

## **INTERNAL AUDIT CHARTER**

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#### **MISSION**

The Internal Audit function aims to strengthen the organization's internal control structure, identify opportunities for process and control improvements, monitor compliance with standards, laws and regulations and share best practices throughout the company.

It also aims to assist the Management in the effective discharge of its responsibilities and attainment of its objectives by using a systematic and disciplined approach to evaluate and improve the effectiveness of controls and governance processes.

It also serves to assist the Audit, Risk Management And Related Party Transactions Committee (ARRC) in meeting the requirements of the company's manual of good governance.

#### **ORGANIZATION STRUCTURE AND REPORTING**

The Internal Audit shall be composed of at least one (1) internal audit staff and the Internal Audit Head (IAH)/Chief Audit Officer. To provide and maintain its independence, Internal Audit personnel reports to the IAH who in turn reports functionally to the ARRC and administratively to the Group Internal Audit and Risk Manager.

#### **AUTHORITY**

The IA derives its authority directly from the ARRC to carry out its functions. Internal Audit will have complete, free and unrestricted access to all the company activities, records, physical properties and personnel relevant to the performance of audit at any location. Where appropriate, special arrangements will be made for the examination of confidential information.

Internal Audit is independent of the activities audited. It should have no executive role or responsibilities for the development, implementation, control and related matters due to the need to maintain objectivity and resource constraints. The responsibility for maintaining an adequate system of internal controls rests with the Management and the personnel of the activity or department audited.

Internal Audit functions and operates in an advisory capacity. It exercises no direct authority over the operating activities or functions it reviews. The work of the Internal Audit does not relieve the operating personnel of their assigned responsibilities. Departments of activities being audited shall render, wherever possible, assistance to facilitate the audit process.

## RESPONSIBILITY

The Internal Audit have the responsibility to:

- i. Provides an independent risk-based assurance service to the Board, Audit Committee and Management, focusing on reviewing the effectiveness of the governance and control processes in (1) promoting the right values and ethics, (2) ensuring effective performance management and accounting in the organization, (3) communicating risk and control information, and (4) coordinating the activities and information among the Board, external and internal auditors, and Management.
- ii. Performs regular and special audit as contained in the annual audit plan and/or based on the company's risk assessment;
- iii. Performs consulting and advisory services related to governance and control as appropriate for the organization;
- iv. Performs compliance audit of relevant laws, rules and regulations, contractual obligations and other commitments, which could have a significant impact on the organization;
- v. Reviews, audits and assesses the efficiency and effectiveness of the internal control system of all areas of the company;
- vi. Evaluates 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;
- vii. Evaluates specific operations at the request of the Board or Management, as appropriate; and
- viii. Monitors and evaluates governance processes.

A company's internal audit activity may be a fully resourced activity housed within the organization or may be outsourced to qualified independent third party service providers.

## SCOPE

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. The scope of MPI's internal audit includes:

- Review of the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Review of the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations that could have significant impact on operations.
- Review of the means of safeguarding assets and as appropriate, verification of the existence of such assets.
- Review of the established systems of internal control to ascertain whether they are employed.
- Review of specific programs or initiatives to ascertain whether results are consistent with established objectives and goals and whether the programs or initiatives are carried out as planned.

- Review of priority risks that are appropriately identified and monitor compliance with established mitigating measures.

## **RESPONSIBILITIES OF THE CHIEF AUDIT OFFICER**

- Periodically reviews the internal audit charter and presents it to the Board Audit Committee for approval;
- Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to the Audit Committee for review and approval
- Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes.

## **CODE OF ETHICS**

INTERNAL AUDIT have the responsibility to conduct themselves so that their integrity, objectivity, confidentiality, and competency are not open to question. Standards of professional behaviour are based upon the Code of Ethics issued by the Institute of Internal Auditors (IIA). Internal auditors will:

- Exercise honesty, objectivity, and diligence in the performance of their duties and responsibilities.
- Exhibit loyalty in all matters pertaining to the affairs of the Company and not knowingly be a party to any illegal or improper activity.
- Refrain from entering into any activity which may be in conflict with the interest of the Company or which would prejudice their ability to objectively carry out duties.
- Decline to accept anything that may impair or be presumed to impair their professional judgement.
- Be prudent in the use of information acquired in the course of their duties and not use confidential information for any personal gain or in a manner that knowingly would be detrimental to the welfare of the Company.
- Use reasonable care to obtain sufficient, factual evidence to support the conclusions drawn and in reporting, reveal such material facts known to them which if not revealed, could distort the report of the results of operations under review or conceal an unlawful practice.
- Engage only in those projects which they have the necessary knowledge, skill, and experience.
- Continue to strive for improvement in the proficiency and effectiveness of their service.

## **PERFORMANCE ASSESSMENT**

- All Committee's performance will be evaluated annually by the Board.