

Internal Audit Charter



Internal Audit Charter

Introduction

Internal Auditing is an independent and objective assurance and consulting services within the Seera holding group (here-in referred to as Company). The objective of the Internal Audit Charter is to formalize the basis of operations of Internal Audit Department of the Company during the audit engagement and provides a formal management support of this function.

This Audit Charter sets out the frame work within which the Internal Audit Department will operate to make positive contributions and value adding to Company operations.

Mission Statement

The mission of the Internal Audit Department is to provide an independent, objective assurance and consulting services designed to add value and improve Company's operations. In addition to helping the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Objectives

The primary objective of internal audit is to assist Company's management in the effective discharge of their responsibilities. Additionally, the objectives of the internal audit is to ensure that Company's operations are conducted in accordance with the standards by providing an objective assurance function and by advising on best practice, through a systematic and a disciplined approach.

The Internal Audit Department helps the Company in accomplishing its objectives by evaluating and improving the effectiveness of risk management, internal control and governance processes.

Professional Standard

Internal Audit Department gives a high consideration to applicable requirements, recommendations and standards of best professional practice relating to the internal audit.

Internal Auditors shall govern themselves by adherence to "The Institute of Internal Auditors' "Code of Ethics." The Institute's "International Standards for the Professional Practice of Internal Auditing" (Standards) shall constitute the basis for operating procedures for the Internal Audit Department. Additionally, Internal Audit Department will adhere to Company policies and procedures and Internal Audit Manual.

Role

The role of Internal Audit Department is defined by the Audit Committee of the Board of Directors as part of their oversight function.

Scope of Work

The scope of work of the internal auditing department is to determine whether the company's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risk are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the organization's control process.
- Significant legislative or regulatory issues impacting the organization are recognized and addressed properly.

Opportunities for improving management control, profitability, and the organization's image may be identified during audits. They will be communicated to the appropriate level of management.

Authority

The Chief Audit Executive and staff of the internal auditing department are authorized to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the audit committee.
- Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organization where they perform audits, as well as other specialized services from within or outside the organization.



The Chief Audit Executive and staff of the internal auditing department are not authorized to:

- Perform any operational duties for the organization or its affiliates.
- Initiate or approve accounting transactions external to the internal auditing department.
- Direct the activities of any organization employee not employed by the internal auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

Responsibility

The Chief Audit Executive and staff of the internal auditing department have responsibility to:

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the audit committee for review and approval.
- Implement the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the audit committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Establish a quality assurance program by which the Head of Audit assures the operation of internal auditing activities.
- Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- Issue periodic reports to the audit committee and management summarizing results of audit activities.
- Keep the audit committee informed of emerging trends and successful practices in internal auditing.
- Provide a list of significant measurement goals and results to the audit committee.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the audit committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.

Accountability

The Chief Audit Executive, in the discharge of his duties, shall be accountable to management and the audit committee to:

- Provide annually an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources.
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

Independence

To provide for the independence of the internal auditing department, its personnel report to the Chief Audit Executive, who reports administratively to the CEO and functionally to the audit committee in a manner outlined in the above section on accountability it will include as part of its reports to the audit committee a regular report on internal audit personnel.

Confidentiality

All staff performing Internal Audit function, including external consultants, external entities and outsourced internal auditors shall undertake to respect the value and ownership of information they receive and not disclose information without appropriate authorization, unless there is a legal or professional obligation to do so. Further they shall sign the Internal Auditor's "Code of Ethics" in agreement to upholding the principles of Integrity, Objectivity, Confidentiality and Competence.

Reporting

A formal audit report will usually be issued after each audit engagement. This will provide an overall opinion on the effectiveness of those internal controls assessed during the audit. All reports will be discussed with relevant management and, once agreed, will be issued to the responsible Department Head and other relevant management. The external auditors may also be allowed to access the internal audit reports with the approval of Head of Internal Audit.

Status reports from management, to ascertain the actions taken, will be requested at appropriate intervals after the initial report.

Internal Audit Department will report the results of all its work to the Audit Committee and the senior management at intervals to be agreed, together with an assessment of the overall standard of internal control in the areas reviewed.

Internal Audit Charter continued

Individual Objectivity

Internal Audit shall ensure an impartial, unbiased attitude and avoid conflict of interest.

Impairments of Independence or Objectivity in fact or appearance shall be disclosed to audit committee.

Management Responsibility

Directors, Heads of departments and relevant management members will be responsible to provide high consideration to audit findings, issues and concerns raised to them by the internal audit. Furthermore, management should establish action plans to address and rectify these findings and concerns, also to provide target dates to achieve each action plan which will be discussed and agreed with the internal audit.

Directors, Heads of departments and relevant management members will be ultimately responsible for the implementations of such action plans.

Internal Audit findings which are disputed or areas where corrective action are not implemented on time by the auditee management shall be brought to the notice of the CEO. If disagreement still exists, then these issues shall be brought to the attention of Audit committee immediately.

Audit Planning

Annually, the Internal Audit Head shall submit to the Audit Committee a summary of the audit work schedule, staffing plan, and budget for the following fiscal year. The audit work schedule is to be developed based on a prioritization of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to the Audit Committee through periodic activity reports.

External Quality Assurance Review

An independent outside review of the Internal Audit Department will be conducted once every 5 years. The review is to be conducted by an independent consultant in order to assist the internal audit department to continuously improve and enhance its services to other departments. The observations and findings of the external review will be reported by Chief Audit Executive to Audit Committee for initiating appropriate corrective actions.

Periodic Assessment

The Chief Audit Executive should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the Internal Audit Department to accomplish its objectives. The result of this periodic assessment should be communicated to the Audit Committee.

Approval and Effective date

This charter approved by audit committee on 19 January 2017