

LiveDeal, Inc. Internal Audit Charter

Mission

The mission of Internal Audit is to ensure that the Company's operations are conducted according to the highest accounting and business standards by providing an independent, objective assurance function and by advising on best practices. Through a systematic and disciplined approach, Internal Audit assists the Company in accomplishing its objectives by evaluating and improving the effectiveness of risk management, control and governance processes.

Independence and objectivity

To ensure independence, Internal Audit reports directly to the Audit Committee.

To maintain objectivity, Internal Audit is not involved in day-to-day control procedures. Instead, management is responsible for internal control and efficiency and day-to-day procedures.

Authority

In the performance of audits, the Internal Auditor is granted access to all Company activities, records, property, and employees. The Internal Auditor will exercise discretion and ensure the safekeeping and confidentiality of audit matters.

Internal Audit is a staff function and has no direct responsibility for, nor authority over, any of the activities reviewed. Therefore, an Internal Audit review in no way relieves management of any assigned responsibilities.

All requests for special (unscheduled) audits will be directed to the Chairman of the Audit Committee.

Accountability

Internal Audit shall prepare, in liaison with the Chief Financial Officer and Chairman of the Audit Committee, an annual audit plan. The plan is based on a risk model that identifies business risks, and on input from line managers. It provides information about the risk assessment, the current order of priority of audit projects and how they are to be carried out.

The plan shall be presented to the Audit Committee for approval. In case of need, adjustments could be made to the plan during the year. They would be approved by the Audit Committee and communicated to the Chief Financial Officer.

Internal Audit is responsible for planning, conducting, reporting and following up on audit projects included in the audit plan, and decides on the scope and timing of audits.

A detailed audit report and a letter to management will summarize the objectives and scope of the audit as well as observations and recommendations. In all cases, follow-up work will be undertaken to ensure adequate response to audit recommendations.

Internal Audit will submit a quarterly summary report to management and to the Audit Committee on the results of the audit work performed during the period.

Scope and responsibilities

The Internal Audit function has the following responsibilities:

- Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information.
- Review the means of safeguarding assets from various types of losses, such as those resulting from theft and improper or illegal activities, as appropriate, verify the existence of such assets.
- Review operations or programs to ascertain whether results are consistent with established goals and objectives and whether the operations or programs are being carried out as planned.
- Assist the Company in its assessment of the Company's Sarbanes-Oxley section 404 program as directed by the Chief Financial Officer.
- Assist management with its risk assessment process.
- Develop an anti-fraud program including the performance of special audits and fraud investigations.
- Perform an annual self-assessment to be communicated to the Audit Committee.
- Serve as liaison with external auditors as directed by the Chief Financial Officer.
- Serve on committees as appointed or elected.
- Maintain technical competence through continuing education and active participation in professional activities.

Fraud/Abuse of Resources

Deterrence of fraud/abuse of resources is the responsibility of management. The Internal Audit function is responsible for examining and evaluating the adequacy and the effectiveness of actions taken by management to fulfill this obligation.

Internal auditors should have sufficient knowledge to be able to identify indicators that fraud/abuse may have occurred. If sufficient control weaknesses are detected, additional tests conducted by internal auditors should include tests to identify other indicators of fraud/abuse.

Internal auditors are not expected to have knowledge equivalent to a person whose primary responsibility is to detect and investigate fraud/abuse. Also, auditing procedures alone, even when carried out with due professional care, do not guarantee fraud/abuse will be detected.

Internal Audit will assist in the investigation of fraud/abuse in order to:

1. Determine if controls need to be implemented or strengthened.
2. Design audit tests to help disclose the existence of similar frauds in the future.
3. Help meet the Internal Auditor's responsibility to maintain sufficient knowledge of fraud.

A written report will be issued at the conclusion of each investigation. It will include all findings, conclusions, recommendations, and corrective action taken.

Standards

Internal audits will be performed in accordance with the *Standards* as issued by the Institute of Internal Auditors (IIA), and good business sense.