



الخریفة لتقنية المياه والطاقة
Alkhorayef Water & Power Technologies



الخریفة لتقنية المياه والطاقة
Alkhorayef Water & Power Technologies

ALKHORAYEF WATER & POWER TECHNOLOGIES Co.

Audit Committee Report for the Fiscal Year 2023

Results of the Annual Auditing of the Effectiveness of the Company Internal Control Measures

In compliance with the “Corporate Governance” regulations and the approved “Audit Committee Charter”, the AC continued to monitor the Company’s activities and to verify the integrity of financial reports, and the efficiency of internal control systems and accounting policies, in addition to supervising the Internal Audit, and External Audit activities. Furthermore, the Committee worked on ensuring the Company’s compliance with applicable laws and regulations and other activities and responsibilities, as per its mandate. The AC activities during the year 2020 included the following:

External audit and financial reports

- Submitting a recommendation to the Board to the Board of Directors the selection and appointment of KPMG as an independent external auditor.
- Approving the schedule of deadlines for issuing the company's quarterly and annual financial statements.
- Reviewing the results of the company's operations and its financial position as it appeared in the preliminary and annual financial statements and reports for the fiscal year 2022 AD and what was done in this regard, in accordance with International Accounting Standards for Financial Reporting (IFRS). its recommendations to the Board of Directors.
- Ensure that there are no difficulties faced by the external auditor during the audit, and the committee also made sure of the cooperation of the finance department with the external auditor.
- The accounting policies used were studied, and opinion and recommendation were expressed to the Board of Directors in this regard, including, for example, the request of the executive management to prepare a policy for receivable provisions, unbilled revenue, financial policies related to capitalization of expenses, inventory policy, and the calculation of the related provisions.

Internal audit

- Develop a plan to transfer the internal audit functions from the internal audit consultant to the internal audit team at Al-Khorayef Water and Power Technologies Company
- Appointing the Chief Audit Executive in August 2022, and the following has been done:
- Preparing the organizational structure of the internal audit department.
- Review and approve the internal audit charter.
- Review and approval of the estimated budget of the Internal Audit Department
- Follow up on all reports issued by the internal audit consultant PWC
- Review and approval of the internal audit plan for the years 2022-2023

Internal Control System:

Based on the periodic reports provided by the Executive Management and through its supervisory role in following up on the work and reports of the internal audit department, which verifies the effectiveness of the company's internal control systems and procedures, as well as the evaluation of the control system by the external auditor.

Therefore, the Audit Committee believes that the Company's Executive Management has maintained an effective internal control system, and that the scope and volume of audits, and the audit committee's discussions during meetings, provided the Committee with a reasonable basis for this view, taking into account that any internal control system, regardless of the integrity of its design and effectiveness of its application, It cannot provide absolute assurance of the effectiveness of the internal control systems in place.