

# **AUDIT COMMITTEE**

## **TERMS OF REFERENCE**



## **TAHPS GROUP BERHAD (37-K)**

Updated as at [22 February 2017]

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**A. OBJECTIVES**

The principal objectives of the Audit Committee (“AC”) is to assist the Board of Directors (“Board”) of TAHPS Group Berhad (“TAHPS” or “Company”) in discharging their fiduciary duties and overseeing the financial reporting process apart from ensuring that the results of the Company’s operations are fairly presented in its financial statements.

**B. COMPOSITION**

1. The AC members shall be appointed by the Board from amongst their number and shall consist a minimum of three (3) members, all of whom shall be Non-Executive Directors, and a majority of whom shall be Independent Directors;
2. No Alternate Director shall be appointed as an AC member;
3. The Chairman of the AC (“Chairman”) shall be elected from amongst the AC members approved by the Board. In the absence of the Chairman, the other Independent Non-Executive Director shall be the Chairman for that meeting; and
4. At least one (1) member of the AC :-
  - (a) must be a member of the Malaysian Institute of Accountants (“MIA”); or
  - (b) if he / she is not a member of MIA, he / she must have at least three (3) years’ working experience and:-
    - (i) He / She must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967;
    - (ii) He / She must be a member of one of the association of accountants specified in Part II of 1<sup>st</sup> Schedule of the Accountants Act 1967; or
    - (iii) He / She have fulfilled such other requirements as prescribed or approved under the listing requirements of Bursa Malaysia Securities Berhad.

**C. AUTHORITY**

The AC shall have the following power and authority and at the cost to the Company:-

1. to have full and unrestricted access to all information and documents / resources within the Group to perform its duties.
2. to appoint or invite external parties for the purposes of obtaining independent professional advice, expertise and services if the AC consider it as necessary.
3. to invite any employees of the Group to attend AC meetings and to brief the AC on matters being deliberated if the AC considers this as necessary.

4. to provide recommendations to the Board for consideration and approval.

#### **D. FUNCTIONS AND DUTIES**

The main functions and duties of the AC shall include, but are not limited to the following:

1. to recommend the nomination of a person and persons as external auditors and to review the re-appointment and or resignation of the external auditor, the scope and general extent of the external auditors' audit examination and ensure co-ordination between the internal and external auditors. The external auditors' fee is arranged and reviewed by the AC;
2. to review the Group's business process, the quality of the Group accounting function, financial reporting and the system of internal controls;
3. to enhance the independence of both the external and internal audit functions by providing direction to and oversight of these functions on behalf of the Board;
4. to review the quarterly results and annual financial statements before submission to the Board, to consider on matters such as:
  - (a) going concern assumption;
  - (b) any changes in accounting policies and practices;
  - (c) significant adjustments resulting from the audit and unusual events;
  - (d) compliance with accounting standards;
  - (e) compliance with stock exchange and legal requirements; and
  - (f) major judgemental areas;
5. to review the following and report the same to the Board:-
  - (a) review the audit plan, the evaluation of the internal control systems and the audit report with the external auditors;
  - (b) the assistance given by the employees of the Group to the external auditors;
  - (c) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (d) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate actions have been taken on the recommendations from the internal audit report; and

- (e) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedures or course of conduct that raises questions of management's integrity.

#### **E. QUORUM AND CONDUCT OF MEETINGS**

1. The quorum for a meeting of the AC shall be two (2) members whereby both members must be an Independent Director.
2. The AC shall convene a meeting at least four times in the financial year.
3. Except as outlined above under this header, AC meetings shall be conducted in accordance with the provisions of the company's constitution for TAHPS in governing the proceedings for Directors. Any member taking leave from the meeting shall notify the secretary of the Chairman at least twenty (24) hours before the scheduled meeting.
4. The meeting shall commence after ten (10) minutes of the scheduled time of meeting upon the quorum of two (2) members being present. If the Chairman is not present after ten (10) minutes, the Committee members present may elect a Chairman for that meeting and the proceedings can continue.
5. The Chairman of the AC shall report formally to the Board, at each Board meeting, on the proceedings of the Committee since the previous Board meeting.
6. A meeting of the AC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means of which all members participating in the meeting can listen and hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
7. The AC may from time to time, consider and/or recommend relevant matters for approval via a circular resolution in writing, in lieu of formally convening a meeting. The circular resolution shall be as valid and effectual as if it has been passed by a meeting of the AC duly convened must be signed or approved by all AC members.

#### **F. REVIEW OF THE TERMS OF REFERENCE**

The AC shall recommend any changes to its terms of reference in such matters as the AC deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary if there are any compulsory changes required in accordance with any legislation, regulations, directives or order in law. It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the AC's role.

[END OF TERMS OF REFERENCE]