



## **INTERNAL AUDIT CHARTER**

### **PURPOSE AND DEFINITION**

Internal Audit Department provides independent, objective assurance and auditing, and investigative services designed to add value, improve internal controls and strengthen the YTB group's operations. Internal Audit helps the YTB group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and compliance processes.

The "independence" of Internal Audit means is objective and free from undue influence and its activities are conducted in a manner free from conditions that threaten its ability to carry out its responsibilities in an unbiased manner.

### **ROLE**

The primary role of the Internal Audit Department is to assist the Audit & Risk Management Committee, Board of Directors and management in the effective discharge of their responsibilities.

Its responsibilities and oversight have been defined by the Audit & Risk Management Committee of the Board and management. The activities of the Internal Audit Department assist the YTB group in the assessment and improvement of the effectiveness of the internal control framework, risk management and compliance processes.

### **PROFESSIONAL STANDARDS**

The YTB group is committed to the professional practice of internal auditing. The Internal Audit's responsibilities will be performed in accordance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (Standards) and Code of Ethics.

Any aspects of financial auditing are conducted in accordance to Generally Accepted Accounting Principles (GAAP) or any other standards adopted by any governing authority such as Malaysia Financial Reporting Standards, International Financial Reporting Standards, Companies Act 2016 and IIA.

### **AUTHORITY AND INDEPENDENCE**

The Internal Audit Department is authorized to direct a broad, comprehensive program of internal auditing within the organization. The Internal Audit Department shall have full, free and unrestricted access to the YTB's records, physical properties, personnel, independent auditors and other individuals relevant to an area under review.

This charter provides the framework for the Internal Audit Department, its activities and functions in the YTB group as defined by the Audit & Risk Management Committee.

Internal Audit's objectivity and independence depends largely on having no responsibility for or authority over any of the activities or operations subject to its review. Further, the internal audit

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review and appraisal does not relieve other personnel in the organization of the responsibilities assigned to them.

Internal auditors should not perform any operational duties, develop and install systems and procedures, initiate or approve accounting transactions, prepare records, or engage in any other activity which they would normally review and appraise and which could reasonably be construed to compromise in appearance or fact, the independence and/or objectivity of the internal auditor.

All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities.

### **ORGANISATION**

The Head of Internal Audit reports administratively to the Chief Finance Officer for day-to-day administrative purposes and functionally to the Audit & Risk Management Committee for direction and accountability.

The Audit & Risk Management Committee will:

- Approve the internal audit charter.
- Approve the risk based internal audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Head of Internal Audit on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Head of Internal Audit.
- Approve the remuneration of the Head of Internal Audit.
- Make appropriate inquiries of management and the Head of Internal Audit to determine whether there is inappropriate scope or resource limitations.
- The Head of Internal Audit will communicate and interact directly with the Audit & Risk Management Committee, including in executive sessions and between Audit & Risk Management Committee meetings as appropriate.

### **SCOPE OF WORK AND RESPONSIBILITIES**

The scope of work of internal audit is to determine whether the YTB's network of risk management, control, and compliance processes, as designed and represented by management, is adequate and functioning.

The control frameworks are developed with reference to the Committee of Sponsoring Organizations model – COSO-ERM.

The structure is intended to ensure that: -

- Risks are appropriately identified and managed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.

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- Employee conduct and transactions comply with internal policies, standards, procedures and externally 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 YTB's control process.
- Significant legislative and regulatory issues impacting the YTB Group are recognized and addressed appropriately.

The Internal Audit Department has a responsibility to: -

- Develop and execute a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, the independent audit firm, or the Audit & Risk Management Committee, and submit that plan as well as periodic updates to the Audit & Risk Management Committee for review and approval.
- Implement, as appropriate, any special tasks or projects requested by management and/or the Committee that are consistent with the department's mission and independence.
- Perform advisory services, beyond internal auditing assurance services, to assist management in meeting its objectives. Examples may include process design, SOPs and training.
- Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Audit & Risk Management Committee of the results.
- Communicate results of internal audits and recommendations for improvement to the Audit & Risk Management Committee and the most senior management responsible for implementing corrective action.
- Obtain written management responses as to corrective action planned or taken within a specified time from the issuance of the audit reports.
- Evaluate and monitor the disposition of the proposed actions and their expected effectiveness. Instances of residual risk that may be unacceptable to the YTB will be discussed with management and, if unresolved, reported to the Audit & Risk Management Committee.
- Issue periodic reports to the Audit & Risk Management Committee and management summarizing results of audit activities.
- Issue all audit reports to the Audit & Risk Management Committee.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.



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- Use outside services, where appropriate, to obtain specific expertise which is not available internally to meet the requirements of this charter.
- Coordinate with the external auditors, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
- Coordinate with other control and monitoring functions within the organization.
- Keep the Audit & Risk Management Committee informed of emerging trends and successful practices in internal auditing. Provide a list of significant measurement goals and results to the Audit & Risk Management Committee.

### **CHARTER APPROVAL**

This charter represents the framework for the conduct of the internal audit function at the YTB. It is hereby recommended by the Head of Internal Audit and is approved by the Audit & Risk Management Committee.

The YTB Internal Audit Charter is endorsed and approved by the Audit & Risk Management Committee on 22 November 2022.