



الوحدة الاستثمارية
مؤسسة الضمان الاجتماعي
The Investment Unit
Social Security Corporation

**Internal Control Instructions of Social Security Investment Unit
(SSIU)**

Issued by the SSC Board of Directors in accordance with the provisions of article(15)of the bylaw No. (111) year 2001 of SSC's Funds and its amendments, pursuant to the SSC Board of Directors decision No (16/2009) on 26/1/2009.

Article (1):

These instructions are called (Internal Control Instructions of the Social Security Investment SSIU) they come into force as of the date of the approval thereof by the Board.

Article(2):

The following words and phrases, wherever mentioned herein, shall have the meanings mentioned herein below, unless otherwise indicated in the context:

SSC Board Bylaw	Social Security Corporation. Social Security SSC (SSC)'s Board of Directors. Social Security Corporation's Funds Investment bylaw No (111) for the year 2001 and its amendments.
SSIC Unit	Social Security Investment Unit SSIC (SSIC). Social Security Investment Unit (SSIU) established pursuant to the provision(7) of the bylaw.
SSIC Chairman	Chairman of the Social Security Investment SSIC (SSIC).
Committee	Audit Committee comprised of the SSIC members.
Department Functionally Affiliation:	Control and Internal Audit Department in SSIU. It is the subordination of the Chief Audit Executive (CAE) in the Department in terms of functionality related to the audit activities. This task includes recommending approvals on the audit charter, audit plan and receiving reports about audit results. It also includes recommending the appointment or the dismissal of the department's manager, his/her salary, remunerations and privileges, as well as ensuring that there are nothing to impede the department's work and the adequacy of funds allocated in the budget for running its operations in as an optimal manner as possible.

Administrative

Affiliation : It is the subordination from within the organizational structure of SSIU which has an effect in facilitating the daily work (such as internal communications, flow of information, handling the internal policies and procedures and administrative accounting). This affiliation should not affect the scope of internal audit activity nor report the results of its operations.

Internal Auditor The first official in the Audit Department in SSIU.

Employee The appointed employee in SSIU.

Article (3):

A- A department called Control and Internal Audit Department is established in SSIU. The official of the Department, regardless of his job rank, is technically connected with the Committee and administratively with SSIC Chairman.

B- Employees in this Department may not perform any executive duties in SSIU's departments.

Article (4):

a- A committee called Audit Committee is formed according to a decision made by the SSIC. It is comprised of the Committee Chairman and two non-executive members chosen by the SSIC. The Internal Auditor is named as the rapporteur.

b- The Committee convenes periodically according to a call by its Chairman or at a request by two of its members. It submits its reports to the SSIC, provided that the meetings are no less than 4 per year.

c- The meeting is legal if the SSIC is attended by at least two members, one of them is the Committee Chairman. Recommendations are issued with majority or unanimously in case not all members are present.

d- The Committee may summon any employee in SSIU or may request, in writing and in regular procedure, any employee to provide it directly with all what it requires. The Committee may seek legal, investment, technical or administrative advice from any external consultant.

e- The rapporteur keeps a record of the minutes and decisions of the Committee signed by the Committee members.

Article(5):

The Committee undertakes the following tasks:

- a) Recommending the SSIC to approve the Audit Charter, study and discuss the issues and findings that arise from the work of the external auditor and the internal auditor as well as other issues that the committee deems necessary to be discussed.
- b) Reviewing the correspondence with the external auditor and other control authorities, evaluating their content, making comments and submitting recommendations thereon to the SSIC.
- c) Studying the periodic and annual financial reports before submitting them to the SSIC and submitting the recommendations in this regard. Studying the accredited accounting policies and any amendments thereto as well as any modification on SSIU's accounts as a result of auditing or suggestions of the external auditor. Moreover, monitoring the extent of adherence to International Financial Reporting standards. The Committee may summon the external auditor for holding discussions, consultation or exchanging views with him.
- d) Studying and evaluating the procedures of control and internal audit besides looking at the evaluation of the external auditor of those procedures.
- e) Reviewing the internal audit reports that show the result of the Department's work and submitting recommendations concerning the violations mentioned in the reports to the SSIC.
- f) Recommending for the SSIC to approve the annual audit plan that includes all the activities of SSIU according to the level of risks.
- g) Recommending for the SSIC to appoint or dismiss the Chief Audit Executive besides evaluating his/her annual performance and specifying his/her salary, annual increase, remunerations, and other privileges.
- h) Approving the evaluation by the Chief Audit Executive of the audit staff as well as their incentives, annual increases and job benefits including their appointment and dismissal.
- i) Endeavouring to reduce the restrictions that limit the execution of audit activities or the scope of his/her work.
- j) The Committee may seek the assistance of outside parties to evaluate the operations of the Department and the extent of its adherence to the International Standards of Internal Auditing and the professional practices.

Article (6):

The internal auditor in SSIU adheres to the following:

- a) Applying the International Standards of Internal Auditing and ensuring that the management adheres to the international standards of the International Financial Reporting applicable in Jordan. Also, adhering to the laws, regulations, instructions and decision related to the functions of SSIU.
- b) Adhering to codes of professional conduct mentioned in the International Standards of Internal Auditing and the legislations applicable in Jordan.
- c) Following up on the development and advancement of scientific and technical skills as well as keeping up with progress on the auditing profession through continuous training courses.

Article (7):

The Internal Audit Control should examine and verify the reliability of the financial process as well as the authenticity and accuracy of the documents and ledgers that support it, including means and ways used in chart accounts. It also includes verification of collecting the correct values of SSC's rights in their accurate dates and maintaining the assets and properties of SSC.

Article (8):

The auditing activities has to be independent and objective so as to present assurances and consultations for the Executive Management of SSIU with the aim of assisting it to achieve its targets in a methodological and organized approach in order to evaluate and improve the efficiency of managing risks, control and corporate governance.

The Department shall perform the following tasks :

- a- Ensure all activities in SSIU are implemented according to laws, regulations, instructions, standards and decisions issued in this respect.
- b- Ensure that all SSIU's records, accounts and reports reflect fairly SSC's financial position and to verify the correctness and entry of accounting transactions in ledgers and entry to accounting software. Moreover, shall prepare the reports, financial statements and ensure that they are in conformity with International Financial Reporting Standards applicable in Jordan. Also ensure that the trial balance, general ledger and all accounts are balanced.

- c- Verify that the Investment Portfolio Management complies with the statement of investment strategies and with the SSIC decisions.
- d- Evaluate SSIU's performance to compare SSIU's achievements with the estimated budget, identify deviations and their reasons and report them to SSIC Chairman and to the Audit Committee.
- e- To follow up on collecting revenues on time and recording SSIU revenue according to accounting rules.
- f- Conduct financial studies and analysis as well as prepare any reports within this context at the request of SSIC Chairman or the Audit Committee or whenever needed.
- g - The internal auditor exercises his tasks according to an annual plan in accordance with article 14 of these instructions. SSIC Chairman or the Audit Committee may assign the internal auditor to any additional control tasks.
- h- Follow up the execution of decisions and recommendations of the Committee.
- i- Coordinate with SSIU's external auditors and other control authorities in regard to providing and exchanging of information as well as answering their queries and comments in cooperation with the concerned departments in SSIU, in addition to following up on rectifying violations and recommendations mentioned in their reports.
- j- Prepare periodical and monthly reports, when necessary and when requested, as for audit and control process and submit these reports to SSIC Chairman with a copy submitted to the Committee.
- k) Inform the Audit Committee and the SSIC Chairman immediately about any substantial violations detected during the auditing process and providing them with any documents they request.
- l) Evaluate whether the control systems are sufficient for reducing the risks faced by SSIU. Also, submitting the appropriate recommendations for rectifying the weak points and presenting an annual report in this regard to the Committee and to the SSIC Chairman.
- m) Forward the minutes of the Audit Committee to the Board's Control Committee immediately after endorsing it by the SSIC along with a statement showing the measures taken about the recommendations. The Control Committee should be provided directly with any information and documents it requires. The SSIC Chairman and the Audit Committee are to be notified of such contacts at their first meeting session.

Article (9):

Audit and control processes take place in SSIU offices or in the location of the accounts, registers or computer subjected to audit or inventory.

Article (10):

Information obtained by the internal auditor during the course of work and the reports he/she submits are confidential.

Article (11):

Departments that receive reports via the Chairman are committed to reply to them within two weeks as of receiving them or within a period set by SSIC Chairman, the replies and the internal auditor opinion, should be attached and submitted to SSIC Chairman.

Article(12):

SSIC Chairman may take any procedures he deems appropriate to safeguard the funds and assets of SSC, according to the reports presented to him by the internal auditor.

Article(13):

The concerned executive parties at SSIU have to provide all necessary facilities to ensure that the external auditor or the internal auditor exercises the tasks entrusted to him in the best way possible and to supply him with all decisions, documents and records he requests.

Article(14):

The internal auditor sets up his agenda scheduled in the beginning of each year and introduces it to the Committee for approval upon Chairman's recommendation.

Article(15):

The internal auditor is committed to perform his tasks in full independence. He should make the required effort with total objectivity and rational professional precaution to accomplish his work, he should be well trained, experienced and consistently up to date.

Article(16):

The chapter of financial authorities should be considered as for expense authorization and approval, phases of payment, preparation of accounting records, carrying them over to the appropriate accounts and cheques issuance required to pay them. Where at least, more than three of SSIU employees should be involved in these stages and each expense transaction bears the following signatures:

- A-** The employee who established the expense transaction.
- B-** Head of the concerned section.
- C-** The internal auditor in cases that require prior auditing.
- D-** Those authorized to sign financial issues in SSIU.

Article(17):

a- All decisions with financial influence, their related registers, the various assets title deeds and checkbooks are kept in iron safes in the locations where security is available, these safes are subjected to double control, as they can not be opened unless two persons at least are present, the safekeeping officer is one of them.

b- A special register for each safe pertinent to movements of securities and documents kept in the safe shall be established. Any entered or brought out documents are registered in the name of the SSIC or the person concerned with these documents. Process of entering and bringing out the safekeeping documents and control over them are regulated in pursuance to executive instructions issued in this regard.

c- The internal auditor conducts sudden inventory for the safes to ensure correspondence of the documents kept to the special register for each of these safes.

Article (18):

SSIU should secure contingency plans which secure alternative accounting registers, located in remote and safe place from the original registers, to resort to in case the original registers were subject to any contingency.

Article (19):

SSIU authorized personnel who execute decisions and perform transactions on phone should reinforce these transactions in writing as soon as possible.

Article(20):

It is totally prohibited to endorse cheques, incoming for SSIU's benefit, or use such endorsement to settle any of SSC's expenses or commitments for whatsoever reason.

Article (21):

Sums of money, whether in cash or cheques should be kept in iron safes with double control and two keys, the financial controller keeps one key and the collection officer keeps the second. These sums should be immediately deposited, in the same day or at most the next working day, in the banks with which SSIU deals.

Article (22):

All SSIU employees should sign an avowal of maintaining secrecy of the documents and decisions made in SSIU "subject to liability" and not to reveal any of these information except within the frame of the applicable laws in the Kingdom. Human Resources Department is considered to be responsible for implementing that.

Article(23) :

a- All employees of SSIU should sign an avowal of their possessions, wives' possessions, husbands' and sons' possessions of securities, lands or properties in time of recruitment to SSIU and notify SSIC Chairman, in writing, when change over property is carried out.

b- SSIU employees should give priority to corporation interest over their private interests when conducting investment transactions, in case of conflict of interests between SSC and the employee, he should inform SSIC Chairman about such conflict. Accordingly, SSIU administration should not involve this employee in taking or implementing the concerned investment decision.

c- For the purpose of not achieving personal benefits from SSIU decisions, all employees are prohibited from carrying out any investment transactions for their own benefit or for their relatives of first degree related to any investment decision made by SSIU before at least two weeks elapsed .

Article (24):

a) SSIC Chairman forms a Stock-taking Committee at the beginning of December of each year for checking the inventory of fixed assets at the custody of SSIU and, in his decision, specifies its tasks. The internal auditor participates in the Committee as an observer. The Committee submits the inventory report to the SSIC Chairman before the end of December of each year.

b) The internal auditor conducts periodically during the year a spot inventory check on SSIU's funds, advances and loans, fixed assets and safes. He submits his reports in this regard at the time to the SSIC Chairman and the Audit Committee. All concerned employees have to comply with the auditor's requests and to execute them immediately.

c- The petty cash should be separated from the private cash of its holder; this clause applies to all cash of SSC.

Article (25):

According to a nomination from SSIC Chairman, the SSIC may issue regulations and decisions it deems necessary for implementing these instructions, provided that they do not contradict with the provisions of concerned articles.