

NON-PROFIT JOINT-STOCK COMPANY
“ABAI KAZAKH NATIONAL PEDAGOGICAL UNIVERSITY”



APPROVED

by the decision of the Board of
Directors NJSC "Abai Kazakh
National Pedagogical University"

February 19, 2021, Protocol No.2

*Changes have been made in accordance with the decision
of the Board of Directors of the Abai Kazakh National
Pedagogical University, Protocol No.2 dated 04.03.2022*

**Chairman of the Board of Directors
Issimbaeva G.I.**



REGULATION
of the Internal Audit Service
non-profit joint-stock company
«Abai Kazakh National Pedagogical University»

Almaty, 2022

1. General provisions

This Regulation defines the status of the Internal Audit Service of NJSC "Abai Kazakh National Pedagogical University" (hereinafter-the Service), the mission, purpose, tasks, functions, rights and responsibilities of the Service, issues of interaction of the Service with the Board of Directors of NJSC "Abai Kazakh National Pedagogical University" (hereinafter – the University), the Management Board, structural divisions of the University, issues of remuneration of employees of the Service.

1.1 The Service of its activities, is guided by the legislation of the Republic of Kazakhstan, the University's Charter, decisions of the University's bodies, this Regulation, and other internal documents of the University.

1.2 Determination of the quantitative composition, term of Service, the appointment of its director and other employees of the Service, the early termination of their powers, determining the order of Service, amount and terms of remuneration and bonuses of officers, adoption of decisions on the imposition of disciplinary sanctions by the Board of Directors of the University.

1.3 Employment contracts with employees of the Internal Audit Service are concluded on the basis of a decision of the University's Board of Directors by the Chairman of the University's Management Board in accordance with the labor legislation of the Republic of Kazakhstan.

1.4 Employees of the Service may not be elected to the Board of Directors and the Management Board of the University.

1.5 The Service carries out its activities in accordance with the work plan of the Service for the corresponding year, approved by the Board of Directors of the University, and unscheduled tasks on behalf of the Board of Directors of the Company or the Chairman of the Board of Directors of the University.

1.6 Official duties, rights and responsibilities of the head and employees of the Service are determined by the relevant job descriptions, which are developed on the basis of these Regulations, employment contracts, internal documents of the University and approved by the Chairman of the Board of Directors.

1.7 For the purpose of proper and effective performance of the duties assigned to them by the employees of the Service, the Management Board of the University shall create appropriate working conditions.

2. Service Status

2.1 The Service is a body of the University directly subordinate to and accountable to the Board of Directors of the University, which monitors and evaluates the performance of the University's financial and economic activities, audits risk management, internal control systems, compliance with corporate governance documents, and provides advice for improving the University's operations.

2.2 In order to exercise control over the financial and economic activities of the University, employees of the Service may be appointed as members of the audit commission of the University in accordance with the established procedure.

2.3 The Board of Directors of the University oversees the activities of the Service.

2.4 The activities of the Service are organized on the principles of independence, objectivity and impartiality of judgments.

2.5 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.

2.6 In order to comply with the principles of objectivity and impartiality in the exercise of his functions, the officers should not be involved in any activities that may subsequently be subject to an internal audit, and to engage in auditing activities or functions carried out by them during the period being audited.

2.7 The performance of the Service and its manager is evaluated by the Board of Directors.

3. Mission and purpose

3.1 The mission of the Service is to provide the necessary assistance to the Board of Directors and the Management Board of the University in fulfilling their duties to achieve the University's strategic goals.

3.2 The main purpose of the Service is to provide the University's Board of Directors with independent and objective information designed to ensure effective management of the University by introducing a systematic approach to improving the processes of risk management, internal control and corporate governance.

4. Tasks and functions

4.1 The main tasks of the Service are:

audit and evaluation of the University's financial and economic performance indicators;

evaluation of the effectiveness of the use of the university's result-oriented budget;

audit of risk management of the University's internal control system;

assessment of the reliability, completeness, and objectivity of the accounting system and the preparation of the University's financial statements based on it;

assessment of the University's compliance with the requirements of the legislation of the Republic of Kazakhstan and assessment of the adequacy of the systems and procedures created and applied to ensure compliance with these requirements (compliance control);

assessment of the rationality and efficiency of the use of the University's resources and the methods (methods) used to ensure the safety of the University's assets;

assessment of the improvement of the corporate governance process in the University;

development of criteria for evaluating the activities of the University's structural divisions;

4.2 The Service, in accordance with the tasks assigned to it, performs the

following functions in accordance with the established procedure:

conducts an audit and evaluation of the University's financial and economic performance indicators;

assesses the effectiveness of the use of the University's result-oriented budget;

conducts an audit of the risk management of the University's internal control system;

assessing compliance with the legislation of the Republic of Kazakhstan, international agreements, internal regulations and guidelines and decisions of the Board of Directors of the University and evaluates the system created in order to comply with these requirements;

- assesses the adequacy of the measures applied by the University's structural divisions to ensure the achievement of the goals set for them, within the framework of the University's strategic goals;

assesses the implementation and compliance with the accepted principles of corporate governance, relevant ethical standards and values in the University;

assesses the effectiveness of the relevant bodies and structural divisions of the University in obtaining information on issues related to risks and internal control;

preparation of recommendations on the results of control measures (checks) carried out by the Service in the structural divisions of the University;

monitors the University's implementation of the recommendations of the external auditor;

carries out subsequent control over the implementation of the recommendations of the Service issued in accordance with the established procedure;

advises the Board of Directors, the Management Board, and the University's structural divisions on the organization of internal control and internal audit systems;

performs other functions assigned to the Service within its competence and does not affect the principle of its independence.

5. Election procedure and qualification requirements

5.1 The election (appointment) of the head and expert of the Internal Audit Service is carried out through an open competition (hereinafter referred to as the competition) and includes the following stages:

publication of the announcement of the competition;

acceptance of documents of persons applying for the positions of the head and expert of the Internal Audit Service;

checking for compliance with the qualification requirements of persons who submitted documents for participation in the competition;

consideration of candidates applying for the positions of the head and expert of the Internal Audit Service at a meeting of the Board of Directors;

5.2 The announcement of the competition for the positions of the head and expert of the Internal Audit Service is published on the university website and / or other Internet resources.

5.3 Everyone who meets the qualification requirements provided for in these Regulations can take part in the competition.

5.4 Acceptance of documents of candidates is carried out within 10 calendar days from the date of publication of the announcement of the competition.

5.5 To participate in the competition, the Corporate Secretary shall be provided with the following documents on paper and/or electronic media:

- 1) application;
- 2) a copy of the identity document of the tender participant;
- 3) summary;
- 4) copies of documents on education and annexes to them;
- 5) a copy of the document confirming labor activity, certified by the personnel department at the place (current or last) of work;
- 6) Certificate of the presence or absence of a criminal record;
- 7) Certificates according to qualification requirements;
- 8) Presentation of vision for the further activities of the Service.

5.6 If less than two candidates for each position of the head and expert of the Internal Audit Service who meet the requirements established by this Procedure are submitted for consideration by the Board of Directors, the Board of Directors recognizes the competition as invalid and decides to hold a second competition.

5.7 Corporate Secretary:

- 1) ensure the publication of the announcement of the competition;
- 2) accepts documents of persons applying for the positions of the head and expert of the Internal Audit Service;
- 3) checks compliance with qualification requirements;
- 3) ensures the holding of a meeting of the Board of Directors to review the documents of persons admitted to participate in the tender.

5.8 The Audit Committee reviews the documents of candidates for compliance with the qualification requirements, and at its meeting conducts an interview with them.

5.9 Based on the results of consideration of candidates, the Board of Directors at its meeting decides on the election of the head and expert of the Internal Audit Service, their term of office, and the amount of their salary.

5.10 Based on the positive decision of the Board of Directors, the Chairman of the Board – the Rector issues an order to appoint a head and an expert of the Internal Audit Service and concludes labor contracts with them.

5.11 If the term of office of the current head or expert of the Internal Audit Service expires, the Board of Directors has the right to extend his powers without holding a competition for a period determined by a decision of the Board of Directors.

5.12 The Head of the Service must have a higher professional (financial and economic) education, work experience in the field of audit and/or accounting and/or finance for at least 5 years. Mandatory availability of a qualification certificate of the qualification “auditor”, obtained in accordance with the Law of the Republic of Kazakhstan “On Auditing”, and / or a CIA internal auditor certificate, and / or an ACCA and / or CPA certified accountant certificate, and / or a DIPiFR diploma. Proficiency in Kazakh and English is preferred.

5.13 An employee of the Service must have a higher professional education in the fields of economics and finance, and / or accounting and auditing, and / or information technology, and / or the legal field, and / or the technical field, as well as work experience in these areas of at least 3 years. It is preferable to have an international CIA internal auditor certificate or an ACCA and/or CPA certified public accountant certificate and/or a DIPiFR diploma, knowledge of Kazakh and English.

6. The rights of the Service

6.1 The Service for the implementation of its main tasks and the performance of its functions has the right in accordance with the established procedure:

access to personnel, production and other facilities, to all documentation and any other information requested in connection with the internal audit, including information and information constituting commercial and official secrets of the University;

access to the information base of the University's accounting data (computer accounting programs, etc.) on a permanent basis in a passive mode, i.e., without the right to enter and adjust;

request any information and documents, including draft documents submitted for approval by the General Meeting of Shareholders of the University, the Board of Directors, the Management Board, receive for review the decisions/minutes of meetings of these bodies, and, if necessary, receive extracts from the decisions/minutes of meetings;

for the development of the planned activities of the Services and to perform tasks on behalf of the Board of Directors or the Chairman of the Board of Directors, in order to obtain advice on specialized issues as independent experts to attract employees and specialists of other legal entities (except those which during the preceding period audit of the calendar year was carried out activities or performed the function in University);

to consult with the structural divisions of the University on issues within the competence of the Service;

make proposals to the Board of Directors on improving internal audit procedures and methods, changing the University's control system and management policy;

participate in the preparation and implementation of the Company's programs and projects in the areas of the Service's activities;

participate in programs aimed at training, retraining, and advanced training of the University's employees and certification programs for internal auditors;

exercise other rights that do not contradict the legislation of the Republic of Kazakhstan, the Charter of the University, this Regulation and internal documents of the University.

7. Authority of the Head of the Service

7.1 the powers of the head of Service includes:

planning and organization of work of Service, preparation of the work plan of Service for the relevant year and monitoring its implementation.;

ensuring the development of documents regulating the activities of the Service, including methodological recommendations on internal audit and other documents related to the activities of the Service;

ensuring timely submission of reports on the activities of the Service to the University's Board of Directors;

periodic assessment of the relevance of the tasks and functions of the Service to achieve its goals (at least once a year);

making proposals for determination of the quantitative composition, staffing, term of Service, the appointment of the officers, as well as early termination of their powers, order of Service, size and terms of remuneration and bonuses, the imposition on the Service employees disciplinary, organizational and technical support Services;

taking measures to improve the level of professional training of employees of the Service;

initiating the convocation of a meeting of the University's Board of Directors on issues within the competence of the Service;

making decisions on all issues within the competence of the Service.

7.2 the head of the Service shall be entitled to attend the General meeting of shareholders on issues previously addressed by the Service at meetings of the Board of Directors on issues of activities of the Service, to propose items for inclusion in the agenda of the meeting of the Board of Directors to submit for consideration of the Board of Directors candidates for inclusion in Service employees.

8. Remuneration of employees of the Service

8.1 The conditions and amount of remuneration and bonuses for employees of the Service, as well as the provision of social support, guarantees and compensation payments to them, are determined in accordance with the internal documents of the University.

8.2 The system of remuneration of employees of the Service may be reviewed by the University's Board of Directors based on the results of monitoring the University's achievement of approved goals.

8.3 In honor of the celebration of national, state and professional holidays in the Republic of Kazakhstan, due to the savings of the FOT funds, bonuses are paid to employees of the Internal Audit Service in the amount corresponding to the amount of the bonus payment to an employee of the University.

8.4 Employees of the Service are provided with financial assistance on the basis of an employee's application in the amount of at least 50 percent of the official salary in the presence of supporting documents (copies of the birth certificate (adoption), marriage certificate, death certificate) in the following cases:

- 1) birth (adoption) of a child;
- 2) marriage of the employee;
- 3) the death of the spouse of the employee of the Service or his close relatives

(parents, children, adoptive parents, adopted, full-and half-siblings).

8.5 Employees of the Service are paid additional payments, guarantee and compensation payments in the amounts provided for by the labor legislation of the Republic of Kazakhstan, the employment contract or the act of the employer.

9. Providing information to the University's Board of Directors

9.1 The Service submits reports on the activities of the Service to the University's Board of Directors by December 31 of the reporting year.

At the request of the Chairman of the Board of Directors head of Service is short quarterly report on Service activities.

Summaries of reports prepared by the Service based on the results of audit assignments and indicating cases of illegal actions (inaction) of the University's employees should be submitted to the University's Board of Directors immediately after they are conducted.

9.2 The Head of the Service must ensure that the information submitted to the Board of Directors of the University is analyzed for its completeness and accuracy.

9.3 Reports on the activities of the Service should include:

brief conclusions on the results of the audit assignments carried out in accordance with the work plan of the Service for the relevant year, indicating the recommendations issued (if necessary, with the appropriate materials attached); information on other activities and work carried out by the Service during the reporting period (results of unscheduled audit assignments and monitoring of recommendations of external auditors, own recommendations, information on participation in training sessions, etc.);

conclusion on the results of audit activities in relation to the set goals and scope of the audit, summarizing the results of audit activities for the reporting period.

9.4 The Board of Directors reviews reports on the activities of the Service and makes decisions on them in accordance with the established procedure.

10. Interaction of the Service with the Management Board

10.1 The Service's relations with the Management Board should be based on the principle of independence, since the level of organizational and functional independence of the Service has a direct impact on the objectivity of the Service's employees.

10.2 The Service, based on the results of its activities, submits to the University's Management Board an assessment of the quality of implementation of management decisions made by managers at various levels of the University.

10.3 Within the framework of interaction with the Management Board, the Service:

to inform is to the c University's Board approved by the Board of Directors work plan for the year;

provides the University's Management Board with copies of the relevant audit reports prepared based on the results of the audit assignment.

10.4 The Management Board of the University shall, in accordance with the established procedure:

contribute to the creation of an effective control environment in the University;
to carry out administrative and organizational and technical support of the Service.

10.5 The University's Management Board may not interfere with the activities of the Service.

11. Responsibility of the Service

11.1 The Service is responsible for the timely and high-quality performance of its functions and tasks.

11.2 the Manager and the staff in the prescribed manner is personally responsible for the quality and timeliness of performance of functions and tasks assigned to the Service in accordance with the present regulations, the legislation of the Republic of Kazakhstan, employment contracts and job descriptions.

11.3 For violation of labor discipline, failure to perform or improper performance of duties entrusted by the Board of Directors of the University to the leaders and officers in the prescribed manner apply to disciplinary action.

11.4 The financial responsibility of the head and employees of the Service and the procedure for compensation for the damage caused by them (if any) are determined in accordance with the legislation of the Republic of Kazakhstan.

12. Final provisions

12.1 Amendments and additions to these Regulations may be made in accordance with the established procedure by a decision of the University's Board of Directors.

