COGNIZANCE

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MD'S WORD

INTERNAL CONTROL

Internal control is a fundamental aspect of an organization's operations and plays a crucial role in managing risks, ensuring compliance, and safeguarding assets. It encompasses the policies, processes, and procedures put in place to provide reasonable assurance that the organization's objectives will be achieved effectively and efficiently, with best business practices and away from undesired activities which could harm the integrity of the company as a whole. From a broader perspective, internal control serves several key purposes and these are as follows:



Risk Management:

Internal control helps identify, evaluate, assess, and mitigate risks that impede the achievement of organizational objectives. It provides a structured framework for risk identification, evaluation, and response, enabling management to make informed decisions and take necessary actions to address risks and to reduce their impacts on the company. Regarding of the size of an entity, risk management is a major factor for the continuity of the business.



Safeguarding Assets:

Internal control plays a significant role in protecting an organization's assets from loss, theft, or misuse, or negligence. This includes all kinds of assets from inventory to equipment, furniture, cash, as well as intangible assets such as intellectual property and sensitive data. Internal control helps to ensure proper authorization, utilization, custody, and recording of assets.



Financial Reporting Integrity:

Internal control ensures the accuracy, reliability, and completeness of financial information. It involves processes and controls that help prevent errors, fraud, and misstatements in financial statements. These controls include segregation of duties, reconciliations (Banks, Customers, Cash in Hands, etc...), approvals, and regular monitoring to detect and address any discrepancies.



Compliance with Laws and Regulations:

Internal control systems incorporate measures to ensure compliance with applicable laws, regulations, and internal policies. By establishing control activities, monitoring processes, and conducting periodic assessments, organizations can identify and rectify any non-compliance issues in a timely manner. Compliance with laws and

regulations reduces complications which might incur on the company, which could lead to serious situations which might involve loss of money, legal penalties, and several other negative implications that could jeopardies the business activities, and thus, reduce profitability and ruin reputation.



Operational Efficiency and Effectiveness:

Well-designed internal control systems promote operational efficiency by streamlining processes, optimizing resource allocation, and reducing waste. They provide guidelines and standard operating procedures to ensure consistent and effective execution of tasks across the organization.



Fraud Prevention and Detection:

Internal control helps prevent and detect fraudulent activities within an organization. By implementing controls such as segregation of duties, regular and random audits, and proactive monitoring, potential fraud risks can be minimized. Additionally, internal controls provide a mechanism for reporting suspicious activities and promoting an ethical culture.

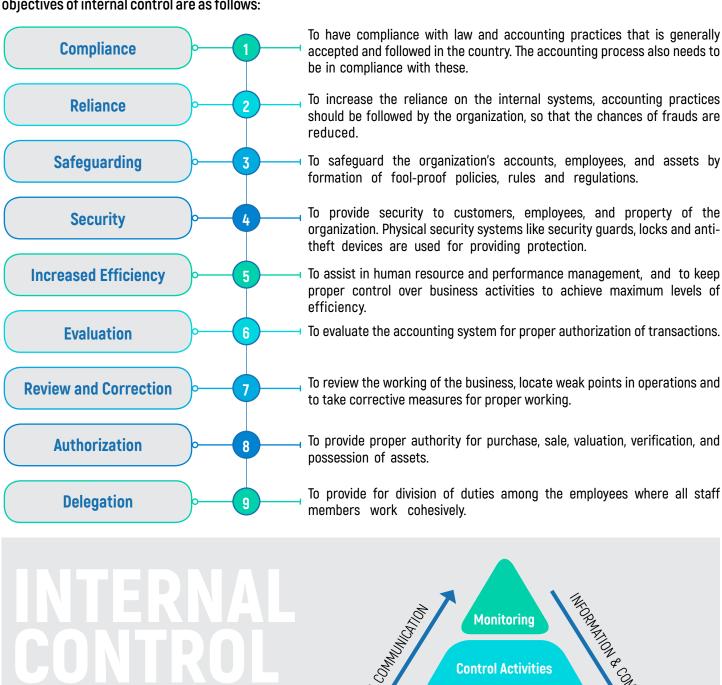
It's important to note that internal control is not a one-time implementation but an ongoing process. Regular monitoring, evaluation, and improvement are essential to address emerging risks, changing business environments, and evolving regulatory requirements. Effective internal control requires clear communication, training, and involvement of all levels of the organization, promoting a culture of accountability, transparency, and ethical behavior. Overall, internal control is of a major importance to our company and an essential element of our organizational governance, contributing to the achievement of our objectives, protection of the company's assets, and our company's sustainable growth.

By strengthening our robust internal control systems, our company can enhance its operational effectiveness, can mitigate risks, and build stakeholder confidence.

Saqib Altaf.

OBJECTIVES OF INTERNAL CONTROL

Each organization must have a system of internal control in place for achieving the preset goals. Other than accomplishing the desired goals and objectives of the organization, this system plays a very important role in any organization. The main objectives of internal control are as follows:



Risk Assessment

PRINCIPLES OF GOOD INTERNAL CONTROL SYSTEM

An effective or good system of internal control should have the following principles:



Internal control should provide for a well-designed accounting system. The financial and accounting activities must be separated. For example, person who is responsible in handling cash (cashier) and the person who accounts cash (accountant) should be done by two different persons.

In any internal control system, personnel are the most important element. When the employees are competent and efficient in their assigned work, the internal control system can be worked and operated efficiently and effectively even if some of the other elements of the internal control system are absent.

This refers to the procedure of division of work properly among the employees of the organization. Each work of the organization should be divided in different stages and should be allocated to the employees in accordance with their skill and expertise.



If each department of an organization is being assigned to prepare its own records and reports, there may be a tendency to manipulate results for showing better performance. To ensure reliable records and information, record-keeping function is separated from the operational responsibility of the concerned department.

To protect against misuse of assets and their misappropriation, it is required that the custody of assets and their accounting should be done by separate persons. When a particular person performs both the functions, there is a chance of utilizing the organization's assets for his personal interest and adjusting the records to relieve himself from the responsibility of the assets.

Directors should review the company's financial operations and position at regular and frequent intervals. Comparison with results for previous periods indicates discrepancies that call for further examination. Where budgetary control is in use, attention will be drawn to material variances and explanations required. From time to time, special reviews of items such as stocks, or the operation of the wages department, should be undertaken.

PRINCIPLES OF GOOD INTERNAL CONTROL SYSTEM



Sound practices require that established procedures, policies, and delegation of responsibility should be open to all employees of the organization. This helps in avoiding questions, attempts to shift responsibility for unsatisfactory performance etc.

Internal audit is a part of the whole system of internal control. It should operate independently of the internal check and in no circumstances; it should divert any one of responsibilities placed on him. It is the examination of accounts of a business concern by its employees specially appointed for the purpose. It is an independent appraisal of activity within an organization for the review of accounting, financial and other business practices.

To ensure that the auditor's and the accountants of the organization make all the financial reports correctly and to ensure that financial planning is done accurately.



To ensure that all the resources, i.e., man, material, money, and machines of the organization are optimally used. To protect the resources of the organization against mismanagement or fraud and to ensure that the company's activities are in accordance with laws and regulations.

An efficient system of internal control helps the organization in goal setting. However, the organization should have certain policies, rules, and regulations in place to achieve the preset goals.

NEWS UPDATE "BRINGING OUR PEOPLE TOGETHER: A LOOK AT IKK CORPORATE RAMADAN IFTAR PHOTOS"





























PRODUCT SPOTLIGHT

CRANE COMPOSITES (HYGIENIC WALLS AND CEILINGS PANELS)



We're pleased to announce our partnership with Crane Composites Inc to promote Crane FRP hygienic Wall Panels and Ceiling Tiles. Crane Composites is a Crane Holding company, an American diversified manufacturer and world's largest manufacturer of Premium Hygienic Wall Panels and Ceiling Tiles made in FRP.

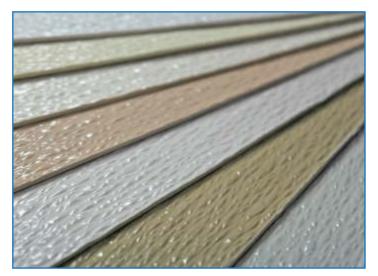
Crane FRP brands are Glasbord®, Varietex® and DEISGNS®

Crane FRP and mainly Glasbord® is a premium alternative to traditional building material such as ceramic tiles, PVC and paint and goes in areas where end-users will look for Hygienic performances that last against traffic and repetitive cleaning.

Glasbord® panels are UL GREENGUARD and HACCP certified, CLEANROOM certified, Fire rated for Class C, Class A and FM when tested for flame spread and smoke development.

FRP panels are perfect for use in healthcare facilities, retail, restaurants, laboratories, food processing plants and other industries where hygiene and cleanliness are paramount.

This new addition to our product portfolio will help us meet the growing demand for innovative and smart solutions in the GCC market.









NEWS UPDATE NEW BRANDS ADDED TO UNITECH PRODUCT BASKET

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CRANE Composites

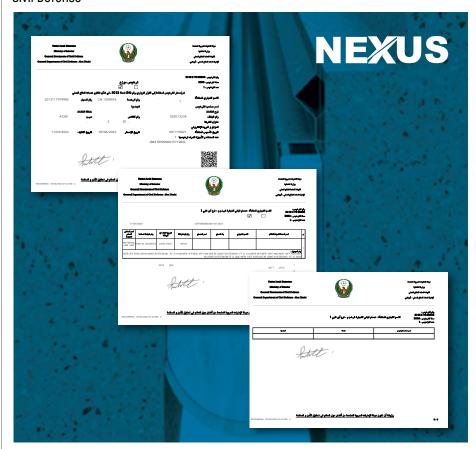


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NEXUS FIRE BARRIER APPROVAL & REGISTRATION

Nexus Fire Barrier (NFB)" had been specifically approved and registered by UAE Civil Defense



FEROX - STEEL DOORS & ACCESS PANELS DEFENOX

A new product has been added to Unitech's portfolio. "Ferox" Steel Doors and Access Panels, an inhouse brand, manufactured solely by SFSP factories, offering a wide array of steel doors and metal access panels for large and medium scale projects. Ferox steel doors features a fire rating classification up to 120 minutes, a robust metal design with acoustic performance and a combination of safety, security and aesthetics.

CPD DIVISION ANNOUNCEMENT

We are pleased to announce the inauguration of a new division in Unitech specialized for ceilings, partitions and doors and it will be operating as follows:

- a. Name of the division: CPD division (Ceiling, partitions and doors division)
- b. Head of the division: Mr. Munther Arbash reporting to Mr. Saqlain Altaf
- c. Current range of products under this division: All types of steel doors, metal ceilings, access panels and roof hatches

NEWS UPDATE UNITECH TRAINING PROGRAM

Empowering our team: training program photos highlighting the importance of soft skills development.

In March, we held a comprehensive training program aimed at developing the soft skills of our managers and employees. The program focused on areas such as Communication, Time Management, Art of Delegation and Decision making.

We would like to thank Dr. Hanan Safadi and Fateh Kudmani, who delivered an engaging training program, providing valuable insights & practical tools to help our team enhance their abilities and work effectively in any situation.









NEWS UPDATE MIDDLE EAST CLEAN ENERGY 2023 EXHIBITION

As part of its ongoing activities to promote and market products and solutions for the sustainable energy sector, Unitech Lebanon took part in Middle East Clean Energy 2023 Exhibition which was held at Mövenpick Hotel Beirut from May 3 till May 5.

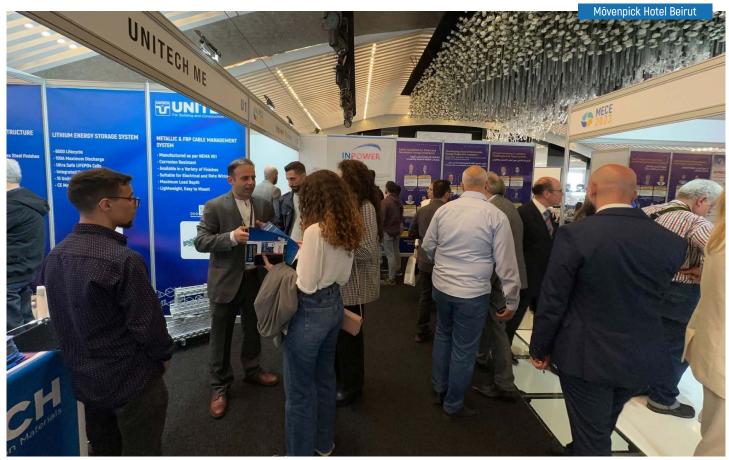
Unitech Lebanon showcased its latest solutions for the sustainable energy market, from designing and building solar energy systems to providing corrosion resistant metallic support systems, in addition to promoting its cable management systems.

Unitech Lebanon also introduced its highly efficient energy storage systems, which comprises high-end LIPO4 Lithium batteries connected to the grid through automated systems and IOT integration to control and maximize the efficiency of the systems and to reduce energy consumption.

The event was also a venue for facilitating idea-sharing, knowledge transfer, and cooperation, enabling the development of innovative ideas and cutting-edge research, regulatory frameworks, financing models, and investment opportunities related to sustainable energy projects.





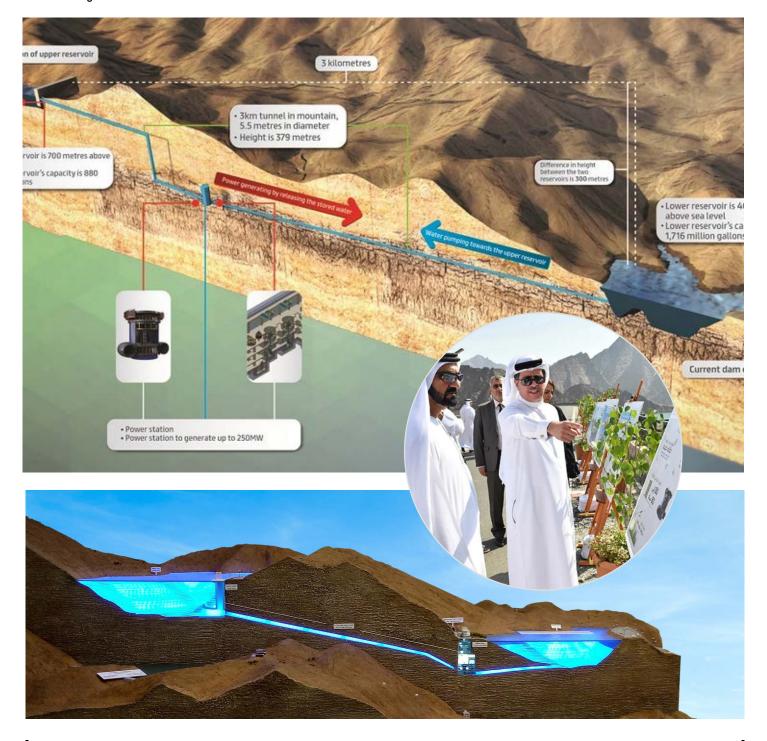


NEWS UPDATE PIXEL - HATTA POWER STATION



We are thrilled to announce that our company has been awarded the contract for supplying a PIXEL raised floor system for the groundbreaking Hatta Pumped Storage Hydropower Plant project. This remarkable endeavor represents a first-of-its-kind development located in Hatta, Dubai, United Arab Emirates, harnessing the power of pumped storage hydropower to store and generate electricity.

Our dedicated team has spared no effort in designing and manufacturing a specialized raised floor system that precisely caters to the rigorous demands of the Hatta Pumped Storage Hydropower Plant. Through meticulous attention to detail and innovative engineering, we have ensured that our PIXEL raised floor solution seamlessly aligns with the project's objectives, significantly contributing to its overall success.



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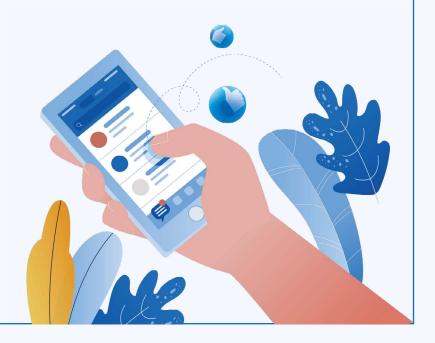
SOCIAL MEDIA CHANNELS





The mission of our social media channels is to provide you with posts and short publications that will highlight the products, services, brands and teams that make up the Unitech family.

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