

LETTER OF TRANSMITTAL

To:

Atty. Karen Anne U. Guevarra
Legal Counsel
Laus Group of Companies

Ms. Lisset Laus-Velasco
Chairman and CEO
Laus Group of Companies

INTERNAL AUDIT CHARTER

Date: March 27, 2025

This letter serves as notification of transmittal of an original, printed hardcopy of the **Internal Audit Charter** being submitted to **Atty. Karen Anne U. Guevarra, the Audit Committee Chairperson** of **Laus Group of Companies** on **March 27, 2025**. This letter further certifies that exact, duplicate electronic copies of the **Internal Audit Charter** were submitted to **Atty. Karen Anne U. Guevarra** and **Ms. Lisset Laus-Velasco, Chairman and CEO** of **Laus Group of Companies**.

This Internal Audit Charter is a formal document that defines the purpose, authority, responsibility and position within the organization of the Internal Audit of Laus Group of Companies (LGC). This charter shall set out the nature of services that internal audit will provide and how internal audit will help the organization to achieve its objectives.

Sincerely,



Diana Lyn B. Ochoa
Internal Audit Head
Laus Group of Companies



INTERNAL AUDIT CHARTER

(Updated as of March 27, 2025) 

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I. PURPOSE AND MISSION:

The purpose of Laus Group of Companies (LGC) Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve LGC's operations. The mission of the Internal Audit is to enhance and protect organizational value by providing independent, risk-based, and objective assurance, advice, insight and foresight to help the organization accomplish its objectives. This can be achieved through a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

The LGC's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements.

II. MANDATE:

Authority

To establish, maintain, and assure that Internal Audit has sufficient authority to fulfill its duties, the Board of Directors, through the Audit Committee will:

1. Based on the necessity of engagement, authorize the Chief Audit Executive (Internal Audit Head) to have full, free and unrestricted access to all functions, records, property, and personnel pertinent to carrying out the audit project, and subject to accountability for confidentiality and safeguarding of records and information with reference to the LGC Confidential Information Control policy.
2. Authorize the Chief Audit Executive to allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
3. Authorize the Chief Audit Executive to obtain assistance from the necessary personnel of LGC as well as other specialized services from within or outside LGC, in order to complete the engagement.

Independence, Organizational Position and Reporting Relationships

The Chief Audit Executive will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Chief Audit Executive will report functionally to the Audit Committee and administratively (i.e., day-to-day operations) to the Chairman/CEO. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

Changes to the Mandate and Charter

The Chief Audit Executive is responsible for the administration, revision, interpretation, and application of this Charter. This will be reviewed annually and revised as needed. Circumstances may justify a follow-up discussion between the Chief Audit Executive, Audit Committee, and the Chairman/CEO on the internal audit mandate or other aspects of the internal audit charter.

III. BOARD OVERSIGHT:

To establish, maintain, and ensure that LGC's internal audit function has sufficient authority to fulfill its duties, the Audit Committee will:

1. Approve the Internal Audit's Charter.
2. Approve the Risk-based Internal Audit plan.
3. Receive communications from the Chief Audit Executive on the Internal Audit's performance relative to its plan and other matters, and make appropriate inquiries to Management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations. For purposes of this document, Management refers to the CEO, President, COO, CFO, Group Heads, Department Heads and Business Managers.
4. Support Internal Audit function, ensuring its recognition throughout the organization.
5. Grant access to and communicate and interact directly with the Chief Audit Executive.

IV. CHIEF AUDIT EXECUTIVE ROLES AND RESPONSIBILITIES:

Ethics and Professionalism

The Internal Audit Activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the Global Internal Audit Standards. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance. The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations.

Objectivity

The Chief Audit Executive will ensure that the Internal Audit Department remains free from all conditions that threaten its ability to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Chief Audit Executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Chief Audit Executive will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal Audit Department will not implement any internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair Chief Audit Executive's judgments including:

1. Assessing specific operations for which they had responsibility within the previous year.
2. Performing any operational duties for LGC or its affiliates.
3. Initiating or approving transactions external to the internal audit activity.
4. Directing the activities of any LGC employee not employed by the internal audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist the Chief Audit Executive.

Chief Audit Executive will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Chief Audit Executive will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. Where the Chief Audit Executive 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. The Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence and objectivity of the Internal Audit Department.

Managing the Internal Audit Function

The Chief Audit Executive, in the discharge of his/her duties, shall be responsible and accountable to the Chairman/CEO and the Audit Committee to:

1. Develop a flexible annual audit plan based on a prioritization of the audit universe using an appropriate methodology, including inputs from the Chairman/CEO and the Audit Committee. Discuss the plan with the Chairman/CEO and the Audit Committee and submit the final plan for review and approval.
2. Implement the annual audit plan, as approved, including any special tasks or projects requested by the Chairman/CEO and the Audit Committee; and communicate its results. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next calendar year. The Chief Audit Executive will communicate the impact of resource limitations and significant interim changes to the Chairman/CEO and the Audit Committee.
3. Review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls.
4. Ensure that professional internal auditing standards are followed.
5. Develop and maintain a quality assurance and improvement program for the Internal Audit function and monitor its effectiveness on an ongoing basis.
6. Ensure adherence to LGC'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 the Chairman/CEO and the Audit Committee.
7. Internal Audit activity does not relieve the Management of their responsibilities such as fraud management. Chief Audit Executive should report fraud and may assist in the identification of fraud, design of appropriate controls and consider existing laws/ policies regarding fraud. Chief Audit Executive may not have the expertise but should be equipped with sufficient knowledge in the matter.

Communication with the Board and Senior Management

The Chief Audit Executive will:

1. Report significant issues related to the processes for controlling the activities of the organization, including potential improvements to those processes, and provide information concerning such issues through resolution.
2. Periodically provide information on the status and results of the annual audit plan and the sufficiency of department resources; and follow-up on engagement findings and corrective actions, and report periodically to the Chairman/CEO and the Audit Committee any corrective actions not effectively implemented.

3. Any significant deviation from the approved internal audit plan will be communicated to the Chairman/CEO and be subject to the Audit Committee's approval through periodic activity reports.
4. Keep the Audit Committee informed of emerging trends and successful practices in internal auditing and other issues that could impact LGC, as applicable.

Quality Assurance and Improvement Program


The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether Chief Audit Executive apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Chief Audit Executive will communicate to the Chairman/CEO and the Audit Committee the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

V. SCOPE AND TYPES OF INTERNAL AUDIT SERVICES:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

1. Evaluating risk exposure relating to achievement of the organization's strategic objectives.
2. Evaluating the reliability and integrity of financial and operational information and the means used to identify, measure, classify, and report such information.
3. Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
4. Evaluating the means of safeguarding assets and verifying the existence of such assets.
5. Evaluating 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.
6. Evaluating whether the actions of LGC's officers, directors, management, employees, and contractors or other relevant parties comply with LGC's policies, procedures, and applicable laws, regulations, and governance standards.
7. Monitoring and evaluating the effectiveness of the organization's risk management processes.
8. Evaluating specific operations at the request of the Audit Committee or Management, as applicable.
9. Performing consulting and advisory services related to governance, risk management and control as applicable for the organization including assessment services on the construction process of the Construction Management Group (CMG) Department.

VI. REPORTING AND MONITORING:

A written report will be prepared and issued by the Chief Audit Executive following the conclusion of each internal audit engagement and will be distributed as applicable. Internal audit results will also be communicated to the Audit Committee on a regular basis with priority on reports with Black (fraud) and Red (with high risk or frequency) rating (Annex A. Internal Audit Report ratings) and those requiring Audit 

Committee's recommendation to Management such as termination of employee. Approver of decision shall be aligned with the agreed table below.

HANDLING OF DISCIPLINARY CASES		
Decision	Managers & Up/BMs	Below Managers/Non-BMs
Counseling	HR Director	
Written Warning		
Suspension	Recommended by: HR Director/IAD	HR Director
	Approved by: Audit Committee	
	For Information: ED/Pres/CEO	
Termination	Recommended by: HR Director/IAD	Recommended by: HR Director/IAD
	Approved by: Audit Committee	Approved by: Audit Committee
	For Information: ED/Pres/CEO	

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Internal Audit Department will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Chief Audit Executive will periodically report to the Chairman/CEO and the Audit Committee on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Chairman/CEO and the Audit Committee.

Regular meeting with the Audit Committee shall be every second Monday of every other month, first regular meeting for the year shall be determined by the Audit Committee. Agenda shall be sent by the Chairperson at least 1 week before the regular Audit Committee meeting. When time is of the essence, reporting, discussion, and decision voting shall be done via online platform (meeting, email, etc.). A special meeting (virtual or face to face) may be called upon by the Chairperson should there be matters of high importance that needs to be addressed. In the absence of the Chairperson and provided that there is a quorum; a committee member, appointed by the Chairperson, will lead the Audit Committee meeting.

APPROVAL

Approved this 27th day of March, 2025

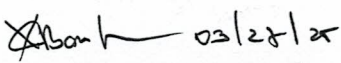
AUDIT COMMITTEE


Atty. KAREN U. GUEVARRA (KUG)
Audit Committee Chairperson

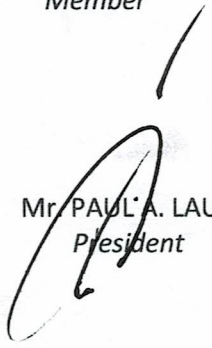

Ms. ADA CARISA A. LAUS (CAL)
Member


Ms. ELISA D. CAYABYAB (EDC)
Member


Mr. ALLAN S. AXINA (ASL)
Member

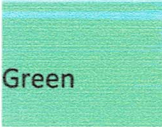

Mr. VICTORIANO G. BARTOLOME (VGB)
Member

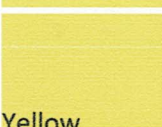
CONCURRENCE

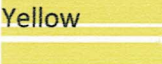

Mr. PAUL A. LAUS
President



Ms. LISSET LAUS-VELASCO
Chairman and CEO

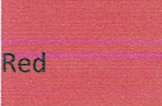
ANNEX A: Internal Audit Report Ratings

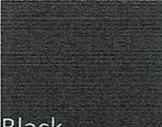
 A Green rating means there are no or only minimal risks noted. Findings under this rating are mostly Favorable Findings with some under Other Observations.

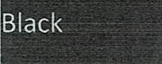

 Yellow rating means there are risks noted but the same is under control or the Dealership is able to handle/address the risks noted.

 Findings are mostly Favorable with minimal low risk Major Findings.

 Red rating means there are high risks findings (Major Findings) with potential or realized losses.

 It also means that the previously noted Major Findings reoccurred with the same personnel involved.

 Black rating means there are a number of very high risk findings (Major Findings) with realized losses already.

 It also stands for findings where there is fraud proven. 

ANNEX B: Institute of Internal Auditors Mandatory Guidance

Internal Audit Charter for [name of organization]

Purpose

The purpose of the internal audit function is to strengthen [name of organization]'s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances [name of organization]'s:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

[name of organization]'s internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The [name of organization]'s internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The chief audit executive will report [periodically] to the board and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

[USER'S NOTE: In those jurisdictions and industries where the internal audit function's mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate. See user's guide for more information.]

Authority

The [name of organization]'s board grants the internal audit function the mandate to provide the board and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the board. Such authority allows for unrestricted access to the board.

The board authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of [name of organization] and other specialized services from within or outside [name of organization] to complete internal audit services.

Independence, Organizational Position, and Reporting Relationships

The chief audit executive will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.) The chief audit executive will report functionally to the board and administratively (for example, day-to-day operations) to the [chief executive officer or equivalent senior officer]. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the board, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the board, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the board any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, board, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganization within the organization.
- Significant changes in the chief audit executive, board, and/or senior management.
- Significant changes to the organization's strategies, objectives, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Board Oversight

[USER'S NOTE: Due to the Global Internal Audit Standards' "essential conditions," board responsibilities should be included in the internal audit charter. However, if an audit committee charter that outlines its responsibilities is already in place, it is not necessary to repeat the information in this charter.]

To establish, maintain, and ensure that [name of organization]'s internal audit function has sufficient authority to fulfill its duties, the board will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the chief audit executive has unrestricted access to and communicates and interacts directly with the board, including in private meetings without senior management present.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter [periodically] with the chief audit executive to consider changes affecting the organization, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization; and approve the internal audit charter [periodically (typically annually)].
- Approve the risk-based internal audit plan.
- Approve the internal audit function's human resources administration and budgets.
- Approve the internal audit function's expenses.
- Collaborate with senior management to determine the qualifications and competencies the organization expects in a chief audit executive, as described in the Global Internal Audit Standards.
- Authorize the appointment and removal of the chief audit executive.
- Approve the remuneration of the chief audit executive.
- Review the chief audit executive's performance.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.

- Ensure a quality assurance and improvement program has been established and review the results annually.
- Make appropriate inquiries of senior management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Objectivity

The chief audit executive 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 engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

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

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

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, board, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The chief audit executive has the responsibility to:

- At least annually, develop a risk-based internal audit plan that considers the input of the board and senior management. Discuss the plan with the board and senior management and submit the plan to the board for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the board and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in [name of organization]'s business, risks, operations, programs, systems, and controls.
- Communicate with the board and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the board and senior management [periodically] and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact [name of organization] and communicate to the board and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to [name of organization]'s relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the board and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve

an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the board.

Communication with the Board and Senior Management

The chief audit executive will report [periodically] to the board and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the board.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond [name of organization]'s risk appetite.

Quality Assurance and Improvement Program

The chief audit executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside [name of organization];

qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all [name of organization]'s activities, assets, and personnel. [USER'S NOTE: if the internal audit function has an audit universe, it could be referenced here.] The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the board and management on the adequacy and effectiveness of governance, risk management, and control processes for [name of organization].

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

[USER'S NOTE: The list of examples below should be customized to the scope of services agreed upon with the organization's board and senior management. See Guide to Customizing the Model Internal Audit Charter for more information.]

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of [name of organization]'s strategic objectives are appropriately identified and managed.
- The actions of [name of organization]'s officers, directors, management, employees, and contractors or other relevant parties comply with [name of organization]'s policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and 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 [name of organization].
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approved by the board at its meeting on [date].

Acknowledgments/Signatures



Chief Audit Executive

Date

Board Chair

Date

Chief Executive Officer [optional]

Date 