

Terms of Reference (TOR) for the Head of Internal Audit

Background and Purpose

The Head of Internal Audit (“HOIA”) occupies a critical position in any organization, helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. The details roles, duties and responsibilities of a HOIA are commonly specified in the appointment letter, job contract, placement order or service manual.

Bangladesh Securities and Exchange Commission (BSEC) has issued a notification regarding Corporate Governance Guidelines [Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012]. The conditions of the Corporate Governance Guidelines are imposed on ‘comply’ basis aiming to enhance corporate governance in the interest of investors and the capital market. The companies listed with any stock exchange in Bangladesh shall comply with these conditions. As per condition 2.1 of the said guidelines, “the Board of Directors of a listed company should clearly define the roles, responsibilities and duties of the HOIA.”

In view of the above, the Board of Directors of Doreen Power Generations and Systems Ltd. framed the Terms of Reference (defining the roles, responsibilities and duties) for the Head of Internal Audit in its Meeting held on 29th November 2015.

Appointment, Reporting Relationships and Accountability

The HOIA is an employee of the Company -

- whose appointment / placement is subject to recommendation / approval of the Audit Committee / Board of Directors
- who reports administratively to the Chief Executive Officer (CEO) and operationally to the Chairman of the Audit Committee
- who is accountable to the Audit Committee
- who is responsible primarily for giving assurance on the internal control arrangements in the Company and playing a key role in promoting good corporate governance
- who must have a broad understanding of the organization and its operations to effectively carry out his/her responsibilities

Roles, Duties and Responsibilities

Roles, Duties and Responsibilities of the HOIA shall include-

- A. Regarding Audit Planning/Design the Roles, Duties and Responsibilities of the HOIA shall include-
- To develop an annual audit plan using input from the team and stakeholders to identify priorities and resource requirements for the year to cover audit of all the activities of the Company.
 - To meet with Directors and Managers to discuss needs and propose audits, to build stakeholder requirements into department plans.


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- To ensure plan is developed to meet the Audit Committee's expectations.
 - To schedule and assign audits to team members, ensuring effective and efficient use of resources.
 - To ensure quality control of the team's audit plans on an ongoing basis by reviewing and approving plans as they are developed and communicated to clients.
 - To ensure annual audit plans have contingency built in, to provide unexpected audits to clients as they may surface.
 - To report to the Audit Committee at the required intervals on Internal Audit assignments including planned reviews, investigations, risk advisory work and any other ad-hoc activity as required.
- B. Regarding Conducting Audits the Roles, Duties and Responsibilities of the HOIA shall include-
- To oversee and provide quality control for the internal audits, to ensure departmental mandate and business goals are met and that professional standards are maintained at all times.
 - To ensure completion of audit assignments to provide independent, objective assurance to the Audit Committee.
 - To develop the team's engagement with and support of major business change programs thus ensuring that appropriate consideration of risk and control is given to all change.
- C. Regarding Reporting the Roles, Duties and Responsibilities of the HOIA shall include-
- To ensure that internal audit reports are prepared and finalized in a timely manner and the same are submitted before the Audit Committee.
 - To ensure that internal audit reports are issued with all recommendations agreed and accepted by the audited individual/unit.
- D. Regarding People Management & Development the Roles, Duties and Responsibilities of the HOIA shall include-
- To manage and oversee team performance through performance planning, coaching and performance appraisals.
 - To hold direct reports accountable for managing and developing their assignments to ensure the department's goals are achieved.
 - To provide ongoing feedback to the team to ensure they develop the skills and competencies required for effective planning and individual professional and personal career growth.
 - To motivate and inspire the team by providing them with the information and tools they need to do their jobs well and meet customer expectations.
 - To deal with performance issues, discipline as necessary and address poor standards, ensuring department targets and customer satisfaction is not compromised.


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- To manage the head count, recruiting and deploying resources as required, to ensure the department budget is balanced and the right mix of skills and strengths are being leveraged as effectively as possible.
- E. Regarding Improving the Practice of Audits/Championing Risk Management the Roles, Duties and Responsibilities of the HOIA shall include-
- To build relationships with leaders across the organization to understand issues and identify areas for improvement for the organization as a whole.
 - To support and encourage team members to be proactive in identifying opportunities to share best practice with Directors and Managers to improve the control environment.
 - To develop new methodologies to improve the audit process, making it easier for the organization to request audits and implement recommendations.
 - To provide assistance to the business in meeting regulatory requirements.
 - To keep abreast of developments in Corporate Governance practices and advise the business accordingly.
- F. In General the Roles, Duties and Responsibilities of the HOIA shall include-
- To perform any other duties as are within the scope, spirit and purpose of the job, the title of the post and its grading as requested by the line manager or Head of Unit/Section/Department/Division.

Conclusion

- This document is applicable with immediate effect.
- The Board shall have the authority to make amendment to this document at any time.



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