

**NOVO ECIJANO TEACHERS' MUTUAL BENEFIT ASSOCIATION, INC.**

228 Gabaldon Street, Brgy. San Roque, Cabanatuan City, Nueva Ecija, Philippines 3100  
Tel. No. (044) 463-9112

<b>AUDIT COMMITTEE</b>	Document Code: <b>NEACC</b>	Revision Number: <b>000</b>
	Effectivity Date:	Approved by:

## **AUDIT COMMITTEE**

The Audit Committee (AUDITCOM) shall assist the Board of Trustees in fulfilling its statutory and fiduciary responsibilities, enhancing and protecting member's interest through (a) ensuring transparency and proper reporting (b) effective monitoring of internal and external audit functions, (c) compliance with laws, rules and regulations; and code of conduct, and (d) develop an adequate and effective internal control.

The AUDITCOM shall likewise be responsible for overseeing management in establishing and maintaining an adequate, effective and efficient internal control framework to provide assurance of sound financial reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of physical and information assets.

### **Composition and Qualifications**

The members of the AUDITCOM are appointed annually by the Board of Trustees. It shall be composed of at least three (3) qualified non-executive directors, and majority of whom shall be independent directors, including the President.

All of the members of the AUDITCOM must have relevant background, knowledge, skills and/or experience in the areas of accounting, auditing and finance commensurate with the size, complexity of operations and risk profile of the

Association. The Chairman of the Audit Committee should not be the chairman of the board or of any other committees.

### **Authority**

The AUDITCOM shall have explicit authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any trustee or executive officer to attend its meetings, and adequate resources to enable it to effectively discharge its functions.

It has the responsibility is to provide its opinion, based on their audits, that the financial statements fairly present in all material respects, the financial position, results of operations and cash flows of the association. While the AUDITCOM has the responsibilities and powers set forth in this Charter, it is not the duty of the AUDITCOM to plan or conduct audits or to determine that the Association's financial statements and disclosures are complete and accurate and applicable rules and regulations.

### **Duties and Responsibilities**

1. Provide effective oversight of external and internal audit functions, including internal audit activities provided to subsidiaries/associates and outsourced internal audit activities.
2. Ensure transparency and proper reporting with emphasis on the reports' integrity, timeliness and compliance with standards;
3. Ensure compliance with approved policies and applicable laws, rules and regulations and code of conduct; and
4. Ensure adequate and effective internal controls.
5. Review and discuss in full and on a timely manner the Association's quarterly, semi-annual and annual financial statements with external auditor and management to decide the appropriate action to be taken, including reporting to the Board,
6. Compliance with Policies, and applicable Laws, Rules and Regulations, and Code of Business Conduct;
7. Evaluate the adequacy and effectiveness of the Association's accounting policies and procedures and financial and accounting management through observations and discussions with the external auditors, internal auditors and appropriate bank officers;
8. Evaluate internal accounting controls through a review of the reports of the external auditors and internal auditors that describe internal accounting,

organizational or operating control weaknesses and determine that appropriate corrective action is being taken by Management;

9. Identify high-risk areas or areas of emphasis that will require more consideration by the AUDITCOM and internal audit; and
10. Recommend improvement in policies, processes and procedures.
11. Approves and recommends the appointment, re-appointment, removal of external auditors including the determination of the service and professional fees of said auditors.

### **Special Meetings**

The AUDITCOM shall meet once every other month or at least six times in a year by Sending the agenda at least 3 days before the meeting and thereafter, send minutes of meeting not later than 10 banking days from said meeting.