



Conduct Review & Audit Committee

TERMS OF REFERENCE

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1. DEFINITIONS

1.1 “Bank One” / “the Bank”

Bank One Limited

1.2 “The Committee”

The Conduct Review & Audit Committee of the Board of Bank One Limited.

2. CONSTITUTION & PURPOSE

The Conduct Review & Audit Committee is a committee of the Board of Directors of the Bank. Its purpose is to:

1. perform the functions of the Conduct Review Committee in line with the guideline issued by the Bank of Mauritius (BOM) on related party transactions and the Bank’s internal Policy thereon, and shall mainly review and approve related party transactions;
2. assist the Board in fulfilling its corporate governance responsibilities in relation to the requirements of section 40 of the Banking Act 2004 on the oversight of the quality and integrity of financial reporting, risk management and internal control, statutory compliance and audit functions, including:
 - a) The compliance of the financial statements with all applicable legal, regulatory and professional reporting requirements as well as making informed decisions regarding accounting policies, judgements, practices and disclosures;
 - b) The recommendation for appointment of the company’s auditors;
 - c) The scope and results of internal audit reviews and external audits; and
 - d) The effectiveness of systems of risk management, internal control and compliance.

The Committee will fulfil these responsibilities primarily by carrying out the activities described in section 5. These responsibilities may be amended as required, subject to the approval of the Board.

The Board of the Bank has authorised the Committee to investigate any activity within its terms of reference. The Committee is authorised to seek any information it requires from any employee in the Bank, and all employees are expected to co-operate with any request made by the Committee.

The Committee may, in consultation with the Chairperson of the Board, and in cooperation with the Board’s Company Secretary obtain outside legal or other independent professional advice.

3. COMPOSITION

Members of the committee shall be appointed by the Board, on the recommendation of the Governance, Nominations and Remuneration Committee. The Committee shall comprise only Independent Directors and shall not be less than 3 in number.

The members of the Committee shall have a financial background and be conversant with both the International Auditing Standards and International Financial Reporting Standards.

The chairperson of the Committee shall be appointed by the Board and shall have substantial accounting or financial experience. The Chairperson of the Committee shall not be the Chairperson of the Board nor that of the Board Risk Management Committee.

In the event where the Chairperson of the Committee is not able to attend the meeting, the members present shall elect one of their number to chair the said meeting.

The Board will, as far as practical, review the composition of the Committee annually and make any changes it deems appropriate.

The Company Secretary shall act as Secretary for the Conduct Review & Audit Committee.

Other individuals, such as the Chief Executive Officer, the Chief Finance Officer, the Head of Internal Audit and other executives and the External Auditors, may be invited to attend all or part of the meeting at the request of the Chairperson of the Committee.

4. ADMINISTRATION / MEETINGS

4.1 Frequency of meetings

The Committee shall meet at least on a quarterly basis.

Meetings shall be organised so that attendance is maximised. The notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed, along with the relevant papers, will, other than under exceptional circumstances, be forwarded to each member of the Committee not less than five working days prior to the date of the meeting.

4.2 Quorum

Two Members shall constitute a quorum.

A Member shall be deemed to be present at any meeting if he is able to hear and understand all of the proceedings of the meeting and be heard and understood by all present or deemed present by way of telephone or other suitable means of communication, and such Member indicates his willingness for the meeting to proceed on that basis.

4.3 Voting

All decisions of the Committee shall be by unanimous approval. A member present at a meeting of the Committee is presumed to have agreed to and to have voted in favour of a decision / recommendation, unless he expressly dissents from or votes against the decision / recommendation at the meeting.

The Committee may approve an urgent matter by way of email circulation. Any decision / recommendation taken in such manner would be in line with the above preceding paragraph, i.e. circular resolutions should be unanimous. Such decision / recommendation shall be formally ratified at the ensuing meeting of the Committee.

4.4 Minutes of Meetings / Reporting to the Board

The Committee Secretary shall take minutes of all meetings. Such minutes shall be circulated to all members of the Committee not later than three weeks post each meeting and tabled for approval at the ensuing CRAC meeting.

The Chairperson of the Committee will report to each Board meeting of the Bank on any matters of importance, the Committee's findings and recommended actions.

Minutes of all Committee meetings shall be tabled at the ensuing Board meeting. Significant risks and internal control breakdowns shall be reported to the Risk Management Committee.

5. RESPONSIBILITIES

The responsibilities of the Committee shall include the following:

5.1 Corporate Reporting & Financial Statements

- 5.1.1 Review the Bank's interim and annual financial reports, including condensed quarterly financial statements, annual financial statements and Management Discussion & Analysis before they are approved by the Board of Directors.
- 5.1.2 When reviewing the financial statements of the Bank, the Committee shall review and challenge, where necessary:
 - 1. the consistency of, and any changes to, the accounting policies on year-on year basis.
 - 2. the methods used to account for significant or unusual transactions where different approaches are possible;
 - 3. whether the Bank has complied with appropriate financial reporting standards as well as legal and regulatory requirements;
 - 4. whether management has made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 5. the clarity of disclosure of the Bank's financial reports and context in which statements are made.

5.2 Internal Controls

- 5.2.1 Review and monitor the effectiveness of the Bank's internal controls and risk management systems, with a view to ensuring that the main risks (include those related to fraud and compliance with existing legislation and regulations) are properly identified, managed and disclosed;
- 5.2.2 Ensure that the Bank complies with regulatory requirements, including prudential requirements and any other reporting obligations;
- 5.2.3 Understand the scope of internal and external auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations;

5.3 Internal Audit

- 5.3.1 Review the effectiveness of the Bank's internal audit function in the context of the Bank's overall risk management system;
- 5.3.2 Review and approve the remit of the internal audit function and ensure it has adequate budget and resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure that the function has adequate standing and is independent from management or other restrictions;
- 5.3.3 Review and approve, on an annual basis, the Internal Audit Charter;
- 5.3.4 Review, approve and monitor progress against the annual internal audit work plan;
- 5.3.5 Review all internal audit reports and ensure that the findings and recommendations of internal audit are taken into account by the Management;
- 5.3.6 Periodically (at least twice a year) meet the Head of Internal Audit without the presence of senior management;
- 5.3.7 On an annual basis, review the performance of the Head of Internal Audit and review the effectiveness of the Bank's internal audit function;
- 5.3.8 Approve the appointment and removal of the Head of Internal Audit;
- 5.3.9 Approve the remuneration of the Head of Internal Audit.

5.4 External audit

- 5.4.1 Consider and make recommendations to the Board, in relation to the appointment, re-appointment or removal of Bank's external auditors, including any rotation of audit firm or audit partner, in line with the provisions of the Banking Act 2004; The Committee shall oversee the selection process for new auditors;
- 5.4.2 Oversee the relationship with the external auditor including (but not limited to):
 - 1. approval of their terms of engagement and audit fees;
 - 2. approving any non-audit work to avoid possible conflicts of interest and to ensure the independence and objectivity of the audit work;

3. assessing annually their performance, including independence, ethics and objectivity taking into account relevant professional and regulatory requirements;
 4. assessing the qualifications, expertise, resources and effectiveness of the audit process.
- 5.4.3 Periodically (at least twice a year) meet the External Auditor without the presence of senior management, to discuss their remit and any issues arising from the audit;
- 5.4.4 Review and approve the annual audit plan and ensure it is consistent with the scope of the audit engagement;
- 5.4.5 Review and discuss with external auditors their findings and ensure appropriate actions are taken to resolve contentious issues;
- 5.4.6 Review the external auditor's report on accounting, internal control and other matters and ensure there is an appropriate response and action is taken by the Management;
- 5.4.7 Review the letter of representation requested by the auditors before it is signed.

5.5 Conduct Review

- 5.5.1 Establish policies and procedures to comply with the requirements of the guideline issued by the Bank of Mauritius on Related Party Transactions;
- 5.5.2 Review such policies and procedures periodically to ensure their continuing adequacy and enforcement in the best interest of the Bank;
- 5.5.3 Review and approve each credit exposure to Related Parties;
- 5.5.4 Ensure that market terms and conditions are applied to all Related Party Transactions, excluding related party transactions to Senior Officers of the Bank which shall be governed by the Bank's Staff Loan Policy;
- 5.5.5 Review the practices of the Bank to ensure that any transaction with Related Parties that may have a material effect on the stability and solvency of the Bank is identified and dealt with in a timely manner;

5.6 Other matters

- 5.6.1 Ensure appropriate co-ordination between the Internal Audit and External Audit.
- 5.6.2 Review and recommend to the Board any services to be provided to the Bank by its shareholders under a management services contract.
- 5.6.3 Approve, on behalf of the Board, and periodically review policies pertaining to corporate reporting, financial statements and conduct review matters (related party transactions);
- 5.6.4 The Audit Committee shall participate in the annual budget review process together with the Board Strategy Committee (BSC). During the review the Audit Committee members shall ensure appropriate accounting policies have been applied in preparing the budget and it has been prepared with due regard to compliance with regulatory requirements, including capital management / adequacy and other ratios. The Committee shall then recommend the budget to Board of Directors for approval.

Approved by the Board on 07 September 2022.