Risk & Compliance

Internal Audit & Control Framework

Purpose

The purpose of this policy is to establish a unified Internal Audit & Control Framework for B&S Investments that ensures the integrity, transparency, and effectiveness of internal operations across the Group. As a Saudi-rooted investment company operating in exhibitions, manufacturing, tourism, creative content, hospitality, and digital ventures, a strong internal audit function is essential to protect corporate assets, assess control effectiveness, ensure regulatory compliance, and drive continuous improvement.

Scope

This policy applies to the Group Internal Audit Department, the Board Audit & Risk Committee, executive management, functional leaders, and all departments and subsidiaries of B&S Investments, including both local and international operations. It covers all operational, financial, compliance, strategic, and information systems activities, whether conducted directly or through partnerships, vendors, or third parties.

Policy Statement

B&S Investments is committed to maintaining a robust and independent internal audit function that provides risk-based assurance, advisory services, and objective evaluations of the adequacy and effectiveness of internal controls, governance practices, and risk management processes.

- This policy also sets the foundation for internal controls across the organization, ensuring that:

- Risks are identified, assessed, and mitigated through preventive and detective controls

- Business processes are efficient, compliant, and resilient

- Financial reporting is accurate and transparent

- Fraud, misconduct, and inefficiencies are detected and prevented

- Regulatory and policy obligations are consistently upheld

The internal audit function reports functionally to the Board Audit & Risk Committee and administratively to the Group CEO, maintaining full independence and unrestricted access to all records, employees, and functions..

Roles & Responsibilities

Role	Responsibility
Board Audit & Risk Committee	Approves audit plans, reviews findings, oversees the internal audit function, and ensures audit independence and objectivity
Group CEO & Executive Management	Supports implementation of audit recommendations, reinforces a culture of accountability, and ensures adequate resourcing for the internal control environment
Group Head of Internal Audit	Develops and executes the risk-based audit plan, reports findings to the Audit Committee, and provides advisory support to strengthen controls and processes
Department Heads & Functional Leaders	Own and manage internal controls within their areas, respond to audit findings, and implement corrective actions
All Employees & Contractors	Must comply with internal controls, cooperate with auditors, and report control breaches or process failures

Procedures & Implementation

1. **Audit Planning**

   - A Group-wide Risk-Based Internal Audit Plan is prepared annually and approved by the Audit & Risk Committee

   - The plan covers operational audits, financial reviews, compliance audits, IT controls, and strategic initiative reviews

- Flexibility is maintained to include unplanned audits in response to incidents, whistleblower reports, or external triggers

2. **Audit Execution**

- Audits are conducted using professional standards (e.g., Institute of Internal Auditors - IIA)

- Each audit includes planning, fieldwork, reporting, and follow-up phases

- Audit ratings (Satisfactory, Needs Improvement, Unsatisfactory) are assigned, along with prioritized recommendations

3. **Internal Controls Framework**

- Internal controls are classified as:

- Preventive: Access controls, approval workflows, policy enforcement

- Detective: Reconciliations, system alerts, internal reporting lines

- Corrective: Remediation plans, disciplinary measures, and system adjustments

- Controls must be documented, regularly tested, and updated in response to business changes

- Each department is responsible for embedding controls into daily operations

4. **Issue Management & Follow-Up**

- All findings must have action owners, due dates, and resolution tracking in the audit system

- Quarterly status reports are submitted to the Audit Committee, highlighting overdue or high-risk issues

- Persistent non-compliance is escalated to executive leadership and, if needed, the Board

5. **Whistleblower-Driven Audits**

- Internal Audit may be directed to conduct investigations in response to whistleblower reports

- Investigations follow a documented protocol and ensure confidentiality and legal compliance

6. **Control Self-Assessments (CSAs)**

- Business units may be required to conduct periodic CSAs to evaluate their own control environments

- CSAs are reviewed by Internal Audit for accuracy and completeness

7. **Technology Integration**

- Internal Audit uses digital audit management tools for planning, evidence collection, reporting, and analytics

- ERP systems and governance platforms must reflect real-time control triggers and logs

Monitoring & Review

The Internal Audit & Control Framework will be reviewed every 18 months by the Group Head of Internal Audit in consultation with the Audit & Risk Committee and Compliance Office.

Review criteria include:

- Changes in regulatory or reporting requirements

- Internal audit performance metrics (e.g., audit completion rate, resolution timeliness)

- Emerging risks, fraud patterns, and process inefficiencies

- Feedback from business units and external auditors

Key indicators such as control failure rates, audit ratings, and policy breach trends will be presented quarterly to the Audit Committee.

Associated Documents

- Annual Internal Audit Plan

- Internal Audit Charter

- Audit & Risk Committee Terms of Reference

- Risk Management Framework

- Regulatory Compliance Policy

- Delegation of Authority Policy

- Whistleblower Protection Policy

- Control Self-Assessment Guidelines

- Digital Audit Tools SOP