

**APPROVED**  
**by the decision of the Board of**  
**Directors at NPJSC “Abylkas Saginov**  
**Karaganda Technical University”**  
**dated 12.11.2024 (Minutes No. 9)**

**Rules for Conducting Audits and Relations with External Auditors at**  
**“Abylkas Saginov Karaganda Technical University” NPJSC**

## **1. General Provisions**

The Rules for Conducting Audits and Relations with External Auditors (hereinafter referred to as the “Rules”) have been developed in accordance with Chapter 8 of the Law of the Republic of Kazakhstan dated May 13, 2003, No. 415-II “On Joint-Stock Companies,” Articles 212-217 of the Corporate Governance Code of the Non-Commercial Joint-Stock Company “Abylkas Saginov Karaganda Technical University” (hereinafter referred to as the “Company”), subparagraph 12 of paragraph 17, paragraphs 136-137 of the Charter of the Non-Commercial Joint-Stock Company “Abylkas Saginov Karaganda Technical University,” and subparagraph 3 of paragraph 27 of the Regulations on the Audit Committee of the Board of Directors of NPJSC “Abylkas Saginov Karaganda Technical University”.

The purpose of these Rules is to regulate procedures for selecting and interacting with an external auditor (including non-audit services provided by audit organizations), ensuring independence during external audits, preventing conflicts of interest, and obtaining high-quality audit services for financial reporting.

## **2. Responsibilities and authorities**

These Rules are approved by a decision of the Board of Directors following a preliminary review by the Audit Committee.

The implementation of the requirements specified in these Rules is overseen by the Chief of Staff.

Responsibility for ensuring compliance of these Rules with the legislation of the Republic of Kazakhstan and the Corporate Governance Code lies with the Director of the Department of Economics, Finance, and Accounting — the Chief Accountant of NPJSC “Abylkas Saginov Karaganda Technical University.”

## **3. Procedure for Organizing External Audits**

The Company conducts an annual audit of its financial statements by engaging an independent auditing organization that provides an objective opinion to stakeholders regarding the accuracy of the financial statements and their compliance with International Financial Reporting Standards.

The organization of the external audit involves the following sequential steps:

1. Preparation of a draft technical specification by the Director of the Department of Economics, Finance, and Accounting — Chief Accountant, and its approval by the Management Board.
2. Preliminary review by the Audit Committee regarding the determination of the fee for the auditing organization’s services.
3. Approval of the fee for the auditing organization by the Board of Directors.
4. Selection of the auditing organization through the web portal of public procurement of the Republic of Kazakhstan, in accordance with the internal documents regulating the Company’s procurement activities.

The procurement method applied is an open tender. The tender commission includes the Director of the Department of Economics, Finance, and Accounting — Chief Accountant, responsible for verifying that potential suppliers meet the qualification and tender documentation requirements.

5. Review of the public procurement results for the audit of financial statements.
6. Decision by the sole shareholder on the selection of the auditing organization.
7. Audit of financial statements in accordance with the public procurement agreement.
8. Review of the draft audit results of the financial statements by the Audit Committee.

9. Preliminary approval of the audited annual financial statements by the Company's Board of Directors.

10. Submission of the audited annual financial statements of the Company for approval by the sole shareholder.

11. Publication of the audited annual financial statements on the internet resource of the Financial Reporting Depository.

The sequence of the external audit organization process is presented in Appendix 1.

#### **4. Requirements for Auditing Organizations Conducting Financial Statement Audits**

The auditing organization engaged for mandatory audits, holding a license for auditing activities, must meet the minimum requirements approved by Order No. 231 of the Minister of Finance of the Republic of Kazakhstan dated March 30, 2015 ("On Approval of Minimum Requirements for Auditing Organizations Conducting Mandatory Audits"):

1) Availability of a conclusion from a professional council and/or an accredited professional auditing organization, of which the auditing organization is a member, confirming compliance with the requirements of International Standards on Auditing and the Code of Ethics based on the results of external quality control;

2) Absence, within one (1) year prior to the date of signing the audit services agreement, of administrative penalties imposed for violations of the legislation on auditing activities in accordance with Article 247 of the Code of Administrative Offenses of the Republic of Kazakhstan, except for one administrative penalty for late submission or non-submission of reports to the authorized body in accordance with qualification requirements and/or information on civil liability insurance during the reporting period (confirmed by submitting an electronic copy of a document verifying the absence of administrative penalties, issued no earlier than one month before the opening date of tender proposals);

3) Availability of a civil liability insurance agreement for the auditing organization;

4) Mandatory rotation if the auditing organization has been auditing the same entity continuously for seven (7) years.

Additional requirements for audit organizations invited to participate in the competition:

- High level of qualification of the auditing organization's specialists;
- Extensive experience and a positive reputation (in the Kazakhstani and, if necessary, international markets);

- Experience in the industry (clients from higher and/or postgraduate education institutions);
- Compliance with International Standards on Auditing, the legislation of the Republic of Kazakhstan on auditing activities, and the Code of Ethics for Professional Accountants of the International Federation of Accountants;

- Availability of a conclusion from an accredited professional auditing organization, of which the auditing organization is a member, confirming compliance with International Standards on Auditing and the Code of Ethics based on external quality control results, with a rating of 4 or 5 points;

- Inclusion in the list of auditing organizations recognized by KASE (preferred);
- Effectiveness in identifying deficiencies and providing recommendations for improving internal controls in the financial reporting preparation process;

The high level of qualification of the auditing organization's specialists is confirmed by the presence of staff members with national and/or international professional qualifications in accounting and auditing, such as ("auditor"; ACCA (Association of Chartered Certified Accountants); ACA (Associated Chartered Accountant); DipIFR (Diploma in International Financial Reporting); CPA (Certified Public Accountant), IFA (Institute of Financial Accountants); "professional Accountant", tax Consultant).

#### **5. Rotation of Partners and Senior Personnel of the Auditing Organization**

If the auditing organization provides auditing services to the Company for more than five consecutive years, the rotation of partners and senior personnel responsible for the financial statement audit must be carried out at least once every five years.

## **6. Interaction Between the Audit Committee and the Auditing Organization**

The Audit Committee of the Company's Board of Directors holds regular meetings (at least three times before the issuance of the audit opinion) with the external auditor as part of the audit process.

Specifically, during information exchanges with the Audit Committee, a summarized work plan may be provided to inform those responsible for corporate governance about the auditor's duties related to the financial statement audit.

A key meeting of the Audit Committee is held where the results of the annual financial statement audit are presented, including key findings identified during the audit, risk areas, and internal control deficiencies.

The Audit Committee annually assesses the independence and objectivity of the external auditor. This involves analyzing all relationships between the external auditor and the Company (e.g., non-audit services provided, fees for audit and non-audit services, etc.) to identify any circumstances that might affect the external auditor's independence.

The auditing organization provides the Audit Committee with written confirmation of:

- the preservation of the auditing organization's independence;
- the absence of financial interests in the Company;
- absence of significant influence on the financial independence of the audit organization of the total amount of remuneration established by the public procurement agreement.

The external auditor has access to the Audit Committee of the Company's Board of Directors to discuss issues related to the financial statement audit.

## **7. Conflict of Interest in the Provision of Audit and Non-Audit Services. List of Related Services**

When procuring and receiving financial statement audit services, the Company must take measures to eliminate conflicts of interest and threats to the external auditor's independence arising from:

- 1) The nature of services previously received from the auditing organization;
- 2) Financial or business relationships with the external auditor during or after the period covered by the audited financial statements;

List of non-audit services that may lead to conflicts of interest affecting the external auditor's independence:

- 1) Accounting and financial statement preparation services;
- 2) Tax audits and preparation of tax audit opinions;
- 3) Valuation services involving the appraisal of the Company's assets;
- 4) Recommendations for automating accounting processes used for processing information included in financial statements;

Furthermore, the external auditor engaged by the Company does not provide consulting services that could pose a threat to the auditor's independence.

Additionally, the Company does not appoint former members of the audit team to positions on the Board of Directors, executive roles, including as a member of the executive body, Head of the Internal Audit Service (IAS), or Director of the Department of Economics, Finance, and Accounting — Chief Accountant, earlier than two years after their departure from the auditing organization.

The list of related services included in the audit agreement may cover:

- 1) Evaluation of accounting and financial statement preparation, including the assessment of estimated liabilities;
- 2) Assessment of the adequacy of the Company's internal control and risk management systems concerning accounting and financial statement preparation;
- 3) Analysis of the condition and reliability of automated information processing systems;
- 5) Verification of the Company's compliance with the legislation of the Republic of Kazakhstan in accounting, financial reporting, and taxation.

## **8. Interaction Between the Internal Audit Service and the Auditing Organization**

To ensure comprehensive audit coverage and eliminate duplication of checks, the external auditors and the Company's Internal Audit Service (IAS) are allowed to exchange information regarding their plans and results of activities.

At the request of the external auditor, access may be provided to the approved quarterly and annual reports on the IAS's performance results, as well as the IAS's monitoring outcomes concerning the implementation of corrective actions based on IAS recommendations.

After reviewing the audit results report (management letter), the IAS monitors the implementation of the external auditor's recommendations.

## **9. Requirements for the Submission and Publication of Audited Financial Statements**

Upon completion of the audit of the annual financial statements, the Director of the Department of Economics, Finance, and Accounting - Chief Accountant ensures the timely submission of the audit report and management letter by the external auditor, in accordance with the terms of the audit agreement.

The deadline for submitting the audit report on the annual financial statements must be set no later than April 30 of the year following the reporting year. Similarly, the deadline for submitting the management letter based on the audit of the financial statements is within two weeks after the issuance of the audit report.

No later than May 20 of the year following the reporting year, the Company must submit to MSHE for approval the audit report along with the audited annual financial statements of NPJSC "Abylkas Saginov Karaganda Technical University".

No later than August 31 of the year following the reporting year, the Company must submit the approved annual financial statements via the online resource of the financial statement depository.

## **10. Responsibilities of the Company's Authorized Persons Regarding the Organization and Conduct of External Audit**

1) The development of the technical specification draft is carried out by the Director of the Department of Economics, Finance, and Accounting - Chief Accountant, in coordination with the Management Board

2) The Director of the Department of Economics, Finance, and Accounting - Chief Accountant is responsible for the timely submission of the audited annual financial statements to MSHE

3) The publication of the audited annual financial statements through the online resource of the depository is carried out by the Director of the Department of Economics, Finance, and Accounting - Chief Accountant

4) The placement of the audited financial statements on the website is carried out by the Director of the Department of Economics, Finance, and Accounting - Chief Accountant

5) The placement of information regarding the fees paid to the audit organization is carried out by the Director of the Department of Economics, Finance, and Accounting - Chief Accountant

6) The provision of information for the Company's annual report concerning its financial and economic activities is carried out by the Director of the Department of Economics, Finance, and Accounting - Chief Accountant.

## **11. Final Provisions**

The Company must disclose detailed information about the external auditor engaged.

To assess the risks to the independence of the audit organization and to evaluate the potential quality of the financial statement audit and other related information, the Company discloses information regarding the fees paid to the audit organization, including separately for audit services and services not related to the audit of financial statements and other information. For ease of information retrieval, it is disclosed on the Company's online resource and in the annual report.

Issues not addressed in these Rules are governed by the legislation of the Republic of Kazakhstan, the Company's Charter, decisions of the Board of Directors, the Audit Committee of the Board of Directors, and other internal documents of the Company.

Any amendments or changes to these Rules are made by a decision of the Company's Board of Directors.