






# BOARD AUDIT COMMITTEE CHARTER


QF-1100-MD-002


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	Prepared	Reviewed	Endorsed
Signature			
Designation	Internal Audit Coordinator	Legal Affairs Manager	MD & CEO
Date	9 OCT 2019	9.10.19	10/10/2019

	Final Review		
Signature			
Designation	Chairman-Board Audit Committee	Vice Chairman-Board Audit Committee	Member- Board Audit Committee
Date	 14/10/19	 14/10/19	 14/10/19

	Final Approval
Signature	
Designation	Chairman of the Board of Directors
Date	15 OCT 2019

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### Document Authorisation

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### Revision Record

Revision Number	Date of Revision	Reason for Revision / Description of Changes	Prepared by	Reviewed by	Endorsed by	Reviewed by	Approved by
0	8 October 2019	First Issue	IAC	LAM	MD & CEO	BAC	Chairman BOD


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## SECTION 1 GENERAL PRINCIPLES

### 1.1 INTRODUCTION

The audit committee plays an important role in providing oversight of WOQOD's governance, risk management, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. The Board Audit Committee performs its role by providing independent oversight to the Board.

### 1.2 BACKGROUND

The Board Audit Committee and BAC Charter was established on 30 June 2015. The charter, which governs the work of the committee, was reviewed and updated on 10 July 2017, through Board resolution.

### 1.3 PURPOSE

The purpose of the Board Audit Committee is to provide a structured, systematic oversight of WOQOD's governance, risk management and internal control practices. The committee assists the Board and management by providing advice and guidance on the adequacy of WOQOD's initiatives for:

- Values and ethics
- Governance structure
- Risk management
- Internal control framework
- Oversight of the internal audit and external auditors

In broad terms, the Board Audit Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

### 1.4 GLOSSARY OF TERMS

The definition of key technical terms used in this document are provided in the following table.

Term	Definition
Board	Board of Directors
BAC	Board Audit Committee

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Term	Definition
MD&CEO	Managing Director & Chief Executive Officer
CFO	Chief Financial Officer
LAM	Legal Affairs Manager
IAC	Internal Audit Coordinator
IIA	Institute of Internal Auditors
IA	Internal Audit
QFMA	Qatar Financial Markets Authority
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
ISA	International Standards on Auditing
ERM	Enterprise Risk Management
IC	Internal Control
ITGC	Information Technology General Controls
ICOFR	Internal Control Over Financial Reporting
WOQOD	WOQOD & Subsidiaries

## SECTION 2 MANDATE

The mandate for the establishment and restructuring of the Board Audit Committee was derived from:

- WOQOD's Articles of Association section# 5-26.
- QFMA decision no.5 for year 2016 sections 18 and 19
- Board of Directors charter section 14
- Board Audit Committee formation decision issued in Board of Director's meeting on 29 April 2014.
- Restructuring of Board Audit Committee decision issued on 10 July 2017.
- Qatar Petroleum's letter dated 14 May 2019 relating to restructuring of the Board of Directors.

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### SECTION 3 AUTHORITY

The Board Audit Committee charter sets out the authority of the committee to carry out the responsibilities established for it by the Board as articulated within the Board Audit Committee Charter. In discharging its responsibilities, the Board Audit Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The committee also shall have unrestricted access to records, data, and reports.

#### Composition of the Board Audit Committee:

- The Board will designate the Chairman of the Board Audit Committee and appoint committee members.
- The Committee should be chaired by an independent Board member and a membership of at least two.
- The majority of committee members shall be independent Board members.
- The Chairmanship of the Board Audit Committee, the Presidency and the membership of any other committee may not be combined.
- The Chairman or member of the Committee shall not have audited the Company's accounts during the two years preceding the candidacy of the committee directly or indirectly.
- The committee members should collectively possess enough knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk and control to effectively exercise the terms of reference of the Committee.

### SECTION 4 OPERATIONAL PRINCIPLES

#### ❖ Board Audit Committee Values

Board Audit Committee shall conduct itself in accordance with the Code of Business Ethics and Conflict of Interest established by WOQOD and as per the guidelines issued by Qatar Financial Markets Authority. The Board Audit Committee expects that management and staff of WOQOD will adhere to these requirements.

#### ❖ Information Requirements:

Board Audit Committee shall establish and communicate its requirements for information to the respective individuals, subsidiaries, departments, divisions, external parties which will include the nature, extent, and timing of information. Information will be provided to the committee at least five working days prior to each committee meeting.





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### ❖ Executive Sessions

Board Audit Committee shall schedule and hold if necessary, a private session with the Managing Director and Chief Executive Officer (MD&CEO), the Chief Financial Officer (CFO), external auditors, and with any other officials that the committee may deem appropriate at each of its meetings.

## SECTION 5 OPERATIONAL PROCEDURES

### ❖ Board Audit Committee Meetings

Board Audit Committee shall meet at least six times in a financial year or more frequently as the committee deems necessary.

### ❖ Meeting Validity and Required Attendance

The meeting of the committee shall be valid only in the presence of its Chairman and the majority of its members.

### ❖ Secretariat Services

- The Rapporteur of the Committee shall prepare minutes for each meeting of the committee to document the proceedings of the meetings and decisions of the Committee.
- The Minutes of Meeting shall be signed by the Chairman of the Committee.

## SECTION 6 RESPONSIBILITIES

Board Audit Committee is responsible to provide the Board with independent, objective advice on the adequacy of management's conduct of business with respect to the following aspects.

### ❖ Code of Business Ethics and Conflict of Interest

To obtain reasonable assurance for adherence to WOQOD's Code of Business Ethics and Conflict of Interest, the Board Audit Committee will:

- Review and assess the policies, procedures, and practices established by the Management to monitor conformance with Code of Business Ethics practices by all managers and staff of WOQOD.
- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all the managers and staff of WOQOD.
- Review the process for communicating the Code of Business Ethics and Conflict of Interest to company personnel and for monitoring compliance.



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- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, code of business ethics and identify and deal with any legal, regulatory or ethical violations.
- Review the effectiveness of the system for monitoring compliance with laws, regulations, company policies and procedures.
- Review the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the observations and conclusions of internal and external auditors and the findings of any regulatory agencies about any non-compliance.
- Obtain regular updates from Management, Legal Department, Human Capital Department regarding WOQOD's Code of Business Ethics and Conflict of Interest compliance matters.

### ❖ Governance Process

Board Audit Committee shall obtain reasonable assurance with respect to WOQOD's governance process. The committee shall review and provide advice on the governance process established and maintained within WOQOD and the procedures in place to ensure that they are operating as intended.

### ❖ Risk management

Board Audit Committee shall obtain reasonable assurance with respect to WOQOD's risk management practices, the committee shall:

- Review WOQOD's risk management policies periodically considering the business environment, market variables, investments and expansion plans.
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.
- Review and provide advice on the risk management process established and maintained by management and the procedures in place to ensure that they are operating as intended
- Seek periodic reports on risks and their management in the company and submit their opinion to the Board with its recommendations
- Conduct any special review and reports on a specific risk at the request of the Board.
- Supervise the training programs for risk management prepared by Enterprise Risk Management and its nominations.



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### ❖ Internal Control

Board Audit Committee shall obtain reasonable assurance with respect to the adequacy and effectiveness of WOQOD's internal control systems in responding to risks within WOQOD's governance and operations. The committee shall:

- Prepare and present to the Board a proposed internal control system for WOQOD upon constitution and conduct periodic audits whenever necessary.
- Review and provide advice on the effectiveness of WOQOD's internal control practices including Information Technology General Controls (ITGC) and cyber security.
- Seek periodic reports on all internal control matters of significance arising from work performed by other providers of financial and internal control assurance to senior management and the board.
- Implement the assignments of the Board regarding the Internal Controls of WOQOD.

### ❖ Financial Reporting

- Supervise and review the accuracy and correctness of WOQOD's financial statements and the yearly, half yearly and quarterly reports.
- Review and follow up the External Auditor's reports and notes on WOQOD's financial statements.
- Ensure the accuracy about and review the disclosed numbers, data and financial statements and whatever submitted to the General Assembly.
- Review the financial and accounting policies and procedures of WOQOD and express opinion and recommendation to the Board in this regard.
- Review WOQOD's dealings with related parties and make sure whether such dealings are subject to and comply with the relevant controls.
- Conduct investigations on financial control matters requested by the Board.

### ❖ Fraud

Board Audit Committee shall obtain reasonable assurance with respect to WOQOD's procedures for the prevention and detection of fraud. The committee shall:

- Review that an appropriate Fraud Risk Framework is established in WOQOD.
- Oversee management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators of fraud.



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- Enquire with Management, Internal and External auditors to ensure that the entity has appropriate anti-fraud programmes and controls in place to identify potential fraud and ensure that proper investigations are undertaken if fraud is detected.

### SECTION 7 OVERSIGHT OF THE INTERNAL AUDIT AND EXTERNAL AUDITORS

#### 1) Internal audit

To obtain reasonable assurance with respect to work of the internal audit, the Board Audit Committee shall provide oversight related to:

##### a. Internal audit charter and resources

- Review and approve the Internal Audit Charter.
- Ensure that the Internal Audit Charter accurately reflects the internal audit's purpose, authority, responsibility and accountability consistent with the mandatory guidance of the IIA's International Professional Practices Framework.
- Ensure that the scope and nature of assurance and consulting services in the Internal Audit Charter reflects the changes in the financial, risk management, internal control and governance processes of WOQOD.
- Ensure that the Internal Audit Charter updated periodically to reflect the developments in the professional practice of internal auditing and Qatar's regulatory requirements
- Advise the board about increases and decreases to the requested resources to achieve the internal audit plan.
- Evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

##### b. Internal Audit Coordinator (IAC) requirements

- Advise the board regarding the qualifications, recruitment, appointment, and removal of the IAC.
- Provide input to management related to evaluating the performance of the IAC.
- Recommend to management or the Board the appropriate compensation of the IAC.
- Ensure that IAC facilitates all requirements of outsourced internal audit services or any special services requested by BAC, the Board or the Management.



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### c. Internal audit strategy and plan

- Review and provide input on the internal audit's strategic plan, objectives, performance measures and outcomes.
- Review and approve proposed risk based internal audit plan and make recommendations concerning internal audit projects.
- Review and approve internal audit resources necessary to achieve the plan.
- Review the internal audit's performance relative to its audit plan and take appropriate actions.


### d. Internal audit engagements and follow up

- Review internal audit reports and other communications to management.
- Review and track management's action plans to address the results of internal audit engagements.
- Review and advise management on the results of any special investigations.
- Inquire with IAC whether any internal audit engagements or non-audit engagements have been completed but not reported to the committee; if so, inquire whether any matters of significance arose from such work.
- Inquire with IAC whether any evidence of fraud has been identified during internal audit engagements and evaluate what additional actions, if any, should be taken.

### e. Conformance to IIA standards and regulatory compliance

- Ensure that the internal audit conforms with the IIA's International Standards for the Professional Practice of Internal Auditing (Standards).
- Ensure that internal audit adopts and adheres to the updated QFMA's regulations.
- Ensure that internal audit has a quality assurance and improvement program and that the results of these periodic assessments are presented to the Board Audit Committee.
- Ensure that the internal audit has an external quality assurance review every five years, when the internal audit services performed in house.
- Review the results of the independent and external quality assurance review and monitor the implementation of the internal audit's action plans to address any recommendations.
- Advise the Board about any recommendations for the continuous improvement of the internal audit.



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## 2. External auditors

To obtain reasonable assurance with respect to work of the external auditors, the Board Audit Committee shall meet the external auditors during the planning phase of the engagement, at the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for management.

The audit committee shall:

- Establish the basis for contracting with external auditors and nominating them and ensuring their independence in the performance of their work.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Monitor the work of the External auditor and coordination between them and ensure their commitment to apply the best international systems in the audit and preparation of financial reports in accordance with the standards of international accounting and auditing, i.e. International Financial Reporting Standards (IFRS) / International Accounting Standards (IAS) and the International Standards of Auditing (ISA).
- Verify that the external auditor's report includes an explicit indication of whether the auditor has received all the necessary information and the extent to which WOQOD has complied with IFRS, IAS and Internal Control Over Financial Reporting (ICOFR).
- Ensure that the audit is performed in accordance with International Standards on Auditing (ISA)
- Review with management and the external auditors the results of audit engagements, including any difficulties encountered.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings and consider the accuracy and completeness of the information before it is released to the Board and the General Assembly.
- Review with management and the external auditors all matters required to be communicated to the audit committee under generally accepted external auditing standards.



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- Review with management and the external auditors, about audit risks, strategies, assumptions, accounting decisions and estimates that management has made in preparing financial statements, budgets, and investment plans.
- Understand how management prepares interim financial information and the nature and extent of internal and external auditor involvement in the process.
- Review interim financial reports with management and relevant authorities before forwarding to the Board and filing with QFMA and consider whether they are complete and consistent with the information known to BAC.
- Schedule exclusive meetings with external auditors to discuss any sensitive matters.
- Monitor management's progress on action plans.

To obtain reasonable assurance that management has acted on the results and recommendations of internal and external audit engagements, the audit committee shall regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audit engagements.

### 3. Other responsibilities

In addition, the Board Audit Committee shall:

- Perform other activities related to this charter as requested by the Board.
- Ensure coordination between the Board, the Management and the Internal Audit.
- Ensure coordination between Internal Audit and External Auditors
- Oversee any special investigations as needed.
- Periodically evaluate its performance.

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## SECTION 8 REPORTING ON BOARD AUDIT COMMITTEE PERFORMANCE

The Board Audit Committee shall report to the Board annually, summarizing the committee's activities and recommendations. The report to be delivered at a regularly scheduled Board meeting.

The report should include:

- A summary of the work the Board Audit Committee performed to fully discharge its responsibilities during the financial year.
- A summary of management's progress in addressing the results of internal and external audit engagement reports.
- An overall assessment of management's risk, control, and compliance processes, including details of any significant emerging risks or regulatory updates impacting WOQOD.
- Details of meetings including the number of meetings held during the financial year.
- Provide information required, if any, by new or emerging corporate governance developments.
- The committee may report to the Board at any time regarding any other matter it deems of importance.