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MALDIVES TOURISM DEVELOPMENT CORPORATION PLC



# Audit and Risk Management Committee Charter

*Maldives Tourism Development Corporation PLC*

Approved Date: 29<sup>th</sup> July 2019

## 1. Members of the committee

The committee shall comprise of at least three members, all of whom shall be independent non-executive directors. The chairperson of the board may also serve on the committee as an additional member if he or she is considered independent. However, the chairperson of the board shall not be the chairperson of the committee.

Only members of the committee have the right to attend committee meetings. However, the Committee will have the authority to call and invite Company Directors, Executives and External Advisors for all or part of any meeting, as and when appropriate and necessary.

Appointments to the committee are made by the board and shall be appointed from one Annual General Meeting to the next. The members would receive financial incentive as determined by the Board of Directors. The Board of Directors enjoy the absolute right to appoint and remove members from the Committee.

Not less than two members of the committee shall possess qualification in accounting or a field related to accounting and should have accounting knowledge, experience and skill.

## 2. Secretary

The company secretary or his or her nominee shall act as the secretary of the committee.

## 3. Quorum

The quorum necessary for the transaction of business shall be two third of the members of the committee.

A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

## 4. Meetings

The committee shall meet at least once every three months to review the external and internal audit of the Company and otherwise as required. The Committee must mandatorily hold a meeting before the Company finalizes its annual financial report

## 5. Notice of Meetings

Meetings of the committee shall be called by the secretary of the committee at the request of the committee chairperson.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committee, no later than two working days before the date of the meeting. However, the committee may hold special meetings without a notice, to discuss on urgent issues.

Supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time.

## 6. Minutes of Meeting

The secretary shall minute the proceedings and recommendations of all committee meetings, including the names of those present and in attendance.

Draft minutes of committee meetings shall be circulated within 7 working days after the meeting to all members of the committee.

## 7. Annual General Meeting

The committee chairperson should attend the Annual General Meeting to answer any shareholder questions on the committee's activities.

## 8. Responsibilities of the Committee

The Audit and Risk Management Committee is formed by the MTDC Board to assist the MTDC in the performance of its duties. The committee will dispense its duties in compliance with the code of corporate governance issued by the Maldives Capital Development Authority (CMDA). The aim of the Committee is:

1. To oversee the company's finance and the Financial Report, and to ensure that the internal control mechanisms are managed in such a reliable way that protects the interests of the shareholders.
2. To facilitate communication between the company's management, external auditors, internal auditors and the Board of Directors.
3. To oversee and ascertain the work undertaken by the Internal and External Auditors and the level of independence enjoyed by them in pursuing their mandated work.
4. To review and oversee those aspects of the business experiencing large losses and to ensure that the Company complies with the Laws and Regulations.
5. To assure that there is in place an effective system of controls reasonably designed to;
  - Safeguard assets and income of the Company,
  - Maintain compliance with Company's ethical standards, policies, plans and procedures.
6. To oversee risk assessment and risk management pertaining to the financial, accounting and tax matters of the Company.
7. The Audit and Risk Management Committee will have the full authority to acquire advisors, and legal opinion in exercising and discharging its functions. The Company must provide all required assistance and resources to the Committee to help it perform its functions appropriately.

## 9. Reporting Responsibilities

The Committee must prepare a report containing information about every meeting held which shall be submitted to the Board. The Committee shall also prepare for the benefit of the Company's shareholders a report which shall be included in the annual report of the Company.

### General

1. The Committee shall study and review the Charter of the Audit and Risk Management Committee and submit the required amendments to the Board.
2. The Committee shall form a mechanism and formulate rules to hear complaints relating to Company's assets and finance, and also to hear complaints lodged anonymously by the Company's employees relating to Company's assets and finance.

3. The Committee must ascertain the accuracy of the Company's Annual Financial Report and other financial reports and ensure that information relating to finance in the report is provided in a manner which is easy to comprehend.
4. The Committee must review and ensure that the set- up which has been placed to resolve issues that the company faces in governance ( Internal Risk Control) and the set- up placed to assess the risk the company faces and mechanism to avoid and manage the risk (Risk Management System) effectively.
5. The Committee must study, review and understand the Quarterly Report of the Company.

#### External Auditors

1. The External Auditors are accountable to the Audit and Risk Management Committee and the Board of Directors.
2. To observe and review that the External Auditor functions independently while performing its duties and to review the functioning of the external audit of the Company.
3. Review Company's Accounting Policy and changes brought in it and endeavor towards amending the policy if the policy is found to be ineffective and inefficient.
4. To review the Company's Annual Financial Report with Auditors before its publication.

#### Internal Auditors

1. The Internal Auditors are accountable to the Audit and Risk Management Committee and the Board of Directors.
2. To appoint Internal Auditors and observe their performance to ensure that they work effectively.
3. To review and approve the Budget of Internal Audit Department, salary and incentive of senior employees.
4. To review the Internal Audit Plan and ensure that the Internal Auditors perform their functions in compliance with the audit plan and in an effective manner.
5. To submit the Company's Quarterly Accounts to the Audit and Risk Management Committee and to receive their opinion before its publication.

#### Legal Compliance

To review the Company's Financial Statement along with the Company's Lawyers.

#### Other Responsibilities

1. To advise the External and Internal Auditors on matters that require the attention of the Audit Committee.
2. To plan a schedule to list the agenda and work plan of the Audit and Risk Management Committee to perform its obligations and responsibilities.

## **10. Authority**

The committee is authorized by the board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

## **11. Deviations from this Charter**

The Board of Directors may deviate from this charter if there are specific reasons to do so in an individual case. It is the duty of the Directors to disclose of such deviations to the shareholders.

## 12. Changes to this Charter

Any changes to this charter shall be made and approved by the Board of Directors of the Company.

In spite of the obligations and responsibilities of the Audit and Risk Management Committee stated herein above, it is not the mandate of the Committee to audit, ascertain the method of auditing and to determine the accuracy of Company's finances, however this is the duty of the management and External Auditors. The Committee does not have the mandate and power to hold investigation and settle differences between Management and External Auditors and to ensure legal compliance.