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REPORT

on the managerial internal control system on 31st December 2017

According to the provisions of art. 4 paragraph (3) Government Ordinance No. 119/1999 regarding the managerial/internal control and the prevention financial control, republished, as subsequently amended and supplemented, the undersigned, *Dan-Silviu Baci*, in the capacity of **DIRECTOR GENERAL**, hereby, state that the company **CONPET S.A. Ploiesti** has a managerial/internal control system designed and applicable as to allow the management (the Director General and, as the case might be, the Board of Administration) to provide a reasonable assurance that the funds managed for accomplishing both general and specific objectives have been used legally, regularly, efficiently and wisely.

This statement is based on a realistic, correct, full and reliable assessment of the management/internal control system of the entity, formulated based on its self-assessment.

The managerial/internal control system contains on 31st December 2017, self-control mechanisms and the enforcement of the measures related to increasing its efficacy is based on risk assessment.

In this case, I mention the followings:

- The Monitoring Commission is updated during 2017 with the Decision of the DG no. 337/of June 28th, 2017 by the observance of the Organizational Chart applicable from June 12nd, 2017;
- The risk management team within CONPET S.A. was appointed by the Decision of the DG no. 347/of June 30th, 2017, and the risk management teams at the level of directions, units, departments and offices directly subordinated to the Director General are updated according to the system procedure PS-MI-18 "Risk Management" Ed. 5, Rev. 0



e-mail: conpet@conpet.ro
www.conpet.ro

- The Register of the risks at company level, led by the Secretary of Risk Management team of CONPET S.A. Ploiești, resulted following the application of the methodology contained in the procedure PS-MI-18 „Risks management”, is yearly updated;
- The formal procedures, developed and updated up to December 31st, 2017 account for 98% of the total of the procedural activities inventoried during 2017.
- The program for the development of the management/internal control system No. 43758/ of October 30th, 2017, yearly updated, contains, distinctly, actions meant to professionally improve the managing staff, executive staff and internal auditors in the activities carried out by the Monitoring Commission;
- Within the public entity, the company CONPET S.A. Ploiești, there is an internal audit department, functional and consisting of at least two people.

I hereby add that the statements contained in this report are formulated by assuming the management responsibility and are grounded on the data, information and findings provided in the documentation related to the self-assessment of the management/internal system, available at CONPET S.A., as well as in the internal and external audit reports.

This report has been prepared based on the Guide to the elaboration, approval and submission of the report on the management/internal control system, provided in annex 4 to the Government Secretary General Order No. 400/2015 for the approval of the management/internal control of public entities, as subsequently amended and supplemented, containing the management internal control standards for the public entities.

Based on the results of the self-assessment, I hereby consider that on December 31st 2017, the management/internal control system of CONPET S.A Ploiesti is *compliant with the standards contained in the management internal control Code.*

Appendix:

1. Synthetic status of the self-assessment results on December 31st, 2017 (form Annex 4.2. to the Government Secretary General Order No. 400/2015, as subsequently amended and supplemented).

DIRECTOR GENERAL
Eng. Dan-Silviu Baci, M.B.A.



e-mail: conpet@conpet.ro
www.conpet.ro

2. Anexa 4.2. (form OSGG 400/2015, as subsequently amended and supplemented).

APPROVED
President of the Monitoring Commission,
appointed pursuant to the Decision no. 16/
08.01.2018
Eng. Minescu Cornelia

SYNTHETIC STATUS OF THE SELF-ASSESSMENT RESULTS
on December 31st, 2017

Standard name	No. directions, units, departments and offices directly subordinated, in which the standard is applicable	Out of which departments and offices directly subordinated, in which the standard is:			At the level of the entity, the standard is:	
		I*)	PI	NI	I/PI/NI	
1	2	3	4	5	6	
I. CONTROL ENVIRONMENT						
Standard 1 – Ethics and integrity	12	11	1	-	92%	I
Standard 2 – Duties, functions, tasks	12	12	-	-	100%	I
Standard 3 - Competency, performance	12	12	-	-	100%	I
Standard 4- Organizational structure	12	12	-	-	100%	I
II. PERFORMANCES AND RISK MANAGEMENT						
Standard 5- Targets	12	12	-	-	100%	I
Standard 6- Planning	12	12	-	-	100%	I
Standard 7- Performance monitoring	12	12	-	-	100%	I
Standard 8 – Risk management	12	12	-	-	100%	I



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REPORT on the managerial/internal control system on 31st December 2017 – Annex 4.3. to the **Guide to the elaboration, approval and submission of the report on the management/internal control system** -Annex 4 to the Government Secretary General Order No. 400/2015, as subsequently amended and supplemented.

III. CONTROL ACTIVITIES						
Standard 9 - Procedures	12	12	-	-	100%	I
Standard 10 – Overseeing	12	12	-	-	100%	I
Standard 11- Going concern	12	12	-	-	100%	I
IV. INFORMATION AND COMMUNICATION						
Standard 12- Information and communication	12	12	-	-	100%	I
Standard 13 – Document management	12	12	-	-	100%	I
Standard 14 - Accounting and financial reporting	1	1	-	-	100%	I
V. ASSESSMENT AND AUDIT						
Standard 15- Assessment of the managerial/internal control system	12	12	-	-	100%	I
Standard 16 – Internal audit	1	1	-	-	100%	I
<p>The degree of compliance of the managerial/internal control system with the standards, assessed on 31.12.2017 is a COMPLIANT SYSTEM with 16 implemented standards.</p> <p><u>Measures to be adopted:</u> Maintaining the level of implementation and further development of the managerial/ internal control system according to the requirements of Order of the Government General Secretary 400/2015, as subsequently amended and supplemented.</p>						

Prepared
 Secretary of the Monitoring Commission,
 appointed by the Decision no.16/ 08.01.2018
 Eng. Bărbieru Cătălina

Date: January 31st, 2018

*) At the level of the public entity, an internal / managerial control standard is deemed:
 - implemented (I) if the number of company entities specified in column 3, in the row corresponding to that standard, accounts for at least 90% of the number of company entities specified in column 2, on the same row;



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- partially implemented (PI) if the number of company entities specified in column 3 in the row corresponding to that standard, is between 41% and 89% of the number of company entities specified in column 2, on the same row;

- not implemented (NI) if the number of company entities specified in column 3, in the row corresponding to that standard, does not exceed 40% of the number of compartments specified in column 2, on the same row.



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