

INTERNAL AUDIT

Business Process

2020 09 13

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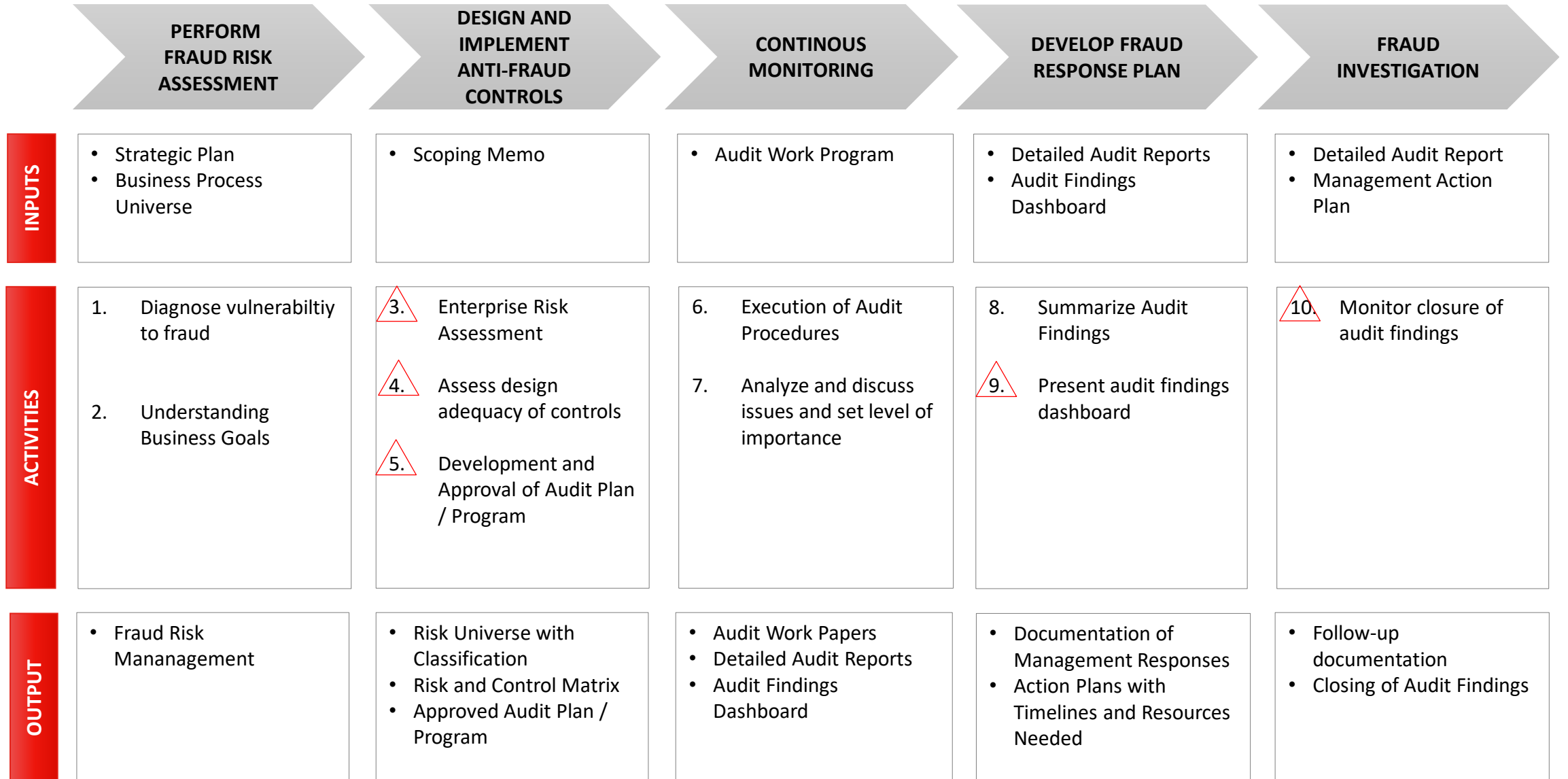
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RISK-BASED FRAUD MANAGEMENT



Internal Audit Process Description

NO	PROCESS DESCRIPTION	OUTPUT
1	<p>Scope and objectives definition</p> <ul style="list-style-type: none"> Define scope and objectives. <p>Megawide's IAD scope are as follows (for all Subsidiaries and/or Affiliates):</p> <ul style="list-style-type: none"> Risks relating to the achievement of Megawide's strategic objectives are appropriately identified and managed; Controls are adequate in mitigation risks and achieving business objective; Controls are consistently being implemented/complied by officers, directors, employees, contractors and vendors of Megawide as intended, as well as with applicable laws, rules, regulations and governance standards; Operations or programs are being carried out effectively and efficiently; Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity; Quality and continuous improvement are fostered in the organization's control process; and Resources and assets are acquired economically, used efficiently, and protected adequately. <ul style="list-style-type: none"> ○ R : Audit Manager ○ A : Group Chief Audit Executive ○ S : SBU ○ C : Senior Management / Audit & Compliance Committee ○ I : N/A 	<ul style="list-style-type: none"> Scoping Memo Minutes of Meeting (for meetings conducted)

Internal Audit Process Description

NO	PROCESS DESCRIPTION	OUTPUT
2	Understanding Business Goals <ul style="list-style-type: none"> Identify & understand objectives and controls by securing & analyzing Annual Strategic Plans from Megawide & its subsidiaries. R : Audit Manager A : Group Chief Audit Executive S : SBU C : Senior Management / Audit & Compliance Committee I : N/A 	<ul style="list-style-type: none"> Scoping Memo Minutes of Meeting (for meetings conducted)
3	Enterprise Risk Assessment <ul style="list-style-type: none"> Develop and update (at least annually) the Risk Auditable Areas Identify inherent risks that could hinder attainment of Megawide's objectives. R : Audit Manager A : Group Chief Audit Executive S : SBU C : Senior Management / Audit & Compliance Committee I : N/A 	<ul style="list-style-type: none"> Risk Universe with Classification

Internal Audit Process Description

NO	PROCESS DESCRIPTION	OUTPUT
4	Assess design adequacy of controls <ul style="list-style-type: none"> Understand & Assess Control Environment. Considerations include: <ul style="list-style-type: none"> Past year's audit ratings Recommendation & status of implementation of committed action plan. R : Audit Manager A : Group Chief Audit Executive S : SBU C : Senior Management / Audit & Compliance Committee I : N/A 	<ul style="list-style-type: none"> Risk and Control Matrix
5	Development and approval of Audit Plan / Work Program <ul style="list-style-type: none"> Develop Audit Plan to streamline audit work / activity and engagement. Evaluate Risk & Controls associated with activity / business and process R : Audit Manager A : Group Chief Audit Executive S : SBU C : Senior Management / Audit & Compliance Committee I : N/A 	<ul style="list-style-type: none"> Approved Audit Plan / Work Program

Internal Audit Process Description

NO	PROCESS DESCRIPTION	OUTPUT
6	Execution of Audit Procedures <ul style="list-style-type: none">• Execute audit procedures for scoped-in accounts.○ R : Audit Supervisor○ A : Audit Manager○ S : Group Chief Audit Executive○ C : Group Chief Audit Executive○ I : N/A	<ul style="list-style-type: none">• Audit Work Paper
7	Analyze and Discuss issues and set level of importance <ul style="list-style-type: none">• Discuss detected issues & objectively assess the received comments.• Clarify and corroborate the accuracy of information used and findings obtained.• Analyze the need to perform additional test / assessment.○ R : Audit Supervisor○ A : Audit Manager○ S : Group Chief Audit Executive○ C : Group Chief Audit Executive○ I : N/A	<ul style="list-style-type: none">• Detailed Audit Report• Audit Findings Dashboard

Internal Audit Process Description

NO	PROCESS DESCRIPTION	OUTPUT
8	Summarize Audit Findings <ul style="list-style-type: none"> Summarize Audit Findings / Results & communicate to Management Team R : Audit Manager A : Group Chief Audit Executive S : SBU C : SBU I : N/A 	<ul style="list-style-type: none"> Documentation of Management Responses
9	Present Audit Findings Dashboard <ul style="list-style-type: none"> Present Audit Findings and Management Response to Audit Committee R : Audit Manager A : Group Chief Audit Executive S : SBU C : Senior Management / Audit & Compliance Committee I : N/A 	<ul style="list-style-type: none"> Action Plans with Timelines and Resources Needed

Internal Audit Process Description

NO	PROCESS DESCRIPTION	OUTPUT
10	Monitor closure of audit findings <ul style="list-style-type: none">• Monitor status of observation and recommendations (performed on a quarterly basis) to:<ul style="list-style-type: none">• Monitor the disposition of results communicated to the management• Ensure agreed management actions have been effectively implemented or;• Senior management has accepted the risk of not taking action○ R : Audit Manager○ A : Group Chief Audit Executive○ S : SBU○ C : Senior Management / Audit & Compliance Committee○ I : N/A	<ul style="list-style-type: none">• Follow-up Documentation• Closing of Audit Findings

Internal Audit Process Flow Chart

