
INTERNAL AUDIT CHARTER

POLICY

Internal auditing 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.

It is the policy of Laus Group of Companies to maintain an Internal Auditing organization as a means of; (1) assisting members of the organization in the effective performance of their responsibilities, (2) promoting effective internal controls at reasonable cost, and (3) evaluating and improving the effectiveness of risk management, corporate compliance and governance processes. To this end, Internal Audit shall furnish them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. The scope of Internal Auditing encompasses the systematic and disciplined examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance of the functions in carrying out assigned responsibilities.

AUTHORITY

Authority is granted to the Chief Audit Officer and staff for full, free, and unrestricted access to any, and all company activities, records, properties, and personnel. All employees are requested to assist Internal Audit in fulfilling their staff function. Internal Audit shall also have free and unrestricted access to the Chairman of the Board of Directors, and the Audit Committee of the Board of Directors.

Documents and information given to Internal Audit during a periodic review will be handled in the same prudent manner as by those employees normally accountable for them.

RESPONSIBILITIES

Internal Audit shall:

1. Review functional areas and organizations within the company at appropriate intervals to determine whether they are effectively carrying out their assigned responsibilities in accordance with management instructions, policies, and procedures; and in a manner that is consistent with company objectives and with high standards of administrative practice.
2. Promptly report to Management, who should take appropriate action, the results of the examinations made by the auditors, the opinions that they form, and the recommendations that they make.
3. Ensure that any plans or actions taken to correct reported conditions are evaluated for satisfactory disposition of audit findings and, if the disposition is considered unsatisfactory, sees that further discussions are held to achieve satisfactory results.

Audit Scope:

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve the organization's goals and objectives. It includes:

Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.

Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports and whether the organization is in compliance.

Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.

Reviewing and appraising the economy and efficiency with which resources are employed.

Reviewing 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.

Reviewing specific operations at the request of the Audit Committee or management, as appropriate.

Monitoring and evaluating the effectiveness of the organization's risk management system.

Reviewing the quality of performance of external auditors and the degree of coordination with internal audit.

Audit Planning:

Annually, the Chief Audit Officer shall submit to senior management and to the Audit Committee a summary of the audit work schedule, staffing plan, and budget for the following fiscal year. The audit work schedule is to be developed based on a prioritization of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to senior management and the Audit Committee through periodic activity reports.

Reporting:

A written report will be prepared and issued by the Chief Audit Officer or designee following the conclusion of each audit and will be distributed as appropriate. A copy of each audit report and a summarization will be forwarded to the Chief Executive Officer and the Chairman of the Audit Committee.

The Chief Audit Officer or designee may include in the audit report the auditee's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed.

In cases where a response is not included within the audit report, management of the audited area should respond, in writing, within thirty days of publication to Internal Auditing and those on the distribution list.

Internal Auditing shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until cleared by the Chief Audit Officer or the Audit Committee.

LausGroup Holdings, Inc.

Periodic Assessment:

The Chief Audit Officer should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to senior management and the Board of Directors.

INDEPENDENCE

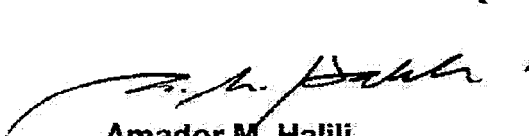
All audit activities shall remain free of influence by any element in the organization, including matters of audit scope, procedures, frequency, timing, or report content to permit maintenance of an independent mental attitude necessary in rendering objective reports. Internal auditors shall have no direct operational responsibility or authority over any of the activities they review in order to preserve their independence, which is necessary in rendering impartial and unbiased judgments essential to the proper conduct of audits and rendering of objective reports. Additionally, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity that would normally be audited.

PROFESSIONAL STANDARDS

The Internal Audit staff shall govern themselves by adherence to the Institute of Internal Auditor's "**Code of Ethics**." The Institute's "**Standards for the Professional Practice of Internal Auditing**" and "**Statement of Responsibilities**" shall constitute the operating procedures for the department.

LAUS GROUP OF COMPANIES

Approved this 1/19/11



Amador M. Halili
VP - Chief Audit Officer



Liberato P. Laus
Chairman of the Board
President and Chief Executive Officer

LausGroup Holdings, Inc.