



## **AUDIT COMMITTEE** **Board of Directors**

### **A. Composition:**

#### **a. January to June 2014**

Members - Hon. Joel L. Otarra  
Hon. Felipe A. Hidalgo, Jr.  
Hon. Mory Q. Sison  
Hon. Ronaldo S. Tuazon  
Hon. Ma. Lourdes P. Varona

#### **b. 24 July to December 2014**

Members - Hon. Joel L. Otarra  
Hon. Felipe A. Hidalgo, Jr.  
Hon. Renato R. Santico (Appointed 15 July 2014)  
Hon. Ronaldo S. Tuazon  
Hon. Ma. Lourdes P. Varona (Resigned)

### **B. Functions:**

- Oversees, monitor and evaluate the adequacy and effectiveness of the Corporation's internal control system, engage and provide oversight of the Corporation's internal and external auditors, and coordinate with the Commission on Audit (COA);
- Review and approve audit scope and frequency, and the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgemental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;
- Check all financial report against its compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements (***SEC Manual on Corporate Governance – Model Corporation***)
- Elevate to international standards the accounting and auditing processes, practices and methodologies, and develop the following in relation to this reform:
  - a) Definite timetable within which the accounting system of the Corporation will be 100% International Accounting Standards (IAS) compliant.

- b) An accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task. **(SEC Manual on Corporate Governance-Model Corporation)**
- Receive and review reports of internal and external auditors and regulatory agencies, and ensure that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;
- Ensure that internal auditors have free and full access to all the Corporation's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results;
- Perform oversight financial management functions specially in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management; and **(SEC Manual on Corporate Governance-Model Corporation)**
- Determine the Organizational Structure and Staffing Pattern on the Internal Audit Office; and screen and evaluate the qualifications of all internal audit personnel prior to their hiring/appointment, promotion, or transfer.
- Develop a transparent financial management system that will ensure the integrity of internal control c activities through a policies and step-by-step procedures handbook that will be used by the entire organization.