

OLYMPIA CAPITAL HOLDINGS PLC

INTERNAL AUDIT CHARTER





Olympia Capital Holdings Plc

Internal Audit Charter

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1. Introduction

Best practice identifies a written Internal Audit Charter as a key component of good Corporate Governance. A written charter is also recommended by the International Standards for Professional Practice of Internal Auditing published by the Institute of Internal Auditors (IIA).

As a listed company in Kenya, we recognize the importance of effective internal controls and risk management practices to ensure the integrity of our financial statements, compliance with laws and regulations, and protection of our assets and business processes.

The purpose of this Charter is to spell out the purpose, authority, and responsibility of the Internal Audit function. This Charter also gives the mandate to the Internal Audit function to carry out the audit of the operations of Olympia Capital Holdings Plc (hereinafter referred to as “OCHL”).

2. Purpose of Internal Audit

The purpose of the Internal Audit function is to provide independent objective assurance and advisory services designed to add value and improve OCHL’s operations. It helps OCHL achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management, Control, and Accountability processes.

3. Scope of Internal Audit

The internal audit function shall develop an annual audit plan that covers all significant risks and areas of the company's operations. The audit plan shall be based on a risk assessment that considers the probability and impact of risks and the adequacy of existing controls.

The Internal Audit function shall provide assurance and consultancy services to OCHL’s businesses that are aimed at ensuring that the Company’s risk management, control, and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- i) Risks are appropriately identified and managed.
- ii) Interaction with the various elements of the Governance framework occurs as needed.
- iii) Significant, financial, managerial, and operating information is accurate, reliable, and timely.
- iv) Employees’ actions comply with OCHL’s policies, and applicable laws and regulations.
- v) Resources are acquired economically, used efficiently, and adequately protected.
- vi) Plans and objectives are achieved.

- vii) Quality and continuous improvement are fostered in the Group's control process.
- viii) Significant legal or regulatory issues impacting OCHL are recognized and addressed appropriately.
- ix) Opportunity for improving management control, economy, efficiency, effectiveness, and OCHL's image if identified during audits will be communicated to the appropriate level of management; and
- x) That the mandate of the Internal Audit extends to all the operations of OCHL.

4. Accountability

The Head of the Internal Audit function (or the duly appointed designate) in the discharge of their duties shall be accountable functionally to the Audit and Risk Committee and administratively to OCHL Chief Executive Officer. The Head of the Internal Audit unit shall:

- i) Provide an assessment of the adequacy and effectiveness of OCHL's processes for controlling its activities and managing its risks in the key areas of its activities annually.
- ii) Report significant issues as per audit plans related to the processes for controlling the activities of OCHL, including potential improvements to those processes.
- iii) Periodically provide information on the status and results of the Annual Internal Audit Plan and the sufficiency of the function's resources.
- iv) Review other controls and monitoring functions (risk management and compliance, security, legal, ethics, health and environment, etc.).

5. Role, Duties and Responsibilities of the Internal Audit function

The principal responsibilities of the Internal Audit function are to conduct independent and objective reviews and assessments of the accounting, financial control, asset management, information management, and control systems and to report the findings of such reviews and assessments. The Specific duties of the department shall include: -

- i) Contribute to OCHL's governance process by evaluating and improving the process through which values and goals are established and communicated, the accomplishment of goals is monitored, accountability is ensured and values are preserved;
- ii) Evaluate the risk exposures relating to OCHL's governance, operations, and information systems;
- iii) Review and appraise the adequacy and effectiveness of OCHL's system of internal control;

- iv) Appraise the relevance, reliability, and integrity of management, financial and operating data/reports, risk management, and control processes;
- v) Review the systems established to ensure compliance with policies, plans, procedures, statutory requirements, and regulations that have a significant impact on the operations of OCHL;
- vi) Review the means of safeguarding OCHL's assets and verify the existence of such assets;
- vii) Appraise the economy, efficiency, and effectiveness with which OCHL's resources are employed;
- viii) Review operations to ascertain whether results are consistent with OCHL's established objectives and goals and whether the operations are being carried out as planned;
- ix) Assess the adequacy of established systems and procedures;
- x) Ascertain the nature of External Audit, co-ordinate the Internal and External audits, and consider rectification and implementation of issues raised by the External Auditors;
- xi) Conduct special assignments and investigations on behalf of the Audit and Risk Committee into any matter or activity affecting the probity, interests, and operating efficiency of OCHL;
- xii) Carry out follow-up processes to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action; and
- xiii) Effectively manage the Internal Audit activities to ensure that they are prioritized and are consistent with OCHL's goals and add value to the organization and to this end must develop risk-based and other appropriate audit plans on an annual basis.

6. Professionalism and Competence:

The Internal Audit function operates with professionalism, competence, and due care. The Chief Internal Auditor and the Internal Audit team have the necessary knowledge, skills, and expertise to perform their duties effectively. They maintain their professional competence through continuous education, training, and development.

7. Internal Audit Procedures

The Internal Audit function shall use a risk-based approach to plan and perform audits. The audit procedures shall include, but not limited to: -

- i) Review of relevant policies, procedures, and documentation.
- ii) Interviews with management and staff.

- iii) Observation of operations and activities.
- iv) Testing of controls and transactions; and
- v) Data analytics.

8. Communication and Reporting

The Internal Audit function must produce quarterly, annual, and such other audit reports as are required to communicate and report upon the level of achievement of the purpose of this Internal Audit Charter.

The Internal Audit function shall provide timely and accurate reports on their findings and recommendations. The reports shall be clear, concise, and actionable, and shall include a management response to the recommended actions. The team shall monitor the implementation of its recommendations and will table reports to the Audit and Risk Committee on the status of the implementation.

9. Monitoring Progress

The Head of Internal Audit (or the duly appointed designate) must establish and maintain a system to monitor the disposition of results communicated to management.

10. Authority of the Internal Audit function

The Head of Internal Audit (or the duly appointed designate) shall under this policy be authorized to:

- i) Have unrestricted access to all functions, documents, books, accounts, property, vouchers, records, personnel, correspondence, and any other data that is necessary for the proper performance of the Internal Audit work;
- ii) Handle all documents and information given to internal auditors in the same prudent manner as by those employees normally accountable to them;
- iii) Communicate and have direct interaction with OCHL operations. The Head of Internal Audit (or the duly appointed designate) shall have full access to the Audit and Risk Committee and the Chair of the Board of Directors.
- iv) Allocate resources, set frequencies, and subject matter, determine scope of work, and apply the techniques required to accomplish the audit objectives.
- v) Obtain the necessary assistance from the managers and staff of the units of OCHL where they perform audits, as well as other specialized services from within or outside OCHL.

11. Independence of the Internal Audit Function

The Internal Audit function **shall be independent of the activities being audited** and shall carry out its work freely and objectively. Independence permits the internal auditor to render impartial and unbiased judgments essential to the proper conduct of audits and can be achieved through the Company's status and objectivity.

Objectivity is an independent mental attitude, that internal auditors should maintain in performing audit reviews. **They should not perform the activities of designing, installing, and operating systems, as this will be presumed to impair audit objectivity.**

To maintain independence the Head of Internal Audit (or the duly appointed designate) and Internal Audit staff shall: -

- i) Be directly responsible to the Audit and Risk Committee functionally and to the OCHL Chief Executive Officer administratively and be independent of any other department, section, or officer;
- ii) Have no executive or managerial powers, functions, or duties e.g. signing of cheques, authorizing and approving purchase requests except those relating to the Internal Audit unit;
- iii) Not be involved in the day-to-day operations of OCHL; and
- iv) Not be responsible for the detailed design, development, and implementation of new systems and procedures except as advisors.

12. Standards of Audit Practice

All activities and recommendations of the Internal Audit function shall be to the highest standards and ethical considerations and be consistent with the applicable law, Company policies, Professional Standards, Internal Audit Manual, and Generally Acceptable Best Practices.

13. Confidentiality and Ethics

The Internal Audit function maintains confidentiality in its operations and adheres to high ethical standards. The Internal Audit team is bound by the organization's code of conduct, which prohibits any conflict of interest, misuse of information, or unethical behavior.

14. Review of the Charter

The Head of Internal Audit (or the duly appointed designate) in consultation with the Audit and Risk Committee shall review this Charter periodically and make recommendations to the Board on any changes deemed necessary for the proper functioning of the Internal Audit function. This policy can be modified based on the company's specific needs, circumstances, and feedback from stakeholders.

Any proposed changes to this Charter will be approved and amended by the Board from time to time and communicated to staff.

15. Effective Date

This policy is effective immediately.

Last update and review: March 7, 2024