

INTERNAL AUDIT ACTIVITY CHARTER ENOVA INTERNATIONAL, Inc.

INTRODUCTION:

Internal Auditing is an *independent* and *objective* assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of **Enova International, Inc.**, (hereafter referred to as **Enova**).

The Internal Audit charter serves as a guide to the Internal Audit Department of **Enova** in the performance of its duties. It intends to provide a basis for management and the Audit Committee to use in evaluating the operations of the Internal Audit function.

The components of this charter include:

- The mission of the Internal Audit Department
- The Role and organization of the Internal Audit activity
- Responsibilities and Scope of Work of the Internal Audit Department
- The relationship and coordination with the External Auditor
- The Internal Audit Plan
- Reporting and Monitoring roles
- Quality assurance and improvement programs
- The Internal Audit Department's authority and its position within Enova to ensure its independence
- The standards of audit practice followed by the Internal Audit Department

MISSION:

Internal Audit assists Enova in accomplishing its objectives by bringing a systematic and disciplined approach to *evaluate* and *improve* the effectiveness of Enova's governance, risk management and internal control.

ROLE AND ORGANIZATION:

The internal audit activity is established by the Audit Committee of the Board of Directors, (hereafter referred to as the Board) and its responsibilities are defined by the Board as part of their oversight role. The Internal Audit function is comprised of an Internal Audit Liaison (in charge of the oversight of co-sourced and outsourced Internal Audit) and an independent third party firm. The Internal Audit Liaison (or designee) will report functionally to the Board and administratively to the Chief Financial Officer.

The Board will:

- Approve the internal audit charter.
- Approve the risk based internal audit plan.
- Approve the internal audit budget and resource plan.

- Receive communications from the Internal Audit Liaison (or designee) on the internal audit activity's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Internal Audit Liaison (or designee).
- Approve the remuneration of the Internal Audit Liaison (or designee).
- Make appropriate inquiries of management and the Internal Audit Liaison (or designee) to determine whether there is inappropriate scope or resource limitations.

The Internal Audit Liaison (or designee) will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.

RESPONSIBILITIES / SCOPE OF WORK:

The scope of internal auditing must be appropriate and encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. The Internal Audit Liaison (or designee) has the responsibility to:

- Develop a flexible annual audit plan using appropriate risk based methodology, including any risks or control concerns identified by management and submit that plan to the Audit Committee for review and approval, as well as periodic updates.
- Implement the annual audit plan, as approved, including as appropriate any special tasks or projects requested by management and the Audit Committee.
- Issue an audit report to management and any other relevant parties at the conclusion of each audit in order to communicate the audit findings, recommendations and management action plans.
- Follow up on outstanding management action plans to ensure significant risks and major deficiencies identified are effectively addressed and remediated by management within the mutually agreed timeframe.
- Prepare and present quarterly reports to the Audit Committee summarizing the status and the results of audit activities.
- Identify key processes supporting financial reporting, assist business process owners to identify and document effective internal controls, and test key financial reporting controls in identified financial systems (Sarbanes-Oxley Act, Section 404).
- Assess the effectiveness of the disclosure controls and procedures on a quarterly basis (Sarbanes-Oxley Act, Section 302).
- Investigate suspected fraudulent activities within the organization and notify management and the Audit Committee of the results.
- Serve as a resource to the Company in identifying the need for and characteristics of adequate systems of control.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Evaluating specific operations at the request of the Board or management, as appropriate.

- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assist the Audit Committee in any other way in connection with the discharge of its duties and responsibilities.

Opportunities for improving management control, profitability, and Enova's reputation may be identified during audits. They will be communicated to the appropriate level of management and reported to the Audit Committee periodically.

RELATIONSHIP & COORDINATION WITH THE EXTERNAL AUDITOR

Internal Audit will work proactively with the External Auditor to determine areas where assistance and direct audit comfort can be provided by the Internal Audit Department. Internal Audit will regularly meet with the External Auditor to discuss the internal and external audit plans and to share knowledge of any issues. These meetings will ensure that the roles of the two functions are coordinated and that there is no duplication.

INTERNAL AUDIT PLAN:

At least annually, the Internal Audit Liaison (or designee) will submit to senior management and the Board an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget, timing of the audits and resource requirements for the next fiscal/calendar year. The Internal Audit Liaison (or designee) will communicate the impact of resource limitations and significant interim changes to senior management and the Board. The annual Audit Plan may include a mix of the following types of audit activity:

- Financial audits, including determining the accuracy and reliability of data developed within Enova, and determining that corporate assets are properly safeguarded.
- Reviews of internal controls related to significant systems and processes to determine whether or not they are properly designed and functioning as intended.
- Reviews of compliance with Enova's significant policies and procedures.
- As needed, reviews of compliance with significant external requirements/regulations, including accounting rules and regulations applicable.
- Strategic audits, including due diligence activities and review of the execution of Enova's strategic objectives.
- Reviews of computer-based systems focusing on data security, disaster recovery, and effective use of resources.
- Operational audits focusing on improving efficiencies or effectiveness with a goal of contributing to cost reduction efforts.

To develop the annual Audit Plan, an overall risk-based approach is used to ensure that the Internal Audit function provides the greatest possible benefit to **Enova**. On an ongoing basis, matters considered in developing the annual Audit Plan include the following:

- Review and understanding of the strategic and business plans of the core businesses.
- Significant degree of risk for potential loss exposure to Enova.

- Significant opportunities to achieve operating benefits.
- Existence of significant known errors, irregularities or control weaknesses.
- Results of previous audits.
- Major changes in operations, systems or controls.
- Major changes in regulatory or other requirements.
- Request from management, Audit Committee and External Auditor.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Board. The Internal Audit Liaison (or designee) will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Board through periodic activity reports.

REPORTING AND MONITORING:

A written report will be prepared and issued by the Internal Audit Liaison (or designee) following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board.

The internal audit report will include findings and recommendations along with the audited business unit / department management's response and corrective action plan taken, or to be taken, in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Internal Audit Liaison (or designee) will periodically report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

Starting on November 2016, the internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.



The Internal Audit Liaison (or designee) will communicate to senior management and the Board on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

AUTHORITY:

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of **Enova's** records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board.

INDEPENDENCE AND OBJECTIVITY:

To properly perform these tasks, the Internal Audit Department must be independent in its actions. The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Internal Audit Liaison (or designee) will confirm to the board, at least annually, the organizational independence of the internal audit activity.

PROFESSIONAL STANDARDS:

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. In addition, the internal audit activity will adhere to **Enova's** relevant policies and procedures.

This Charter has been approved by the Audit Committee of the Board of Directors of Enova International, Inc. It will be reviewed annually by the Internal Audit Liaison (or designee) and any changes will be formally approved by the Audit Committee.