

ANGIA

**INTERNAL AUDIT
REGULATIONS**

**An Gia Real Estate Investment and Development
Corporation**

HCM City- August, 20th 2020

INTERNAL AUDIT REGULATIONS

An Gia Real Estate Investment and Development Corporation

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- Pursuant to Law on Enterprise no. 68/2014/QH13 dated November 26th 2014, coming into effect on July 1st 2015 and the guidelines;
- Pursuant to Decree no. 71/2017/NĐ-CP dated June 6th 2017 issued by the Government pertaining to the corporate governance of public companies
- Pursuant to Decree no. 05/2019/ NĐ-CP dated January 22nd 2019 issued by the Government pertaining to the internal audit, coming into effect on April 1st 2019;
- Pursuant to the Charter of An Gia Real Estate Investment and Development Corporation ratified by the General Meeting of Shareholders (“Charter”)

CHAPTER I

GENERAL REGULATIONS

Article 1. The scope of regulation

The regulation defines the objective, the scope of work, position, duties, powers, responsibilities of the internal audit in An Gia Real Estate Investment and Development Corporation (hereinafter referred as is “The Company”) and its relationship with other departments including the scope and method to provide information for audit purpose; including requirements on independence, objectivity, basic principles, requirements on professional qualifications, the assurance on quality of internal audit and other related regulations.

Article 2. Subjects of application

The regulation applies for all staff of the internal audit department of The Company and other departments, other staff related to internal audit activities in The Company including subsidiaries, affiliates, companies which are responsible for managing projects, branches, representative offices.

Article 3. Interpretation of terms

1. Internal audit: is the review, evaluation, supervision on the adequacy, appropriateness and the effectiveness of the internal control.
2. Internal auditor: is person who performs internal audit activities in the Company
3. The chief audit executive: is person who is appointed to manage internal audit activities in the Company under regulations of the effective law or regulations of the Company.

4. The Audit Sub-Committee: is the professional committee belongs to the Board of Director of the Company as stipulated in the effective Law on Enterprises.

5. Related parties of internal auditor: are father, mother, adoptive father, adoptive mother, father-in-law, mother-in-law, wife, husband, children, adoptive children, daughter-in-law, son-in-law, brothers, sisters, brother-in-law, sister-in-law.

Article 4. The objective of internal audit

Through reviewing, evaluating and consulting, the internal audit provides the assurance independently, objectively and recommendations on following topics:

a) The internal control system of the Company has been set up and run appropriately in order to prevent, detect, manage risks.

b) Processes related to corporate governance and the risk management process of the Company are assured effectively and efficiently.

c) Operational objectives and strategical objectives, plans and missions which the Company gets.

Article 5. The position of internal audit

1. The internal audit department is established by BOD. The Audit Sub-Committee is responsible for managing the internal audit department directly.

2. The chief audit executive department reports professional matters to the Audit Sub-Committee and administrative matters to Chief Executive Officer (CEO) of the Company. The management and supervision on the internal audit department are regulated as follows:

The Audit Sub-Committee manages and supervises functional activities of the internal audit department, details are:

a) The approval on organization chart, headcount, budget for the internal audit department basing on the suggestion of CEO;

b) The approval on recruiting, appointing, salary, bonus and other benefits for The chief audit executive department basing on the suggestion of CEO

c) The approval on the internal audit plan basing on referring to CEO's comments

d) Review the internal audit regulation basing on referring to CEO's comments and suggest it to BOD for approval.

e) The supervision on the internal audit methodology;

f) The supervision, assessment on the quality and effectiveness of the internal audit activity;

The CEO is in charge of managing the internal audit department in respects of administrative matters, details are:

- a) The management on daily works of the internal audit departments;
- b) To ensure conditions for the internal audit department's operations;
- c) To support the internal audit department completely to carry out its' missions;
- d) To propose the organization chart, headcount and budget for the internal audit department;
- e) To suggest the recruitment, appointment, salary, bonus and other benefit for The chief audit executive department.

3. The chief audit executive department has discussed and reported to BOD directly (if necessary).

4. The chief audit executive has reported to BOD periodically on the purpose, authority and responsibility, as well as the efficiency of the internal audit department concerned to the internal audit plan. The report also consists of matters related to risk, control, fraud, corporate governance and other matters or basing on the requirement of Board of manager (BOM) and BOD.

Article 6. The scope of work of internal audit

1. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

2. The scope of work of internal audit includes, but not limit, to review and assess the completeness and effectiveness of management, risk management and internal control, as well as the quality on conducting assigned tasks and propose recommendations in order to get the objective and purpose of the Company.

3. The scope of work of the internal audit:

a) Providing the assurance by reviewing and assessing the completeness and effectiveness of management, risk management and internal control to help the Company to get strategical objectives, operational objectives, the compliance and financial objectives.

i. Follow up and assessing on management processes

- ii. Follow up and evaluating the effectiveness of risk management processes
- iii. Performing the risk assessment on getting strategical objectives of the Company
- iv. Assessing on systems to ensure the compliance with policies, plans, procedures, regulations, the financial regulation, the accounting regulation and other regulations which can impact on the Company's activities significantly.
- v. Reviewing and confirming the quality, the reliability of economic information, financial information on financial statements, accounting management reports before submitting for approval.
- vi. Evaluating methods to protect assets and verifying the existence of these ones.
- vii. Reporting significant risks and control issues including fraud risks, management matters and other matters or basing on the requirement from BOM and BOD.
- b) Presenting the professional analysis and proposing recommendations basing on the assessment on data and processes.
 - i. Evaluating the reliability and completeness of the management information system and applied methods to define, measure, classify and report this information.
 - ii. Analyzing activities or programs to determine whether results are in line with objectives and purposes which have been set up.
 - iii. Evaluating whether activities or programs has been conducted in line with set up plans
 - iv. Assessing the effectiveness and efficiency related to using resources.
- c) Proposing recommendations independently, objectively: Carry out the consult on management processes, risk management and internal control.
- d) The prior audit: is conducted before projects, plans of departments/business units happen, in order to assess the reliability of information, documents, the economic, the possibility and effectiveness of projects, plan, program; help managers to be provided reliable information for making decisions purpose.
- e) The simultaneous audit: is conducted in the same time with carrying out projects, programs, plans of audited departments/business unit, to evaluate the progress, quality of these activities; detecting and proposing recommendations timely to solve errors/weaknesses in order to get objectives of projects/plan/programs.

f) The subsequent audit: is conducted after projects/programs/plans of audited departments/business units complete, to get objectives related to the audit on financial statements, the compliance audit and operational audit at audited departments/business units.

g) Consulting the Company to select, control the independent audit service for cost efficiency and effectiveness.

h) Periodically report on the purpose, authority, responsibility and effectiveness of the internal audit department related to its plan.

i) Reviewing and assessing specific activities basing on the requirement from BOM and BOD

k) Basing on the audit objective, it can combine among the prior audit, the simultaneous audit and the subsequent audit when preparing the internal audit plan.

Article 7. Fundamental principles of internal audit

1. The independence:

a) Internal auditors are not allowed to be in charge of tasks which are internal audit objectives. The internal audit activity must be free from interference in performing the assessment and report.

b) Internal auditors are not allowed to perform the audit on activities and departments/business units that they were in charge of managing within latest three years.

c) Internal auditors are not allowed to audit on activities and departments/business units that their related parties are responsible for conducting activities or managing these departments/business units.

2. The Objectivity: Internal auditors must be objective, accurate, faithful when performing internal audit engagements.

3. Compliance with regulations and being responsible for internal audit activities.

Article 8. Professional standards

1. The internal audit department must adhere to legal regulations related to internal audit, internal audit standards and ethical principles which are regulated by the Authority.

2. Besides, the internal audit department must comply with the Company's policies, procedures related to internal audit, including the audit procedures which the Company has approved and published.

Article 9. The code of ethics principle of internal audit

1. The integrity: internal auditors must perform assigned tasks faithfully, carefully and responsibility; compliance with regulations and publish necessary information under legal requirements and professional requirements related to internal audit; must not conduct illegal activities which impact on the Company's reputation.

2. The objectivity: Internal auditors must completely ensure the objectivity in obtaining, evaluating and communicating information related to audited activities and processes. Internal auditors must give objective assessments on concerned situations and be not impacted by individual benefits or by anyone in giving assessments or conclusions.

5. Proficiency and Due Professional Care: internal auditors apply professional knowledge, skill and experience to perform internal audit engagements. Simultaneously, they must take action carefully, matching with professional standards and applied techniques.

6. The confidentiality: internal auditors must respect the value and ownership of provided information and must not share this information if not allowed by the authority, except for sharing information is responsibility or under legal regulations.

7. Professional attitude: Internal auditor must comply with legal regulations and related ones, avoid any actions which reduce professional reputation.

8. The chief audit executive must monitor, evaluate, manage to ensure that internal auditors comply with the code of ethics related to internal audit.

Article 10. Competencies of internal audit

1. The chief audit executive proposes resources to BOD basing on reviewing the size and the complicity of internal audit activity, as well as internal audit missions. The chief audit executive sets up appropriate requirements to recruit internal auditors.

2. The chief audit executive must possess related literacy/professional knowledge and experience in internal audit field completely. He/She should have the specialized knowledge about business activities and other concerned skills.

3. The chief audit executive needs to assess on the skill and knowledge of internal audit department for the purpose of performing the audit on processes effectively. If necessary, it can require experts/external consult. The chief audit executive must plan for using experts/external consult to get the approval from the Audit Sub-Committee. The chief audit executive is responsible for the internal audit activity related to the result which is provided by these experts/external consult.

4. The chief audit executive is responsible for the internal audit activity of internal auditors. The chief audit executive must ensure to get audit objectives which are showed in approved audit plan. The chief audit executive should make detailed plan properly to complete each internal audit mission (from the preparation stage to stage of issuing the audit report) after reviewing the nature and the complicity of each internal audit mission.

5. Internal auditors should be trained knowledge to perform audit missions. The training should be kept usually in order to help all staff of internal audit department to update the development of internal audit activity as well as to improve the professional skill. The chief audit executive must ensure that internal auditors are trained through appropriate tasks.

Article 11. The power of internal audit department

1. Proactively performing missions which are showed in approved internal audit plan.
2. Be equipped necessary resources to conduct missions in the approved internal audit
3. Be provided information, documents, files completely and timely for internal audit activities.
4. Obtain, review all processes, assets when performing the internal audit activities.
5. Approach, interview all staff of departments/ business units about matters related to audited contents.
6. Receive documents, meeting minutes of BOD and other departments which are related to tasks of internal audit
7. Take part in internal meetings under regulations of The effective laws or regulations in the charter of company, internal regulations.
8. Monitor, evaluate and follow up action plans of Managers related to findings which internal audit department recorded and recommended
9. Be protected from uncooperative actions of audited departments/ business units.
10. Be trained to improve the competency of internal auditors in the internal audit department.

10. All staff of The Company are responsible for providing documents, explanations and support completely, timely to the internal audit department in performing its role and responsibility

Article 12. The responsibility of internal audit department

1. Must ensure the confidential principle for documents, information under regulations of The effective law and the Company regulations.

2. Take responsible for the performance of internal audit activity, for assessments, conclusions, recommendations in internal audit reports to BOD.

3. Follow up, push and review the result of implementing audit recommendations at audited departments/business units timely.

4. Usually organize the training in order to improve and ensure the professional competency for internal auditors.

5. Other responsibilities under regulations of The effective law, The charter of Company and the internal audit regulation of Company.

Article 13. The responsibility and power of internal auditors

1. The responsibility:

a) Conduct the approved internal audit plan.;

b) Define the sufficiency, reliability, concordance of information and the helpful for getting audit objectives.

c) Basing on the analysis and appropriate assessment to give conclusions and audit results independently, objectively.

d) Archive audit evidences which support for conclusions and audit results.

d) Take responsibility for the result of assigned audit missions;

e) Must comply with the confidential of information regulations under The effective law.

g) Improve the professional competencies and respect of the code of ethic.;

h) Other responsibilities under The effective law and internal audit regulation of the Company.

2. The power:

a) When performing the audit mission, internal auditors have power to give comments, assessment, conclusions and recommendations on audited matters independently;

b) They have power to request audited departments/business units to provide files, information related to audited matters in time and sufficiently.;

c) Keep comments in documents about the audit result in the scope of assigned tasks.;

d) Other power under The effective law and the internal audit regulation of the Company.

Article 14. The responsibility and power of The chief audit executive

1. The responsibility:

a) Manage and operate the internal audit department to perform assigned tasks;

- b) Assure that internal auditors have been trained usually, they possess professional competencies to perform audit missions;
- c) Carry out methods to ensure the independence, the objectivity and the integrity of internal audit department.;
- d) Report to BOD when finding weaknesses, errors of the internal control system.;
- d) Take responsible for the audit result which has been conducted by the internal audit department.;
- e) Must adhere to the confidential of information regulation under The effective law;
- g) Other responsibilities under The effective law, The Charter of Company and the internal audit regulation of the Company.

2. The power:

- a) Propose the internal audit regulation, the internal audit process and internal audit approaches to BOD for issuance;
- b) Suggest to utilize staff of other departments; propose to use experts/external consult to set up the internal audit department, to join internal audit missions if necessary but must be respect of the independence of internal audit.;
- c) Take part in meetings under internal regulations of Company and the effective law.;
- d) When performing audit missions, he/she has power to give comments, assessment, conclusions and recommendations about audited matters independently;
- d) He/she has power request audited departments/business units to provide files, information related to audited matters in time and sufficiently.;
- e) Keep comments in documents about the audit result in the scope of assigned tasks.;
- g) Other power under The effective law and the internal audit regulation of the Company.

Article 15. The independence and objectivity of internal audit

1. The internal audit department is freedom from any interference, including the selection of audit missions, the scope, procedures, frequency, time or reporting matters to keep the independence and objectivity.

2. Internal auditors don't have any responsibilities or power on audited activities. Whereby, internal auditors don't perform internal control activities, build up processes, installation of systems, preparation of documents or joining any other activities which probably reduce audit judgements.

3. Internal auditors must ensure the objectivity completely in obtaining, evaluating, and communicating information related audited activities/processes. Internal auditors should assess all situations faithfully and are not impacted from their personal benefits or others in giving assessments.

4. The chief audit executive must confirm to the BOD, at least annually, the organizational independence of the internal audit activity.

CHAPTER II

INTERNAL AUDIT ACTIVITY

Article 16. The internal audit approach

The internal audit approach is “the risk based” approach, prioritize resources for performing audits on departments/processes that are defined at high risk level.

Article 17. The internal audit plan

1. Yearly, before November 20th, the internal audit department will submit the internal audit plan to BOD for reviewing and approving

2. The internal audit plan will consist of the scope of work, the objective, the purpose, the content, the timeline, the schedule of the audit, as well as budget and resources for next fiscal year/calendar year.

3. The internal audit plan will be built up basing on the prioritize order of audit under the risk-based approach, consider comments of BOM and BOD. The chief audit executive must perform the risk assessment comprehensively on all activities, processes, departments/business units. The chief audit executive will review and adjust the plan if necessary, to satisfy with business changes, risk, activities, programs, system and control of the Company. Any significant changes in the approved internal audit plan should be informed to BOM and BOD through periodical reports.

4. The annual internal audit plan must be approved within 30 days since The chief audit executive submits it to BOD.

5. The annual internal audit plan must be sent BOM within 7 days since it has been approved.

Article 18. The internal audit process

The chief audit executive builds up the internal audit process to be in line with business characteristic of the Company, getting the consult from CEO before submitting to The Audit Sub-Committee/BOD for issuance.

Article 19. The audit report and review the implementation of audit recommendations.

1. The audit report for each audit mission:

a) The team leader of audit mission or The chief audit executive is responsible for preparing, submitting the audit report for each audit mission to BOD within 30 days since completing the audit mission. The audit report must be signed by the team leader of audit mission or The chief audit executive.

b) The audit report must clearly present following contents: audit content, the scope of work, assessments, conclusions on audited contents and evidences to give these ones; weaknesses, errors, recommendations to resolve them; proposing proper solutions, improvement of process; improve the risk management policy, organization chart of the Company (if any).

c) The audit report must include comments of audited departments/business units. In case the audited departments/business units haven't agreed with the audit result, the audit report must clearly show these disagreed points and related reasons.

d) After finishing the audit report, it must be sent BOD, the Audit Sub-Committee, CEO, the audited department/business units and concerned departments.

2. The annual internal audit report:

a) The chief audit executive must send the annual internal audit report to BOD, The Audit Sub-Committee, CEO within 15 days since the closing date of fiscal year.

b) The annual internal audit consists of following content at least:

- The approved internal audit plan; tasks have been done;
- Pendings, significant findings; audit recommendations;
- Assessment on the internal control system related to audited activities and proposing solutions to improve it;
- The progress of implementing recommendations, solutions of internal audit.;
- Self-assessment of the internal audit department on results and plans in the future.

c) The annual internal audit report must be signed by The chief audit executive.

3. The abnormal report:

In case, the internal audit department finds significant errors or high risk signs which can impact on the Company's operation, it must report to BOD, the Audit Sub-Committee, CEO immediately. The abnormal report includes following contents:

- a) Risk matters need to paid attention to.
- b) Identify weaknesses in the internal control system at departments/business units.
- c) Significant findings which have been solved by BOD, the Audit Sub-Committee, CEO;
- d) The abnormal report presents findings and related recommendations, solutions to resolve them.

4. Reviewing the implementation of audit recommendations:

a) Review, assess time and result which audited department/business units implemented as audit recommendations.

b) Report the result of implementation of audit recommendations in audited department/business units to BOD, the Audit Sub-Committee, CEO.

Article 20. Archive reports, files, documents of internal audit.

1. Documents, files of each audit mission must be recorded in document (paper or electronic files), archive by order for authority to exploit and understand conducted tasks in the audit report.

2. Reports, files and audit documentaries must be archived under effective regulations and regulations of the Company.

Article 21. Ensure and increase the quality of internal audit activity

1. The internal audit department should maintain the specific program to ensure and increase the quality in all aspects of internal audit department.

2. The program consists of assessment on the compliance of internal audit department with regulations and internal audit standards; the evaluation on the compliance of internal auditors with the code of ethics. It also assesses on the effectiveness and efficiency of the internal audit department and identify plans to improve.

3. Re-assessment on the internal audit activity has been conducted at the end of each audit mission and annual self-assessment on internal audit activity in overall to assure the quality of internal audit activity. If necessary, it can use the independent assessment service of external consultancy at least every 5 years.

4. The chief audit executive reports the program of ensuring and increasing the quality of internal audit activity, including the result of annual internal assessment and the result of external consultancy (if any), to BOD.

CHAPTER III

THE RESPONSIBILITY OF PARTIES RELATED TO INTERNAL AUDIT

Article 22 The responsibility of BOD

1. Approve and issue the internal audit regulation of the Company.
2. Approve the internal audit plan basing on risk-based approach, the annual internal audit report.
3. Approve the budget of internal audit activity and the resource plan.
4. Receive reports from The chief audit executive which show the result of internal audit activities related to the internal audit plan and other matters.
6. Decide to carry out requirements from BOM and The chief audit executive in order to define if having the limit of resources or inappropriate scope.
7. Ensure conditions for the internal audit department to conduct missions as regulations.
8. Decide, approve the implementation of audit recommendations, requires related departments to conduct these recommendations; give solutions to implement recommendations, suggestions of internal audit department.

Article 23 The responsibility of the Audit Sub-Committee

1. The Audit Sub-Committee is responsible for leading, managing, supervising the activity of internal audit department.
 1. Review, assess to ensure the effectiveness of internal audit activity; take responsibility to assure the quality of internal audit activity
 2. Ensure that the internal audit department is located at appropriate position and don't meet any unreasonable obstacles in performing the internal audit activities.
 3. Build up, revise the internal audit approach, internal audit policy to submit BOD for making decisions.
 4. Ensure the effective cooperation with the independent audit.

5. Perform other responsibilities under the effective law on enterprise and internal audit regulation of the Company.

Article 24. The responsibility of CEO.

1. Ensure necessary conditions for the internal audit department to conduct assigned missions and require related departments to cooperate with the internal audit department as regulated in the internal audit regulation of the Company.

2. Request departments to implement audit recommendations which has been agreed with the internal audit department or under BOD's requirements, inform the status of implementation of agreed audit recommendations to the internal audit department.

3. Assure that the internal audit department is informed changes, new points in all operations of the Company completely, in order to define related risk in time.

Article 25. The responsibility of managers of departments/business units in the Company.

1. Ensure necessary conditions for the internal audit department to conduct assigned missions and require related departments to cooperate with the internal audit department as regulated in the internal audit regulation of the Company

2. Request departments to implement audit recommendations which has been agreed with the internal audit department or under BOD's requirements, inform the status of implementation of agreed audit recommendations to the internal audit department.

3. Assure that the internal audit department is informed changes, new points in all operations of departments/business units completely, in order to define related risk in time.

4. Implement approved audit recommendations; make appropriate solutions to implement audit recommendations.

Article 26. The responsibility of audited department/business units

1. Completely provide information, files, documents for internal audit activity as required, to ensure the integrity, accuracy of these data.

2. Inform significant weaknesses, errors, risk to the internal audit department immediately

3. Implement agreed audit recommendations or as requirements from BOD, CEO.

4. Ensure conditions conveniently for operations on internal audit department in order to get the best result.



CHAPTER IV

IMPLEMENTATION PROVISIONS

Article 27. The effect

1. This regulation is effective since August, 20th 2020.
2. This regulation is made in Vietnamese and English. In case of happening any inconsistency between contents of Vietnamese version and ones of English version, the Vietnamese version will be preferred to apply.

Article 28. The amendment, supplement, replacement of the regulation

1. The chief audit executive is responsible for reviewing this regulation periodically and suggest the amendment, the supplement and the replacement if necessary.
2. BOD decides the amendment, the supplement and the replacement of this regulation.

Article 29. The implementation

Members of BOD, the Audit Sub-Committee, CEO/Directors, The chief audit executive and staff, departments in the Company are responsible for implementing this regulation.

ON BEHALF OF BOARD OF DIRECTORS
CHAIRPERSON OF THE BOARD OF DIRECTORS



NGUYEN BA SANG