

APPROVED
by decision of the Board of Directors
NPJSC «Abylkas Saginov Karaganda
Technical University»
(Minutes No. 7 of September 30, 2021)

PROVISION
on the Internal audit service of
NPJSC «Abylkas Saginov Karaganda Technical University»

1. General provisions

1. This provisions on the internal audit service (hereinafter referred to as the provision) of the non-profit joint-stock company «Karaganda Technical University» (hereinafter referred to as the company) has been developed in accordance with the law of the Republic of Kazakhstan «On joint-stock companies», the corporate governance code of the non-profit joint-stock company «Abylkas Saginov Karaganda Technical University», the Charter of the non-profit joint-stock company «Abylkas Saginov Karaganda Technical University» (hereinafter referred to as the Company) and other regulatory legal acts of the Republic of Kazakhstan and determines the status of the internal audit service (hereinafter referred to as the service), establishes the procedure for the activities of the Service and the powers of the employees of the service (*this clause was amended by the decision of the board of directors of the company dated November 12, 2024*).

2. In carrying out its activities, the service is guided by the current legislation of the Republic of Kazakhstan, the corporate governance code of the non-profit joint-stock company «Abylkas Saginov Karaganda Technical University», the company's Charter, this provision and other internal regulatory documents of the company. The activities of the service are based on the basic principles of the international professional standards of internal auditing and the code of ethics developed by the Institute of internal auditors Inc. (*this clause was amended by the decision of the board of directors of the company dated November 12, 2024*).

2. Organizational status of the service

3. The internal audit service is a body that exercises control over the financial and economic activities of the company. (*this clause was amended by the decision of the board of directors of the company dated November 12, 2024*).

4. The service is created by decision of the board of directors, reports directly to the board of directors of the company, reports to it on its work and is independent from the management board of the company. The board of directors of the company determines the quantitative composition and budget of the Service, the term of office of its employees, appoints its head, and also terminates his powers early, determines the procedure for its work, the amount and conditions of remuneration and bonuses for the employees of the service.

5. Labor relations between the company and employees of the internal audit service are regulated by the labor legislation of the Republic of Kazakhstan, the charter of the company, this regulation, other internal regulatory documents of the company and labor contracts.

Employment contracts with employees of the service are concluded on the basis of a decision of the board of directors of the company by the chairman of the management board – rector of the company in accordance with the legislation of the Republic of Kazakhstan.

6. Employees of the service cannot be elected to the board of directors and the management board of the company.

7. The head of the service should not be the owner of the risk, which ensures his independence and objectivity. It is impossible to combine the functions of risk management and internal control with functions related to economic planning, corporate financing, treasury, and investment decision-making. (*this clause was amended by the decision of the board of directors of the company dated November 12, 2024*).

8. Requirements for the education and professional certification of the head and employees of the service, their job responsibilities, rights and responsibilities are established by this provision, the provision on the procedure for the appointment, amount and conditions of remuneration and bonuses of employees of the internal audit service of the company, job descriptions and employment contracts. (*this clause was amended by the decision of the board of directors of the company dated November 12, 2024*).

9. The service carries out its activities on the basis of a risk-oriented annual audit plan approved by the board of directors of the company.

10. The service is organizationally and functionally accountable to the board of directors by:
1) approval by the board of directors (after preliminary consideration by the audit committee) of the regulations for the area of internal audit, regulating the goals, objectives, functions and procedures for the activities of the internal audit system;

2) approval by the board of directors (after preliminary review by the audit committee) of a risk-oriented annual audit plan;

3) provision to the board of directors (after preliminary consideration by the audit committee) of quarterly and annual reports on the implementation of the annual audit plan and other information on the activities of internal audit;

4) approval by the board of directors (after preliminary consideration by the audit committee) of decisions on the appointment, dismissal, and remuneration of the head and employees of the internal audit service;

5) approval by the board of directors (after preliminary review by the audit committee) of the IAS budget;

6) consideration by the board of directors of significant restrictions on the powers of the internal audit service or other restrictions that could negatively affect the implementation of internal audit.

(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).

11. The assessment of the performance of the service, its director and employees is carried out by the board of directors on the basis of key performance indicators (KPI) approved by the board of directors and the quality assurance and improvement program.

The quality assurance and improvement program is developed and implemented with the purpose of assessing the compliance of the Service's activities with international internal audit standards. Within the framework of this program, it is envisaged to conduct periodic internal and external assessments (for compliance with standards, the code of ethics of internal auditors), as well as assess the effectiveness and efficiency of internal audit and identify opportunities for improving activities.

The head of the internal audit service develops and maintains a quality assurance and improvement program covering all types of internal audit activities and providing for mandatory internal and external assessment of the internal audit service activities.*(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).*

3. Objectives, tasks and functions of the service

(the title is set out in a new version by the decision of the board of directors of the company dated November 12, 2024).

12. The service is the body of the company that exercises control over its financial and economic activities, and provides the board of directors and the management board with independent and objective guarantees and consultations aimed at improving the company's operations and achieving its goals, based on a systematic and consistent approach to assessing and improving the effectiveness of risk management, internal control and corporate governance processes*(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).*

13. The key responsibilities of the internal audit service include assessing the quality of the internal control and risk management system in the company and communicating information to the board of directors on the adequacy and effectiveness of this system. The main objective of the internal audit service is to facilitate the improvement of the company's performance.

14. Tasks and functions of the service:

1) assisting the board and employees of the company in developing and monitoring the implementation of procedures and measures to improve the risk management and internal control

system, corporate governance;

2) coordination of activities with the company's external auditor, as well as with persons providing consulting services in the field of risk management, internal control and corporate governance;

3) preparation and submission to the board of directors and the audit committee of quarterly and annual reports on the results of the activities of the internal audit unit and the implementation of the annual audit plan (including information on significant risks, deficiencies, results and effectiveness of measures to eliminate identified deficiencies, results of the assessment of the actual state, reliability and effectiveness of the risk management system, internal control and corporate governance);

4) verification of compliance by members of the company's management board and its employees with the provisions of the legislation of the Republic of Kazakhstan and internal documents relating to insider (confidential) information and the fight against corruption, compliance with ethical requirements;

5) monitoring the company's implementation of the recommendations of the internal audit service, as well as providing the board of directors of the company with information on the progress of corrective measures based on the results of the audits conducted;

6) monitoring the implementation of the recommendations of the external auditor;

7) providing consultations to the board of directors, the management board, structural divisions on issues of organizing and improving internal control, risk management, corporate governance and organizing internal audit (including issues of developing internal regulatory documents and projects in these areas), as well as on other issues within the competence of the internal audit service.

(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).

15. In carrying out its activities, the internal audit service conducts an assessment of the effectiveness of the internal control system and the risk management system, an assessment of corporate governance using generally accepted standards of activity in the field of internal audit and corporate standards.*(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).*

15.1 Evaluation of the effectiveness of the internal control system includes:

Evaluation of the effectiveness of the internal control system includes:

1) conducting an analysis of the compliance of the goals of business processes, projects and structural divisions with the goals of the company, checking the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures for combating illegal actions, abuse and corruption;

2) verification of the reliability of accounting (financial), statistical, management and other reporting, identification of the results of the activities of business processes and structural divisions for compliance with the set goals;

3) determination of the adequacy of the criteria established by the board of the company for the analysis of the degree of fulfillment (achievement) of the set goals;

4) identification of deficiencies in the internal control system that did not allow (do not allow) the achievement of the set goals;

5) assessment of the results of the implementation (realization) of measures to eliminate violations, deficiencies and improve the internal control system, implemented at all levels of management;

6) verification of the efficiency and appropriateness of resource use;

7) verification of the safety of the company's assets;

8) verification of compliance with the requirements of the legislation of the Republic of Kazakhstan, the charter and internal documents of the company.

(this clause was introduced by the decision of the board of directors of the company dated November 12, 2024).

15.2 Evaluation of the effectiveness of the risk management system includes:

1) verification of the sufficiency and maturity of the elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of structural divisions within the risk management system, reporting);

2) verification of the completeness of the identification and correctness of the risk assessment by the management board (the sole executive body) at all levels of its management;

3) verification of the effectiveness of control procedures and other risk management measures, including the effectiveness of the use of resources allocated for these purposes;

4) conducting an analysis of information on realized risks (violations identified as a result of internal audits, facts of failure to achieve set goals, facts of legal proceedings).

15.3 The assessment of corporate governance includes an examination of:

The corporate governance assessment includes an examination of:

1) compliance with the ethical principles and corporate values of the company;

2) the procedure for setting goals, monitoring and controlling their achievement;

3) the level of regulatory support and procedures for information interaction (including on issues of internal control and risk management) at all levels of management, including interaction with stakeholders;

4) ensuring the rights of the Sole shareholder, including controlled organizations, and the effectiveness of relationships with stakeholders;

5) procedures for disclosing information on the activities of the company and its controlled organizations.

(this clause was introduced by the decision of the board of directors of the company dated November 12, 2024).

16. The independence of the Service is achieved by ensuring the appropriate organizational status of the service and the objective position of the Service employees in the performance of their duties.

4. Access to documentation, employees and material assets.

17. The service has the right to access documentation, employees and material assets when performing relevant tasks:

1) request information on the composition and formats of information systems data, documentation, information, materials (evidence), certificates, oral and written explanations on issues related to the formation of the annual audit plan of the Service, taking into account compliance with the secrecy regime, official, commercial or other secrets protected by law;

2) within the framework of conducting an internal audit, obtain unimpeded access to the territory and premises of the internal audit facility, taking into account compliance with the secrecy regime, official, commercial or other secrets protected by law;

3) in accordance with the objectives and subject of the internal audit, to prepare a report on the results of the internal audit, request and receive within the established timeframes the necessary documentation, information, including on electronic media, on issues within the competence, as well as access to information systems, written and oral explanations and other information, including that containing official, commercial and other secrets protected by law, taking into account compliance with the secrecy regime, official, commercial or other secrets protected by law;

4) within the limits of their competence, require the heads and other officials of internal audit entities to submit written explanations regarding violations identified during the formation of the list of internal audit entities for the relevant year and the conduct of the internal audit, as well as the necessary copies of documents certified in the established manner.

5. Procedure for interaction between the service and the board of directors of the company

and reporting to the audit committee and the board of directors of the company

(the title is set out in a new version by the decision of the board of directors of the company dated November 12, 2024).

18. The service shall submit a report on the activities of the service to the audit committee of the company for preliminary approval within the following timeframes:

- 1) quarterly - by the 25th day of the month following the reporting quarter;
- 2) annual - by the 25th day of the first month following the reporting year.

If the audit committee has any comments on the submitted reports, the service shall make changes (correct comments) to the reports within ten working days. *(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).*

19. The service submits to the board of directors of the company a report on the activities of the service, previously agreed upon with the audit committee.

At the request of the chairman of the board of directors of the company or any member of the board of directors of the company, the head of the service shall submit a brief monthly report on the activities of the service, previously agreed upon with the audit committee. *(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).*

20. The head of the service shall ensure that the information submitted to the board of directors of the company is analyzed for completeness and accuracy. The head of the service shall have the right to attend meetings of the audit committee where issues of its activities are considered, and shall also be obliged to participate in meetings of the audit and risk committee at the invitation of its chairman. *(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).*

21. Quarterly and annual reports on the activities of the service must include:

1) brief conclusions on the results of the audit assignments carried out in accordance with the annual audit plan of the service, indicating the recommendations issued (with the relevant materials attached), if necessary;

2) information on other events (work) carried out by the Service during the reporting period (results of unscheduled audit assignments, information on participation in advanced training courses, trainings, etc.);

3) on significant risks and deficiencies in the accounting systems, internal control, management of the company, risks and the corresponding plans of the company's management to eliminate them;

4) a conclusion on the results of audit activities in relation to the set objectives and scope of the audit, summarizing the results of audit activities for the reporting period (if necessary, indicating the adequacy of the service's resources) *(this clause was amended by the decision of the board of directors of the company dated November 12, 2024).*

22. The head of the service has the right:

1) requirements for initiating the convening of a meeting of the board of directors and the audit committee of the company in accordance with the established procedure, including for the discussion of the most confidential and important topics;

2) to regular meetings with the chairman of the audit committee to coordinate actions to inform members of the board of directors of the company and to determine the extent to which information materials meet the needs of the board of directors of the company.

22-1. The board of directors ensures timely consideration of the IAS reports and control over the timely implementation of the IAS recommendations. *(the clause was introduced by the decision of the board of directors of the company dated November 12, 2024).*

6. Procedure for interaction between the service and the board of the company

23. The service's relationship with the company's management board must be built on the

principle of independence, since the level of organizational and functional independence of the service has a direct impact on the objectivity of internal auditors.

25. The service, having information on all key aspects of the company's activities and tools for summarizing and analyzing data, must provide the company's management board with information on the quality of the implementation of management decisions made by the company's management and assist in the development and monitoring of the implementation of procedures and measures to improve the risk management and internal control system, and corporate governance.

26. As part of interaction with the board of the company, the service:

1) for information purposes, submits to the board of the company an annual audit plan approved by the board of directors of the company;

2) For review purposes, submits to the board of the company an audit report/conclusion prepared based on the results of audit assignments.

27. The board of the company is not permitted to interfere with the activities of the service.

7. Qualification requirements for the head and employees of the internal audit service

28. Qualification requirements for the head and employees of the internal audit service:

28.1. The head of the IAS must have:

- higher professional education in the fields of: economics and finance, and/or accounting and auditing, and/or financial management, and/or finance and credit, preferably with additional education in the field of information technology, and/or technical field, and/or jurisprudence;

- experience in the field of auditing and/or accounting and/or finance - not less than three years;

- experience in a managerial position - at least two years;

- knowledge of regulatory legal acts of the Republic of Kazakhstan, including on issues of auditing, accounting and taxation;

- knowledge of international financial reporting standards and international professional standards of internal auditing developed by the Institute of internal auditors (The Institute of internal auditorsInc), international standards on auditing (ISA);

- availability of a qualification certificate «auditor», obtained in accordance with the law of the Republic of Kazakhstan «On auditing activity», and/or a certificate in the field of internal audit CIA (Certified Internal Auditor), and/or a certificate of a chartered accountant ACCA (Association of certified chartered accountants), and/or a diploma DipIFR (Diploma in international financial reporting), and/or a certificate of an international professional accountant CIPA (Certified international professional accountant), and/or a diploma DipPIA (diploma in professional internal auditor);

- preferably knowledge of the state and foreign languages.

28.2. The head of the internal audit service in his/her activities must be guided by:

- current legislative acts of the Republic of Kazakhstan, regulatory acts of the government of the Republic of Kazakhstan;

- regulatory legal acts of the Republic of Kazakhstan on issues of auditing, accounting and taxation;

- international financial reporting standards and international professional standards of internal auditing developed by the Institute of Internal Auditors (The Institute of internal auditors), international standards on auditing (ISA).

29. The IAS auditor must have:

- higher professional education in the fields of: economics and finance, and/or accounting and auditing, and/or financial management, and/or finance and credit, preferably with additional education in the field of information technology, and/or technical field, and/or jurisprudence;

- experience in the field of auditing and/or accounting and/or finance - at least two years;

- knowledge of regulatory legal acts of the Republic of Kazakhstan, including on issues of

auditing, accounting and taxation;

- knowledge of international financial reporting standards and international professional standards of internal auditing developed by the Institute of internal auditors Inc, international standards of auditing (ISA);

- possession of a certificate and/or qualification in the field of internal audit, and/or accounting and financial management;

- knowledge of the state and foreign languages is preferable.

(section introduced by the decision of the board of directors of the company dated November 12, 2024).

8. Final provisions

30. Changes and additions to this provision may be made by a decision of the board of directors of the company, including at the initiative of the sole shareholder of the company, as necessary.

AMENDMENT SHEET

1. Amendments No. 1:

- approved by the decision of the Board of Directors of Abylkas Saginov Karaganda Technical University NJSC (Minutes No. 3 dated April 27, 2022).

2. Amendments No. 2:

- approved by the decision of the board of directors of the NPJSC «Abylkas Saginov Karaganda Technical University» (minutes No. 9 dated November 12, 2024).