



# TEKA Construction Public Company Limited

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## Charter of the Office of Internal Audit

August 9, 2019

## Translation

### Charter of the Office of Internal Audit

#### 1. Objectives

This Charter of the Office of Internal Audit is prepared with the purpose of defining the mission, the scope of work, powers, duties, and responsibilities of the Internal Audit Office of TEKA Construction Public Company Limited ("the Company") (which includes the Internal Audit Office of the Company itself and those of the Company hired from outside to act as the Company's internal auditors) in order for the Company's directors, sub-committees, executives, and employees at all levels of the Company to understand the objectives and scope of duties and responsibilities of those involved in internal audit work, as well as for the Internal Audit Office to use this document as a guideline for the operation and review of the internal management system of the Company to ensure that the Company has operated according to the objectives and achieved the objectives with efficiency and effectiveness. The Company has an internal control system that is sufficiently good and suitable for its business operations, including the independence of internal audits and compliance with the rules and guidelines for the announcement of the Stock Exchange of Thailand and the standards for the professional practice of internal auditing, in order for the Internal Audit Office to support the good corporate governance of the Company and the work of the Audit Committee of the Company for the maximum benefit of the organization.

#### 2. Glossary of Terms

An "internal audit" is a fair and independent assurance and counseling activity that adds value and improves an organization's operations to achieve its objectives by evaluating and improving the efficiency of risk management processes, controls, and governance in a systematic and orderly manner.

#### 3. Mission

The Internal Audit Office's mission is to provide independent and fair assurance and counseling to the management for the transparency of the Company's operations according to the principles of good corporate governance and control to ensure that the Company has a reliable information system that complies with the law and important regulations as well as promotes efficient and effective operations, adds value, and improves the Company's operations.

The Office of Internal Audit takes part in achieving the prescribed objectives by assessing and improving the efficiency of the risk management system, internal control system, and the Company's corporate governance process using a systematic and methodical approach. The important missions of the Internal Audit Office are as follows:

- 3.1 To help the Board of Directors, the Audit Committee, and the management supervise the operations of various departments of the Company, subsidiaries, and associated companies.
- 3.2 To assess the adequacy, efficiency, and effectiveness of the internal control system, risk management, and corporate governance of the Company, subsidiaries, and associated companies, including analyzing, giving opinions, and giving suggestions or independent consultation to ensure that
  - the operations of financial and accounting information are reliable, accurate, and in-time and the management has good corporate governance.
  - the management is carried out in accordance with the policies of the Board of Directors and the relevant laws, as well as following the action plan and operating procedures as specified.
  - the protective system is available to protect and maintain assets.
- 3.3 To enhance the efficiency of various departments of the Company, subsidiaries and associated companies as follows:
  - strengthen the operating system and increase efficiency and productivity.
  - offer methods to prevent potentially illegal operations, various leaks, or corruption.

#### **4. Chain of Command**

- 4.1 The Internal Audit Office directly reports to the Audit Committee. The Director of the Office of Internal Audit is the highest executive of the Office of Internal Audit. No one else can be assigned to do this task. However, the Company can hire a third party to act as the Chief of Internal Audit of the Company.
- 4.2 The Audit Committee has the authority to consider and approve the appointment, transfer, dismissal, and remuneration of the Director of the Internal Audit Office or a third person holding the position of Head of Internal Audit according to the budget policy and the Company's regulations.
- 4.3 The Director of the Office of Internal Audit is responsible for giving opinions on the appointment, transfer, removal, and consideration of the merits and rewards of the officers in the Office of Internal Audit according to the budget policy and company regulations, and presenting such actions for approval to the Audit Committee before presenting such actions to the Chief Executive Officer of the Company to perform such actions.
- 4.4 The Director of the Internal Audit Office is responsible for preparing and presenting the budget used in preparing the annual audit work plan to the management, which is considered by the Audit Committee.

## 5. Scope of Duty

The Office of Internal Audit has a scope of duty to ensure that the risk management system, internal control system, and corporate governance process of the Company are arranged sufficiently and effectively according to the objectives prescribed as follows:

- 5.1 Risk factors' identification, risk assessment, and risk management are made appropriately.
- 5.2 Financial information, management, and operations have been prepared accurately, completely, and reliably in a timely manner.
- 5.3 The Company's business operations and the employees' performance are in accordance with the rules, policies, and related laws and regulations.
- 5.4 Resources and assets are procured efficiently with adequate storage supervision.
- 5.5 The use of the Company's resources and assets is efficient and cost-effective, as well as corruption is prevented.
- 5.6 The accuracy, reliability, and sufficiency of various work systems as well as information systems, including the security of information systems, are assessed with tight, appropriate, and effective internal control.
- 5.7 Observing, inspecting, or reviewing various tasks assigned by the Board of Directors, the Audit Committee, the Subcommittees, or the Chief Executive Officer of the Board of Directors are made in order to detect errors in operations or corruption issues.
- 5.8 Plans, projects, and objectives are achieved according to the prescribed goal.
- 5.9 Continuous quality improvement is available in all processes and control activities.
- 5.10 If the independence of the audit is affected either by facts or by demonstrated behavior, internal auditors must disclose details of the impact directly to the Company's Audit Committee.

## 6. Duties and Responsibilities

The internal auditor is responsible for the internal audit work of the Company according to the Company's terms and policies. The details of duties and responsibilities are as follows:

- 6.1 Set objectives, goals, scope of responsibility, and operational guidelines for the Office of Audit.
- 6.2 Make a long-term audit plan, prepare and improve the annual internal audit plan by considering risk-based methodology, and prepare a manpower plan and an annual budget plan for the Office of Internal Audit to propose to the Audit Committee for approval and inform the Chief Executive Officer for acknowledgement.
- 6.3 Assess the adequacy of the Company's internal control system in order for the Audit Committee and high-ranked officers to believe that the activities have sufficient and appropriate internal control to manage risks to a controllable level.

- 6.4 Conduct inspections of various work processes in order to achieve the plan, including special projects assigned by the Audit Committee and/or the management.
- 6.5 Check and review the operations to ensure that such operations are in accordance with the anti-corruption policy, guidelines, execution authority, regulations, laws, and regulatory requirements.
- 6.6 Report the inspection results and the progress of operations in comparison to the prescribed work plan, as well as provide analytical information, evaluation, recommendations, and advice to the Company in accordance with international standards for the professional practice of internal auditing, particularly the report on the adequacy and effectiveness of internal control, including accounting, finance, and operations of all departments of the Company to the Board of Directors, the Audit Committee and, the management of the Company.
- 6.7 Follow up the audit results to ensure that the responsible person has made the improvements to the work system as suggested.
- 6.8 Support operations and provide necessary information for the operations of the Audit Committee and the management related to the audit work and rules related to the Company's business.
- 6.9 Provide guidance, advice, review, and suggest ways to improve internal control, risk management, and good corporate governance for executives and audited agencies.
- 6.10 Develop personnel of the Internal Audit Office to have sufficient knowledge, skills, expertise, and other necessary abilities to perform the duties assigned in both professions and business, as well as support such personnel to have a related professional certification.
- 6.11 Coordinate with another auditing unit, such as the Company's auditors, for the audit of the financial statements to achieve the objectives, as well as other relevant regulatory authorities in order to promote effectiveness in verifying and reduce duplication of work.
- 6.12 Provide information on rules, laws, and other issues that may affect the efficiency of the Company and weaknesses that may constitute risks to the Audit Committee and the management.
- 6.13 Attend meetings with executives on important issues.
- 6.14 Perform other activities related to internal audits as assigned by the Audit Committee or the management in addition to the annual audit plan.

## 7. Audit Authority

The Director of the Internal Audit Office and employees of the Internal Audit Office at all levels are authorized to access information, systems, and personnel of the Company that are related to the tasks of the audit as necessary and appropriate. Therefore, executives at all levels must help support the performance of the Office of Internal Audit to achieve its duties and objectives as well as the maximum benefit of the Company.

In the event that there is a reasonable cause, the Director of the Internal Audit Office may hire an internal audit specialist from outside the organization to come to perform internal audit work in the company. Employment shall be in accordance with the operating procedures prescribed by the Company.

Any documents or pieces of information which the Internal Audit Office acquires or acknowledges from the audit will be kept confidential and not be disclosed to any other person without permission from the relevant authority unless the disclosure is required by law or forced to be disclosed.

## **8. International Standards for Professional Practice of Internal Auditing**

Employees of the Office of Internal Audit at all levels will maintain, behave, act, and adhere to the rules and policies of the Company, and international standards for the professional practice of internal auditing and related ethics.

## **9. Independence**

- 9.1 The Director of the Internal Audit Office is responsible for reporting administrative matters in the Office of Internal Audit to the Chief Executive Officer and the results of the internal audit to the Audit Committee.
- 9.2 Audit activities, scope, procedures, duration, and content of the report must be independent of any other influence in order for the audit task to perform efficiently and achieve the goal according to the prescribed audit plan.
- 9.3 The Director of the Internal Audit Office and employees of the Office of Internal Audit at all levels should not be assigned to assist in performing tasks other than those related to internal audits. They must be independent and have no conflict of interest with the audited activities in order to perform their duties with fairness. In addition, such internal auditors must not perform audit duties to verify the administrative duties that they used to perform or were involved in for 1 year before the audit or any activity in which the Audit Director sees that may affect the independence and fairness of the internal auditors.
- 9.4 Internal auditors shall disclose details about the impact on independence, fairness, and conflicts of interest by reporting to supervisors before performing the audit for credibility, complaint review, and investigations in cases of suspicion that corruption may occur.
- 9.5 If the audit operator is hired from outside the internal audit unit, the conflicts of interest must be disclosed and the objectives and scope of work must be clearly defined in order to provide assurance in the investigation of complaints and in the case of suspicion that corruption may occur.

## 10. Reporting and Monitoring of Audit Results

10.1 The director of the Internal Audit Office or the designated person is responsible for preparing and issuing individual internal audit reports to the management of the audited department as well as sending a copy of the audit report to the Audit Committee or the Chief Executive Officer.

For the report of the audit results mentioned above, the Director of the Office of Internal Audit or his/her designee may summarize the audit recipient's clarifications or remedial actions on the issues found as well as the recommendations of the auditors and determine the period for improvements to be completed and other clarifications for any unspecified suggestion.

10.2 The Director of the Internal Audit Office or the designated person is responsible for preparing and presenting a summary of key issues found and recommendations in the audit report to the Audit Committee for approval and further proposing it to the Chief Executive Officer for acknowledgment.

10.3 The Director of the Internal Audit Office or the designated person is responsible for preparing an annual performance report to present to the Board of Directors, the Audit Committee, and the Chief Executive Officer.

10.4 In the event that the Internal Audit Office finds or suspects that there are violations of laws, rules, regulations, operating procedures, announcements, and orders related to the Company's operations, the Director of the Internal Audit Office shall consider and report to the Audit Committee along with his/her opinions for acknowledgment by the Audit Committee and further inform the Chief Executive Officer.

10.5 In the event that the Office of Internal Audit finds or has any doubts that any transactions or actions that may seriously damage the Company's performance, conflicts of interest, fraud or irregular transactions, or significant deficiencies in the internal control system may occur, the Director of the Internal Audit Office shall immediately consider and report to the Audit Committee and the Chief Executive Officer along with his/her opinions for further consideration and submission to the Board of Directors.

10.6 Employees of the Office of Internal Audit at all levels are responsible for monitoring the results of the audit on the issues found and making recommendations within an appropriate time.

## 11. Quality Assessment

11.1 The Internal Audit Office shall provide a quality assessment of the audit performance of the auditing unit after every inspection is closed in order to improve the system to be more efficient.

11.2 The Internal Audit Office must conduct an annual self-assessment according to the form approved by the Audit Committee in compliance with good practice guidelines and the professional standards of internal auditing to ensure the efficiency and effectiveness of the Office of Internal Auditing as specified and report the results of the assessment of problems and obstacles as well as plans for

improvement in the performance of duties to the Chief Executive Officer and the Audit Committee for acknowledgment.

- 11.3 The Office of Internal Audit must provide a quality assessment of the management and auditing performance by knowledgeable and independent experts from outside the Company at least once every 5 years and present the audit quality assessment report to the Audit Committee and the Chief Executive Officer for acknowledgment.

This Charter of the Office of Internal Audit was approved by the resolution of the Board of Directors' meeting No. 4/2019 on August 9, 2019, which will come into effect from August 9, 2019 onwards.

Signature

(Mr.Vithool Jeakjirm)

Chairman of the Board

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