

## **TROPICAL PARADISE CO. LTD AND ITS SUBSIDIARIES**

### **INTERNAL AUDIT**

The internal audit service is contracted to Eclasia Corporate Services Ltd, which has a team of qualified professionals with extensive experience in auditing, fraud examination, risk management, food safety, industrial efficiencies, information systems security and governance.

The internal audit department, comprised of eleven staff members, possesses the requisite qualifications (including FCCA, CGI, CIA, CFE, CISA, CRISC, CISM, CDPSE, Certified Compliance Professional, among others), expertise, and extensive years of experience to effectively fulfill their responsibilities. They are bolstered by a well-structured Enterprise Risk Management and Governance framework that guarantees their independence, impartiality, competency, and unrestricted access to books and records, facilitating a comprehensive assessment of risks and controls.

The staffing level, in conjunction with continuous learning and development, ensures sufficient coverage of emerging risks and various audit domains, encompassing financial, accounting, operational, data privacy, and information technology. The internal auditors adhere to and apply international auditing standards mandated by the IIA and ISACA. They employ risk-based audit methodologies, leverage automated tools with data analytics capabilities to conduct thorough audits, and present their findings to the Audit and Risk Committees.

The Internal Audit team has an independent appraisal function that reviews the adequacy and effectiveness of internal controls and the systems that support them. This includes controls at both the operational and financial levels as well as offering guidance to Management in relation to the evaluation of overall business risks and actions taken to mitigate such risks.

The Internal Audit Manager reports to the Chairperson of the Audit and Risk Committee who in turn brings to the Board any material issues requiring special attention of the Directors.

The Board, with the assistance of the Audit and Risk Committee and the Internal Auditor, monitors the effectiveness of internal controls. Regular and surprise audits were performed by the Internal Auditors and the findings and recommendations and Management responses, were reported to the Committee.

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Weaknesses identified by the Internal Auditors during their reviews were brought to the attention of Management and the Audit & Risk Committee formally by way of risk rated structured reports. These comprise the results of the current review together with updates on the corrective actions taken by Management to improve control systems and procedures. The purpose, authority and responsibility of the Internal Auditors are formally defined in their charter.

The Internal Audit team has the authority to access and examine all information, both paper-based and electronic documents as well as inspect physical assets. No complaints were received from the Internal Auditor during the year under review with respect to restrictions on access to records, management, or employees of the organisation.

The objectives of the reviews performed by the Internal Audit function are to give assurance on the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations as well as on the reliability of financial reporting. The areas covered by the internal audit function during the year under review include debtors, stock and adherence to DEM rules,

The Group Internal Audit Manager and the Group IT Auditor meet with the Chairperson of the Audit and Risk Committee once a year without the presence of management.

Audit reviews and consultancy services were also carried out in other specific areas of expertise such as on the security of the premises and the assets of the Company by the Group Head of Security, on food safety by the Group Quality Systems Business Partner.