

Global Internal Audit Services

Audit Announcement

Conducted in Accordance with the International Standards for the Professional Practice of Internal Auditing.

Audit Type: Standard

Audit Title: Purchasing

Audit Report No:

15/2007

Audit Status:

Basic audit

Executive responsible:

Catherine Dubois

Date of Audit:

12 – 23 February 2007

Audit Lead:

Bill Smith

Auditor(s):

John Miller, Jane Myers

Distribution List:

Tim Cohen, Sonia Jiang, Maria Rojas

Mission and Aims:

Global Internal Audit Services' mission is to ensure that the activities of the Group comply with management policies and guidelines. In particular, this includes ensuring compliance with all statutory and legal requirements to which the Company and the Board are bound. GIAS adds value by proposing management-oriented and organizational solutions and providing information and recommendations on internal controls and business risks within the Group. For further information please refer to our website.

Scope and Objectives:

Global Internal Audit Services has scheduled an audit of Purchasing from February 12th until February 23rd, 2007. The planned audit will include, but is not limited to, the following topics:

- General (organizational structure, company policies and guidelines, etc.)
- Purchasing policies and guidelines
- Purchasing process
- Authorization policy
- Approvals
- Vendor selection and competitive bidding
- Quality assurance
- Payment process

We will contact you within the next few days to discuss the organizational details of the audit. If you have any further questions, please do not hesitate to contact **Bill Smith, 555-5842**.

Christine Schaffer

Chief Audit Executive

Global Internal Audit Services

E-mail: christine.schaffer@company.com

Telephone: 555-6734

Fax: 555-867342