



**2020 Annual Audit Report**  
Internal Audit services  
provided to USJE by Titan Group IA function

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## USJE 2020 ANNUAL AUDIT REPORT

### A. Introduction

Internal audit services are provided to *USJE* by Titan Group Internal Audit (IA) independent function. According to the current organizational chart of Titan Group, the Group Audit Director reports functionally to Titan Group Audit Committee, as well as administratively to Titan Group CEO.

In respect to *USJE* Business Unit, the primary objective of Titan Group IA function is to provide the BoD of *USJE*, as well as the BoD and Audit Committee of Titan Group, with an independent and objective opinion concerning the risk management, internal controls and corporate governance systems, through the assessment of their effectiveness in achieving business objectives.

Additionally, Group IA provides consulting services, upon request of *USJE*'s Chief Executive Director or TITAN Regional Management.

### B. 2020 Internal Audit Assignments

Due to the COVID-19 pandemic and the relevant restrictions imposed, we had to modify our Annual Audit Plan for 2020. Instead of the planned Follow-up Audit of the Packing process, we conducted an audit assignment of the local Procurement function of *Cementarnica USJE AD*. The audit was performed with remote work from Athens.

*Note: The Packing process Follow-up is planned to be performed within 2021.*

#### **SEET 20-08 Procurement Audit**

The primary purpose of the audit was to ensure that internal controls are adequate and contribute to the effectiveness and efficiency of the Procurement process.

The main audit objectives are listed below (points assessed and secured):

- Purchases are performed in line with the Plant's/Group's Purchasing Manual and instructions.
- Tenders are conducted in line with the above and their processing is done in an efficient way.
- Purchase orders are supported by relevant requisition forms and approvals.
- Purchase orders' processing is conducted timely and efficiently.
- Adequate segregation of duties exists between the Purchasing, Receiving and Accounts Payable functions.

We confirmed that the Internal Control System of the procurement process in *USJE* is properly designed, implemented and functions as expected, according to Titan Group standards. Although there is no integrated ERP system such as SAP, the process is well organized and sufficiently monitored.

Certain weaknesses identified were communicated to the management and relative corrective actions were agreed.

### C. Overall Opinion

Based on the aforementioned internal audit assignment performed in 2020, we have concluded that the Internal Control System in *USJE*, concerning the audited/reviewed function, is well designed in order to appropriately manage underlying risks and to ensure compliance with the statutory and internal framework in force.