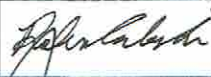
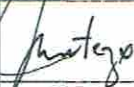
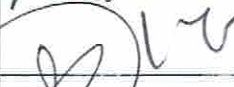


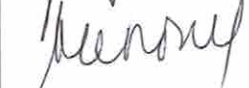


REVISION HISTORY

Rev. No.	Rev. Date	Description of Change	Author / Originator
00	Jun 1, 2017	Initial issue	Internal Audit

	Name	Position	Signature	Date
Prepared by:	Robin John Lim	Internal Audit Manager		5/29/2017
Reviewed by:	Mia Cortez	AVP Business Intelligence		5/29/17
Approved by:	Oliver Tan	Chief Financial Officer		5/29/17
	Edgar Saavedra	Chief Operating Officer		5/29/17
	Michael Cosiquien	Chief Executive Officer		9/6/17
	Leonilo Coronel	Chairman of the Audit and Compliance Committee		5/29/17

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1.0 PURPOSE

Internal Audit is an independent and objective assurance and consulting activity that is guided by principles to add value and improve the operations of Megawide Construction Corporation and its subsidiaries. It assists Management and the Board in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's internal controls, risk management, compliance and governance processes.

2.0 SCOPE

The procedures outlined below apply to the Internal Audit function and all its scope of review in carrying out its work.

3.0 AUTHORITY

Authority is granted by the Board thru its Audit and Compliance Committee to the Internal Audit function to have full, free and unrestricted access to any and all of the organization's records, personnel, physical properties and information relevant to the performance of their work. All employees are requested to assist the Internal Auditors in fulfilling their role. The Internal Audit function shall also have free and unrestricted access to the Chairman of the Audit and Compliance Committee.

All documents, information, properties provided to the Internal Audit function will be treated with the same prudence and confidentiality of the personnel normally accountable for them.

The Internal Audit function has the authority to any inquiry or request of information in relation to its responsibilities to ensure that any input required by the Audit and Compliance Committee is first obtained where it is required.

4.0 INDEPENDENCE

To ensure the independence of the Internal Audit function:

- The Head of the Internal Audit shall report directly to the organization's Audit and Compliance Committee and administratively to the Chief Executive Officer or any senior management officer as designated by the Audit and Compliance Committee Chairman.
- The Audit and Compliance Committee will meet periodically with the Head of Internal Audit and minutes of the meeting will be kept.
- Internal Auditors will act independently of the external auditors.

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- All Internal Audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, timing, or report content. Only the Audit and Compliance Committee has the authority to approve or revise the internal audit plan and its related activities.
- The Internal Audit function shall have no direct operational responsibility or authority over any of the activities they review. They shall also not develop nor install systems or procedures, prepare records or engage in any other activity which normally be audited. Internal Audit may however recommend standards of control on policies or systems or facilitate the risk management processes, whistleblower and misconduct reporting process.

5.0 RESPONSIBILITY

The Internal Audit function is responsible for the development and execution of a comprehensive program of review within the organization, the objectives of which include:

- Evaluating risk exposures, and the adequacy and effectiveness of controls relating to and encompassing the organization's governance, operations, safeguarding assets, economy and efficiency of resources used and information systems; compliance to policies and laws and promote continuous improvement;
- Integrity of financial and operating information and the methods to identify, measure, classify and report such information;
- Effectiveness of the organization's risk management
- Participating in an advisory capacity, in certain activities, such as systems development, due diligence reviews, and other consulting services;
- Communicating the audit results to Management and Audit and Compliance Committee, and monitoring of actions/resolutions taken.
- Specific reviews at the request of Audit and Compliance Committee or management, as deemed appropriate.

6.0 REPORTING

A written report will be prepared and issued by the Head of the Internal Audit function following the conclusion of each regular audit and over-all rating of the scope based on the rating framework approved by the Audit and Compliance Committee, subject for annual review and comment. Management will provide a response to the specific audit observations and recommendations within 15 working days (3 weeks, whichever is shorter) of receiving the draft report. Response should include action take or to be taken and explanation of recommendations not addressed. Other details of this section shall be discussed in the Internal Audit Manual.

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7.0 PROFESSIONAL STANDARDS OF PRACTICE AND CODE OF ETHICS

The Internal Audit shall adhere to the guidance and principles of International Standards for the Professional Practice of Internal Auditing (ISPPA) of The Institute of Internal Auditors and its Code of Ethics.

8.0 FLOWCHART

n/a

9.0 APPENDICES/REFERENCES

n/a

10.0 FORMS/RECORDS

n/a

11.0 SUMMARY OF CHANGES

Initial issuance

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