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| <b>SUBJECT:</b><br><br>Internal Audit Function | <b>CATEGORY:</b><br><br>Finance | <b>NO.</b><br><br>406-G |
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**PREAMBLE**

SIAST is committed to enhancing its operations through the use of contracted independent and objective internal auditors.

**POLICY**

- 1.0 SIAST's internal audit function will be conducted in accordance with the SIAST Internal Audit Charter (see attached Appendix A).
- 2.0 Internal audit projects will be used to identify opportunities to improve the efficiency of operations and enhance the effectiveness of risk management, control and governance processes.
  - 2.1.1 Internal audit projects will be initiated by the senior management council in collaboration with the audit committee of the board of directors. Senior management council will ensure that appropriate personnel are informed of these projects. Internal auditors shall be accorded unrestricted access to all activities, records, property and personnel to carry out its independent appraisal activities. SIAST personnel are to respond to requests in a timely and efficient manner.
  - 2.1.2 Internal auditors have the right to request a meeting with the audit committee of the board of directors.

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**Appendix A**  
**Internal Audit Charter – SIAST**

**Introduction**

Internal audit, as defined by the Institute of Internal Auditors, is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

**Role**

- The effective operation of internal audit is an integral part of SIAST's corporate governance framework.
- The primary objective is to provide independent, objective assurance and consulting services designed to add value and improve SIAST's operations.
- It helps the board and management accomplish their objectives, including meeting corporate governance accountability requirements, by assessing the adequacy and effectiveness of risk management, internal controls, compliance and governance processes, and the economy, efficiency and effectiveness of its operations. This includes, but is not limited to:
  - Performing independent reviews of financial, operational and information systems to evaluate whether resources are utilized in accordance with SIAST's strategic priorities.
  - Providing consultation, advice and opinions to management concerning reengineering initiatives, evaluation of internal controls, development of policies and procedures, risk assessment and compliance with relevant laws, rules, policies and regulations

**Independence**

- Independence is essential to the effectiveness of internal auditing.

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- SIAST's senior management council (SMC) is administratively responsible for internal audit and, in turn, is operationally responsible to the chair of the audit committee of the board of directors.
- Auditors engaged in internal audit projects for SIAST have unrestricted access to all relevant activities, records, property and personnel to carry out its independent appraisal activities.
- Internal auditors have a right to request a meeting with the audit committee of the board of directors.

**Responsibility**

SMC will fulfill its responsibility by:

- Developing an annual internal audit plan in collaboration with the audit committee of the board of directors based on risk analysis which includes consideration of SIAST's goals and objectives and the concerns of management and the board of directors.
- Provide internal audit resources that consistently meet the needs and expectations of management and the board.
- Semi-annually report to the audit committee of the board of directors on the annual audit plan, resourcing schedule, progress reports and highlights of any significant audit findings and recommendations.
- Follow-up on identified weaknesses, findings and recommendations from previous internal audit work.

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