



Fincorp

**AUDIT COMMITTEE
CHARTER**



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I. OBJECTIVES

The principal function of the Audit Committee (the “AC”) is to oversee the financial reporting process to ensure the balance, integrity and transparency of the financial information published by the Company.

This Charter is posted on the organisation’s website.

2. COMPOSITION

- 2.1 The Chairperson and members of the AC will be nominated by the Board.
- 2.2 The Audit Committee shall comprise between 2 and 3 members who shall be appointed by the Board.
- 2.3 The Chairperson of the Board should not be a member of the Audit Committee. He/she should attend only by invitation.
- 2.4 The Chairperson and members of the Committee shall have the discretion to co-opt any person when deemed appropriate.
- 2.5 The Board may at any time remove member/s from the Committee and fill any vacancy/ies created by such removal.
- 2.6 The company secretary of the Board shall be the Secretary of the Committee.

3. MEETINGS

- 3.1 A meeting of the Committee may be called by any member of the Committee or by the Secretary.
- 3.2 The quorum for the meetings of the Committee shall be two members present throughout the meeting. A member may participate in a meeting of the Committee by telephone and be counted in the quorum.
- 3.3 The Chairperson of the Audit Committee may in case of absence designate an alternate. In case of absence of the chairperson and where no alternate has been designated, the chairperson of the Board shall appoint another director to chair the meeting.
- 3.4 Notice of each meeting, confirming the venue, date and time together with an agenda of the items to be discussed and supporting documents where appropriate shall be forwarded to each member of the Committee and to each other person entitled to attend (if appropriate) in a timely manner to enable full and proper consideration to be given to the issues.
- 3.5 The Secretary shall keep appropriate records of all meetings of the Committee. The Secretary shall circulate minutes of any meeting of the Committee to all members of the Committee.

4. ROLES AND RESPONSIBILITIES

- 4.1 The roles and responsibilities of the AC is fixed by the Board and the scope of the authority is as follows :-
 - Operating within the terms of its Charter.
 - Having unrestricted access to relevant information in order to perform its duties and investigating any activity within its terms of reference.
 - Requiring investigation of specific financial transactions before Board approval where the AC considers it necessary.
 - Executing any other cognate duties by delegation of the Board.
 - Seeking internal and external legal or other professional advices; and to secure the attendance at meetings of outsiders with relevant expertise and experience if it reasonably considers this necessary, at the Company’s expense and subject to the Board’s approval.
- 4.2 The roles and responsibilities of the AC in respect of the Company’s internal controls, financial reporting, and compliance with laws and regulations as well as the working relationship of the AC with external auditors are defined below:

4.2.1 Auditors and External Audit

- To make recommendation to the Board on the appointment and retention of external auditors.
- To evaluate the independence and effectiveness of the external auditor and assess whether any non-audit services rendered by the auditors significantly impair their independence.
- To discuss and review with the external auditors, the engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fee, and ensure maintenance of a professional relationship.
- To agree to the timing and nature of reports from the external auditors.
- To consider any problems identified in going concern or statement of internal control.

- To identify key matters arising in the current year's management letter and satisfy itself that these are being properly followed up.
- To review overall audit role, explore objectives, minimise duplication, discuss implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money.

4.2.2 Financial Statements

The Committee will examine and review the annual financial statements as well as the reports contained therein focusing on the under mentioned points, prior to submission and approval by the Board.

- Any changes in accounting policies and practices
- Major judgemental areas
- Significant issues resulting from the audit
- The basis on which the company has been determined a going concern
- Capital adequacy
- Internal control
- Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements

4.2.3 Internal Control

The responsibility of the Committee would include:

- Reviewing the effectiveness of the companies' internal control systems
- Maintaining proper and adequate accounting records
- Controlling the overall operational and financial reporting environment

4.2.4 Ethics

The responsibility of the Committee will include:

- Reviewing any statements on ethical standards and assisting in developing such standards
- Identifying of any violations of ethical conduct
- Complying with the requirements of its constitution and with the laws and regulations of any applicable statute and controlling bodies

5. OTHER PROVISIONS

5.1 Professional advice

The Board has an agreed procedure whereby members of the Committee are able to seek independent professional advice, should the need arise. The professional services procured will be at the Company's expense and prior approval of the Chairperson is required.

5.2 Access to information

The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

5.3 Reporting

The chairperson (or in his/her absence, any designated member) of the Committee shall whenever requested by the Board give a summary of the Committee's deliberations at the next Board Meeting.

The Committee will make recommendations to the Board concerning the adoption of the annual financial statements and in respect of any significant issues raised by external auditors.