

## **INTRODUCTION**

Remington Group is committed to establish and maintain a system of internal control for the efficient and effective management of its business operations. In line with this commitment, the Group adopted a policy to maintain an internal audit to review and evaluate its operations including those of its business units. Internal audit has been given access to personnel, records, property and information required in the course of their work at any location within the Group. Internal audit function is performed by the Group Accountant, who reports to the Group Chief Executive Officer.

## **POLICY STATEMENT**

It is the policy of Remington Group to maintain an effective, independent and objective internal audit function to improve the overall internal control system and climate across the Group and to assist management in the effective discharge of their responsibilities, by way of:

1. Identifying risk exposures and evaluating the effectiveness of programs in managing these risks;
2. Evaluating the effectiveness and adequacy of internal controls relating to and encompassing the Group's governance, operations and information systems that ensure the:
  - reliability and integrity of financial and operational data;
  - effectiveness and efficiency of operations;
  - safeguarding of assets;
  - compliance with policies, plans, procedures, laws, regulations and contracts, and
  - accomplishment of established objectives, goals and programs for operations
3. Consider organization-wide compliance activities; and
4. Assess operational and financial efficiency in business processes.

## **INTERNAL AUDIT PLAN**

The internal audit function, on an annual basis, will prepare a strategic rolling internal audit plan. This audit plan is based on the risks identified by the internal audit function and inputs from executive and senior management of the Group.

## **INTERNAL AUDIT WORK PROGRAM**

The audit work program detailing the procedures for collecting, analyzing, interpreting and documenting information, as well as the nature, timing and extent of test procedures, sampling methodology and technology-based audit techniques are contained in the standard/customized audit work programs for Remington Group in general. Appropriate adaptation or modification of the audit work program shall be undertaken in the course of the performance of work to suit specific needs of each internal audit engagement.

## **INTERNAL AUDIT PROCESS**

The audit process includes the following phases of work:

### **Planning**

An audit plan shall be prepared based on the set objectives and the available resources of the Group. It is in this phase of work where preliminary work is conducted to determine the scope of examination and audit focus. The approved audit plan shall serve as guide in managing the audit engagement.

## **Fieldwork**

It is in this phase of work where the auditor conducts test of control and substantive testing. Basically, the auditor is governed by the audit work programs which details the procedures to be done. However, the auditor is expected to modify the audit work programs to ensure adequacy of reviews to be conducted. The auditor shall undertake additional procedures necessary in the pursuit of the audit objectives. The audit procedures to be conducted shall be within the time-lines established in the approved audit plan.

Results of analysis and other audit procedures performed are initially discussed with the process owners and/or management so that audit findings requiring immediate disposition are immediately addressed, and to ensure that the management has accurately appreciated the issues at hand.

## **Communicating results**

After completion of the fieldwork, a final presentation of the audit results including the status of issues earlier brought to management's attention shall be discussed for final resolution. Action steps will be drawn up during the meeting and shall be incorporated in the final audit report. The final audit report shall include the observation (summarizes the major concerns), associated risks, risk rating and the recommendation. Copy of the audit report shall be given to the Group Chief Executive Officer, the Group Chief Finance Officer, General Managers and other key personnel.

## **Take ownership and follow-up (TOFU)**

On a quarterly basis, the Group Accountant will consolidate and summarize the status of major audit findings raised in audit reports. An "Executive Report on the Status of Major Audit Findings" will be furnished to the Group Chief Executive Officer. Unresolved major audit findings during the quarter will be included in the Executive Report for the succeeding quarter.