

Internal Controls and Auditing Management

Purpose

To assist the Board and management in inspecting and reviewing failures in internal control mechanisms and evaluating their effectiveness and efficiency, and to provide timely recommendations for improvement, verification of internal control mechanisms must serve as a basis for ongoing implementation of improvements and revisions to said mechanisms. Any irregularities or failures found in these mechanisms by the company will be listed as important elements for performance assessment under their respective departments. The Internal Auditing Unit is under the jurisdiction of the Board of Directors, with an Audit Manager assigned to perform a comprehensive internal audit of the company.

Organization

The internal audit unit is under the Board of Directors, and the audit supervisor is responsible for a comprehensive internal auditing business of the company. The audit supervisor should present at the Audit Committee and the Board of Directors meetings, and present an internal audit business report at each meeting.

Responsibilities

The work responsibilities and process for case audits is as follows:

1. An annual audit plan is drawn up in accordance with the results of a risk assessment, and any major transaction cycles or elements, including material financial business activities controls such as obtaining or disposal of assets, trading in derivatives, loans given to others, management of endorsements or guarantees given, and management of transactions with related people; monitoring and management of all subsidiaries; management of Board of Directors matters; information security checks and sales, receipts, purchases, and payments shall all be listed as items for audit in each year's annual audit plan.
2. Should internal audits find failures of internal controls mechanisms or irregularities in disclosures of facts, working papers and other relevant information shall be compiled into the audit report. This report shall then be followed up until the situation is resolved. In addition, all failures of internal controls shall be listed in internal controls mechanisms statements and any other failures discovered in the course of self-inspections or professional audits by accountants shall be reviewed and followed up on to verify that the relevant unit(s) has/have taken appropriate corrective measures in a timely fashion. Audit reports, self-inspection reports, working papers, and other relevant information shall be preserved for a minimum of five years.
3. In line with regulations, a list of auditors, annual audit plans, status of in-progress audit plans, corrective measures regarding failures of internal controls or irregularities, and internal controls mechanisms statements shall all be regularly declared.
4. The company's various units and subsidiaries shall also produce self-inspection reports and audit report that shall be reviewed, and track the shortcomings of internal control system, and abnormal situation improvement.
5. Each unit's independent audit systems shall be reviewed and integrated, providing for greater refinement of internal controls as the first line of defense.

Performance and Promotion of the Internal Auditor

"The Corporate Governance Principles" of the company have clearly stipulates that the appointment and removal of the audit supervisor shall be approved by the audit committee and a resolution of the Board of Directors. The evaluation and remuneration shall be approved by the remuneration committee before a resolution of the Board of Directors. In addition, the appointment, removal, evaluation and remuneration of other auditor staffs, should be reported by the head of internal audit, and approved by the chairman of the Board of Directors, to enhance corporate governance and audit independence.

Procedure Chart of Audit Project

