

„BANJALUČKA PIVARA“ AD
BANJA LUKA
- Audit Board -
No: OR-04/2018
Date: May 22, 2018.

Pursuant to Article 323. of the Law on Enterprises ("Official Gazette of the Republic of Srpska" No. 127/08, 58/09, 100/11, 67/13 and 100/17) and Article 61. of the Articles of Association of Banjalucka pivara a.d. Banja Luka, Audit Board of Joint Stock Company Banjalucka pivara a.d. Banja Luka, at the session, held on date May 22, 2018. establish

INTERNAL ANNUAL AUDIT PLAN FOR 2018 IN A.D. BANJALUČKA PIVARA BANJA LUKA

1. INTRODUCTION

1.1. Starting points

Annual Internal Audit Plan for 2018 was prepared based on the Internal Audit Strategic Plan of a.d. Banjalucka pivara, for the period from 2017 - 2019, adopted by the Audit Board of a.d. Banjalucka pivara.

It contains the activities of the Internal Audit Service, related to the achievement of the goals of the Internal Audit Service from the Strategic Plan for the period 2017-2019 and the scope and objectives, required for each individual audit for 2018, are specified.

As with any plan, during the current year, changes can be made due to the new circumstances and established priorities.

Based on the proposal of the Internal Auditor, the Annual Plan is approved by the Audit Board of a.d. Banjalucka pivara.

The Internal Audit is performed in accordance with the Internal Annual Audit Plan.

1.2. Legal framework

Activity of the Internal Audit Department in Banjalucka pivara a.d. is based on the provisions of the Law on Enterprises of the Republic of Srpska, Article of Associations of Banjalucka pivara a.d, Manual for Internal Auditors, Ethical Code for Internal Auditors and other regulations prepared by the CJH RS, in accordance with internationally accepted internal audit standards.

2. ROLE AND PURPOSE OF INTERNAL AUDIT

Internal Audit is an independent function that examines and evaluates the activities of the company and its organizational units, provides independent and objective expert advice and advices for job improvement, with the aim of providing Departments that should help the management in the efficient performance of their obligations.

Mission of the Internal Audit is quality and responsible performance of auditing work, in accordance with the ethical code of Internal Auditors and internationally accepted Internal Audit Standards. This primarily refers to the provision of independent expert opinion on the quality of management, risk management and internal control systems, and to make recommendations for the purpose of creating added value and achieving strategic goals of Banjalucka pivara a.d.

Internal audit is a relatively new profession and it is necessary to ensure that the management structure understands the role of Internal Audit and accepts it as its own tool. By its own actions, the Internal Auditor will encourage an increase of level of awareness in carrying out business processes, in order to achieve positive results in Banjalucka pivara a.d.

Accordingly, Internal Audit implies the following objectives:

- achieve an independent and objective function in accordance with the standards,,
- give independent assessments of the internal control system and risk exposure,
- Improve the quality and reliability of business processes, through findings and recommendations that affect business,
- provide quality recommendations to ensure their implementation and establish adequate internal controls,
- compliance with policies and procedures, plans, laws and regulations.

3. PLANNING AND APPROVING THE INTERNAL AUDIT

The planning of Internal Audit is based on the prescribed methodology of the work of Internal Auditors. The Annual Internal Audit Plan for 2018 was prepared based on the Strategic Internal Audit Plan for the period 2017 - 2019.

In accordance with the Law on Internal Audit, the Annual Plan is made by the Head of the Internal Audit Department and approved by the Audit Board of the Company.

4. INTERNAL AUDIT IMPLEMENTATION

4.1. List of processes with audit schedule

The Strategic Plan for Internal Audit for the period 2017-2019. The processes that are planned to be audited, in a three-year period, have been identified, and it is envisaged that four audits will be carried out in 201, and the specific data can be found in the **Table 1**.

Table 1. List of processes with audit schedule

PROCESSES	AUDIT SCHEDULE											
	I quarter			II quarter			III quarter			IV quarter		
	1	2	3	4	5	6	7	8	9	10	11	12
Audit of information systems		X	X									
Audit of marketing activities				X	X							
Audit of logistics business							X	X				
Audit of inventory management										X	X	
Possible Audits upon request						X			X			X

4.2. Objectives, scope and methodology of individual audits

The goals to be achieved, by conducting audits in 2018, the scope of auditing and the work methodologies to be used are shown in **Table 2**.

Table 2. Objectives, scope and methodology of each individual audit in 2018

1. Audit of information systems
<p>AUDIT OBJECTIVE:</p> <ul style="list-style-type: none">• Review and evaluate the compliance of the work with the Law on Copyright and Related Rights of BiH, the policy on the use of software in Banjalucka pivara a.d, the rules and the law on the protection of personal data and the data security plan in " Banjalucka pivara a.d“. <p>AUDIT SCOPE:</p> <ul style="list-style-type: none">• The audit will include activities related to the legal part of the IT Department, compliance of business with laws, internal procedures and policies. <p>AUDIT METHODOLOGY:</p> <ul style="list-style-type: none">• Insight into laws, regulations, provisions of law, decisions, etc;• Interviews with competent persons;• Documentation analysis and technical testing, and system testing.
2. Audit of marketing activities
<p>AUDIT OBJECTIVE:</p> <ul style="list-style-type: none">• Review, evaluate, and make recommendations for work improvement, related to marketing activities. <p>AUDIT SCOPE:</p> <ul style="list-style-type: none">• The audit will include control over the realization of planned marketing activities. <p>AUDIT METHODOLOGY:</p> <ul style="list-style-type: none">• Analytical estimation methods;• Insight into relevant procedures and regulations;• Review and analysis of documentation;• Documentation control within a single information system of a.d. Banjalučka pivara;• Interview with managers and other stakeholders involved in the revised process;• Testing that verifies the adequacy, application and effectiveness of internal control.

3. Logistics audit - Manipulation storage control

AUDIT OBJECTIVE:

- Review and evaluate the compliance of work with existing procedures and make recommendations for improving the process of the Input Warehouse operation when storing and manipulating goods.

AUDIT SCOPE:

- The audit will include activities related to the overall reception, handling and storage, process during storage in the Input Warehouse in BLP.

AUDIT METHODOLOGY:

- Analytical estimation methods;
- Insight into relevant procedures and regulations;
- Review and analysis of documentation;
- Documentation control within a single information system of a.d. Banjalučka pivara;
- Interview with managers and other stakeholders involved in the revised process;
- Testing that verifies the adequacy, application and effectiveness of internal control.

4. Audit of inventory management

AUDIT OBJECTIVE:

Review, give expert opinion, and give recommendations to improve the work process in view of:

- Control of purchase of raw and production materials and issuance of spent raw and production materials;
- Control of the consumption of raw materials and packaging for filled beer with norms;
- Control of output booking from the production of filtered beer and handing over the finished product to the warehouse of finished products;
- Booking the receipt of the finished product;
- Compliance of documents between production and Output Logistics, as well as warehouse inputs;
- Correctness and accuracy of documents.

AUDIT SCOPE:

The audit will include the activities of the reserve warehouse 803/807;

- Purchase of raw and production materials;
- Issue of spent raw and production materials;
- Control of booking of receipt of the finished product;
- Compliance of correctness and accuracy of documents.
- Other activities related to inventory management.

AUDIT METHODOLOGY:

- Analytical estimation methods;
- Insight into relevant procedures and regulations;
- Review and analysis of documentation;
- Direct access to warehouses and documentation control within a single information system of a.d. Banja Luka Breweries;
- Interviews with managers and other participating organizational units involved in the audit process;
- Testing that verifies the adequacy, application and effectiveness of Internal Control.

4.3. Distribution of resources

Table 3 divided the total effective number of working days according to the identified areas of audit and thus determined the nature and scope of the internal audit tasks for 2018.

Table 3. Annual Plan of activities by days and perpetrators

No.	ACTIVITIES DESCRIPTION	DAYS IN YEAR	NO. OF PERPETRATORS	TOTAL
1	Days in year	365	2	730
2	Weekends	104	2	208
3	Holidays and non-working days	8	2	16
4	Annual leave/vacation	24	2	48
5	Sick leave and other absences	0	2	0
6	TOTAL INEFFECTIVE DAYS	136	2	272
7	TOTAL AVAILABLE DAYS	229	2	458
8	Planned audits	130	2	260
9	Audits on request	39	2	78
10	TOTAL AUDIT PROJECTS	169	2	338
11	Making Plans, meetings	50	2	100
12	Education (seminars)	10	2	20
13	TOTAL OTHER ACTIVITIES (11+12)	60	2	70
14	TOTAL EFFECTIVE DAYS (1-6 or 10+13)	229	2	458

4.4. Other planned Internal Audit activities

In addition to the aforementioned activities, Internal Audit will perform other activities:

- monitoring the implementation of the Annual and Strategic plan,
- update of the Strategic Plan for 2018-2019,
- preparation of the Annual Plan for 2018,
- Continuous monitoring of the implementation of recommendations, given in the Audit Reports,
- perform audits that are not listed in the Audit Plans, and they will be performed at the request of the Company Management, as well as other jobs upon the request of the Management,
- professional development and
- other activities related to the functioning of Internal Audit a.d. Banjalučka pivara.

5. ORGANIZATION OF INTERNAL AUDIT

5.1. Internal Audit organization

Pursuant to the Law on Enterprises (Article 320), the Article of Association of the joint stock company Banjalučka pivara (no.02-34 / 2013) and based on the Decision of the Shareholders Assembly No. 01-176 / 2013 of 03.10.2013, the Internal Audit Department was established, with the aim of establishing the mechanism of supervision of the legality of the company's operations and for the protection of the interests of shareholders and company assets.

Internal audit activities, in a.d. Banjalučka pivara, are performed by an authorized Internal Auditor, registered with the Internal Audit Association.

5.2. Organizatiob of Internal Audit

Planned Internal Audits will be carried out in 2018 by an authorized Internal Auditor - Manager of the Internal Audit Department and Internal Auditor.

The Manager performs all the tasks, defined by the Law and the Regulations, related to planning, organization of work, conducting audits, writing reports and recommendations, monitoring recommendations, reporting annually and periodically, providing advisory support, in order to eliminate risks and achieve the business goal, as well as professional training, and performs other tasks according to the order of the Management of the Company.

6. REPORTING

Timely and regular annual and periodic reporting will be ensured for all Internal Audit activities.

6.1. Internal Annual Audit Report

The obligation of Internal Annual Audit Report is prescribed by the Law and the Rulebook on Internal Audit. The Internal Annual Audit Report will be submitted to the Audit Board of the Company.

6.2. Periodic Internal Audit Report

The obligation of Periodic Internal Audit Report is prescribed by the Law and the Internal Audit Rules.

Periodic Internal Audit Report will be submitted to the Audit Board of the Company.

7. CONCLUSION

During 2018, Internal Audit will focus its activities on:

- ensuring Audit quality,
- strengthening the internal control system in a.d. Banjalučka pivara,
- harmonization of internal audit work with the Internal Audit Manual and work methodology, based on International Auditing Standards for Internal Audit,
- ensuring continuous professional development for acquiring new and expanding existing knowledge and skills,
- compliance with policies and procedures, plans, laws and regulations.

8. FINAL PROVISIONS

The implementation of this Plan is responsibility of the Internal Audit of this Company.
This Plan shall enter into force on the day of its adoption.

**CHAIRMAN
OF AUDIT BOARD**
Jonathan Derry - Evans