

«CONFIRMED»
by the Decision of Board of Directors
of the NCJSC «West Kazakhstan
Marat Ospanov Medical University»
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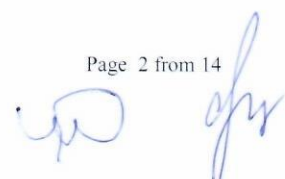
The PROVISION
of the Internal Audit
of the Non-commercial Joint Stock Company
«West Kazakhstan Marat Ospanov Medical University»

Aktobe - 2019

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Chapter 1. General conditions

1. This Regulation on the Internal Audit Service (hereinafter - the Regulation) of the Non-commercial Joint Stock Company «West Kazakhstan Marat Ospanov Medical University» (hereinafter – the Company), defines the status of the Internal Audit Service (hereinafter – Service), mission and purpose, tasks, functions, rights, responsibility of the Service, the basic requirements for the structure of internal audit and qualifications of its employees, the powers of the head of the Service, the size and conditions of remuneration of the Service, remuneration and material assistance, decision-making on the imposition of disciplinary sanctions on them, professional development and organizational and technical support of the Service, as well as the interaction of the Service with the Board of Directors of the Company, the relationship of the Service with other structural units of the Company, as the procedure for making changes and additions to the Regulations.

2. The service is headed by a head that is appointed and dismissed by the decision of the Board of Directors of the Company. The duties and rights of the head and employees of the Service are determined by the relevant job descriptions, which are developed on the basis of the Regulations and approved by the Chairman of the Board of Directors of the Company.

3. The service shall be guided by the legislation of the Republic of Kazakhstan, the Charter, and the Code of corporate governance, decisions of the Company's bodies, this Regulation and other internal documents of the Company and shall be entitled to apply international professional standards of internal audit, to the extent not inconsistent with the current legislation of the Republic of Kazakhstan.

4. In order to comply with the principles of objectivity and impartiality in the performance of their functions, the current employees of the Company, whose activities may subsequently be subject to internal audit, may not be elected to the candidacy of the IAS employees.

Chapter 2. Organization form of the Service

5. The Service is functionally subordinate and accountable to the Board of Directors of the Company. The number of members, the term of office, the procedure and work plans of the Service, the appointment of its head and employees, as well as early termination of their powers, the General conditions of remuneration and bonuses of employees of the Service are determined and approved by the Board of Directors of the Company.

6. In order to improve the efficiency of the internal control system, the Service provides:

1) coordination with the Department of Internal Audit of the Ministry of Health of the Republic of Kazakhstan of draft annual work plans of the Service;

2) coordination with the Department of Internal Audit of the Ministry of Health of the Republic of Kazakhstan of draft annual work plans of the Service;

3) if necessary, participation of employees of the Service in the internal state audit conducted by the Department of Internal Audit of the Ministry of Health of the Republic of Kazakhstan;

4) submission to the Department of Internal Audit of the Ministry of Health of the Republic of Kazakhstan of quarterly reports on the results of audits/controls, annual reports on the results of monitoring and control of elimination of violations identified by the results of audit/control by the 20th of the month following the reporting period;

5) preliminary consideration by the Department of Internal Audit of the Ministry of Health of the Republic of Kazakhstan of candidates for the Service to provide recommendations on them, before making them for consideration and approval by the Board of Directors of the Company

7. The Board of Directors of the Company on the results of consideration of documents (projects) of the Internal Audit Service performs the following actions:

1) approve the Regulations and other internal (methodological) documents of the Service;

2) request from the company's management and the head of the Service information on the limitations of powers or budget restrictions that may affect the ability of the Service to perform its functions and duties.

8. The activities of the Service shall be organized on the principles of independence, objectivity and impartiality of judgments.

9. The independence of the Service is achieved by ensuring the appropriate organizational status of the Service and the objective position of the employees of the Service in the performance of their duties.

10. In order to comply with the principles of objectivity and impartiality in the performance of their functions, service personnel should not be involved in any activities that may subsequently be subject to Internal Audit and should not be involved in the audit of activities or functions performed by them during the period under audit.

11. Evaluation of the Service and its head is carried out by the Board of Directors of the Company.

12. Requirements for education and professional certification of the head of the Service and auditors (hereinafter jointly referred to as employees of the Service), their duties, rights and responsibilities are established by this Regulation, job descriptions and employment contracts.

13. Social support, guarantees, compensatory payments, bonuses, leave payments and benefits for employees of the Service shall be carried out in accordance with this Regulation.

Chapter 3. Mission, tasks and functions of the Service

14. The mission of the Service is to provide the necessary assistance to the Board of Directors of the Company in carrying out their duties to achieve the strategic goals of the Company.

15. The service conducts objective analysis of audit evidence to make an

independent assessment, Express an independent opinion on the reliability and effectiveness of systems, processes and information.

16. The service shall be independent of the influence of the company's management and other persons in order to properly perform its tasks and functions, to ensure objective and impartial judgments.

17. The management of the Company and other persons shall not interfere in the processes of determining the participants (subjects), objects (objects), volumes and periods of audit, planning and execution of audit works, formation and submission of reports of the Service on the results of its activities.

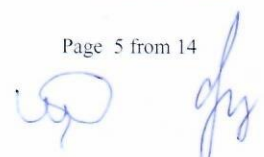
18. In order to ensure the objectivity and impartiality of the internal audit, the employees of the Service should not be involved in any activity that can be subsequently checked (evaluated) in the implementation of the internal audit, and/or should not be engaged in the audit of the processes (functions) carried out by them during the period that is audited.

19. The main tasks of the Service are:

- 1) audit and evaluation of financial and economic activity of the Company;
- 2) evaluation of the effectiveness of results-based budgeting;
- 3) audit of risk management of the internal control system in the Company;
- 4) assessment of reliability, completeness, objectivity and reliability of the accounting system, information (plans and reporting) of the Company, as well as evaluation of the rules (principles, methods) used for identification, measurement, classification and presentation of such information (plans and reporting) to internal and external users;
- 5) assessment of rationality and efficiency of use of resources, assets and applied methods (methods) of their accounting, safety (recovery) and/or safety (protection);
- 6) assessment of the Company's compliance with the requirements of the legislation of the Republic of Kazakhstan, internal policies and other documents, as well as the effectiveness of systems and procedures established and applied to ensure compliance with these requirements;
- 7) methodological support and coordination of the internal audit services of the company's subsidiaries and jointly controlled entities;
- 8) evaluation of the effectiveness of the corporate governance system and the process of its improvement, compliance with ethical standards and values.

20. In accordance with the main tasks of the Service in the prescribed manner performs the following functions:

- 1) annually, on the basis of data of the company's risk management system and/or independent risk assessment, develops an annual audit plan for the upcoming calendar year, which determines the priorities of the company's internal audit activities taking into account risks, and submits it for consideration and approval to the Board of Directors;
- 2) perform audit tasks in accordance with the main objectives of the Service;
- 3) regularly at the end of the reporting period (year or quarter) shall submit to the Board of Directors A report on the audit work performed;
- 4) monitors the implementation by the Company of the recommendations of the



external auditor and other state bodies;

5) monitors the implementation by the Company of the recommendations of the Service issued and adopted in the prescribed manner, as well as brings to the attention of the Board of Directors of the Company information on the progress and quality of implementation of corrective measures (preventive actions) approved by the company's management on the results of audits and/or recommendations of the Service;

6) monitors the implementation of the policy of academic integrity and anti-corruption policy in the Company;

7) in exceptional cases, on behalf of the Board of Directors of the Company carries out a thematic internal audit of certain aspects of the Company's activities, as well as participates in internal investigations, special inspections;

8) take measures for continuous professional training and professional development of employees of Service;

9) perform other functions within the competence of the Service.

Chapter 4. Qualification criteria

21. The service Manager must have:

1) higher professional education in Economics and Finance, and/or accounting and auditing, and/or financial management, and/or Finance and credit, preferably with additional education in information technology, and/or technical field, and/or law;

2) at least seven years of experience in audit, accounting and/or Finance;

3) experience in a managerial position – at least three years;

4) knowledge of regulatory legal acts of the Republic of Kazakhstan, including on auditing, accounting and taxation;

5) preferably knowledge of international financial reporting standards and international professional standards of internal audit developed by the Institute of internal auditors (The Institute of Internal Auditors Inc), International standards on auditing (ISA);

6) availability of one of the following certificates: have additional special training, namely the presence of the qualification certificate «auditor», obtained in accordance with the Law of the Republic of Kazakhstan «On auditing», and/or certificate in the field of internal audit CIA (Certified Internal Auditor), and/or certificate of certified public accountant ACCA (Association of Certified Chartered Accountants), and/or certificate of professional accountant in accordance with the legislation of the Republic of Kazakhstan, and/or diploma of DipIFR (Diploma in International Financial Reporting), and/or certificate of international professional accountant CIPA (Certified International Professional Accountant), and/or diploma of DipPIA (Diploma in Professional Internal Auditor);

7) knowledge of the state and foreign (s) languages is preferable.

22. As a rule, the service auditor must meet the following requirements:

1) higher professional education in the fields of: Economics and Finance, and/or

accounting and auditing, and/or financial management, and/or Finance and credit, preferably with additional education in the field of information technology, and/or technical field, and/or law years and experience in auditing, and/or accounting, and/or Finance – at least three years. Higher education and/or professional (specialized secondary, secondary vocational) education in the fields of: Economics and Finance, and/or accounting, and/or audit, and/or financial management, and/or Finance and credit with experience in managerial positions in the field of: Economics and Finance, and/or accounting and audit, and/or financial management, and/or Finance and credit - at least two years and experience in the field of audit and/or accounting, and/or Finance – at least ten years;

2) knowledge of regulatory legal acts of the Republic of Kazakhstan, including on auditing, accounting and taxation;

3) preferably knowledge of international financial reporting standards and international professional standards of internal audit developed by the Institute of internal auditors (The Institute of Internal Auditors Inc), International standards on auditing (ISA);

4) it is preferable to have a certificate and/or qualification in the field of audit and/or accounting and financial management, knowledge of state and foreign languages.

23. The clinical auditor of the Service must have:

1) Higher medical education;

2) experience in public health authorities (in public health authorities exercising control in the provision of medical services) and/or higher medical school and/or experience in clinical work in medical organizations – at least five years;

3) knowledge of regulatory legal acts of the Republic of Kazakhstan, including in the field of health;

4) it is preferable to have a certificate of a specialist of the highest category;

5) preferably, the presence of a scientific degree of the candidate and/or a doctor of medical Sciences clinical specialties;

6) preferably having a second higher legal and/or economic education;

7) it is preferable to have a certificate of accreditation of an independent expert and/or qualification in the field of quality control of medical services;

8) knowledge of state and foreign languages is preferable.

24. The educational auditor of the IAS must meet the following requirements:

1) Higher pedagogical education;

2) knowledge of normative legal acts, including in the field of education;

3) work experience in state educational bodies and/or higher educational institution and/or work experience in organizations of science and education –not less than five years;

4) preferably an academic degree (candidate /doctor of science/PhD);

5) it is preferable to have a second higher legal and/or economic education;

6) preferably a certificate of accreditation of an independent expert or professional development in the field of audit;

7) preferably knowledge of the state and foreign languages;

8) preferably experience as an auditor in the field of education.

Chapter 5. Rights of the Service

25. Service for the implementation of the main tasks and the implementation of its functions has the right in the prescribed manner:

1) access to personnel, production and other facilities, to all documentation and any other information requested in connection with the internal audit, including information and information constituting commercial and official secrets of the Company;

2) access to the information system and database of the Company's accounting data (computer programs of accounting, personnel records, etc.) on a permanent basis in a passive mode, i.e. without the right to enter and adjust;

3) request and receive any information and documents, including draft documents submitted for approval by the General meeting of shareholders, the Board of Directors of the Company, the management Board of the Company, to receive decisions/minutes of meetings of these bodies, and, if necessary, to receive extracts from decisions/minutes of meetings;

4) to perform the planned activities of the Service and perform certain tasks on behalf of the Board of Directors of the Company or the Chairman of the Board of Directors of the Company, in order to obtain advice on highly specialized issues as independent experts, to involve employees of the Company, as well as specialists of other legal entities (except for persons who during the previous audit period of the calendar year carried out activities or performed functions in the company) in the case of:, if the service staff does not have sufficient knowledge and skills to perform the audit task or part of the task;

5) to consult with structural divisions of the Company, DISCO and other organizations on issues within the competence of the Service excluding the adoption of responsibility for management decisions made on the basis of the provided consulting services;

6) make proposals to the Board of Directors of the Company to improve the procedures and methods of internal audit, change the control system and management policy of the Company and DSC;

7) participate in the preparation and implementation of programs and projects of the Company in the areas of the Service;

8) take part in programs aimed at training, retraining, advanced training of the company's employees and certification programs of internal auditors;

9) initiate an additional audit assignment (unscheduled) with the consent of the Chairman of the internal audit Committee, if the need for it is identified in the course of the current audit assignment, and its implementation affects the result of the current assignment;

10) share information and coordinate activities with other internal and external parties providing assurance and Advisory services in the areas of risk management, internal control, corporate governance to ensure adequate coverage and minimize double-entry;

11) exercise other rights that do not contradict the legislation of the Republic of

Kazakhstan, the Charter of the Company, this Regulation and internal documents of the Company.

Chapter 6. Authority of the head of Service

26. Head of Service in the prescribed manner:

1) manages the activities of the Service, organizes its work, creates the necessary conditions for the successful performance of the duties assigned to them by the employees of the Service;

2) submits to the Board of Directors of the Company proposals for the development and improvement of the efficiency of the Service, the Company, after coordination with the internal audit Committee;

3) represents the Service in the company's divisions on issues within the competence of the Service and has the right to initiate negotiations with them;

4) reviews and approves drafts of internal documents of the Company, orders and other documents on issues related to the activities and/or employees of the Service;

5) considers and signs correspondence on issues within the competence of the Service sent to the company's divisions, other legal entities and individuals;

6) ensure the preparation of the annual audit plan of the Service and monitor its implementation;

7) submits to the Board of Directors of the Company, in agreement with the internal audit Committee, proposals to change the annual audit plan of the Service;

8) ensures the development of internal documents and guidelines for internal audit and other documents related to the activities of the Service;

9) ensures application of unified basic standards and procedures of internal audit approved by the Board of Directors in the activity of the Service;

10) provides the internal audit Committee with reports on the activities of the Service at the end of the quarter within the deadlines set by it;

11) submits for approval of the Board of Directors of the Company, after coordination with the internal audit Committee, proposals on staffing and payroll Service;

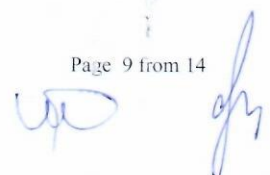
12) submits for consideration to the Board of Directors of the Company, after coordination with the internal audit Committee, proposals on the candidacy for the position of employees of the Service, on the encouragement and imposition of penalties on employees;

13) takes measures to improve the level of professional training of employees of the Service and the exchange of experience;

14) ensures compliance with the proper mode of work with documents in the activities of the Service;

15) provides a periodic assessment of the relevance of the tasks and functions of the Service to achieve its objectives;

16) makes decisions on all matters within the competence of the Service.



Chapter 7. Actions in case of early termination authority of the head of the Service

27. Termination of employment relations with the head of the Service on the initiative of the Board of Directors of the Company or on the initiative of the head is carried out in accordance with the labor legislation of the Republic of Kazakhstan.

In case of termination of the employment contract on the initiative of the head of the Service, he must notify the employer in writing at least one month, except in cases provided for by the labor legislation of the Republic of Kazakhstan.

During this period, the issue of termination of powers of the head of the Service shall be submitted to the Board of Directors of the Company in the prescribed manner.

28. When submitting the issue of termination of powers of the head of the Service to the Board of Directors of the Company, the head of the Service must necessarily prepare and submit to this meeting of the Board of Directors a report on the work done by the Service, in accordance with the annual audit plan of the Service for the current year.

Based on the results of the review of the report on the work of the Service, the Board of Directors of the Company assesses and, if necessary, adjusts the work of the Service by making changes and additions to the annual audit plan of the Service for the current year.

29. In the case of a decision by the Board of Directors of the Company to terminate the powers of the head of the Service, the head shall draw up an act of acceptance and transfer of the documents under consideration, as well as documents to be stored in the Service.

The specified documents under the act of acceptance transfer are transferred to the new head of Service (in case of his appointment) or to other employee of Service under the list for the subsequent transfer to the new head of Service after his appointment.

In the absence of other employees of the Service, the documents under the act of acceptance and transfer are transferred under signature to the Corporate Secretary (Secretary of the Board of Directors).

Chapter 8. Terms and procedure of remuneration and bonuses service employees

30. Remuneration, bonuses and remuneration of employees of the Service shall be made in accordance with the employment contracts concluded with them, taking into account the basic requirements provided for in the Regulations on Service. Provision of social support, guarantees and compensatory payments to them shall be determined by the Board of Directors of the Company.

31. The size of the salary of employees of the Service is determined by the Board of Directors of the Company and may be changed by the decision of the Board of Directors.

32. The size of the official salary of the head and employees of the Service shall not be lower than the average official salary of heads of divisions and qualified employees of administrative and managerial personnel of the Company.

33. For the purpose of material interest of employees of Service in increase of efficiency of production and quality of work payment of remuneration following the results of work for a year can be made.

Awarding by results of activity are paid depending on the results of the work with the aim of material reward for the achievements and effectiveness of work are not of a permanent nature and are not counted when calculating the average wage.

34. The amount of remuneration for the year is determined by the Board of Directors of the Company on the basis of an individual approach to assessing the activities of each employee of the Service and depends on the qualitative and quantitative indicators of the annual audit plan of the Service.

35. In honor of the celebration of public holidays of the Constitution Day of the Republic of Kazakhstan, independence Day and professional holiday (day of the medical worker) in the Republic of Kazakhstan due to savings of the wage Fund may be awarded to employees of the Service in the amount of 10 minimum wages established by the legislation of the Republic of Kazakhstan on the national budget for the relevant financial year.

36. The corresponding bonus is carried out on the basis of the order of the Chairman of the Board-the Rector, or the person performing his duties.

37. Employees of the Service who have passed the probationary period or are employed without it, when providing annual paid leave, an allowance for health improvement in the amount of 2 (two) established official salary once during the calendar year is paid.

Annual paid leave is granted to employees of the Service in accordance with the order of the head of the Company on the basis of an application addressed to the Chairman of the Board of Directors, subject to a positive resolution of the Chairman of the Board of Directors.

38. Employees of the Service are provided with an annual leave of 30 (thirty) calendar days in accordance with the Employment Contract and internal regulations of the Company.

39. Employees of the Service are provided with financial assistance in the amount of 30 (thirty) monthly calculation indices on the basis of copies of supporting documents (birth certificate (adoption), marriage certificate, death certificate) in the following cases:

- 1) birth (adoption) of a child;
- 2) marriage of the employee;
- 3) spouse's death of the employee of Service or his close relatives (parents, children, adoptive parents, adopted, full and not full brothers and sisters);
- 4) treatment of the employee or his family members, requiring additional financial costs (inpatient or outpatient treatment for more than 10 calendar days, except for the sanatorium);
- 5) causing property damage to the employee as a result of committing against his illegal actions (robbery, theft, etc.), as well as natural disasters (fire, flood,

earthquake, etc.).

40. Employees of the Service are provided with additional payments, guarantees and compensation payments in the amounts provided for by the labor legislation of the Republic of Kazakhstan, as well as voluntary medical insurance at the expense of the Company (if the Company has an appropriate social package). Voluntary health insurance does not cover auditors on probation.

41. Payments to employees of the Service, including other types of remuneration, surcharges, allowances, bonuses and other forms of material incentives in cash or in kind, not provided for by this Provision shall be prohibited.

Chapter 9. Imposition of penalties

42. For violation of labor discipline, failure to perform or improper performance of duties by the decision of the Board of Directors of the Company to the head and employees of the Service in the prescribed manner may be subject to disciplinary action.

43. Non-performance and/or improper performance by the head and employees of the Service of their duties shall be taken into account by the Board of Directors of the Company when making a decision on payment of remuneration for the year.

44. The material liability of the head and employees of the Service and the procedure for compensation for damage caused by them (if any), as well as the procedures for imposing disciplinary sanctions, are carried out in accordance with the labor legislation of the Republic of Kazakhstan and internal documents of the Company.

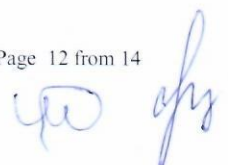
Chapter 10. Advanced training

45. Employees of the Service must necessarily develop professional knowledge and skills through annual participation in programs aimed at training, retraining, advanced training of employees of the Company and certification programs of internal auditors.

46. The management Board of the Company shall contribute to the improvement of its knowledge and skills by employees of the Service by ensuring the inclusion in the budget of the Company, in accordance with the established procedure, the costs of training and trainings on core topics and programs developed by the head of the Service and agreed with the internal audit Committee, for continuous professional development.

47. The training plan for employees of the Service as a priority should include training and advanced training in the procedures and methods of internal audit, accounting and financial reporting, public procurement, quality and patient safety management, internal control systems, risk management, corporate governance principles and management of the company's core business processes.

48. The procedure for preparation of applications for training and advanced training and further procedures related to this process is carried out in accordance with the internal documents of the Company.



Chapter 11. Presentation of information to the Board of Directors

49. The relationship of the Service with the Board of Directors of the Company should be built around the key role of the Service associated with providing the Board of Directors of the Company with independent and objective information designed to ensure effective management of the Company.

50. The service shall submit to the Board of Directors of the Company an annual report on the activities of the Service, previously agreed with the internal audit Committee by the 25th day of the first month following the reporting year.

The service shall submit to the internal audit Committee a quarterly report on the activities of the Service by the 25th day of the month following the reporting quarter.

At the request of the Chairman of the Board of Directors of the Company, the head of the Service shall submit a brief quarterly report on the activities of the Service, previously agreed with the internal audit Committee.

51. The head of the Service shall ensure the analysis of the information submitted to the Board of Directors of the Company for its completeness and accuracy.

52. Quarterly and annual reports on the activities of the Service should include:

1) brief conclusions on the results of the audit assignments in accordance with the annual audit plan of the Service, indicating the recommendations issued (with the relevant materials) if necessary;

2) information on other activities (work) carried out by the Service during the reporting period (results of unscheduled audit assignments, information on participation in refresher courses, trainings, etc.);

3) about significant risks and shortcomings of internal control systems, risk management and the corresponding plans of the company's management for their elimination;

4) conclusion on the results of audit activities in relation to the objectives and scope of the audit, summarizing the results of audit activities for the reporting period (if necessary, indicating the adequacy of the resources of the Service).

53. The Board of Directors of the Company takes note of the quarterly and annual reports on the activities of the Service.

54. The head of the Service has the right to attend the meetings of the internal audit Committee, at which the issues of its activities are considered, and is also obliged to participate in the meetings of the internal audit Committee at the invitation of the Chairman of the internal audit Committee.

55. The head of the Service has the right:

1) requirements to initiate a meeting of the Board of Directors of the Company in the prescribed manner, including to discuss the most confidential and important topics;

2) at regular meetings with the Chairman of the internal audit Committee to coordinate actions to inform the members of the Board of Directors of the Company and to determine the degree of compliance of information materials with the needs of

the Board of Directors of the Company.

Chapter 12. Interaction of the Service with the Executive body of the Company

56. Relations of the Service with the Executive body of the Company should be based on the principle of independence, as the level of organizational and functional independence of the Service has a direct impact on the objectivity of internal auditors.

57. The service, having information on all key aspects of the Company's activities and tools for data synthesis and analysis, should provide the Executive body with information on the quality of implementation of management decisions by the company's management.

58. In the framework of interaction with the Executive body of the Company, the Service:

1) submit to the Executive body of the Company the annual audit plan approved by the Board of Directors of the Company for the purpose of informing;

2) for the purpose of familiarization, submit to the Executive body of the Company an audit report/conclusion drawn up on the results of audit assignments.

59. The Executive body of the Company has to:

1) contribute to the creation of an effective environment for audit activities in the Company;

2) ensure timely and high-quality implementation of recommendations on the results of audit and other activities;

3) to carry out administrative (organizational and technical) support of the Service.

60. The changes and interference of the Executive body of the Company in the activity of the Service shall Not be allowed.

Chapter 13. Final provision

61. Changes and additions to this Regulation may be made by the decision of the Board of Directors of the Company, including at the initiative of the Sole shareholder of the Company.

