

Hiaka Energy

Address

25th Sept 2022

Minister of Industry

Address

Dear Minister,

Following recent events, the purpose of this letter is for me to clarify the role an internal audit function can provide assurance to HEC. I have summarised them as below:

Legal compliance

HEC is an energy company and operates under Wyland law, thus we are subjected to the national legislation. The IA function will be able to provide assurance that each requirement is taken into account and the compliance by HEC is being continuously monitored.

Further we have a supply agreement with government of Exland which has terms of supply relating to price charged, delivery terms & quality of oil delivered, the IA will be able to play a similar role here again by ensure that HEC is able to comply with all the terms of the supply agreement.

VFM

Another role the IA plays is ensuring HEC is able to achieve VFM. Basically, with IA we are able to ensure that issues such as construction delays, over budget will not occur as there is an independent monitoring on the project. This would result in further cost savings to HEC.

Internal Control

The pipeline operated by HEC is over 1000kms thus the size of operations is significantly huge and it will be a challenge for HEC, thus with IA we are able to ensure that there is effective internal control in place to ensure the operations of the pipeline is in order.

Risk management

IA plays a role in determining whether there is an effective risk management in HEC. Referring to the case, Gerry has identify the risk of animal or natural damage to pipeline, which has been realised shortly after that. However, Gerry has failed to manage the risk well as he supposed the risk post no impact to the supply. In this case, having internal audit may help to resolve this issue and make sure every risks will be managed appropriately.

Yours sincerely,

Gavin

Chief Executive

