

# **PACE (PAKISTAN) LIMITED**

## **TERM OF REFERENCE OF THE AUDIT COMMITTEE**

The terms of reference of the Audit Committee shall also include the following:

1. Determination of appropriate measures to safe guard the listed Company's assets
2. Review of quarterly, half yearly and annual financial statements of the listed Company prior to their approval by the Board of Directors, focusing on:
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - The going-concern assumptions
  - Any changes in accounting policies and practices
  - Compliance of applicable accounting standards
  - Compliance with listing regulations and other statutory and regulatory requirements
  - Significant related party transactions.
3. Review of preliminary announcement of result prior to publication;
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter the auditors may wish to highlight (in the absence of the management, where necessary)
5. Review of management letter issued by external auditors and management response thereto
6. Ensuring co-ordination between the internal auditors of the Company
7. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate sources and is appropriately placed within the Company
8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's responses thereto
9. Ascertaining that the internal control system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payment, assets and liabilities and the reporting structure are adequate and effective;
10. Review of the listed Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body
12. Determination of compliance with relevant statutory requirements
13. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof and
14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

15. Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
16. Consideration of any other issue or matter as may be assigned by the Board of Director