



Internal Audit Charter

POL-00009

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1. Purpose

Internal Auditing is an independent and objective assurance and consulting activity that is intended to add value to improve the operations of the Seqwater business.

Section 29 of the *Financial and Performance Management Standard 2009* requires Seqwater to develop and implement systems for ensuring Internal Audit operates efficiently, effectively and economically.

2. Scope

Internal Audit activities assist in achieving a systematic and disciplined approach to evaluate and improve the effectiveness of Seqwater's risk management, control and governance systems and processes.

3. Role

Internal Audit supports the Board, through the Audit and Risk Committee, by providing assurance and advice regarding:

- internal controls
- business processes
- accurate and reliable information
- compliance
- risk management.

4. Responsibilities

4.1 Planning

Internal Audit develops a rolling three year strategic internal audit plan and an annual internal audit plan based on:

- assessment of Seqwater's key business, operational and financial risks
- alignment with Seqwater's strategic goals, objectives and risks
- consultation with the External Auditor regarding the plans.

Internal Audit submits the plans to the Audit and Risk Committee for endorsement and recommendation to the Board for approval.

The final scope of internal audit plans must be approved by the relevant General Manager.

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4.2 Reporting

4.2.1 Internal audit reports

Following completion of each internal audit, Internal Audit:

- provides a copy of its draft report to the General Manager of the audited area
- provides a copy of the draft report to the Executive Leadership Team for review, consideration and agreement
- includes any comments by the General Manager and executive, as appropriate, on the draft report in the final report, including responses to any recommendations made
- provides the final report to the:
 - relevant General Manager and the Chief Executive Officer (CEO)
 - Audit and Risk Committee
 - Board, as required.

Each internal audit report includes, without limitation:

- the objective and scope of the internal audit
- the findings of the internal audit
- recommendations arising from the internal audit.

4.2.2 Program management reports

Internal Audit provides a program management report to each meeting of the Audit and Risk Committee.

Each program management report includes, without limitation:

- the status and results of the annual audit plan
- any outstanding or ongoing audit issues
- information regarding the sufficiency of Internal Audit resources (as required).

4.3 Responsibilities

Each member of the Executive Leadership Team is personally accountable to the Board to ensure that all corrective actions recommended in the internal audit process are fully implemented to align to their areas of responsibility and are reported as complete to the Internal Auditor in accordance with the timeframes referred to in the internal audit report. In the event that a corrective action becomes overdue, a request to revise a target date should be submitted to the Audit and Risk Committee.

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5. Powers

Internal Audit may:

- access all documents, correspondence, files, records, accounts and all other forms of information held by Seqwater
- access all Seqwater personnel, property and operations
- require all Seqwater employees and contractors to supply such information and explanations as Internal Audit requires.

The powers are to be exercised:

- solely for the purpose of performing the Internal Audit role and discharging associated responsibilities
- in compliance with all relevant security, confidentiality, privacy and safety requirements.

5.1 Standards

Internal Audit conducts internal audit activities in accordance with Seqwater's Code of Conduct, policies and procedures

- relevant Queensland Government directives and guidelines
- relevant professional standards, which may include:
 - standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors
 - standards relevant to internal audit issued by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia
 - the Statement on Information Systems Auditing Standards issued by the Information Systems and Control Association
 - standards issued by Standards Australia and the International Standards Organisation.

6. Independence

It is essential to the integrity and effectiveness of the internal audit function that it be independent.

To ensure this independence, Internal Audit:

- reports directly to the Audit and Risk Committee
- has unrestricted access to the Audit and Risk Committee
- is not responsible for management or performance of internal control processes
- does not have any direct responsibility for, or authority over, the activities it reviews
- does not audit areas in respect of which it provides other professional advice.

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7. Relationship with other auditors

Internal Audit is independent of, and does not duplicate, the function of the External Auditor.

Internal Audit, in conjunction with the Principal Internal Audit, liaises with the External Auditor, Independent Assurance Providers and Management Systems Owners to co-operate, wherever possible to:

- avoid duplication of effort
- enable work undertaken by one party to be relied upon by the other party
- avoid disruption caused by multiple audits of one area of Seqwater's business at the same time.

8. Resourcing

Seqwater currently outsources its internal audit work to an independent, third party qualified, internal audit Service Provider.

Seqwater may also employ a qualified internal auditor to:

- advise the CEO as needed
- perform aspects of the Internal Audit role as determined from time to time by the CEO or General Counsel and Company Secretary.

9. Co-ordination

The Principal Internal Audit co-ordinates and facilitates with the external Internal Audit Service Provider within Seqwater by:

- liaising with the Service Provider regarding the internal audit program, assistance required and outcomes
- liaising with managers and other employees whose assistance is required for particular internal audits
- ensuring integration and alignment of Seqwater's compliance and risk management functions with the Internal Audit function
- communicating with the External Auditor, Independent Assurance Providers and Management Systems Owners to avoid duplication of effort and avoid business disruption where possible
- ensuring that internal audit recommendations are:
 - communicated within Seqwater as required
 - captured, managed and monitored through to completion within the Compliance, Risk and Incident Information Management System by the Principal Internal Audit.

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10. Other roles and responsibilities

Role	Responsibility
Board	Approval of the strategic three year audit plan and the annual audit plan and any variations thereto. Receipt and review of internal audit reports as required and regular program management reports. Instigation of any action it considers necessary in response to those reports.
Audit and Risk Committee	Endorsement of the strategic three year audit plan and the annual audit plan and any variations thereto. Approval of the annual audit program and any variations thereto. Receipt and review of regular reports from Internal Audit. Approval of action plans for the implementation of Internal Audit recommendations. Monitoring, implementation and completion of approved action plans. Recommendation to the Board of the instigation of any other action it considers necessary.
Management	Operation and continual improvement of internal controls as evidenced through consistent standardised documentation. Implementation of agreed Internal Audit recommendations. Co-operation with and ensuring employees' co-operation with internal auditors.
Principal Internal Audit	Co-ordination of Internal Audit as outlined in section 9.
Employees	Co-operation with internal auditors.

11. References and related materials

Description	Status	Location
<i>Financial Accountability Act 2009</i>	Active	http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/F/FinAccountA09.pdf
<i>Financial and Performance Management Standard 2009</i>	Active	http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/F/FinAccPManSt09.pdf
Government Owned Corporations Governance Framework	Active	Intranet
Audit and Risk Committee Charter (POL-00053)	Active	Q-Pulse and Waternet
Enterprise Risk Management Framework (PLN-00294)	Active	Q-Pulse and Waternet

Description	Status	Location
Compliance Framework (MAN-00255)	Active	Q-Pulse and Intranet

12. Definitions

Term	Definition
Compliance, Risk and Incident Information Management System	Software with integrated compliance, risk and incident management modules used by Seqwater to capture, manage and monitor those areas of its business.
External Auditor	The authorised auditor appointed under the <i>Auditor-General Act 2009</i> , i.e. the Queensland Audit Office (staff or contractor).
Independent Assurance Providers	External auditors and other independent third parties engaged by Seqwater to provide standards certification and other specific compliance assurance, generally related to Seqwater's Management Systems and the operational processes underlying those systems.
Internal Audit	Seqwater's internal audit function , managed by the Principal Internal Audit and including any person appointed to carry out the Internal Audit function from time to time
Management Systems Owners	Seqwater employees responsible for Seqwater's various Management Systems including its Quality, Safety, Water Quality and Environment Systems.
Service Provider	The third party qualified internal audit service provider engaged by Seqwater to perform its internal audit work.