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Construction Company
GRANIT AD
No. 12-1748
29.02.2024
SKOPJE

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ANNUAL REPORT
on the work of the
INTERNAL AUDIT SERVICE
for 2023

February, 2024

List for distribution of the Report:

Supervisory Board:
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1. Introduction

Based on the Law on Trade Companies (Official Gazette No. 28/2004 Article 415a, Article 415b and Article 415c, the Law Amending the Law on Trade Companies (Official Gazette 28/2004, 84/2005, 25/2007, 87/2008, 42/10, 24/11, 166/12, 70/13, 119/13, 120/13, 187/13, 38/14, 41/14, 138/14, 88/15, 192/15, 6/16, 30/16, 51/16, 64/18, 120/18 and 290/2020), the Rulebook on the work of the Internal Audit Service of CC Granit AD Skopje, the presented Plan of the Internal Audit Service for 2023, the Internal Audit Service submits to the Supervisory Board of CC Granit AD Skopje an Annual Report on its work in 2023.

The Report covers the basic activities of the Internal Audit Service regarding:

1. Description of the realized regular and extraordinary audits in the Company in its organizational and working units;

2. Description of other activities of the Internal Audit Service, realization of the prescribed aims of the Service, findings and given recommendations for overcoming the stated weaknesses and level of implementation of the recommendations, assessment of the adequacy of the systems for internal control and opinion with proper conclusions and recommendations for improvement of the condition;

3. Monitoring of the compliance of the organization and the work of the Company with the Code of Corporate Governance, pursuant to the Law Amending the Law of the Trade Companies – Official Gazette No. 290 as of 07.12.2020 and the conclusion of the Supervisory Board No. 12- 13206 as of 10.12.2020.

4. Assessment of the planned time for the control and derogations regarding the submitted Plan for 2023.

2. Review of the realized regular and extraordinary audits

Based on the Rulebook of the Internal Audit Service and the Law on Trade Companies by the Service, the Annual Plan for the work of the Internal Audit Service for 2023 has been prepared and submitted to the Supervisory Board of the Company. Following the performed monitoring of the audit reports for 2022, and the level of realization of the given recommendations, the Internal Audit Service has prepared an Annual Report on the work of the Service for 2022 and has submitted it and the Supervisory Board of the Company has accepted the same.

After the end of the first period of six months from 2023, the Semi-annual report on the work of the Internal Audit Service was prepared and submitted to the Supervisory Board of the Company.

According to the accepted annual plan during 2023 the Internal Audit Service has prepared and submitted the following reports and procedures:

1. Reports on the realized control of orders for salaries for the months of January, April, June, July, October and November 2023 according to the Decision by the Management Board No. 12-4113 as of 29.03.2018.

All the drafted documents have been delivered to the relevant management bodies of the Company, to the Sector for legal, staff and general issues and to OU/RU/Sectors covered in the audit reports.

The realized audits and reports submitted by the Internal Audit Service have been presented in the table for 2023.

The drafted table clearly presents the realized audits, the period for drafting of the same and the bodies to which the proper audit reports for 2023 have been submitted.

Table presentation of the realized audits in 2023

No.	Title of the Report	Number	Date	Submitted to
1	Annual Report on Audit for 2023		18.01.2023	Supervisory Board of CC Granit AD Skopje
2	Annual Report on the work of the Internal Audit Service for 2023		28.02.2023	Supervisory Board of CC Granit AD Skopje
3	Report on control of orders for salaries for the month January 2023		20.02.2023	Cabinet of the General Manager/Sector for Operations
4	Report on control of orders for salaries for the month April 2023		17.05.2023	Cabinet of the General Manager/Sector for Operations
5	Report on control of orders for salaries for the month June 2023		24.07.2023	Cabinet of the General Manager/Sector for Operations
6	Report on control of orders for salaries for the month July 2023		15.08.2023	Cabinet of the General Manager/Sector for Operations
7	Report on control of orders for salaries for the month October 2023		27.11.2023	Cabinet of the General Manager/Sector for Operations
8	Report on control of orders for salaries for the month November 2023		20.12.2023	Cabinet of the General Manager/Sector for Operations
9	Semi-annual Report on the work of the Internal Audit Report		04.10.2023	Supervisory Board of CC Granit AD Skopje

The reports on the realized audits and controls have been delivered to the relevant organizational units and sector, the Management and the Supervisory Board of CC Granit AD Skopje. The prepared reports from the realized audits and controls have identified certain inconsistencies and weaknesses of the work and in coordination with the Management, the Organizational Units, Sector and Service. Proper recommendations and concrete corrective measures have been adopted to solve the identified problems and shortcomings by prescribed deadlines and dynamics of their realization.

3. Other activities of the Internal Audit Service

For the audits performed during 2023, the Service has made monitoring of the level of implementation of the given recommendations, considering the overcoming of the stated inconsistencies and realization of the adopted conclusions.

The working staff of the Service has made maximum effort for the realization and proper application of all the recommendations, by monitoring on-site, attendance at working meetings, giving professional opinions and realization of the given recommendations and conclusions.

In 2023, regarding to certain expert issues, consultations were made and opinions, advice and instructions were given to the employees and the managing persons in the Company. For more successful realization of the plans and audits, additional measures have been taken, established standards have been applied and continuous professional improvement of the staff employed in the Service.

4. Monitoring of the Code of Corporate Governance according to the amendments of the Law on Trade Companies

According to the Law Amending the Law on Trade Companies – Official Gazette number 290 as of 7.12.2020 and the conclusion by the Supervisory Board No. 12-13206 as of 10.12.2020 in 2022 the Internal Audit Service in continuity monitors the compliance of the organization and the work of the Company with the Code of Corporate Governance. In 2022 the Internal Audit Service has considerations and proper controls have been made to set out whether the Code of Corporate Governance of CC Granit AD Skopje has been followed and how and in what manner the following management principles have been implemented:

1. Principle of guaranteeing the rights and interests of the shareholders
2. Principle of transparency
3. Principle of guaranteeing the rights and interests of the shareholders
4. Surveillance and audit on the work of the Company
5. Principle of preventing corruption
6. Principle of personal data protection
7. Informing the public

Implementing the Code of Corporate Governance, pursuant to the amendments of the Law on Trade Companies as of 7.12.2020 and the conclusion by the Supervisory Board of CC Granit AD Skopje, the Company practices and applies in its entirety the Code of Corporate Governance and the most part of the work of the Company has been in compliance with the existing accepted Code of Corporate Governance.

In the domain of its entire work, the Company keeps to and implements the existing Code of Corporate Governance and the same is transparently published on the website of the Company, and it stays focused on following of the latest practices and implementation of the same in the work.

In 2023, CC Granit has regularly and transparently published on the website all the relevant information of interest of the shareholders, for practical application of the principle of transparency and principle of guaranteeing the rights and interests of the shareholders, as well as informing the public.

The documentation in the field of personal data protection, as well as all the forms envisaged by the new Law on Personal Data Protection are also available on the website of the Company. The Company is fully devoted to raising awareness of the importance of the principle of privacy of all the subjects of personal data and has invested in technologies and human resources to keep to the obligations for the Controllers required by the new Law on Personal Data Protection.

According to the above stated, all the principles for which the checks have been made are accompanied by proper documents, activities and properly entitled staff for realization of the set tasks.

By the checks made the Service for keeping to and application of certain segments of the Code of Corporate Governance of CC Granit, it is stated that the Company fully complied with and in continuity performs its working business activity according to the Code of Corporate Governance.

In future work, the Internal Audit Service will pay special attention and greater devotion to performing checks on the continuous application and practice of all the principles of corporate governance.

5. Findings and given recommendations for overcoming the stated weaknesses, status and level of implementation of the recommendations.

In the process of realization of the Annual Plan for 2023, the Internal Audit was focused on the efficient and effective realization of the planned audits within the available time and provided human resources by the Supervisory Board. In 2023, the biggest part of the activities planned according to the submitted and accepted Annual Plan of the Internal Audit Service has been realized.

The Internal Audit Service in continuity performed controls related to the entire work of the Company thus covering the planned segments and business processes assessed as priority by the Service.

So established findings and procedures contribute to a reduction of the risks in the work, that is set out standards for quality, economic, and efficient work of the Company.

The Internal Audit Service, as a result of the monitoring of the realization of the given recommendations, generally points out that the given recommendations have been followed and implemented with certain exclusions. It is recommended to fully accept and implement in the future work of the Organizational Units, Sectors and Services the given opinions, findings and recommendations stated by the Internal Audit Service during the performed audits and controls.

6. Assessment of the adequacy and efficiency of the systems for internal control and opinion

For more successful work and accomplishing the set annual aims of the Service that is their continuous, proper and entire realization, the system of work and activities of the Service is continuously changing and adapting to the changes of the legal regulations, the need of audit of certain processes of the work in the Company and the adopted acts of the Company.

The findings and recommendations from the realized controls and audits refer to the fact that there are certain failures in the controlled processes and that attention should be paid to their solving, that is to remove in time the addressed inconsistencies and irregularities and not to repeat the same.

The Internal Audit considers that the biggest part of the controls necessary for the identification of the risks in the work of the Company have been established and in function.

7. Opinion on proper conclusions and recommendations for improvement of the conditions

Based on the audits performed in the period from 01.01.2023 – 31.12.2023 in the reports submitted to the relevant bodies of the Company, recommendations and proper measures have been given with certain deadlines for removing all the inconsistencies and derogations. Based on the drafted review of the findings, recommendations and the level of implementation of the given recommendations, presented and given to the proper structures of the Company, the Service recommends implementation of all the given recommendations. Continuous monitoring has been made on the audit reports and measures and activities have been taken for their proper application in removing of certain inconsistencies related to construction and other standards in the field of work of the Company.

So established way of work of the Internal Audit Service contributed to the reduction of the risks in the work where standards for quality, economic and efficient work of the Company have been set out.

The Internal Audit Service in coordination with the Management structures and the Bodies of the Company, will in the forthcoming period pay special attention on the assessment of the important risks in the work of the Company, will suggest concrete measures and activities for in time removal of such events of risks in the work of all organizational parts of the Company.

Director of the Internal Audit Service
Todor Shendov, Bachelor of Architectural Engineering
Stamp and signature affixed