

# Internal Audit Charter

Approved by Audit and Risk Committee  
March 2025



# Introduction

This document establishes the internal audit function and clarifies the purpose, mandate, authority and responsibility of internal audit.

## Purpose

The internal audit function are established to...



strengthen Bromford Flagship Limited's ability to create, protect, and sustain value by providing the board and leaders with independent, risk-based, and objective assurance, advice, insight, and foresight.



Our **vision** is for Bromford Flagship Limited's internal audit function to be a professional, innovative and people centred trusted advisor to the business.

We enhance Bromford Flagship Limited's:

- Governance, risk management, and control processes
- Successful achievement of its objectives
- Decision-making and oversight
- Reputation and credibility with stakeholders including customers and regulators
- Ability to serve the public interest

We are most effective when we deliver in conformance with the IIA's Global Internal Audit Standards, when we are independently positioned with direct accountability to the board and when we are free from undue influence.

## Commitment to adhering to the Global Internal Audit Standards

Bromford Flagship Limited's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Group Director of Internal Audit will report annually to the board and senior leaders regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

## Mandate

**Authority** – Bromford Flagship Limited's board, through the Audit and Risk Committee, grants the internal audit function the mandate to provide the board, and senior leaders with objective assurance, advice, insight, and foresight. The internal audit function's authority is created by its direct reporting relationship to the ARC which allows for unrestricted access. The ARC, on behalf of the board, authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from colleagues and other specialised services from within or outside the organisation to complete internal audit services.

## Mandate (contd.)

**Independence, organisational position, and reporting relationships** – The Group Director of Internal Audit will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Group Director of Internal Audit will report functionally to the Audit and Risk Committee and administratively (for example, day-to-day operations) to the Chief Risk Officer. This positioning provides the organisational authority and status to bring matters directly to senior leaders and escalate matters to the Audit and Risk Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Group Director of Internal Audit will confirm to the Audit and Risk Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Group Director of Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Group Director of Internal Audit will disclose to the Audit and Risk Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

## Changes to the mandate and charter

Where circumstances arise any changes to the mandate and charter will be made in discussion with the Audit and Risk Committee and senior leaders.

## Audit & Risk Committee oversight

The Audit and Risk Committee plays an essential role in establishing, maintaining, and ensuring that Bromford Flagship Limited's internal audit function has sufficient authority to fulfill its duties. Their oversight role is clearly set out within the Audit and Risk Committee terms of reference which includes the annual review and approval of the charter, audit plan, strategy and resources.

The Audit and Risk Committee play a key and proactive role, together with senior leaders, in determining the qualifications and competences required of the Group Director of Internal Audit, approving their appointment and termination.

## Roles and responsibilities

### Ethics and professionalism

The Group Director of Internal Audit will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

## Roles and Responsibilities

### Objectivity

The **Group Director of Internal Audit** will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The Group Director of Internal Audit will disclose the details of any impairment to objectivity in fact or appearance to the appropriate parties.

**Internal auditors** will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance. They will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually to the Group Director of Internal Audit.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

**Internal auditors will not** have direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Directing the activities of colleague outside of the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.
- Performing operational duties.
- Initiating or approving transactions external to the internal audit function.

### The internal audit function

The **Group Director of Internal Audit** has the responsibility for managing the internal audit function. They will ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.

# Roles and Responsibilities

## The internal audit function

### Audit Plan

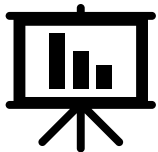
- At least annually, the Group Director of Internal Audit will develop a risk-based internal audit plan that considers the input of the board and senior leaders for discussion and approval by the Audit and Risk Committee.
- The plan will be reviewed and adjusted, as necessary, in response to changes in Bromford Flagship Limited’s business, risks, operations, programmes, systems, and controls. Communicating significant interim changes with the Audit and Risk Committee and senior leaders.
- Any impacts of resource limitations on the internal audit plan will be communicated to the board and senior leaders.
- Audit activities will be coordinated and consideration given to relying upon the work of other internal and external providers of assurance and advisory services.

### Follow up of audit findings

- All engagement findings will be followed up to confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit and Risk Committee and senior leaders periodically.

## Reporting and monitoring

The Group Director of Internal Audit will report to the Audit and Risk Committee:



### Annually

- Mandate & charter
- Audit plan, budget & resources
- Annual summary of activity
- Results from the quality assurance & improvement programme

### At each meeting

- Performance relative to plan
- Significant revisions to the plan or budget
- Potential impairments to independence
- Significant risk exposures and control issues
- Results of assurance and advisory services
- Management’s responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond stated risk appetite.



## Reporting and monitoring

### Quality assurance and improvement programme

The Group Director of Internal Audit will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of Bromford Flagship Limited; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.

## Scope and types of internal audit services

The scope of internal audit services covers the entire breadth of Bromford Flagship Limited's activities, assets, and colleagues. This encompasses but is not limited to ***objective examinations of evidence to provide independent assurance and advisory services to the board and management on the adequacy and effectiveness of governance, risk management, and control processes.***

## Advisory services

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate leaders.

### Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of Bromford Flagship Limited's strategic objectives are appropriately identified and managed.
- The actions of Bromford Flagship Limited's officers, directors, leaders, colleagues, and contractors or other relevant parties comply with Bromford Flagship Limited's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Bromford Flagship Limited.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.