



**TERMS OF REFERENCE  
AUDIT COMMITTEE**

# TABLE OF CONTENTS

1. Constitution	1
2. Membership	1
3. Attendance at Meetings	1
4. Frequency of Meetings	2
5. Authority	2
6. Duties	2
6.1 General	2
6.2 Financial Statements	3
6.3 Internal Controls	3
6.4 External Audit	4
6.5 Internal Audit	4
7. Reporting	4

## 1. Constitution

At a meeting held at AXYS Leasing Ltd 'the Company', Bowen Square, Dr Ferrière Street, Port Louis on 24 September 2014 the Board of Directors 'the Board' of the Company resolved to amend the existing Terms of Reference which were adopted on the 16<sup>th</sup> August 2007.

The following updated Terms of Reference of the Audit Committee 'the Committee' were adopted by the Board on 27th March 2015.

## 2. Membership

The members of the Committee shall be appointed by the Board from amongst the independent Directors of the Company.

The Committee shall consist of a minimum of three members. The quorum shall be two members throughout the meeting.

The duties and responsibilities of a member of the Audit Committee are in addition to those set out for a member of the Board of Directors.

The Chairperson of the Committee shall not be the Chairperson of the Company.

The chairperson shall preside at each meeting and his/her absence, one of the other members of the committee shall be designated as the acting chair of the meeting

Each member shall be financially literate. At least one member must have accounting or related financial expertise.

## 3. Attendance at Meetings

The Audit Committee may invite such persons as the Managing Director, the Accountant, the Internal Auditor and the External Auditors to attend meetings as it deems necessary. All other Board members shall also normally have the right to attend.

The Committee may instruct any other officer or employee of the Company to attend any meeting and provide pertinent information as necessary.

At least once a year, the Committee shall meet with the Internal Auditor and the External Auditors respectively without the presence of executive management to discuss any matters that the Committee thinks should be discussed privately.

The Company Secretary shall be the secretary of the Committee.

## 4. Frequency of Meetings

Meetings shall be held at least four times yearly or more frequently as circumstances require.

The Chairperson of the Committee shall convene a meeting upon request of any Committee member who considers it necessary.

Whenever possible Committee meetings shall be scheduled to allow for adequate time for Committee business and so that they can be reported promptly and effectively to the Board.

## 5. Authority

The basic responsibility of the members of the Audit Committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation members should be entitled to rely on the honesty and integrity of the Company senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

The Committee is authorised by the Board to investigate any activity it deems appropriate. It is authorised to seek any information from any officer or employee of the Company all of whom are directed to co-operate with any request made by the Committee.

The Committee is authorised to engage any firm of accountants, lawyers or other professionals as the Committee deems fit to provide the independent counsel and advice and to assist in any review or investigation on such matters as the Committee deems appropriate.

The Internal Auditor reports functionally to the Chairperson of the Audit Committee (and administratively to the Manager). The Internal Auditor should ideally be a member of the Institute of Internal Auditors.

## 6. Duties

The duties of the Committee shall be to:

### 6.1 General

To ensure that there is an open avenue of communication between the Internal Auditor, the External Auditors and the Board of Directors.

Review annually and, if necessary propose for formal Board adoption, amendments to the Committee's Terms of Reference.

Establish and maintain policies and procedures to provide employees of the financial institution a confidential channel to report malpractice with regards to accounting, internal control, compliance, audit and any other related matters of concern to the employees. The audit

committee shall also have a process for ensuring that employees are aware of these policies and for dealing with matters raised by employees with it, under these policies.

## 6.2 Financial Statements

The Committee shall: -

- Review the interim financial statements, annual financial statements and preliminary announcements prior to their release.
- Meet with Management, internal auditors and the external auditors to
  - review the financial statements, the critical accounting policies and practices, and the results of their audit.
  - Ensure that significant adjustments, unadjusted differences,
  - disagreements with management and management letter are discussed with the external auditors.
- Review the other sections of the annual report before its release and consider whether the information is understandable, consistent with members' knowledge of the Company and unbiased.
- Review with the External Auditor any significant changes which have been required in their audit plan
- Review with Management other matters related to the conduct of the audit which are to be communicated to the Committee under The Companies Act 2001 and International Financial Reporting Standards

## 6.3 Internal Controls

Enquire from management, the Internal Auditor, and the External Auditors about significant risks or exposures and evaluate the steps taken to minimise such risk to the Company.

Consider and review with management and the Internal Auditor significant findings during the year and management's responses thereto.

Consider and review with the External Auditors and the Internal Auditor:

The adequacy of the Company's systems of internal control including computerised information systems controls and security.

Any related significant findings and recommendations of the independent accounts and of the Internal Auditor, together with management's responses thereto.

The contents of the External Auditors Management Letter, together with management's responses thereto.

## 6.4 External Audit

Recommend to the Board of Directors and endorse the appointment of the External Auditors and their remuneration; review and approve the scope and quality of their work, and their discharge or resignation.

Evaluate the independence and effectiveness of the external auditors and consider whether the non-audit services, if any, rendered by such auditors substantively impairs their independence

Consider with Management and External Auditors the rationale for employing audit firms for the audit of the subsidiaries companies other than the principal External Auditors.

## 6.5 Internal Audit

Consider, in consultation with the External Auditors and the Internal Auditor, the audit plans and scope of the External Auditors and Internal Auditor, ensuring the co-ordination of audit effort is maximised.

Monitor and supervise the effective function of the internal audit, ensuring that the roles and functions of the external audit with the internal audit are sufficiently clarified and co-ordinated to provide an objective overview of the operational effectiveness of the Company's systems of internal control and reporting.

Review and approve, where possible in advance of the event, the appointment, replacement, reassignment, or dismissal of the Internal Auditor.

Consider and review with management and the Internal Auditor:

- Any difficulties encountered in the course of internal audits, and any restrictions placed on internal audit scope of work or access to required information or personnel.
- The audit plan of future audits to be conducted.
- The internal auditing department's budget and staffing.
- Any changes which have been required in the previously approved audit plan.
- The Internal Audit Charter.

## 7. Reporting

The Chairperson of the Committee shall report on the Committee's business to the Board of Directors with such recommendations as the Committee may deem appropriate.

The Committee shall recommend approval of the annual report and accounts to the Board of Directors.

The Secretary shall forward a copy of the minutes of meetings of the Committee to the Chairperson of the Board of Directors for information.