

MTPA AUDIT COMMITTEE CHARTER

The MTPA Audit Committee Charter provides for the composition of the committee membership, quorum, frequency of meetings, it's the responsibilities of the Audit Committee, reporting among others.

The charter also includes the terms of references of the Audit committee.

1. Membership

- 1.1.** The committee shall comprise of 3 non-executive directors appointed by the Board.
- 1.2.** The Board shall appoint a Chairperson from the independent non-executive members of the committee and determine the period for which he or she shall hold office.
- 1.3.** The Chairperson of the Board, the Director, and any Executive director shall not be eligible to be appointed as Chairperson or member of the Audit Committee.
- 1.4.** Only members of the Audit Committee have the right to attend committee meetings. However, the external auditor and finance director will be invited to attend meetings of the committee and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.5.** Appointments to the committee shall be for a period of up to three years renewable by no more than two additional three-year periods, so long as members continue to be independent.

2. Secretary

- 2.1.** The Administrative Secretary of the MTPA shall act as the Secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

- 3.1.** The quorum necessary for the transaction of business shall be at least two non-executive directors.

4. Frequency of Meetings

- 4.1.** The committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as and when required.

5. Notice of Meetings

- 5.1.** Meetings of the committee shall be convened by the Secretary of the committee at the request of any of its members or head of internal auditor if they consider it necessary.
- 5.2.** Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the committee and any other person required to attend the meeting, not later than two working days before the date of the meeting.

6. Minutes of Meetings

- 6.1.** The Secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2.** Draft minutes of committee meetings shall be circulated not later than ten (10) working days to all members of the committee. Once approved, minutes should be circulated to all members of the Board unless the Chairperson of the Audit Committee or the Chairperson of the Board would consider it inappropriate to do so.

7. Responsibilities of the Committee

The committee should carry out the duties as appropriate.

7.1. Financial Statements

- 7.1.1** The Committee will examine and review the quality and integrity of the financial statements of the MTPA.
- 7.1.2** The committee shall review and report to the Board on significant financial reporting issues and judgements which these financial statements contain having regard to matters communicated to the committee by the auditor;
- 7.1.3** In particular, the committee shall review and challenge where necessary;
 - 7.1.3.1** The consistency of, and any changes to, significant accounting policies both on a year on year basis and across the MTPA
 - 7.1.3.2** Compliance with accounting standards, local ,and international and legal requirements;
 - 7.1.3.3** The methods used to account for significant or unusual transactions where different approaches are possible;
 - 7.1.3.4** Significant adjustments resulting from the audit;
 - 7.1.3.5** Whether the MTPA has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;

- 7.1.3.6** The clarity and completeness of disclosure in the MTPA financial reports and the context in which statements are made;
- 7.1.3.7** All material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit
- 7.1.3.8** Where the committee is not satisfied with any aspect of the proposed financial reporting by the MTPA, it shall report its views to the Board;

7.2. Narrative reporting

- 7.2.1** Where requested by the Board, the committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for stakeholders to assess the MTPA performance, business model and strategy.

7.3. Internal Controls

The committee shall:

- 7.3.1** Keep under review the adequacy and effectiveness of the organisation's systems of internal control, including internal financial control and risk management and maintaining effective internal control systems; and

7.4. Compliance, Whistleblowing and Fraud

The committee shall:

- 7.4.1** review the adequacy of the organisation's arrangements with respect to confidentiality and security for its employees, members of the Board and other sub-Committees and contractors/suppliers to raise concerns, make representations or whistle-blow in all confidence, about possible wrongdoing in financial reporting and/or any other matters/activities of the MTPA. The committee shall ensure that relevant, appropriate and independent investigation of such matters and follow up actions are undertaken promptly.
- 7.4.2** review the MTPA procedures for detecting fraud;
- 7.4.3** review the MTPA systems and controls for the prevention of bribery and receive reports on non-compliance;
- 7.4.4** review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees, members of the Board and other sub-Committees and/ or the organisation.

7.5. Internal audit

The committee shall:

- 7.5.1** review and approve the charter of the internal audit, including its functions and ensure the Unit has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;
- 7.5.2** ensure the internal auditor has direct access to the Board's Chairperson and to the committee's Chairperson, and is accountable to the committee;
- 7.5.3** review and assess the annual internal audit work plan;
- 7.5.4** receive a report on the results of the internal auditor's work
- 7.5.5** review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- 7.5.6** safeguard organisation's assets against unauthorised use or disposal; and
- 7.5.7** direct and supervise investigations into matters within its scope, for example, evaluations of the effectiveness of the organisation's internal control, cases of fraud and or misconduct committed by any employee, member of the Board or Sub-Committee and conflict of interest.

7.6. External audit

The committee shall:

- 7.6.1** oversee the relationship with the external auditor including (but not limited to):
 - 7.6.1.1** assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole
 - 7.6.1.2** satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the organisation (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- 7.6.2** Obtain assurance from the external auditor(s) that adequate accounting records are being maintained.
- 7.6.3** Review the findings of the audit with the external auditor. This shall include but not be limited to the following:
 - 7.6.3.1** A discussion of any major issues which arose during the audit
 - 7.6.3.2** Key accounting and audit judgements

7.6.3.3 Levels of errors identified during the audit, and

7.6.3.4 The effectiveness of the audit process

7.6.4 review any representation letter(s) requested by the external auditor before they are signed by management.

7.6.5 review the management letter and management's response to the auditor's findings and recommendations