Pakistan Institute of Corporate Governance

Terms of Reference (TORs) of Board Audit & Risk Management Committee (BARMC)

The terms of reference (TORs) of the Audit & Risk Management Committee have been explicitly documented and approved by the Board. The BARMC assists the Board in overseeing the integrity of financial reporting, legal and regulatory compliance, internal audit, external audit, internal controls and risk management system, compliance, and safeguarding of the Company's assets.

The BARMC comprises at least three non-executive directors, with the Chairman being an independent director. At least one member should be financially literate, and the Committee Secretary is appointed by the Committee.

The Company Secretary shall be the Secretary of the Committee.

At least four meetings shall be held annually, with separate sessions with Internal and External Auditors without management present at least once a year.

The salient features of TORs of the Committee are:

- Review quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board.
- Reviews accounting policies, significant estimates, disclosures, financial reporting issues, fraud and irregularities, going concern matters, and significant or unusual transactions.
- Oversees the external audit plan, recommend appointment, remuneration and performance evaluation of external auditors for audit and other non assurance services, oversees auditor independence and eligibility, review audit findings, and monitors management responses to audit observations.
- Ensuring coordination between the internal and external auditors of the Company.
- Review internal audit scope, resources and effectiveness, and recommend the appointment, remuneration and removal of outsourced internal audit services.
- Oversee internal audit, risk management and internal controls, including financial, business and operational risks, control gaps, fraud/investigation findings, mitigation measures and safeguarding of assets.
- Review compliance with applicable laws, regulations and governance requirements including Code of Corporate Governance.
- Oversees ethical culture, Code of Conduct, whistleblowing, conflicts of interest, fraud, regulatory/financial non-compliance, and significant legal, regulatory and tax matters, as assigned by the Board.
- Report significant matters, findings and recommendations to the Board and ensures follow-up.

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