



MERMEREN KOMBINAT AD PRILEP

INTERNAL AUDIT DEPARTMENT

## 2014 Annual Report of Activities

26/03/2015

Internal Audit Department



## **Internal audit**

The internal audit is a process conducted by internal auditors to examine and verify financial statements, to control the compliance of the company's operations with the state legislation, to verify proper application of defined procedures, instructions and rules of operation, to ensure efficient and economical operation, as well as evaluating the planned business objectives and results.

The ultimate goal of the internal audit is adding new values in the company and improving the organization of its operation.

The basic principles governing the internal auditors in the performance of their duties are objectivity, independence, integrity, confidentiality and competence.

### **1. Reports of internal audit carried out in 2014**

The Internal Audit Department in 2014 as part of their regular activities conducted audits of specific activities and processes. Appropriate reports were timely submitted to the management and after reviewing were fully accepted.

Recommendations for implementation of corrective and preventive measures to eliminate the non-conformities were accepted and approved.

For each accepted corrective and preventive measures, the internal audit conducted checks on their full and timely implementation. During controls it was confirmed that all corrective and preventive measures were implemented with minimal time deviations from the agreed terms.

	<b>NAME OF THE REPORT</b>
1	Exploratory boreholes in SIVEC Quarry
2	Unauthorized removal and theft of diesel fuel from vehicles and quarry machines in Mermeren Kombinat

## **2. Reports on other activities in 2014**

The Internal Audit Department, besides regular activities, conducted in 2014 some other activities in order to provide improvement of overall performance of the company.

### **2.1 Creating and implementing procedures and instructions for operation**

Part of the activities of the Internal Audit in 2014, was the preparing and implementation of operational and control procedures and instructions. It was done for processes and activities that had no defined and approved procedures and instructions for operation and control. Special emphasis is placed on the processes and activities that are important for operations of the company.

For each implemented procedure and instruction, controls were conducted in order to determine the effectiveness of their application in regular operations and proposing appropriate measures for their improvement.

	<b>NAME OF THE PROCEDURES AND INSTRUCTIONS</b>
1	Instruction for procurement and issuance of small items, office and small consumable material
2	Instruction for issuing and controlling the consumption of diesel fuel
3	Instruction for receiving and input control of diesel fuel
4	Instruction for monitoring and analysis of the quality of the blocks and tombolons in SIVEC Quarry, in the process of their assessment after receiving from the quarry

## **2.2 Developing the matrix of document**

The Internal Audit Department developed large matrix of documents which included all current forms and documents used in the everyday work, with determination of the relationships between them and the activities of employees, defined as job position.

## **2.3 Implementation of the standard for quality management ISO 9001-2008**

The Internal Audit Department was managing all the activities for implementation of the quality management system based on the standard ISO 9001-2008, starting from the planning, implementation, control of the results, and finalized with gaining appropriate certificate.

The activities for the implementation of the standard ISO 9001-2008 for quality management, in collaboration with the Quality Department and a representative of the consulting firm, continuously were conducted during the first half of 2014. It was finalized the development and implementation of all procedures, instructions and forms that are part of the requirements of the standard. As the most important activities and documents that were created and implemented may be mentioned:

- Creating the Quality Manual and definition of the Quality Policy.
- Organizing and conducting training for all employees to familiarize with the system of quality management based on standard ISO 9001-2008.
- Organizing and conducting an internal audit of the quality management system based on the quality standard ISO 9001-2008 by making the required reports.
- In cooperation with Quality Austria organizing and successful conducting of Phase 1 and Phase 2 of the external audit certification process for quality management system based on ISO 9001-2008 standard, by making the necessary reports



Timely and properly conducting of all the activities has resulted in the provision of a certificate of Quality Austria for successfully implemented system for quality management system based on the standard ISO 9001-2008.

### 2.3 Consulting activities

For some processes and activities, during establishing their operational and control procedures, creating and implementation of their proper documentation, the Internal Audit Department continuously during 2014 was engaged as a consultant who provides professional opinions and advice to the management of the company.

Head of the Internal Audit Department

Vladimir Geshoski

