



Group Internal Audit
Internal Audit Charter
September 2024

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1. Mandate of Group Internal Audit

- 1.1 With support from the Chief Executive, the Bupa Audit Committee (BAC) of the Board has established Group Internal Audit (GIA) with the authority, role and responsibilities as set out in this Charter.
- 1.2 Internal auditing strengthens Bupa's ability to create, protect, and sustain value. As one global team, GIA helps Bupa succeed by promoting faster, more effective and sustainable improvements in its systems of risk management and internal control.
- 1.3 The BAC empowers GIA to carry out an annual assurance plan ('the Plan') and any other ad hoc projects that may be delegated by the BAC to GIA. GIA's work provides the BAC and management with independent, risk-based, and objective assurance, advice, insight and foresight.
- 1.4 Among other things, this Charter ensures that GIA's work is performed independently and objectively, and grants GIA free and unrestricted access to people, information and relevant decision-making fora in the performance of its work.

2. Role of Group Internal Audit

- 2.1 In the role of 'Third Line', GIA provides independent and objective assurance over the effectiveness of Bupa's systems of governance, risk management and internal control. GIA establishes, undertakes and reports on an approved risk-based assurance plan each year. This helps the Group accomplish its purpose ('helping people live longer, healthier, happier lives and making a better world'), and protect its assets, reputation and sustainability. It also helps ensure that risks to Bupa's customers and businesses are managed appropriately, in line with the risk appetite set by the Board.
- 2.2 GIA achieves this by undertaking work to assess whether Bupa's systems of governance, risk management and controls are sufficient to ensure all significant risks are identified and appropriately managed, in accordance with the Board's stated risk appetite, and reported to the Board. This assists executive management to improve its system of controls.

3. Authority

- 3.1 With strict accountability for confidentiality and safeguarding records and information, GIA is authorised to have full, free, and unrestricted access to any of Bupa's records, physical properties, and personnel to carry out its function.
- 3.2 All employees are required to assist GIA in fulfilling its roles and responsibilities, engage openly and constructively with GIA, disclose information relevant to their work, and keep GIA informed by allowing attendance at relevant decision-making fora.

4. Organisation

- 4.1 To maintain the function's independence and objectivity, the Group Chief Audit Officer (CAO) reports directly to the Chair of the BAC, and the BAC has responsibility for approving the appointment (and removal) of the CAO. The CAO liaises with the Group CEO on day-to-day operations and attends Chief Executive Committee meetings. GIA has no direct operational responsibility or authority over any of the business activities, risks and associated internal controls that it assesses. GIA is primarily staffed internally but uses co-source arrangements with external providers to access specialist audit capability when necessary.
- 4.2 The CAO regularly reports to the BAC on GIA's activities as well as management's progress in addressing audit findings. GIA audit reports are available to all BAC members.
- 4.3 Market Unit (MU) CAOs report directly to the Group CAO, with a secondary reporting line to a local Audit Committee Chair where required by local legislation or regulation. In all cases,

MU CAOs have unrestricted access to their local Audit Committee Chair. The Group CAO and MU CAOs obtain approval from Group and subsidiary regulators as required and are responsible for fulfilling associated obligations.

- 4.4 The MU CAOs also have an administrative relationship with their respective MU CEO. This provides transparency regarding planned GIA activities and a senior escalation point in the MU. In all cases, for operational, performance management and reward decisions, the reporting line remains to the Group CAO.
- 4.5 The Group CAO and MU CAOs regularly attend risk and other executive committees to ensure GIA's work is adequately informed, supported and communicated.
- 4.6 GIA functions as one global team; work undertaken is resourced to support Group, MU and BU / subsidiary needs, including meeting relevant group and subsidiary regulatory requirements.
- 4.7 GIA, led by the Group CAO, is responsible for recruiting, developing and retaining people with appropriate skills, knowledge, experience and professional certifications to meet the requirements of this Charter. In addition, where specific expertise is required, GIA may utilise external co-source, and internal or external guest auditors to support the audit plan.
- 4.8 GIA operates in line with the Global Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) (including all mandatory elements of the Global Internal Audit Standards, Topical Requirements, and Global Guidance)¹, the UK Chartered IIA's Internal Audit Code of Practice², other applicable legal and regulatory requirements, and Bupa's GIA methodology.

5. Independence and Objectivity

- 5.1 As described above in Organisation (Section 4), the CAO is positioned at a level within Bupa that enables GIA to discharge its services and responsibilities without interference. The independence of GIA from day-to-day line management responsibility is fundamental to its ability to deliver objective assurance over all parts of Bupa. GIA has an impartial, unbiased attitude and avoids conflicts of interest. GIA maintains adequate policies and procedures to ensure that any potential conflicts of interest of audit staff are managed appropriately to maintain independence.
- 5.2 GIA activity will remain free from interference from the wider organisation, including on matters of audit selection, scope, procedures, frequency, timing and report content. Should internal auditors encounter inappropriate interference, the CAO will disclose this to the BAC. Disclosure will include communicating the implications of such interference on GIA's effectiveness and ability to fulfil its mandate.
- 5.3 Internal auditors must exhibit a high level of professional objectivity in gathering, evaluating and communicating information about the activity or process being audited. In performing their duties, internal auditors must exercise due professional care at all times.
- 5.4 In resourcing the Assurance Plan, GIA will maintain independence and objectivity and use professional judgement when considering rotation of staff on audit assignments.
- 5.5 At least annually, the CAO will confirm the organisational independence of GIA. Should any incidents arise where independence may have been impaired, the CAO will inform the BAC of the actions or safeguards employed to address the impairment. If the governance structure does not support organisational independence, the CAO will document the reasons and any safeguards employed to achieve the principle of independence. Should the CAO have any

¹ 2024 Global Internal Audit Standards and other information on the IPPF can be found on the Global IIA's website ([link](#)).

² The UK Chartered IIA's 2024 Internal Audit Code of Practice can be found on the UK IIA's website ([link](#)).

roles beyond internal auditing in Bupa, the responsibilities, nature of work, and any required safeguards will be subject to BAC approval.

6. Responsibilities

- 6.1 The scope of internal auditing includes, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Bupa's governance, risk management, and internal control processes in relation to Bupa's defined goals and objectives.
- 6.2 GIA may take account of the work of other functions, such as Risk, Compliance, Finance, and / or third-party providers, to ensure coverage is optimised and duplication of effort is minimised. This is undertaken as deemed appropriate by the Group CAO or MU CAOs, after considering the efficacy of the function's work and level of independence.
- 6.3 GIA may outsource to, or co-source with, external third parties to discharge responsibilities where additional capacity or specific expertise is required and deemed to be cost effective. This work is performed under the direction of the CAO. The appointment of any third-party internal audit providers is in accordance with Bupa procurement policies and procedures.
- 6.4 GIA may perform assurance-related consulting and advisory services relating to governance, risk management and control as appropriate for Bupa. It may also evaluate requests from the Board, BAC or executive management to perform specific activities, including investigations. GIA will not perform this work if it unduly impacts on its independence and objectivity.
- 6.5 Based on its activity, GIA is responsible for reporting significant risk exposures and control issues to the Board, BAC and to senior management, including risk culture, fraud risks, governance issues, and other matters needed or requested by the Board.
- 6.6 GIA may complete reviews in response to 'significant events'³ in the business which could impact Bupa's internal control environment. GIA's role is to assess and consider the impact of such events, and an appropriate response to these. To do this, GIA may review 'lessons learned' analyses performed by the First and Second Lines, or perform independent reviews of events, to form an opinion of its impact on the internal control environment and the appropriateness of associated actions being taken by management.
- 6.7 GIA also assists the BAC in evaluating the quality of the performance of the external auditor, and their degree of coordination with GIA, as required.

7. Internal Audit Assurance Plan

- 7.1 At least annually, the CAO submits to the BAC a Bupa-wide internal assurance plan ('the Plan') for review and approval. The MU CAOs present plans for each MU and agree plans at local Audit Committees where these exist and / or are required for regulatory purposes.
- 7.2 The Plan is risk-based and aligns with Bupa's Risk Management Framework and the Group and MUs' key risks. It aligns with the 'Second Line' assurance plans where appropriate. To facilitate this approach, GIA normally presents to the BAC a 12-month plan for approval including both fixed and flexible assurance work. Progress is monitored during the year.
- 7.3 The Plan is developed based on GIA's independent risk assessment and prioritisation of the Audit Universe⁴, including input from senior management and the Board. Depending on the outcome of the independent risk assessment, audit assignments within the Plan typically cover a range of topics including: internal governance; key management information; risk

³ Significant events (positive or negative) are those that may impact on the ability of a BU, MU or Group / function to establish and maintain internal controls to support delivery of business objectives within risk appetite.

⁴ According to the Global IIA, an Audit Universe is a compilation of the subsidiaries, business units, departments, groups, processes, or other established subdivisions of an organisation that exist to manage one or more business risks (Official Global IIA glossary, November 2020).

appetite; risk and control culture; conduct and reputational risk; capital and liquidity risk; key corporate events; regulatory risk; risks associated with the use of technology and data; project and change risks; the outcome of processes; people risks; sustainability and ESG; and any other emerging risks.

- 7.4 GIA may discuss the Plan with senior management prior to BAC approval. GIA informs BAC of any significant changes to the Plan throughout the year and considers all changes in light of its ongoing assessment and prioritisation of emerging risks.
- 7.5 The CAO presents the budget and impact of resource limitations annually for approval by the BAC. The CAO also communicates any significant changes in resource limitations to senior management and the BAC as and when required.

8. Reporting and Monitoring

- 8.1 In line with methodology, GIA may issue findings for audits and distribute these as appropriate. GIA communicates audit results to the BAC where appropriate and includes an analysis of themes and trends emerging from work performed.
- 8.2 Audit reports typically include management's response and corrective action to remediate the findings. Management's response should include an action plan and a timetable for anticipated completion. Management should also explain any corrective action not implemented relative to the residual risk to the business.
- 8.3 Completion of management action plans (MAPs) is the responsibility of Bupa management. GIA is responsible for monitoring management's implementation of agreed actions to remediate key findings to a sufficient extent. Findings are classified as open until the accountable person has adequately addressed the root cause of the audit issue raised.
- 8.4 The CAO also provides an annual opinion on Bupa's systems of governance, risk management and internal controls as part of an integrated report, combining inputs from each of Bupa's Three Lines. The report enables the Board and its Committees to assess the Group's systems of risk management and internal control in a comprehensive and consistent way, and to consider relative strengths, weaknesses and future improvement opportunities. The report also supports the basis on which the Board will report on Bupa's voluntary compliance with the internal control provisions of the UK Corporate Governance Code.

9. Quality Assurance and Improvement Programme

- 9.1 GIA maintains a quality assurance and improvement programme (QAIP) which includes: continuous external quality assurance activity undertaken by a third party; internal quality control monitoring; and annual self-evaluation against the Global IIA's IPPF and the UK Chartered IIA's Internal Audit Code of Practice. Quality assurance and improvement feedback is also gathered via stakeholder and employee engagement surveys.
- 9.2 GIA's overall performance is measured against a balanced scorecard with targets approved by the BAC, encompassing GIA assurance delivery, functional development, stakeholder management and audit resource management. The BAC reviews this annually.
- 9.3 The CAO updates the BAC on the internal audit QAIP, including results of ongoing internal and external assessments, and ensures that a full external quality assessment is conducted at least every five years (next due in 2027).

10. Internal Audit Charter Review

- 10.1 The CAO must review this Charter at least annually and present it to the BAC for approval.

10.2 Circumstances may justify a follow-up discussion between the CAO, BAC, and senior management on GIA's mandate or other aspects of this Charter, accompanied by relevant updates. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within Bupa.
- Significant changes in the CAO, BAC, and / or senior management.
- Significant changes to Bupa's strategies, objectives, risk profile, or the environment in which Bupa operates.
- New laws or regulations that may affect the nature and / or scope of GIA's services.

11. Internal Audit Charter Publication

11.1 This Charter and outline information about the GIA function is published on Bupa's global website.