



## AUDIT AND COMPLIANCE COMMITTEE

### MEMBERSHIP

**Chair:** Mr. Eric Albert L. Gotuaco

**Members:** Mr. Richard C. Dee

Ms. Victoria A. Dee

Ms. Florinda M. Lacañalalay

Ms. Jinnette M. Anacio

### CHARTER

#### **Purpose**

The Audit and Compliance Committee is a standing committee appointed by the Board of Trustees to assist the Board in its oversight of the Foundation's financial reporting process, internal and external audit processes, system of internal controls and compliance with applicable laws and regulations.

#### **Membership and Operations**

The Committee shall be comprised of at least three members appointed by the Board. The Board may appoint members outside of the Board of Trustees, but the Committee shall include at least three non-executive members of the Board of Trustees. The Board shall designate one Committee member as the Committee's Chairperson. At least one Committee member shall have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. At least one Committee member shall have relevant background in social welfare.

The Committee shall meet as frequently as is necessary to carry out its duties and responsibilities under this Charter. The Chairperson, the majority of the Committee's members or the independent auditor of the Foundation may also call a special meeting when deemed necessary. Members of the Committee who are unable to be physically present may participate in a meeting of the Committee by means of telephone conference call or similar communications equipment whereby all persons participating in the meeting can hear each other. A majority of the members of the Committee shall constitute a quorum to transact business. The Committee Chairperson will approve the agenda for the Committee's meetings, though any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as is practicable. The minutes of the Committee meetings shall accurately record the significant discussions of, and decisions



made by, the Committee including all recommendations to be made by the Committee to the Board, and shall be distributed to Committee members with copies given to the Chairman of the Board and the President & CEO. The Committee shall meet with the Board at least every quarter without the presence of management.

In carrying out its duties and responsibilities, the Committee shall have the authority to meet with and seek any information it requires from employees, officers or relevant external parties. The Committee shall meet, as deemed necessary and appropriate, with management and other employees of the Foundation, in separate executive sessions. The Committee shall have direct access to, and complete and open communication with, the Foundation's management. The Committee shall have the authority to conduct investigations into any matters within its scope of responsibility.

The Committee, under the direction of the Committee Chairperson, may also employ any outside experts, legal counsel or other personnel deemed by the Committee in its collective judgment to be reasonably necessary, and in the best interests of the Foundation, to enable the Committee to ably perform its duties and satisfy its responsibilities. The Committee shall promptly notify the Chairman of the Board of the retention of any such advisors.

The Committee shall have the appropriate resources to discharge its responsibilities. The Foundation shall provide appropriate funding, as determined by the Committee, for the payment of (i) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties and responsibilities and (ii) reasonable compensation to any consultants and independent advisors retained by the Committee. The Foundation, at the Board's discretion, may provide (i) reasonable per diems for Committee members who are part of the Board for attending relevant meetings and (ii) reasonable compensation to Committee members who are not members of the Board.

The Committee may form and delegate to one or more subcommittees all or any portion of the Committee's authority, duties and responsibilities, and may establish such rules as it determines necessary or appropriate to conduct the Committee's business.

The Committee shall review and assess annually its performance, and report the results to the Board. The Committee shall review and assess annually the adequacy of this Charter and, if appropriate, recommend to the Board changes to the Charter.





## Duties and Responsibilities

The Committee is responsible for performing the following duties and responsibilities as well as any other duties and responsibilities that are otherwise required by law or are delegated to the Committee by the Board:

- A. Monitor and evaluate the adequacy and effectiveness of the Foundation's internal control system, integrity of financial reporting, and security of physical and information assets. Ensure that a review of the effectiveness of the Foundation's internal controls, including financial, operational, information technology and compliance controls, is conducted at least annually. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (1) safeguard the Foundation's resources and ensure their effective utilization, (2) prevent occurrence of fraud and other irregularities, (3) protect the accuracy and reliability of the Foundation's financial data, and (4) ensure compliance with applicable laws, regulations and internal policies;
- B. Recommend to the Board the appointment/reappointment/removal and fees of the external auditor, who undertakes an independent audit of the Foundation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stakeholders;
- C. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure the proper coordination of audit firms if more than one is involved in the activity in order to secure proper coverage and minimize duplication of efforts;
- D. Evaluate and determine the non-audit work, if any, of the external auditor, and periodically review the non-audit fees paid to the external auditor in relation to the total fees paid to said auditor and to the Foundation's overall consultancy expenses. The Committee should disallow any non-audit work that will conflict with the external auditor's duties or may pose a threat to the external auditor's independence;
- E. Assess the external auditor's effectiveness, independence and objectivity, ensuring that key partners are rotated at appropriate intervals;
- F. Review and approve the annual internal audit risk assessment and plan, including the audit scope, audit frequency and resources needed;
- G. Perform oversight functions over the Foundation's internal and external auditors. This ensures the independence of internal and external auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- H. Review and approve the Foundation's annual financial statements before their submission to the Board, with particular focus on the following matters:
  - a. Any change/s in accounting policies and practices
  - b. Areas where a significant amount of judgment has been exercised
  - c. Significant adjustments resulting from the audit
  - d. Going concern assumptions
  - e. Compliance with accounting standards



f. Compliance with tax, legal and regulatory requirements

- I. Review the disposition of the recommendations in the external auditor's management letter;
- J. Monitor the Foundation's compliance with the laws, rules and regulations of regulatory agencies including, but not limited to, the Securities and Exchange Commission and the Anti-Money Laundering Council;
- K. Monitor the Foundation's compliance with policies and procedures written in its various guidebooks (e.g. operational guidebook);
- L. Review reports of the internal and external auditors as well as regulatory agencies, where applicable, and address all material observations, issues and concerns by ensuring that management takes appropriate corrective actions, in a timely manner, to address control weaknesses and non-compliance with policies, laws and regulations, and other identified issues. Significant matters in the said reports are to be reported to the Board;
- M. Recommend new or changes to existing accounting policies, systems and procedures based on feedback from external audit, internal audit, compliance and/or regulatory bodies;
- N. Ensure that the Foundation has a framework for fraud prevention and detection including a whistleblower program in which officers, staff and outsiders can, in confidence, raise concerns about possible improprieties or malpractices in operational, internal control, auditing, financial reporting or other matters to persons or entities that have the power to take corrective action. Mechanisms for independent investigations, follow-up actions, and the subsequent resolution of complaints should be put in place;
- O. Monitor compliance with the risk management plan approved by the Finance and Risk Management Committee; and
- P. Review and assess annually its performance, and report the results to the Board. Review and assess annually the adequacy of this Charter and, if appropriate, recommend to the Board changes to the Charter.



Pursuant to the requirement of the Microfinance NGO Regulatory Council, this Audit and Compliance Committee Charter is signed and approved by the Board of Trustees on May 14, 2019.

**KAMRUL H. TARAFDER**

**VICTORIA A. DEE**

**RICHARD C. DEE**

**ESTHER O. SANTOS**

**ERIC ALBERT L. GOTUACO**

**EDWARD S. GO**  
Chairman