IA staff assuming management responsibility. It may also evaluate specific operations at the request of the Board, BAC, or management, as appropriate.

IA Manager shall formally assess the impact on independence and objectivity of IA for providing above services. If independence or objectivity is impaired in fact or appearance, the details of the impairment shall be disclosed to the BAC and obtain BAC approval prior to engaging in above services.


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.

SECTION 6 ADHERING TO THE STANDARDS FOR THE INTERNAL AUDIT PRACTICE

The Internal Audit activity will govern itself by adhering 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 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.

6.1 INTERNAL AUDIT PLAN

At the beginning of each of year, Internal Audit Manager 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 shall include a mix of the

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following auditable areas, which provides assurance to the Board, Board Audit Committee and to the management that:


- a) The data processed and stored in the functions of the organization is accurate, reliable and its availability at any time is ensured.
- b) Corporate assets are properly safeguarded.
- c) The internal controls are properly designed and functioning as intended.
- d) Functions and operations in the organization compliant with established policies and procedures.
- e) All external requirements / regulations are complied with.
- f) 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.
- g) Special assignments audits based on the request and guidance of top management
- h) Any Inclusion and/or cancellation of audits from the approved Audit Plan and/or budget revisions shall be approved by the BAC prior to execution by Internal Audit.
- i) IAM shall inform the BAC about the impact of resource limitations, if any.

6.2 INTERNAL AUDIT REPORTS

Following the conclusion of each audit, a written report will be prepared and issued by the Internal Audit team and will be distributed to the Management of the activity or area audited. 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.

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.

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Internal Audit Reports are confidential, and their distribution should therefore be restricted. Release of Internal Audit Reports to third parties requires the Management approval, unless there is a specific regulatory requirement to share the reports.

SECTION 7 RELATIONSHIP & COORDINATION WITH THE EXTERNAL / OTHER AUDITORS AND ASSURANCE PROVIDERS

The Internal Audit Manager shall prepare and submit the Policies and Procedures for nominating and contacting with External Auditor to BAC and Chairman of the Board for approval. The P&P must be updated on periodical basis as and when required.

There should be periodical meetings among the Internal Audit Manager, (outsourced Internal Audit team if required) 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 8 BOARD AUDIT COMMITTEE

As per QFMA guidelines the BAC should meet at least six times in a financial year. Internal Audit Manager 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.

SECTION 9 LIMITATIONS OF INTERNAL AUDIT

Internal Audit procedures comprise enquiries, observations, and limited testing on a sample basis, covering the approved scope and objectives. Internal Audit procedures rely on information and representations made available to Internal Audit by the respective management and are not designed to identify all significant control weaknesses, fraud, defalcations, and irregularities. As a result, Internal Audit's review does not in any way diminish the responsibility of Management. The responsibility for safeguarding the assets of the Company, the design and development, implementation and operation of internal control and risk management systems, and the prevention and detection of fraud are the responsibility of the respective Management Team.



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SECTION 10 RELATED DOCUMENTS

- a) Institute of Internal Auditor's Standards
 - a. Practise Advisories
 - b. Practise Guides
 - c. Position Papers
- b) Governance Code for Companies & Legal Entities Listed on the Main Market (Qatar financial Markets Authority)
- c) National Information Assurance Policy v2.0
- d) Qatar 2022 Cybersecurity Framework v1.0
