

medicine

**INTERNAL  
AUDIT  
CHARTER**

11 FEBRUARY 2019

## **INTERNAL AUDIT CHARTER**

### **1. PURPOSE & MISSION**

The purpose of Medine's internal audit function is to provide independent, objective assurance and consulting services designed to add value and improve Medine's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The internal audit function helps Medine accomplish 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**

The internal audit function will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Head of Internal Audit & Risk Management will communicate periodically to senior management and will report to the Audit & Risk Committee regarding the internal audit department's conformance to the Code of Ethics and the Standards.

### **3. AUTHORITY**

The Head of Internal Audit & Risk Management will report functionally to the Chairman of the Audit & Risk Committee and administratively (i.e., day-to-day operations) to the Group Chief Operating Officer. To establish, maintain, and assure that Medine's internal audit function has sufficient authority to fulfil its duties, the Audit & Risk Committee will:

- Approve the internal audit charter.
- Approve the risk-based internal audit plan.
- Recommend the internal audit department's budget and resource plan.
- Receive communications from the Head of Internal Audit & Risk Management on the internal audit function's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Head of Internal Audit & Risk Management.
- Approve the remuneration of the Head of Internal Audit & Risk Management.
- Make appropriate inquiries to management and the Head of Internal Audit & Risk Management to determine whether there is inappropriate scope or resource limitations.

The Head of Internal Audit & Risk Management will have unrestricted access to, and communicate and interact directly with, the Audit & Risk Committee, including in private meetings without management present.

The Audit & Risk Committee authorises the internal audit to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of Medine as well as other specialised services from within or outside Medine, in order to complete the engagement subject to the approval of the Audit & Risk Committee.

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### 4. INDEPENDENCE AND OBJECTIVITY

The Head of Internal Audit & Risk Management will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Head of Internal Audit & Risk Management determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to the Chairman of the Audit & Risk Committee.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for Medine's or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Medine's employee not employed by the internal audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Head of Internal Audit & Risk Management 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.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Head of Internal Audit & Risk Management will confirm to the Audit & Risk Committee, at least annually, the organisational independence of the internal audit department.

The Head of Internal Audit & Risk Management will disclose to the Audit & Risk Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

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### 5. SCOPE OF INTERNAL AUDIT ACTIVITIES

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Risk Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Medine. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of Medine's strategic objectives are appropriately identified and managed.
- The actions of Medine's officers, directors, employees, and contractors are in compliance with Medine's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Medine.
- Information and the means used to identify, measure, analyse, classify, and report such information is reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Head of Internal Audit & Risk Management will communicate periodically to senior management and will report to the Audit & Risk Committee regarding:

- The internal audit function's purpose, authority, and responsibility.
- The internal audit's plan and performance relative to its plan.
- The internal audit department's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit & Risk Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to Medine.

The Head of Internal Audit & Risk Management also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit work does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

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### 6. RESPONSIBILITY

The Head of Internal Audit & Risk Management has the responsibility to:

- Submit, at least annually, to senior management and the Audit & Risk Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Audit & Risk Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in Medine’s business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Audit & Risk Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit & Risk Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact Medine are considered and communicated to senior management and the Audit & Risk Committee as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit department.
- Ensure adherence to Medine’s relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit & Risk Committee.
- Ensure conformance of the internal audit department with the Standards, with the following qualifications:
  - If the internal audit function is prohibited by law or regulation from conformance with certain parts of the Standards, the Head of Internal Audit & Risk Management will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
  - If the Standards are used in conjunction with requirements issued by other authoritative bodies, the Head of Internal Audit & Risk Management will ensure that the internal audit function conforms with the Standards, even if the internal audit also conforms with the more restrictive requirements of other authoritative bodies.

### 7. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The internal audit department will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of the internal audit function’s conformance with the Standards and an evaluation of whether internal auditors apply The IIA’s Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit function and identify opportunities for improvement.

The Head of Internal Audit & Risk Management will communicate to senior management and the Audit & Risk Committee on the internal audit department’s quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside Medine.

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