

تمت الموافقة في اجتماع مجلس الإدارة
الاجتماع لعام ٢٠١٢ بتاريخ ٢٤/٢/٢٠١٢

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شركة الساحل للتنمية والاستثمار ش.م.ك.ع

COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P

منذ 1975 Since

COAST INVESTMENT & DEVELOPMENT COMPANY

INTERNAL AUDIT CONTROLS POLICIES AND PROCEDURES

 <p>شركة الساحل للاستثمار والتنمية COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P. منذ 1975</p>	INTERNAL AUDIT CONTROLS POLICIES AND PROCEDURES	ISSUE DATE: FEBRUARY 2012
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Preface

The purpose of this policy is to define and communicate the policies and procedures applicable to Internal Audit function of Coast Investment & Development Company. The policies and procedures contained in this policy are intended to serve as an operational guideline to the management and the staff of Internal Audit function.

It is the responsibility of the CEO to ensure all departments function in accordance with this Manual.

If any company Department within Coast considers that compliance with any of the guidelines, policies, instructions, and procedures set out in this manual is not possible for any reason, it should refer the matter in writing to the CEO for resolution.

This manual is divided into Seven sections and One appendix.

This manual is written in MS Office XP.

The final deliverable manual is provided in a loose-leaf binder to enable approved updates to be inserted when required.

Distribution of this manual is made against a **Manual Distribution Form** which is sent to each designated resource person with the manual. The resource person should sign and return the form to the CEO. The form is enclosed at the end of this preface.

Any future updates to this manual will be distributed to all resource personnel and it will be their responsibility to ensure that the manual is properly updated in adding new pages or appendices, removing superseded pages or appendices, or making any manual edit changes in form or content.

The manual and its contents are strictly for internal use and are as such treated as highly confidential material.

Changes to the manual are usually made as a result of one – or a combination of – the following reasons:

1. Changes in local laws and regulations
2. Changes in functions and activities of the company
3. Changes in the technological environment.

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4. Changes in the information technological infrastructure of the company
5. Changes in business processes
6. Changes in company organizational structures
7. Changes in authority structures
8. Changes in job roles, duties, and descriptions

If any company department requires amendments to the contents of this manual, it should complete a **Request for Amendment Form** enclosed at the end of this preface.

The request must be processed according to the following steps:

1. The company department must fill out the Request for Amendment Form and addresses it to the CEO.
2. The CEO discusses the need for amendments and agrees with the company department on a course of action.
3. Once agreed on needed amendments, the form along with proposed changes to the manual are addressed to the Board of Directors for post-facto approval.
4. Upon approval of the Board of Directors, the amendments are addressed to the requesting company department (resource person) responsible for including the amendments in the manual.
5. The resource person holds responsibility for implementing the amendments to the manual by communicating it to personnel involved in the operations of the company department.

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Manual Distribution Form

Manual for: _____

Distributed By: _____

Date of Distribution: _____

To the resource person,

When you sign this form, you agree to adhere to all cited policies and procedures included in this manual.

You may be asked to sign additional material and changes thereto to give effect to these policies and procedures currently and in the future.

To acknowledge that you have reviewed and understood all of this material in the manual, please sign and date this form and return it to the CEO within 10 days of receipt of this manual.

I acknowledge that I have read, understood, and am subject to all of the material contained in this manual.

Signature

(Please print name)

Date

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Request for Amendment Form

Name of department requesting amendments: _____

Manual for: _____

Section/s Reference: _____

Policy/ies Code: _____

Policy/ies Name: _____

Description of needed amendments (problem):

Proposed amendments (solution):

Proposed by: _____ (requesting department)

Reviewed by: _____ (CEO review)

Approved by: _____ (Board of Directors' approval)

Implementation Date: _____ (as set by the Board of Directors)

Resource Person's Signature: _____ (upon receipt of approval)

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Policy Code: IAC
Policy Name: Internal audit Controls

Scope

The policies outlined in this policy are applicable in respect of internal audit activities of Coast Investment & Development Co. The contents of this policy are applicable to all personnel involved in the internal audit function of the company. Any exception to the policies contained herein shall be approved by the Board Audit Committee (**BAC**).

Responsibility

The Internal Auditor shall have the primary responsibility to ensure that the policies outlined in this policy are implemented.

Distribution

The Management considers the information contained in this policy to be confidential in nature. The distribution of the policy should be controlled and made available only to persons authorised by the Board Audit Committee (**BAC**). No contents of this policy shall be copied or otherwise reproduced except with the prior written approval of the **BAC**.

The Administration Department will retain a distribution list for the policies and procedures manual so that all amendments to the policy will be distributed to the individuals listed in the distribution list.

Review and update

The enclosed policy should be reviewed at least on a yearly basis or whenever required by the Internal Auditor (**IA**).

The policy may be revised appropriately, taking into consideration the changes in business activities, systems, regulatory requirements, market, or industry. Any changes to the policy however shall be reviewed and recommended by the **BAC** for the approval of Board of Directors (**BOD**).

When amendments and revisions are made, they shall specify the policies and procedures which supersede it. These amendments will be distributed among the list of employees authorised to view such policies.

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Procedures for Amendments

Any changes to policy may be initiated by the **IA** under the following circumstances:

Change in applicable statutes.

Any operational requirement as approved by management.

Any other situation where the revised manual will bring about economies of scale and improved efficiency.

The proposed amendment will be prepared in draft form by the **IA** with justification for the amendment to the **BAC**. The **BAC** shall recommend the amendments to the **BOD** for its approval and upon getting the approval of the **BOD**, the amendments shall be incorporated in the policy.

Organization of the policies and procedures policy

This policy is organised by chapters. The chapters have been further divided into units, where necessary, to organise the related activities. The purpose of each unit and the responsibilities of various personnel involved in the activities are documented at the beginning of the policy.

1. Definitions and abbreviations

The following abbreviations have been used in throughout the policy.

Abbreviation	Definition
BOD	Board of Directors
BAC	Board Audit Committee
CEO	Chief Executive Officer
IA	Internal Auditor

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2. Activities

The significant activities of the internal audit function are summarized as follows:

- Understanding the business and processes involved in various activities of all the departments.
- Assessing and evaluating the risk involved in business processes, conducting control assessments and facilitating control self-assessments.
- Planning and developing audit plan and comprehensive audit program covering all the major activities and departments of the company.
- Carrying out internal audits in accordance with the audit plan and work programs.
- Documenting internal audit work and findings.
- Reporting and discussing internal audit findings with the concerned department heads.
- Reporting to **BAC** on the internal audit and the results of internal audits.
- Perform the necessary follow-up procedures to ascertain whether appropriate action is taken on significant audit findings.
- Coordinating with Department Heads and other personnel, external auditors and consultants.
- Participate, as necessary, in the review process of the control aspects of significant new data processing systems and systems revisions before they are implemented.
- Participate in special investigations of fraud, abuse or illegal acts as directed by the appropriate authorities. If deemed appropriate, situations or significant transactions that involve fraud, abuse or illegal acts will be referred to the **BAC** for appropriate investigations.

Appraise the quality of operations in terms of compliance with policies, plans, procedures, standards, laws and regulations.

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3. Internal Audit Framework

3.1 Charter

3.1.1 Mission

- 3.1.1.1 The mission of Internal Audit is to support members of the company in the effective discharge of their responsibilities. To this end, Internal Audit will furnish them with analyses, recommendations, counsel, and information concerning the activities examined. In accomplishing its mission, Internal Audit will include the following:
- 3.1.1.2 Determine the accuracy and propriety of financial transactions.
- 3.1.1.3 Evaluate financial and operational procedures for adequacy of internal controls.
- 3.1.1.4 Verify the existence of company assets and ensure that proper safeguards are maintained to protect them from loss.
- 3.1.1.5 Ensure compliance with policies and procedures and laws and regulations.
- 3.1.1.6 Evaluate the accuracy, effectiveness, and efficiency of the Company's electronic information and processing systems.
- 3.1.1.7 Coordinate audit efforts with external consultants and provide assistance to external auditors.
- 3.1.1.8 Investigate any misconduct.

3.1.2 Purpose

- 3.1.2.1 Coast Investment & Development Co. supports Internal Audit as an independent appraisal function to examine and evaluate company activities as a service to management and the board of directors. The policies enumerated hereunder have been established to provide a framework for the structure and management of the internal audit function.

3.1.3 Reporting Structure and Supervision

- 3.1.3.1 The **IA** shall report directly to the **BAC** and the **BAC** has the right to recommend appointment of an **IA**, his transfer and removal, in addition to evaluating his performance and the performance of the **IA** Department.
- 3.1.3.2 The **IA** will submit a quarterly summary report to the **BAC** on the internal audit activities, apart from the regular reporting of the Audit findings.

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3.1.4 Authority

The **IA** has the authority to audit all parts of the company and shall have full and complete access to any of the organisation's records, physical properties, and personnel relevant to the performance of an audit. Documents and information given to internal auditors during a periodic review will be handled in the same discreet manner as by those employees normally accountable for them.

3.1.4.1 The Internal Auditors will have no direct responsibility or authority for any of the activities or operations they review. They should not develop and install procedures, prepare records, or engage in activities that would normally be reviewed by internal auditors. Furthermore, an **IA** does not in any way relieve other persons in the Company of the responsibilities assigned to them.

3.1.5 Responsibility and Accountability

3.1.5.1 The **IA** will prepare and issue a written report following the conclusion of every review. The report will be distributed to the appropriate personnel. It is the responsibility of the Head of the department to respond to the report within two weeks and forward a copy of the response to those included on the distribution list. The response will indicate what actions were taken regarding specific report findings and recommendations.

It is the responsibility of the **IA** to ensure that progress is made toward correcting any unsatisfactory conditions. Also the **IA** will determine whether the action taken is adequate to resolve audit findings. If the action is not adequate, the **IA** will inform the **BAC** and **CEO** of the potential risk and exposure in allowing the unsatisfactory conditions to continue.

3.2 Principles

3.2.1 Purpose

3.2.1.1 The policies enumerated hereunder have been established to ensure that the management of internal audit is in line with the performance standards of internal audit as prescribed by the Institute of Internal Auditors (**IIA**).

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3.2.2 Standards for the professional practice of internal auditing (IIA)

- 3.2.2.1 Independence:** Internal auditors should be independent of the activities they audit. Internal auditors shall not assume any operational responsibility or engage in activities they may audit later.
- 3.2.2.2 Organizational Status:** Internal auditors should have the support of management and of the board of directors so that they can gain the cooperation of auditors and perform their work free from interference.
- 3.2.2.3 Objectivity:** Internal auditors should be objective in performing audit.
- 3.2.2.4 Professional Proficiency:** Internal audits should be performed with proficiency and due professional care.
- 3.2.2.5 Staffing:** The internal audit function should provide assurance that the technical proficiency and educational background of internal auditors are appropriate for the audits to be performed.
- 3.2.2.6 Knowledge, Skills, and Disciplines:** The internal audit function should possess or should obtain the knowledge, skills, and disciplines needed to carry out its audit responsibilities.
- 3.2.2.7 Supervision:** The internal audit function should provide assurance that internal audits are properly supervised.
- 3.2.2.8 Compliance with standards of conduct:** Internal auditors should comply with professional standards of conduct.

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- 3.2.2.9** Human Relations and Communications: Internal auditors should be skilled in dealing with people and in communicating effectively.
- 3.2.2.10** Continuing Education: Internal Auditors should maintain their technical competence through continuing education.
- 3.2.2.11** Due Professional Care: Internal Auditors should exercise due professional care in performing internal audits.
- 3.2.2.12** Scope of Work: The internal auditors should communicate the initial engagement objectives, scope, and timing to the management of the activity under review, ensuring mutual understanding and support, and allowing both parties to make necessary arrangements to facilitate an effective audit process. The scope should include an assessment of the adequacy and effectiveness of the organization's system of internal controls and the quality of performance in carrying out assigned responsibilities.
- 3.2.2.13** Reliability and Integrity of Information: Internal auditors should review the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information.
- 3.2.2.14** Compliance with policies, plans, procedures, laws, and regulations: Internal auditors should review the systems established to ensure confidence with the control process, policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports, and should determine whether the organization is in compliance.
- 3.2.2.15** Safeguarding of Assets: Internal auditors should review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- 3.2.2.16** Economical and Efficient Use of Resources: Internal auditors should appraise the economy and efficiency with which resources are employed.

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- 3.2.2.17** Accomplishment of established objectives and goals for operations or programs: Internal auditors should review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- 3.2.2.18** Performance of Audit Work: Audit work should include planning the audit, examining and evaluating information, communicating results and following up.
- 3.2.2.19** Planning the audit: Internal auditors should adequately plan each audit.
- 3.2.2.20** Examining and Evaluating Information: Internal auditors should collect, analyze, interpret, and document information to support audit results.
- 3.2.2.21** Communicating results: Internal auditors should report the results of their audit work.
- 3.2.2.22** Following up: Internal auditors should follow up to ascertain that appropriate action is taken on reported audit findings.
- 3.2.2.23** Management of the internal audit function: The **IA** should properly manage the internal audit.
- 3.2.2.24** Purpose, authority and responsibility: The **IA** should have a statement of purpose, authority, and responsibility for the internal audit function.
- 3.2.2.25** Planning: The **IA** should establish plans to carry out the responsibilities of the internal audit function.

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3.2.2.26 Policies and Procedures: The **IA** should provide written policies and procedures to guide the audit staff in effectively discharging their responsibilities.

3.2.2.27 Personnel management and Development: The **IA** should establish a program for selecting and developing the human resources of the internal audit function.

3.2.2.28 Quality assurance: The **IA** should establish and maintain a quality assurance program to evaluate the operations of the internal audit function. QAIP results must be reported annually to the BAC.

3.2.2.29 Internal Audit shall include cybersecurity, data protection, IT governance, and electronic data processing (EDP) controls in its audit coverage.

3.2.3 Code of ethics

As per Standards of Conduct of the Institute of Internal Auditors, Internal Auditors shall:

3.2.3.1 Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.

3.2.3.2 Exhibit loyalty in all matters pertaining to the affairs of their organization or to whomever they may be rendering a service. However, members and CIA's shall not knowingly be a party to any illegal or improper activity.

3.2.3.3 Not knowingly engage in acts or activities which are discreditable to the profession of internal auditing or to their organization.

3.2.3.4 Refrain from entering into any activity which may be in conflict with the interests of their organization or which would prejudice their ability to carry out objectively their duties and responsibilities.

3.2.3.5 Not accept anything of value from an employee, client, customer, supplier, or business associate of their organization which would impair or be presumed to impair their professional judgment.

3.2.3.6 Undertake only those services which they can reasonably expect to complete with professional judgment.

3.2.3.7 Adopt suitable means to comply with the standards for the Professional Practice of Internal Auditing.

3.2.3.8 Be prudent in the use of information acquired in the course of their duties. They shall not use confidential information for any personal gain nor in any manner which would be contrary to law or detrimental to the welfare of their organization.

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3.2.3.9 When reporting on the results of their work, shall reveal all material facts known to them which, if not revealed, could either distort reports of operations under review or conceal unlawful practices.

3.2.3.10 Continually strive for improvement in their proficiency, and in the effectiveness and quality of their service

3.2.3.11 In practice of their profession, shall be ever mindful of their obligation to maintain the high standards of competence, morality and dignity promulgated by the institute. Members shall abide by the byelaws and uphold the objectives of the institute.

3.2.4 Independence / Objectivity

3.2.4.1 To be effective in performing audits the audit staff must be independent and objective both in actuality and perception. the Board is responsible for enabling and supporting the independence of the internal audit function. In order to maintain objectivity, auditors will immediately inform the audit administration of any factors that may be perceived as impairing their objectivity on an assigned audit. Also, auditors will take great care to prevent even a perception of partiality by maintaining a professional distance from the staff of a function while performing an audit. Questions concerning any relationships with auditors or potential auditors should be brought to the attention of the **BAC**.

3.2.5 Confidentiality

3.2.5.1 Much of the information available to internal auditors is of a sensitive or confidential nature. Auditors should be prudent in their use of information acquired in the course of their duties or information which is available to them. They should not discuss any matters pertaining to the audits performed in respect of any departments, in other than an official manner.

3.2.5.2 Auditors shall not use confidential information for any personal gain or in a manner which would be detrimental to the Company or any employee.

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3.2.6 Conduct

3.2.6.1 The following guidelines are established regarding personal conduct and the confidentiality of audit or business information acquired through audit assignments:

3.2.6.1.1 As a member of the internal audit, the auditor is representing the highest level of management. The auditor must conduct self in a manner that reflects favorably upon self and those the auditor is representing. It is expected to exercise professional skill, integrity, maturity of behavior, and tact in auditor's relations with others. In general, the auditor is encouraged to be friendly with all employees without affecting his objectivity. The auditor should guard against any conduct or mannerisms which permit an impression that the auditor considers self as an "expert" who has been sent to check on employees. As far as possible, the auditor should take the position of an independent/objective analyst and advisor and should avoid the image of policing.

3.2.6.1.2 In the course of the assignment, when in contact with personnel at all levels of authority and position. Independence in mental attitude is to be maintained. Reports resulting from the auditor's efforts should always contain full and unbiased disclosure of all but minor audit findings.

3.2.6.1.3 The **IA** should never indiscreetly discuss any information obtained during audits.

3.2.6.1.4 The **IA** should avoid extremes of dress or personnel grooming.

4. Audit process

4.1 Risk assessment

4.1.1 Purpose

4.1.1.1 The purpose of risk assessment is to identify the critical / key audit areas, allocate scarce audit resources to the most important areas

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and determine key audit prioritizing decisions such as audit frequency, intensity and timing.

4.1.2 Approach to risk assessment

- 4.1.2.1** The **IA** shall define the audit universe and identify auditable units/activities/departments within the company, for which risk analysis will be carried out.
- 4.1.2.2** The **IA** shall identify appropriate risk factors designed to reflect the management's concern.
- 4.1.2.3** The **IA** shall select appropriate format for evaluating risk factors, as more important risk factors will play prominent role in the risk assessment process than less important risk factors.
- 4.1.2.4** The **IA** shall coordinate with the Risk Department to obtain insights, leverage existing risk registers, and ensure alignment with the organization's risk appetite. The **IA** can select appropriate formats for evaluating risk factors, giving priority to more significant factors.
- 4.1.2.5** Upon rating the audit units according to their riskiness, the **IA** shall have a mechanism for assigning them to the following:
- Audit frequency.
 - Audit intensity.
 - Audit Timing.
- 4.1.2.6** Based on the risk assessment of auditable units, the **IA** shall prepare an audit coverage plan which will indicate the following:
- Which auditable area will be covered on which period?
 - How many numbers of times, the auditable area will be covered throughout planning period?
 - Expected cost involved in each audit period.
- 4.1.2.7** Based on the audit coverage plan, the staff resources shall be allocated to carry out audits of appropriate scope and intensity. This serves as a basis for developing audit plan.

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4.2 Preliminary review phase

4.2.1 Purpose

4.2.1.1 The purpose of this stage is to discuss the scope and objectives of the examination in a formal meeting with the Head of the function of the area under the audit, gather information on the important processes, evaluate existing controls, and plan the remaining audit steps.

4.2.2 Commencement letter

4.2.2.1 The respective department is informed of the audit through a letter of commencement from the internal audit function. This letter communicates the scope and objectives of the audit team assigned to the project.

4.2.3 Initial meeting

4.2.3.1 During this meeting, the **IA** meets with the Head of the department directly responsible for the area under review and any staff members to be included. It is important that the department identify issues or areas of special concern that should be addressed.

4.2.4 Preliminary survey

4.2.4.1 In this phase, the **IA** gathers relevant information about the audit area in order to obtain a general overview of operations. The **IA** talks with key personnel and reviews reports, files, and other sources of information.

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4.2.5 Internal control review

4.2.5.1 The **IA** shall review the internal control structure by using variety of tools and techniques such as Narrative notes, Flow charts and Questionnaires to gather and analyze information about the operation. The review of internal control helps the **IA** to determine the areas of highest risk and design tests to be performed in the fieldwork section.

4.2.6 Audit program

4.2.6.1 The audit program shall be prepared based on the preliminary understanding sessions with the function personnel and the program shall outline the following:

4.2.6.1.1 Audit objectives.

4.2.6.1.2 Descriptions of tests to be performed.

4.2.6.1.3 Extent of testing.

4.2.6.1.4 Name of auditor who will conduct testing and date of testing.

Field work shall be commenced based on the audit plan and audit program prepared.

4.3 Fieldwork

4.3.1 Purpose

4.3.1.1 The purpose of this stage is to determine whether the controls identified are operating properly through transaction testing and informal communication.

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4.3.2 Transaction testing

4.3.2.1 After completing the preliminary review, the **IA** shall perform the procedures in the audit program.

4.3.2.2 In order to perform audit procedures, the **IA** should select an audit sample which will enable the **IA** to draw a conclusion of the existing controls in the areas / activities being audited.

The **IA** should consider the specific audit objectives, nature of the population, sampling and selection methods.

4.3.2.3 The **IA** shall use statistical or non-statistical sampling methods for the audit testing. While selecting the sample size, the **IA** should also consider the amount of error that would be acceptable and the extent to which, errors are expected.

4.3.3 Advice and informal communications

4.3.3.1 As the fieldwork progresses, the **IA** shall discuss any Audit findings clearly communicated with sufficient detail and context with the concerned department. The department can offer insights and work with the auditor to determine the best method of resolving the finding.

4.3.4 Documenting the result

4.3.4.1 Relevant information shall be recorded in working papers, to evidence the engagement results and to support the conclusions.

4.3.4.2 Each engagement working paper file shall have an indexing and cross-referencing system.

4.3.4.3 Each engagement working paper file shall be subject to supervisory review to ensure its completion and adequacy, all information contained is relevant, supports the report, and should provide that all auditing

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procedures have been performed. The reviewer shall initial and date each working paper to provide evidence of supervisory review.

Each engagement audit file shall be prepared by the **IA** as defined in the check list.

4.3.5 Audit summary

4.3.5.1 Upon completion of the fieldwork, the **IA** shall summarize the audit findings, conclusions, and recommendations necessary for the draft audit report discussion. All the audit findings / issues shall be rated by the **IA** by considering its occurrence and impact.

4.4 Audit report

4.4.1 Purpose

4.4.1.1 The purpose of this stage is to prepare the report which expresses the opinion of the auditors and represents the audit findings.

4.4.2 Discussion draft

4.4.2.1 At the conclusion of fieldwork, the **IA** drafts the report. Audit management thoroughly reviews the audit working papers and the discussion draft before it is presented to the concerned department for comment. This discussion draft is submitted to the concerned department for review before the exit conference.

4.4.3 Exit meeting

The **IA** meets with the respective management team to discuss the findings, recommendations, and text of the discussion draft. At this meeting, the concerned department comments on the draft to the **IA** to reach an agreement on the audit findings. If the issues / findings are relevant for the management, it will also be discussed with the **CEO**.

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4.4.4 Formal draft

4.4.4.1 The **IA** then prepares a formal draft, taking into account any revisions resulting from the exit conference and issue the formal draft along with the letter of draft report submission. When the changes have been reviewed by audit management and the concerned department, the final report is issued.

4.4.5 Final report

4.4.5.1 The final report shall be issued to the **BAC**, the **CEO** and the head of the divisions / activity audited along with the letter of final report submission. The report shall also have the distribution list to whom the reports to be circulated.

4.4.6 Interim reports

4.4.6.1 Interim reports may be issued whenever immediate management attention is required or there is a change in the scope of the audit. Such reports may be written or verbal and may be transmitted formally or informally.

4.4.6.2 The use of interim reports shall not diminish or eliminate the need for a final report.

Progress reports shall be issued whenever an audit extends over a long period of time.

4.4.7 Summary reports

Summary reports shall be issued to the **BAC** on a quarterly basis summarizing the audit findings in respect of each audit area. An overall opinion shall be expressed on the adequacy and effectiveness of internal control system within the company and the areas / processes subject to audit along with the agreed action plan. Summary reports shall also provide the status of internal audit accomplishments relative to approved annual plan and identify deviations, if any.

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4.5 Follow-up review

4.5.1 Purpose

4.5.1.1 The policies enumerated hereunder have been established to evaluate whether adequate and appropriate action has been taken by the Head of the Departments to address the internal audit findings and recommendations.

4.5.2 Follow-up review

4.5.2.1 The concerned department's response letter is reviewed and the actions taken to resolve the audit findings may be tested to ensure that the desired results were achieved. All unresolved findings will be discussed in the follow-up report and reported to the department management.

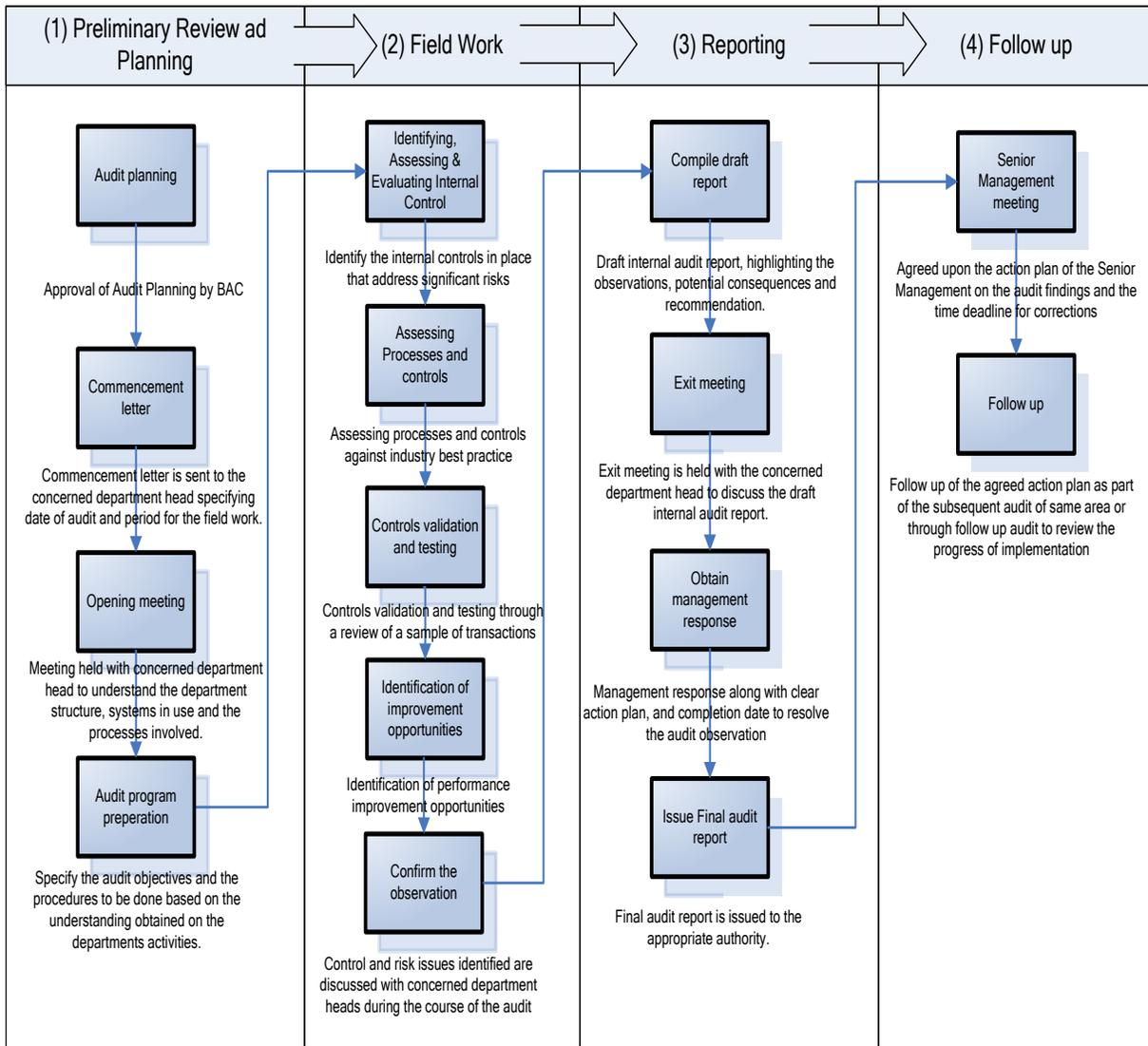
4.5.3 Follow-up report

4.5.3.1 The review will conclude with a follow-up report which lists the actions taken by the concerned department to resolve the original report findings. Unresolved findings will also appear in the follow-up report and will include a brief description of the finding, the original audit recommendation, the department responses, the current condition, and the continued exposure to the department. A discussion draft of each report with unresolved findings is circulated to the concerned department before the report is issued. The follow-up review results will be circulated to the original report recipients i.e the respective departments and **CEO**.

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4.6 Internal audit methodology

Internal Audit Process Flow Chart



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5. Quality assurance

5.1 Quality assurance

5.1.1 Purpose

5.1.1.1 This policy and procedure have been established to monitor and assess the overall effectiveness of the Internal Audit function.

5.1.2 General policy statements

5.1.1.2 A qualified independent reviewer or review team from outside the organization shall evaluate internal audit's process / procedures at least once in every five years.

5.1.1.3 The results of the quality assurance review shall be communicated to the **BAC**.

5.1.1.4 An ongoing review process shall be organized and implemented within the internal audit function, after setting various performance standards.

5.1.1.5 The quality assurance review of the internal audit activity shall consider, but shall not be limited to, the following factors:

5.1.2.4.1 Compliance with the standards and code of ethics.

5.1.2.4.2 Adequacy of the charter, goals, objectives, policies, and procedures.

5.1.2.4.3 Contribution to the organization's risk management, control and corporate governance.

5.1.2.4.4 Effectiveness of continuous improvement activities and adoption of best practices and

5.1.2.4.5 Whether the auditing activity adds value and improves the organization's operations.

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6. Safekeeping of records

6.1 Safekeeping of records

6.1.1 Purpose

6.1.1.1 The policies enumerated hereunder have been established to ensure safe keeping of all original documents and other important confidential information.

6.1.2 General policy statements

- 6.1.2.1 The **IA** shall maintain all original documents in respect of the internal audit function. Such records shall include all documentation in respect of approved charter, annual audit plan, audit reports, and audit evidence.
- 6.1.2.2 All records / original documents / information in respect of the internal audit function shall be maintained in fireproof cabinets.
- 6.1.2.3 Access to the records / original documents / information by other members of organization and external auditors shall be subject to the approval of the **BAC**.
- 6.1.2.4 The **IA** shall obtain the approval of **BAC**, prior to the release of documents related to internal audit function to external parties, as appropriate.
- 6.1.2.5 The period of retention of these records shall be as per the requirements of the Archival Policy approved by the board.

7. Computer usage / EDP development

7.1 Computer usage / EDP development

7.1.1 Purpose

7.1.1.1 The policies enumerated hereunder have been established to ensure that all computer usage is performed according to company's established IT security protocols and audit requirements.

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7.1.2 General policy statements

7.1.2.1 Internal Auditing may review the control aspects of significant new data processing systems or significant system revisions before they are implemented, whenever it is required to be reviewed by the Internal Audit Function.

7.1.2.2 Internal Auditing will adhere to all policies as defined in Information Technology manual related to computer usage including:

- Internet Policy.
- E-Mail Policy.
- Personal Computer (PC) Policy.
- Information Systems Security Policy.
- Data classification and access management policies

7.1.2.3 Internal Audit will coordinate with the IT and Risk departments to ensure a comprehensive evaluation of internal control adequacy related to system changes, user access rights, cybersecurity threats and data protection.

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Appendix 1 – Revision History Form

Policy Ref. No.	Issue No.	Revision No.	Date of Revision	Approved By	Approver's Signature
		1	4/3/2012	BOD	
		2	4/3/2013	No changes	
		3	4/3/2014	✓ ✓	
		4	28/12/2015	BOD	
		5	4/3/2016	No changes	
		6	4/3/2017	✓ ✓	
		7	4/3/2018	✓ ✓	
		8	4/3/2019	✓ ✓	
		9	4/3/2020	✓ ✓	
		10	4/3/2021	✓ ✓	
		11	4/3/2022	✓ ✓	
		12	4/3/2023	✓ ✓	
		13	4/3/2024	✓ ✓	
		14	4/3/2025	✓ ✓	
		15	3/11/2025	BOD	