

# **INTERNAL AUDIT CHARTER**

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The purpose of Internal Audit is to provide independent and objective reviews and assessments of the business activities, operations, financial systems and internal accounting controls of McNichols Consolidated Plc. The Internal Audit accomplishes its mission through the conduct of operational, financial and performance audits, selected as the result of a risk identification and assessment process.

### **8.1 OBJECTIVE**

The Internal Audit function conducts independent reviews and appraisals of the Company procedures and operations. These reviews provide management with an independent appraisal of the various operations and systems of control. The reviews also help to ensure that company resources are used efficiently and effectively while helping the company achieve its mission, as directed by the Chief Executive Officer and by the Board of Directors. It is the intention of the Internal Audit function to perform this service with professional care and with minimal disruption to company operations.

### **8.2 RESPONSIBILITY AND AUTHORITY**

The Internal Audit function is established at the direction of the Board and derives its authority directly from the board. The Internal Audit function reports administratively to the Chief Executive Officer. The scope of Internal Audit's responsibility is defined within this policy. Internal Audit staff is authorized to conduct a comprehensive internal audit program within the institution and is responsible for keeping the Office of the CEO informed of unusual transactions or other matters of significance.

### **8.3 INDEPENDENCE**

In order to maintain independence and objectivity, the Internal Audit function is not expected to have direct responsibility or any authority over the activities or operations that are subject to review, nor should Internal Audit develop or install procedures, prepare records or engage in activities that would normally be subject to review. However, Internal Audit 'may be' consulted when new systems or procedures are designed to ensure they adequately address internal controls.

### **8.4 OBJECTIVITY**

Internal Audit is a service function organized and operated primarily for the purpose of conducting audits, in accordance with professional standards. Opinions and other information furnished may attest to the adequacy of internal control, the degree of compliance with established policies and procedures and/or their effectiveness and efficiency in achieving organizational objectives. The Internal Auditor may also recommend cost effective courses of action for management to consider in improving efficiencies that have been identified during an audit.

## 8.5 CONFIDENTIALITY

All information obtained during an internal audit is deemed confidential unless otherwise instructed. It is understood that certain items are confidential in nature and special arrangements may be required when examining and reporting on such items. Internal Audit will handle all information obtained during a review in the same prudent manner as the original custodian of the information.

Internal Audit respects the value and ownership of information received and will not disclose information without appropriate authority unless there is a legal or professional obligation to do so. Audit reports are considered highly confidential.

Internal Audit staff is expected to remain prudent with all information obtained during the course of an audit. When discussing matters pertaining to an audit or any other company matters, Internal Audit staff must always remain discreet and be certain to limit those conversations exclusively to appropriate company personnel. Internal Audit staff has an obligation to never indiscreetly discuss any information obtained during the course of audit assignments, whether within or outside the company.

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DIRECTOR

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DIRECTOR