



## Item No. (7) attachment

(Voting on appointing the company's auditor among the nominees based on the Audit Committee's recommendation, to examine, review and audit the financial statements for the (second, third quarter, and annual financial statement of the fiscal year 2023, and the first quarter of the fiscal year 2024), and determination their fees).

Date : 29 / 8 /1444H

Corresponding to : 21 / 3 /2023

## Report of the Audit Committee for the Shareholders of the Company for the year ended on 31/12/2022

Honorable Shareholders,

Greetings,

### Introduction:

During the fiscal year 2022, the Audit Committee held seven meetings at the Company's headquarter in Riyadh, the Committee has prepared the annual plan that outlines their works, tasks, and responsibilities, including the activities, tasks and action that will be carried out to achieve their goals as per their scope of works i.e. to assist the Board of Directors to fulfill their responsibilities. Additionally, the Committee provides support in confirming the suitability of the internal controls system and its effective implementation and adherence with the provisions, regulation, standards and policies related to the scope of its function. Moreover, the Committee reviews the company's management response to specific challenges that are identified and observed through the committee's functions, in a way that achieves the company's objectives and protects the interests of shareholders.

#### **Audit Committee terms of reference:**

The following describes key tasks performed and activities carried out reviewed by the Audit Committee during the year 2022: –

#### **Financial Reports:**

- 1– The committee reviewed the final financial statements for the fiscal year 2021 (or 2022), the first, second and third quarters of the fiscal year 2022, and discussed it with the company's management and the external auditor of the company's accounts (KPMG). Accordingly, the committee has recommended to presented it to the Board of Directors for approval and published.
- 2– The Committee has reviewed, its related policies, updated and presented by the management and which were then recommended it to the Board of Directors.

#### **Internal Audits:**

- 1– The Committee confirmed the independence of the Internal Audit Department and the availability and adequacy of the resources and necessary capabilities to carry out its duties in the manner intended to serve the interests of the company and in accordance with professional standards and the adopted Internal Audit Charter.
- 2– The Committee discussed the Internal Audit quarterly's reports, and issued its directions accordingly.

- 3- The Committee reviewed the internal audit report for the fiscal year 2021 and discussed it with the Company's executive management, and directed to follow up and to resolve the matters highlighted in observations.
- 4- The Committee approved the internal audit plan of 2023, and defined the required financial resources, and human resources, which will ensure execution of the plan.

#### **External Auditor:**

- 1- The Committee examined the external auditor of the company's accounts scope of work, and directed to invite six accountancy companies to audit the company's accounts for the fiscal year 2022 and the first quarter of the year 2023. The Committee has evaluated the proposals and accordingly recommended two Companies among the applicants to the Board of Directors for approval, and presented it to the General Assembly of shareholders.
- 2- The Committee confirmed the independence of the external auditor and the availability and adequacy of the resources and capabilities necessary to carry out its duties probably.

#### **Compliance Assurance**

- 1- The Committee reviewed the reports of the regulatory authorities and followed up the Company in taking the necessary measures.
- 2- The committee assured that the company's governance and compliance officer did not receive any notification of abuses in the company's financial reports during 2022, according to the confidentially means of reporting that provided by the company. Furthermore, the Committee examined the complaint submitted by one of the



employees, in accordance with the approved policies and followed legal procedures thereon.

**Committee opinions:**

According to the terms of reference of the Audit Committee, and based on the periodic reports submitted by the company's executive management, the internal audit department, the company's external auditor, and the executive management's assurances about the suitability of the company's control system; the Audit Committee did not find a fundamental defect in the internal control environment or material matters of influence. It is required to be disclosed in the fiscal year ending on 12/31/2022 AD. However, the Audit Committee cannot fully confirm the effectiveness of any internal control system.

Best Regards,

On behalf of Audit Committee

Alaa bin Abdullah Alfadda

A handwritten signature in blue ink, appearing to be 'Alaa', is placed below the name.

Chairman of the Audit Committee

**Recommendation of the Audit Committee to the Forty-Eight Ordinary General  
Assembly of Shareholders**

**Regarding appointment of the Company's External Auditor For the second, third  
quarter and the annual of 2023, and the first quarter of 2024**

The audit committee of the Saudi Public Transport Company invited a Seven of the licensed chartered accountancy Companies that have long experiences, to review and audit the company's financial statements for the second and third quarter and the annual statements for 2023 and the first quarter of 2024 and determine their fees. The technical and financial proposal was reviewed and analysis, furthermore, the evaluation were carried out by using of the approved evaluation form by the committee, as per the Company's policy.

The committee issued its recommendation to the Forty-Eight Ordinary General Assembly of the company's Shareholders by nominating KPMG Professional Services Followed by Alluhaid & Alyahya Chartered Accountants. Certified Accountants and Auditors, in order to audit the company's finance statement, according to the Audit Committee approved form, or the General Assembly selects the suitable offers among the others.

No.	Firm Name
1	KPMG Professional Services.
2	Alluhaid & Alyahya Chartered Accountants.

Best Regards,

**Audit Committee Chairman**

A blue ink signature of Alaa Abdullah AL Fadda.

**Alaa Abdullah AL Fadda**