

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

**The program of guarantee and improvement of the quality of the internal
audit service of NPJSC «Abylkas Saginov Karaganda Technical University»**

1 General provisions

The quality assurance and improvement program was developed to ensure that the activities of the internal audit service of the NPJSC «Abylkas Saginov Karaganda Technical University» comply with international internal audit standards.

The program also provides for an assessment of the effectiveness and efficiency of internal audit and the identification of opportunities for improvement.

The program is mandatory for use by employees of the internal audit service. NPJSC «Abylkas Saginov Karaganda Technical University».

The program is developed, implemented, monitored and updated by the head of the internal audit service.

The program is approved and amended by the decision of the board of directors of the NPJSC «Abylkas Saginov Karaganda Technical University» taking into account the preliminary review of the program by the audit committee of the board of directors of the board of directors of the NPJSC «Abylkas Saginov Karaganda Technical University».

When developing the program, the provisions/requirements of the following main documents were taken into account:

- Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II «On joint-stock companies»;

- Corporate governance code of the non-commercial joint stock company «Abylkas Saginov Karaganda Technical University» dated 08.08.2024 No. 398;

- International framework for the professional practice of internal auditing;

- International professional standards of internal auditing;

- Practical guidelines of the International framework for the professional practice of internal auditing, developed by the international Institute of internal auditors;

- Charter of the non-commercial joint-stock company «Abylkas Saginov Karaganda Technical University»;

- Provision on the board of directors of the NPJSC «Abylkas Saginov Karaganda Technical University»;

- Provision on the audit committee of the board of directors of NPJSC «Abylkas Saginov Karaganda Technical University»;

- Provision on the internal audit service of the NPJSC «Abylkas Saginov Karaganda Technical University»;

- Risk management and internal control policy of NPJSC «Abylkas Saginov Karaganda Technical University»;

- other internal regulatory documents of NPJSC «Abylkas Saginov Karaganda Technical University»;

The following abbreviations are used in the program:

- Board of directors of NPJSC «Abylkas Saginov Karaganda Technical University» - board of directors

- Audit committee of the board of directors of NPJSC «Abylkas Saginov Karaganda Technical University» - Audit committee

- Quality assurance and improvement program - program

- NPJSC «Abylkas Saginov Karaganda Technical University» - Society

- Internal Audit Service - IAS

2 Purpose and main directions of the program

The purpose of the program is to provide a guarantee to the board of directors, the audit committee of the board of directors, and the management board of the company that:

- the internal audit activities of the company are carried out in accordance with the regulation on the Internal audit service, which is consistent with the International professional standards of internal auditing of the Institute of internal auditors;

- internal audit provides assistance to the board of directors, the audit committee of the board of directors, and the management board in matters aimed at improving the company's activities and achieving its goals, based on a systematized and consistent approach to assessing and improving the efficiency of risk management processes, internal control, and corporate governance of the company's management efficiency;

- the internal audit of the company performs its functions effectively and with the required level of quality;

- the internal audit function is constantly evolving.

The program includes assessment of:

- compliance with the code of ethics and standards, including timely corrective actions to eliminate significant instances of non-compliance;

- compliance with the Internal audit regulation, goals and objectives, and internal audit procedures;

- contribution to the processes of corporate governance, risk management and internal control of the company;

- effectiveness of activities for continuous improvement and implementation of best practices;

- the degree of usefulness of internal audit activities and its impact on improving the financial and economic activities of the company.

The program includes two types of assessments:

- Internal assessments;

- External assessments.

3. Internal assessments

Internal assessments are carried out by the head of the internal audit department.

Internal assessments should cover the entire spectrum of audit activities and include:

- current monitoring of the activities of the IAS;
- periodic self-assessments conducted by the IAS employees.

3.1 Current monitoring of the activities of the IAS

Current monitoring of activities consists of continuous control over the implementation of the audit assignment, systematic procedures for checking working documentation.

Control over the execution of the task must ensure:

- Preparation of working documents in accordance with the planned checks;

- Proper instructions during task planning and approval of working documentation for their execution;

- Implementation of the audit assignment plan and the working audit program(s);

- Proper support with working documents of the results, conclusions and recommendations made during the execution of the assignment;

- Accuracy, objectivity, clarity, constructiveness and timeliness of the information provided, relevant to the task;

- Achieving the set objectives;

- Creating conditions for improving the knowledge, skills and competence of internal audit service employees.

A checklist for assessing quality criteria in the process of performing continuous monitoring of internal audit activities is presented in Appendix 1.

3.2 Periodic self-assessments are conducted to ensure that internal audit activities comply with the standards and code of ethics, as well as the provision on the internal audit service, at least once every three years.

The key objective of regular self-assessments is to generate a list of recommendations that should be implemented by the internal audit function to improve its performance.

The IAS conducts periodic self-assessments to confirm continued compliance with the Standards and the code of ethics, and to assess:

- Quality and control of the work performed;
- Adequacy and applicability of internal documents developed by the internal audit office;
- The benefits that SVA brings to society.
- Achieving key performance indicators.
- The degree of compliance with the expectations of the board of directors and the management board of the company regarding internal audit.

Periodic self-assessments are carried out by the head of the internal audit service, using as a basis the methodological manual of the international Institute of internal auditors on quality assessment or a similar set of guidelines and tools (methodologies).

Carrying out self-assessment procedures includes:

- analysis of compliance of internal audit activities with the provision on the internal audit service, the procedure for organizing internal audit at the NPJSC «Abylkas Saginov Karaganda Technical University» and the internal audit standards;

- analysis of the implementation of tasks assigned to internal audit, the board of directors, the audit committee, the management board of the company, on issues related to the competence of internal audit;

- assessment of the degree of assistance of the internal audit function in achieving the company's goals;

- conducting an assessment of the internal audit activities for compliance with the code of ethics;

- conducting an assessment based on a selective analysis of the completed checks, including review of working papers and audit reports;

- feedback from audit subjects and other interested parties (Appendix 2)

The results of periodic self-assessments reflecting the level of compliance of internal audit activities with the Standards and the code of ethics are reported to the board of directors upon completion of the self-assessment in accordance with the requirements of Standard 1320, quality assurance and improvement program reporting.

Such self-assessment, carried out shortly before the external assessment, can facilitate the external assessment and reduce its costs.

A checklist for periodic self-assessment of internal audit activities is presented in Appendix 3.

4. External assessments

External assessments are carried out at least once every five years by a qualified and independent assessor or group of assessors who are not employees of the company.

External quality assessment includes a comprehensive analysis of the work of the internal audit function in relation to:

- compliance with international standards on internal auditing and code of ethics;

- efficiency and effectiveness of internal audit

- the level of expectations of the board of directors, the management board regarding internal audit

To conduct external assessments, the head of internal audit should discuss with the audit committee of the board of directors:

- format and frequency of external assessments;

- qualifications and independence of the assessors or group of assessors, including any potential conflict of interest.

External assessment may be carried out in the form of a full external assessment or in the form of a self-assessment with independent external confirmation.

A qualified assessor or assessment team is a person who is competent in the professional practice of internal auditing and external assessment.

The external evaluator is selected in accordance with the documents in force in the company regulating procurement activities, and acts on the basis of an agreement with the company concluded in the established manner.

The assessors or assessment team must be competent in two key areas: the professional practice of internal auditing (including a thorough knowledge of the international framework for the professional practice of internal auditing) and the external quality assessment process.

Desirable competencies and qualifications for appraisers include the following:

- Professional certification as an internal audit professional (e.g., certified internal auditor).
- Experience as a head of internal audit (or in a similar management position in the field of internal audit).
- Experience in internal audit in organizations of similar size and industry.

To achieve the best results, it is not necessary for each member of the assessment team to have all of the desired competencies listed above, but it is necessary for the team as a whole to have the required qualifications.

In this regard, the assessment team may include individuals with knowledge in other areas, such as specialists in enterprise risk management, information technology auditing, monitoring systems and control self-assessments.

Independence and objectivity of the appraiser

Independence of an appraiser or group of appraisers implies the absence of an actual or perceived conflict of interest.

To do this, the head of internal audit should discuss with the board of directors (with the approval of the audit committee) and take into account several factors related to independence and objectivity.

Factors that adversely affect objectivity may include any relationship with the company, its personnel or the internal audit function (e.g. external audit of financial statements, participation in internal quality assessments; consulting services in the field of corporate governance, risk management, financial reporting, internal control or related areas).

Independent appraisers may not be employees or be under the control of the company.

The results of external quality assessments should be reported upon their completion.

5 Reporting on program

At least once a year, the head of internal audit reports to the board of directors of the company on the activities within the framework of the quality assurance and improvement program and its results.

Based on the results of internal assessments, a report is generated on the assessment of the quality of internal audit activities in accordance with appendix 4 to this program.

The report is submitted to the board of directors (with preliminary consideration by the audit committee), if necessary, by the management board of the company as part of the annual report of the internal audit service on the implementation of the work plan and the results of the internal audit activities.

The results of the external assessment are presented to the board of directors (with prior review by the audit committee).

Based on the results of internal and external assessments, the manager

The internal audit service, if necessary, develops or adjusts an action plan for the development and improvement of internal audit activities. The action plan is submitted for consideration by the board of directors (with preliminary consideration by the audit committee) as an appendix to the report on the results of the internal assessment of the quality of internal audit activities or the report on the results of the external assessment.

6 Final provisions

The company's program is subject to periodic review and, if necessary, updating to take into account changes in the standards or in the environment in which internal audit operates.