Policy Name: Corporate Operations - Self Audit Policy & Procedures

Policy Applies to: All Corporate Operations Management

Prepared by	**Effective Date**
Internal Audit Department	1/9/2014

Purpose

The purpose of this policy and procedures document is to describe the standards and expectations of the corporate operations self audit process. The self audit process was designed to supplement and be used in conjunction with the annual corporate audits performed by the PODS Internal Audit Department.

Scope

This policy applies to all Corporate Operations Management.

Self Audit Guide Background

The Internal Audit Department developed the quarterly self audit program to be used as a self-help tool for the Corporate Operations Territory Managers (TM) and Regional Directors (RD). Additionally, due to the geographical locations of the PODS corporate markets, the self audit program was designed to provide TM's with a tool to supplement their local governance and oversight procedures. As the Internal Audit Department performs their annual audits on an unannounced basis, the self audit process allows Corporate Operations management to monitor and assess their individual markets using a similar audit product that is used by the Internal Audit Department. As a result, any deficiencies noted during the self audit program are to be remediated in a timely manner as defined by this policy. Alternatively, deficiencies are reported to the RD who will assess the issue and use professional judgment to either remediate the deficiency or escalate the issue to the SVP of Corporate Operations. While the self audit process is to be performed quarterly, any audits performed by the Internal Audit Department that result in less than a Compliant rating may require that local self audits be performed on a monthly basis as part of the audit remediation plan. This stipulation is determined at the discretion of the Regional Director or SVP of Corporate Operations.

It is recommended that TM's perform the self audit throughout the quarter instead of leaving the completion of the self audit to the last day of the reporting period. Additionally, the Internal Audit Department has inserted the steps that an auditor performs during an audit. The objective is to help familiarize management with the testing that is performed during an audit. As the self audit guide is performed locally, it's recommended that TM's socialize the self audit requirements among the local management team to allow them to understand the requirements of the self audit which helps to facilitate audit-based team-level training

Procedures

Self Audit Certification Document

TM's at each corporate market are required to sign the Self Audit - TM Certification Document. This allows the TM to demonstrate their understanding and acceptance of their responsibilities required under the self audit process.

Self Audit Guide

The self audit guide leverages from the PODS Internal Audit guide used during the Internal Audit process, which was developed by the collaborative efforts of the Internal Audit Department, PODS Business Unit Leaders and the Franchise Internal Audit Committee (FIAC). To ensure the relevance of the self audit program, the guide is reviewed and enhanced on an annual basis to incorporate changes in risk factors and findings from prior audits. The self audit guide has been prioritized into mandatory and non-

mandatory sections and the audit scoring is based on the performance in these sections. The self audit program requires TM's to perform a quarterly self audit. The TM is responsible for documenting their score and findings on the self audit guide. This document is certified by the TM and is forwarded to the RD and the Internal Audit Department for review.

The Internal Audit Department will review the results of the completed self audit and investigate any discrepancies with the TM and RD. The Internal Audit Department will prepare a quarterly summary of the self audits. This summary is communicated to the SVP of Corporate Operations and the RD's. The goal of the self audit process is to increase the frequency of controls-based testing and improve the timeliness of any remediation. The self audit process compliments the local controls at the corporate markets, while allowing the TM to establish oversight and tone at the top at their respective markets. The performance and accuracy of the corporate self audit process is monitored by the Internal Audit Department, who perform routine unannounced audits of the Corporate Operations.

The following table highlights the sections and objectives of the Self Audit guide:

Audit Area	**Procedures**
Mandatory	➢ Customers are accepting terms of agreement timely ➢ Current and valid business licenses/permits are displayed ➢ Insurance policies are current and have been submitted to PODS ➢ PODS container reconciliation ➢ All rented containers meet the brand standard ➢ Empty containers are appropriately listed as being in-service or Out-of-Service depending on their rentable condition
Operational	➢ Appropriate Management training ➢ Operational efficiency testing ➢ Customer Satisfaction Survey review ➢ Review incident resolution ➢ Identify any potential safety issues
Finance	➢ Revenue transactional testing/ test of details ➢ Review AR aging ➢ Verify the adequacy of local auction procedures ➢ Review of zero revenue generating containers ➢ Container risk management (transactional testing)
Storage Center	➢ Storage center and personnel reflects a professional image ➢ Adequate security and safety of the storage center
Drivers and Vehicles	➢ DOT regulation assessment (limited) ➢ OSHA regulation assessment (limited) ➢ DMV regulation assessment (limited) ➢ Condition of the delivery fleet (limited) ➢ Compliance with training standards

Self Audit Rating and Retention

Once the self audit has been completed, the TM will use the following rating scale to grade the self audit:

1. **EXCELLENT -** Successfully complete and pass all sections of the audit.
2. **COMPLIANT** - Pass all Mandatory items. Fail no more than 5 non-mandatory items.
3. **NEEDS IMPROVEMENT** - Pass all Mandatory items. Fail more than 5 but less than 10 non-mandatory items.
4. **NON-COMPLIANT** - Fail one Mandatory item, or fail more than 10 non-mandatory items.
   Once the self audit has been graded, the TM will certify the self audit and save a copy of the guide and any relevant work papers and supporting documentation to the F:Drive (F:\Shared\CORP. OPS - SELF AUDITS).

Self Audit Guide Escalation Process

The TM primarily owns the self audit process. The TM is encouraged to include their local management team with the self audit process, but ultimately, the TM is responsible for the completion of the self audit. The TM is required to escalate any issues resulting in adverse findings or represent significant deviations from PODS standards to the RD. The RD will assess the issue and use professional judgment to either remediate the deficiency or escalate the issue to the SVP of Corporate Operations. If necessary, it's recommended that the Internal Audit Department is consulted on any issues resulting in a negative effect on the self audit.

Remediation

The TM is responsible for the remediation of all failing self audit items. All failing mandatory items must be either remediated in the same period that the self audit was performed, or the RD must approve the deviation from the mandatory step of the audit. This approval must be in the form of an email and must accompany the self audit guide when it is uploaded to the F:Drive. It's required that all non-mandatory items be remediated in the following month.

The basis of the self audit program is to help promote operational and financial excellence. Therefore, it's recommended that the TM remediates all findings that cause the self audit to receive a less than excellent result.

Questions/ Comments:

Any questions or comments surrounding this policy need to be forwarded to the Director of Internal Audit.