

CASHKO INSURANCE BROKERAGE CORP.
2nd Flr., 1830 South Building, R. Arcenas Street, Cebu City

AUDIT WORK FLOW AND POLICY

I. Introduction

This Internal Audit Work Plan and Policy is established to ensure compliance with the regulatory requirements set forth by the Insurance Commission (IC) and to enhance the overall governance, risk management, and internal control processes of CASHKO INSURANCE BROKERAGE CORP. (hereinafter referred to as "the Company"). This document outlines the framework, objectives, scope, and procedures for conducting internal audits, as well as the roles and responsibilities of the Internal Audit function

II. Objectives of the Internal Audit Function

The primary objectives of the Internal Annual function are to:

- Identify and Mitigate Risks: Address key risks inherent in the insurance brokerage industry, including operational, financial, compliance, and reputational risks.
- Ensure Regulatory Compliance: Verify adherence to requirements set by the Insurance Commission (IC), Bureau of Internal Revenue (BIR), Securities and Exchange Commission (SEC), and other relevant governing bodies.
- Strengthen Internal Controls: Evaluate the effectiveness of internal controls in financial, operational, and compliance processes.
- Support Strategic Goals: Provide actionable recommendations to improve operational efficiency, client service, and business performance.

III. Scope of Internal Audit

The scope of the Internal Audit function encompasses the following areas:

- Financial Controls: Review of financial reporting processes, accounting records, and compliance with financial regulations.
- Operational Controls: Evaluation of operational processes, including underwriting, claims management, and client servicing.
- Compliance: Verification of adherence to regulatory requirements, including those set by the Insurance Commission of the Philippines, Anti-Money Laundering Act (AMLA), and Data Privacy Act (DPA).
- Risk Management: Assessment of the Company's risk management framework and identification of key risks affecting the business.
- IT Systems and Security: Review of IT infrastructure, cybersecurity measures, and data protection practices.
- Corporate Governance: Evaluation of governance structures, including Board oversight, ethical standards, and conflict of interest policies.

IV. Internal Audit Policy

1. Independence and Objectivity. The Internal Audit function shall operate independently from management and other departments to ensure objectivity and impartiality. Internal auditors shall avoid conflicts of interest and maintain professional skepticism in all audit activities.

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2. **Authority and Access.** The Internal Audit function shall have unrestricted access to all records, assets, personnel, and information necessary to perform its duties. The Internal Audit team is authorized to conduct audits, investigations, and reviews as deemed necessary.
3. **Reporting Lines.** The Internal Audit function shall report administratively to the CEO and functionally to the Audit Committee of the Board of Directors. Audit findings and recommendations shall be communicated to relevant stakeholders, including Senior Management and the Audit Committee.
4. **Professional Standards.** The Internal Audit function shall adhere to the International Standards for the Professional Practice of Internal Auditing (IPPF) issued by the Institute of Internal Auditors (IIA). Internal auditors shall maintain professional competence through continuous training and development.
5. **Confidentiality.** All audit findings, reports, and related information shall be treated as confidential and disclosed only to authorized personnel.

V. Internal Audit Work Plan

1. **Annual Audit Plan.** The Internal Audit function shall develop an Annual Audit Plan based on a risk assessment of the Company's operations. The plan shall include:
 - Audit objectives and scope.
 - Key areas to be audited.
 - Resource allocation and timelines.
 - Risk factors considered in prioritizing audits.
2. **Audit Procedures.** The Internal Audit process shall consist of the following phases:
 - Planning: Define audit objectives, scope, and methodology. Conduct risk assessments and develop an audit program.
 - Fieldwork: Gather evidence through interviews, document reviews, and testing of controls.
 - Reporting: Prepare draft audit reports detailing findings, recommendations, and corrective actions.
 - Follow-Up: Monitor the implementation of corrective actions and verify their effectiveness.
3. **Frequency of Audits.** Financial and compliance audits shall be conducted annually. Operational and risk management audits shall be conducted as per the risk assessment and as needed. Special audits or investigations shall be conducted in response to specific incidents or regulatory requirements.

VI. Roles and Responsibilities

1. **Internal Audit Team.** Plan and execute audits in accordance with the Annual Audit Plan. Prepare and present audit reports to Senior Management and the Audit Committee. Provide recommendations for improving internal controls and operational efficiency.
2. **Senior Management.** Support the Internal Audit function by providing necessary resources and access to information. Implement corrective actions based on audit recommendations.

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3. Audit Committee. Oversee the Internal Audit function and ensure its independence and effectiveness. Review and approve the Annual Audit Plan and audit reports. Monitor the implementation of audit recommendations.

VII. Compliance with Regulatory Requirements

The Internal Audit function shall ensure that the Company complies with the following regulatory requirements:

- Securities and Exchange Commission (SEC) and Bureau of Internal Revenue (BIR)
- Insurance Commission of the Philippines: Adherence to licensing, reporting, and operational requirements.
- Anti-Money Laundering Act (AMLA): Implementation of AML policies and procedures.
- Data Privacy Act (DPA): Protection of client and employee data in compliance with the National Privacy Commission (NPC).

VIII. Monitoring and Evaluation

The effectiveness of the Internal Audit function shall be evaluated annually through:

- Feedback from Senior Management and the Audit Committee.
- Review of audit findings and their impact on the Company's operations.
- Assessment of the Internal Audit team's performance and adherence to professional standards.

IX. Amendments to the Policy

This Internal Audit Work Plan and Policy shall be reviewed and updated periodically to reflect changes in regulatory requirements, organizational structure, or business operations. Amendments shall be approved by the Audit Committee and communicated to all relevant stakeholders.

X. Conclusion

This Internal Audit Work Plan and Policy is designed to strengthen the Company's internal controls, ensure regulatory compliance, and support the achievement of strategic objectives. The Internal Audit function plays a critical role in safeguarding the Company's assets, enhancing operational efficiency, and promoting good governance.

This document is prepared in compliance with the requirements of the Insurance Commission of the Philippines and is subject to periodic review and updates.

By:



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