

## Principle 7: Audit

### Internal Audit

The MUA Internal Audit's mission is to provide reliable independent assurance to the Board and the Audit Committee on the adequacy and effectiveness of the risk management, governance and internal controls. The members of the Audit Committee and the internal audit function have the necessary qualifications and experience to carry out their responsibilities. The internal audit team are composed of auditors with auditing and insurance experience, and the management team consists of fully qualified accountants.

The MUA Internal Audit methodology is risk based and sets out the mandatory standards to be followed by all our Internal Auditors which should allow our Internal Audit function to achieve its mission. As per the "three lines model", the MUA Internal Audit function provides an independent assurance over the first and second lines, which are the business operations and risk function respectively.

As the third line of defence of the "three lines of defence model", the MUA Internal Audit function provides an independent assurance over the first and second lines of defence, which are the business operations and risk function respectively. An overview of the company's internal control system is illustrated hereunder:



The Internal Audit team carries out the internal audits at the group level and the scope of their work encompasses:

- Identification of risk areas and the evaluation of the level of risk for each area;
- Evaluation of internal controls and agreed actions which are communicated to the Audit Committee and to the Management;
- Monitoring of the implementation of the agreed actions and reporting these to the Audit Committee.

The following internal audits were carried out during 2022:

- Good Harvest Underwriting operations
- ISMS review – ISO27001 internal audit
- Treasury function
- Sales Intermediaries (Life)
- Salvage process (Motor and Non Motor)
- Sales Intermediaries and GI Underwriting Motor for MUA Uganda
- Legal and ITGC & Information Security Management review at MUA Rwanda
- AML/CFT review, Medical Underwriting, Claims Motor and Finance & ICT at MUA Kenya
- Procurement audit at Phoenix of Tanzania Assurance Ltd

### Reporting Lines

Our Internal Audit function derives its authority from the Board through the Audit Committee. The Internal Auditors have a direct reporting line to the Audit Committee and maintain an open and constructive communication with the Management. They also have direct access to the Chairman of the Audit Committee. This structure allows the Internal Auditors to remain independent. Every quarter, the Audit Committee meets with the internal and external auditors to review and discuss any findings. There are regular follow-ups to ensure that these are addressed promptly.

### Coverage

The Internal Audit plan, which is approved by the Audit Committee, is based on the principles of risk management designed to ensure that their scope of work is congruent with the degree of risk attributable to the area being audited.

### Restrictions

The Internal Auditors have unrestricted access to the Company's records, to management and employees.

### External Audit

PricewaterhouseCoopers (PwC) have been appointed as external auditors of the Company in 2020 and have been automatically reappointed in 2022. PwC presented to the Audit Committee their forthcoming audit plan comprising of status and procedures, relevant and significant risks identified, potential areas of focus, intelligent scoping of material and non-material components.

The Audit Committee invites the external auditors at their quarterly meetings to discuss the accounts presented, management letters, key audit issues, critical policies and to keep apprised of new accounting standards, methods and terminology. Consultation between the latter and the internal audit team are regularly encouraged. The Audit Committee meets the external auditors without management presence on an ad hoc basis.

The effectiveness and independence of the external auditor is reviewed by the Audit Committee through feedbacks received from its members and from the management team.

The external auditors also provided the additional services as detailed on page 79 of the Statutory Disclosures section of the Annual Report.

The provision of non-audit services is subject to a tender process with objective to ensure that the nature of the non-audit services, if provided by the external auditors, could not be perceived as impairing their independence on the external audit exercise.