



# **Audit Committee of Vodafone Qatar**

## **Terms of Reference**



## **Executive Summary**

The purpose of this document is to define the purpose, authority, membership, meetings, responsibilities and duties, and reporting of the Audit Committee of Vodafone Qatar P.Q.S.C. (the "**Company**").

## **Approval**

These Terms of Reference shall be approved and reviewed by the Company's Board of Directors (the "**Board**") as required. The Board approved these Terms of Reference on 24 July 2018.



## **Terms of Reference for the Audit Committee:**

### **1. Purpose**

The purpose of the Audit Committee includes the following:

- (a) Oversee the Company's compliance with relevant Qatar Stock Exchange ("QSE") and Qatar Financial Markets Authority ("QFMA") regulations.
- (b) Oversee management in the performance of its responsibility for the integrity of the Company's accounting and financial reporting, and its systems of internal controls.
- (c) Preparing and presenting to the Board a proposed internal control system for the Company, and conducting periodic audits whenever necessary.
- (d) Ensuring the accuracy about and reviewing the disclosed numbers, data and financial statements and whatever is to be submitted to the annual general assembly.
- (e) Oversee the Company's compliance with statutory, legal and regulatory requirements.
- (f) Oversee the performance of the Company's internal and external auditing function.
- (g) Investigate into any matters within the Audit Committee's responsibilities.

### **2. Authority**

- (a) The Audit Committee shall have the authority to investigate any activity within these Terms of Reference.
- (b) The Audit Committee shall have full access to the Company's records, employees, and internal or External Auditors (with or without the presence of management) relevant to the subject matter under review.
- (c) The Audit Committee shall have the power to seek any information that is required from any employee and the authority, to the extent it deems necessary or appropriate, to retain legal, accounting or other advisors for advice and assistance. Such advisory services will be obtained by means of Audit Committee resolutions up to the amount of QR500,000; for any advisory services exceeding such amount the Audit Committee must obtain approval of the Board of Directors.
- (d) The Audit Committee shall have ultimate oversight of and responsibility for the procurement of products and services by the Company from third parties, including the process for vendor selection and award in respect of such products and services. The Audit Committee shall, to the extent it deems necessary and appropriate, delegate operational responsibility for the procurement and tendering of products and services to the relevant internal departments and / or committees of the Company and shall have the power to request any information and / or reports from any internal department to fulfill its oversight responsibilities.
- (e) The Audit Committee shall have access to sufficient funds to fulfill its duties.



### 3. Membership and attendance

- (a) The Audit Committee shall consist of three members, the majority of whom shall be independent of the Company's senior management team.
- (b) The Audit Committee shall be chaired by an independent Board member. It is not permissible to combine the chair of the Audit Committee and the membership of any other committee.
- (c) The members of the Audit Committee shall be annually appointed by the Board of Directors and may be replaced by the Board of Directors according to the present Terms of Reference.
- (d) The Audit Committee must include at least one member with financial/audit expertise.
- (e) If the Chairman is not present, Audit Committee members present shall nominate an alternate chairman who shall be appropriately qualified for the purpose of that specific Audit Committee session.
- (f) The Company's Head of Internal Audit, the External Auditor and Chief Financial Officer (or designated substitute) shall at the Committee's request attend any meeting of the Audit Committee.
- (g) A Committee member may invite an attendee, but will notify the Chairman and other Committee members at least two days in advance. The attendance of any party so invited will be at the sole discretion of the Chairman.

### 4. Meetings

- (a) The Audit Committee shall meet a minimum of six times each year or more frequently as circumstances dictate.
- (b) A Committee member can request a meeting be held with appropriate notice to other members. The Committee may meet, separately, with each of the Internal Auditors and the External Auditors on an as-requested basis.
- (c) The Chief Executive Officer, Chief Financial Officer, External Auditor, and Head of Internal Audit shall also have the right to request a meeting if they deem necessary.
- (d) Any and all actions taken by the Audit Committee must be by majority decision. The quorum of an Audit Committee meeting shall be considered fulfilled with two members present either physically or via acceptable video/audio communication facility. In the event that only two members attend, then the Chairman shall have the casting vote. For a quorum to be met the Chairman must be present at all times.
- (e) Board members and the Chief Executive Officer shall be permanent invitees who may attend the meetings at their discretion. The Audit Committee may invite other persons to its meetings, as it deems appropriate.



- (f) An Audit Committee secretary shall be appointed and record minutes of each meeting.
- (g) The Audit Committee may, wherever necessary or in cases of urgency, issue some resolutions via circulation provided all members agree in writing on such resolutions. Such resolutions shall be discussed in the next meeting of the Audit Committee and will be included in its minutes.

## **5. Responsibilities and Duties**

- (a) In carrying out its oversight responsibilities, the Audit Committee will be relying, in part, on the expertise of management and the External Auditor.
- (b) To fulfill this oversight responsibility, the Audit Committee should receive reports from management, the internal auditors and the External Auditor, as appropriate.
- (c) The responsibilities and role of the Audit Committee shall be as follows:

### **5.1 Risk Management and Controls**

- (a) Review and assess the Company's risk management process and the adequacy of the overall control environment, including controls in selected areas representing:
  - Compliance with relevant QSE and QFMA regulations; and
  - Financial reporting, disclosure, compliance, significant financial or business risk and information technology security and control.
- (b) Receive reports from the Head of Audit or CFO on any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- (c) Review the results of the annual Key Control Questionnaire and ensure appropriate action is taken to address weaknesses identified.
- (d) Review high risk control issues identified and ensure appropriate action is taken to address weaknesses identified.
- (h) Coordinating among the Board, Senior Executive Management, and the internal control function of the Company.
- (i) Reviewing the systems of financial and internal control and risk management;
- (j) Conducting investigations in relation to financial matters requested by the Board.
- (k) Reviewing the financial and accounting policies and procedures of the Company and expressing an opinion and recommendation to the Board in this regard.



- (l) Developing and reviewing regularly the Company's policies on risk management, taking into account the Company's business, market changes, investment trends and expansion plans of the Company.
- (m) Supervising the training programmes on risk management prepared by the Company, and contributing to such programmes.
- (n) Preparing and submitting periodic risk management reports to the Board - at a time determined by the Board - including its recommendations, and preparing reports of particular risks at the request of the Board or the Chairman of the Board.

## **5.2 Financial Reporting and Disclosure Matters**

- (a) Review annual financial statements and related QSE disclosures and the annual Corporate Governance Code Report, and recommend their approval to the Board of Directors after discussing with management and the External Auditor such matters as major accounting judgments, the presentation and impact of significant risks and uncertainties, accruals, key estimates, judgments of management and results of operations as considered necessary by the Committee.
- (b) Review and discuss with management and the External Auditor any significant events, transactions, changes in accounting estimates, changes in important accounting principles and their application, and any major issues as to the adequacy of internal controls affecting the quality of the Company's financial reporting.
- (c) Review the process by which CEO and CFO certify the Company's financial statements and receive reports from the CEO and CFO on all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data.
- (d) Consider findings from the internal and External Auditors on material weaknesses in accounting and financial control systems
- (e) Conducting a review with the External Auditor and Senior Executive Management about risk audits especially the appropriateness of the accounting decisions and estimates, and submitting them to the Board to be included in the annual report.

## **5.3 External Auditor Oversight Responsibilities**

- (a) Review the independence, objectivity and effectiveness of the external auditor including their quality control procedure and steps taken to respond to changes in regulatory and other requirements. This review will include a review of the experience and qualifications of the senior members of the audit team, including rotational procedures, and will consider any ethical issues in the relationship with the External Auditor, including management decisions taken by the External Auditor or potential mutual interests.
- (b) Ensure external auditor submits a formal written statement delineating all relationships between themselves and the Company.



- (c) Review matters related to the conduct of the annual audit.
- (d) Review and discuss with management and internal and External Auditors the interim information and annual financial statements. This includes the quality and acceptability of the accounting policies and practices, including without limitation critical accounting policies and practices, all alternative accounting treatments within generally accepted accounting principles for policies and procedures related to material items that have been discussed with management, ramifications of the use of such alternative treatments and the treatment preferred by the External Auditors and the financial reporting disclosures and changes thereto, including a review of any major items of correspondence between the Company and External Auditors.
- (e) Review management letter and other material including any written communications between External Auditors and management.
- (f) Review with the External Auditor any audit problems or difficulties and management's responses and resolve any significant disagreement between the Company's management and the External Auditors regarding financial reporting.
- (g) Review the scope and extent of both audit and non-audit services provided to the Company by the External Auditors and any associated fees and terms of engagement, including the assessment of the non-impairment of the auditor's judgment and independence.
- (h) Ensure that there are no restrictions on the scope of the statutory audit.
- (i) Discuss with the External Auditor the nature and scope of the audit (including any significant ventures, investments or operations which are not subject to the audit) and ensure co-ordination if more than one audit firm is involved. This should include the interface to other risk management functions.
- (o) Preparing the procedures for contracting with and nominating the External Auditors, and ensuring their independence while performing their work.
- (p) Overseeing the Company's internal controls, following the External Auditor's work, and coordinating between the internal control function and the External Auditors.
- (q) Ensuring the compliance of the External Auditors with the implementation of the best International Standards on Auditing and preparing the financial reports in accordance with International Financial Reporting Standards (IFRS / IAS) and (ISA) and their requirements; verifying that the External Auditor's report includes an explicit confirmation that if it had obtained all the necessary information and the Company's compliance with international standards (IFRS / IAS), or whether the audit was conducted based on International Standards on Auditing (ISA) or not.
- (r) Overseeing and reviewing the accuracy and validity of the financial statements and the yearly, half-yearly and quarterly reports.
- (s) Considering, reviewing and following up on the External Auditor's reports and notes on the Company financial statements.



#### **5.4 Internal Audit Oversight Responsibilities**

- (a) Consider the appointment, replacement or dismissal of the Head of Internal Audit for the Company.
- (b) Oversee the activity and credentials of the Company's internal auditors, including the review of the Internal Audit Terms of Reference, plans, resource requirements, staffing and organizational structure, ensuring consistency and compliance with the Vodafone Internal Audit methodology and approach.
- (c) Receive reports on the status of significant findings, recommendations, and management's responses.
- (d) Approve the local audit plan.

#### **5.5 Ethical, Legal and Regulatory Compliance Matters**

- (a) Review reports and disclosures of significant conflicts of interest and related-party transactions.
- (b) Assess and monitor the Company's compliance with relevant QSE guidelines and QFMA corporate governance code.
- (c) Act as an urgent decision making forum for formerly advising shareholders of events out of the normal course of business.

### **6. Reports**

The Audit Committee Chairman shall report to the Board of Directors with respect to Audit Committee activities at least once in a year.

### **7. Performance Evaluation**

- (a) The Audit Committee shall review and reassess the adequacy of these Terms of Reference on an annual basis and evaluate the processes, activities and effectiveness of the Audit Committee, including the composition, expertise, and availability of the Audit Committee members and make recommendations to the Company's Board of Directors with regard to any adjustments that are deemed necessary.
- (b) Any proposed changes to these Terms of Reference shall be submitted to the Board of Directors for its approval.
- (c) The Board of Directors may conduct its own external review of the efficacy of the Audit Committee and its Terms of Reference on an annual basis.

**END**