



CONTRACTING WITH AND NOMINATING EXTERNAL AUDITORS / AUDIT FIRM PROCEDURE

QF-1100-PR-002

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| Date | 6 OCT 2019 | | 9/10/2019 |

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| | Final Approval |
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| 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 | Approved by | Approved by |
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Document Control

Deviations and deferrals from the requirements specified in this document are permitted only if approved in writing by the Document Authority. Any such deviations and deferrals shall be approved for only a limited and specified time and shall be supported by a risk assessment and control.

Before making reference to this document, it is the user's responsibility to ensure that the version used (hard or electronic copy) is current.

Review Cycle

This document shall be reviewed and revised as necessary at least once in 3 years by the Document Authority. In addition, this procedure must be reviewed and revised as necessary whenever there are any significant changes in WOQOD's IMS Manual affecting the procedure. Such changes may include changes to the IMS policies, organization structure, roles and responsibilities, and any management or control procedure directly linked to this procedure. What constitutes a "significant" change must be determined by the Document Authority in line with the criteria specified in the Management of Change (MOC) Procedure.



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SECTION 1 INTRODUCTION

1.1 PURPOSE

This procedure sets forth guidelines to assist the WOQOD Procurement and Contracts Department in the External Auditors/Audit firm related contracting and nominating.

The purpose of this procedure is to provide the information they require to conclude a contract or award, from the very first stages (Material Request) to the awarding of the contracts by the Procurement and Contracts Department by compliance with Qatar Laws and Regularity requirements.

1.2 SCOPE

This document applies to WOQOD and subsidiaries for contracting and nominating external auditors / audit firm.

1.3 GLOSSARY OF TERMS

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

| Term | Definition |
|-------|-------------------------------------|
| CFO | Chief Financial Officer |
| P&C | Procurement & Contracts Department |
| IA | Internal Audit |
| IAC | Internal Audit Coordinator |
| WOQOD | WOQOD & Subsidiaries (QJET & FAHES) |



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SECTION 2 REGULATORY COMPLIANCE

2.1 EXTERNAL AUDITORS / AUDIT FIRM'S REGULATORY COMPLIANCE REQUIREMENTS

| S. No | Regulations | Requirement |
|-------|--|---|
| 1 | Governance Code for Companies & Legal Entities Listed on the Main Market (Qatar financial Markets Authority) | As per Article 18, "Board Committees", Sub Article "Third: Audit Committee" Sub Clause 2 of Governance Code for Companies & Legal Entities Listed on the Main Market, the Board Audit Committee is entrusted to set the procedures of contracting with and nominating External Auditors |
| 2 | Promulgating the Commercial Companies Law (Law No. 11 of 2015) | As per Article 141 of the Commercial Companies Law (a) The final authority entrusted with appointing or reappointing the External Auditors is the 'General Assembly'. (b) The appointment of External Auditors should be for one year. (c) The General Assembly may reappoint the External Auditors provided such reappointment does not exceed five (5) consecutive years. |
| 3 | Regulating the Auditing Profession (Law No. 30 of 2004) | 1.1 As per Law No. 30 of 2004 Regulating the Auditing Profession, the External Auditors should have valid: (a) Registration as per Article No. 8 (b) License as per Article No. 10 1.2 The External Auditors should practice the profession in accordance with this Law No. 30 of 2004 and have the following prerequisites: (a) The audit firm (auditors) must have the requisite qualifications and proven experience. The audit firm should be of international reputation (Preference shall be given to Big 4 audit firms. Any other international firms shall be considered in case Big 4 are having conflict of interest or |



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| | | <p>having any other issues with taking up WOQOD assignment.)</p> <p>(b) The audit firm should be capable of providing their services in a timely manner.</p> |
| 4 | <p>Rules for External Auditors and Financial Evaluators of Listed Entities & Entities Subject to the Authority's Jurisdiction (Qatar financial Markets Authority)</p> | <p>The External Auditors should meet the obligations as listed in Article 9 & 20 of Qatar Financial Markets Authority's guidelines</p> |
| 5 | <p>(a) International Financial Reporting Standards (IFRS)</p> <p>(b) International Accounting Standards (IAS)</p> <p>(c) International Standards on Auditing (ISA)</p> | <p>External Auditors should comply to these standards.</p> |

The External Auditors should have absolute independence in carrying out their activities.

SECTION 3 PROCEDURE

3.1 CONTRACTING THE EXTERNAL AUDITORS / AUDIT FIRM

- Adhering to the Procurement & Contracts (P&C) Procedure Manual, the Finance Manager should raise Material Requisition specifying the complete Scope of Services with internal cost estimate back up and approved budget details for soliciting bids for appointment of External Auditors, subject to WOQOD Board and General Assembly annual approval, for a 3 year period with a 5 year fee also quoted on yearly basis.
- The Procurement & Contracts Department will solicit, receive and open the Techno-Commercial bids through relevant committee.
- Thereafter, the Procurement & Contracts Department should forward the Technical bids to CFO for technical evaluation.



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- After receiving the technical evaluation from CFO, Procurement & Contracts Department should arrange to forward the technical evaluation along with Commercial evaluation to the Internal Audit Coordinator.
- In case of reappointment of the existing auditors, CFO should forward the recommendations for reappointment to the Internal Audit Coordinator.
- The staff involved in soliciting and evaluating bids must ensure that the bidders are in compliance with the above Policies Regulatory Compliance Requirements

3.2 APPOINTMENT / REAPPOINTMENT OF EXTERNAL AUDITORS / AUDIT FIRM

- Procurement & Contracts Department should submit the 'Evaluation List' to the Internal Audit Coordinator attached with the following:
 - ✓ Technical Bids
 - ✓ Commercial Bids
 - ✓ Chief Financial Officer's Recommendations
- Internal Audit Coordinator will forward the 'Evaluation List' in case of new appointment or 'CFO's recommendations' in case of reappointment along with the supporting documents to the Board Audit Committee (BAC) (or) present the documents in the next BAC meeting for review.
- The Board Audit Committee may call Procurement & Contracts Manager / CFO / the representative of the selected auditors for personal review and for negotiation of the remuneration (fees).
- After deliberating on the evaluation list or CFO's recommendations and upon satisfactorily reviewing of the proposals submitted, the Board Audit Committee will recommend the name of the audit firm and quoted remuneration (fees) by the audit firm to the Board.
- The Board after deliberation and consent of the Board members will recommend the appointment / reappointment of the External Auditors to the General Assembly.
- As per Article 127, sub clause (6) of the Commercial Company Law No. 11 of 2015, the agenda of the general assembly in its annual meeting must include, presentation of tender relating to the appointment / reappointment of auditors and determining their remuneration.
- The General Assembly will approve appointment / reappointment of External Auditors and as per Article 134 of the Commercial Company Law No. 11 of 2015, it should be recorded in the Minutes of Meeting of the General Assembly.



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- Board Secretary will send the approval of appointment / reappointment of External Auditors to Procurement & Contracts Department to prepare the Contract / Agreement to issue to the nominated External Auditors.
- After signing of the Contract/Agreement by both parties, P&C Department to forward a copy of the signed Contract/Agreement to IAC for IA records.

3.3 ENSURING INDEPENDENCE OF EXTERNAL AUDITORS / AUDIT FIRM

- The External Auditors should be provided with all the records, files, data, information, and any other material they seek or require for carrying out their activities.
- The External Auditors should be given free access to visit any department, sections, sites, staff, if they require for carrying out their activities.
- The External Auditors should not have any interference in carrying out their activities.
- The External Auditors will have access to the Board Audit Committee to report any interference or obstacles in their work.
- In such matters, the External Auditors should approach the Board Audit Committee immediately through Internal Audit Coordinator to seek Board Audit Committees' intervention.
- Upon receiving such complaint(s), the Board Audit Committee will evaluate the complaint(s) and take steps to investigate the matter of complaint.
- The Board Audit Committee will arrange for investigation of the matter within a week of receiving the complaint(s).
- If necessary, the Board Audit Committee will appoint any outside consultant / agency to investigate the matter.
- The Board Audit Committee will submit the results of investigation pertaining to cases of interference or obstacles to the Board.
- The Board shall take appropriate corrective actions as may be deemed necessary as per the decision of the Board.



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SECTION 4 RELATED DOCUMENT

- Governance Code for Companies & Legal Entities Listed on the Main Market - Board Committee (Qatar Financial Markets Authority)
- Promulgating the Commercial Companies Law (Law No. 11 of 2015)
- Regulating the Auditing Profession (Law No. 30 of 2004)
- Rules for External Auditors and Financial Evaluators of Listed Entities & Entities Subject to the Authority's Jurisdiction (Qatar financial Markets Authority)
- International Financial Reporting Standards (IFRS)
- International Accounting Standards (IAS)
- International Standards on Auditing (ISA)
- Procurement and Contracts Policy Manual # QF-1400-MN-002
- Procurement and Contracts Procedure Manual # QF-1400-MN-001