



PALLI KARMA-SAHAYAK FOUNDATION (PKSF)

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Terms of Reference (ToR)
for the
Audit Committee of PKSF



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1.0 Introduction

Palli Karma-Sahayak Foundation (PKSF) is a not-for-profit, apex development organization established by the Government of Bangladesh in 1990 (incorporated under Section 26 of The Companies Act 1913 which was replaced by Section 28 of The Companies Act 1994) to reduce poverty through sustainable employment generation. This Terms of Reference (ToR) outlines the objectives, scope, authority and responsibilities of the Audit Committee of PKSF, formed by the Governing Body of PKSF at its 260th meeting held on 29 June 2025. The Committee will assist the Governing Body in fulfilling its responsibilities regarding oversight of Management efficiency, reliability of Information Systems, the Social and Environmental impacts of PKSF's activities, and reliability of Financial Reporting System.

2.0 Objective

The Audit Department of PKSF pre-audits all financial transactions above Tk. 10,000/- per transaction, following the approved Terms of Reference (ToR), the Delegation of Administrative and Financial Authority (DAFA), and auditing and accounting standards, applicable government laws, rules, and regulations. PKSF's Audit Department also conducts audits of the Interim Financial Statements of PKSF, along with the Bank Reconciliation Statements prepared by the Finance and Accounts Department of PKSF. On the other hand, every financial year, each active Partner Organization (PO) of PKSF is audited by PKSF's Audit Department. In addition, each active PO is also audited by a PKSF-appointed Chartered Accountancy (CA) Firm in alternate financial years. POs also have their own Audit Departments/Sections for their own audit, in addition to their Statutory Audit. The Statutory Auditor of PKSF conducts the yearly financial audit of PKSF and evaluates the 'Monitoring and Effectiveness of overall Internal Audit Functions of PKSF' and issues a report in this regard each financial year, along with the Independent Auditor's Report. The Audit Committee shall oversee the functions of the Audit Department of PKSF. The Committee will also review the half-yearly unaudited Financial Statements, the Statutory Auditor's Report, and the audited Financial Statements of PKSF. The Audit Committee shall also oversee the observations revealed in the audits of Partner Organizations (POs).

3.0 Scope of Work

The Audit Committee shall oversee and provide guidance mainly on the following areas with the cooperation of relevant department(s), particularly the Audit Department of PKSF:

3.1 In short, the Audit Committee shall work on the following areas to strengthen oversight of PKSF:

- i. Financial Audit of PKSF and its Partner Organizations (POs);
- ii. Internal Control;
- iii. Audit Process;
- iv. Compliance; and
- v. Digitalization.

3.2 Review of Audit Findings and Recommendations

3.2.1 Reviewing and approving the Annual workplan of the Audit Department of PKSF;



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- 3.2.2 Reviewing the selection process, recommendations for the appointment of the statutory Auditor of PKSF;
- 3.2.3 Reviewing the half-yearly Unaudited Financial Statements of PKSF, the Statutory Auditor's Report, and the Audited Financial Statements of PKSF;
- 3.2.4 Monitoring the implementation of agreed-upon corrective actions and recommendations arising from audit findings; and
- 3.2.5 Reviewing the observations revealed from the Financial Audit of PKSF's Partner Organization (POs), categorizing risks considering their severity, and recommending corrective actions.

3.3 Risk Analysis and Mitigation

Analyzing risks of PKSF and its Partner Organizations (POs) and categorizing risks considering their severity, prioritizing risks, and recommending corrective actions.

3.4 Certification from Audit Department of PKSF

The Audit Department of PKSF shall submit a certificate and express opinions confirming that:

- i. All the transactions above Tk. 10,000/- per transaction have been pre-audited;
- ii. All the transactions below Tk. 10,000/- per transaction have been post-audited;
- iii. The Interim Financial Statements of PKSF have been audited by the Audit Department of PKSF; and
- iv. A Report on observations revealed from the Financial Audit of PKSF and its Partner Organizations (POs).

3.5 Financial Audit of Partner Organizations (POs)

- i. Overseeing the observations revealed in the audits (conducted by the Audit Department of PKSF) of Partner Organizations (POs) and ensuring that such observations are reported to the Managing Director subject to approval by the appropriate authority;
- ii. Reviewing the observations revealed in the audits (conducted by PKSF-appointed Chartered Accountancy Firms) of Partner Organizations (POs); and
- iii. Recommending actions to improve the financial reporting process.

3.6 Internal Control & Compliances

- i. Reviewing Reports from management audit, focusing on:
 - a. Effectiveness and efficiency of management processes;
 - b. Organizational structures;
 - c. Reliability of Financial Reporting; and
 - d. Operational compliance and practices.
- ii. Reviewing internal control risks and compliance, to be included in the agreements of Partners Organizations (POs).
- iii. Recommending actions to enhance the effectiveness of governance, operational processes, and controls across the entire organization.

3.7 Digitalization

- i. Reviewing the adequacy and effectiveness of the Management Information System (MIS);
- ii. Reviewing data integrity, system efficiency, and data security;
- iii. Reviewing key risk factors associated with digitalization; and



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iv. Recommending improvements for technology governance and resilience.

4.0 Composition & Reporting

- 4.1 The Committee consists of 03 (three) members nominated from the members of the Governing Body of PKSf. Out of these 03 (three) members, 01 (one) member shall act as the Convenor, and the remaining 02 (two) members shall act as the Members of the Audit Committee.
- 4.2 The tenure of the members will be determined by the Governing Body.

5.0 Meetings

- 5.1 The Audit Committee shall meet at least twice a year, prior to submitting its reports to the Governing Body.
- 5.2 The Convenor shall chair the meetings of the Committee. In the absence of the Convenor, any member of the Committee shall chair the meeting.
- 5.3 A quorum for Committee meetings shall consist of the presence of 02 (two) members.
- 5.4 The Convenor of the Committee, in consultation with other members, shall determine the agenda for each meeting. Minutes of all meetings shall be recorded and circulated among the Committee members.
- 5.5 The Committee may invite representative(s) from any relevant department of PKSf to attend meetings as deemed necessary.

6.0 Support & Secretariat

Board Secretary of PKSf shall:

- 6.1 Provide all necessary secretarial support including meeting arrangements, documentation, and record-keeping.
- 6.2 Serve as a liaison between the Audit Committee and the relevant departments of PKSf.

7.0 Reporting structure of the PKSf Audit Department

The reporting structure of the PKSf Audit Department shall be determined as follows:

- 7.1 The Internal Audit Department of PKSf shall, functionally, submit its reports to the Audit Committee twice annually; and
- 7.2 The Internal Audit Department of PKSf shall, administratively, submit its reports to the Managing Director; audit reports on Partner Organizations (POs) shall continue to be submitted to the Managing Director as before. The audit activities of the Partner Organizations shall primarily remain under the supervision of the Managing Director. Among the observations arising from the audits of the Partner Organizations, any critical issues, if identified, shall be presented periodically to the Audit Committee and to the Board.

8.0 Review of Terms of Reference

This ToR may be reviewed from time to time by the Audit Committee and will be approved accordingly by the Governing Body to ensure its continued relevance and effectiveness.