November 2022

Internal Audit
Annual report 2022

InvestInternational

1. Annual report 2022
2. Looking back on 2022
3. Additional activities performed in 2022
4. Review Internal Audit charter
5. Draft Internal Audit plan 2023

Appendix

A. Audit report DRIVE

B. Audit report DC

C. Advisory report Investment committees

D. Audit report Billing & Collection

E. Internal Audit Charter

1. Annual report 2022

In accordance with the Internal Audit charter, Internal Audit annually drafts a report for the purpose of the Audit & Risk committee. In this annual report, Internal Audit reports of the work performed and also looks ahead on the activities in the next year. On the following pages we will go in more detail on those activities.

2. Looking back on 2022

During the year 2022, Internal Audit has aimed to perform 6 audits and 1 advisory engagement. The audits on DRIVE, Business Development, Billing & Collection and the advisory engagement on the investment committees has been completed.

The audit on outsourcing has been completed, however, management response is still pending.

Regarding the cyber audit, it has been decided by the IT & Change manager to split the audit in two. One audit will be performed in Q4 2022 and the follow up audit in Q4 2023.

The audit on Mission, values and culture is currently ongoing and expected to be finalized at the end of November.

Internal audits	Status	Classification	# findings
Drive process audit	Completed	Unacceptable	3 findings
BD process audit	Completed	Needs some improvement	3 findings
Investment committee	Completed	n/a (advisory engagement)	n/a
Billing & Collection	Completed	Needs significant improvement	7 findings
Outsourcing	Awaiting management response	Pending	Pending
Cyber audit	Scoping memo	Pending	Pending
Mission, values and culture audit	Ongoing	Pending	Pending

3. Additional activities performed in 2022

In addition to carrying out the planned audits, the IAF has also performed the following additional work:

Stakeholder alignment

- Alignment with MT (CEO and CFRO): quarterly
- Coordinated with the external audit team regarding the work performed: once

Audit & Risk Committee

The IAF attended the Audit & Risk Committee meetings of 16 February 2022 and 12 September 2022 to discuss progress of work and outcomes of audits.

Follow-up of findings and recommendations

In coordination with the CFRO and the Director Risk, Compliance & I-ESG, the IAF does not independently report the status of the follow-up of the findings and recommendations to the ARC. This is done by Compliance.

All findings established by the IAF are included in the register. If a finding of the IAF can be concluded, Compliance shares the substantiation with the IAF. The finding will only be closed after approval by the IAF.

In coordination with the CFRO and the Director Risk, Compliance & I-ESG, the IAF will monitor findings (classification satisfactory, insufficient and poor). Observations (classification green) are not actively monitored. It is up to the responsible MT member (auditee) to follow up the observation.

4. Review Internal Audit Function

Independence and objectivity

During 2022, the IAF has no incidents or other circumstances recognized on the basis of which there may be a (possible) threat to the independence or objectivity of the IAF or its employees.

The IAF confirms that none of its employees have been involved in any (management) responsibility for Invest, outside the IAF, that may have an impact on the independence and/or objectivity of its employees.

During 2022, no IAF employees have been involved in working groups or committees within Invest that have an impact on the independence and/or objectivity of the IAF employees.

Effectiveness and execution

We confirm that during 2022 we have received full cooperation from Invest's MT, executives and employees in carrying out our mandate (as set out in the Charter) and executing the 2022 annual plan.

4. Review Internal Audit charter

Update internal audit charter

The Internal Audit Charter describes the purpose, tasks, powers and responsibilities of the Internal Audit Function (IAF) within Invest, in accordance with the Institute of Internal Auditors' definition of Internal Audit, the code of conduct and the standards.

The charter is reviewed annually by the IAF for topicality. Any amendments to the charter are submitted for approval to the Management Team (MT) and adopted by the Audit & Risk Committee (ARC).

The IAF has reviewed the charter and determined that no adjustments are currently required based on external standards or internal organizational changes.

5. Draft Internal Audit plan 2023

In line with the (further) development of the organization, Internal Audit also takes the longer-term trends and developments of Invest into account when determining the audit topics. In doing so, we look for a balance between the risk-based selection of audit subjects (choosing the subjects where the risks are expected to be the greatest) and the periodic assessment of all subjects included in the audit universe (choosing topics to determine through audits how high the actual risks are and how they are controlled).

The table on the right contains the audit topics for 2023, including the planned timing of the internal audit as well as a short description.

#	Internal Audit	Period	Audit description
1	HRM process	Q2 2023	The focus of this audit will on the process of hire to retire in accordance with the HR policy. Additionally, IAF will also assess to what extent the remuneration policy that applies to the MT has been applied correctly in 2022 and 2023. Lastly, IAF will check whether all steps in the declaration process have been demonstrably and correctly completed. IAF will assess the extent to which the commercial usefulness of declared costs is demonstrably substantiated.
2	KYC audit	Q2 2023	Invest's reputation can be negatively affected by integrity violations at its clients and business partners. Invest wants to know its customers and partners in order to provide them with the best possible service while at the same time being able to adequately assess the integrity risks during the entire term of the relationship. Internal Audit will audit the KYC procedure as described in the policy. Internal Audit will check whether all process steps have been completed, checks have been carried out and whether adequate file creation has taken place.
3	Disbursements under DRIVE, ORIO, D2B, SME and LC/SF	Q3 2023	The activities that Invest carries out are in the public interest; therefore, additional assurance by Internal Audit about the careful execution of disbursements within the different schemes is of added value. Hence, the goal of the audit is therefore to verify to what extent the schemes have taken adequate measures in design and existence that ensure the correct execution of project disbursements. Additionally, Internal Audit will also perform an check o data transfer from the legacy system and the new nCino system.
4	Follow up audit Cyber	Q4 2023	During 2022 IAF performed a limited scope audit on cyber security. For this audit we will expand the scope on cyber security to cover sufficient domains within Cyber.