

Internal Audit

Document number: POL-00009

This document is the property of Seqwater. It must not be copied or reproduced in any way whatsoever without the authority of Seqwater. This document is uncontrolled when printed. An electronic database manages and stores the controlled version.

Ver No.	Description	Document Owner		Document Approver		
		Position	Approval	Position	Approval	Approval Date
16	Amended Version	Executive General Manager Legal & Governance	Refer to supporting Info in Rex	Seqwater Board	Refer to supporting Info in Rex	25/07/2024

Contents

1.	The Charter.....	3
2.	Purpose	3
3.	Authority and independence	3
4.	Standard of Audit Practice.....	3
5.	Role of Internal Audit.....	4
6.	Duties and Responsibilities.....	4
7.	Quality Assurance and Improvement	5
8.	Review of Internal Audit Charter	5
9.	Relationship with Other Auditors	5
10.	References and Related Materials.....	6

Version No.	Document No.	Document Owner:	Approval Date:	Document Approver:	Page:
16	POL-00009	Executive General Manager Legal & Governance	25/07/2024	Seqwater Board	2 of 6

1. The Charter

This Internal Audit Charter (Charter) of the Queensland Bulk Water Supply Authority, trading as Seqwater (Seqwater), has been approved by the Seqwater Board (the Board).

2. Purpose

This Charter outlines the objectives, role, and responsibilities of the internal auditor and its function in accordance with Seqwater's obligations under the *Financial and Performance Management Standard 2019 (Qld)*.

3. Authority and independence

Division 5, Section 24 of the *Financial and Performance Management Standard 2019 (Qld)* requires Seqwater to establish, implement, and maintain systems for ensuring an internal audit function operates efficiently, effectively, and economically in carrying out internal audits and other related assurance activities, as required.

It is essential to the integrity and effectiveness of the internal audit function that it be independent and free from interference. To ensure independence, the internal auditor and its function:

- is not responsible for management, performance, or implementation of internal controls
- does not have any direct operational responsibility or authority over the activities it reviews
- does not audit areas in which it provides other professional advice.

The internal auditor and its function, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of Seqwater's records, physical properties, and personnel pertinent to carrying out internal audit activity. The internal auditor and its function has free and unrestricted access to members of the Audit and Risk Committee and the Board.

4. Standard of Audit Practice

To ensure objectivity, the internal auditor and its function shall exhibit the highest level of professionalism in gathering, evaluating, and communicating information about the activity or process being examined.

The internal auditor and its function shall conduct all activities in accordance with Seqwater's Code of Conduct, Queensland Government policies, guidelines and directions, and industry best practices as guided by the Institute of Internal Auditors Australia.

Version No.	Document No.	Document Owner:	Approval Date:	Document Approver:	Page:
16	POL-00009	Executive General Manager Legal & Governance	25/07/2024	Seqwater Board	3 of 6

This document is the property of Seqwater. It must not be copied or reproduced in any way whatsoever without the authority of Seqwater. This document is uncontrolled when printed.

An electronic database manages and stores the controlled version.

5. Role of Internal Audit

A system of internal audit is an important part of Seqwater's corporate governance framework. The role of the internal auditor and its function is to provide the Board, through the Audit and Risk Committee, with:

- an independent and objective assurance and consulting service that is intended to add organisational value and improve the operations of Seqwater's business by providing risk-based and objective assurance, advice, and insight
- evaluate the overall adequacy and effectiveness of Seqwater's governance framework, risk management and internal controls.

The internal auditor:

- for internal audit functional purposes – reports to the Board through the Chairperson of the Audit and Risk Committee (ARC) on the progress and outcomes of internal audit activities and the overall operation of the internal audit function
- for administrative purposes (i.e., day to day operations) – reports to the Executive General Manager Legal & Governance, and for reviews as to the function's performance, will consult with the CEO and ARC Chairperson, as required.

The internal auditor and its function shall engage with the CEO and management to ensure it adds organisational value consistent with strategic and operational objectives while providing ongoing and open consultation into the development and progression of internal audit activity.

6. Duties and Responsibilities

The duties and responsibilities of the internal auditor and its function are defined by the Board and include:

- developing a rolling three-year strategic internal audit plan and an annual internal audit plan in consultation with the Audit and Risk Committee, management, and the external auditor
- conducting internal audits in accordance with approved strategies and plans including oversight of, and reporting on the overall quality of the internal audit activities and ensuring the timely completion of audit assignments
- monitoring and tracking the status of internal audit recommendations and management corrective actions, and reporting on the status of overdue recommendations to the Executive Leadership Team and the Audit and Risk Committee
- engaging and fostering strong relationships with stakeholders (management, external auditor, independent assurance providers) to ensure they are fully aware of internal audit activity progress, to avoid duplication of effort, to enable reliance on assurance activities (as far as allowed under standards) and to avoid disruption to the business caused by multiple assurance activities
- evaluating the systems established to ensure compliance with policies, procedures, laws, and regulations that could have a significant impact on the organisation
- presenting internal audit reports to management with a collaborative approach to developing and agreeing management action plans to address risks or deficiencies identified
- providing final internal audit reports to the relevant Manager/s, General Manager/s, Executive General Managers, CEO, Audit and Risk Committee and the Board
- reporting periodically on the internal audit activity's purpose, authority, responsibilities, and performance relative to its plan and deviation from the approved internal audit plans

Version No.	Document No.	Document Owner:	Approval Date:	Document Approver:	Page:
16	POL-00009	Executive General Manager Legal & Governance	25/07/2024	Seqwater Board	4 of 6

This document is the property of Seqwater. It must not be copied or reproduced in any way whatsoever without the authority of Seqwater. This document is uncontrolled when printed.

An electronic database manages and stores the controlled version.

- reporting periodically to the Audit and Risk Committee on all internal audit activities including significant risk exposures and control issues, fraud risks, and/or governance issues identified during the course of an internal audit
- assisting, when requested, with an investigation of significant suspected fraudulent activity and notify management and the Audit and Risk Committee of the results
- evaluating specific operations at the request of the Board or management.

7. Quality Assurance and Improvement

The Audit and Risk Committee will evaluate the performance of the internal audit function annually.

The internal auditor shall maintain a quality assurance and improvement program that covers all aspects of the internal audit activity, including the function's efficiency and effectiveness, and identify any improvement opportunities.

8. Review of Internal Audit Charter

This Charter will be reviewed every three years or whenever significant changes in the Institute of Internal Audit's International Standards for the Professional Practice of Internal Auditing (IIA IPPF Standards) occur.

The internal auditor will submit any recommended changes to the CEO and through to the Audit and Risk Committee for its review and recommendation for Board approval.

9. Relationship with Other Auditors

Internal Audit is independent of, and does not duplicate, the function of the external auditor.

The interior auditor and its function shall liaise with the external auditor, independent assurance providers and ISO/AS/NZ certified management systems owners to cooperate, 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.

Version No.	Document No.	Document Owner:	Approval Date:	Document Approver:	Page:
16	POL-00009	Executive General Manager Legal & Governance	25/07/2024	Seqwater Board	5 of 6

This document is the property of Seqwater. It must not be copied or reproduced in any way whatsoever without the authority of Seqwater. This document is uncontrolled when printed.

An electronic database manages and stores the controlled version.

10. References and Related Materials

Description	Status	Location
<i>Financial Accountability Act 2009</i>	Active	Online
<i>Financial and Performance Management Standard 2019</i>	Active	Online
Queensland Treasury, Corporate Governance Guidelines for Government Owned Corporations (Feb 2009)	Active	Contact Manager Corporate Governance
FRA-00013 Framework – Compliance	Active	REX
FRA-00014 Framework – Enterprise Risk Management	Active	REX
POL-00053 Audit and Risk Committee Charter	Active	REX

Version No.	Document No.	Document Owner:	Approval Date:	Document Approver:	Page:
16	POL-00009	Executive General Manager Legal & Governance	25/07/2024	Seqwater Board	6 of 6

This document is the property of Seqwater. It must not be copied or reproduced in any way whatsoever without the authority of Seqwater. This document is uncontrolled when printed.

An electronic database manages and stores the controlled version.