

# **GD Express Carrier Bhd (“GDEX”) Audit Services Charter**

## **Introduction**

This Charter provides the framework for the conduct of the Internal Audit function in GDEX and its subsidiaries.

## **Objective**

The objective of GDEX Audit Services (the company's internal audit function) is to provide independent, objective assurance and consulting services designed to add value and to enhance the improvement plan and group performance in GDEX’s operations. Audit Services enable GDEX to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, and governance processes.

## **Scope of Work**

Audit Services’ scope of work is to determine whether the organisation’s risk management, internal control and governance processes, as designed and represented by Management, are adequate and functional to ensure the following:

- Risks are appropriately identified and managed.
- Collaboration and interaction with the various governance groups for overall improvement plan as needed.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Employees’ actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently and adequately protected.
- Programs, plans and objectives are achieved.
- Quality and continuous improvement are fostered in the organisation’s control processes.
- Significant legislative or regulatory issues impacting the organisation are recognised and addressed properly.

In addition, Audit Services may identify opportunities for improving management control, profitability and the company’s image and reputation. If so, Audit Services will communicate such opportunities to the appropriate level of management.

## **Accountability**

The Head of Internal Audit (“HIA”), in the discharge of his or her duties, shall be accountable to Management and the Audit & Risk Management Committee (“ARMC”):

- Provide an annual assessment on the adequacy and effectiveness of GDEX’s processes for controlling activities and managing risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the organisation

and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.

- Provide results of the annual audit plan and the sufficiency of department resources.
- Coordinate with and provide independent oversight of other control and monitoring functions within GDEX (such as risk management, compliance, security, legal, ethics and environmental) as well as external audit.

### **Confidentiality**

All information obtained during an internal audit is deemed confidential unless otherwise instructed.

### **Independence**

To provide for the independence of Audit Services, its personnel report to the HIA, who reports administratively to the Managing Director/Group Chief Executive Officer and functionally to the ARMC of GDEX in a manner outlined in the above section on accountability. Audit Services will include, as part of its reports to the ARMC, a regular report on Internal Audit personnel.

All internal audit activities shall remain free of influence by any organisational elements.

### **Responsibility**

The HIA and staff of the Internal Audit department are responsible for the following tasks in each category:

#### *Annual Audit Plan*

- Develop a flexible annual audit plan using appropriate risk based methodology, including any risks or control concerns identified by Management and submit it to the ARMC for review and approval.
- Implement the annual audit plan as approved, including and as appropriate, any special tasks or projects requested by Management and the ARMC.

#### *Professional Competence*

- Maintain a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter.
- Establish a Quality Assurance Program by which the HIA assures the operations of internal audit activities.

#### *Consulting*

- Perform consulting services, beyond internal auditing's assurance services to assist Management in meeting its objectives. Examples may include facilitation, process design, training and advisory services.
  - Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations and control processes coincident with their development, implementation and/or expansion.

#### *Reporting and Communications*

- Issue periodic reports to the ARMC and Management summarizing results of audit activities.

- Keep the ARMC informed of emerging trends and successful practices in internal audit.
- Provide a list of significant measurement goals and results to the ARMC.

#### *Investigations*

- Assist in the investigation of significant suspected fraudulent activities within the organisation and notify Management and the ARMC of the results.

#### *External Auditor*

- Consider the scope of work of the external auditors and regulators as appropriate, for the purpose of providing optimal audit coverage to the organisation at a reasonable overall cost.

#### **Authority**

The HIA and staff of Audit Services are authorised to do the following:

- Have full and unrestricted access to all functions, records, property and personnel.
- Have full and free access to the ARMC.
- Allocate resources, set frequencies, select subjects, determine scopes of work and apply the techniques required to accomplish audit objectives.
- Obtain the necessary assistance of personnel in units of the organisation where they perform audits, as well as other specialized services from within or outside the organisation.
- The HIA and staff of the Internal Audit department are precluded from doing the following:
  - Performing any operational duties for the organisation or its affiliates.
  - Initiating or approving external accounting transactions to the Internal Audit department.
  - Directing the activities of any organisation employee not employed by the Internal Audit department, except to the extent such employees have been appropriately assigned to audit teams or to otherwise assist the Internal Auditors.

#### **Standards of Audit Practice**

The Internal Audit department will meet or exceed the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors.