

QAD INC. AND SUBSIDIARY COMPANIES CORPORATE POLICY		Revision Level n/a	Policy No. CBP-0113
Title Code of Business Conduct: Internal Accounting Controls, Procedures and Records 1-004	Original Date Jun 30, 1998	Revision Date Dec 13, 2016	Page 1 of 2

1.0 PURPOSE

1.1 This policy establishes guidelines and procedures related to keeping books and records of the Company in relation to the Company's internal controls over financial reporting. The Company shall maintain a system of internal accounting controls to (i) provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP (ii) accurately and fairly reflect the Company's transactions and dispositions of assets (iii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

2.0 POLICY

2.1 **Authorization** - The only transactions to be entered into by the Company are those which are executed in accordance with management's specific authorization or established, formalized policies and procedures.

2.2 **Approval** - No transaction will be recorded in the accounts of the Company unless it is within the scope of written policies and procedures or is specifically and formally approved by an appropriate and designated employee. Such approval requires the determination that the transaction (i) has been authorized in accordance with this Corporate Policy and (ii) is supported by documentary evidence to verify the validity of the transaction.

2.3 **Accounting** - All transactions entered into by the Company will be recorded in the accounts of the Company in accordance with GAAP and internal accounting procedures. Each entry will be coded into an account which accurately and fairly reflects the true nature of the transaction.

2.4 **Reporting** - All transactions that have been accounted for in accordance with this Corporate Policy will be accumulated and processed in a manner which will permit preparation of financial statements, reports and data for purposes of internal, public and regulatory reporting. Such statements, reports and data must be in a form sufficient to reflect accurately and fairly the results of transactions entered into by the Company and to permit proper accountability for assets.

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2.5 **Responsibility** - The implementation and maintenance of internal accounting controls, procedures and records that are adequate in all respects to satisfy the requirements of this Corporate Policy will be the primary responsibility of the Chief Financial Officer and the Chief Executive Officer.

2.6 **Auditing** - Compliance with the provisions and requirements of this Corporate Policy will be tested and evaluated by the Company's Internal Audit Department in connection with the on-going internal audit program. All significant deficiency or material weakness control failures regarding this Corporate Policy will be reported to management so that deficiencies can be corrected and assurance of compliance with the terms of this Corporate Policy maintained.

3.0 PROCEDURE

3.1 The Company will periodically evaluate its internal accounting controls, procedures and records to ensure compliance with the requirements of this Corporate Policy. Such evaluation will be documented in a form suitable for inspection by outside parties, such as regulatory authorities, if the need arises.

3.2 The Company will take action to remedy any deficiency in internal accounting controls, procedures and records to ensure continuing compliance with the requirements of this Corporate Policy.

3.3 The Company's Internal Audit Department, with the guidance of the Audit Committee of the Board of Directors, will ascertain that its audit scope, procedures and programs are adequate (i) for the purpose of testing and evaluating internal accounting controls, procedures and records and (ii) for complete reporting of deficiencies in internal accounting controls, procedures and records.

3.4 The Company's Internal Audit Department will, on an annual basis, report to the Audit Committee of the Board of Directors on the adequacy of internal accounting controls, procedures and records.