



INTERNAL CONTROL FRAMEWORK

1. INTRODUCTION

The Internal Control Framework of AREDO is designed to ensure the effectiveness, efficiency, and integrity of organizational operations. Internal controls provide reasonable assurance regarding the achievement of objectives in areas such as financial reporting, compliance with laws and regulations, and safeguarding of assets.

2. CONTROL ENVIRONMENT

A. Ethical Values and Integrity:

AREDO promotes a culture of integrity, ethics, and compliance with laws and regulations.

The organization establishes a code of conduct that outlines expected behavior and ethical standards for all personnel.

B. Organizational Structure and Responsibilities:

- Clear organizational structure with defined roles and responsibilities to prevent conflicts of interest.
- Segregation of duties to ensure checks and balances in key processes.

C. Competence and Continuous Learning:

- Regular training programs for staff to enhance their skills and awareness of internal controls.
- Recruitment processes that ensure personnel have the necessary qualifications and experience.

3. RISK ASSESSMENT

A. Identification of Risks:

- Regular risk assessments to identify and evaluate potential risks to organizational objectives.
- Risks related to financial reporting, compliance, and operational processes are assessed.

B. Risk Mitigation Strategies:

- Implementation of risk mitigation strategies to address identified risks.
- Contingency plans and measures to respond to unexpected events.

4. INFORMATION AND COMMUNICATION

A. Financial Reporting and Information Systems:

- Robust financial reporting systems with checks for accuracy and completeness.
- Regular reviews and updates of information systems to ensure relevance and efficiency.

B. Communication Channels:

- Clear channels for internal communication to facilitate the flow of information.
- Regular communication of policies, procedures, and updates to all personnel.





5. MONITORING ACTIVITIES

A. Internal Audits:

- Conduct regular internal audits to assess the effectiveness of internal controls.
- Independent audit team to review and evaluate key processes.

B. Management Reviews:

- Periodic reviews by management to monitor the performance of internal controls.
- Addressing any identified deficiencies and implementing corrective actions.

6. CONTROL ACTIVITIES

A. Financial Controls:

- Segregation of duties in financial processes to prevent fraud and errors.
- Approval processes for financial transactions and expenditures.

B. Compliance Controls:

- Regular reviews to ensure compliance with laws, regulations, and organizational policies.
- Implementation of controls to address compliance risks.

7. INCIDENT REPORTING AND RESPONSE

A. Incident Reporting Mechanism:

- Established channels for reporting incidents, fraud, or unethical behavior.
- Protection for whistleblowers to encourage reporting.

B. Investigation and Response:

- Impartial investigation teams to address reported incidents.
- Timely and appropriate responses to incidents, including corrective actions.

8. DOCUMENTATION AND RECORDKEEPING

A. Recordkeeping Policies:

- Secure and confidential record-keeping system for all organizational records.
- Classification of records based on sensitivity and nature.

B. Documentation of Processes:

- Detailed documentation of key processes and controls.
- Regular updates of documentation to reflect changes in processes.

9. CONTINUOUS IMPROVEMENT

A. Feedback Mechanism:

- Encouragement of feedback from stakeholders to identify areas for improvement.
- Regular reviews of the internal control framework and related policies.

B. Training and Awareness:

- Ongoing training programs to keep personnel informed about control procedures.
- Continuous learning initiatives to adapt to changing risks and environments.

10. COMPLIANCE WITH LAWS AND REGULATIONS

- Regular reviews to ensure compliance with applicable laws and regulations.
- Implementation of controls to address legal and regulatory requirements.

