

# **MAURITIUS OIL REFINERIES LIMITED AND ITS SUBSIDIARIES**

## **INTERNAL AUDIT CHARTER**

### **1. PURPOSE**

1.1 The purpose of the Internal Audit department is to provide independent, objective assurance and consulting activity designed to add value and improve the organization's operations. It assists the organization in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### **2. STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING**

2.1 The Internal Audit department shall adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework.

### **3. AUTHORITY**

3.1 The Internal Audit function is established by the Board of Directors and its responsibilities are defined by the Audit and Risk Committee.

3.2 The Group Internal Audit Manager reports functionally to the chairperson of the Audit and Risk Committee and administratively to the Managing Director.

3.3 To establish, maintain, and assure that the Internal Audit department has sufficient authority to fulfill its duties, the Audit and Risk Committee will:

- i. Approve the Internal Audit Charter
- ii. Approve the risk-based internal audit plan on a yearly basis
- iii. Approve the Group Internal Audit's budget and resource plan
- iv. Receive communications from the Group Internal Audit Manager on the department's performance relative to its plan and on other matters
- v. Approve decisions regarding the appointment and removal of the Group Internal Audit Manager

- 3.4 The Group Internal Audit Manager will have unrestricted access to, communicate and interact directly with, the Audit and Risk Committee, including in private meetings without management present.
- 3.5 The Internal Audit department has full, free, unrestricted access to all functions, records, physical properties and personnel necessary to discharge its responsibilities, subject to accountability for confidentiality and safeguarding of records and information.
- 3.6 The Audit and Risk Committee authorizes the Internal Audit department to obtain assistance from specialized services outside the organization in order to complete its engagement.
- 3.7 The Group Internal Audit Manager has a standing invitation to attend meetings of the executive committee.

#### **4. INDEPENDENCE AND OBJECTIVITY**

- 4.1 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that no work quality compromises are made, and that they do not subordinate their judgment on audit matters to others.
- 4.2 Internal auditors will have no direct operational responsibility or authority over any of the activities audited.
- 4.3 The Internal Audit Manager will refrain from initiating or approving transactions other than for the administration of the department own staff.
- 4.4 Where the Group Internal Audit Manager has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.
- 4.5 The Group Internal Audit Manager will confirm to the Audit and Risk Committee, at least annually, the organizational independence of the internal audit department.
- 4.6 The Group Internal Audit Manager will disclose to the Audit and Risk Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

## **5. SCOPE OF INTERNAL AUDIT ACTIVITIES**

5.1 The Internal Audit assessments are to evaluate that:

- i. Risks relating to the achievement of the organization's strategic objectives are appropriately identified, mitigated and managed
- ii. Internal control system is effective and efficient
- iii. Financial, operational and management information are reliable and accurate
- iv. Resources and assets are acquired economically, used efficiently, and protected adequately
- v. Directors' and employees' actions are in compliance with the company's constitution, policies, procedures, applicable laws and regulations
- vi. Established processes and systems enable compliance with the company's constitution, policies, procedures, laws and regulations

## **6. RESPONSIBILITY**

6.1 The Group Internal Audit Manager has the responsibility to:

- i. Submit annually to the Audit and Risk Committee a risk-based internal audit plan for review and approval; this should include any job or consulting activities to be performed for associate or third parties
- ii. Review and adjust the internal audit plan, as necessary, in response to changes in business, risks, operations, programmes, systems, and controls
- iii. Communicate to the Chairman of the Audit and Risk Committee and to the Managing Director any significant interim changes to the internal audit plan
- iv. Develop a reasonable budget sufficient to accomplish the approved audit plan
- v. Ensure each engagement of the Group Internal Audit plan is executed and the results communicated with applicable conclusions and recommendations to the Audit and Risk Committee, the Managing Director and any other relevant parties

- vi. Follow up on engagement findings and corrective actions, and report periodically to the Audit and Risk Committee and the Managing Director any corrective actions not effectively implemented
- vii. carry out any ad hoc reviews or investigations requested by the Audit and Risk Committee or the Managing Director and ensure that appropriate actions have been taken up thereafter
- viii. Ensure the Group Internal Audit department possesses or obtains the knowledge, skills and other competencies needed to meet the requirements of the Group Internal Audit charter
- ix. Ensure trends and emerging issues that could impact the organization are considered and communicated to the Audit and Risk Committee and to the Managing director
- x. Keep the Audit and Risk Committee informed of emerging trends and successful practices in internal auditing
- xi. Establish and ensure adherence to policies and procedures designed to guide the internal audit activities

## **7. TRAINING AND DEVELOPMENT**

7.1 Internal Auditors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

7.2 The development needs of the internal auditors shall be identified and appropriate training be provided to continuously update their skills and knowledge so that they fulfill their role.

## **8. CONFIDENTIALITY**

8.1 Internal Auditors shall hold in strictest confidence and shall not disclose, use, or publish any of the company's proprietary information, except as such disclosure, use or publication may be required in connection with their work, or by law.



**9. REVIEW OF INTERNAL AUDIT PERFORMANCE**

9.1 The Audit and Risk Committee shall review the performance of the Group Internal Audit department on an annual basis.

**10. REVIEW OF CHARTER**

10.1 The Group Internal Audit Manager will periodically assess the adequacy of the purpose, authority, scope of activities and responsibility, as defined in the charter, to enable the Group Internal Audit department to accomplish its objectives. The result will be communicated to the Audit and Risk Committee.

Approved on 15.02.2019



Akhtar Dawood  
Chairman of the Audit and Risk Committee



Lynden Lareine  
Group Internal Audit Manager