

INTERNAL AUDIT STATUTE DIAN Internal Control Office

1. PURPOSE

Internal Audit is an independent and objective assurance and consulting activity, designed to add value and improve the operations of an organization.

It helps an organization to achieve its objectives by providing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- **Risk Management:** Process to identify, evaluate, manage and control events or potential situations, in order to provide reasonable assurance regarding the scope of the organization's objectives.
- **Control:** The measures taken by senior management, the entity's servers and other parties, to manage the risks and increase the probability of reaching the established objectives and goals. The Directorate plans, organizes and directs the performance of enough actions to provide reasonable assurance that the objectives and goals will be achieved.
- **Government:** The combination of processes and structures implemented by senior management to direct, manage, inform, and monitor the activities of the organization in order to achieve its objective.

2. POSITION IN THE ORGANIZATION

In accordance with decree 4048 of 2008, the Office of Internal Control reports to the General Directorate and in accordance with Resolution 29 of May 9, 2018, the Institutional Committee for Coordination of Internal Control, which guarantees its independence.

The Office of Internal Control is responsible for the Head of Office, who is appointed by the President of the Republic, in accordance with the provisions of Article 9 of Law 1474 of 2011. The nature of the position is freely appointed and removed.

3. INDEPENDENCE

The Internal Control Office maintains a position of independence with respect to the activities it evaluates and audits, and does not assume responsibility for the execution of operations. In consequence:

- It does not participate in the administrative procedures of the entity, through authorizations or endorsements.
- It does not have authority or competence over the areas of the entity, except for monitoring and control in the implementation of improvements and recommendations.

4. RESPONSIBILITY

The functions, powers or responsibilities of the Internal Control Offices and of the heads of Internal Control or those who take their place are those defined in Law 87 of 1993, or the laws that replace or modify them.

Internal Control heads are obliged to present the reports and carry out the follow-up foreseen in the Law, norms with force of Law and those assigned by the President of the Republic for the Heads of Internal Control of the Executive Branch of the National Order, and those requested by the control organisms, the General Accounting Office of the Nation and the Advisory Council of the National Government in matters of Internal Control.

The Office of Internal Control is responsible for measuring and evaluating the development, implementation, maintenance and continuous improvement of the Internal Control Institutional System periodically, independently and objectively, in order to give recommendations and suggestions for its improvement and optimization.

5. AUTHORITY

Since the audits have no restrictions, in the performance of their work, the Head of the Internal Control Office and the auditors of the Internal Control Office are authorized to:

- Access freely, directly and immediately, all documents, files, information, computer applications and databases, which are necessary and related to the audits included in the corresponding annual plan. The foregoing, complying with the provisions of the laws that regulate the right to privacy of individuals and information that by its nature is confidential whose knowledge could put at risk the intelligence of the business and cause damage to public interests.
- Directly and immediately access information from third parties, developing and applying the corresponding annual audit plan and within the framework established by the auditing standards.
- Assign resources, establish frequencies, select topics, determine scope of work, and apply the techniques required to meet audit objectives.
- Request the necessary collaboration of the personnel in the areas of the entity in which the audits are carried out, as well as of other specialized services belonging to and external to the entity.

The Head of the Internal Control Office and the auditors of the Internal Control Office are not authorized to:

- Perform any type of operational tasks in the areas of the entity.
- Initiate or approve transactions unrelated to the work of Internal Audit.
- Perform any audit in which they may have a conflict of interest.
- Define and implement the general framework of the entity's internal control system.
- Assume executive functions in the preparation of reports to third parties.
- Define and approve quality policies, environment, risks, occupational health, internal control and any other emerging management system.
- Direct the activities of any employee of the entity that does not belong to the Internal Control Office, unless said employees have been assigned to the audit teams or to collaborate in some way with the internal auditors.

6. RULES FOR THE EXERCISE OF THE AUDIT

As mechanisms for verification and evaluation of internal control, the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics will be used.

In a complementary manner, the Internal Control Office recognizes and complies with the mandatory nature of the Audit definition, the Code of Ethics and the Standards issued by The Institute of Internal Auditors, as well as any future updates that may arise.

7. POLICIES FOR THE EXERCISE OF THE AUDIT

The policies and procedures are necessary elements to guide the internal audit staff in the execution of the Annual Audit Plan and the specific audit plans.

- All the areas, processes, procedures, activities, operations, transactions and management systems that are carried out in the entity and those that are emerging, at their central, local and delegate levels, are audited.

Internal audit:

- Responds to a concerted program, agreed and consistent with the technical guidelines of the annual plan.
- Identifies aspects and trends of organizational behavior, enabling the entity to obtain new perspectives in its strategic direction.
- Presents the preliminary results to those audited, so that they can recognize the facts presented and / or can provide information to correct any errors.
- Informs the General Director, the Internal Control Coordination Institutional Committee and the Institutional Management and Performance Committee, if the Institutional Internal Control System of the entity is adequate and effective, together with ideas, advice and recommendations to improve it.
- Ensures the objectivity of the internal audit by maintaining a team of professional staff with enough knowledge, skills, experience and encourages the internal auditors under their charge to obtain certifications.
- Promotes compliance with a program to assure the quality of the audit function, in such a way as to support the continuous improvement of activities.
- Supports coordination with other control and evaluation functions (risk management, ethics, environmental management, quality management, information security, external audit).
- Advances consulting services to assist senior management in meeting its objectives. This includes facilitation, training and counseling services.
- Preserves the confidentiality of all information collected or received in connection with an audit, evaluation or advisory activity, and will only use this information, to the extent deemed necessary, for the performance of those functions.

The results of the internal audit activity:

- Are expressed with an opportunity and in an assertive and understandable language for the auditees.
- Are based on the objectives outlined in the respective audit program.
- Are oriented to promote positive changes in the audited aspects.
- Are informed at the appropriate levels within the entity.

8. REVISION CLAUSE

The present statute will be subject to review when circumstances that merit it are presented.